

**MORE WORK, LESS RESOURCES:
SOCIAL SECURITY FIELD OFFICES STRUGGLE
TO DELIVER SERVICE TO THE PUBLIC**

HEARING

BEFORE THE

**COMMITTEE ON FINANCE
UNITED STATES SENATE**

ONE HUNDRED TENTH CONGRESS

SECOND SESSION

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MAY 8, 2008
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**MORE WORK, LESS RESOURCES:
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TO DELIVER SERVICE TO THE PUBLIC**

THURSDAY, MAY 8, 2008

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:06 a.m., in room SD-215, Dirksen Senate Office Building, Hon. Max Baucus (chairman of the committee) presiding.

Present: Senators Kerry, Schumer, Salazar, Grassley, Snowe, and Bunning.

Also present: Democratic staff: Bill Dauster, Deputy Staff Director and General Counsel; Alan Cohen, Senior Budget Analyst; Tom Klouda, Professional Staff Member, Social Security; Suzanne Payne, Detailee; Connie Cookson, Detailee; Hyacinth Hinojosa, Detailee; and Paraskevi Maddox, Detailee. Republican staff: Steve Robinson, Chief Social Security Advisor.

**OPENING STATEMENT OF HON. MAX BAUCUS, A U.S. SENATOR
FROM MONTANA, CHAIRMAN, COMMITTEE ON FINANCE**

The CHAIRMAN. The hearing will come to order.

In recent years, Social Security field offices have faced three obstacles: their traditional workloads have grown, they have been given new jobs, and the budget cuts have reduced their staffing levels. As a result, the levels of many services in the field offices have sunk, and that is in spite of substantial increases in the productivity of their workers.

Probably the worst case is telephone service. GAO found inadequate telephone service in 13 of the 21 field offices that it examined. Two of the offices did not answer the phones at all. My staff found that many Montanans who tried to phone the field offices got busy signals for weeks. In desperation, many of those folks gave up trying to telephone the field offices and they had to drive hundreds of miles to the offices and back; clearly unacceptable.

In 2006, Social Security surveyed people who reached the field offices by telephone. They found that most callers—51 percent—had encountered busy signals earlier that day, and the 51 percent figure was only the tip of the iceberg. Social Security could survey only the people who actually got through to the field offices' automated answering services or to an employee. If you got a busy signal for weeks on end and you never got through, you are not even part of the survey sample.

What about people who visit the field offices? Unfortunately, people often have to wait a long time before staff can serve them. GAO found that, across the country last year, more than 2.5 million people had to wait between 1 and 2 hours before they were served; more than 400,000 people had to wait more than 2 hours.

The National Association of Field Office Managers reports that in many of the SSA's largest field offices in urban areas, it is not uncommon for the public to wait in excess of 2 to 4 hours to be served. Many beneficiaries are elderly or disabled. These waiting times are unacceptable.

And the problem is getting worse. In the first 16 weeks of this year, the number of visitors to field offices has increased by one million. Another result of the staff shortage is that the field offices are simply deferring some important work, and this causes further delays in services.

For example, the Agency has cut back on the number of medical Continuing Disability Reviews of beneficiaries receiving Disability benefits. These reviews determine whether beneficiaries are still disabled. These reviews save the Federal Government \$10 for every \$1 spent, yet they are being cut back.

Earlier in the decade, Social Security performed 800,000 of these reviews every year. This year, Social Security will perform fewer than 240,000 of these reviews, a little less than one-quarter. The President's budget for 2009 provides for fewer than 330,000 of these reviews. Remember, earlier in the decade Social Security performed 800,000 of these reviews every year. There has also been a serious reduction in the number of SSI redeterminations done annually. Those reviews save \$7 for every dollar spent.

And Social Security is also putting off many other important jobs. For example, Social Security Disability beneficiaries are supposed to report any earnings promptly so that their benefits can be reduced accordingly, but these earnings are not being recorded in a timely fashion.

Toward the end of last year, Social Security indicated that there was already a backlog of 1,000 work years for the workloads that are being deferred. That is not even including the deferred medical Continuing Disability Reviews and SSI redeterminations. By the end of next year, that backlog is expected to grow to 8,100 work years. The deferral of these jobs means that important services are not being provided when they need to be.

Social Security must improve its service. Social Security needs to continue to make some processes more efficient. It needs to try to get more done over the Internet without sacrificing service and accuracy in helping retirees to make informed choices. And Social Security needs more staff, and that requires Congress to appropriate more money.

From 2000 to 2007, Congress cut appropriations by a total of \$1 billion below the amounts requested by the President, and for 2008 and 2009 the President's requests were themselves inadequate. With the efforts of many of my colleagues and many concerned people, we were able to increase the funding for 2008 by \$150 million. This allowed for a modest increase in staff, but the staff shortage is still severe. I believe that an increase of at least \$240 million over the President's budget is needed for the upcom-

ing year. Additional resources and efficiencies must continue in future years, and I hope that my colleagues will join me in seeking to achieve these objectives.

So let us ask Social Security to continue to make its operations more efficient, and let us give Social Security the resources that it needs to get the job done. Let us work together to ensure that, for the benefit of applicants and beneficiaries, Social Security is able to provide something better than the poorest service.

I will now turn to my colleague and good friend, Senator Grassley.

**OPENING STATEMENT OF HON. CHUCK GRASSLEY,
A U.S. SENATOR FROM IOWA**

Senator GRASSLEY. Thank you, Mr. Chairman.

In March of 2006, we held a hearing on administrative challenges facing Social Security. The witnesses at that hearing told us that increased workloads and limited funding were adversely affecting service delivery.

Today's hearing focuses specifically upon field offices, but the testimony, I think, will be much the same. We will hear how our constituents are waiting for hours to meet with field office personnel or how phone calls are met with busy signals, or maybe do not get answered. I think we all agree that Americans need better service. More money is part of the answer. The Social Security Administration has staffing shortages, disability backlogs, and deferred workloads that must be addressed. In the short run, this can only be done with additional resources.

However, too often we try to solve problems by throwing money, and that is not a long-term solution either. More resources are necessary, but how it is done is very important. The truth is, Social Security policies, systems, and procedures are in need of major overhaul. Several witnesses stated that it takes 2 to 3 years, or 3 to 4 years to fully train a field office employee. That is longer than it takes NASA to train an astronaut. Of course, anyone who has taken a look at the SSI deeming rules or the Workers' Compensation offset rules knows just how complicated these programs have become. I hope it does not have to be that way.

I recently instructed my staff, Mr. Chairman, to begin a comprehensive review to identify ways to reduce administrative complexity and improve program integrity. This is an ongoing effort that is still in progress. I hope to introduce legislation before the end of this summer. Obviously I will discuss that with you. In the meantime, we should consider the testimony of our witnesses today as we look at additional ways to help the Social Security Administration improve service.

Thank you.

The CHAIRMAN. Thank you, Senator.

I would like, now, to introduce the panel. Our first witness is Barbara Bovbjerg, Director of the Education, Workforce, and Income Security team at the Government Accountability Office. Next, we will have Linda McMahon, the Deputy Commissioner for Operations at the Social Security Administration; then Richard Warsinskey, immediate past president of the National Council of Social Security Management Associations; and finally we have

Witold Skwierczynski, who is president of the National Council of Social Security Administration Field Operations Locals, AFL-CIO.

Thank you all for coming.

Ms. Bovbjerg, you are first.

STATEMENT OF BARBARA D. BOVBJERG, DIRECTOR, EDUCATION, WORKFORCE, AND INCOME SECURITY, GOVERNMENT ACCOUNTABILITY OFFICE, WASHINGTON, DC

Ms. BOVBJERG. Thank you very much, Mr. Chairman and members of the committee. I am really pleased to be here today to speak about the Social Security Administration's field office services. SSA's 1,300 field offices serve as the Agency's primary means of face-to-face contact with the public, and thus are a vital component of its operations.

People visit these offices to apply for Social Security cards and benefits or to do anything dealing with SSA programs where an individual needs, or simply prefers, face-to-face contact.

My testimony today focuses on the effect that declining staff numbers may be having on field office service and the challenges SSA will face in providing such service in the future. My statement is based upon ongoing work for this committee and reflects our analysis of SSA administrative data, our visits to more than 20 SSA field offices, and interviews with those field office personnel.

With regard to today's service levels, SSA is trying to meet a rising demand for field office services with fewer staff. The number of field office employees has declined 7 percent since 2005, yet workloads in the Agency have risen, in part in response to an aging population and in part as a result of increased identity verification responsibilities and activities associated with the Medicare Prescription Drug Act.

Some of this increasing workload has resulted in larger numbers of field office visits. Although the field offices have increased their productivity, in part by shifting workloads from busier offices to locations with some excess capacity, some activities are not being completed in a timely way, or in some cases at all.

Today in SSA field offices, customers wait longer. Average waiting times nationwide have risen from 15 to 21 minutes between 2002 and 2006. It may not sound like much, but 8 percent of SSA customers—and that is nearly 3 million people—have waited more than an hour for service. Further, more than half of those trying to reach field offices by telephone cannot because phone lines are busy or are not answered; there just are not the staff available to do it.

While processing card and benefit applications is a priority in most field offices, if the office is extremely busy with these activities, other important work, such as benefit redeterminations, is put aside and completed only as time permits. This sort of work, while not an immediate service to customers, is a critical aspect of maintaining program integrity.

Without redeterminations, for example, people who should not be receiving benefits will still get them. Even when the work is completed but delayed, overpayments will ensue that are difficult and expensive to collect, and of course if left uncollected will have a negative impact on trust fund balances.

So, although a great deal of work is being completed by field office staff, important work is delayed, service quality is declining, and staff morale is falling in response. These findings paint a picture of service that is still being provided, and mostly in a timely way, but it is extremely fragile.

However, the impact of baby boomer aging is likely to bring even more pressure to field offices. Retirement and disability filings are expected to increase SSA's workloads significantly in the next several years, at exactly the same time that SSA's own staff will also retire at greater rates.

SSA estimates a 22-percent rise in beneficiaries and a 13-percent rise in claims that will be filed in the next 10 years, yet today 25 percent of all SSA employees are eligible to retire, and that figure will grow to almost 40 percent in the next 5 years. This rise in employee retirement eligibility is actually very similar to changes expected in other Federal departments and agencies, but nowhere else in the government will service demands rise so greatly at the same time.

Although SSA uses a variety of incentives to hire and retain staff, the Agency currently lacks a plan to address its mounting service delivery challenges in this environment of fiscal constraint. Officials tell us that they are completing a revision to their strategic plan, and we are hopeful that this document will help.

However, as long ago as 1993 we recommended that the Agency develop a detailed service plan to meet its responsibilities in the face of resource constraints and demographic challenges, and still look forward to seeing that detailed document.

An effective plan would spell out who would be providing what types of services in the future and where these services will be made available. In the absence of this kind of over-arching strategy, SSA may be unable to effectively marshal its key resources to meet the difficult challenges ahead.

In conclusion, SSA has tried hard to maintain its field services in the face of rising demand and declining staff resources and has largely succeeded, albeit by deferring some workloads. But they are treading water and, absent effective action, will be swamped by rising service demand and staff retirements, both functions of the aging American population. Strategic planning for future service delivery is essential, but the time for SSA to prepare itself for the future is running out.

The CHAIRMAN. Thank you, Ms. Bovbjerg, very much.

[The prepared statement of Ms. Bovbjerg appears in the appendix.]

The CHAIRMAN. Ms. McMahan?

**STATEMENT OF LINDA S. McMAHON, DEPUTY COMMISSIONER
FOR OPERATIONS, SOCIAL SECURITY ADMINISTRATION,
BALTIMORE, MD**

Ms. McMAHON. Thank you, Mr. Chairman and members of the committee. I welcome this opportunity to update you on the many challenges that are facing our field offices today.

This fiscal year is the first time SSA received an appropriation at or above the President's budget request level since 1993, and we appreciate your support. The funding, while dedicated in large

measure to reducing the disability hearings backlog, will allow us to replace all direct-service employees who leave the Agency this year, and it will give us a head-start on replacing some of the employees who will leave us next year. However, we need sustained, adequate, and timely resources to overcome years of budget shortfalls and surmount the challenges facing us.

Our network of field offices provides vital service to the American public. Last year, over 42 million individuals visited their local offices, and this year the number of visitors is on pace to be even higher. Keeping up with the growing number of visitors is very challenging. Our employees service individuals who have many different needs: some are filing claims for retirement, survivor, or disability benefits; others need an immediate payment so that they can replace a lost check to pay the rent or mortgage, or they need a replacement Social Security card; and still others come in to file appeals or to get a Social Security benefit verification so they can apply for other government benefits. The list goes on and on.

At the same time, our employees must also try to answer the ever-ringing telephones, return claimant calls, conduct public outreach, and attend training to keep up with new legislation and our complex policies. Furthermore, our employees are being asked to do work for other agencies, such as Medicare Part D for CMS and employment verifications for DHS. The time our employees spend assisting other agencies takes them away from doing traditional SSA work.

In spite of our best efforts to do it all, many calls do go unanswered and waiting times in our offices, as you have noted, are increasing. This is very frustrating to our employees, who are dedicated to providing outstanding service to the public.

Each year, to help our field office staff deal with the many challenges they face, we develop an operating plan. This plan is built upon available resources, Agency goals, and a common-sense approach to prioritizing and balancing all the work that we have to do.

Since we know we cannot process all that work due to limited funding, our priority remains on processing claims. We expect to process nearly 7 million claims this fiscal year, and that number of course will rise dramatically as the nearly 80 million baby boomers start to retire.

As our employees focus on processing claims, they have had to defer processing millions of post-entitlement and program integrity actions, such as payment adjustments, earnings corrections, overpayments, and Continuing Disability Reviews. The consequences of not processing these less-visible, yet critical actions are significant, both to the individuals affected and to program costs overall.

The foundation of our future success depends on a talented, well-trained workforce and stable, upgraded technology infrastructure, as well as service delivery innovation. Without sustained, adequate, and timely funding, those things will not be in place.

Yet, we understand that the Agency has to move forward. We must automate our business processes, streamline our policies, and seek new ways to provide service. This is increasingly important with the impending tidal wave of baby boomers reaching our doorstep. However, I assure you we will move cautiously and judi-

ciously when implementing such changes, ensuring that we have confidence that these changes will perform as expected.

The fiscal year 2009 President's budget for SSA of \$10.46 billion is a good first step to improving service to the American people. Our primary focus in fiscal year 2009 will be on our rapidly growing core service workloads. We plan to reduce the hearing backlog by nearly 70,000 cases and to process over 200,000 more retirement and survivors' claims, and handle 4 million more 800-number calls compared to fiscal year 2008. Disability waiting times and processing times should decrease, especially since the increased funding will be in connection with continued productivity improvements.

In addition, the President's budget will allow us to process more program integrity work. However, while the fiscal year 2009 budget will make important strides in these core areas, SSA will still have a growing backlog of 4,800 work years in its less visible work, the work that generally is done after an individual is approved for benefits.

It is also important to note that, while the President's budget will allow us to process significantly more Continuing Disability Reviews and SSI non-disability redeterminations than in fiscal years 2007 and 2008, we will not be able to process as much program integrity work as we did just a few years ago. As you know, and as stated here, these workloads are an important source of efforts that protect the integrity of the trust funds and the taxpayers' money.

Also in fiscal year 2009, costs for guard service, rents, and other similar expenditures will increase more than \$400 million. These costs, combined with an extended Continuing Resolution, would have a devastating consequence for us. Therefore, your timely support of the President's budget is critical for our continued progress.

I appreciate the opportunity to tell you our story and would be happy to answer questions.

The CHAIRMAN. Thank you, Ms. McMahon, very much.

[The prepared statement of Ms. McMahon appears in the appendix.]

The CHAIRMAN. Mr. Warsinskey?

STATEMENT OF RICHARD E. WARSINSKEY, IMMEDIATE PAST PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY MANAGEMENT ASSOCIATIONS, WASHINGTON, DC

Mr. WARSINSKEY. Chairman Baucus, Senator Grassley, and members of the committee, my name is Rick Warsinskey, and I represent the National Council of Social Security Management Associations. Our organization includes most of the members of field and teleservice management at SSA.

I also help coordinate the activities of the SSA advocacy group, and I have been the manager of the Social Security office in downtown Cleveland for nearly 13 years. I am pleased to have this opportunity to submit this testimony.

Social Security is a vital program for Americans, yet in the past year we have heard many tragic stories of the lives of many Americans due to severe backlogs in the disability program. About 200 media articles have been written in the past year describing very severe hardships experienced by the public. But less attention has

been focused on the fact that the services in field offices have been steadily degrading and will only get worse as millions of baby boomers file for benefits starting this year. I am here today to discuss that issue with you. Our Agency desperately needs your assistance and support to reverse that trend.

Last week we polled our members about the field offices, and 79 percent said that they did not have enough staff to keep the workloads current; 64 percent stated waiting times for the public were longer than a year ago; and 65 percent said that the quality of their work product had declined in recent years.

Our members have told us that our phone service is deplorable. I repeat: deplorable. This is driven by the fact that the majority of the time the public cannot get through to a local Social Security office. SSA field offices are seeing record numbers of visitors coming in. Over a million have come in already this year compared to the same time last year. Many field offices have severely over-crowded reception areas with standing room only. People can wait hours to be seen.

SSA estimates that by fiscal year 2009, the Agency will have a staff deficit of essentially 9,100 full-time staff, compared to fiscal year 2007 staffing levels, for workloads and services in support of the public, even if the level of funding requested by the President is approved.

SSA has also cut back significantly on the number of medical Continuing Disability Reviews and SSI redeterminations. The President's proposed funding for fiscal year 2009 will mean \$4.75 billion will be lost to the reduction in these workloads from higher levels earlier this decade.

Over the past decade, SSA's level of funding has been about \$1 billion less than the President's budget request, and over \$4 billion less than the Commissioner's budget. This has been the key reason for the severe challenges SSA is facing. These problems would be even worse if not for the consistent productivity increases in the field offices.

We have also had many new workloads given to the Agency without the necessary funding to complete these tasks. We will face incredible challenges if immigration legislation is passed that requires SSA to administer nationwide employment eligibility verification. If immigration enforcement legislation is passed without the necessary funding, SSA could have a catastrophic drop in service.

In the end, what matters most is that the American public receives excellent service from SSA, which they have already paid for through their employment taxes. But to provide this service, we need the proper resources. In a recent survey of our members, one manager told us how important the public service we provide is. This manager said, "Our office serves a military base that receives a lot of wounded soldiers returning from Iraq and Afghanistan. In the past 60 days, our pending military workload has increased 4 times. We do not have the staff to continue to handle this high-profile critical workload and provide the service our soldiers deserve."

We owe it to all Americans to provide the service they deserve. Please help us do that by providing the resources that SSA needs.

This certainly needs to be more than the President's fiscal year 2009 budget proposal for SSA.

Mr. Chairman, I thank you for this opportunity to appear before this committee. I will be happy to answer questions at any time.

The CHAIRMAN. Thank you, Mr. Warsinskey.

[The prepared statement of Mr. Warsinskey appears in the appendix.]

The CHAIRMAN. Mr. Skwierczynski?

STATEMENT OF WITOLD SKWIERCZYNSKI, PRESIDENT, NATIONAL COUNCIL OF SOCIAL SECURITY ADMINISTRATION FIELD OPERATIONS LOCALS, AFL-CIO, BALTIMORE, MD

Mr. SKWIERCZYNSKI. Thank you, Senator Baucus, Senator Grassley, for the opportunity to address the committee regarding the important issue of SSA's service delivery problem.

I represent the 48,000 Social Security employees who are represented by AFGE, who work throughout the United States in 1,300 field offices, 36 teleservice centers, about 140 hearings offices, and a number of processing centers.

Staffing cuts due to inadequate appropriations certainly have had an adverse effect on SSA's ability to process its work. Decisions by Congress and the Bush administration to add workloads without providing funding for additional staff is partially responsible for the current crisis, which is in evidence where the disability appeals workload has 750,000 backlogged cases and the processing time for a hearing is over 500 days.

The Agency this year will only be able to process less than 50 percent of its SSI redeterminations than it did just 5 years ago, and only 35 percent of its Continuing Disability Reviews than it did 4 years ago. Larger appropriations and more staff are essential to allow it to function normally and to provide the service that the public deserves.

AFGE recommends that the administrative budget for fiscal year 2009 be \$11 billion. While we appreciate Senator Baucus's support of a \$240 million increase, we think that just scratches the surface. We also believe that the Congress should seriously consider taking administrative expenses off-budget so that Congress can evaluate SSA's resource needs without the pressures of other competing interests.

However, today I would like to address a service delivery issue that has fallen under the radar screen while Congress, justifiably, expresses its concern about the obscene processing times of the disability hearings workload. This issue is the Ready Retirement initiative and its vehicle, the Internet Social Security Benefit Application.

Using staff shortages as an excuse, SSA has decided to implement a policy whereby claimants are encouraged to file claims on the Internet, with the goal of eliminating any SSA employee review of such claims. SSA has already implemented the beginning steps to enact this policy. Recently in February, SSA has eliminated proof of age for most cases of people who file for retirement, and also proof of citizenship, in most cases, for people who file. This has been done without any rulemaking and without any public debate.

Since February, anyone who lies about their age when they applied for a Social Security card and used the same false date when they filed for retirement benefits will get away with such fraud because SSA is no longer checking proof of age. The same would apply to citizenship. If an illegal alien came to the United States and obtained a Social Security card and alleged that they were born in the United States when they file a claim, if they repeat that they are born in the United States, we no longer check and verify. This will lead to a certain amount of fraud, and we have asked the Agency to provide any statistical data or studies that they have done to see how much fraud and how many overpayments will occur with these policies, and they have not provided it.

SSA also eliminated lag wage development. Lag wages are, when people file for retirement claims, frequently the previous year we do not have a record of their wages yet. In most cases that raises their benefit rate. By not asking for evidence of their wages, it will take months before those individuals will get the proper benefit. In other words, we are under-paying them by policy for a period of time in order to save staff resources.

Even more disturbing is the plan that SSA has to implement what they call Ready Retirement. Now, this is a policy that changes the entire methodology by which SSA delivers service. The Agency plans to eliminate the longstanding role of SSA employees explaining to claimants the advantages and disadvantages for filing for either widows' or retirement benefits, and when would be the most advantageous time to start their benefits. The Agency plans to introduce this in September.

Currently, claimants can, and do, file Internet benefit applications. All such applications are reviewed by SSA claims representatives. AFGE recently surveyed claims representatives who review Internet applications. Most employees responding to the survey indicated that the majority of applicants on the Internet choose to start their retirement and widows' benefits in a disadvantageous month. This would result in the loss of thousands of dollars in lifetime benefits.

Eighty-six percent of SSA employee survey respondents opposed eliminating advice to claimants on which month of election is most advantageous. SSA is already requiring employees to engage in a campaign to encourage the public to file for benefits on the Internet. Eighty-seven percent of SSA employees responding to the AFGE survey stated that the quality of current Internet claims is so poor that over 75 percent of claimants must be contacted due to critical missing information, clearly disadvantageous decisions, or inconsistent information on the application. Seventy-one percent of survey respondents stated that over 90 percent of Internet claimants must be recontacted by SSA due to such errors.

In conjunction with SSA's plan to implement the Ready Retirement plan, SSA plans to give expanded access to the system to third parties. The idea here is to reduce the role of expert experience and unbiased SSA employees and substitute third parties who will charge a fee for these services. SSA plans to allow third parties greater access to the SSA database. The opportunity for fraud and identity theft is an increasing AFGE concern.

SSA employees who currently review third-party Internet applications find that the error rates of the products for third parties are as high as the error rates for claimants themselves. It is the belief of AFGE that the Ready Retirement scheme and its Internet application tools are an attempt to undermine SSA as the government agency that has a comprehensive network of community-based offices with an expert workforce of trained employees devoted to helping retirement, disability, survivors, and SSI applicants receive the maximum benefits to which they are entitled.

Implementation of these proposals will result in reduced workload, more office closings, and emergence of a plethora of third-party companies who will charge the public for their services. Eventually we can envision pressure to privatize the administration as a service delivery role of SSA. Although the Bush administration was unsuccessful in privatizing—

The CHAIRMAN. I am going to have to ask you to summarize, Mr. Skwierczynski.

Mr. SKWIERCZYNSKI. All right. We urge Congress to take action to investigate this attempt to implement this plan and radically change the nature of the service delivery in Social Security.

The CHAIRMAN. Thank you.

[The prepared statement of Mr. Skwierczynski appears in the appendix.]

The CHAIRMAN. We will start questions. Ms. McMahan, what about that? What about this Ready Retirement program?

Ms. MCMAHON. Well, it is not an accurate statement of what we are doing.

The CHAIRMAN. I do not want to get into an argument here, but if you could just, for the record, explain.

Ms. MCMAHON. Yes. I would like to explain on the record.

The CHAIRMAN. And discuss his concerns.

Ms. MCMAHON. Right. I would like to explain in more detail. Let me just quickly say that the application that we are implementing, which will be ready in September, is intended to improve our on-line retirement applications. We want to make it easier for people. We want to use more of our own information in our records so when people interact with us they do not have to input too much data. So, we think it is going to be a much better product for people.

The issue of Ready Retirement—which is a larger proposal that includes improving the Internet form, as well as making some policy changes to simplify the whole process, getting to that piece at the end where we allow things to be adjudicated through the automated process as opposed to by our employees reviewing every claim—that is something we would not do before February of 2010. We will only do it if we find that we can do it in a way that it protects all of the concerns and issues that have been expressed here.

One of the changes that has been mentioned is the fact that we are going to change our policy on what we explain to people about what their options are. We are only changing one thing in that policy. We are no longer going to use a so-called break-even calculation, which has been around for 40 years and which most folks, including AARP, tell us is no longer relevant to the world that we live in. It really only gives people part of the information they need

to make an informed decision, and it is really doing a disservice to people in terms of the choices they make. All the other things that we currently explain, we will continue to do.

The CHAIRMAN. What about dropping the age and citizenship?

Ms. MCMAHON. Yes. The age and citizenship. We performed a year-long study. It was statistically valid. There were over 10,000 people who applied for benefits whom we checked at the time. We followed the current policy, or what was the current policy at that time, and had them give us the birth certificates so that we could make sure that the information matched what they were telling us and what is in our records.

We followed those claims for a full year to make sure that we saw them all the way to fruition. Some were disability claims which took longer. We looked at every single one of those people to say, all right, at the very end of the process when we actually determined their eligibility and gave them benefits, was the allegation that they made about when they were born and where consistent with what was on our records, and was that consistent with the proof they gave us? And in 99.84 percent of the cases it was correct. So the risk that we are taking is very small. In less than 2/10ths of a percent of cases, people will have some erroneous information. Frankly, when we look at the cost of the follow-up that we have had to do, by eliminating the requirement, it is less expensive than any erroneous benefits that we might have. So, we did study that.

The CHAIRMAN. I appreciate that. I may get back to this a little later.

Let me ask this question. What could you do with the additional \$240 million, and what will the cost be to the beneficiaries and to SSA without the additional \$240 million?

Ms. MCMAHON. Well, the things that we would do with \$240 million over the President's 2009 budget would be, first of all, to continue to drive down the backlog in hearings. We would add 5 to 7 hearings offices and about 50 administrative law judges over and above the 1,250 level that we expect to get to next year. We would also have the right support staff for them. So that would be one.

A second thing would be to drive down the initial disability claims pending further, to about 443,000, so it will be another 50,000 claims we would do. Of particular interest based on today's hearing, we would put about 1,700 work years—which would be a combination of both overtime and actually hiring individuals (I do not have specific numbers)—into our front-line services so that we could handle the kinds of things that you were told about today and that you are already aware of that we are not able to do.

Then one other potential thing. We have been working with the Disability Determination Services, and we think we are close to getting an agreement with them to come up with a common disability case processing system that would be the foundation for a system that would really work across all parts of the disability process. We would put some money into that and get it started.

The CHAIRMAN. Have you developed a benchmark or a standard for all these different functions? That is, what is an acceptable backlog, what is an acceptable waiting time for the phones, what is acceptable in the redeterminations, and so forth? I mean, do you

have benchmarks that you think are acceptable for the Agency and for beneficiaries, maybe industry benchmarks that might be applicable here? I am just curious. Even though you do not have the resources, do you have the benchmarks that you would like to reach, and further efficiencies, et cetera?

Ms. MCMAHON. Right. Let me give you an example with the 800 number. We set our goal at 10 percent busy rate and 330 seconds average speed of answer. Those are not industry standards by any means, and that is not particularly great service. We really do set goals at the level that we think we can achieve given the resources and trying to balance all the resources.

If I were to come up with an actual benchmark, if I looked at industry standards, we would try to answer calls within 30 seconds and basically have no busy rate. That is not going to happen, so setting that up as a standard really is self-defeating. It just further frustrates us about what we cannot do.

The CHAIRMAN. My time has expired.

Senator Grassley?

Senator GRASSLEY. Thanks, all of you, for your participation in this very important hearing for the 44 million people who use your offices now, and the 77 million people who will soon be going into retirement as baby boomers.

Over the past several years, the Social Security Administration has conducted periodic reviews of local field offices. These reviews include a written report justifying the decision to close an office. Despite these efforts, a decision to close the local office is never welcome news in that affected community.

The Social Security Administration recently decided to close the office of Clinton, IA and transferred staff to Davenport, IA. But last week this decision was overturned. Of course, on behalf of the citizens of Clinton, I want to thank the Commissioner.

Now, while the Clinton office dodged the bullet, the future remains uncertain. We have limited resources and an aging workforce, meaning that the Social Security employees are retiring faster than they are being replaced. For many smaller field offices, maintaining adequate staff will become increasingly difficult.

Given this fact, how should the Social Security Administration deal with the challenges of managing its local field offices? Is there some way to objectively determine the most optimal field office locations that would maximize access and service to the public? Ms. McMahan, and then anybody else who wants to comment.

Ms. MCMAHON. Well, first of all, unfortunately, optimal is probably in the eye of the beholder. But we do have a process that we use to determine, looking at service delivery across areas, where is the best place to have an office relative to where people mostly come from to visit that office. We also have a situation where, as we have already talked about, we have about 2 percent fewer offices today than we had 10 years ago, but about 7 percent fewer staff since 2005. It does make it more difficult in those smaller offices to maintain coverage.

So, where we have offices that are not that distant—we have a number of offices that are 3 miles from another office—to me it really makes good common sense and better service delivery to merge those offices so you have more people to cover, and people

do not have that much farther to go to deal with them. We have a process where we are required, every 5 years, at minimum, to look at, is this the best way to deliver service in this particular area? We consult with the local community and with local congressional offices. We have even added a step now that we notify the congressional offices in Washington.

We actually have made closures over the years where people do not disagree and there is no controversy, and we are able to improve service in those areas and people are fine.

Where we have great controversy, we do tend to back away because we have other fights that we have to make. So one of the things we are doing for the smaller, more remote offices, particularly in the Denver region, is where, State by State, we are creating the facilitation for people to go to a place and, by video, be able to be in contact with someone in a field office without having to drive there and without us having to have a small office wherever they live. So these things are just starting. I think there are a number of things that we can do and that we are working on doing to try to make improvements in those areas, but it will never be easy.

Senator GRASSLEY. The local field offices have more than 40 million visitors each year. I would like to focus on two of these workloads. More than 10 million people contact their local field offices because they need proof of their Social Security benefits to obtain some other form of government assistance. State and Federal agencies could implement a consent-based verification process that would allow them to electronically verify the monthly benefit amount directly with the Social Security Administration.

In fact, many government agencies already verify names and Social Security numbers electronically. Benefit verification could be added to the current process. Given this fact, there seems to be very little justification for maintaining this workload in local field offices. In addition, more than 12 million people contact local field offices to obtain replacement cards. The Social Security Administration has instituted a number of on-line verification systems for verifying name and Social Security number.

Again, given the ability to conduct on-line verification, there seems to be little reason to maintain this workload in local field offices. Eliminating paper benefit verifications and replacement cards would reduce field office visits by nearly one-third, thereby freeing up staff and resources to devote more time to critical workload needs.

I would like to have comments from anybody on this.

Ms. McMAHON. Well, we absolutely agree that those are the things that we pursue. In fact, we are just starting a campaign with employers right now to make sure they understand you do not need to see a Social Security card to verify someone's number for employment purposes. So, we hope they will stop sending people into our office to get a replacement card if they do not have one. Relative to the benefit verification, we think there are some instances where that can already be done, but we will certainly take that as an action to go back and work on making that happen. We cannot make people verify online, but we do have campaigns to try to make it clear to them why that makes sense.

Senator GRASSLEY. All right.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator.

Senator Bunning?

Senator BUNNING. Thank you, Mr. Chairman.

Thank you all for being here.

Are you all familiar with the law that was passed in 1996 that created the independent agency of Social Security? Can I read? “The Social Security Administration was separated from the Department of Health and Human Services and established as an independent Federal agency on March 31, 1995. Within the LHHSED bill, however, SSA merely was transferred from DHS to the status of related agency. The operation of the Social Security Trust Fund is considered off-budget. Of the \$819 billion total for LHHSED departments and agencies in fiscal year 1997, Social Security accounted for \$395.6 billion, or 48.4 percent of the total. The SSA amount represented \$36.3 billion for designated on-budget activities, and \$359 billion for off-budget activities.”

I read that only to the point of, Senator Moynihan, if he were still alive and here, would be so furious with you that he would not be able to talk because it was his baby to get Social Security out of OMB’s reign. I know the chairman and I have a major disagreement, but I was in the room, because I carried that bill in the House of Representatives as chairman of the Social Security Subcommittee, with Representative Barbara Keneally as my co-chairman.

Why have you not operated independently? Ms. McMahon?

Ms. MCMAHON. Well, my understanding is that we are operating the way we are required to operate.

Senator BUNNING. Well, have you ever tested how you are required to operate? Have you ever had a legal opinion to the point of saying to OMB, no, we do not have to submit our budget? That we can submit our own budget on our own as an independent agency to the Congress of the United States?

Ms. MCMAHON. Well, my understanding is that we, at the same time, submit our budget, when the President’s budget is submitted.

Senator BUNNING. Yes. But—

Ms. MCMAHON. Congress knows what we ask for and what the President is asking for.

Senator BUNNING. Well, we get back the President’s request. We do not get yours separately. We get the President’s request. So, if you need \$240 million more, as Senator Baucus would like to do and I believe is essential if we are going to get the backlog down from what it was in 1996—250,000 people needing Social Security Disability benefits and the refusal of those and the backlog that was created. Now we are at 750,000. If you are going to get the money necessary to get that down, submitting your budget through OMB is not going to solve the problem.

But if you come directly to the Congress and ask for that money, you will have a little better reception. Believe me, you will, because we understand. I have been in them. I have been in the offices out in the field, more than one, more than Ashland, KY, more than northern Kentucky, Louisville, and all the offices in Kentucky, but all across this country. They all have the same problem. I do not

care how many surveys you take from your employees, you are going to get the same results of the surveys that, if you walk into that office, you see. You are over-burdened and staffed to a limit that is not equipped to handle the many additional things that you have been given to do.

I know I have not asked a real basic question. But you ought to look at your charter and you ought to look at the 1996 law that was passed, because if Senator Moynihan were here he would be coming right out of his seat.

Thank you.

Mr. SKWIERCZYNSKI. Senator?

The CHAIRMAN. Very briefly.

Mr. SKWIERCZYNSKI. Yes, Senator. I agree with you, Senator Bunning. The independent agency law makes it optional for the Commissioner to submit a budget to Congress. There is a bill on the House side by Congressman Higgins which would make it mandatory. The AFGE supports that bill. It also would require agencies to notify Congress in advance any time they close an office and would require them to establish criteria for office closings, which would include not only assessing the impact on the Agency workload, but also the impact it would have on the communities and the public's ability to access the agency.

The CHAIRMAN. Senator, I just want you to know I have deep respect for your long-term interest in Social Security. You have done yeoman's work. I do not know that we have much of a disagreement here. Basically, it is getting better service, and you are trying to help find ways to make that happen. I deeply appreciate it, and your interest and the questions you have asked.

Senator Salazar?

Senator SALAZAR. Thank you very much, Senator Baucus, for holding this hearing on this very important issue. I have a statement for the record that I will submit for the record, and I have a couple of questions.

[The prepared statement of Senator Salazar appears in the appendix.]

Senator SALAZAR. First, in terms of the Government Accountability Office, your job is to help us in Congress do a better job in doing our responsibilities here with respect to the efforts that we do on behalf of our Nation. In your GAO report, Ms. Bovbjerg, what you have found is one of your key conclusions is that customers are waiting longer to be served, their calls to field offices frequently go unanswered, certain stewardship activities are being deferred, and staff are stressed.

Can you tell me how that set of findings applies specifically to rural communities and whether there is a disparity in terms of those findings with respect to Social Security recipients in the processing of claims and complaints out in rural areas versus urban areas?

Ms. BOVBJERG. I am not sure that I can, Senator. The examination we did did not specifically sample for rural versus urban. We did go to a variety of field locations. I think one of the most rural was in North Dakota. But it is not really enough to say, well, rural services are like this, and urban services are like that, or border

service looks this other way. So I would not want to draw a conclusion as to that.

I will say that virtually everywhere we went we were told, "We are struggling, waiting times are going up." Even in places where waiting times were not long, not an hour or anything like that, they were still inching up, and the most common complaints were waiting times and the telephone service.

Senator SALAZAR. Ms. McMahan, from the point of view of the Commissioner's office, what is your sense of that? Is there a difference between the quality of service provided for people depending on whether it was an urban area or a rural area, or is it—

Ms. MCMAHON. I do not think it breaks exactly that way, although I do not believe you would find any rural offices in the top 200 offices with the most visitors, that kind of thing, or with the highest waiting times, so in some ways you might get better service in a rural office. I think that in reality we are struggling across the board in terms of keeping up with everything, but if you were to make a direct correlation between, do you wait longer in an urban office, the answer would be yes. Are there other difficulties in rural offices? That may be the case. If they are extremely rural and very remote, small areas, it is very hard to keep staffing there.

Senator SALAZAR. Ms. Bovbjerg, also in your findings in your report, you say very clearly that the time for SSA to prepare itself for the future is running out, and without a clear direction SSA will not be prepared to meet its service delivery challenges.

Can you expound on that and tell us what it is that Social Security should be doing to try to meet those future challenges?

Ms. BOVBJERG. I would be happy to, Senator.

Senator SALAZAR. And tell me what you think about the Agency's response to your findings that are included in your report.

Ms. BOVBJERG. I would also just like to start off by saying how impressed we were with what the field office staff were achieving. These are people who are working incredibly hard. They are extremely stressed, although even if they do not always want—

Senator SALAZAR. All right. We know that. Now you are looking ahead. You are looking at going from 42 million to whatever the number is going to be, 80 million. So you are saying here that there is no way they are prepared, and time is running out. So what would you do in terms of making sure that the Agency is ready before time runs out?

Ms. BOVBJERG. I think they need to consider how specifically they will provide service on the ground, because they are about to be hit with, as my former boss is fond of saying, a tsunami. They are going to be hit with this avalanche, if you will, of claims and people coming to the field offices. They really need to think about how exactly they will be able to—

Senator SALAZAR. And is it your view, based on having conducted this GAO report, that in fact SSA is already doing that, or are they just neglecting that tsunami?

Ms. BOVBJERG. I want to acknowledge that I think they are doing some things that hold real promise. I was pleased to hear, for example, this morning when Ms. McMahan talked about the analysis they had done of the web improvements. I think it is important to think creatively.

Senator SALAZAR. Ms. McMahon, are you ready to meet the tsunami?

Ms. MCMAHON. Well, I think that we have a lot of plans in place that may cost money.

Senator SALAZAR. How much money?

Ms. MCMAHON. So we have decided the kinds of things we need to do.

Senator SALAZAR. What is the shortfall? Would the \$240 million or so that we are advocating help you?

Ms. MCMAHON. Well, this is not something that can be done within 1 year. I mean, we have been laying these plans out for a number of years. We have been moving toward—we have gotten into the Internet in many ways over the last 5, 6, 7 years.

Senator SALAZAR. And you have those cost items quantified, what it would take to be able to meet that tsunami head on?

Ms. MCMAHON. No, I do not.

Senator SALAZAR. All right. I think it would be a good idea if you did because it is a reality, and I think we need to figure out a way of facing it.

Thank you, Chairman Baucus.

The CHAIRMAN. Thank you, Senator.

That gets to my question about benchmarks, too. I just think it is very important for the Agency to set benchmarks on what it takes to get the desired results.

Senator Snowe?

Senator SNOWE. Thank you, Mr. Chairman.

To follow up on that entire issue that Senator Salazar and the chairman have raised, it is clear that we really need a master plan to address this crisis. It is obvious from the GAO report that Ms. Bovbjerg has brought here today, and from Ms. McMahon, that Congress has not made it easy as well. Just looking at the funding levels between the administration and the Congress, we have failed mightily to provide you with the resources necessary for the staffing levels that are so essential for you to meet our obligations, particularly to the most vulnerable of our population. I mean, you are talking about seniors, you are talking about the disabled, those who have so little in terms of income, SSI Disability, and Social Security. It is very critical and essential that, given the additional responsibilities that we have placed on SSA, that we invest in your Agency.

But it is clear to me, given what we have to do just to make up lost ground, lost money, and subpar staffing levels, not to mention meeting the future demands that are looming on the horizon that have been outlined in the GAO report as well, we have a genuine crisis, not only presently, but also for the future.

We talked about the \$240 million. Last year was the first time in 15 years SSA received more than the administration proposed in its budget. Again, that was the \$150 million that was over and above what the administration had proposed.

Ms. MCMAHON. This year, actually.

Senator SNOWE. Actually, this year. Actually, you are right, the year that we are in. You described what you were able to do with that, and I think that was, what, reduce work years by 1,700?

Ms. MCMAHON. That is actually the \$240 million over the 2009 budget. If we were to get that, then we would put in 1,700 additional work years.

Senator SNOWE. All right.

Ms. MCMAHON. With \$148 million this year, we were actually able to replace all losses from the front line and get a little head start on next year.

Senator SNOWE. All right.

Ms. MCMAHON. That is in addition to doing a lot with the hearings backlog, which is where most of that money actually went.

Senator SNOWE. All right.

And then between 2001 and 2007, on average, the Congress appropriated \$150 million less than the President proposed in his budget. So clearly we have an obligation to provide far more in terms of addressing this shortfall, because you are never going to gain ground. You are never going to get just to where you should be today, let alone to meet the demands of the future, as I understand it.

So how many billions are you behind in terms of funding overall to rectify this problem? Because as I understand it as well, the \$240 million would reduce the work years you talked about from 4,800 to 3,100 in 2009. But that is not taking into account the additional demands that would be placed on you in the workforce between now and 2009.

Ms. MCMAHON. I do not have an actual number, but we will provide something to the committee.

Senator SNOWE. All right. I think that is important. I think it is also critical that you do develop a master plan: what is it going to take in terms of funding and staffing, meeting potential retirements for the future and looking at the numbers that were provided by the GAO report. Forty-four percent of the SSA's workforce today will retire by 2016; 71 percent of the supervisors in SSA are eligible to retire in the next 10 years.

So I think that you need to have the benchmarks the chairman is talking about. We need to understand the funding levels. We are obviously not providing enough. That gets to the next question: what will happen to this problem that is going to compound itself in the future, particularly if you end up having a Continuing Resolution and you are back to a little more than \$9 billion in funding?

Ms. MCMAHON. That would be devastating for us because it will really stop any momentum we have on the hearings backlog reductions. We will have to eat \$400 million in costs that we are going to get, whether you give us money or not, and it will just slow everything down and it will back things up further.

Senator SNOWE. So do you think it is possible to come up with a master plan of some kind, a strategic plan here?

Ms. MCMAHON. Well, we are working on a strategic plan. We are actually operating under a strategic plan now. I do not know that it is exactly what Ms. Bovbjerg was asking from us, but we are not in the dark. We know the kinds of things we need to do. We have been working on those things, we are moving in those directions. We have a number of initiatives that we are working on. We will have an Agency strategic plan, a new one, even though it is not

even due for another year, in the next few months, and we will be talking to Congress and other stakeholders about it.

But we will be looking at our primary workloads, how we can deal with those, and we will continue to improve the kind of services we can provide through the Internet. It is not a panacea. It does not answer all the questions. But we are moving in a direction to do the best we can with what we have to handle these issues.

Senator SNOWE. Well, we all need to be dealing with the same set of information, and I think the sooner the better to have that, and with precision as well. What is that plan going to look like in terms of funding, in staffing, what is required, and not only to make up lost ground here, but also to address the future challenges?

Ms. MCMAHON. Thank you.

Senator SNOWE. Thank you.

The CHAIRMAN. Thank you very much, Senator.

While Senator Schumer is getting ready, I just would like you, Ms. McMahan, to provide this committee with that plan.

Ms. MCMAHON. All right. We certainly are going to be vetting it.

The CHAIRMAN. When will you be in a position to send it to us?

Ms. MCMAHON. I cannot give you an exact date, but I know by this summer our intent is to be in a position to be having those discussions.

The CHAIRMAN. So can we say by, what, Independence Day? How about that? July 4. By July 4?

Ms. MCMAHON. The boss tells me by Independence Day is fine.

The CHAIRMAN. All right. If you could do that, please.

Ms. MCMAHON. All right.

The CHAIRMAN. It is very important. You heard the concerns of Senator Snowe, myself, and others. We need to know what our goals are, what our benchmarks are, what our plan is.

Ms. MCMAHON. All right.

The CHAIRMAN. I think it would be mutually beneficial if you could do that.

Senator Schumer?

Senator SCHUMER. Thank you. I want to thank our witnesses. This hearing is very timely because, of course, as has been said, we are starting to see some progress made on the backlogged disability claims. I think Social Security Administration employees deserve credit, because the witnesses today have shown that the employees are overworked and often toil in understaffed field offices.

I think the title of this hearing, "More Work, Less Resources," says it all. We have seen workloads expand. Everyone has to process Medicare Part D. Employees do not even have the time to tackle their traditional workloads, such as Continuing Disability Reviews, SSI redeterminations, and wage reporting, and at the same time we face a huge retirement wave. Employees that were hired back in the 1970s are now eligible to retire, so there is a constant flow of employees leaving the offices who need to be replaced, yet the enacted appropriations for SSA consistently fall below the President's request.

It is crucial that offices are well-staffed and well-funded, and I think we have started moving in the right direction. I voted in

favor of increasing SSA's budget by \$150 million in 2008; I will continue to support further increases.

Here are my questions, and they are New York-related. Part of reducing the log-jam at field offices is cutting down on the backlog of pending disability cases. SSA recently hired 135 new administrative law judges to jump-start the process. Only 10 of those have been assigned to the four New York hearing offices.

What really concerns me here is that the Buffalo office, which has one of the longest wait times in the country, has not been assigned additional ALJs. I understand there were concerns about adequate office space, but quite frankly that could be resolved. Buffalo is not, unfortunately, a place where there is hardly any office space available. So where there was a will there, there was a way.

Buffalo residents are waiting over a year to get a final decision. Two weeks ago, Senator Clinton and I sent a letter to Commissioner Astrue asking for a more detailed explanation of the process of allocating ALJs and whether there could be a second round of hires for the Buffalo office, and other offices that were passed over.

Could you, Deputy McMahan, shed some light on the process, and particularly what can be done about Buffalo?

Ms. MCMAHON. I will attempt to do that. It is not really my area of responsibility, but I can tell you this. I know there were issues about space. I know that they are specifically looking to put at least one additional ALJ in Rochester. One of the reasons I understand that Buffalo is as backed up as it is, is because it has a lot of the Rochester cases. So even though the new ALJs will be in Rochester, the work can move over there that has been backlogging in—

Senator SCHUMER. Why could we not get another ALJ in Buffalo?

Ms. MCMAHON. Well, I do not know the exact process they went through to determine where these needed to go, and I know that they will be responding to you. But there are not enough to go every single place. I think they made the decisions on the basis of the longest wait times—a combination of the longest wait times, where there is space, any number of other things. There is one other thing going on—

Senator SCHUMER. Do you disagree that Buffalo has one of the longest wait times?

Ms. MCMAHON. I do not know what it precisely is. I know that Atlanta, and I think the Chicago area, have longer wait times. But I would say that, because we are also proceeding to do these hearing centers, video hearing centers, that again we will be able to off-load work from the most impacted offices to other ALJs. We will not be paying for people to travel. There are a number of things that will be very positive about these centers that should help to alleviate the problem. So it is an overall plan. Where one ALJ, or two, go is only a part of the plan.

Senator SCHUMER. Yes. All right. So we can count on another one for Rochester, which might help with Buffalo, and you are still looking at someone in Buffalo. If you need help with finding office space, give me a call.

Ms. MCMAHON. All right. Thank you.

Senator SCHUMER. The next question deals with the Social Security office in Ogdensburg, which is way up on the St. Lawrence River in St. Lawrence County.

Ms. MCMAHON. Right.

Senator SCHUMER. Recently, SSA and GSA extended the office lease in the current location for 18 months. The trouble is, the Ogdensburg office is located in the Ogdensburg Bridge and Tunnel Authority's industrial park. It is very far from downtown, inaccessible by public transportation. It is the only office in St. Lawrence County and serves about 26,000 beneficiaries, 111,000 residents. Why would you continue to operate an office in a location where there is no bus service and it is very far for the elderly and disabled to reach on foot?

Ms. MCMAHON. It is actually a timing issue. The reason that lease was extended is that we are in the middle of a process to find another place for the office. GSA is actually responsible for that process. It has not been finalized yet, and so we just extended that lease so that we have time to determine where we are going to be. I understand we have two offers. I cannot give you specifics on that. When GSA finishes their process, we will choose one of those. Then they will have to have time to complete the space. I do not know whether it would be to build to suit or to change whatever configuration in an office they already have. I do not know the details.

Senator SCHUMER. It is way out of the way, and we get a lot of complaints. There is a downtown municipal building where the office used to be. So I just hope, when you go through this process that, if it is pennies cheaper in another place, you do not move the office so that people cannot get to it.

Ms. MCMAHON. Right. No, we would not. And it is our responsibility to make sure that, when we place offices, people have access to it. So I am not sure why we decided what we did at a former time, but I know the—

Senator SCHUMER. Yes. Thank you. One final question.

The CHAIRMAN. Yes. Go ahead.

Senator SCHUMER. Thank you. Are you waiting, Senator Bunning? You have not asked questions yet?

The CHAIRMAN. Actually, both of us are waiting.

Senator SCHUMER. Well, Mr. Chairman, with your usual graciousness you said I could continue.

The CHAIRMAN. I did.

Senator SCHUMER. That is why I did not ask.

The CHAIRMAN. That is right. That is right.

Senator SCHUMER. But I will wait.

The CHAIRMAN. No, no, no, no, no. Go ahead.

Senator SCHUMER. This is the last one.

The CHAIRMAN. Go ahead.

Senator SCHUMER. Is that all right with you, Senator Bunning?

Senator BUNNING. Go ahead.

Senator SCHUMER. All right. Thank you.

Cayuga County is another place. We have an office in Auburn. There were 17 closed, 4 in New York State. In Auburn, it was the sole provider for 82,000 residents, 19,000 benefit recipients. We kept this office open for an extra couple of months, but it was frus-

trating because there was no consultation or adequate advance notice, to either my staff, the district's office, or the residents themselves when the Auburn office was closed.

The trouble with New York is, we have large distances and a whole lot of people. So when you close an office, you can say, well, Syracuse is 45 minutes away, or whatever, but it is hard for people to get to and you have lots of people affected. So 45 minutes away in another area might affect 10,000 people, but in New York it affects 100,000 people. We have the third-largest rural population in the country.

So my question is, what can you do to work more closely with Congress and district offices to alert us to office closings that might be pending so we could try to work out an amiable solution?

Ms. MCMAHON. Well, that is part of our process. But we did learn in the last year that, even though we are notifying the local offices, apparently there are not enough communications between your local office and your Washington office. So now a new part of our protocol is to notify your Washington office at the same time that we are beginning the discussions about the potential for closures, moves, and other facility issues.

Senator SCHUMER. Thank you, Mr. Chairman. Thank you to Senator Bunning.

The CHAIRMAN. Thank you. Thank you. We need to address the backlog in this committee, too. [Laughter.] Thank you very much.

Senator SCHUMER. I will assure you we will have consultations. [Laughter.]

The CHAIRMAN. I was struck, Ms. McMahon and Mr. Warsinskey, when both of you mentioned one actual and another hypothetical about other agencies putting legislative demands on SSA. Could you explain that more fully, please? I found it a little disturbing, frankly, that other agencies are coming to you and, it sounds like, having you do some of their work.

Ms. MCMAHON. Maybe that was a little bit of a euphemism, the way I said it, because the reality is, Congress is directing them to come to us.

The CHAIRMAN. Oh. All right.

Ms. MCMAHON. So Medicare Part D is an example where we have a part of the responsibility with another agency for that legislation. Another example is the e-verify process. We are doing employment verifications.

The CHAIRMAN. That is under Part D.

Ms. MCMAHON. Yes.

The CHAIRMAN. And DHS, too?

Ms. MCMAHON. Yes. So we have to work together with DHS for employment verification and with CMS for Part D.

The CHAIRMAN. All right.

Ms. MCMAHON. The point, I guess, we are making is, as you continue to give us work, more and more of that work is outside our normal core workload, our traditional work, what we consider to be our major responsibility. The more of that we get, even with money, frankly, the more complicated the job is, the more you have to know, the more things we have to do, the more things we have to deal with.

The CHAIRMAN. Right.

And Mr. Warsinskey, you were concerned about immigration. Although not enacted yet, theoretically that could be an additional burden. Can you expand on that a little bit, please?

Mr. WARSINSKEY. Well, yes. We are already doing some helping out, more in States like Arizona where it is required. But there are bills that are pending in both Houses that would significantly expand our responsibility. One of the bills could have as many as, I believe, 48 million people coming in where we would have to verify everything that has more than one W-2. Another bill would probably increase our traffic by 25 percent. Those kind of numbers are just mind-boggling.

Our services would just go way downhill unless we had the necessary funding. It is not that we do not want to do these things. We try to do anything we are asked to by Congress. It is just, if you do not give us the funding and your core service—I mean, our core mission is to pay benefits. This is really a side thing we are doing to help out other things that are important in the country.

The CHAIRMAN. Thank you.

Senator BUNNING?

Senator BUNNING. Thank you, Mr. Chairman.

Mr. Warsinskey, you mentioned in your testimony the problems the SSA computer system was facing. It seems to me the automated investment fund in the computer for Social Security received just shy of \$1 billion from 1994 to 1998. This money was used, actually used, for that purpose, which I applaud you for. But the significant problem remains, including that Social Security still relies on a database system that was developed in the early 1980s which is now obsolete.

Mr. WARSINSKEY. Right.

Senator BUNNING. So how do you get a match?

Mr. WARSINSKEY. We are using an old COBOL system for a lot of our mainframe processing.

The CHAIRMAN. What? What?

Mr. WARSINSKEY. COBOL.

The CHAIRMAN. What century is that? [Laughter.]

Mr. WARSINSKEY. Right. It is the beginning of programming. They do not really train programmers to do this anymore. We have to train our own people.

Senator BUNNING. I would suspect that they would not, with modern technology moving the computer past the database that was developed in the 1980s.

Mr. WARSINSKEY. Right. But this is a major challenge for the Agency because they just cannot take away that computing software they are using because it processes a major part of their workloads that we have online, and we do need to redesign it and invest a lot of money in it, and it is going to take a fair amount of investment to do that.

Senator BUNNING. Well, \$1 billion is not a small investment.

Ms. MCMAHON. If I might make a comment that I think might clarify this to a certain extent. While \$1 billion is a lot of money, we actually have, among other things, been doing as many as 72 million transactions a day—a day—on our system.

Senator BUNNING. That is why you were given \$1 billion to update.

Ms. MCMAHON. I am sorry?

Senator BUNNING. That is why the billion dollars was given to update.

Ms. MCMAHON. Well, but we have to maintain the system we have. Maintaining it is quite complicated and expensive. In addition to which, we have been so desperate to make sure that we increase our productivity so we could stay up as best we can with the work—

Senator BUNNING. You know, you ought to include that same in the report that you are going to prepare for the chairman so that we can look at that and see why you cannot convert and get the obsolete portion out so you can use an updated system.

Ms. MCMAHON. And, in fact, we are moving in that direction. But, yes, it does take significant resources. We will be happy to report on that.

Senator BUNNING. All right. Ms. McMahan, there was a recent IG report on your Agency—April, in fact, of this year—on using ATM receipts to determine if someone is out of the country and, therefore, ineligible for SSI. This could potentially save quite a bit of money. Is Social Security planning to implement such a program?

Ms. MCMAHON. Not without additional resources.

Senator BUNNING. Well, would you please include that also in the report that you are preparing for our chairman? Because if, in fact, it would save Social Security some money and it is illegal to do it this way and your IG—this is your IG—reports that they are using this illegally, please put it in the report so we can do something about it.

Ms. MCMAHON. All right.

Senator BUNNING. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much, Senator. I appreciate your pressing and your interest. Thank you.

Senator Kerry?

Senator KERRY. Thanks, Mr. Chairman. I know that a lot of questions have been asked that I had an interest in, particularly about some of the field offices and so forth, so I am not going to go back there.

But let me kind of get to the core of this, if you will. Since fiscal year 2000, the appropriations for the Social Security Administration have been cut by \$1 billion. Can you explain, what is the rationale for that? I do not quite understand it. I do not think a lot of seniors who are waiting extraordinary amounts of time or have blocked telephone calls that they cannot get through on for hours, waiting in line for hours, understand that.

Ms. MCMAHON. Well, specifically what that is, is the Congress did not appropriate that amount of money that the President asked for over that period of time.

Senator KERRY. I thought we plussed up over what the President asked for. I know last year we put in \$150 million.

Ms. MCMAHON. Yes, sir. This year was the first time since 1993 that we have actually even gotten the President's budget request, much less more.

Senator KERRY. I am surprised to hear that, but I accept that.

But it is my understanding that the President set a low ceiling in each of those years with the total domestic appropriation so that we were sort of squeezed. I mean, the fact is, this wasn't something that we chose to do. We have to squeeze everywhere because the President gave us a cap on what the total domestic appropriations were, if I recall correctly. Your heads are nodding.

Mr. Warsinsky, do you want to comment on that?

Mr. WARSINSKEY. Yes.

Senator KERRY. I mean, I am now flashing back and thinking about, we had a lot of very bad choices.

Mr. WARSINSKEY. Right. Labor and HHS have a cap to it and there is a competing interest. We are not in a separate budget, so, if the National Institutes of Health or the Centers for Disease Control need more money, we are competing with them. What has happened is, monies are going other places so we were not getting what was requested by the President as the money was allocated. Since they could not raise the total amount for overall Labor and HHS, something had to give, and Social Security was the one that was giving.

Senator KERRY. I also recall that we were forced into—the subcommittees, as they were making those allocations, had to actually use some of those proceeds in order to protect programs that the President was trying to cut or eliminate completely.

Mr. WARSINSKEY. What that does is, sometimes money has been specifically directed to do certain workloads, which restricts the Agency's flexibility to do other things, which cuts our core services.

Senator KERRY. Well, I think it is a little disingenuous then just to say that Congress did not do this. I also recall that Congress was in the control of the Republicans during that largest period of time, and the President never fought for that additional money in any of those appropriations negotiations as we came into the final omnibus budget, or whatever.

But let me come to what really has an impact on people. I also understand that it is the norm to anticipate somewhere in the vicinity of about 400,000 cases that you carry because there is a certain amount of investigative work, and analysis has to be done to make sure that cases are legitimate. We certainly accept some reasonableness as to that period.

But 3½ years, it seems to me—and also measured against, I think we are at, what, 750,000, is it? Seven hundred and fifty thousand backlog. Social Security Disability money does not get paid out until a determination is made.

Ms. MCMAHON. That is correct.

Senator KERRY. What is the expectation for these people? How are they supposed to get by? Since they are already coming in because they are low-income and they have low assets, they need help, what is the theory here by which they ought to wait 3½ years?

Ms. MCMAHON. Well, there is no theory that they should wait. Commissioner Astrue made it clear when he came on board just over a year ago that it is a "moral imperative" that we reduce that backlog that we have pending, that we get the processing time down significantly. He has instituted a 75-point plan, and we are working on it.

A large part of the \$148 million that the Congress gave us over and above the President's budget this year is going to work on that plan. It is a good foundation for us. If we continue to get funding, if we do not get into a Continuing Resolution for 2009, the expectation is we will start to drive down the actual number of pending cases for hearings next year.

This year we have reduced the rate of increase in pendings. Next year we actually expect to reduce the actual number of hearings that are pending. This is the highest priority in the Agency. Everybody—everybody—in the Agency is contributing. Field offices are actually helping hearing offices do their work because we see it, as the Commissioner said, as “a moral imperative.”

Senator KERRY. Well, before I came in here I think you said that by July 4th there will be a plan that you are going to be putting in front of us. Can you share just quickly what you anticipate putting together as a strategic plan? I would like the groups to have their opportunity—Mr. Warsinskey and Mr. Skwierzynski, to be able to have an opportunity to say what they think ought to be done.

Ms. MCMAHON. Well, I am uncomfortable saying, because we are just sort of at the point where we are starting to crystallize it, but obviously disability will be a big issue, retirement will be a big issue because that is going to bury us if we do not handle that. Service delivery, generally. How do we improve our service delivery methods? Then looking at the other kind of underpinnings, in particular, as enablers for us, we have to have the kind of workforce we need and be able to train that workforce, recruit and retain people. We have to have the IT infrastructure, as we were just talking about. We have to modernize our system. So those are the kinds of things that would be in the plan.

Mr. WARSINSKEY. I think you need to look at all the areas where we are deficient in our services and then say, what service do we want from those areas and how are we going to get there? An example is our telephone service in the field offices, where the majority of people cannot get through. There is no real plan that I am aware of to deal with that right now. We are going to need more resources with that. If you are going to have the waiting times in some of these offices at 2 to 4 hours, what is it going to take to get those waiting times down? If you have huge numbers of SSI redeterminations—

Senator KERRY. What should be the goal? How fast should somebody be served when they come into a public office, Social Security, a senior citizen? What is the expectation that is appropriate?

Mr. WARSINSKEY. I think if you just walk in, I think it would be nice if somebody could be served in 10 or 15 minutes, would be ideal.

Senator KERRY. And if you have an appointment?

Mr. WARSINSKEY. They should be served within 5 minutes, I would say, if you have an appointment.

Senator KERRY. Is that achievable, Ms. McMahon?

Ms. MCMAHON. Well, actually in some cases where we have appointments, a number of offices, we are able to do it in 5 to 10 minutes, and even walk-ins in some cases. Is it achievable overall for

every single office with the budget levels that we have? No, I do not think it is unless we forego something else.

Mr. SKWIERCZYNSKI. Well, Senator, 10 years ago the processing time for disability cases was 300 days or less, less than 300 days. If that was an acceptable processing time at that time—I do not think it is; three hundred days is a long time to wait for a decision on a disability appeal—then what we need to do, I would agree with Senator Baucus, we need to have these benchmarks and then we need to figure out how much money it costs to meet those benchmarks.

I think you have to look at some fundamental issues, too. Right now we have a split system on making a disability decision. We have Federal employees taking the entitlement information and we send them to State employees to get a medical decision. We have 54 different State agencies that are run 54 different ways, that have 54 different pay-and-benefit systems, they have different training systems, they have different ways of doing the work.

We ought to consider federalizing the whole process so that we can have one classification and pay-and-benefit system, one method of training, one instruction that goes out across the board. What we have, what has been created by having the split system, is some States' initial claims or disability approval rates are 55 percent of those who file claims, in other States they are 25 percent. It is a radical difference on the initial claims on the decision-making process.

We did a pilot back in the late 1990s and early 2000s of having a caseworker approach, where somebody would come into a field office and the individual who interviewed them would do both the decision on the disability issue as well as the entitlement issue, and the public loved it. It had great reviews. Of course, you have to pay for that. If that is a way to provide better service to the public, that is something that ought to be examined when you are doing a strategic plan. Is this split system on disability the way to go indefinitely in the future or should we think a little bit out of the box and think a little bit differently and look at a better way of doing this?

The CHAIRMAN. Thank you very much. I am going to have to wrap up this hearing, unless you, Senator Kerry, wanted to continue here.

Senator KERRY. No, no.

The CHAIRMAN. I am very impressed with how hard employees at SSA work. I mean, they are stressed. I deeply appreciate that. They are trying to do a good job with the limited resources that they have, and I just want you to know that, first, I appreciate that and sense that, and thank them for their very hard work.

Second, I am going to work mightily to get you that additional \$240 million because it is so important, and also to do whatever I can to prevent any devastation that may occur because of the Continuing Resolution. We have to find some way not to let that happen.

But you make more than a good case. If we are to provide service for the people we work for, and all the folks whom we serve are our employers—we are working for them, so at the very least we should give them the respect that they are due and do a good job

for them. So, I want to thank all of you. You have all been very, very helpful at this hearing, and I want to thank you for coming.

The hearing is adjourned.

[Whereupon, at 11:33 a.m., the hearing was concluded.]

APPENDIX

ADDITIONAL MATERIAL SUBMITTED FOR THE RECORD

GAO

United States Government Accountability Office

Testimony
Before the Committee on Finance, U.S.
Senate

For Release on Delivery
Expected at 10:00 a.m. EDT
Thursday, May 8, 2008

SOCIAL SECURITY ADMINISTRATION FIELD OFFICES

Reduced Workforce Faces Challenges as Baby Boomers Retire

Statement of Barbara D. Bovbjerg, Director
Education, Workforce, and Income Security Issues



GAO-08-737T

May 2008



Highlights of GAO-08-737T, a testimony before the Committee on Finance, U.S. Senate

SOCIAL SECURITY ADMINISTRATION FIELD OFFICES

Reduced Workforce Faces Challenges as Baby Boomers Retire

Why GAO Did This Study

Millions of people rely on the services of Social Security Administration (SSA) field offices. In fiscal year 2007, SSA's approximately 1,300 field offices provided service to about 42 million customers. People use these offices to apply for Social Security cards, apply for retirement and disability benefits, establish direct deposit, and a host of other services. While customers may conduct their business using SSA's online, telephone, or other service options, many prefer the personalized contact provided in field offices.

Over the last several years, staffing reductions have challenged field offices' ability to manage work, while continuing to deliver quality customer service. To assess how field offices are managing these challenges, GAO was asked to determine (1) the effect that reduced staffing levels may be having on field office operations and (2) the challenges that SSA faces in meeting future service delivery needs.

This statement is drawn from GAO's ongoing study on field offices for the committee, which is expected to be issued later this year. To conduct this work, GAO interviewed SSA officials in headquarters, and other components, and analyzed various data on SSA's workloads and other data. In commenting on a draft of this testimony, SSA said that GAO understated the connection between staffing stresses from increased work demands and the agency's funding shortfalls.

To view the full product, including the scope and methodology, click on GAO-08-737T. For more information, contact Barbara Bovbjerg at 202-512-7215 or bovjberg@gao.gov.

What GAO Found

SSA field offices largely met work demands between fiscal years 2005 and 2007 despite operating with fewer staff and an increased demand for services, but staffing reductions may have had some adverse effects. Field offices were able to minimize the impact of staffing reductions on work because staff productivity increased by 4.9 percent. SSA and its field offices used various strategies to manage its work with fewer staff. Field offices shared work among offices and redirected staff to meet critical needs. SSA also encouraged customers to make greater use of Internet and other electronic services. Additionally, SSA deferred work that it deemed a relatively low priority, such as conducting reviews of beneficiaries' continuing eligibility. Deferring these reviews, means that beneficiaries who no longer qualify for benefits may still receive payments—which may decrease SSA's chances of recovering the erroneous payments. Despite SSA efforts to manage the staffing reductions, customers experienced longer waiting times and more unanswered calls to field offices, according to SSA data. Also, staff reported experiencing high stress levels and insufficient time for training.

Comparison of Field Office Staffing and Work Completed, Fiscal Year 2005-2007

Fiscal year	Number of field office employees	Field office work (in work units) ¹	Work units completed per Employee
2005	28,790	37.1 million	1,289
2006	27,383	37.0 million	1,350
2007	26,743	36.2 million	1,352
Percent change, 2005 to 2007	-7.1 %	-2.5%	+4.9%

Source: GAO analysis of SSA data.

¹SSA measures the amount of work produced by multiplying the volume of actions completed by the amount of time required to complete each type of action. The result is what SSA terms "work units." Because some types of actions take longer than others to complete, SSA views work units as a more precise measure than a simple count of the number of actions completed.

Growth in claims from the nation's baby boomers and a retirement wave of its most experienced staff may pose serious challenges for SSA if the agency does not have a clear plan. The first wave of approximately 80 million baby boomers is reaching the age of retirement eligibility, and SSA estimates that retirement and disability filings will increase the agency's work by approximately 1 million annual claims by 2017. To further compound this challenge, SSA projects that 44 percent of its workforce will retire by 2016. Because retirements will occur among the agency's most experienced staff, this will have a serious impact on field offices' institutional knowledge. SSA is planning on hiring an additional 2,350 new employees this fiscal year for regional and field office operations, almost all of whom will go to the field offices. Agency officials stated, however, that it typically takes 2 to 3 years for staff to gain the experience they need to function independently. SSA is using various strategies to recruit new employees to fill knowledge gaps. SSA is finalizing its Annual Strategic Plan which will describe the agency's strategies for addressing these issues.

Mr. Chairman and Members of the Subcommittee:

I am pleased to be here today to discuss the state of Social Security Administration (SSA) field office services. SSA's approximately 1,300 field offices are a vital component of SSA's operations, serving approximately 42 million customers in fiscal year 2007. Employing slightly less than half of the agency's 64,000 employees, field offices serve as SSA's primary points for face-to-face contact with the public. People visit their local field offices to apply for Social Security cards and for Social Security benefits, to request replacement benefit checks, and for a host of other services. SSA has served the public for over 70 years. Recent staffing reductions are increasingly challenging field offices' ability to meet the demand for services. My remarks today will address (1) the effect that staffing reductions may be having on field office operations and (2) the challenges SSA faces in meeting field service delivery needs in the future.

My written statement is based on our ongoing work for this committee, and we will provide you a full report later this year. To conduct our work, we interviewed SSA headquarters officials responsible for operations, budget, and strategic and human capital planning and obtained relevant documentation. We interviewed managers and staff in 21 field offices and two Social Security Card Centers to gain their perspectives on the effect of staffing reductions. We selected a wide variety of the field offices based on the size of the populations they served, their geographic location, the number of staff, and customer wait times. Table 7 lists the field offices we visited and their beneficiary populations. To gain further perspectives on the effect of field office staffing reductions, we interviewed officials in two SSA regional offices and three area offices. To assess field office waiting times, SSA provided us summary data. As we are currently in the process of completing our work, we have not yet validated SSA's waiting time data. Our work is being conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.

In summary, SSA field offices largely met work demands despite operating with fewer staff and an increased demand for services, but the lower staffing levels may have contributed to adverse effects. Field offices were able to minimize the impact of staffing reductions on work because staff productivity increased by 4.9 percent. SSA and its field offices used various strategies to manage its work with fewer staff. Field offices shared work among offices and redirected staff from their usual responsibilities

to meet critical needs. SSA also encouraged customers to make greater use of Internet and other electronic services to conduct their business. Additionally, SSA deferred work that it deemed a relatively low priority, such as conducting reviews of beneficiaries' continuing eligibility. Deferring these reviews, however, means that beneficiaries who no longer qualify for benefits may still receive payments—which may decrease SSA's chances of recovering the erroneous payments. Despite SSA efforts to manage the staffing reductions, customers are experiencing longer waiting times and poor telephone service, according to SSA data. Between fiscal years 2002 and 2006, SSA reported that the average waiting time for field office service increased by 40 percent from about 15 minutes to 21 minutes, and in fiscal year 2007, more than 3 million customers waited for over 1 hour to be served. Further, SSA's 2007 Field Office Caller Survey found that 51 percent of customer calls to field offices went unanswered. These factors may have contributed to a 4 percent drop in SSA's overall customer satisfaction rating from fiscal year 2005 to 2007. In addition, staff reported high levels of stress and a lack of time for training.

As the oldest of the nation's approximately 80 million baby boomers are now reaching the age of retirement eligibility, increases in retirement and disability filings and a significant retirement wave of SSA's most experienced staff may pose difficult challenges for SSA to meet future service delivery needs without a clear plan for addressing them. SSA estimates that retirement and disability filings will increase the agency's work by about 1 million annual claims by 2017. Further, SSA will experience an agencywide retirement wave in the coming years, and projects that 44 percent of its staff will retire by 2016. The retiring employees will be among the agency's most experienced who account for decades of institutional knowledge. However, with an increase in its fiscal year 2008 funding, SSA is planning to hire an additional 2,350 staff in its regional and field offices this fiscal year, almost all of whom will go to field offices. Agency officials stated, however, that it typically takes 2 to 3 years for staff to gain the experience they need to function independently. SSA is using various strategies to recruit new staff, including programs to hire and retain older workers to fill knowledge gaps. SSA is currently working to finalize its Annual Strategic Plan that is expected to describe the strategies for addressing these challenges.

Background

Almost all Americans have sought the services of SSA at some point in their lives, and for many, their first experience is applying for a Social

Security number (SSN).¹ SSA offers a range of services, which includes providing financial assistance to eligible individuals through the following three major benefit programs:

- Old-Age and Survivors Insurance (OASI) provides benefits to retired workers and their families and to survivors of deceased workers;
- Disability Insurance (DI) provides benefits to eligible workers who have qualifying disabilities, and their eligible family members; and
- Supplemental Security Income (SSI) provides income for aged, blind, or disabled individuals with limited income and resources.

In fiscal year 2007, these three benefit programs provided a combined total of approximately \$613 billion to about 54 million beneficiaries. SSA projects that the benefit payments and number of beneficiaries for the three programs will increase in fiscal years 2008 and 2009 (see tables 1 and 2).

Table 1: Federal Benefit Outlays for OASI, DI, and SSI Programs, Fiscal Years 2007 to 2009

Program	Fiscal year 2007 (actual)	Fiscal year 2008 (estimate)	Fiscal year 2009 (estimate)
Dollars in billions ^a			
OASI	\$479.7	\$502.5	\$530.6
DI	97.0	102.9	109.5
SSI	36.0	41.2	43.2
Total Outlays	\$612.7	\$646.6	\$683.4

Source: GAO analysis of SSA data.

^aTotals may not add due to rounding.

¹SSA's process of assigning SSNs to individuals is known as enumeration.

Table 2: Average Number of Beneficiaries for OASI, DI, and SSI Programs in Payment Status, Fiscal Years 2007 to 2009

Program	Fiscal Year 2007 (Actual)	Fiscal Year 2008 (Estimate)	Fiscal Year 2009 (Estimate)
(number in millions) ^a			
OASI	40.7	41.2	42.0
DI	8.7	9.0	9.3
SSI	7.0	7.2	7.3
Concurrent recipients ^b	(2.6)	(2.6)	(2.7)
Total beneficiaries	53.8	54.7	56.0

Source: GAO analysis of SSA data.

^aTotals may not add due to rounding.

^bRecipients receiving benefits from the OASI and SSI or DI and SSI programs.

Besides paying benefits through these three programs, SSA issues Social Security cards, maintains earnings records, and performs various other functions through a network of field office and headquarters operations using an administrative budget of over \$10 billion. SSA's field operations consist of

- field offices, which serve as the agency's primary points for face-to-face contact, perform a full range of services, including making eligibility determinations for Social Security benefits;
- Social Security Card Centers, which issue SSNs;
- Teleservice Centers, which offer national toll-free telephone service; and
- Program Service Centers, which make entitlement decisions for benefits, as well as assist in answering toll-free calls.

Table 3 shows the type of work that is performed by various SSA field components.

Table 3: Type of Work Conducted by Various SSA Field Components

Type of work	Function	Field entities involved in this work
Claims for OASI, DI, and SSI benefits	Takes applications for benefits, evaluates evidence, and makes determinations of eligibility and benefit amounts. Makes nonmedical eligibility determinations for DI and SSI, but does not determine if individuals are medically eligible for disability payments.	Field offices Teleservice Centers Program Service Centers
Program Integrity	Conducts continuing nonmedical eligibility reviews to ensure payment accuracy.	Field offices (nonmedical eligibility reviews)
SSNs	Takes applications for and issues SSNs after determining the validity of required evidence. Also, updates records of people who have been issued SSNs to keep them current and accurate.	Field offices Social Security Card Centers
Earnings records	Posts updates to workers' records. Links the earnings records to SSNs and, when no match can be found, tracks the reported earnings and attempts to resolve the discrepancy.	Field offices Program Service Centers
Employment eligibility verification (E-Verify)	Assists employers in verifying the name/SSN/citizenship/work authorization of new hires, and assists workers in resolving discrepancies between SSA and Department of Homeland Security data.	Field offices
Medicare program assistance	Takes applications and determines eligibility for the Medicare program and processes applications for replacement Medicare cards. Also, makes eligibility determinations and redeterminations for the prescription assistance subsidy offered under the Medicare Prescription Drug Program, among other Medicare work.	Field offices

Source: GAO analysis of SSA information.

Field offices, which served approximately 42 million customers in fiscal year 2007, are a vital component for delivering SSA services to the public. Field offices are located in communities across the United States, the Virgin Islands, Puerto Rico, and Guam, and deliver services through face-to-face contact, over the phone, and through the mail. Field offices range in size from large urban offices with 50 or more employees to very small offices in remote areas called resident stations. In August 2007, there were approximately 1,271 field offices and 37 resident stations. Resident stations have more limited services and are staffed by one or two individuals in their homes or in a separate office (other than an SSA field office). Field offices also offer services to the public through about 1,200 contact stations. These stations provide very limited functions and are staffed with one SSA field office employee who travels to certain locations, such as a hospital, once a month. Additionally, SSA has begun using video conferencing to take claims and provide other services to customers in remote locations in North Dakota, Wyoming, and South

Dakota. SSA is planning to expand the video network to provide additional sites and services.

While SSA field offices take applications and determine if claimants meet basic, nonmedical eligibility requirements for DI and SSI disability claims, state Disability Determination Services (DDS) that are under contract with SSA make medical eligibility determinations for these claims. SSA's Hearing Offices and Appeals Council make decisions on appeals of these determinations. Appendix II describes the functions of each of these entities in the medical disability determination process for DI and SSI claims. DDSs also conduct continuing disability reviews for DI and SSI beneficiaries to ensure that they are still medically eligible for payments.

In addition to field offices, SSA offers customers a variety of other options for conducting their business. Individuals may call SSA's toll-free helpline to file for benefits or to obtain general information. They may also use the Internet to file for benefits or visit a Social Security Card Center to request a Social Security card. Figure 1 shows the various options by which customers may conduct their business with SSA.

Figure 1: SSA Service Delivery Options

<p>Field offices</p>	<ul style="list-style-type: none"> • Visit an SSA field office to conduct face-to-face business with a staff person. Range of services include: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> applying for Social Security benefits <input checked="" type="checkbox"/> requesting change of address <input checked="" type="checkbox"/> requesting change in direct deposit <input checked="" type="checkbox"/> requesting Social Security card • Call or mail in documents • Self-help services available for requesting change of address and benefit verification letters
<p>Teleservice Centers</p>	<p>Toll-free telephone services</p> <ul style="list-style-type: none"> • Apply for retirement benefits • Obtain answers to general questions • Perform other actions
<p>Internet</p>	<ul style="list-style-type: none"> • Apply for retirement, disability, or spousal benefits • Change address • Change direct deposit • Obtain Medicare replacement cards • Perform other actions
<p>Social Security Card Centers</p>	<ul style="list-style-type: none"> • Visit a card center to request Social Security cards

Source: GAO analysis of SSA data.

Field Offices Largely Met Work Demands with Fewer Staff, but Staffing Reductions May Have Contributed to Some Adverse Effects

Despite operating with fewer staff from fiscal year 2005 to 2007 and an increased demand for services, field offices largely met work demands; however, staffing reductions may have contributed to some adverse effects. SSA and its field offices used various strategies to manage work demands, such as sharing work among offices, redirecting staff to serve critical needs outside of their usual responsibilities, encouraging customer use of the internet and telephone services, and deferring certain work. Despite these efforts, many field office managers and staff stated that they cannot keep up with their work. Reduced field office staffing may have contributed to customers waiting longer to be served, and customer calls to field offices are not always being answered. These factors may have contributed to a 4 percent drop in SSA's customer satisfaction rating between fiscal years 2005 and 2007. In addition, staff are experiencing high stress levels, lacking sufficient time for training, and facing other adverse effects according to field office managers and staff.

Increased Staff Productivity Helped Minimize Potential Impact of Staffing Decline

Despite a 7.1 percent staffing decline during fiscal years 2005 to 2007, the amount of work that field offices produced decreased by only 2.5 percent.² As a result, the average amount of work produced by field office staff increased by 4.9 percent between fiscal years 2005 and 2007 (see table 4). The field office staffing reduction comprised nearly 60 percent of SSA's overall reduction (from 65,112 to 61,594 between fiscal years 2005 and 2007).

Table 4: Comparison of Field Office Staffing and Work Completed, Fiscal Year 2005 to 2007

Fiscal Year	Number of field office employees	Field office work (in work units)	Work units completed per employee
2005	28,790	37.1 million	1,289
2006	27,383	37.0 million	1,350
2007	26,743	36.2 million	1,352
Percent change, 2005 to 2007	-7.1 %	-2.5%	+4.9%

Source: GAO analysis of SSA data.

²SSA measures the amount of work produced by multiplying the volume of actions completed by the amount of time required to complete each type of action. The result is what SSA terms "work units." Because some types of actions take longer than others to complete, SSA views work units as a more precise measure than a simple count of the number of actions completed.

SSA officials attribute the staffing reductions to inadequate appropriations and are concerned about growth in work required for other federal agencies. Table 5 shows the Commissioner's and the President's budget requests and SSA's final appropriations for fiscal years 2002 to 2008. The table also shows the recent staffing decline. The table does note that SSA received a \$500 million budget increase in 2005 to manage the implementation of the Medicare Prescription Drug program and hire associated staff. In addition, other work that SSA conducts on behalf of other federal agencies has grown. For example, new state laws requiring federal government verification of work authorization are resulting in additional work and field office visits associated with the Department of Homeland Security's E-Verify program.

Table 5: Social Security Administration's Limitation on Administrative Budget Account for Fiscal Years 2002 to 2008

Fiscal year	Commissioner's request	President's budget request	Final appropriation	End of year SSA staff total
Dollars in millions				
2002	\$7,982	\$7,574	\$7,570	63,611
2003	7,974	7,937	7,885	65,191
2004	8,895	8,530	8,313	64,184
2005	9,310	8,878	8,733*	65,122*
2006	10,106	9,403	9,109	63,054
2007	10,250	9,496	9,298	61,584
2008	10,440	9,597	9,745 ^b	N/A

Source: GAO analysis of SSA data.

Note: SSA's Limitation on Administrative Expenses appropriation provides SSA with funding to administer the OASI, DI, and SSI programs, and to assist the agency in performing activities in support of the Medicare program. The appropriation provides a limitation on the amounts that may be expended, in total from the OASI, DI, SSI and Medicare programs, to meet the administrative expenses of the agency.

*SSA's final appropriation for fiscal year 2005 includes a \$500 million appropriation for administrative start-up costs to implement the Medicare Prescription Drug, Improvement, and Modernization Act (MMA). The MMA creates an outpatient prescription drug benefit that enables Medicare beneficiaries to enroll in competing private drug coverage plans, and offers a prescription assistance subsidy for certain low-income Medicare beneficiaries.

^bThe appropriation amount shown is the enacted amount.

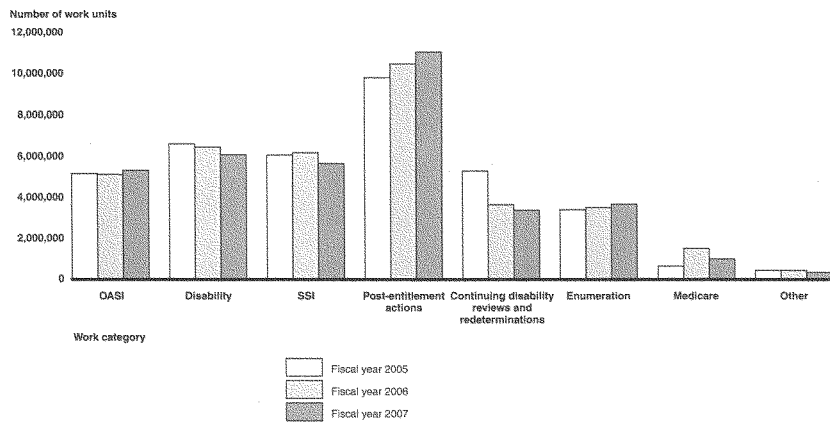
Despite the staffing reductions, field offices served are serving a growing volume of visitors. Comparing the first 3 months of calendar years 2006 to 2008, visitor volume increased by almost 450,000 (about 4 percent). SSA field managers and staff told us that they also expect visitor volume to

increase with the retirement of the baby boomers. As figure 2 shows, from fiscal years 2005 to 2007, SSA processed more OASI claims; post-entitlement³ actions (other than for continuing eligibility reviews); enumerations; and Medicare actions. ⁴ During the same time period, SSA processed fewer DI and SSI claims (nonmedical determinations only); continuing disability reviews; and SSI redeterminations. SSA attributes the high volume of post-entitlement actions to the growth in beneficiary populations.

³Post-entitlement actions are those occurring after customers become eligible for benefits that affect the amount or continuation of payment. Such actions include changes of address, benefit recomputations, overpayments, and reviews of DI and SSI beneficiaries' status to determine their continuing eligibility for benefits.

⁴There are two types of reviews: 1) continuing disability reviews, which are conducted periodically to ensure that disability and SSI recipients continue to meet SSA's definition of disability, and 2) SSI redeterminations, which verify recipients' living arrangements, income, and other nonmedical factors related to SSI eligibility.

Figure 2: Field Office Work Units Completed by Major Work Category, Fiscal Years 2005 to 2007



Source: GAO analysis of SSA data.

*Other work includes resolving discrepancies in workers' earnings statements, updating information for student benefits, and replacing lost checks.

SSA Used Various Strategies to Manage Staffing Declines

SSA is shifting work among field offices based on their workloads in an effort to increase overall efficiency. If a field office has work demands that it cannot immediately cover, that office can request that some work be transferred to another office. Offices that have a particular expertise in a certain type of work make themselves available, as they can process it more quickly. Field managers told us, however, that sometimes they are reluctant to share work because the office that receives and processes the work receives numerical credit, which helps an office justify a greater staff level for the future.

Managers are also using claims processing personnel to fill in as necessary to perform the duties typically done by lower-graded employees, and in some cases, even office managers take on the duties of their employees. Such duties include answering the telephone, providing initial services to arriving customers, processing requests for new or replacement Social

Security cards, and conducting some administrative duties. While all field office personnel recognize the need to serve visitors, many also told us that such work is taking away from time spent processing claims and managing the office.

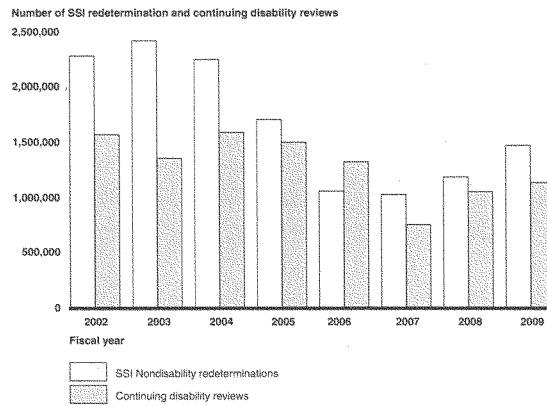
SSA is encouraging customers to use automated services to help field offices accomplish their work. However, many field staff said that real gains in the use of automated services will only likely be achieved by future generations of customers. SSA's vision for its "eService" program is that the public, businesses, and government agencies will be able to conduct all business through secure, electronic channels—thereby increasing the efficiency with which the agency can serve the public. SSA reported that in 2007 the public performed 2.9 million electronic transactions, such as applying for disability benefits or requesting a change of address. SSA's electronic services are available to the public over the Internet and by telephone, using the voice recognition capabilities of SSA's toll-free number. While field office staff and managers welcome automated tools that the public can use, some added that relatively few customers use them, and that due to erroneous or missing information in online forms, field staff can lose time having to contact the customers for clarification or more information. While they believe that automated tools should continue to be developed, many managers and staff told us that these tools are not a sufficient to compensate for reduced staffing levels.

Finally, with fewer staff available, SSA focused on field office work it considered essential to its "core workloads," such as processing new claims for Social Security benefits and issuing Social Security cards, but deferred other types of work. Field office managers and staff told us that certain post entitlement actions are typically delayed or deferred, when an office is under stress, including changes of address, changes to direct deposit information, and reviews to determine beneficiaries' continuing eligibility for DI and SSI benefits. Reviews of continuing eligibility, however, are key activities in ensuring payment accuracy. SSA estimates that continuing disability reviews yield a lifetime program savings of \$10 for every dollar invested, and SSI redeterminations yield a lifetime program savings of \$7 for every dollar invested.

In recent years, SSA has not been able to conduct as many reviews as it had planned, citing budget limitations and an increase in core work (see fig. 3). When reviews of benefits are delayed, some beneficiaries may continue to receive benefits when they no longer qualify. While delays in these reviews relieve work pressure, some field managers and staff told us that such delays cause future challenges when staff attempt to obtain

necessary documentation over multiple years, and overpayments accrue to the point that beneficiaries have difficulty repaying benefits for which they were not eligible.

Figure 3: Number of SSI Redeterminations and Continuing Disability Reviews Completed, Fiscal Years 2002 to 2007 and Projected Fiscal Years 2008 to 2009



Source: GAO analysis of SSA data.

Despite SSA's efforts to manage work with reduced staff, managers responding to a survey conducted in February and March 2007 by the National Council of Social Security Management Associations (NCSSMA)⁵ stated that many of them are finding it increasingly difficult to keep up with the work. On average, the managers responding to the survey estimated that they would need a staffing increase of 16.7 percent to provide adequate public service. In the offices we visited, most of the managers also told us that they did not have an adequate number of staff.

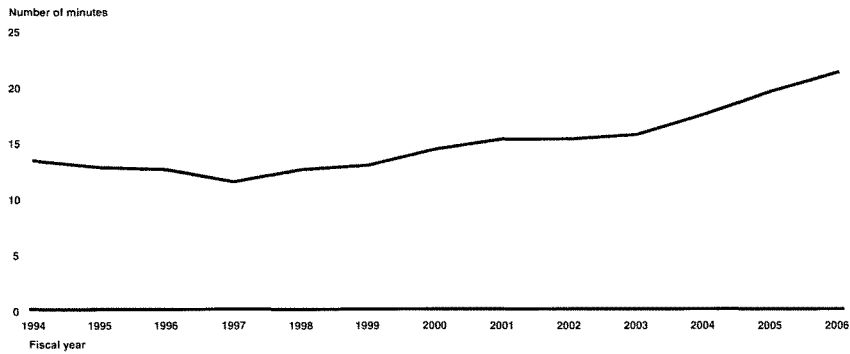
⁵This organization represents SSA field office managers and Teleservice Center managers.

Staffing Reductions May Have Contributed to a Buildup of Certain Work, Longer Customer Waiting Times, More Unanswered Customer Calls, and Other Adverse Effects

According to SSA officials, staffing imbalances resulted in a buildup of 1,000 workyears, for work that SSA was not able to complete⁶ by the end of fiscal year 2007. SSA projects that the buildup will grow to 4,800 workyears by the end of fiscal year 2009; however, officials said that they are re-evaluating this figure in light of increases in productivity and overtime. Staff reductions may have also led to longer customer waiting times. Between fiscal years 2002 and 2006, the average waiting time to first contact for all customers increased by 40 percent from 15 to 21 minutes (see fig. 4). Nationally, 8 percent of customers—about 3 million people—waited more than 1 hour, which included 420,000 customers who waited more than 2 hours for service in fiscal year 2007 (see table 6). We also found significant variation in waiting times among field offices for customers without appointments. For example, for customers without appointments, more than 300 offices had average waiting times of less than 10 minutes, while 23 offices had average waiting times that exceeded 1 hour in fiscal year 2007. Further, customers without appointments during that period waited more than 1 hour on average at four of the offices we visited. In contrast, customers at the office in Devils Lake, North Dakota, waited on average for less than 1 minute (see table 9). We found that customers with appointments waited significantly less time than those without appointments. For example, SSA reported that 1,214 offices had waiting times of less than 10 minutes for customers with appointments, while only two had waiting times of more than 1 hour.

⁶This work does not include DI and SSI disability claims backlogs at the DDS, Hearing Office, or Appeals Council levels.

Figure 4: SSA Average National Waiting Times, Fiscal Years 1994 to 2006



Source: GAO analysis of SSA data.

Note: Fiscal year 2006 data is from October 2005 to June 2006.

Table 6: Fiscal Year 2007 Waiting Times

Waiting times (in minutes)	Number of customers	Percentage of total
0-60	33,739,090	91.7%
61-120	2,616,920	7.1
More than 120	420,245	1.1

Source: GAO analysis of SSA data.

Insufficient staffing may have also been a factor in poor office phone coverage and other adverse effects on customer service. SSA's 2006 Field Office Caller Survey found that 51 percent of customer calls to 48 randomly selected field offices went unanswered. Because SSA based its results only on customers who were ultimately able to get through to the field offices, the actual percentage of calls that went unanswered may have been higher.⁷ In addition, staff at 13 of the 21 offices we visited characterized their phone service as inadequate, while 2 of these offices did not answer their offices' phones at all. Employees we interviewed also

⁷The survey was based on interviews with 862 sampled callers.

cited inadequate telephone service as a common customer complaint at 15 offices. In 2007, officials told us they initiated a pilot program called "Forward on Busy" in 25 field offices to address these deficiencies. Under the pilot, calls receiving a busy signal at field offices are automatically forwarded to a Teleservice Center. SSA plans to expand the pilot to a total of 100 field offices. In addition to poor phone service, staff at some of the offices we visited indicated that they now have less time to spend with customers. This limited time potentially could lead to mistakes and limit the ability of staff to ensure that customers fully understand their options and benefits. These factors may have contributed to a 4 percent drop in SSA's customer satisfaction rating between fiscal years 2005 and 2007.

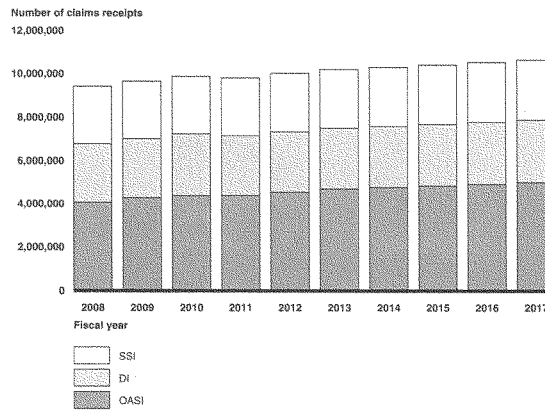
SSA has not established performance standards for customer waiting times and field office telephone service, nor does the agency measure customer service at individual field offices. Without such standards and measures, SSA has no systematic way of evaluating field office performance, or identifying offices that need improvement. While SSA provides field offices with customer comment cards, at 10 of the 21 offices we visited, officials told us they did not use them, and where the cards were available, the results were not always systematically tabulated.

Work demands and staffing reductions have increased the pressure placed on the field office staff, resulting in higher stress and lower morale, according to field office staff. We asked 153 SSA employees at the 21 offices we visited to rate the stress that they experienced in attempting to complete their work in a timely manner, and 65 percent of those surveyed reported feeling stress to a "great" or "very great" extent on a daily basis. The stress of expanding workloads and staffing constraints was felt most acutely by the office managers, 74 percent of whom described high levels of stress. At many offices, staff indicated that mounting workload pressures have led to cutbacks in the amount of time allocated for training and mentoring new staff. In addition, managers and staff told us that they often do not have time to take their breaks, including lunch. Some staff told us they feel they are letting down their colleagues and feel guilty about taking time off, regardless of whether they use credit hours or annual leave. While these responses may not be indicative of the opinions of the overall field office workforce, they do suggest that increasing demands placed on SSA staff may be diminishing their job satisfaction, potentially with long-term implications for employee retention. SSA officials acknowledged that growing workloads have seriously compromised agency morale and that they have tried to ease the stress on staff by authorizing the use of overtime.

Growth in Work Demands and an Employee Retirement Wave May Pose Serious Challenges for Service Delivery in the Future without a Clear Plan

Retirement and disability filings by the nation's approximately 80 million baby boomers are projected to significantly increase SSA's workload, providing additional stress on the field office workforce. SSA estimates a 13 percent rise in claims filed among its three major claims types over the next 10 years, rising from 9.4 million in fiscal year 2008 to 10.7 million in fiscal year 2017 (see fig. 5).

Figure 5: Projected Growth in Field Office ASI, DI, and SSI Claims, Fiscal Years 2008 to 2017

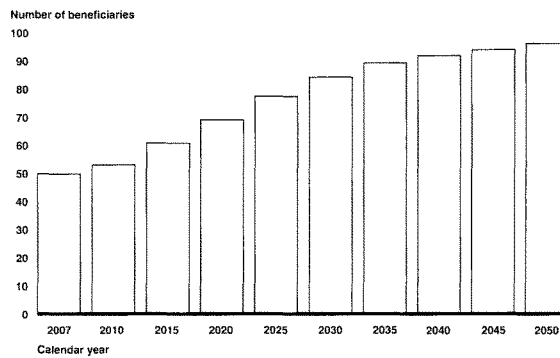


Source: GAO analysis of SSA data.

A growth of 22 percent in the number of beneficiaries, from about 49.6 million in calendar year 2007 to about 60.5 million in calendar year 2015, is also projected.⁸ By 2050, there will be an estimated total of 95.6 million OASI and DI beneficiaries (see fig. 6).

⁸The Board of Trustees' 2008 Report provided data on the number of actual OASI and DI beneficiaries through 2007 and then made projections for 5-year spans in the future (e.g., 2010, 2015, etc.). No similar data are available for the SSI program.

Figure 6: Actual and Projected Number of OASI and DI Beneficiaries, Calendar Years 2007 to 2050

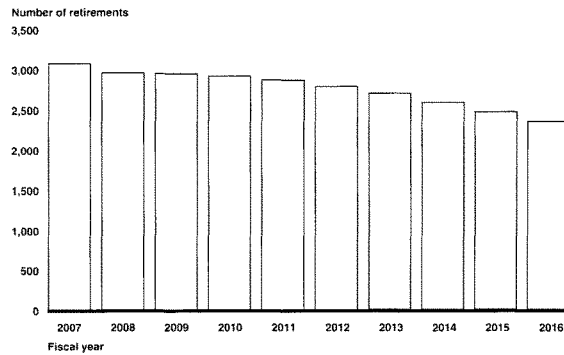


Source: SSA, 2008 Annual Report of the OASI Trustees.

SSA's ability to meet its growing workload challenges will be more difficult with the anticipated retirements of many of the agency's most experienced field office workers. Today, 25 percent of all SSA employees are eligible to retire, and that figure will grow to 39 percent in the next 5 years. Based on the agency's projections, 44 percent of today's SSA workforce will retire by 2016. The peak of these retirements began in 2007 and is expected continue into 2009, before starting to decline gradually (see fig. 7). SSA's projections suggest that the ranks of SSA's supervisors will be most affected, with 71 percent eligible to retire in the next 10 years. These will be the agency's most experienced staff, which will mean a loss of decades of institutional knowledge. For 2008 in particular, SSA estimates that it will lose about 2,000 staff to full or early-out retirements. Field office managers and staff at many of the locations we visited stated that it typically takes 2 to 3 years for new employees to become fully proficient. Therefore, staff hired now may not reach full proficiency before the peak of the retirement wave. Also, new hires would benefit from being mentored by veteran employees before the latter retire. As a result of the approximately \$150 million that SSA was appropriated above its request in the President's budget for fiscal year 2008, SSA will hire an additional 3,900 staff for operations. This will include 2,350 new hires for regional and field office operations, almost all of whom will go to field offices. SSA

officials stated that the increase in staffing will put the agency back at its fiscal year 2005 staffing level.

Figure 7: Actual and Projected Retirements of SSA Staff, Fiscal Years 2007 to 2016



Source: GAO analysis of SSA data.

SSA has used a variety of strategies to maintain adequate staffing. SSA offers recruitment, relocation, and retention bonuses to individuals with needed skills and considers employees' private sector experience when computing annual leave. SSA also offers workplace flexibilities to assist workers in balancing work and family. Additionally, SSA uses dual compensation (salary offset) waivers from the Office of Personnel Management (OPM) to respond to emergency conditions⁸ and to hire for certain hard-to-fill positions. For example, SSA was granted a waiver to re-employ federal annuitants who retired under an early-out authority to provide relief in areas affected by Hurricanes Katrina and Rita. Further, SSA has developed recruiting efforts that reach out to a broader pool of candidates. For example, SSA began recruiting retired military and disabled veterans in 2002 because of its commitment to helping veterans.

⁸This authority allows agencies to waive the dual compensation reduction (salary offset) otherwise required for re-employed federal civilian annuitants. OPM authorizes agencies to use this authority to respond to emergencies resulting from a war or natural disaster or to hire for hard-to-fill positions.

SSA currently lacks a plan to address the mounting service delivery challenges that it faces, though officials told us that they are currently working to finalize the agency's Annual Strategic Plan, which is expected to address these issues. We recommended, as early as 1993¹⁰ and most recently in 2000,¹¹ that the agency develop a plan to meet its responsibilities in the context of resource constraints and other challenges. At that time, we suggested that the plan take into account changing customer needs and expectations; the views of oversight bodies and interest groups; and other future challenges, such as growing workloads. We also specified that the plan should spell out, for the future, who will be providing what type of services and where these services will be made available. In the absence of this kind of overarching strategy, SSA may be unable to effectively marshal its key resources to meet the challenges described above.

Conclusions

Recent staffing declines may have been a factor in reducing field offices' ability to complete all of their work while providing quality customer service. In managing staffing reductions, customers are waiting longer to be served, their calls to field offices frequently go unanswered, certain stewardship activities are being deferred, and staff are stressed. Projected increases in claims for benefits from the nation's approximately 80 million baby boomers and a large retirement wave among SSA's most experienced staff will place additional pressure on field offices, and SSA may find it increasingly difficult to manage without a clear plan for addressing these challenges. SSA is currently working to finalize its Fiscal Year 2008 Annual Strategic Plan. Strategic planning for service delivery and staffing before SSA's workload grows beyond available resources is essential. In a time of budgetary constraints, thinking creatively about service delivery and how best to operate efficiently and effectively will be important aspects of SSA's planning effort. The time for SSA to prepare itself for the future is running out and without a clear direction SSA will not be prepared to meet its service delivery challenges.

¹⁰GAO, *Social Security: Sustained Efforts Needed to Improve Management and Prepare for the Future* GAO/HRD-94-22 (Washington, D.C.: Oct. 27, 1993).

¹¹GAO, *SSA Customer Service: Broad Service Delivery Plan Needed to Address Future Challenges* GAO/T-HEHS/AIMD-00-75 (Washington, D.C.: Feb. 10, 2000).

Mr. Chairman, this concludes my prepared statement. I would be happy to respond to any questions you or other members of the committee may have at this time.

For further information regarding this testimony, please contact Barbara D. Bovbjerg at (202) 512-7215 or bovbjergb@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this testimony include Blake Ainsworth (Assistant Director), Mary A. Crenshaw, Paul Wright, Matthew Lee, and Charlie Willson.

Agency Comments and Our Evaluation

We provided SSA with a draft of our testimony for their comment. In their response, SSA said that the testimony understated the connection between the stress that field offices are under from increased work demands and the agency's funding shortfalls. SSA stated that its current business model is non-sustainable and that past underfunding has forced the agency to shift resources from less visible—though vital—areas to process the most critical workloads. SSA also said that it is using its current strategic plan and operational plan to meet its many challenges. In order for its plans to succeed, SSA stated that it must be properly and timely funded on a sustained basis.

In response, we acknowledge the service delivery challenges that SSA faces, and believe that we have fairly characterized field office staffing declines as a significant factor in meeting work demands and the resulting adverse effects. Ensuring that SSA has the resources to meet future service deliver challenges is essential. However, we continue to believe that SSA must employ a more strategic and creative approach to meet these challenges.

Appendix I: Data on SSA Field Offices GAO Visited

Table 7: List of Social Security Administration Field Offices GAO Visited and Their Beneficiary Populations, as of September 30, 2006

Field office	Old-Age and Survivors Insurance and Disability Insurance beneficiary population	Supplemental Security Income beneficiary population
New York Washington Heights, Brooklyn, N.Y.	6,584	14,075
Brooklyn Avenue X, N.Y.	9,697	21,911
Anacostia, Washington, D.C.	4,209	7,690
Fairfax, Va.	3,871	2,225
Culpeper, Va.	2,659	1,222
Wheaton, Md.	4,664	3,491
Casa Grande, Ariz.	4,852	2,902
Mesa, Ariz.	16,383	6,438
Inglewood, Calif.	7,987	12,475
Los Angeles Downtown, Calif.	4,226	12,286
Orlando, Fla.	20,892	17,325
Leesburg, Fla.	12,584	5,255
Alice, Tx.	3,018	3,350
San Antonio Northwest, Tex.	15,481	13,429
McAllen, Tx.	13,066	19,873
Devils Lake, N. Dak.	687	450
Grand Forks, N. Dak.	4,318	1,999
Freeport, Ill.	2,090	969
Bloomington, Ill.	5,876	1,875
Cayey, P.R.	10,074	1
Arecibo, P.R.	22,469	4

Source: GAO analysis of SSA data.

*Devils Lake is a resident station under the Minot, North Dakota Field Office.

Table 8: Staffing Levels during Fiscal Years 2005 to 2007 for the Field Offices

Field Office	Number of staff fiscal year 2005	Number of staff fiscal year 2006	Number of staff fiscal year 2007	Numerical change (2007 compared to 2005)
New York Washington Heights, Brooklyn, N.Y.	36	31	34	-2
Brooklyn Avenue X, N.Y.	56	53	46	-10
Anacostia, Washington, D.C.	22	22	22	0
Fairfax, Va.	24	21	21	-3
Culpeper, Va.	9	9	10	1
Wheaton, Md.	27	23	25	-2
Casa Grande, Ariz.	11	11	11	0
Mesa, Ariz.	69	54	49	-20
Inglewood, Calif.	42	39	37	-5
Los Angeles Downtown, Calif.	61	59	60	-1
Orlando, Fla.	77	69	67	-10
Leesburg, Fla.	35	33	30	-5
Alice, Texas	14	12	12	-2
San Antonio NW, Tx.	55	53	53	-2
McAllen, Texas	71	70	68	-3
Devils Lake, N. Dak.	2	2	2	0
Grand Forks, N.Dak.	15	12	13	-2
Freeport, Ill.	6	7	6	0
Bloomington, Ill.	24	22	21	-3
Cayey, P.R.	8	6	10	2
Arecibo, P.R.	19	19	18	-1

Source: GAO analysis of SBA data.

Table 9: Visitor Volume, Staff and Waiting Time Data during Fiscal Year 2007 for Offices GAO Visited

Field office	Number of visitors	Number of staff	Waiting times with an appointment, in minutes ^a	Waiting times without an appointment, in minutes
New York Washington Heights, Brooklyn, N.Y.	55,404	34	61.4	54.6
Brooklyn Avenue X, N.Y.	35,369	46	17.1	16.2
Anacostia, Washington, D.C.	41,315	22	13.1	39.2
Fairfax, Va.	42,581	21	0	41.6
Culpeper, Va.	15,003	10	0	10.8
Wheaton, Md.	39,741	25	12.8	62.1
Casa Grande, Ariz.	23,135	11	0.1	18.7
Mesa, Ariz.	67,125	49	5.7	65.3
Inglewood, Calif.	53,440	37	1.2	53.1
Los Angeles Downtown, Calif.	69,019	59	0.2	20.4
Orlando, Fla.	89,319	67	4.3	51.9
Leesburg, Fla.	30,060	30	0.1	29.4
Alice, Tx.	16,424	12	0	16.3
San Antonio NW, Tx.	64,459	53	0	48.7
McAllen, Tx.	93,682	68	0	43.7
Devils Lake, N. Dak.	4,587	2	0	0.2
Grand Forks, N. Dak.	12,089	13	5.0	9.8
Freeport, Ill.	10,490	6	0.1	8.5
Bloomingtondale, Ill.	41,421	21	6.6	28.6
Cayey, P.R.	2,650	10	14.6	128.5
Arecibo, P.R.	28,404	18	0	72.8

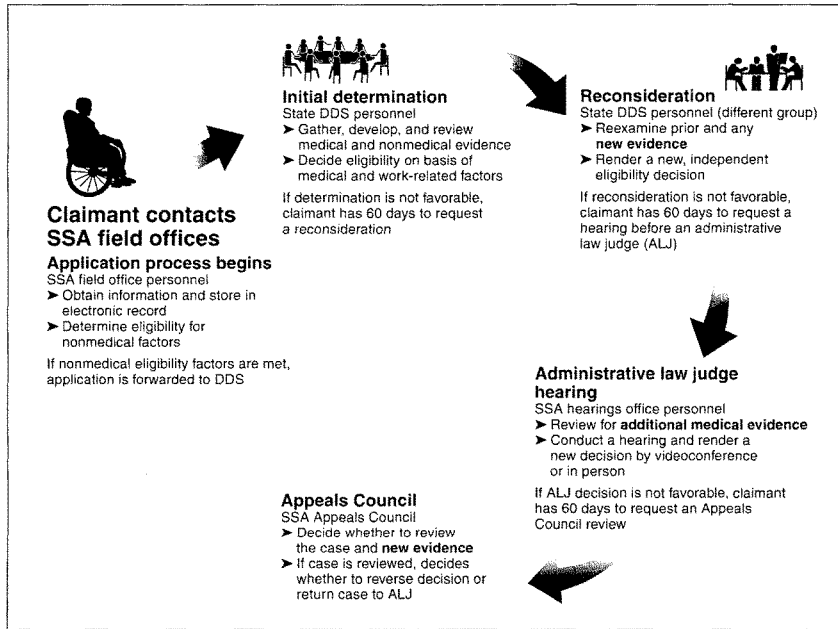
Source: GAO analysis of SSA data.

^aWaiting times are measured from the time that customers sign into the Visitor Intake Process until the time of customers' first contact with an SSA staff person.

Appendix II: Processing Medical Disability Determinations for Disability and Supplemental Security Income Insurance Claims

Field offices rely on state Disability Determination Services (DDS) and various Social Security Administration (SSA) entities to make medical disability determinations for claims filed under the Disability (DI) and Supplemental Security Income (SSI) insurance programs. Field offices begin the application process for these claims and determine if claimants meet basic requirements for the applications based on nonmedical factors of the programs. For example, for DI claims, field offices determine if workers or their dependents qualify for benefits based on the worker's years of work. For SSI claims, field offices determine if claimants meet income requirements. If basic requirements are met, field offices forward the application to the state DDS to make initial determinations of disability based on medical and work-related factors. For claimants found to be eligible, field offices initiate action to begin payments. If claimants are not satisfied with the determination, they may request reconsideration with a different group within DDS. If claimants are not satisfied with the second determination by DDS, they may request further reconsideration with SSA's hearing office and then SSA's Appeals Council. Figure 8 provides a visual depiction of this process. Over the years, backlogs of varying degrees have occurred at the DDS, Hearing Office, and Appeals Council levels, leaving claimants waiting for years to have their claims decided. In recent years, SSA has taken actions to decrease these backlogs.

Figure 8: SSA's Disability Determination Process



Source: GAO analysis of SSA data.

Related GAO Products

Social Security Disability: Better Planning, Management, and Evaluation Could Help Address Backlogs (GAO-08-40, Dec. 7, 2007).

Social Security Administration: Additional Actions Needed in Ongoing Efforts to Improve 800-Number Service (GAO-05-735, Aug. 8, 2005).

SSA Customer Service: Broad Service Delivery Plan Needed to Address Future Challenges (GAO/T-HEHS/AIMD-00-75, Feb. 10, 2000).

SSA's Management Challenges: Strong Leadership Needed to Turn Plans Into Timely, Meaningful Action (GAO/T-HEHS-98-113, Mar. 12, 1998).

Social Security Administration: Significant Challenges Await New Commissioner (GAO/HEHS-97-53, Feb. 20, 1997).

Social Security Administration: Effective Leadership Needed to Meet Daunting Challenges (GAO/HEHS-96-196, Sept. 12, 1996).

Social Security: Sustained Effort Needed to Improve Management and Prepare for the Future (GAO/HRD-94-22, Oct. 27, 1993).



United States Government Accountability Office
Washington, DC 20548

June 12, 2008

The Honorable Max Baucus
Chairman, Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

Enclosed are the responses to the post-hearing questions requested in your letter of May 28, 2008. If you have any questions or would like to discuss this information, please contact me at (202) 512-7215.

Sincerely yours,

A handwritten signature in cursive script that reads 'Barbara D. Bovbjerg'.

Barbara D. Bovbjerg, Director
Education, Workforce, and
Income Security Issues

Enclosure

This enclosure provides responses to your questions for the record and supplements information provided to your committee in our testimony, *Social Security Administration Field Offices: Reduced Workforce Faces Challenges as Baby Boomers Retire*, GAO-08-737T (Washington, D.C.: May 8, 2008).

Questions for the Record
The Honorable Max Baucus, Chairman
Committee on Finance

1. What services to the public in SSA's field offices are being provided poorly, are being deferred, or are not being provided at all?

In our testimony, we reported that SSA focuses on field office work that it considers its "core workloads," such as processing new claims for Social Security benefits and issuing Social Security cards, but has deferred other types of work as a strategy to manage staffing declines. We reported that changes of address, changes to direct deposit information, and reviews to determine beneficiaries' continuing eligibility for Disability Insurance and Supplemental Security Income benefits are often deferred or delayed. We also reported that staffing reductions may have contributed to longer customer waiting times, and poor telephone service. Between fiscal years 2002 and 2006, the average waiting time for all customers increased by 40 percent from 15 to 21 minutes. Nationally, 8 percent of customers—about 3 million people—waited more than 1 hour, which included 420,000 customers who waited more than 2 hours for service in fiscal year 2007.

We also reported that SSA's 2006 Field Office Caller Survey found that 51 percent of customer calls to 48 randomly selected field offices went unanswered. However, because SSA based its results only on customers who were ultimately able to get through to the field offices, the actual percentage of calls that went unanswered may have been higher.¹ In addition, we reported that staff at 13 of the 21 field offices we visited characterized their phone service as inadequate, while staff in 2 of these offices reported that they did not answer their offices' phones at all. Employees we interviewed also cited inadequate telephone service as a common customer complaint at 15 offices.

2. For fiscal year 2009, would it be good to do more medical Continuing Disability Reviews (CDR) and Supplemental Security Income (SSI) redeterminations than the President has proposed?

As we reported in our testimony, SSA estimates that CDRs and SSI redeterminations yield a lifetime program savings of \$10 and \$7, respectively, for every dollar invested. Given this, CDRs and SSI redeterminations provide a good return on investment; however, conducting additional reviews within existing resources may adversely affect other work and customer service. The law requires that SSA conduct CDRs approximately every three years, unless it

¹ The survey was based on interviews with 862 sampled callers.

expects an individual's condition to improve before then. SSA may conduct CDRs less often if it determines that an individual has a condition that is not expected to improve. However, as we reported in December 2007,² an increase of 21 percent in initial disability claims from 1997 to 2006 affected State Disability Determination Services' (DDS) ability to process other workloads, such as CDRs. We reported that DDSs have not been able to keep pace with these rising claims and that DDS offices conducted about one-half the number of CDRs in fiscal year 2006 than in fiscal year 2004.

SSA also conducts redeterminations to determine if individuals receiving SSI benefits still qualify based on their income, resources, and living arrangements and to determine if they are receiving the correct amount. SSA selects some beneficiaries for a redetermination within three months after benefits are awarded. After that, SSA conducts redeterminations for most beneficiaries every one to six years. According to agency officials, SSA substantially reduced the number of SSI redeterminations its field offices were required to complete, in part, as a result of budget limitations.

Managing the balance between responsible stewardship and service delivery is a key challenge for SSA. While CDRs and SSI redeterminations result in savings, conducting additional reviews within existing resources may adversely affect other work and customer service. For example, conducting more CDRs in DDS offices could increase processing times for initial disability claims, which could further increase the backlog for such claims. Additionally, conducting more SSI redeterminations could further increase customer waiting times and unanswered customer calls in field offices.

²GAO, *Social Security Disability: Better Planning, Management, and Evaluation Could Help Address Backlogs*, GAO-08-04 (Washington, D.C.: Dec. 7, 2007).

**TESTIMONY FOR MAY 8, 2008
SENATE FINANCE COMMITTEE HEARING
ON
SERVICE CHALLENGES FOR SSA FIELD OFFICE OPERATIONS**

**LINDA S. McMAHON
DEPUTY COMMISSIONER FOR OPERATIONS
SOCIAL SECURITY ADMINISTRATION**

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to update you on what Commissioner Astrue refers to as Social Security's front door: the field office. Our nearly 1300 field offices located in communities throughout the country are not only the face of the Agency, but also the face of Government. In addition to overseeing the field offices, I direct other operational components, including the teleservice centers, processing centers, and disability determination services. These components play an integral part in accomplishing the Agency's mission. They interact with each other, other Agency components, other governmental agencies, and private organizations such as employers to ensure that our service to the American people is of the best quality possible given funding and resources.

We have been maintaining a 2 percent increase in productivity annually. We expect to maintain that increase in the next fiscal year. As always, continued improvements will depend on our receiving adequate resources.

Our employees are extremely dedicated civil servants, and they believe in Social Security and the good that the programs provide to individuals as well as to the Nation. They deeply care about the millions of people they serve each and every day. And, when service slips, they take it personally and do all they can to overcome the many obstacles that frustrate them, lower their morale, and impede their mission. Our employees agree and as the Commissioner often has stated: We must act with urgency because it is a moral imperative that we give the public the best quality service.

Social Security's Impact on America

Social Security is critical to the national economy and the lives of the American people. Under title II of the Social Security Act, we administer two insurance programs, Old-Age and Survivors Insurance and Disability Insurance, funded by taxes workers and their employers pay under the Federal Insurance Contributions Act. Through these programs, we provide benefits to workers and their dependents and survivors at critical junctures in their lives: when they retire, when they become disabled, and when they have lost a loved one.

We also administer the title XVI Supplemental Security Income (SSI) program, which assists the most vulnerable in our society. These payments are a safety net for those persons with little or no income or resources. The elderly, the blind, and the disabled, including children, rely upon SSI to meet their basic needs.

Besides determining eligibility for payments under these programs, we also determine eligibility for Medicare and Medicaid. These medical insurance and assistance programs provide indispensable health care to the sick and elderly.

Each year, we pay almost 60 million beneficiaries a total of about \$650 billion. This amount is equivalent to approximately 20 percent of all Federal spending and 5 percent of the Nation's gross domestic product. When Medicare and Medicaid spending is added to Social Security and SSI outlays, the share of Federal spending for these programs soars to almost 44 percent.

The 2008 budget for our Agency was the first time that Congress appropriated at or above the President's budget request since 1993. We very much appreciate your support.

Before last year, however, despite the importance of these programs, our administrative funding was reduced or delayed in each of the prior 15 years. In the last 4 years alone, overall Agency employment dropped from 63,596 to 60,206. Ironically, because we have always been a "can do" organization, attention is diverted from us because we fulfill our mandates regardless of the limits on our resources. It is well worth it for Congress to invest in our

Agency, now and in the future, given our history of outstanding service and the importance of our programs should demonstrate that.

The Role of Field Offices

Our field offices are vital to the success of these important programs. When people need our services, their first step often is to visit or call a field office. In FY 2006, the field offices averaged 800,000 visitors per week. The number of visitors increased to 826,000 per week in FY 2007, resulting in over 42 million visitors that year. During the first 3 months of calendar year 2008, the average number of visitors was 910,000, a 4 percent increase over last year. This fiscal year marked the first time that over one million people came into our field offices in a single week. We expect this upward trend to continue.

Let me give you a sense of a typical workday in a field office. As you can well imagine, life in our field offices is extremely busy, as employees are pulled in a variety of directions every day. In FY 2008, we expect that field office employees will, among other things:

- process over 6.9 million benefit claims,
- issue 14 million new and replacement Social Security cards,
- conduct 1.1 million continuing disability reviews and 1.2 million SSI redeterminations,
- accept, and take action on, reports of earnings,
- supply claimants and Congress with information on the status of specific claims,
- present important Social Security information to community groups, and
- update millions of claimant addresses, phone numbers, and direct deposit bank data to ensure that our records are accurate and that beneficiaries receive their monthly benefit payments on time.

Employees have only about an hour before the office opens to prepare the daily schedule of appointments, attend training, read policy updates, and review and process pending claims.

Once the office opens to the public, employees have little time to process pending work. Much of their day is spent serving scheduled and

unscheduled visitors. Field office staff also process many time-sensitive actions, such as issuing immediate payments for lost checks so beneficiaries can buy food, pay the rent or mortgage, and provide for other basic needs.

About 50 percent of the visitors to our field offices come in for one of three reasons: to file a claim for benefits, to obtain or replace a Social Security card, or to verify their benefit amount. These reasons have not changed over the years.

Fifteen percent of field office visitors file claims for benefits, including retirement, survivors, spousal, children's, and disability. We cannot overstate the importance of collecting necessary information from claimants to ensure the proper development of claims. Field office employees give this work their highest priority. Disability claims, which are much more complex than retirement claims, are particularly time intensive as employees help claimants complete detailed forms about medications, treatment, medical testing, work history, and daily activities.

Thirty percent of field office visitors seek a new or replacement Social Security card for employment or to obtain vital State and local government benefits. This the most frequent reason for visiting the field office. The work has become more complex and labor-intensive because of legislative changes. Although we have always required proof of identity, we review these documents more scrupulously in light of heightened national security.

Eleven percent or over 10 million field office visitors request benefit verification. They generally need proof of their Social Security benefits for other government programs, such as housing assistance, the Foster Grandparent Program, Women, Infants, and Children subsidies, Temporary Assistance to Needy Families, and Circuit Breaker assistance to the elderly. Other visitors require benefit verification for local needs-based programs, such as tax relief, medical and energy assistance, and access to food banks.

Once the office closes to the public, employees may have a few minutes to act on all that remains to be done. Having taken an application for benefits during business hours, employees often must gather additional data to address missing earnings and verify allegations of resources and income, such as child support, unemployment benefits, or workers' compensation. They answer congressional inquiries, return beneficiary and claimant phone calls, research policy questions related to claims and other

business, and input wage reports to prevent beneficiaries from being over or under paid. In addition, the field office staff contacts claimants about outstanding items needed to process their claims and prepares disability claims for transmittal to the disability determination services.

Effects of Other Components' Workloads on Field Offices

Workloads and processes in other Agency components also affect field offices. Our direct service components are intertwined and supportive of one another. When one component's work processing is delayed or set aside because of other priorities, there can be a consequent, adverse impact on other components, especially the field offices. The public often visits or calls local field offices when calls to our teleservice centers go unanswered or there is a delay in handling work in our processing centers.

At the initial and reconsideration levels, State disability determination services decide whether claimants are disabled. Many of these adjudicators' allowances are returned to field offices to effectuate awards. For SSI claims, field office employees must obtain updated information on income and resources, critical to calculating SSI payment amounts. In title II claims, they must develop any claims for dependents or survivors associated with the allowed claim. More of this work will flow to the field offices as we strive to reduce, for the first time since 1999, disability claims pending at the first two levels of adjudication to fewer than 500,000 cases.

Field offices also take the appeals from unfavorable determinations and enter relevant information about the appeals into our systems. In addition, collateral field office work is generated when a hearing decision is reached. As you know at the Commissioner's confirmation hearing, this Committee expressed its concern about the disability hearings backlog, and as you requested, the Commissioner developed, and we are implementing, the Hearings Backlog Reduction Plan. Field office work will increase as the Hearings Backlog Reduction Plan continues and newly-hired ALJs become fully productive. The same development necessary for allowances at the initial and reconsideration levels is required to effectuate hearing decisions. This complicated work is vital, as these claimants have waited for years for hearings and decisions.

Along with their responsibility for many core Social Security workloads, field offices handle complex programs for other agencies, such as Medicare,

Medicaid, e-Verify, Black Lung, Railroad Retirement, and food stamps. We also issue 1099s to help taxpayers file for payments under the economic stimulus package. These important initiatives affect our field offices' ability to carry out our core mission and duties to the public.

The Challenges that Field Offices Face Today

Employees in our field offices work extremely hard to serve every person who comes to us for help. However, with current staffing levels and our growing workloads, service suffers and our employees are often overwhelmed. Even with all available field office employees and managers devoted to serving visitors, waits are long – 50 percent of callers receive a busy signal and 8 percent of those without an appointment, about 3 million visitors, wait more than an hour to be seen by staff. Not only is this unacceptable to you, the public, and us, but it is also demoralizing to our employees, who have dedicated their careers to providing outstanding service to the public.

While field offices continue to process claims timely, they have been forced to defer processing millions of post-entitlement and program integrity actions, such as adjusting payments, correcting earnings, and processing wage reports and overpayments. The consequences are significant both to the individuals affected and to program costs overall. For example, if we cannot promptly enter an SSI recipient's income information into the system, that recipient might be over or under paid monthly benefits. If he is underpaid, he may not be able to meet his basic needs. If he is overpaid, we probably will not be able to collect the overpayment.

Although the President's budget will allow us to process more continuing disability reviews and SSI non-disability redeterminations, we still will be unable to address as much of this important workload as we did just a few years ago. These are critical stewardship efforts that protect the integrity of the trust funds and taxpayers' money. They result in a high return on investment because for every administrative dollar we spend, we estimate program savings of as much as \$10.

While our situation is extremely difficult, we are not operating in the dark. As with our other workloads, we have significant amounts of management information providing insights into how each field office handles its work. We also have a number of internal and external Agency goals that provide

guidance on which workloads should receive priority handling and help our field offices meet certain performance standards. We routinely talk to field office managers about these measures to help ensure that offices are working in the most efficient way possible.

We also routinely look at pending workloads and, where needed, shift work from one office to another. Our routine analyses of productivity and pending workloads measure field office performance, and when we identify a performance concern, we address it and take any necessary corrective actions. We do our best to balance service across the Nation and make conscious decisions about which workloads we can most afford to postpone.

Planning for Future Challenges

Over the last few years, our field offices have faced significant challenges in maintaining our historic level of excellent service. As field offices struggle to keep up with existing workloads and serve the public, they are facing the growing needs of the aging baby boomer population and will soon have an avalanche of retirement claims to process. Nearly 80 million baby boomers will be filing for retirement over the next 20 years - an average of 10,000 claims per calendar day or 16,000 per work day. At the same time, many of our employees are also baby boomers. They also will be retiring, further depleting our already insufficient staffing levels and taking significant expertise with them.

We understand better than anyone the significant challenges we face in the future. The onslaught of baby boomer claims is now upon us and is the most crushing challenge that we have faced in over 30 years. We have begun implementing our plans for surmounting these future hurdles. Innovative changes that focus on technology and simplified policy are vital to our ability to continue the fine service that we have provided over our 70-year history.

We continue to operate under our current strategic plan. Each year, working with our frontline managers and regional executives, we develop an operating plan to determine how we will use available resources to meet the goals of the strategic plan. The operating plan aligns with our strategic plan and the performance measures tracked in the Annual Performance Plan. The operating plan provides the blueprint for field offices to process and

prioritize the many workloads that need attention. It also identifies work to be deferred due to resources constraints.

We are now drafting a new Agency-wide strategic plan, which will describe our present and future initiatives and will outline the necessary groundwork that we already have laid and will lay in the future. We recognize that we must consult with Congress, the Social Security Advisory Board, and other stakeholders as we develop the plan. We will ensure that these consultations occur in the very near future. Nevertheless, we are moving ahead with numerous initiatives and have developed an overarching strategy for meeting our many challenges. Adequate and timely funding is critical for the successful implementation of this, or any other, plan.

We are actively engaged in succession management to deal with our own employees' retirements. Use of the early retirement flexibility, among other strategies, enables us to even out the dramatic loss of staff due to optional retirement. We are successfully recruiting, hiring, and retaining talented individuals to replenish our workforce. Our challenge is meeting service demands without the resources necessary to backfill for the overall level of attrition we have experienced in recent years.

Recognizing the critical role we play in the Nation, we have plans in place to address the onslaught of new retirement applications and the service delivery options needed for our growing core and non-core workloads. We have moved steadily, but with urgency, to streamline our policies and improve automated services, both Internet and telephone. We have created, and continue to seek, ways to reduce unnecessary traffic in our field offices, through such mechanisms as the Social Security number verification system for employers and a consent-based verification system for financial institutions.

Public usage of automated services has increased dramatically every year, and so far this fiscal year, there has been a 20 percent increase in the use of Internet services compared to last year. Automated telephone transactions reached almost 17 million in FY 2007, and we expect this number to grow to 22 million by 2010.

Our new Ready Retirement initiative is one example of how we plan to utilize technology to lessen our workload burden, while also meeting service expectations. In September 2008, we will introduce a new online retirement

application that simplifies or eliminates many of the questions on the application and uses cues, links, streaming video, and other techniques from the best financial websites to give the public a friendlier, faster, and simpler experience. It will also take advantage of information already in our records. We expect that, rather than taking 45 minutes on average to complete an online retirement application, the time needed will drop to an average of 15 minutes. We have already made a significant policy change. If a retiree who was born in this country alleges a date of birth that satisfies our authentication standards, we will accept that allegation without seeing an official birth certificate. This simple change will make it easier for new filers to apply over the Internet, telephone, or in our field offices, and we will be able to expedite the payment of their benefits. Individuals who choose to file an application over the telephone or Internet will still be able to have face-to-face contact with a trained SSA representative in a field office to get their questions answered or to discuss any issues relating to their claims.

We are implementing two fast-track processes for making disability determinations. The first, which has been rolled out nationwide, is called QDD – for Quick Disability Determination – and right now about 2.3 percent of all new claims are being identified for QDD processing. We allow over 96 percent of the QDD cases in an average of 6 to 8 days.

We are also close to piloting the second track, which we are calling compassionate allowances. These are cases where the disease or condition is so consistently devastating that we can presume that the claimant is disabled once we confirm a valid diagnosis. By deciding more cases based on medical evidence alone, we can reduce the number of claims that require further review.

We are establishing an advisory panel to guide us in developing our technological systems for the future. We are looking to include experts on this panel who will give us a wide variety of perspectives. The panel will be comprised of members of academia and private industry recognized as experts in the field of future computer systems technology and individuals familiar with the use of technology in the areas of customer service, privacy, health care, and financial and document management. We want to make sure that we consider our clients' needs as we enhance our systems, and we will have panel members who can speak to those needs. Finally, we will include Agency experts from who are familiar with our policies, systems,

and practices. We are confident that, with these individuals' expertise, we will design and develop systems worthy of the trust of the American public.

We have invested much thought, many resources, and a great deal of time into improving our on-line presence. We recognize the need to encourage more claimants to file for benefits on line. Even though the applications may be filed online, technicians will still manually review and process 100 percent of the claims as we continue to develop a more fully automated process that we plan to implement in FY 2010.

We know that these and other advances are critical to addressing our present and future needs.

Critical and Timely Resources

To ensure the success of these initiatives, we need sustained, adequate, and timely resources. Continuing resolutions make our job all that much harder as we must restrict our activities at the beginning of fiscal years because of uncertain funding.

I want to assure you that the additional funding you provided to us for this fiscal year was a sound investment. We carefully maximize every dollar that Congress gives to us. To this end, we are using some of the additional \$148 million to strengthen our direct service operation. We are hiring 3900 employees this year, 1300 more employees than we expect to lose. These hires will help support our field office, processing center, and teleservice center operations.

For years, we have invested much of our IT resources into processing and productivity improvements, at the expense of fully upgrading our IT infrastructure. The percentage of IT money that we invest in our infrastructure is below that of many organizations. Many of our initiatives to meet the demands of the future are based on automation, and we must upgrade the IT infrastructure. Upgrades, however, will require additional resources.

Of course, whether or not we can continue our progress depends in large part on the resources that Congress provides. The President's FY 2009 \$10.46 billion budget request for our Agency would provide a solid basis for us to continue focusing on our rapidly growing core service workloads. In

FY 2009, we plan to reduce the hearing backlog by nearly 70,000 cases, process over 200,000 more retirement and survivors' claims, and handle 4 million more 800-number calls as compared to FY 2008. Our increased resources and technological and productivity improvements would allow us to process our work more timely.

Although the FY 2009 budget will allow us to make important strides in core areas, the backlogs of our less visible work, which is generally performed after an individual is approved for benefits, will continue to grow.

Beginning on October 1, costs for guard services, rents, and other similar expenditures will increase more than \$400 million. These costs, combined with an extended continuing resolution, would have devastating consequences for our forward momentum. Timely support of the President's budget is critical for continued progress.

Thank you for the opportunity to appear before you and discuss our Agency's challenges and future.

OPENING STATEMENT
Senator Ken Salazar
Finance Committee Hearing
May 8, 2008

Thank you, Chairman Baucus and Ranking Member Grassley, for holding this morning's hearing to examine the current state of the Social Security Administration's network of field offices and the importance of providing the agency with the resources it needs to serve millions of our constituents.

The issue of funding for the agencies like the Social Security Administration is so important because it gets at the heart of whether we as a Congress are going to allow the government to perform some of its central functions. We often hear members of Congress complain about the inability of an oversized federal bureaucracy to provide services efficiently, and then we watch as those same members of Congress vote to slash funding for the agencies responsible for providing those services.

This is especially true with respect to agencies like the Social Security Administration and the Internal Revenue Service, which are responsible for performing complicated administrative tasks that involve important and highly sensitive information. We expect those agencies to provide high-quality services in a timely and efficient way, but we often handcuff those agencies from the start by refusing to provide the resources they need to do their jobs.

While I was proud to be part of the effort to provide \$148 million over the President's budget request for SSA in fiscal year 2008, Congress's track record with respect to SSA funding has been dismal. Over the past 30 years, with only a few exceptions, Congress has consistently funded SSA at levels below the President's requested amount.

Today, we are seeing the direct results of Congress's failure to provide SSA with sufficient funding. Field offices across the country are being consolidated or closed. People seeking assistance are unable to get through by telephone. Rural beneficiaries are forced to drive hundreds of miles each way just to make a request for service. Walk-in visitors are asked to wait hours on end just to speak with someone. Field office managers are answering phones and handling normal casework.

To be sure, the Social Security field office network remains strong – there are about as many field offices in the U.S. as there are counties, and thousands of qualified full-time employees work every day to help citizens access and understand their benefits. In addition, employee productivity has increased in recent years, even as the workload has increased dramatically and resources have dwindled. And I believe there are ways we can work within the existing framework to improve accountability and ensure that the quality of the services provided by SSA's field offices is as high as possible.

Nevertheless, we can and should do more to equip SSA with the necessary tools so that it doesn't have to cut corners that shouldn't be cut or reduce services that the government should provide. This is not about growing the size of government – it is about helping the people we have made a promise to. And this is not about funding a pet project or new, untested program – it is about funding our government's most important and most successful social program, which has helped provide sick, poor, disabled, and elderly Americans with a quality of life they would not otherwise have.

Thank you again, Mr. Chairman for holding this morning's hearing. I look forward to examining these and other issues with our distinguished panel.

Senate Committee on Finance

Statement of Witold Skwierczynski, President of the American Federation of Government Employees National Council of Social Security Administration Field Operations Locals, Baltimore, Maryland

Testimony Before the Senate Committee on Finance

May 8, 2008

I thank Chairman Baucus, Ranking Member Grassley and members of the committee for the opportunity to present this statement regarding the Social Security Administration's (SSA's) deterioration in public service due to years of inadequate funding.

As President of the American Federation of Government Employee's (AFGE) National Council of Social Security Administration Field Operations Locals and Spokesperson for the AFGE SSA General Committee, I present this statement on behalf of approximately 50,000 bargaining unit Social Security employees who work in over 1500 facilities nationwide. The employees represented by the Union work in Field Offices, Program Service Centers, Teleservice (800 Number) Centers, Regional Offices of Quality Assurance, Offices of Disability Adjudication and Review, Regional Offices, Headquarters Offices, the Wilkes-Barre Data Operations Center, and other sites throughout the country where SSA employees take, process and review claims for retirement, survivor, disability benefits and appeal requests for SSA and SSI benefits.

The primary message the Union wants to convey to this Committee is that Social Security is in *dire need* of both additional administrative funding and Congressional oversight of its service delivery practices. The crisis in the disability program as manifested in the obscene delays in processing disability hearings appeals is primarily due to the failure of the President and Congress to adequately fund administrative expenses. Staffing levels have become much too low in SSA. This has affected not only the disability workloads but also all work that the Agency is required to accomplish.

Unacceptable backlogs have escalated and critical integrity workloads are not done. Employees who work on the SSA front lines and interact with the public are assigned impossible workloads. They are expected to increase their productivity, interview more and more claimants, maintain a high level of accuracy, provide friendly and compassionate service when interacting with the public while Congress and the President not only assign more programs and workloads to the Agency but do so while reducing staff. Dedicated veteran employees are fed up with the deteriorating stressful work environment and count the days till they can retire. SSA changes priorities and engages in crisis management efforts to plug the rapidly multiplying holes in the dam. Employees are not asked or encouraged to provide input regarding what should be done to solve the Agency's problems. Instead they are just told what to do.

The unfortunate victims of the decisions that have been made to starve the Agency are the American public who rely on SSA to provide them and their families with retirement, disability and survivor's benefit security. Also affected are the poor aged, blind and disabled who rely on SSA to provide subsistence SSI benefits so that they can survive. These victims are frequently faced with delays of over 2 years when they file for either SSA or SSI disability benefits. Only 30 % of initial claims for disability are allowed due to an archaic system in which state employees make decisions on whether claimants are eligible for a federal disability program. If their initial claim is denied, the applicant is faced with a nightmare scenario of delays of one to three years before their appeal is decided by the Agency.

Claimants find it difficult to interact with a Social Security employee when they need assistance. In February 2008, SSA briefed the Union and reported that 25 % of the calls to the 800 number are unanswered. If a claimant calls their local office they can't get through 51% of the time. Due to the decision to save money by closing offices, many claimants face lengthy commutes to find an SSA office. When they arrive they face lengthy waits. If they try to file their application through the internet, they must confront a complex set of questions and choices with little assistance. Consequently, re-contacts by SSA employees are virtually universal and can cause lengthy delays in the claims process.

In order to stretch resources, SSA has loosened evidentiary standards. Standard evidence such as proof of age, citizenship and development of recent wages not posted on a wage earner's earnings record is no longer requested in most cases. Thus, more ineligible claimants are approved for erroneous payments and more claimants are paid incorrectly. Once applicants begin receiving benefits, SSA can no longer review the accuracy of disability and SSI benefits by conducting Continuing Disability

Reviews (CDRs) at the required levels due to staff shortages. In FY 08 the Agency will only conduct 33% of scheduled CDRs. Consequently, thousands of individuals who have recovered from their disabilities simply continue to collect benefits.

Thousands of SSI recipients who have not reported changes in their income, resources or living arrangements continue to be paid incorrectly since the Agency doesn't have enough staff to review their cases and conduct redeterminations. In FY 08, SSA will only process 50% of scheduled SSI redeterminations. When their cases are reviewed, SSA assesses many of these SSI recipients with overpayments which are difficult or impossible to collect from a marginal population.

Budget cuts and a shortage of personnel have been an issue at Social Security for over 20 years, but this Agency is now using both of them as an excuse to make a number of "backdoor" changes that AFGE feels will disadvantage the millions of Americans who are part of the "Baby Boom Generation." These changes include loosening evidentiary requirements that will enhance the possibility of fraud. In addition, SSA is planning to reduce the assistance provided to claimants when making their choices of when to effectuate retirement benefits. Such changes will increase the likelihood that claimants will make choices against their interests. This is all part of a plan to save money by shifting service to internet claims without employee review.

Offices around the United States are being closed at an alarming rate. In 2007 SSA closed 17 offices – the highest number in SSA history. These offices are closed without examination of the adverse impact that such closures have on the affected community.

SSA staffing shortages have encouraged 3rd party businesses to fill the void and offer to assist claimants in their interactions with SSA. Such assistance, of course, is for a price. Few claimants attempt to navigate the SSA hearings appeal system without representation. However, SSA has plans to encourage and assist 3rd parties in expanding the menu of services that they offer claimants for a fee.

SSA traditionally has provided assistance to claimants as part of the FICA taxes that wage earners have paid during their working lives. Now SSA has plans to encourage claimants to fend for themselves and use 3rd parties who charge a fee instead of SSA employees. Expanding 3rd party involvement in the claims process due to budgetary constraints can only lead to pressure for future contracting out of core SSA services.

SSA Budget and Staffing Cuts

Based on the President's proposed budget for the next fiscal year, SSA will have lost more than **9.4%** of its staff in just four years. SSA has experienced a dramatic increase in workloads as members of the Baby Boom Generation reach their peak years for becoming disabled and start filing for retirement benefits in 2008. From 2001 to 2007, productivity climbed an average of 2.5% per year, for a total gain of 13.1% since 2001. SSA expects the increase in productivity for FY 2008 to be 2%[2].

	FY 2005	FY 2006	FY 2007	FY 2008	FY2009
Budget Proposed	8,878,000	9,403,000	9,496,000	9,597,000	10,327,000
Budget Enacted	8,733,000	9,109,000	9,298,000	9,745,000	
SSA Full-Time Equivalents (FTEs)	62,937	63,131	58,985	60,064	60,293
SSA Medicare Modernization (FTEs)	1,268	0	0	0	0
Subtotal SSA FTEs (including OIG)	64,205	63,131	58,985	60,064	60,293
Overtime/Lump Sum Leave	2,992	2,389	1,307	2,231	2,245
Overtime (associated w/Medicare Modernization)	1,567	0	0	0	0
Subtotal Overtime Lump Sum Leave	4,559	2,389	1,307	2,231	2,245
Total SSA Work years (including OIG)	68,764^[3]	65,529^[4]	61,292	62,295	62,538
		(-3,235)	(-4,237)	(+1003)	(+243)

Unless there is a turnaround in Social Security's operating budget, SSA's ability to get its work done will completely break down within the next five to ten years. Recent SSA records indicate **1 out of 8** callers failed to get an 800 number agent on Social Security's 800-number on any given day. Those who called any of the 1260 field offices for service in FY 07 did not have their calls answered 51% of the time. People line up before dawn outside many offices. The time it takes to pay disability claims to the most vulnerable people we serve can be measured in years instead of days or months.

The President's budget request for SSA in FY 09 is \$10.327 billion. Unfortunately Commissioner Astrue's request was for less than the Agency's request for FY 08. The President's budget would result in an increase in staff of only 229 FTE. After years of cuts, a modest increase is better than nothing but hardly enough to allow the Agency to reduce its backlogs while continuing to process its day to day work. Both the House and the Senate Budget Committees have recommended that the President's budget be increased by \$240 million. AFGE and other groups interested in the SSA administrative cost crisis recommended that SSA be allocated \$11 billion in administrative cost or \$673 million over the President's budget. This amount would restore some lost staff, and allow the Agency the opportunity to significantly reduce backlogs, and permit SSA to process more integrity workloads.

Currently, Congress borrows from the Social Security Trust Fund to offset deficit spending and finance the war in Iraq and other budget priorities. Meanwhile, Social Security is given barely enough funding to accomplish its basic service demands, resulting in poor public service, excessive delays and *billions* of dollars of improper payments. This is the case even though the trust fund collects \$billions more that is spent every year.

The Omnibus Reconciliation Act of 1990 provided that SSA FICA taxes and benefits payments were "off budget." Congress later interpreted that SSA's Limitation on Administrative Expenses (LAE) was not covered by the Omnibus Reconciliation Act of 1990, although the Social Security Act stipulates that administrative costs for the Social Security program must be financed by Social Security Trust Funds. Since the SSA LAE (e.g., staffing, office space, supplies, technology, etc.) is "on budget," Congress decides on a yearly basis the amount that will be authorized and appropriated to administer SSA programs.

The \$150 million over the President's budget, appropriated by Congress for fy08 is welcome addition to the Administrative budget, which will enable SSA to maintain level staffing in FY08.

Programs such as medical research, health care and "No Child Left Behind" state grants are often viewed as more politically popular than SSA's LAE. Often SSA is left with insufficient staff and limited overtime making it next to impossible to adequately service the public. Such shortages adversely affect disability processing time and cause severe integrity problems.

AFGE does not believe the American public deserves poor service from SSA. Some claimants waiting for a disability hearings decision lose their homes, declare bankruptcy, and some die before a decision is made on their disability claims appeal. Their families suffer tremendous financial hardships; some lose everything during the prolonged wait for a decision. The public deserves efficient, expeditious service. Currently, SSA's LAE is less than 2% of total estimated outlays.

Removing SSA's LAE from discretionary spending caps will allow Congress to assess SSA's administrative requirements without regard to the competing budgetary demands of the Departments of Labor, HHS and Education agencies.

In an "off budget" environment Congress would continue to maintain spending authority but would be unencumbered by artificial caps and budgetary scoring rules. ***However, AFGE strongly recommends continued Congressional authorization, appropriations and oversight of SSA's LAE.***

Congress should continue to appropriate SSA administrative expenses to ensure integrity and efficiency. Legislation should require SSA's Commissioner to document (in performance reports mandated under the Government Performance and Results Act) how funds have been and will be used to effectively carry out the mission of the agency, to meet expected levels of performance, to achieve modern customer-responsive service, and to protect program integrity. Most importantly, GAO must annually inform Congress regarding SSA's progress in achieving stated goals. Congress should also mandate that SSA's Commissioner submit the proposed budget directly to Congress as is now only optional in the independent agency legislation (P.L. 103-296, §101.) This requirement to submit the SSA budget directly to Congress is also a provision of HR 5110 sponsored by Congressman Higgins of New York and endorsed by AFGE.

AFGE Recommendations-

- Congress should enact off budget legislation including SSA administrative expenses with benefits which are already off budget. Congress should retain appropriations and oversight authority albeit unencumbered by artificial budget caps and scoring restrictions.
- Congress should enact legislation requiring the Commissioner to submit the SSA appropriation request directly to Congress.
- Congress should support the House Budget Committee recommendation to increase the SSA administrative budget by at least \$240 million over the President's budget request and, preferably, at the \$11 billion total amount.

Social Security Card Centers

In the last few years, Social Security has opened 6 Card Centers in New York City (2), Phoenix (2), Las Vegas and Orlando. The Commissioner informed the union that he intends to open at least 20 more such card centers. Existing personnel was used to staff these new offices. This card center concept is a bad idea. In fact, **Social Security Card Centers are an example of how to provide *really bad* public service!**

During Fiscal Year 2007, SSA processed 17.6 million Social Security Number (SSN) applications for new or replacement Social Security cards. Most of them were processed in the 1260 field offices across the country. Virtually all of SSA's field office staff has been trained to process SSN applications. This would include clericals, Service Representatives, Claims Representatives, Technical Experts and management.

Once card centers are opened, the public in a broad geographic area is required to do all their SSA card business in the card center. Local full service offices in the service area of a card center are no longer permitted to do SSN card work. In some cases this requires the public to travel long distances to get their SSA card business done. The Las Vegas card center services a 5 county jurisdiction. Outlying cities are as far as 265 miles from the card center. The Phoenix card centers cover the service areas of 5 field offices. Those 5 offices processed more than 220,000 card applications in FY07. Outlying cities are as far as 50 miles from the closest Phoenix card center. Indian reservations in the Phoenix, AZ and Las Vegas NV service areas are not exempt from SSA's policy that the applicant *must* visit the Social Security card center to obtain a Social Security card. The Orlando, Florida card center serviced a 3 county jurisdiction. Outlying cities as far as 60 miles from the card center.

The Las Vegas card center experienced huge workloads earlier this year. In January customers frequently started lining up at 6 AM at the card center door that didn't open till 9 AM. At the end of the day when the office closed at 4 PM, the 175 capacity waiting room was full and lines were out the door. Often the last customer was serviced after 7 PM. SSA clients are inconvenienced, forced to wait hours for service and employees were faced with mandatory overtime to service all the customers. Universal e-verify or a resumption of the No Match program will only exacerbate this situation. If an employee is a no-match victim, and within the card center service area, the employer must visit the card center to correct their record. If they visit their local SSA office, they will be turned away and directed to a card center.

Historically, SSA has always required its offices to be full service facilities. There are no offices exclusively devoted to disability or retirement claims. All field offices process whatever business that the public has with SSA. The card centers are the 1st deviations from this policy. They were established for security purposes. It was thought that employees who only did SS card work would have unique expertise. However, every SSA office outside of the card center jurisdictions does a high volume of SSA card work. Employees in field offices have as much expertise as card center employees in doing this work. The amount of inconvenience that is created with card centers is unnecessary. Whether you should drive 69 miles from Searchlight, NV or 35 miles from Buckeye, AZ to a card center, the public should not have to endure today's high price of fuel or jump through hoops to receive their Social Security card. AFGE recommends that SSA drop the concept of card centers.

There is no logical reason to maintain the concept of card centers. There is certainly no reason to expand them. Why would the government force the public to travel to inconvenient locations to do their SSA business instead of permitting them to visit their local community based office? Even the employees are reluctant to work there. Management forced employees to work at most the card centers by ordering directed reassignments.

SSA is unwilling to change this policy. Therefore, AFGE believes Members of Congress should:

- Require SSA Field offices to become full service facilities.
- Request Commissioner Astrue to reverse SSA's policy of forcing the public to leave a field office and commute to a Social Security Card Center when they either went to the wrong office or had multiple business with the Agency.
- Request Commissioner Astrue to suspend all plans to open additional Social Security Card Centers until this policy is reviewed and/or reversed.
- Request Commissioner Astrue to provide an analysis of factors relating to transportation and communication burdens faced by seniors and the disabled, which shall include a cost-benefit analysis for each Social Security Card Center that takes into account--
 - the anticipated savings to SSA as a result of the Card Center; and
 - A description of the service area-
 - Geographic boundaries;
 - Size/square miles;
 - list of the counties/zip codes; and
 - geographic and topographic features which affect service area delivery; and
 - the anticipated burdens, including communication and transportation costs, placed on elderly and disabled citizens which shall include-
 - Average distance and travel time to the Card Center vs the FO;
 - Accessibility from major highways and roads;
 - Availability, convenience and cost of public and privately-sponsored transportation;
 - Availability, convenience and cost of parking;
 - Accessibility for people with disabilities (transportation, parking, building accommodations, etc.).
- Request the authorizing committees to hold hearings on policies and problems related to Social Security Card Centers.
- Request Appropriation subcommittees on Labor, HHS and Education to include language that would prevent SSA from using appropriated dollars to fund Social Security Card Centers.

Internet Claims, Internet Social Security Benefits Application and Ready Retirement

The Social Security Administration has offered the public access to Internet services for almost a decade but with mixed results. On the positive side, "service" can be provided without contacting an SSA facility. The negative effects are not so obvious or made public by the Agency. Unfortunately, little has been done to correct these problems.

They include:

- Programming flaws that do not correctly identify the "protected filing date."
- Identity and privacy concerns
- Incorrect payments
- High volume of errors, resulting in re-contacts.
- Creation of a new backlog at Social Security
- No review of the public's accuracy in completing applications.

Additionally, SSA has implemented new policy changes in an effort to eliminate employee review of claims filed through the Internet altogether. These changes include:

- Lag earnings will no longer be routinely developed.
- No longer requiring proof of citizenship for age 60 or over
- No longer requiring proof of age for age 60 or over
- No longer assisting the claimant in determining the most advantageous month of entitlement.
- No longer assists survivors to decide whether and when to file for widows benefits vs retirement benefits.
- No longer reviews questionable responses, questions on the applications which might lead to benefit enhancements, benefits leads, or fraudulent activity.

SSA argues that savings in work years will be achieved through the relaxation of evidentiary standards and the elimination of advice and assistance to claimants, which will allow the Agency to concentrate on elimination of backlogs and improve Agency service. Unfortunately, AFGE asserts that such changes are dangerous and will result in increased fraud, incorrect

payments, and claimants making decisions that are not in their best interests. Therefore, the Union and the employees of SSA strongly disagree with the Agency's recent policy decisions.

No Development of Lag Earnings-Effective 1/23/2008

Lag earnings are wages earned but not yet posted to the earnings record. In the past, the Claims Representative determines if the prior year's earnings have been posted to the applicant's earnings record. If not, they are manually added to determine an accurate and full benefit estimate. If the applicant has his/her W-2 form available, the wages can be easily added to the benefit computation at the initial interview. Lag wages tend to increase the benefit amount for most wage earners. Eventually SSA conducts a re-computation of the benefits when the IRS verifies the earnings and pays the beneficiary(s) accordingly if lag wages are not developed for the initial claim. Unfortunately, this process could take several months. The process sometimes takes years if particular conversion problems occur. Eliminating lag wage development ensures that most claimants will be paid correctly until the benefit amount is recomputed after receiving IRS data. Employees are necessary to review a W2 form and credit the record to increase the applicant's benefit. This would deter the Agency's goal of an employee free internet claim process.

No Development of Proof of Age and Citizenship-Effective 2/11/2008

Historically, SSA requires claimants to submit evidence to establish their rights to benefits. One of the most important parts of the claims process is the gathering, recording and evaluation of this evidence by SSA Claims Representatives.

In February 2008, SSA made major policy changes that no longer require proof of age or citizenship for those filing for benefits who are over age 60 and make an allegation of date and place of birth that agreed with their Social Security number record, known internally as a "numident." Thus, if an individual lied about their date and/or place of birth in order to get a Social Security number for a job and the person uses the same erroneous information at the time of benefit application, a match will exist and neither proof of age or citizenship will be requested by SSA. This change was instituted without any regulatory notice.

AFGE strongly believes this is bad public policy that will lead to fraud and incorrect payments.

Until 1981, Social Security cards were issued without any form of identification. Allegations of date and place of birth were accepted on face value without evidentiary requirements. For the "baby boom" generation, the Social Security card was an easy record to obtain if someone wanted to change their identity, age or even place of birth.

Therefore, if, for example, someone illegally entered the United States in the 1950s, 1960s, or 1970s and stated on their Social Security Card Application that they were born in El Paso, Texas, SSA accepted the allegation. If that person now applies for retirement benefits and continues to allege that El Paso is his/her place of birth, SSA will accept the matching allegations and pay this person although they are not eligible for benefits.

A 14 year old could easily have lied about being 16 to get a job and obtain a Social Security Number. If such a person uses the same date of birth at retirement time, they would be eligible for benefits 2 years earlier. Under the new rules, SSA will never check for proof of age.

The Administration's reckless decision to accept a person's allegation, as long as it agrees with the allegation on the original application, is inconceivable and unlawful.^[6] Its purpose is not to ensure accuracy or to improve public service. The reason for these evidentiary relaxations is to allow claimants to file Internet applications without any review or intervention by an SSA employee.

Despite Union requests, SSA has provided no studies to show that the elimination of proof of age and citizenship verification will not have an adverse effect on accuracy.

Accept Allegation of Month of Entitlement-Effective September 2008

SSA officials have announced that in September, 2008 SSA will introduce a new Internet Social Security Claims Benefit Application (ISBA), which is considered a simpler retirement application and which will be the vehicle for the Agency's ultimate goal of automated adjudication requiring no human review or intervention.

Claims Representatives undergo several months of intensive training so they can understand all aspects of the Retirement and Disability process. There is also additional training after they begin taking claims and regular updates are provided to them. It's unreasonable to think a person who has never had any dealings with Social Security can navigate through the claims process without making substantial errors.

A common situation involves Retirement benefits vs. Widow(er) benefits. This is a very complex problem because it involves the month of entitlement and which is more financially advantageous for the people who is filing. With no oversight or review by an SSA Claims Representative, it's very possible that the claimant will choose incorrectly and disadvantage themselves. The result could be a loss of several hundred dollars a month in benefits.

Additionally, SSA will implement a new procedure that will require SSA Claims Representatives to stop providing advice and assistance to the retirement applicant to help them decide the effective month of their retirement benefits (i.e., month of election).

Determining the correct or most advantageous month of entitlement (MOE) for an applicant is one of the most complicated and error prone issues in processing a retirement claim. Many factors must be considered when determining a MOE, such as current work history, self employment, Totalization rules, and past disability history.

In preparation for this hearing, AFGE has reviewed Sample RSI Quality Feedback Reports which capture errors taken from Regional Office of Quality Assurance reviews of retirement claims. These sample cases clearly exhibit various actions on the part of SSA resulting in incorrect payment amounts to the beneficiary. The following were some of the most common errors listed in these reports-

- Incorrect Date of Entitlement Causes Underpayment
- Incorrect Month of Election Given Causes Underpayment and Overpayment
- Failure to Discuss Reduced Rate of Entitlement Date Causes Underpayment
- Incorrect Determination on Entitlement Date Causes Underpayment
- Failure to Determine Government Pension Offset Applies Causes Overpayment
- Failure to Include Military Service Credits Resulting in an Underpayment
- Incorrect Posting of Military Service Credits Resulting in an Overpayment
- Incorrect Processing of Military Service Credits Causes Underpayment
- Failure to Identify Military Service Issue Results in an Underpayment
- Failure to Use 2001 Lag Wages Results in an Underpayment
- Failure to Take Action on Wage Gap After 1977 Causes Underpayments and Overpayments
- Failure to Discuss Earnings Record Thoroughly results in Underpayment

An applicant's allegations will go unchecked unless all Internet claims are reviewed by a trained SSA Claims Representative. SSA employees and AFGE are shocked and appalled that such changes will go forward despite the vast number of claims that currently require correction.

Internet Proficiency

SSA employees assist people who are elderly, disabled, uneducated, poor and homeless. Many applicants struggle just to complete simple forms. SSA's applications were created to obtain information which will meet all requirements of the law including identifying potential individuals who may be eligible for benefits on a wage earner's record. As a result, SSA has invested millions of dollars to train its Claims Representatives (CR). However, the Agency now intends to create an Internet application which will not be reviewed by an SSA employee. This is a prescription for disaster.

SSA asserts that 2.5 million electronic transactions were completed by the public in FY 07. However, a substantial number of these electronic transactions were problematic to the degree that SSA employees were required to recontact the transactor. SSA employees are very concerned about the direction of the Agency strategy toward unreviewed Internet transactions because few Internet applications are completed accurately and, consequently, require recontact by SSA employees. A Claims Representative from the Seattle region who has processed Internet claims for more than a year recently told AFGE: *"I can only think of 2 which were done right. One was completed by a disabled registered nurse, and the other was completed by a physician who had cancer."*

AFGE recently surveyed SSA employees who process Internet claims. Seventy percent of the employees who responded stated that 90-100% of the claims they reviewed required some kind of re-contact. Such re-contacts included the need to

develop new applications for spouses and children, obtaining correct dates of onset of disabilities, development of the correct month of entitlements for retirement claims, obtaining medical information, development of incorrect wage information, obtaining complete and accurate work histories, identifying government pensions and correct military service information. Employees reported that Internet claims take an average of 2 re-contacts to secure the necessary information to complete the claim. Employees also report that each re-contact takes an average of 30 minutes, which they feel is not reflected in Agency statistics. In many cases, it takes weeks and even months to get in touch with the applicant, who thought the claim was completed and, therefore, had no reason to communicate with SSA. Employees strongly believe that if they had assisted the claimants either face-to-face in the office or by telephone that the claims would have been done correctly -- without the need for any re-contacts.

Unfortunately, this cannot be verified by Agency statistics. SSA **does not and will not** perform audits on the Internet claims prior to employee review and correction. Instead, the claim is reviewed after an SSA employee makes the necessary corrections. This creates the illusion that the claims were completed correctly by the public. Thus, SSA has no data to indicate that a decision to remove Internet claims review will be beneficial to the public.

Loss of Protected Filing

An application filing date protects a person's claim for benefits. This date is often used to establish eligibility and to determine when benefits can begin. In accordance with 20 CFR .630, 408.330 and 416.330, SSA must use a written statement (such as a letter) indicating the applicant's intent to file for benefits for themselves or another person. This is referred to as a protective filing, which can also serve as an application date. The law is clear that an expression of intent to file for benefits need not be on a specific form or any particular format. Therefore, the same rules apply to oral requests.

Because potential payments are involved, SSA is required to send letters to people who fail to keep appointments and notify them that their benefits will be protected for up to six (6) months. If SSA does not send this letter, the protective filing date is left open and a person could be paid *years of retroactive benefits* if the matter is not dealt with promptly.

However, SSA has decided **NOT** to apply this law to Internet claims. Under the current system, when someone initiates an application on SSA's Internet site but cannot complete it, SSA issues a confirmation number to the individual to re-access the application but the Agency does not consider the unsuccessful attempt to file evidence of a desire to file which would protect the date of filing. When, and if, a person completes the application and "submits" it to SSA, that is considered the date of filing. If a month or more pass, the claimant could have lost benefits. Listings and/or access to partially completed internet claims are not available to field office employees for follow-up purposes. AFGE believes this failure to protect the applicant's intent to file a claim is a **violation of law**. SSA has stated the new Internet application due to be released in September 2008 should establish a protective filing. However, there has been no effort to correct the current situation which due to the complexity of the Internet claims process is common and results in loss of benefits for some applicants.

Identity and Privacy Concerns

SSA employees are unable to identify and verify the person who filed the application for benefits on-line. Employees have become aware of spouses, children, grandchildren, and unauthorized third parties (such as employees of the applicant) filing Internet claims. This leaves the system vulnerable to fraud, as claims could be easily filed with stolen identities. Recent SSA internal reports indicate that applicants continue to struggle to provide accurate, basic information, such as "name" information. In SSA's April 11, 2008 client vs. internet discrepancy report, more than 83% of the applications received had discrepancies in this area. To a trained Claims Specialist, this would be a red flag and suggest that the applicant may not be the number holder, but rather someone else filing on his/her behalf. Without verifying that the number holder actually filed or authorized the claim, the Social Security Number holder's privacy could be compromised if claims are allowed to be processed through the Internet without employee review.

A recent ABC news television report on identity theft showed that it is simple to purchase multiple identity information packages that include Social Security Numbers. Individuals could use such stolen ID information to file illegitimate internet claims without employee review. Such identity theft could result in months or years of benefits prior to detection.

Internet Claims Processing and Backlog Potential

Every office handles these cases differently. In some places, the Claims Representative can schedule an appointment to thoroughly review the application, remind the applicant of the documents that are needed, and check for any possible claims

leads. Most offices force their employees to fit these claims into hours when the office is closed to the public or during overtime. Employees have not noticed any changes in the volume of teleclaims and in office claims due to the accelerated utilization of Internet claims by the public. Claims workload in general has increased as a result of the "baby boom" generation reaching retirement age in 2008. Thus, Internet claims review and recontact workload is an add on that requires finding time to process.

SSA's records do not always interface with the Department of Defense as they should. The result is that some veterans may not be given credit for their years of service to this country. This applies to Retirement benefits, as well as survivor and child benefits.

"Gaps" also exist in many claimant's earnings records. If a person worked in a particular year but it does not show on their earnings record, they will not be given credit for those wages. The result (again) is a loss of benefits. Another common problem is "double postings" (being credited with too many earnings in a year) and wages being posted to a person's record even though the earnings do not belong to them. That will result in overpayments when and if the error is detected. Claims Representatives are trained to look at each of these situations and correct the problems.

Payment errors will increase if claimants are allowed to file Internet claims without review. Claimants are not familiar with the Windfall Elimination Provision (WEP) and the Government Pension Offset (GPO) provisions of the Social Security Act and the impact of these laws on their benefits.

Applicants are confused when electing their Month of Entitlement (MOE). They generally do not understand how the annual earnings test works. Often, they will take advice from a friend or neighbor whose experience is very different from their own. The result: a loss in benefits (including Medicare at age 65). SSA employees who review Internet claims identify the choice of the month of election as the most frequent error. Currently, if upon review a disadvantageous month of election is found, the SSA reviewer must recontact the claimant and explain why the choice that they made appears disadvantageous. If the claimant insists on picking a disadvantageous month to start their benefits, employees must document the file that an explanation was given yet the claimant chose the disadvantageous start date anyway. The Agency is planning to eliminate this assistance with the introduction of the ISBA in September.

Other Problems with Incorrectly Completed Claims

Claims submitted by spouses, family members or other third parties are often lacking information about prior marriages and/or children from prior marriages and/or relationships. Many times the person completing the forms simply does not know the relationship history of the applicant. By law, SSA considers the names of former spouses and/or children as leads for benefits. Without further investigation by a trained Claims Representative, these potential leads would be missed and family members would not be paid the benefits they are due.

When an identified third party helps an applicant file for Social Security benefits on-line, we are required to obtain an Appointment of Representative (SSA-1696) form, signed and submitted to SSA. We also need Consent for Release of Information (SSA-3288) form signed and submitted before we can release any information to someone other than the claimant. An Internet claim does not identify whether or not an applicant is receiving assistance from a third party.

In spite of the numerous problems with Internet claims raised by the Union, Commissioner Astrue has directed all SSA employees to pass this message along to the public: use the internet **rather than** call the 800-number or visit an office. In some parts of the country, field office employees and teleservice representatives (800-number agents) have been directed to tell every person contacting Social Security: "the next time you have a problem, use our on-line service." This approach has not been well received and is perceived by the public as rude. Many SSA employees have been documented for poor performance for **not** directing the public to the Internet.

This emphasis on Internet service deviates from the pledge that SSA has made to the American public which is reiterated every year when they are sent their earnings statements from SSA. This pledge is that the public determines which method they will utilize to interact with SSA. It can be in person, by phone, by mail or through the Internet. The Agency now is asking employees to sell the public on Internet claims even though employees realize that phone and/or face to face service is more likely to result in an accurate and complete application. Some Agency letters to the public now only provide the Internet option as the exclusive method for contacting the Agency.

AFGE Recommendations-

- The Congress conduct field hearings to discuss internet claims with those who take claims and applicants that have been harmed by the process.
- Require SSA Commissioner Astrue to:
 - Restore lag wage development in claims
 - Restore proof of age development using the rules in effect before the 02/08 change
 - Restore proof of citizenship development using the rules in effect before the 02/08 change
 - Maintain a system of employee review of all Internet claims
 - Pilot the new Internet Social Security Benefit Application before Agency wide implementation. Provide Congress with the pilot results which will include an evaluation of claims accuracy prior to SSA employee review prior to implementation
 - Maintain employee review of all Internet applications until it can be shown that the accuracy level of Internet claims matches or exceeds the accuracy level of telephone and in person claims.
- Request Authorizing Committees to hold hearings on the effects of Internet claims on SSA workloads and on claimants.
- Continue to permit SSA customers to select the methodology for interacting with SSA that they prefer.

3rd Party Claims

Twice, the Social Security Administration (SSA) has cut front-line staffing in its field offices, and each time Agency managers have turned to third party organizations to "assist" applicants in completing disability benefit applications, a core function of SSA's Claims Representatives, Field Representatives, and Technical Experts. The first period was during the late 1980's, when about 17,000 field office positions were lost. We are in the midst of the second. In which more than 6,400 positions have been eliminated, dropping overall Agency staffing to its lowest levels in 35 years. Present staff cuts and increased outsourcing come at a time when unprecedented numbers of claims for disability and retirement benefits are being filed, fueled by the aging of the Baby Boom Generation. SSA officials and Congress should be very concerned about these surges in outsourcing activity tied to staff cuts, because of harm being done to applicants and taxpayers.

SSA is actively training non-profit and for-profit organizations to perform disability claims work again, and is interested in getting employers involved in the retirement claim process. Employers were approached in the 1990's about completing retirement benefit applications, but declined because they were concerned about liability if their actions disadvantaged an SSA beneficiary. It is too bad that Agency decision-makers are not more concerned about applicants being disadvantaged through third party involvement.

SSA has determined that it is an "inherently governmental function" to make a decision about entitlement or benefit amount, so has properly excluded this function from "competitive sourcing" (contracting-out) through the Office of Management and Budget Circular A-76 process. Yet, the Agency freely outsources these same functions to third parties without any competition, and with no opportunity for SSA workers to show that they do the work best for the American public. SSA officials fail to recognize that in identifying potential applicants, while screening-out others, third parties have already made a decision about entitlement. Because third parties have been found to provide incorrect medical and non-medical information to SSA, through ignorance in some cases and through intent to defraud in others, they effectively make decisions about both entitlement and benefit amount through their actions.

Third parties are always motivated by a desire to entitle the applicant. For-profit third party organizations receive a standard payment when a claim is approved, or a percentage of benefits paid to the applicant. Non-profit entities want to transfer responsibility for medical care and income support to the Federal Government and the taxpayers. SSA employees are charged with applying laws, regulations, and rules fairly and equitably to all who apply for benefits, and thereby protect the interests of applicants and taxpayers.

During an era of labor-management cooperation in the mid-1990's, senior SSA officials and American Federation of Government Employees (AFGE) leaders agreed to thoroughly examine third party claims issues, to negotiate at the Agency level, and to make consensus recommendations about future activities. The AFGE-SSA Third Party Assistance Team began its work in May 1995, and submitted its first comprehensive set of recommendations in January 1997. The Team wrote and submitted specifications for a third party identifier that would be placed on electronic records so that quality and integrity could be monitored, and limited further third party involvement until a quality assurance system was developed and put in place.

These recommendations and many others were supported by a great deal of data that had been collected and analyzed over the 20-month period. A nationwide survey of SSA managers and staff revealed that third party involvement did not create

operational efficiencies, and that there were serious concerns about quality and integrity. An Office of Program Integrity and Reviews study requested by the Team, and independent investigations conducted by the Office of Inspector General, uncovered fraud schemes and questionable fee-charging arrangements. Non-profit organizations, including a religious order, and for-profit organizations, including one run by a former SSA manager, were implicated in wrong-doing. Criminal middlemen, state government employees, and at least one physician were convicted of stealing money from applicants and taxpayers.

How did Agency leaders respond to the January 1997 recommendations? They pulled the plug on the Team, refused to even consider the recommendations, and announced that they would do what they wanted in the future with regard to third party claims. They soon diverted SSA Office of Training and Office of Systems resources to development of training materials and systems enhancements to serve third parties.

In this Century, with Social Security under attack by the Bush Administration, and outsourcing to faith-based organizations and others in fashion, the Agency has rolled-out training and stepped-up the involvement of third parties. The Agency has abrogated the SSA-AFGE Third Party Memorandum of Understanding that placed sensible limits on the expansion of third party involvement. There is still no third party systems identifier, and no further reviews have been done of the quality and integrity of the claims.

When AFGE had access to SSA information, and when Agency leaders had some interest in the concerns of employees expressed through their Union representatives, we began to understand how third party involvement affected entitlement and payment decisions. This led to a careful, measured approach that has now been abandoned. SSA does not know which benefit applications are secured through third parties. The Agency cannot compare the quality, integrity, or timeliness of third party claims to those taken by SSA employees. It's easier to expand outsourcing when the problems are undetectable.

In another effort to determine how to do the Agency's business with inadequate resources, the Agency has been developing increasingly friendly relationships with 3rd parties that want to take over portions of SSA work. The plans for the ISBA application would allow 3rd parties to file claims and protect filing dates on behalf of the claimant. Initially, claimants will be required to sign an authorization document to enable 3rd parties to act on their behalf. However, SSA's goal is to eliminate that requirement. In fact, SSA intends to solicit 3rd parties to engage in bulk filing of electronic claims for multiple claimants. This will enable for profit companies to offer a filing service for claimants in return for a fee. Of course, currently filing applications through the Agency either via the teleservice system, face to face in an office or through the Internet is free. (The service was already paid for through taxes.) AFGE's concern is that expanding 3rd party claims opportunities to profit making companies is the first step to potentially contracting out core inherently governmental Agency functions. Allowing 3rd parties to file claims on behalf of individuals through the Internet without SSA review would enable these 3rd parties to actually authorize payment to their clients. This is a dangerous step towards the privatization of the Agency.

SSA employees complain frequently about the low quality of the work product of many current 3rd party claims organizations. Typically states and institutions contract with 3rd parties who file disability claims with Social Security to, hopefully, remove such individuals from state benefit roles or to defray an institution's costs of care. The work product is frequently poor and requires recontacts for missing information or to correct erroneous information. Allowing an expansion of this effort to use 3rd parties to other types of applications without strict regulatory requirements will only result in problems.

Currently attorneys and other 3rd parties are regulated with respect to the fees that they can charge for representation of claimants in hearings before ALJs. No rules exist for representation fees in initial claims. There are currently no regulatory standards regarding competency and fees for 3rd parties at the initial claim level.

AFGE Recommendations-

- Congress should enact legislation limiting contracting out in SSA due to the inherently governmental work of much of the Agency's business.
- Congress should pass legislation proscribing maximum fees for 3rd parties in initial claims.
- Congress should pass legislation requiring 3rd parties to register with SSA and requiring them to maintain minimal competency standards.
- Congress should pass legislation enabling SSA to revoke 3rd parties registration privileges upon discovery of incompetence, fraud, price gauging, etc. SSA should be empowered to sanction 3rd parties for inappropriate conduct.
- 3rd parties should not be permitted to register if they have a conflict of interest (e.g., relationships with SSA employees).
- 3rd party fee structures and complaints against 3rd parties and 3rd party registration information should be fully disclosed to claimants.

- Access to claimants information protected by the Privacy Act should be severely limited to 3rd parties
- Claimants should be required to sign authorizations prior to SSA providing any claimant data to 3rd parties.
- SSA should be required to evaluate 3rd party performance through accuracy reviews. Such reviews should be released to the public.

It is time for Agency leaders to take responsibility for protecting applicants and taxpayers in the claims process. There is really nothing more important that they should be doing.

Office Closures

Face-to-face interviews in Social Security offices increased by nearly a million visitors from 2006 to 2007. Despite that increase, the Administration has decided to accelerate the closure Social Security offices across the country.

SSA's criteria for office closure consideration are unknown to the union. Last October Commissioner Michael J Astrue informed AFGE that smaller offices in urban areas will be reviewed as office leases approach expiration. However, other high level Agency officials have informed their employees and union officials that SSA will look at all offices of 15 employees or less. When I asked Linda McMahon, Deputy Commissioner of Operations, in October 2007 about the Agency's office closing strategy, she responded that the Agency could close between 50 and 200 offices.

However, in February 2008, Commissioner Astrue publicly denied this after AFGE alerted Congress to the Agency office closing initiative. Last month, Commissioner Astrue testified before the House Committee on Ways and Means and continued to deny the Agency's aggressive office closure efforts. Commissioner Astrue has accused AFGE officials of being partisan and shameful with regards to the Union's communications to Congress. Commissioner Astrue has stated that very few offices have actually been closed and he does not consider two consolidated offices as resulting in an office closure. The record should reflect that AFGE stands by the information it has provided to Congress. AFGE cannot accept the ill conceived notion that consolidating two productive offices into a single location, does not result in one office closing. In fact, we believe the communities that lost their local office to "consolidation" will take exception to that statement as well.

Since the Commissioner's public denial of an office closing plan, AFGE has been notified by SSA that additional offices will be closed in the future. Additionally, AFGE records indicate that in 2007 SSA closed a record number of offices. In 2007, the Administration closed 17 offices including:

- | | | |
|------------------------------|---------------------|-------------------|
| ➤ Burbank, CA | ➤ Miami-Central, FL | ➤ Nacogdoches, TX |
| ➤ Industry Hills, CA | ➤ St Louis NW, MO | ➤ Cheektowaga, NY |
| ➤ San Francisco-Parkside, CA | ➤ Warrensburg, MO | ➤ Bronx River, NY |
| ➤ SF Western Addition, CA | ➤ Auburn, NY | ➤ Carbondale, PA |
| ➤ San Pedro, CA | ➤ Bay Ridge, NY | ➤ Brentwood, PA |
| ➤ Hallandale, FL | ➤ N Charleston, WV | |

In 2008 SSA closed the Oskaloosa, IA office and recently announced its plans to close the Clinton, IA office effective June 1, 2008. SSA has also notified affected employees of its intention to close the St. Paul MN and the Portland OR Teleservice Centers in 2009. Last week, SSA decided to keep the Clinton, Iowa office open. This decision was made after considerable pressure from the Clinton City Council, Representative Bruce Braley, Representative Phil Hare and Senator Tom Harkin.

In recent media publications SSA stated that they agreed to keep the Bristol, CN office open due to an increase in the FY08 budget. This office was scheduled to close in 2007, but will remain open on a year to year basis, depending on budget constraints. Employees in the Clinton, IA office were also told that the Clinton office was being closed for budgetary reasons. The press was informed that the Agency would save \$632,000 over a 5 year period by closing the Clinton office. No verification was provided for the \$10,500/mo rent and utility costs for the 3 person office.

AFGE is very disturbed by these statements. The Commissioner has neither notified Congress nor the union of the level of appropriation required to maintain the current field office structure. If these closures are due to budgetary shortfalls, then why hasn't this been brought to the attention of Congress? Why hasn't the Commissioner notified the Authorizing and/or Appropriating Committee?

In Fiscal Year 2008 Social Security will be at its lowest staffing level since 1972. The Bush Administration and SSA Commissioner Astrue are reluctant to ask Congress for more staff but that is the only answer to this crisis. Yet they are willing to reduce services to the public. AFGE strongly believes that SSA should be providing help through community-based field offices that offer full services. This cannot be accomplished through further reductions of service to claimants and beneficiaries.

SSA pays benefits to about 50 million people every month. Every year, SSA employees handle more than 6 million new claims for Retirement, Disability, and Survivors benefits. SSA also processes 18 million requests for Social Security cards and posts 265 million annual earnings items for covered workers. The Agency expects significant increases in the Continuing Disability Review (CDR) workloads, "no match" cases required by the Department of Homeland Security and the e-verify system. Under legislation proposed by Congressman Schuler and another bill by Congressman Sam Johnson, e-verify would be mandatory and result in 3.6 million additional interviews in the first year after enactment. Closing offices puts a significant burden on these 3.6 million workers to correct their SSA records so that they can work. These workloads will further challenge employees. All this is accomplished at less than 2% administrative costs, while private insurance companies have administrative costs of between 12-16%. **How does closing the field office in your district improve this record of service?**

It has become very clear to the employees of SSA and AFGE that the only effective method to prevent unnecessary office closures is to request legislation to provide for Congressional oversight on decisions impacting Social Security offices. On January 24, 2008, Representative Brian Higgins (D/NY) introduced the Social Security Customer Service Improvement Act, H.R.5110. This legislation provides procedures that SSA's Commissioner must follow before closing an office. Those procedures include:

- Providing a detailed report to the House Ways and Means Subcommittee on Social Security and the Senate Finance Committee outlining and justifying the process for selecting field offices to be closed or otherwise have limited access. Such report shall include—
 - an analysis of the criteria used for selecting field offices for closure or limited access;
 - the Commissioner's analysis and consideration must include factors relating to transportation and communication burdens faced by seniors and the disabled;
 - a cost-benefit analysis for each field office closure that takes into account:
 - the anticipated savings as a result of the closure;
 - the anticipated burdens, including communication and transportation burdens, placed on elderly and disabled citizens; and
 - The anticipated costs associated with replacing the services lost by the closure.
- The Commissioner must wait 6 months after the submission of the report to Congress to close or limit access to a Social Security field office.

AFGE urges each Member of this Committee to support and co-sponsor this very important legislation to ensure that customer service is at a level that citizens deserve.

Until such legislation is passed by Congress, AFGE Recommends-

- Congress passes legislation enacting a moratorium on all office closures.

Integrity Workloads

SSA integrity work (i.e., continuous disability reviews (CDRs) and SSI Redeterminations) has been significantly diminished due to budget cuts. Former Commissioner Barnhart suspended all SSI Redeterminations and Medical Continuing Disability Reviews (CDRs) during particularly tight budget periods. In FY 2008, SSA Commissioner Michael Astrue has significantly reduced these workloads. SSA projects completing 235,000 medical CDRs in FY 08 instead of the scheduled 700,000. Instead of processing 2 million SSI Redeterminations scheduled in FY 08, the Agency will only complete 1.2 million. These reviews return \$10 for every dollar invested in CDRs and \$7 for every dollar invested in Redeterminations. Without these reviews, **billions** of dollars of incorrect payments result. SSA will never collect some of the overpayments caused by insufficient integrity reviews.

Furthermore, the collapse of integrity oversight of SSA's programs compromises the solvency of the Social Security Trust Fund. According to GAO's 2004 report on overpayments related to SSA programs, overpayment detections increased from

about \$1.9 billion to nearly \$3 billion between fiscal years 1999 and 2003[5]. In 2005, SSA improperly paid \$6.3 billion. OPM now reports that of eight Federal programs, including SSA's Old Age, Survivors and Disability Insurance and SSI programs, SSA accounted for more than 89 percent of the government's improper payments in FY 2006.

AFGE supports fully funding Continuing Disability Review and SSI Redetermination workloads. AFGE does not support artificial spending limits for such workloads. Congress should authorize the resources necessary so that SSA can produce CDR and Redeterminations levels as envisioned in the Social Security Administration's strategic plan.

AFGE Recommendations-

- Congress should authorize the resources necessary so that SSA can produce CDR and Redetermination results as envisioned in the SSA strategic plan.

Disability

Since Commissioner Astrue's arrival at SSA, he has made a few positive changes to address the short term problems regarding disability hearing backlogs, such as targeting cases older than 1000 days and accelerating the rollout of the quick decision determination process throughout the agency. He has worked with OPM and Congress to hire 175 additional Administrative Law Judges (ALJs). He terminated most aspects of the ill conceived Disability Service Improvement plan initiated by his predecessor Jo Anne Barnhart. However, Commissioner Astrue has decided to hire and train insufficient support staff that each new ALJ relies upon to prepare cases for hearing and write and process post-hearing decisions. The Agency intends to hire only 143 support staff for the new judges. SSA budgets 4.3 support staff for every ALJ. 0.8 support staff per the new ALJs falls extremely short of what is necessary to properly assist the ALJs. Failure to provide adequate support staff is a recipe for future disaster and will probably lead to continuing backlogs. The support staff is needed to schedule hearings, assemble case files and evidence, work with attorneys to insure smooth hearings, order and schedule consultative examinations and to write and process the eventual decisions. Absent such support, the system breaks down. Thus, we urge Congress to insist that SSA provide each ALJ with the staff necessary for them to do their job.

Commissioner Astrue has reassigned Agency attorneys to review cases awaiting hearing. These attorneys are empowered to reverse denied reconsideration cases if the evidence indicates a disability. This has been done in an effort to reduce the 752,000 case backlog that existed at the beginning of FY 08. AFGE feels that SSA should expand this effort by utilizing non-attorneys within the Agency that have displayed the ability to make appellate decisions. SSA has previously used non-attorneys in this roll with no evidence of adverse effect in the decision making process (e.g., Adjudicative Officers). The requirement of a law degree for this task limits the Agency's ability to expand the effort to concentrate energies to reduce the disability hearings case backlog and the lengthy processing times.

SSA's approach to disability, past and present, fails to address the problems and inadequacies of the State Disability Determination Services (DDS). AFGE strongly believes that if problems with inconsistent decisions at the initial claims level are addressed, appeals will diminish. Disability claimants deserve consistent initial claims decisions and payments as soon as possible in the claims process.

Unfortunately, the chances for a claimant to be approved at the initial level have a lot to do with where they live and their income rather than the nature of their disability. That's inherent in the system. Each state has different criteria for hiring Disability Examiners. Each state provides them with different pay and benefit packages. Some are unionized- others are unorganized. Each state provides somewhat different training to their employees. Employee retention rates vary dramatically from state to state. In effect, there are 50 different disability programs when there should be one.

For example, State Agency Operations records indicate that those who can obtain medical attention early and often have a better chance of being approved for benefits than those who have limited income or resources. (See Attachment A) Nationwide, those applying for Social Security disability have a much greater chance of being approved than those who only apply for the Supplement Security Income (SSI) program.

So far in FY 08 more than 61 percent of Social Security disability claims for benefits are approved in the Washington DC DDS, while just 30 percent of those who file for benefits are approved in the South Carolina DDS. New Hampshire approves the most initial SSI only disability cases with more than a 55 percent allowance rate. However, residents of Michigan, Ohio, Alabama, South Carolina and Georgia are approved less than 30 % of the time by their respective DDS. The concurrent

disability process shows inexplicable variable allowance rates depending on the state of residence. Allowance rates are low in every state. In New Hampshire and Washington the allowance rate is slightly more than 40 percent of the concurrent SSI/SSA initial disability claims. Less than 18 percent of those filing concurrent disability claims are approved in Georgia and Ohio. There is no evidence to show that residents of some states are twice as susceptible to become disabled as residents in other states. Obviously, different state initial claims approval rates have more to do with the bifurcated system than the health of residents of these states. Claimants are entitled to consistent decisions regardless of their state of residence or whether they are filing for Social Security or SSI disability benefits.

According to the General Accountability Office (GAO[1]), a majority of DDS's do not conduct long-term, comprehensive workforce planning, which should include key strategies for recruiting, retaining, training and otherwise developing a workforce capable of meeting long-term goals. The State DDS' lack uniform minimum qualifications for Disability Examiners (DE's) and have high turnover rates for employees and do not provide ongoing training for DE's.

AFGE is convinced that SSA is not able or willing to correct these problems. AFGE has expressed these concerns to the Subcommittee for several years and has seen little improvement with the State DDS situation. The State DDSs are required to use different disability criteria than those at the hearing levels. This has not been addressed by this Administration. It is a key problem that must be reconciled in order to reform the disability system. ***AFGE strongly believes that the only way to resolve the problems that plague the State DDS' is to federalize them. This will bring consistency to the initial claims decisions in the same way that the Supplemental Security Income program that was established in 1974 created a uniform system of benefits for low income blind, disabled and aged population.***

As AFGE has emphasized in previous testimony before the House Ways and Means Social Security Subcommittee, the Disability Claims Manager (DCM) pilot (another SSA initiative) proved to be highly successful in addressing many problems in the disability program. DCMs were responsible for making both the entitlement and disability decisions for initial disability claims. Processing time was significantly better than the bifurcated process. In fact, the DCM processing time of 62 days was just over half of SSA's initial disability claim processing time goal of 120 days. Customer service improved dramatically and claimants expressed record high satisfaction rates with the DCM. The public preferred a process which allowed them to interact with the decision maker. Currently, the only interaction with the disability decision maker occurs at the hearing level when the ALJ conducts the hearing. Observation of the impact of the alleged disabling condition and evaluation of the credibility of the claimant is a prime reason for the high percentage of reversals at the hearing level. If the system was reformed so that claimants could interact with decision makers at all levels, it could result in improvements in the initial claims process.

SSA surveys indicated that the public preferred the DCM caseworker approach to the current process. The DCM was a positive step in ensuring the public that consistent and equitable disability decisions were made by the Agency. Unfortunately, despite the positive DCM experience, SSA terminated the pilot. Although SSA contended that the DCM would cost more than the current process, the pilot was terminated before valid statistical data could be compiled regarding full program costs.

It appears that the primary reason SSA terminated the DCM pilot was due to State resistance. Such resistance certainly was not based on a poor pilot result. Instead the decision appears to have been based on political considerations and the fear of losing work. Although the DDS system is completely funded by SSA, DDS employees are State workers enmeshed in their respective state bureaucracies. Unfortunately this split system is a major reason that so many disability cases are appealed and that the system is broken. Under the DCM pilot, even claimants who were denied expressed satisfaction with the process since they had the opportunity to have the decision explained to them by the DCM. Congress should be very concerned when SSA spends millions of dollars for a process that demonstrably improves the disability processing time and results in high claimant satisfaction but is rejected for political reasons. The concerns of the states are understandable in view of their unacceptably poor performance regarding decision consistency from state to state and their poor processing time in comparison to the DCM. However, the only real criteria should be the level of service that is provided to the claimant. Using customer service as a measure, the DCM exceeds State DDS performance in virtually every category.

AFGE recommended to Commissioner Astrue that he reconsider the Agency decision to terminate the DCM pilot and implement the position of the DCM at SSA as soon as possible. The Commissioner has not acted on AFGE's recommendation. The Union is willing to work with the Commissioner in an incremental approach to improving the disability process. We understand there will need to be changes in policy, processes and institutional arrangements, as well as funding to implement the DCM. However, we feel that federalizing the entire disability process is a key to improving disability claims processing and correcting the current appellate nightmare.

Legislative amendments to the Social Security Act would be necessary to allow SSA workers to make disability decisions; however, the crisis in disability processing requires immediate and long-term changes. When trained to make medical decisions, SSA employees can provide immediate relief to backlogged Disability Determination Agencies and provide faster and better service to the public by serving as a single point of contact. The pilot demonstrates that the public likes the DCM, employees enthusiastically support it, employees are capable of mastering all aspects of the claims process and that it provides substantially better service than the current disability product. As a short-term approach not requiring legislative change, AFGE is supportive of the "Technical Expert for Disability" position. It would provide high quality, trained field office employees the tools to assist disability claimants in both programmatic and medical issues, provide professional, personalized, service to applicants, focus the disability interview, make or recommend disability decisions, and assist the DDS's in their development and backlogs. This position could be utilized in the Commissioner's efforts to create a quick decision process for those claimants who are obviously disabled. In fact, training and enabling Technical Experts for Disability at the SSA field office will eliminate the current hand off to the DDS of such claims. This should further streamline the process and result in even faster decisions.

AFGE Recommendations-

- AFGE strongly urges Congress to enact legislation which permits federal employees to make disability decisions without requiring the approval of States and take the necessary action to ensure the DCM is part of the solution to the disability problem.
- AFGE requests that Congress examine the current combined federal and state role in the disability claims system and enact legislation to federalize the disability claims process.
- AFGE recommends that Congress urge the Commissioner to eliminate the requirement that post reconsideration disability adjudicators require a law degree.

Conclusion

The Social Security system's Disability programs are a crucial component of the social safety net, and AFGE's Social Security employees take great pride in providing service to disability beneficiaries. Employees are sincerely concerned about the wellbeing of disability beneficiaries, and consider their role as helping those who are unfortunate enough to have experienced disability to obtain the Social Security benefits they have earned.

The Social Security Administration has a long and proud tradition of working constructively with its unionized workforce to make the Social Security system efficient, fair and "customer-friendly." That is why Social Security remains so popular and successful. It is unfortunate; however, that I must report that the years of doing more with less has had a severe toll on the employee morale at SSA. In a recent AFGE survey of SSA workers, 45% reported that they are dissatisfied or extremely dissatisfied with their work experience at SSA. Survey responses would indicate that employee's greatest frustrations are staff shortages and a lack of time to process pending cases due to the pressure of constant interviewing. Overwhelmingly, employees report that they do not have enough time to devote to a quality work product, which includes accuracy, complete and proper explanations of rights and responsibilities to clients, investigation of any and all inaccuracies, etc... Backlogs are growing at tremendous rates.

I urge the Committee to do whatever is necessary to insure that SSA receives sufficient appropriations to do the work that Congress demands from the Agency.

AFGE is committed to serve, as we always have, as the employees' advocate AND a watchdog for clients, taxpayers, and their elected representatives.

This concludes my statement. I will be happy to answer any questions that members of the committee may have.

[1] GAO Report 04-121, "Strategic Workforce Planning Needed to Address Human Capital Challenges Facing the Disability Determination Services"
 [2] SSA Budget FY09
 [3] SSA, FY 06 Justification of Estimates for Appropriation Committees
 [4] President Bush Budget for FY 08 for SSA, pg 1030
 [5] GAO Report 04-924, "SSA Should Strengthen Its Efforts To Detect and Prevent Overpayments"
 [6] Soc. Sec. Act as Amended in 1996, Sec. 202(y); P.L. 104-193; P.L. 104-208; P.L.105-33
 8 CFR 103.12.

Attachment A- DDS's by State

Effective 4/11/08	T2 Initial		T16 Initial		Concurrent Initial	
	Allow	Deny	Allow	Deny	Allow	Deny
NATIONAL AVERAGE	45.8	54.2	35.9	64.1	25.5	74.5
BOSTON Region	52.3	47.7	41.6	58.4	29.5	70.5
Connecticut	45.7	54.3	31	69	21.7	78.3
Maine	48	52	39.7	60.3	22.7	77.3
Massachusetts	55.4	44.6	46.5	53.5	31.1	67.9
New Hampshire	58.8	41.2	54.9	45.1	41	59
Rhode Island	48.7	51.3	34.8	65.2	25.9	74.1
Vermont	59.1	40.9	48.1	51.9	38.9	61.1
New York Region	53.8	46.2	41.2	58.8	33.1	66.9
New Jersey	58.7	41.3	41.1	58.9	33.6	66.4
New York	56.3	43.7	41.2	58.8	32.9	67.1
Puerto Rico	41.6	58.4	-	-	-	-
Philadelphia Region	48.5	51.5	36.8	63.2	25.2	74.8
Delaware	58.1	41.9	42.7	57.3	33.7	66.3
Maryland	48.9	51.1	36.6	63.4	25.8	74.2
Pennsylvania	49.9	50.1	37.5	62.5	23.7	76.3
Virginia	49.2	50.8	38.2	61.8	30.5	69.5
Washington, DC	61	39	47.5	52.5	38	62
West Virginia	36.9	63.1	27	73	16.5	83.5
Atlanta Region	36.6	63.4	29.8	70.2	20.9	79.1
Alabama	44.1	55.9	29.4	70.6	22.8	77.2
Florida	39.6	60.4	36.0	64.0	25.2	74.8
Georgia	30.9	69.1	25.8	74.2	17.9	82.1
Kentucky	37.3	62.7	30.2	69.8	18.6	81.4
Mississippi	30.3	69.7	21.6	78.4	17.2	82.8
North Carolina	38.6	61.4	31.2	68.8	21.4	78.6
South Carolina	34.6	65.4	28.8	71.2	21.1	78.9
Tennessee	31.6	68.4	25.4	74.6	16.8	83.2
Chicago Region	44.4	55.6	30.9	69.1	22.6	77.4
Illinois	49	51	32.5	67.5	27.3	72.7
Indiana	44.8	55.2	34.5	65.5	27.1	72.9
Michigan	41.4	58.6	29.9	70.1	20.1	79.9
Minnesota	45.9	54.1	37.8	62.2	23.8	76.2
Ohio	40.2	59.8	25.8	74.2	18.2	81.8
Wisconsin	49.5	50.5	36.3	63.7	25.4	74.6
Dallas Region	48.9	51.1	40.2	59.8	31.7	68.3
Arkansas	48	52	33.7	66.3	28.1	71.9
Louisiana	48	52	32.6	67.4	29.5	70.5
New Mexico	43.1	56.9	25	75	35.5	64.5
Oklahoma	48.5	51.5	41.0	59	31.1	59.9
Texas	50	50	43.9	56.1	34	66
Kansas City Region	47.9	52.1	33.4	66.6	21.1	78.9
Iowa	42.3	57.7	33.2	66.8	19	81
Kansas	48.6	51.4	36.8	63.2	20.8	79.2
Missouri	49.3	50.7	31.4	68.6	21.7	78.3
Nebraska	51.0	49.0	38.8	61.2	21.4	78.6
Denver Region	46.2	53.8	42.5	57.5	25.0	75.0
Colorado	42.3	57.7	38.7	61.3	23.3	76.7
Montana	51.1	48.9	44.1	55.9	27.2	72.8
North Dakota	50.2	49.8	39.7	60.3	19.3	80.7
South Dakota	48.4	51.6	36.5	63.5	20.4	79.6
Utah	47.6	52.4	54.8	45.2	30	70
Wyoming	55.5	44.5	44.4	55.6	37.7	62.3
San Francisco Region	47.7	52.3	41.1	58.9	28.9	71.1
Arizona	43.3	56.7	42.1	57.9	26	74
California	47.7	52.3	40.6	59.4	28.7	71.3
Hawaii	56.9	43.1	57.0	43.0	40.8	59.2
Seattle Region	48.4	51.6	43.5	56.5	25.7	74.3
Alaska	50.3	49.7	47.1	52.9	31.5	68.5
Idaho	47.3	52.7	44.8	55.2	25.4	74.6
Oregon	44.6	55.4	42.2	57.8	23.2	76.8
Washington	50.8	49.2	43.5	56.5	26.6	73.4

**NATIONAL COUNCIL OF SSA FIELD OPERATIONS LOCALS
AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO**

Representing over 50,000 SSA employees across the nation, Puerto Rico and Pacific Islands

P.O. Box 47638
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July 3, 2008

Senator Max Baucus
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington DC 20510

Dear Senator Baucus:

Thank you for giving me the opportunity to testify at the Senate Finance Committee hearing of May 8, 2008 regarding service delivery issues in the Social Security Administration.

You recently sent a letter to me and asked that I respond to two questions submitted for the record. I will try to respond on behalf of the labor union that represents virtually all SSA bargaining unit employees.

Question 1 concerned whether SSA could use more money than the President requested in FY 2009. If so, how much more?

Although the President's budget request for FY 2009 of \$10.327 billion appears to be a substantial increase over the FY08 budget of \$9.745, the Agency's own key performance targets contained in the budget request indicate that the request is inadequate:

- The Agency projects that if it receives the President's budget request, the average processing time for disability hearings decisions in FY 09 will be 506 days (In 1990 the average processing time for hearings decisions was 209 days and in FY 2000 it was 297 days.).
- Processing time for initial disability hearings will be 103 days (Under the 1998-2001 Disability Claims Manager pilot the processing time for initial disability claims was as low as 61 days.).
- SSA will process 1.486 million non-disability redeterminations in FY 09 or about 60% of the cases it processed 5 years before (In FY 04 it processed 2.455 million redeterminations).

- SSA will complete 329,000 medical continuing disability determinations in FY 09 or less than ½ of the number of CDRs done in FY 04 (i.e., 679,000 CDRs in FY 04).
- At the end of FY 09 SSA projects that 683,000 SSA hearings will be pending. The hearings pending in FY 99 was 312,000.
- SSA's report regarding the size of the backlogs being created in SSA is 3300 work years in FY08 and 4100 work years in FY 09 or 8100 WY for both years combined even if Congress approves the President's FY 09 request for SSA administrative expenses.
- Staffing in SSA has been cut from a high of 89,299 work years in FY 83 to the projected non OIG total of 60,293 FTE and 62,548 work years in FY 09.
- The President's Budget request for FY 09 of \$10.327 billion and the Commissioner's request of \$10.427 billion are both less than the previous Commissioner's budget request for FY 08 of \$10.440 billion.

It is evident that the President's SSA administrative budget request for FY 09 is inadequate. The budget request does not provide any additional resources to cure the problems in the Agency caused by excessive staffing cuts. Besides the issues addressed above, the budget contains no relief for problems such as the 51% of calls that are not answered in field offices, the additional waiting times that the public experiences when attempting to obtain service in field offices, additional non-traditional workloads assigned to the Agency (e.g., Medicare Part B, Medicare Part D, e-verify, No Match), more stringent Social Security Number identification requirements, etc.

On November 20, 2007 a letter was sent to Office of Management and Budget from a coalition of 44 organizations that are concerned about the future of Social Security requesting that the Administration consider a minimum of \$11 billion for the SSA FY 09 administrative budget appropriation. This letter delineates in more detail the rationale for requesting such a substantial increase in the SSA administrative budget. The letter states that even more than \$11 billion is needed in the FY 09 budget if Congress expects SSA to process its traditional levels of CDRs and redeterminations.

SSA asserts in its budget justification for FY 09 that SSA requires \$504 million to accomplish its diminished SSI redetermination and continuing disability review goals. It would require approximately \$320 million more in the appropriation for SSA to complete all SSI redeterminations and continuing disability reviews that are scheduled for completion in FY 09.

Thus, it would appear that the appropriation that is needed for SSA to provide the services required by Congress is \$11.32 billion for FY 09.

\$11.32 billion would allow SSA to not only process approximately 700,000 CDRs and 2.4 million SSI redeterminations, but it would also permit the Agency to:

- Reduce the hearings backlogs at an accelerated pace. SSA could hire an additional 200 Administrative Law Judges and 860 support staff.

- SSA could increase the staff in field offices to reverse the trend of longer waiting times for in office interviews.
- SSA could increase the staff in field offices to provide adequate telephone service. Currently only 51% of calls to field offices are answered. Many offices assign no one to answer the phones due to lack of staff and the pressures of in office face-to-face interviewing. Current SSA schemes to shift field office calls to either the 880 # network or to other field offices just serve to shift work from one understaffed office to another understaffed office. Such measures don't solve any problems. Instead they create new ones. More staff for more work is the only solution.
- More staff is necessary in field offices to deal with the expected explosion in claims for retirement and disability benefits due to the aging of the baby boomer generation. SSA anticipates millions more applications from baby boomers in the next 10 years than in previous similar time frames.
- More staff could be hired for the 800 number network that receives more calls every year. Current staffing shortages in the 800 number network have resulted in draconian measures by SSA to restrict leave for SSA 800 number workers. In addition, SSA has created sweatshop conditions in teleservice center operations which includes the elimination of breaks, mandatory phone plug in policies, monitoring of trips to the bathroom, secret service observations, which are intended to squeeze the most production as possible from 800 number workers notwithstanding the adverse impact such measures have on employee stress and morale.
- SSA should terminate its policies implemented earlier this year to eliminate most proof of age and citizenship requirements for applicants for benefits. Such policies encourage fraud and will result in inappropriate payments to ineligible claimants. The policies were implemented to save work years. In addition, SSA should resume development of lag wages so that initial claimants for benefits receive the correct amount of benefits immediately instead of being underpaid for months solely due to the work years saved from eliminating lag wage development.
- SSA should terminate plans on implementing its ready retirement program which envisions applicants for benefits filing claims on the Internet without any review by an SSA employee. This initiative also includes diminished advice and assistance from SSA employees to the public regarding most advantageous month of election to begin their benefits and elimination of questions regarding potential auxiliary beneficiaries. SSA is also exploring the possibility of eliminating investigations of questionable retirements by applicants who may defraud the system by shifting wages to others to make it appear that they have retired. SSA is also planning to eliminate questions on applications soliciting information of benefit leads for potential auxiliary beneficiaries which will lead to loss of benefits for thousands of potential beneficiaries. All of these initiatives are based on the Agency goal of reducing the work years needed to administer Agency programs. The changes envisioned will result in increased fraud, claimants making disadvantageous choices with lifetime consequences, and the total loss of benefits for potentially entitled auxiliary beneficiaries.

- SSA should revamp its antiquated computer system and create a more efficient and user friendly database.
- SSA should eliminate Agency practices to close offices and reduce hours of service in offices in order to save money without taking into consideration the impact that such actions have on the affected communities.
- SSA should reopen limited service contact stations that have closed in remote communities and for special populations. These contact stations were closed primarily due to fiscal considerations.
- SSA should provide necessary staff to perform non-traditional workloads such as Medicare Part D subsidy determinations, Medicare Part B premium appeals, e-verify and No Match work. To date these added workloads have been absorbed by SSA without any additional staff to the detriment of SSA's traditional workloads.

In view of the fact that trust fund revenue currently far exceeds expenditures, it doesn't seem inappropriate to ask for adequate funding for SSA's administrative expenses. To avoid battles with other Agencies that are part of the SSA appropriation and to avoid spending cap issues, Congress should strongly consider off budget legislation as a way to properly fund SSA's administrative expenses.

Question 2 from the Committee is: How would you characterize how SSA employees' stresses and pressures manifest themselves in the field office on a daily basis.

The SSA staff reductions in combination with increases in the volume and complexity of work have had a devastating affect on working conditions both in field offices and teleservice centers. The union has surveyed workers and union officials regarding the impact of the staff reductions on workers and the universal conclusion is that the stress levels of employees has dramatically increased in recent years. Increased stress levels manifest in various ways. Employees report a greater increase in leave use due to stress related conditions. Employees indicate that many are under treatment for depression, anxiety, panic attacks, etc. Use of anti-depressant medications is common among field/TSC employees. It is common for field office employees to suffer from carpal tunnel syndrome and other repetitive strain injury (RSI) ailments which are a result of both the technological changes in the Agency and the fact that employees are constantly interviewing and using their computers throughout the interviewing process. It is rare to walk around any SSA office and not encounter employees who wear braces on their wrists to combat the pain and discomfort of RSI.

The stresses of the workplace have caused many employees to hate their jobs. They dread coming to work and count the days to retirement. Many Social Security employees have dedicated their work lives to helping senior citizens, disabled people and survivors with their income security needs. SSA employees took pride in providing this critical service to wage earners and their families. SSA employees were taught that the most important concept of the Agency was to insure that applicants received the correct payment as expeditiously as possible. Accuracy and quality of work were emphasized by the Agency as a critical factor of work performance.

This is no longer the case in SSA. Staffing cuts, increases in work volume and the assignment of additional non-traditional workloads has changed the emphasis from quality to quantity and production. This is made clear to employees in numerous ways at the worksite. Appointments are scheduled so that one has to cut corners to finish the interviews in the time allotted by SSA. Claimants wait an inordinate amount of time to be interviewed in field offices. Employees know that there are many more people waiting in the reception area for service so they speed up interviews so that everyone can be serviced. Management rewards high producers with awards even if their accuracy is suspect. Management doesn't have the time or personnel to perform comprehensive accuracy reviews. Employees characterize their work as "assembly line" work. Corners have to be cut or the work cannot be processed timely.

The reality in a SSA field office is that employees interview the bulk of everyday that they work. There is little time to process paper work, investigate claims leads, question potentially fraudulent situations, etc. Overtime is used to do paperwork. When Congress does not pass budgets timely and the Agency runs by continuing resolution, overtime is frequently suspended so employees don't even have that time for doing their paper work.

The constant stress of the SSA work situation frequently causes frayed tempers. The union is receiving more reports of worksite confrontations between management and employees and between employees themselves. Minor disputes escalate into major confrontations due to the constant job stress. Employees often report each other to management creating more workplace conflict. Frequent technological change, changes in work procedures and addition of more non-traditional responsibilities just adds to the stress levels on the office floor.

Staff shortages have caused many managers to discourage employees from taking any time off. Some managers refuse to allow employees to use sick leave for non-emergency medical appointments during the work day. Some managers have even contacted employee physicians and asked them to change their medical appointments and procedures because the scheduling interferes with their ability to process work. Management in a teleservice center in New York ordered all employees who called in sick on either a Monday or Friday to produce a medical certificate from their medical provider. Thus the workplace stress levels cause employees to become ill and when they call in sick management exacerbates the problem by questioning the validity of their illness. Employees perceive that management doesn't trust them and they don't trust management. Some managers have demanded proof for leave requests for major family events such as marriages, graduations and funerals. Managers have asked for programs of employee's daughter's dance recitals so they could track the time it actually took for an employee to drive to the event, attend it and return to work. This atmosphere of mistrust creates a horribly tense workplace environment.

In the teleservice centers SSA management at the national level instituted a policy which allows a maximum of 15% of the workforce off on any given day and only 10% on

peak days. This policy has made it extremely difficult for TSC employees to have enough consecutive days off to take meaningful vacations. Due to the limited number of employees allowed off, any emergency leave requests and requests for sick leave are viewed with skepticism by SSA management. Employees are frequently coerced to come into work even when they are ill or have a legitimate emergency.

TSC employees are required to be "plugged in" to the phones and answer calls for 6 1/2 hours per 8 hour day. Management has disciplined employees just on the basis of failing to meet the "plug in" standard. In order to insure that employees meet this standard, some SSA TSC managers have gone so far as to monitor bathroom breaks and question employees while they are in the bathroom regarding the length of their stay. In addition such requirements discourage employees from exercising their rights to file grievances, EEO complaints, rebuttals on disputed work evaluations, requesting counseling from employer counseling services, etc.

TSC employees are expected to keep the average length of their calls to 6 1/2 minutes or less. Some supervisors start harassing employees when their calls exceed 6 1/2 minutes. This harassment in some cases consists of pop up messages on the employee's computer screen questioning the length of the call. In other cases it may be a tap on the shoulder and questions about why the call is taking so long. Employees report that they experience enough stress empathizing with claimants who call and ask for status about the 2 year wait that they are experiencing regarding a decision on their disability appeal. They are on the front lines of listening to claimants pleas regarding their house foreclosure or their bankruptcy filing or their lack of medical insurance or their divorce that was caused by waiting and waiting for a decision on their claim. Instead of listening and providing some solace, employees are pressured to limit the calls to 6 1/2 minutes.

Teleservice representatives are subject to secret service observations all day long which consist of supervisors monitoring their calls and writing evaluations of their performance. TSRs report that this constant surveillance is extremely stressful. We have received many complaints that service observation evaluations are unfair, biased, petty and frequently about calls that the TSR can't even remember. Employees have the right to rebut these evaluations but are discouraged to do so since such rebuttals may cause the employee to not meet the 6 1/2 hour "plug in" standard.

Many employees who work in the TSCs refer to their working environment as a "sweatshop". This job is extremely stressful. Not only are employees tied to the phone most of the day and monitored regarding the length of their calls but they also tend to hear from the most upset, angry and emotionally distraught SSA customers. The combination creates a particularly stressful job.

Until a few years ago, TSRs were assigned non-telephone workloads which they could work periodically to break up the stress of being on the phones 6 1/2 hours day after day. However, these non-telephone workloads were removed in order to obtain more production from existing TSRs since staff levels were cut. Most TSRs will attest to the

fact that removal of the non-telephone work created a lot more stressful working environment.

Many employees report that the stress that they experience at work adversely affects their personal relationships, their ability to do housework and the way they relate to their families. Many employees can't just leave the job behind when they sign out for the day.

Staffing cuts have also resulted in few promotional opportunities for SSA field and TSC workers. Since 2001 there have been no upgrades of SSA field/TSC jobs despite their increasing complexity. When SSA does hire employees, they tend to hire them at the Claims Representative position precluding promotions to these jobs from the lower graded positions such as Service Representative or Teleservice Representative. Lack of promotional opportunities adds to the stress levels in field offices.

The working conditions in the new SSA card centers also leave a lot to be desired. This year employees in the Las Vegas card center were forced to work mandatory overtime from January to April due to the fact that the Agency failed to staff the office properly. The public began lining up before 6 AM at the Las Vegas card center which opened at 9 AM. Lines were so long that the waiting area was filled and the lines spilled out the door. When the office closed at 4 PM, there was often over 100 people left to interview in the office. People in line outside the door were sent home. The last customer often left the office after 8 PM. The stress of such a constant volume of work is incredible. The service provided to card customers unfortunately is atrocious. No one should be forced to wait for service for such long periods of time solely because of SSA's poor staffing decisions. Card centers service very broad geographic areas. The public should not be forced to drive over 100 miles in some cases to do their Social Security card work.

I hope that the above information assists the Senate Finance Committee in its examination of SSA's service delivery problems.

Witold Skwierczynski
President

November 20, 2007

The Honorable Jim Nussle
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Nussle,

We are writing to ask that you include adequate funding for the Social Security Administration (SSA) in the President's Fiscal Year 2009 budget to address an increasing number of critical service delivery issues. Our organizations represent a significant number of the stakeholders of SSA.

In order for SSA to meet its myriad of responsibilities, we estimate that the agency needs a minimum of \$11.0 billion for its Fiscal Year 2009 administrative funding. SSA expenditures are rising very rapidly and budgets in recent years have not kept up with the increasing demands for resources. The field offices, teleservice centers, hearings offices, Disability Determination Services (DDSs) and other parts of the agency are in critical need of additional staffing.

SSA has lost 4,000 positions in just the past two years. Even if SSA were to receive the funding level of \$9.872 billion that was recommended in the FY 2008 Labor-HHS Appropriations Conference Agreement, SSA would only be able to maintain its current level of staffing in most of its components – including the DDSs and the field offices. SSA needs to replenish these lost positions and regain a level of staffing that can meet the demands placed on the agency.

Adequate funding is absolutely critical for SSA. For the past ten years (FY 1998 through FY 2007), Congress has appropriated approximately \$1.3 billion less for SSA's administrative funding needs than requested by the President. In Fiscal Year 2008, the President's budget for SSA was \$843 million less than the Commissioner's Budget Request for the agency.

Going back to the beginning of FY 2000, the number of pending Social Security hearings has risen from 311,000 to a record high of 758,000. In addition, approximately 84,000 of these hearings are for veterans. The average processing time from filing for a hearing to the time a hearing is finally processed has increased from about 275 days at the beginning of this decade to 512 days in FY 2007. As a result, many people are losing their homes, living in homeless shelters, going without medical help, losing custody of their children, and even dying without ever receiving a decision.

SSA actuaries estimate that SSA will receive approximately 35,000 more initial disability claims in FY 2008 than was projected in the President's FY 2008 budget due to the fact that baby boomers are expected to file more disability claims as they approach retirement age. The President's budget already assumed SSA would not process as many claims as it received, so this increase in receipts merely exacerbates that problem and will increase the backlog. A total of 83,000 claims would be added to the already substantial backlog. This would result in the highest ever initial disability claim pending level – 660,000 – causing processing times for initial disability claims to also increase.

Not only has there been a marked degradation in the level of service that SSA provides related to the disability process but visitors to local SSA field offices for other services are also being negatively impacted by the agency's insufficient resources. Understaffed field offices are experiencing an ever-increasing number of visitors per week. Currently, SSA employees interview an average of 850,000 customers nationwide per week. In many field offices, these visitors experience waiting times that are in excess of 2 hours. SSA field offices receive over 60 million business-related phone calls from the public per year. A recent report states that 51% of these callers receive a busy signal.

In addition, SSA continues to be given responsibility for new workloads such as processing Medicare Part D subsidy determinations, taking and processing Medicare Part B premium determination appeals and processing increasingly complex security checks and stewardship reviews for Social Security Number issuance, SSI redeterminations and medical Continuing Disability Reviews. SSA is also facing critical needs to reinvigorate the Ticket to Work Program and other work incentives which, if successful, will reduce the number of beneficiaries dependent on benefits. These programs are designed to actually save money for the trust fund. Yet without adequate administrative funds SSA cannot possibly do all this work. For SSA to process traditional levels of program integrity work (i.e., SSI redeterminations and medical Continuing Disability Reviews), Congress would have to appropriate more than the \$11.0 billion recommended by the undersigned.

And, with the recent filing for Social Security benefits by the first baby boomer, SSA will be facing its most daunting challenge ever – the number of workers receiving Social Security retirement benefits will increase by 13 million over the next 10 years. These citizens will be contacting SSA at a time when the agency is proposing to close an increasing number of its field offices in response to inadequate funding to keep the offices adequately staffed and the doors open. Many SSA offices could close and others may reduce office hours without increased funding. With the massive number of baby boomers anticipated to need assistance and services from SSA in the years to come, it is imperative that the agency receives the resources it needs to sufficiently serve the growing numbers of people needing service from the agency.

The effects of the backlog extend throughout SSA. As SSA tries to address the crisis, the agency is forced to divert its limited resources away from its day-to-day operations in field offices and payment processing centers in order to try to manage the disability backlog.

SSA is facing these many workload challenges as its allocated staffing has dropped to the lowest level since pre SSI 1972. Since 1987 staffing has dropped by approximately 28,000. The state DDSs have lost over 900 employees in the last two years. If additional resources are not provided for the agency, staffing levels will continue to decline and service levels will continue to deteriorate.

We urge you to include in the President's FY 2009 budget a minimum of \$11.0 billion in funding to provide SSA with the resources necessary to reduce the backlog and protect many Americans from severe and unnecessary hardship. We are confident that this increased investment in SSA will benefit our entire nation. On behalf of our many members throughout the United States we appreciate your consideration of this request.

Sincerely,

AARP

APSE: The Network on Employment

AFL-CIO

Association of Administrative Law Judges

Alliance for Retired Americans

Association of Assistive Technology Act Programs

American Association of Homes and Services for the Aging

Bazelon Center for Mental Health Law

American Association on Intellectual and Developmental Disabilities

American Postal Workers Union Retirees

American Federation of Government Employees

B'nai B'rith International

American Federation of State, County and Municipal Employees

Easter Seals

American Federation of Teachers Program on Retirement and Retirees

Epilepsy Foundation

American Network of Community Options and Resources

Federal Managers Association

Goodwill Industries International	National Multiple Sclerosis Society
Gray Panthers	National Employment Network Association
National Active and Retired Federal Employees Association	National Organization of Social Security Claimants' Representatives
National Alliance on Mental Illness	National Respite Coalition
National Association of Disability Examiners	National Senior Citizens Law Center
National Association of Disability Representatives	National Treasury Employees Union
National Association of Professional Geriatric Care Managers	OWL, The Voice of Midlife and Older Women
National Association of Retired and Senior Volunteer Program Directors, Inc.	Paralyzed Veterans of America
National Association of Social Workers	Social Security Disability Coalition
National Committee to Preserve Social Security and Medicare	The Arc of the United States
National Council of Disability Determination Directors	United Cerebral Palsy
National Council of Social Security Management Associations	United Spinal Association
National Disability Rights Network	Voice of the Retarded

Senator Olympia J. Snowe
Senate Finance Committee
More Work, Less Resources: Social Security Field Offices
Struggle to Deliver Service to the Public
May 8, 2008

Mr. Chairman, thank you for holding this critical hearing regarding the immense service challenges facing our nation's approximately 1,300 Social Security Administration (SSA) Field Offices. I welcome all of our witnesses and look forward to hearing their recommendations about what we can do to improve what has become an extremely dire situation.

As we are all aware, SSA is having significant difficulty serving the 110 million Americans who each year seek help at one of the Agency's Field Offices. Indeed, individuals often cannot reach a live person when calling SSA Field Offices and hear busy signals around 50 percent of the time. Meanwhile, if individuals come to a Field Office for assistance, it is not at all unusual for them to wait at least two, three, or even four hours.

Clearly, this level of service would be intolerable at any Federal Agency, but it is particularly unacceptable at the SSA, which is charged with assisting Americans to apply for and receive Social Security, Disability, and Supplemental Security Income benefits. Approximately 60 million Americans rely on these vital SSA-administered programs for their very survival, and we must ensure that they face few difficulties in obtaining the benefits to which they are entitled.

Mr. Chairman, it would be tempting to simply blame SSA's management for the situation we face today, but that would be unfair. Inadequate funding that has led to subpar staffing levels, as well as increased workloads placed on the Agency by Congress, are the primary factors that have made it difficult for the SSA to provide a consistent level of quality service at field offices.

Consider the following facts: Last year, was the first time in 15 years that SSA received more than the Administration proposed in its Budget, and between 2001 and 2007, Congress appropriated on average \$150 million less than President Bush requested for the Agency. Consequently, the Agency has been unable to hire new employees to replace the 10 percent of its workforce that has retired in just the last two years, which has left SSA with its lowest staffing level since the early 1970s. Worse, Congress keeps adding responsibilities that the Agency must discharge. Most recently, the SSA has been called upon to administer Medicare Part D and provide Social Security Number verification and immigration-related activities.

Mr. Chairman, we all know that SSA requires a significant amount of additional funding to not only maintain its current levels of wholly inadequate service, but also to provide Americans with the service they expect and deserve. I am so proud that you and I, along with Senators Kerry, Bingaman, and Smith on this Committee, have worked together to lead the charge to increase funding. You will recall that in Fiscal Year 2007, we were able to secure enough additional money to prevent the SSA from furloughing employees and closing field offices. Last year, we did a little better, as Congress ultimately increased SSA funding by \$148 million more than President Bush had proposed in his Fiscal Year 2008 Budget after the Senate voted 88-6 to approve an amendment Senator Bingaman, you, and I offered to increase Agency funding by \$275 million more than President Bush had proposed.

This year, we cannot allow our previous efforts to lapse and must continue to press for additional funding. To his credit, President Bush in his Fiscal Year 2009 Budget proposed that

the SSA be appropriated \$10.327 billion to cover administrative expenses, 6 percent more than it received last year. While the President's funding level would provide one of few substantial increases for domestic spending programs, it would still not make the investments in employee hiring that are necessary to help SSA provide better service: SSA estimates that if it receives \$10.327 billion in funding and that funding is increased by 4.3 percent next year, the Agency will in Fiscal Year 2010 have nearly \$1 billion less than it must have to keep up with the work it is required to do.

Recognizing that Agency funding would be insufficient even with the substantial increase President Bush has proposed, Senator Kerry and I in March sent a letter, signed by 40 additional Senators, including Chairman Baucus and Senators Bingaman, Cantwell, Lincoln, Rockefeller, Salazar, Schumer, Smith, and Wyden on this Committee, asking that the Budget Committee provide SSA with \$350 million more than the President requested in the Budget Resolution. I was pleased to see that both the Senate and House versions of the Budget Resolution included \$240 million more for the SSA than requested by the President.

I trust that the funding level approved by both the Senate and House will hold in conference, and I will work tirelessly to ensure that it is actually appropriated later this year. This will enable the SSA to hire additional personnel at its Field Offices, replace its antiquated telephone system, and modernize its website so that individuals can complete transactions from the privacy of their homes with no wait time whatsoever. Our constituents deserve nothing less, and we must not fail to act on this priority.

Thank you, Mr. Chairman.

**United States Senate
Committee on Finance
Written Testimony for the Record
of Richard E. Warsinskey, Past President
National Council of Social Security Management Associations, Inc.
May 8, 2008**

Chairman Baucus, Senator Grassley and Members of the Committee, my name is Richard Warsinskey and I represent the National Council of Social Security Management Associations (NCSSMA). I have been the manager of the Social Security office in Downtown Cleveland, Ohio for thirteen years and have worked for the Social Security Administration for over thirty-two years.

I also help coordinate the activities of the SSA Advocacy Group. This group works to improve SSA's services at all levels. Members include many senior organizations, a number of disability support groups, SSA and Disability Determination Service associations, and Federal employee unions. On behalf of our membership and in support of our Advocacy Group, I am pleased to have the opportunity to submit this written testimony to the Committee.

NCSSMA is a membership organization of over 3,400 Social Security Administration (SSA) managers and supervisors who provide leadership in more than 1,300 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 problems and issues for your constituents who receive Social Security retirement benefits, survivors or disability benefits, or Supplemental Security Income. From the time our organization was founded over thirty-seven years ago, NCSSMA has been a strong advocate of efficient and prompt locally delivered services nationwide to meet the variety of needs of beneficiaries, claimants, and the general public. We consider our top priority to be a strong and stable Social Security Administration, one that delivers quality and prompt community based service to the people we serve, your constituents.

GAO Report on Field Offices

The intent of this hearing is to focus on SSA Field Offices and the GAO report on Field Offices. We have not had the opportunity to review the GAO report prior to submitting this written testimony. Consequently, this testimony will be based on our view of the current situation in Field Offices and the overall challenges faced by SSA. We would be happy to submit written comments on the GAO report after the hearing once we have had a time to review the findings.

How Reduced Investments in SSA Field Offices Have Reduced Services

The level of administrative funding that SSA has received in recent years has negatively affected the agency's Field Office services in many ways. The following list is a summary of a few key areas where SSA has seen such an impact:

- 51% of callers who eventually reached a Field Office by telephone said that they had received a busy signal or were told to call back at another time on an earlier call. It is important to note that this busy rate did not include those callers who gave up calling the office. Thus the actual busy rate is higher than 51%.
- The combined effect of staffing reductions and more visitors coming into Field Offices has resulted in significant increases in waiting times in many offices for the public we serve. SSA Field Offices are receiving record numbers of visitors this year. For the first 16 full weeks of this year, SSA Field Offices have had over 14 million visitors, which is about a million more visitors than the same period in 2007. In many of SSA's larger urban offices it is not uncommon for the public to wait in excess of two to four hours to be served by an SSA representative. Some offices such as Ft. Myers, Florida; Austin, Texas; Huntington Park, California; Aurora, Colorado; Rego Park, New York City; New Brunswick, New Jersey; and right here in Washington, DC (M Street Office) averaged over a 60 minute wait from the opening of the office in the morning until the closing at the end of the day for the first three months of this year. These times are certainly excessive, but they are not the most extreme. The worst waiting times are in Puerto Rico where three offices have average waiting times of over 100 minutes. We also asked our members in a survey last week if their waiting times had gone up in the last year. 64% said waiting times were longer or significantly longer. 78% of the responders said that the high volume of walk-in traffic or insufficient staff were the most significant causes of the longer waiting times.

We recognize that there are many Field Offices whose waiting times are not excessive. Unfortunately the visitor traffic in especially many urban offices continues to increase. We received the following feedback from two Managers last week about their offices:

Manager Number One

"This year we are experiencing the longest waiting times we have ever experienced in the 15 years that I have been a manager. We are turning away visitors before 8:30 AM. This causes visitors to arrive earlier and earlier to be seen.

"Some visitors arrive and wait in line by 6:30 AM. We have over 60 people entering the office when we open at 7:45 AM. Each day we have some visitors who wait for over 5-6 hours, and some have waited 7 hours."

Manager Number Two

"Up until last fall, if the wait in the lobby was more than 30 minutes, we would send up all the staff to help. The volume of the traffic now is such that if we did that, we would never have time to clear any work. We no longer have a set trigger time; the wait is often 100 minutes."

- Although employees are encouraged to return phone calls directed to their voice mail in a reasonable amount of time, and most try to do just that, complaints from the public regarding unreturned phone calls are not uncommon. The key problem is there is little free time to return calls.

- The pressures to keep up with the work in SSA Field Offices have forced many offices to reduce ongoing training. In the survey of our members last week, 52% stated their staff did not receive adequate training. 70% said this was due to lack of time or pressures to process workloads. This problem can be demonstrated by what one Manager stated last week in our survey:

"We lack staff to provide the frequent, ongoing training to ensure good public service. We lack staff to provide good initial training for newly hired and recently promoted staff members."

- In past years, funding shortfalls have forced SSA to cut back on program integrity activities, such as Continuing Disability Reviews (CDRs), which save \$10.30 in program costs for every \$1 spent in administrative dollars, and SSI eligibility redeterminations, which save \$7 for every \$1 spent in administrative dollars. This year SSA plans to process 235,000 CDRs and 1.2 million SSI redeterminations. This is 565,000 fewer CDRs and over 1.25 million fewer SSI redeterminations than were processed earlier this decade. These reductions are costing taxpayers a great deal of money because payments are made to ineligible individuals or are significantly higher amounts than the person is entitled to. In addition, the reduced rate of completed SSI redeterminations has caused the SSI benefit payment error rate to increase more than 23%, from 6.4% to 7.9% from FY 2005 to FY 2006.

We asked our members in our survey last week if the quality of work product in their offices has declined in recent years due to loss of staff. Of those that supplied an answer, 65% strongly agreed or agreed that it had declined. Two members of management in our survey stated the following:

Manager Number One

"Our quality has greatly declined. During file and quality reviews, Claims Representatives consistently make mistakes while trying to move the work through quickly. There aren't enough hours in the day to properly monitor the workloads. There is no way we can pull an employee to mentor new employees the way they should."

Manager Number Two

"Quality is my biggest concern. I think training and mentoring and especially monitoring/reviewing are neglected. We just throw people on the floor and nobody has time to watch them or review what they are doing. We never find out about payment errors or processing errors unless we get a complaint or we run across it randomly."

- Since FY 2006, SSA has eliminated 19 Field Offices. This is due to closing or merging of locations as the agency attempts to handle its increasing workloads with insufficient resources. SSA has also closed hundreds of contact stations in the past decade which reduces service to the most rural and underserved areas in the country. They have also reduced the hours of many contact stations. One Manager stated this in our survey from last week:

"We have reduced travel to contact stations to once per quarter. For the public this has made long trips to the Field Office an absolute necessity."

At the same time there is a great need to open new offices to relieve very overcrowded locations with high waiting times. In 1984 there were 13 million people in the state of Texas. Today there are 23 million people. This is a 77% increase in population. In 24 years, one new office has opened (Mid-Cities) and one office (Nacogdoches) has closed. The population of Houston alone has doubled in the last 24 years. Yet, there are the same 6 offices with two-thirds of the staff. The same could also be said of the San Antonio area. And in Austin the population has also nearly doubled. Yet there is still only one office in Austin. Growing offices create crowding. Two Managers stated the following in response to our recent survey:

Manager Number One

"Our retirement, disability and enumeration workloads have increased considerably this last year. We don't have enough parking. GSA has stated that even though people cruise our parking lot for an empty spot we are not allowed to have any additional parking. Our reception area is full a considerable part of the day with standing room only."

Manager Number Two

"My office serves an area that has grown in size by at least 40% over the last few years and is projected to grow even more in the upcoming years. When our office was designed in 2001, the lobby area was built to accommodate about 20 people. Unfortunately, we now have standing room only as we almost always have more than 20 visitors waiting."

"There are not enough chairs to allow each person to sit, and as a result they either mill about the lobby, getting angrier by the minute or they stand outside the front door and wait until their number is called. I've known people to leave their chemotherapy treatments and come immediately to our office so they wouldn't miss their appointment since it would take them weeks to get a new one. As our area continues to grow, I anticipate these types of situations will become more commonplace."

- The agency's policy bars the public in a metropolitan area with a Card Center from obtaining a new or replacement Social Security Card from any office in that metropolitan area other than the Card Center. Many of our customers are disabled or rely on public transportation. Traveling across town in major metropolitan areas in which the Card Centers are located can be difficult for them.

SSA's New Workload Challenges: The Baby Boomers

SSA will continue to face significant workload challenges in future years. Due in large part to the aging of the baby boomers, the number of workers receiving Social Security retirement benefits will increase by about 13 million over the next 10 years. 80 million baby boomers will be eligible for benefits, or over 16,000 per working day. In a recent survey of NCSSMA members, one SSA Field Office Supervisor made this fairly typical comment: *"Visitor traffic is increasing due to the baby boomers as well as the increasing difficulty claimants are experiencing trying to contact us by phone. Many visitors indicate that they have tried to contact us by our office phone and the 800 Number to no avail. Our office wait times are increasing also causing more claimants to demand appointments instead of waiting for service."*

Those retiring have important decisions to make about collecting their Social Security. Many will receive over a quarter of a million dollars in benefits over the course of their retirement. In fact the maximum benefit at full retirement this year is over \$26,000 per year. There are many options to consider when filing for benefits. Should you take your benefit as early as 62 if you are retired? Should you wait until your full retirement age of 66? Or even delay drawing benefits until age 70 and receive an even larger amount? When should a spouse take benefits? When should a widow take benefits? How will working affect your benefits? Unfortunately, reduced staffing inhibits our ability to provide guidance in these areas and many more applicants are left to "fend for themselves."

These are complicated decisions that will affect the retiree for the rest of their life. SSA Field Offices have trained Claims Representatives that work with applicants to help them make these decisions. The concern is will there be enough trained Claims Representatives available to handle the volume of work we are expecting.

On average, it takes 3 to 4 years for a Claims Representative to be fully trained. SSA makes a substantial investment in these positions. SSA is now facing a retirement wave of the employees brought on in the 1970s, resulting in a significant loss of the agency's institutional knowledge. It is imperative that SSA has an adequate number of Claims Representatives, an extremely important position in the agency. The challenge of the retirement wave is described in this statement by a Field Office Assistant Manager in our recent survey: *"The staff's morale is beginning to fall. They can see the handwriting on the wall -- more work, less people. In fact, I believe the reason the seven that are leaving next January are leaving is because they are worn out and see no hope for improvement. It is very sad for our agency to be in this situation. We need to be training new employees to fill the void when the baby boomer employees leave us in mass quantity."*

SSA and the Internet World

The Commissioner of Social Security recently testified before the House Ways and Means Committee that SSA is working to increase the number of online filings from the current level of 13%. He also stated that he expects the current 45-minute average online retirement filing time to drop to an average of 15 minutes. And finally he stated that anticipated changes in computer programs that will be introduced later this year will eventually allow for automatic processing of some claims, without anyone in SSA reviewing the cases.

We believe that an increased effort by SSA to offer an expanded number of internet applications does not significantly reduce the need for trained staff in the Field Offices. Claims filed over the internet need to be thoroughly reviewed by Claims Representatives. **There also needs to be a thorough discussion with each applicant for benefits after they file to ensure that they understand their options for receiving benefits.** It is highly unusual for an internet claim not to require recontact with the applicant and for the claim as submitted to result in an accurate payment if it were processed as received. Many Field Offices have to pull staff from interviewing or answering the phones to work on correcting the internet cases. This process is much different from when a Claims Representative takes a claim directly from a visitor or by phone. In these direct interaction cases recontact is normally not needed and thus there is less

multiple handling and the cases can be processed faster. Unfortunately SSA does not expect to have a new internet product that will improve the fallout that requires Field Offices to fix the internet claims until at least 2010.

Last week we surveyed NCSSMA members nationwide. In response to the question: **What percent of internet claims applications/forms received in your office require a significant amount of time to recontact the claimant, review and take corrective action to update the application/forms?**

The answers received were:

- a. less than 20%: 7%
- b. 20% - 40%: 21%
- c. 41% - 60%: 23%
- d. 61% - 80%: 28%
- e. 81% - 100%: 21%

Another question we asked was: **What is the average amount of time needed to take corrective action to update an incomplete or improperly completed internet application or form (include time for successful and unsuccessful attempts to recontact the applicant)?**

The answers received were:

- a. less than 5 minutes: 1%
- b. 5 - 10 minutes: 5%
- c. 11 - 15 minutes: 14%
- d. 16 - 20 minutes: 17%
- e. 21 - 25 minutes: 15%
- f. 26 - 30 minutes: 23%
- g. more than 30 minutes: 26%

We also asked this question: In what percent of internet retirement claims has the claimant selected a disadvantageous month of entitlement?

The answers received were:

- a. less than 20%: 33%
- b. 20% - 40%: 38%
- c. 41% - 60%: 22%
- d. 61% - 80%: 6%
- e. 81% - 100%: 2%

Three members of SSA management summarized last week the overall problem we are facing with internet claims:

Management Member Number One

"Internet claims are increasing. They are lengthy to complete by the customer. We have lists to work that are cumbersome and hard to keep track of. We are told to promote these services like mad – using Field Office staff that we really cannot afford to use for this purpose. Somehow, we

find a way. It's a conflict for some employees, to "sell" this great service to the public when we know we can take a claim faster and have a better product...but, we tell the public, "This is great, it's the way to go!" Internet services have their place and we do have a wonderful website, but more upgrades are needed. The agency needs additional funding to implement better electronic services."

Management Member Number Two

"We have seen a significant increase in internet usage. The main problem is that most people don't complete the internet disability forms. Most disability internet claims require recontact to obtain or clarify medical information. We rarely ever receive medical release forms from claimants who file internet appeals. We have to recontact them repeatedly. It is very difficult to reach our internet filers. It is difficult for them to call us back because our employees are constantly interviewing.

"We often have to deny internet disability claims for failure to pursue since many won't ever complete the internet disability report or send the medical release forms. Then when they finally send this information in after the denial, it creates even more work because we have to reload the information as new initial claims.

"The internet filers who file retirement claims are still working and difficult to reach."

Management Member Number Three

"We have a high volume of internet claims, of which I would say probably less than 1%, are completed properly. In addition, we are beginning to find that some statements made by online filers, especially regarding retirement test issues, were either not understood or just not answered properly by the online applicant."

SSA has traditionally provided information and guidance to applicants for retirement benefits to ensure that they select the most advantageous month of initial entitlement. We are concerned about a plan to have the claims of applicants who file for retirement benefits on the internet go to payment without any review by an SSA Claims Representative. Our concern is documented by the answer to the above question where so many of the respondents felt claimants are selecting the incorrect month of entitlement. We believe that there is the potential for overpayments, underpayments, loss of benefits and additional work to deal with the fallout from these incorrect payments being made. Sadly, this could cause a good deal of mental anguish to people during one of the most vulnerable times in their lives. This departure from one of the basic philosophical premises of SSA's administration of the program, that we'll be there to help the public make this difficult decision, is troubling.

The statements below from three NCSSMA members very effectively summarize the problem with selecting incorrect month of entitlements:

NCSSMA Member Number One

"Perhaps the most disturbing trend is the agency's stance that the internet will solve all of our problems and things like choosing the correct month of election to benefits and other quality concerns no longer matter. We had to be trained as Claims Representatives for 10 weeks or

more, but 15 minutes on the computer to decide your retirement benefit for the rest of your life is just fine? You only get one shot at retiring, it ought to be an informed decision."

NCSSMA Member Number Two

"Many internet retirement claims are processed by members of the public and we are concerned that applicants are not always choosing the most advantageous month of election. For most applicants, a discussion of the pros and cons of different months of election is imperative. A "guess" may result in an adverse economic impact for a retiree for the rest of his life. This is something that none of us want to see."

NCSSMA Member Number Three

"I am concerned with the level of understanding necessary to determine the proper month of election and entitlement. From my vantage point, it will take an enormous amount of education for many people to understand and make an educated decision of when and what they are getting."

We are very skeptical that any computer program could be designed to fully substitute for the in-depth review and analysis that our Claims Representatives conduct for claimants filing for benefits. Again, we are discussing a quarter of a million dollar worth of benefits and the options on selecting these benefits are varied and can be very complicated. Would individuals turn over investing their own money to a computer without any human analysis? We don't believe SSA has developed a thinking computer, we are nowhere close. We do believe that new estimating software being produced by SSA can assist in educating the claimants on their choices. But this should be backed up by someone who is an expert at providing this assistance.

We are also concerned about being able to catch questionable retirement cases without a review of the case. The most common situation where this comes up is with self-employed individuals and corporate officers. These types of cases require a thorough interview to ensure benefits are actually payable.

We believe that the choice to file for benefits in person, by the phone or on the internet should be made by the individual claimants. It should not be a "one size fits all" process with the decision maker being SSA.

We would like to be very clear about the role of the internet in the SSA claims process. It is inevitable. Surely, over time, the internet will become a major, if not the major, method for people to conduct business with SSA. There exist now and there will always be people who neither prefer to use the internet nor who will be able to receive the benefit to which they are entitled by using this method. These people should be able to choose the service they want, especially as they have already paid for it.

A key concern we have at this time is that there is intense pressure on our employees to increase internet utilization in SSA at the same time the back end of the product we receive isn't fully ready for prime time. Once a tested and proven internet claims product that works better is released it would be more appropriate to market and try to increase utilization. But all claimants should have the choice to file a claim on the internet and not be pressured to do so. We are

aware of instances where some claimants come into a Field Office to file but are encouraged to go back home and file their claim on the internet. We believe this practice is occurring to meet intense pressure to attain internet percentage goals that are often set at regional and area levels.

Ask yourself this question: Would you be comfortable with your parent or grandparent filing over the internet for their Social Security retirement benefit, earned over a lifetime of hard work, *without any assistance or review*? **Eighty-one percent of our members in the survey completed last week stated that they would not be comfortable with such a situation.** One of the many reasons why is that the interview is not merely obtaining information necessary for a claim on that person's record, but also an exploration of benefits on other records and an explanation of the rights and responsibilities a beneficiary has.

We suggest devoting resources to web assistance where the claimant can contact us for immediate online help with their internet claim as this service grows more popular. Online web assistance has been discussed since the beginning of this decade and we still don't offer it. This option would of course require SSA staff to handle the web traffic. Those employees would be substituting an online contact for an applicant at their desk but the manpower needed to provide the service would still be required. As it is, SSA Field Offices cannot engage in a dialogue with the claimants by e-mail which could potentially save us a number of telephone calls and/or walk-in visitors. This restriction is due to the fact our communications over e-mail with the public are not secure. We also support developing a strong authentication of the claimant filing on the internet to prevent any fraud.

As we move to more internet applications being offered we need to ensure we provide the free support service SSA has always provided. If we aren't funded to provide internet assistance, the private sector will likely start offering this service, for a charge. Given the fact the public has paid for their benefits and the administrative support to pay their benefits, we believe all possible steps should be taken to prevent this from occurring.

SSA Lifetime Service

SSA provides a lifetime of service for its beneficiaries. We like to call it a lifetime "warranty" service. The public has the right to expect courteous explanations of complex subjects in language tailored to their level of understanding as much after benefits begin as they do before. As the number of beneficiaries continues to increase SSA will need an adequate level of staff to provide the service they expect and deserve.

The agency is beginning to see the leading edge of increased demands for this "warranty" service with the baby boomers now filing. As mentioned above we have seen about a million more people already this year compared with the same time last year. One Field Office Manager stated this in our recent survey: *"The staff usually feels overburdened with the never-ending volume of interviews. They are usually one after the other daily with no ending. They are in need of time at their desks to process the numerous listings and actions that go with them."*

The above quote is a fairly typical description of life in SSA Field Offices. Employees are busy running all day and have little time to train and complete thorough reviews of their cases. In

October 2007, the AARP Bulletin published an article sent to approximately 30 million households entitled, "*Social Security Meltdown: Will Anyone be Left to Help You?*" The article provided a number of examples of how service has been degrading in Field Offices. The article concludes with this statement by a retiring employee: "*I think what Social Security is looking at is the perfect storm.*" (See: http://www.aarp.org/bulletin/socialsec/the_line_starts_here.html.)

It is important to note that SSA pays out about \$600 billion a year to all Social Security beneficiaries, including \$100 billion to Social Security Disability beneficiaries. It also pays out about \$40 billion a year to SSI recipients. With these substantial amounts of funds being disbursed it is imperative that the SSA staffs who administer these funds have the necessary training and time to accurately process cases. Otherwise it is pennywise and pound foolish.

SSA's Inadequate Field Office Telephone Service

SSA also handles an enormous volume of telephone calls to local Field Offices and Teleservice Centers. About 120 million calls are received by Field Offices and Teleservice Centers every year. The 800 Number had a busy rate of 7.5% in FY 2007 and handled about 59 million calls through agents and automation. At the same time over 60 million phone calls are directed to SSA Field Offices each year. An SSA study detailed that in FY 2006, 51% of callers who eventually reached a Field Office by telephone said that earlier in the day they had received a busy signal or were told all lines were busy. **It is extremely important to note that this study only measured the callers that actually reached the Field Office. Those who received busy signals or received a message that all lines were busy and never got through to the Field Office were not surveyed. As a result the 51% busy rate is a serious understatement of the problem.** Another factor that negatively influences the telephone service in Field Offices is the fact that they have twenty-year old telephone systems for which it is virtually impossible to obtain parts.

The combined pressures of the increasing numbers of visitors and telephone calls can be seen in these recent, and very typical, statements in our survey by three Field Office Managers:

Manager Number One

"Traffic is up across the board. We are fighting a two-front war with rubber bands and toilet paper. On the one front, we have the phones. Despite our diverting more resources to the phones, the busy rates are still through the roof and we receive constant complaints about inaccessibility. This drives people to drive in. And in our service area, that drive can be nearly 200 miles one way. Despite the distances, our front counter is jammed up nearly every day. Occasionally, the weather plays a role and we have a light day on the counter. But overall, average visitors to the office are up 35-50%. This is just a reflection of the inability of the agency to handle the phones. This causes us to divert extra attention to covering the front counters. Of course, with extra coverage on the phones and extra coverage on the counter and staffing resources down, that does not leave a lot of capacity to handle claims of any sort."

Manager Number Two

"We are a large office without another office close by, so our walk-in traffic is tremendous. As "savvy" as the area is, not that many people want to use the internet. They try to use the

telephone, but you cannot get through to an office with one Service Representative answering the phone. We also have a large volume of foreign claimants who insist on coming into the office. If I had personal business with Social Security, I would not choose to come in or call my own office."

Manager Number Three

"Years ago I had to make a decision about telephone service. Do I cut back on the number of incoming lines and have the public get a busy signal or do I keep the incoming lines I have and let the telephones go unanswered. I chose the former and have listened to the gripes about not being able to through since that time. But I still feel that people are able to accept a busy signal more than they are an unanswered call."

This past Sunday, May 4, 2008, the Raleigh, North Carolina News & Observer ran a story headlined: "Boomers are put on hold." The following section is from that story:

"Every day this year, about 10,000 baby boomers turn 62.

Many will have questions about their Social Security benefits, but few will likely get answers -- at least not quickly.

The Social Security Administration has reduced its staffing by more than 5 percent since 2003, to about 60,000.

That means seniors such as Early L. Graham of Raleigh have dealt with long hold times and promises of call backs that never come.

"I had to call three different numbers before I got anyone on the phone," Graham said.

Brian Simpson, a spokesman at the Social Security office in Raleigh, said he hears similar complaints all the time.

Trying to handle customer demand with fewer employees, the agency has shifted some workers away from phone lines to front desks to assist walk-in clients.

Graham, 64, said he has tried for more than a year to resolve a complicated issue regarding his Social Security payments. On the rare occasions when he has gotten someone on the phone, he has had to explain his situation from the beginning.

Graham finally started keeping track of the people he spoke with, which has helped somewhat. Still, many of his questions remain unanswered.

If you are a baby boomer or the child of one, it's just a matter of time before you will have to contact the Social Security Administration. Brace yourself."

We also asked our members in last week's survey what percentage of the time they can provide prompt telephone service. **21% stated that they could provide it 0-20% of the time, 45% said they could provide it is 0-40% of the time and 68% said they could provide it 0-60% of the time.** The vast majority who said that they did not provide prompt service stated that they needed more staff to improve telephone service.

For many years SSA has stated that it wants to improve the 800 Number services. The FY 2009 budget states that SSA plans to have a 10% busy rate for FY 2009 and an average of a 330-second answering time for a call. (This is unchanged from FY 2008.) However, few resources have gone into improving the Field Office telephone service. There is no mention of any additional staffing resources being allocated in the FY 2009 budget to improve the telephone service provided by SSA's Field Offices. For years, SSA's annual reports have touted the 800 Number service. But these reports virtually ignore the state of our Field Office telephone service.

SSA Field Offices receive slightly more calls than the Teleservice Centers due in large part to language in the Omnibus Budget and Reconciliation Act of 1990. The two sections below required publication of local Field Office telephone numbers:

Social Security Notices-

Requires Social Security notices issued on or after July 1, 1991, to be written in clear and simple language and to contain the address and telephone number of the local office that serves the individual. If the notice is not produced in a local office, it must include the address of the local office servicing the individual and a telephone number through which that office can be reached.

Telephone Access-

Requires SSA to restore telephone access to local Social Security offices to the level generally available as of September 30, 1989, and to request the publication, in telephone directories, of telephone numbers and addresses of local offices that provide direct telephone access by May 4, 1991...

As a result of the provisions above, all SSA notices must include the local telephone number. This means the public has the telephone number of the local Field Office to call in addition to the 800 Number. SSA must also publish the Field Office phone number in the local phone directories, and online for those Field Offices that published their local phone number as of September 30, 1989.

Consequently, SSA Field Offices are being overwhelmed with phone calls. **This has created two classes of phone service: The 800 Number which provides a barely adequate level of service and the Field Office telephone service, which NCSSMA must describe as deplorable.** Answering the phone promptly and professionally, taking the time to fully understand the question and responding to it in language tailored to the customer's level of understanding will require more employees in the Field Offices and Teleservice Centers.

In past years SSA has experimented with forwarding calls to the 800 Number when the caller receives a busy signal while calling the Field Office. The caller usually receives an intercept message when a call is busy offering them the opportunity to have the 800 Number handle their call. The public has the option to accept having their call redirected or to redial to reach the Field Office later. Most callers do not accept this option. But there are enough that do so this helps alleviate some of the high busy rates in Field Offices.

But SSA has only been able to offer this service during non-peak periods (often summer) for a limited number of offices. The reason is that the 800 Number is already at staffing capacity to answer calls during most times of the year. The situation is much worse during the first three months of the year and the beginning of the month and week. Calls volumes are much higher. Benefit Authorizers in the Program Service Centers are taken off their work to assist in answering the 800 Number. This delays their own work and results in regular backlogs in the Program Service Centers. This is a key reason why these Program Service Centers are working overtime on Saturdays and Sundays.

Any plans to redirect Field Office calls to the 800 Number will require more staff for the 800 Number. Or simply more staff could be provided for the Field Offices to answer the phone calls since the public has made the choice to call the office.

Program Integrity Workloads

Earlier this decade, SSA Field Offices were processing 2.45 million SSI redeterminations and 800,000 medical Continuing Disability Reviews (CDRs) per year. The FY 2009 budget calls for 1,486,000 SSI redeterminations and 329,000 medical CDRs. This is about one million fewer redeterminations and over 450,000 fewer CDRs per year than earlier this decade.

Funding shortfalls have forced SSA to cut back on program integrity activities, such as Continuing Disability Reviews (CDRs), which save \$10.30 in program costs for every \$1 spent in administrative dollars; and SSI eligibility redeterminations, which save \$7 for every \$1 spent in administrative dollars. This year SSA plans to process only 235,000 CDRs. Due to recent reductions in processing CDRs, SSA is expected to have 1.225 million CDRs that should have been worked, but were instead deferred.

The average estimated savings for completing 10 CDRs in FY 2009 is \$8046. The average estimated savings for completing 7 redeterminations in FY 2009 is \$840. If the full contingent of CDRs and redeterminations were done in FY 2009, it could save taxpayers approximately \$4.78 billion.

In FY 2006, the agency's SSI accuracy rate with respect to overpayments was 92.1 percent with an error rate of 7.9 percent, which represented improper payments of \$3.2 billion. This is a statistically significant difference from the FY 2005 error rate with respect to overpayments of 6.4%, which represented \$2.5 billion in improper payments. SSA directly attributes this increase in the error rate to the *reduction* in the number of redeterminations conducted in FY 2006.

In our survey last week, one Supervisor told us the following:

"We have had three cases alone in our office that had not been selected for an SSI redetermination in recent years because of the freeze placed on them. These three cases alone had a combined overpayment of \$30,000. These overpayments could have been prevented if we would have had resources to do them sooner."

If the number of direct service positions in the agency were increased, the number of SSI redeterminations and medical CDRs that SSA performs could be increased substantially. This would result in a **significant** savings of funds for taxpayers.

How Reduced Investments Have Affected Other SSA Services

The level of administrative funding that SSA has received in recent years has affected other parts of our agency's service so we very much recognize that the Field Offices are not an independent island and that all parts of the agency need to be fully funded. The following list highlights a few areas:

- As of the end of April 2008 about 756,000 cases, a near record high, were awaiting a hearing on an appealed claim, compared to only 312,000 cases at the beginning of FY 2000. Nearly 300,000 of these appeals are over 1 year old. Approximately 92,000 veterans have pending hearings. The average processing time for a hearing as of April 2008 was 517 days, up about 200 days from earlier this decade. These delays are in addition to the nearly nine months processing time for the initial claim and reconsideration claim filing that precede most appeals for a hearing. In addition, if a hearing is denied claimants wait on average another 200 days for the decision from the Appeals Council. Processing times are much higher in some Hearings Offices. For example the processing times in April for the Flint, Michigan Hearings Office was 762 days, the Portland, Oregon Hearings Office was 657 days, the Buffalo, New York Hearings Office was 653 days and the Seattle, Washington Hearings Office was 561 days.

The delays have wreaked untold havoc on the lives of thousands of individual Americans and their families. There have been many major media stories reported in the past year chronicling how disability applicants have lost their homes and families, and become more and more desperate as they wait for an answer from SSA. In 2008 stories have already run in the following states:

Alabama	Kansas	New York
California	Maine	North Carolina
Colorado	Maryland	North Dakota
Florida	Minnesota	Ohio
Georgia	Missouri	Oregon
Hawaii	Montana	Tennessee
Idaho	Nevada	Texas
Indiana	New Jersey	Wisconsin

Many do not have health insurance, and without approval for Social Security and SSI, will not be able to get any insurance. Thus, their health continues to decline. **Tragically, thousands of disability applicants have died while waiting for a hearing.**

- The Disability Determination Services (DDSs) lost about 1,300 positions from the beginning of FY 2006 to the end of April 2008. The attrition rate in recent years at the DDSs has averaged 12.7 % versus 6.8% for Federal government employees. This is due primarily to

the lower wage level of these jobs compared to other jobs within the area where these examiners work. This has forced the DDSs to invest large sums of money in training new staff, diverting precious dollars away from making quicker decisions.

- The Office of Disability Operations handles the disability cases that the Field Offices are unable to handle. The average amount of time it takes for a Benefit Authorizer to process a post-entitlement case they are assigned as of May 2, 2008 is 265 days. For Claims Authorizers it is 330 days. This is a primary reason why Congressional offices receive so many requests for assistance regarding the payment of disability claims. This is occurring even though the Office of Disability Operations (ODO) currently makes available 8 hours of overtime on Saturdays and 6 hours on Sunday. ODO has lost almost 600 positions since the beginning of FY 2005 and is losing a great deal of its institutional knowledge due to the retirement wave. The seven Program Service Centers nationwide, including ODO, have lost nearly 1,400 positions since the beginning of FY 2005, and can only replace 1 for every 2 losses this year.
- SSA's computer system faces fundamental challenges in its ability to deliver services. This was highlighted in the National Research Council Report released in August 2007. Much of SSA's system is built on COBOL-based operating systems, which is 1950s technology. This operating system is holding back SSA's ability to move forward into the 21st century. The report states in part: "SSA's current data-management approach continues to pose increasing risks. The approach faces increasing limits in the availability of staff that understands and can support SSA's technologically obsolete, customer solution. In addition, the approach precludes the use of valuable new technological capabilities and requires interruptions in service for batch updates, both of which impede the provision of desirable new e-services. (See the report: *Social Security Administration Electronic Service Provision: A Strategic Assessment*. http://www.nap.edu/nap-cgi/report.cgi?record_id=11920&type=pdfxsum)

Impact of the FY 2008 Budget on SSA's Resources

In our survey of our members last week, 81% said they did not have enough staff to keep their workloads current. The good news is that SSA is planning to hire more than 2,000 positions for the Field this year as well as positions in the Teleservice Centers, Payment Centers, Disability Determination Services (DDSs) and Hearings Offices. This is a great relief as the staffing in SSA and the Field Offices is at the lowest level since 1972. This hiring will be a major step forward in beginning to address the significant resources drain in Field Offices and all of SSA in recent years.

Despite the positive budget news for FY 2008, it will not be enough to replace the significant losses SSA has experienced over the last decade. We also believe it will not be enough to deal with the growing workloads and demands at SSA, many of which have been deferred.

SSA estimates that in FY 2009 it will have a staffing deficit of essentially 9,100 full-time staff compared to FY 2007 staffing levels for workloads and services in support of the public. The FY 2008 shortfall is 3,300 work years, and the FY 2009 shortfall is projected to be 4,800 work years. This is in addition to a shortfall in FY 2007 of 1,000 work years. All three of these

figures must be added together to see the cumulative shortfall of 9,100 staff work years. Included in this shortfall are important workloads and services that are **in addition** to the processing of new applications, e.g., representative payee accounting, recording earnings, and dealing with overpayments. A significant portion of these backlogs are due to the reductions in processing medical Continuing Disability Reviews and SSI redeterminations which are costing the taxpayers billions of dollars.

This shortfall means that there are fewer SSA employees available to carry out an ever-expanding menu of services and functions required from SSA that are critical to people with disabilities. Indeed, despite dramatically increased workloads, staffing levels up until this past month were at the lowest level since 1972. From the beginning of FY 2006 through March 2008, SSA's 1,267 Field Offices have lost nearly 1,900 Claims Representatives and 475 Service Representatives. The hiring for this year will have little impact on the ability of Field Offices to improve the answering of telephones because there has been such a growth in visitor traffic. The new staff hired in FY 2008 will be needed just to keep the visitor waiting times from continuing to degrade.

The Fiscal Year 2009 Budget and Past Budgets

The President has proposed a budget of \$10.327 billion for SSA's Limitation on Administrative Expenses (LAE) account for FY 2009. This is an increase of \$582 million, or 6% over the FY 2008 funding level. It is also \$730 million above what the President proposed for FY 2007. This significant increase in the President's recommended funding level for SSA is quite a departure from budget requests that have been proposed in recent years. In FY 2007, the President's proposed budget for SSA's administrative funding was only \$100 million over the proposed funding level for FY 2006.

We are supportive of this increased funding proposed by the President. We are also appreciative of the fact that Congress appropriated \$148 million more for SSA in FY 2008 than the President recommended. This reverses a trend over the past decade in which SSA received nearly \$1.0 billion less than the Administration requested and about \$4.0 billion less than the Commissioner's budget recommended. However, we believe that in order to meet all of SSA's service delivery responsibilities additional funding above the President's budget is necessary. The FY 2009 House and Senate Budget Resolutions both recommend \$240 million above the President's budget request for SSA. **We are very supportive of an increased level of funding of at least \$240 million above the President's budget.**

The Impact of Legislative Mandates

It is important to note that the mere under funding of SSA is not the only reason for our challenges. Increased responsibilities for SSA have added to our workloads and created degradation of our service. One Supervisor in our survey from last week summarized this problem:

“Increased staff is not the only solution. The new congressional mandates (prisoner reviews, Part D Medicare, SSI sanctions, SSI dedicated accounts, increased Representative Payee reviews, etc.) have made everyone’s job very difficult.”

We are also very concerned about legislative proposals pending in Congress to expand the use of e-Verify to confirm the employment eligibility of all employees. This provision could increase our visitors by 25%. Another proposal would require anyone who receives more than one earnings record in a year to verify their identity with SSA and provide proof of earnings. Currently about 45 million people receive more than one W-2 form a year. Almost all are U.S. citizens or legal aliens eligible to work. These provisions would require employees to visit our offices, which would **DOUBLE** the number of visitors.

SSA Funding and Strategic Planning

Through the years, SSA has issued many strategic plans and performance reports that set the future agency goals and direction. But past plans have usually had a short life. SSA spent considerable resources developing Vision 2010 that was released in 2000. But the plan was essentially shelved with the change of Administration. The new Commissioner then developed an extensive service delivery plan. But much of the promises of this plan fell by the wayside as SSA’s severe under funding set the agency back. Core agency dollars have been directed to the electronic disability process, a much-needed improvement, but at the expense of other areas in SSA.

Because of under funding SSA was forced to reduce funding directed to Field Offices. In addition, many other parts of the agency were also starved of resources. In SSA’s FY 2003 Performance and Accountability Report, the report stated:

“The Agency’s long-term goal is to eliminate backlogs for initial claims, hearings and appeals by 2008.” We all know that did not happen, rather the situation got much worse.

The reason we are focusing attention on these issues is that we must all take care not to believe that any current or future strategic plan will be a “silver bullet” for solving SSA’s problems without the commensurate level of funding needed to implement them.

SSA does need to have a strategic plan but we must not be lulled into thinking that these types of plans without the supporting resources will solve the deplorable Field Office telephone service or the unconscionable backlogs in the Hearings Offices.

It is also important to note that resources spent in Field Offices have consistently been a good investment as productivity in SSA Field Offices has continued to rise year after year. But, this increase in productivity cannot substitute for the past degradation or future increase in workloads SSA will face.

The Case for Increased Investment in the Field Offices and SSA

As mentioned earlier in this testimony, the President's proposed FY 2009 funding level for SSA's administrative resources is \$582 million above the FY 2008 level. Unfortunately, these additional funds would not provide sufficient resources to cover the many critical funding needs for SSA. Examples of just a few of the areas that need to be addressed at the agency:

- About \$417 million of the \$582 million would be expended just to address mandatory cost increases such as rent, guards, postage, pay raises, and employee benefits.

Field Offices need more staff to handle the increasing traffic and workloads. For example, we estimate that it would require the addition of at least four members to the staff of an average sized office of around 21 employees to address the increased volume of visitors and workloads we are expecting. These additional employees would handle phone traffic, provide service to the increasing number of visitors, especially with the baby boomers filing, and process more SSI redeterminations and CDRs. Offices of different sizes would need proportionate staffing increases. This investment would certainly have a tangible long-term positive impact on providing improved services at SSA. This year SSA will be able to add less than 1 position per average Field Office above its incurred losses. This can be demonstrated by these statements from two Managers in response to last week's survey:

Manager Number One

"We are hiring three employees this year but we are still not at the level we were five years ago. We would need to hire another four to five employees to be at the level we were. There are backlogs in all our workloads and phone calls are not returned timely, leaving customers very upset but employees do not have desk time to return these calls."

Manager Number Two

"Over the past year our office has lost three members of the staff due to retirement and termination. We anticipate losing up to six more in the next two years of our staff of approximately 30. We just received four hires and we expect this will improve our office's service times; however, it still will not be enough to meet the demands of our service area. Most days of the week people without an appointment wait 40 minutes to one hour to get up to the receptionist window. Once they check in, the wait if they do not have an appointment is anywhere from 1 to 3 hours."

SSA Field Offices focus on hiring staff for a career. The base positions in Field Offices are the Claims Representative and Service Representative positions. It is widely acknowledged that the Field Office structure also serves as the "farm club" for the rest of SSA, as these positions provide the in-depth understanding of the Social Security program necessary to work in management and other staff positions in SSA. An investment in additional Field Office staff would have many years of long-term return for SSA as a whole.

- The Teleservice Centers need more staff to support the internet workload. The public needs to have online and phone support available when they have questions as they are completing an internet transaction.

- SSA needs a major infusion of funding to upgrade its computer system. The agency is using antiquated COBOL software. The Title II system that was built for SSA is quite antiquated. It is a major reason why there is so much fallout work that must be done by the Program Service Centers, which creates untold delays for beneficiaries.
- The hearings backlog is projected to remain at 682,000 hearings in FY 2009, well over the 312,000 hearings pending at the beginning of this decade. Hearing processing times are projected to still be in the 500-day range in FY 2009. The Appeals Council is not projected to have any improvement in their processing times with the target time staying at 240 days. This is true even with the additional hiring of Administrative Law Judges and many initiatives undertaken by SSA to streamline the hearings process. Most of this is due to the increased number of hearings that are expected to be filed. As a result, more resources will need to be invested in reducing the hearings backlog to a much more acceptable level, thus lessening the severe financial, physical and emotional impact of the protracted wait times.
- We also believe that a major infusion of resources is needed for the Office of Disability Operations, which currently has about 695,000 actions pending. In addition, the Mid-Atlantic Program Center is also severely backlogged with twice the backlog of the other Program Service Centers.
- The DDSs have also suffered significant staffing losses. They will be able to replace their losses this year but they will need more staff to process additional CDRs. In addition, with increased staffing levels they could screen certain hearings cases to see if they can be approved. This year the DDSs have approved about 8,000 hearing cases that were backlogged in Hearings Offices.

One area in the disability program where we believe that an increased investment in the disability process would reduce the backlogs and improve the fairness of the program is a truly random review of all initial and reconsideration disability cases. The review would be equally split between approvals and denials. Currently the law requires that 50% of all approved initial and reconsideration Title II disability cases and Title XVI adult disability and blindness cases be reviewed before a final approval is made. The intent of this was to lead to more consistency in approvals in all states. This review is conducted by SSA (a Federal Review) and not by the DDSs.

However, no more than 5% of the disapproved cases are reviewed. Thus, at least 95% of the denied cases are not reviewed. As a result, there is no early opportunity to prevent some cases from being sent to the Hearings Offices. This revised review method might actually be less expensive in the long run as it could reduce the very high cost of a full hearing at a Hearings Office.

The AARP Bulletin ran a second article in November 2007 entitled, "*They Died Waiting -- Lost in Social Security Hell.*" (See: http://www.aarp.org/bulletin/socialsec/sick_of_waiting.html). This article along with well over 100 other articles and news reports from all over the country published in the last year describe in vivid detail the damage that the growing backlogs have

caused to so many Americans in recent years. We believe we must find a solution to this situation, and soon.

We recognize that Congress will not be able to fund all of these resources needs in FY 2009. The SSA Advocacy Group sent a letter signed by 44 group members to the Office of Management and Budget (OMB) in November 2007 suggesting that SSA's funding for FY 2009 should be \$11.0 billion. We certainly recognize this would represent a considerable increase in SSA's budget. This is the amount that we believe is necessary to address the many challenges we have cited above.

The House and Senate passed FY 2009 Budget Resolutions both include language recommending funding of \$240 million above the President's budget request for SSA. **We recommend that FY 2009 appropriated funding for SSA's administrative resources be no less than the levels recommended by the House and Senate Budget Committees.**

We truly believe that this is the level of funding necessary to **begin** to address the growing challenges faced by the agency. If we do not address these challenges now, there will be a very real and negative impact on the citizens that we are obligated to serve every day.

As mentioned above, SSA's on duty staff has dropped to its lowest level since 1972, prior to SSA's assumption of the Supplemental Security Income program, while SSA's workloads are growing and will continue to grow at a very fast pace. In addition to the increased responsibilities mentioned above, SSA has also assumed responsibility for processing applications for the Low Income Subsidy and Income Related Medicare Adjustment provisions of the Medicare Modernization Act (MMA). While staff adjustments were made in 2005 to address workload assigned to SSA due to the MMA legislation those staffing gains have been lost to attrition.

SSA has a trust fund of about \$2.269 trillion dollars. The Social Security Trust Fund is intended to pay benefits to future beneficiaries and finance the operations of the Social Security Administration. The additional funding and investment we are proposing for SSA represent only a very small fraction of \$2.269 trillion. Certainly the workers of America deserve to have their taxes utilized to provide a fair and adequate level of service for the very benefits they worked so hard to receive.

We Are Here to Serve the American Public

The staff of SSA is very committed to serving the American public. But we must have the tools and resources to do so. Two Managers in these statements made last week eloquently state why this is so important:

Manager Number One

"In the past five years my staff has decreased from 16 employees to 11 employees. Half the year I don't have enough interviewers to interview all the people in my area that need an interview. We don't have enough interviewers.

"The public in my service area wants and deserves to talk to people who understand their situation and the economic situation in my part of the state where for example we have faced many plants closing. And the coal miner who can't work deserves to have someone available to talk to."

Manager Number Two

"Our office serves a military base that receives a lot of wounded soldiers returning from Iraq and Afghanistan. In the past 60 days, our pending military workload has increased 4 times. We do not have the staff to continue to handle this high-profile, critical workload and provide the service our soldiers deserve."

Conclusion

We believe that the American public demands and deserves to receive accurate and timely service for the tax dollars they have paid to receive Social Security. **We urge that SSA be given increased funding of at least the levels proposed by the House and Senate Budget Resolutions. This additional investment in SSA would certainly begin the necessary process to restore the levels of service that the public deserves from SSA.**

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

United States Senate Committee on Finance
Public Hearing
More Work, Less Resources: Social Security Field Offices
Struggle to Deliver Service to the Public
May 8, 2008

Questions for the Record for Richard Warsinskey
Past President
National Council of Social Security Management Associations (NCSSMA)

Question Number 1: Could SSA use more money for its administrative activities in FY 2009 than the President requested? What is the minimum amount of additional funds that SSA could use in FY 2009? What is the maximum amount of funds SSA could use in FY 2009?

Answer: There is no question that SSA could use additional funds to better handle its administrative responsibilities. The key reason that SSA needs these funds is that the resources appropriated for SSA in recent years have not kept up with the growth in workloads and service requirements. NCSSMA estimates the minimum amount of additional funds that SSA could use in FY 2009 is \$240.0 million. NCSSMA estimates the maximum amount of additional funds that SSA could use in FY 2009 is \$1.75 billion. In the paragraphs below we have provided details to support these estimates.

SSA will have approximately an 8,100 work year deficit by FY 2009 if the agency receives the President's FY 2009 budget request. It would require approximately \$700 million above the President's FY 2009 budget request to address this deficit. This figure does not include the reduction in the number of SSI redeterminations and medical Continuing Disability Reviews (CDRs) that are being completed. In FY 2009, SSA plans to complete 1.014 million fewer SSI redeterminations and 471,000 fewer medical Continuing Disability Reviews than the agency completed annually earlier this decade. This will cost taxpayers about \$4.6 billion, as a result of improper payments being made due to the reduction in program integrity activities (CDRs and redeterminations). The estimated cost to complete an SSI redetermination is \$140. The estimated cost to complete a medical Continuing Disability Review is \$847. To return to the annual levels from earlier this decade, it would require about \$142 million for the SSI redeterminations and about \$399 million for the medical Continuing Disability Reviews, a total of about \$541 million. Spending an additional \$541 million per fiscal year would be a very cost-effective expenditure of taxpayer dollars and should certainly be considered.

SSA Field Offices by and large provide deplorable telephone service. NCSSMA estimates that each office needs, on average, about 2 additional staff members per office to reduce the busy rates from well over 50% to a more acceptable level of under 10%. This would result in approximately 2,500 more positions in SSA Field Offices. These additional staff members would cost approximately \$250 million.

SSA needs to perform a major overhaul of areas of its core computer systems to move away from COBOL-based computing. SSA also funds only a small percentage of the system upgrade projects that are desperately needed, often as low as 20% of those that are actually needed each year. SSA recently stated the agency would require nearly \$2.0 billion over 10 years or \$200 million per year to upgrade the agency's computer systems. NCSSMA estimates that when the full range of SSA computer systems are examined that this figure will be even higher. We recommend that the Senate Committee on Finance request that SSA provides a detailed listing of the agency's computer system needs and costs.

NCSSMA recently conducted a survey of field management to identify workloads that were not being processed timely ("hidden workloads") that, with additional funds, could be addressed. The list below includes examples of those workloads:

- 800 Number leads that need to be closed out
- Attorney fee petitions
- Burning CDs for attorneys
- Congressional inquiries
- Dedicated accounts
- Double check negotiations
- Fixing incorrectly completed internet claims and medical forms
- Folder shipment
- Garnishment orders
- Leads for benefits
- Medicare premium adjustments (Field Offices and Program Service Centers)
- Organizational representative payee reviews
- Overpayments in the Field Offices and Program Service Centers including personal conferences
- Paper appeal requests from attorneys and third parties
- Medicare Part D check problems and coverage issues
- Payments of approved hearings cases which are expected to show a sharp increase for both Field Offices and Program Service Centers
- Reconciling incomplete Social Security Number applications
- Reconciling returned mail
- Reconciling SSI follow-up actions (tickles)
- Reconciling wages not properly assigned (over 10 million potential cases due primarily to illegal workers reporting on an incorrect Social Security Number)
- Representative payee accountings and exceptions
- Requests for copies of medical records
- Requests from attorneys to show proof that an appeal was filed
- Requests from the Program Service Centers and Teleservice Centers for Field Offices to take actions on a case
- Security reviews
- Servicing Contact Stations

- Special computer runs to contact beneficiaries that may not have filed for benefits such as widow's benefits
- Special disability cases
- SSI diaries
- SSI monthly wage inputs
- SSI stand alone events
- Start dating SSI records to set them up properly
- Translation requests done by SSA employees
- Completing Continuing Disability Reviews in Field Offices and Program Service Centers
- WEP/GPO changes
- Workman's Compensation changes (Field Offices and Program Service Centers)

All of NCSSMA's recent surveys have also illuminated the following key areas that require additional resources:

1. Quality Reviews. About two-thirds of our members have said the quality of the work product has declined in offices in recent years. It has been stated repeatedly that our staffs are rushing too much and not rechecking their work appropriately. Management does not have adequate time to complete reviews as they are spending large blocks of time helping out on the workloads and "putting out fires."

2. Training. Our most recent NCSSMA survey stated that over 50% of our members believed that staff did not receive adequate training. SSA has not had sufficient resources this decade to pay for employees to attend live training or to send live instructors to offices so the agency has relied heavily on satellite training. What has been missing is adequate live support for the satellite training, especially after the initial training classes have ended. SSA has been piloting in-depth targeted training after the initial training classes, but this additional training will be expensive.

3. Public Affairs Outreach. In the past two decades SSA has substantially reduced the allocation of resources to educate the public on our programs. This is especially evident related to our country's younger workers who have limited understanding of the Social Security program or the need to save for the future. We believe this has long-term implications for today's younger workers being financially ready to retire. The time to invest in educating these workers is now.

SSA also needs to continue to utilize resources to get the word out about the agency's new internet services.

The demands of improving quality, training, and outreach to the public can best be met with additional staff. SSA also needs to significantly lower waiting times in many Field Offices. We estimate that an average Field Office needs at least 6 additional staff positions to address all of the areas outlined above (answering Field Offices telephones, improving quality and training, increasing public affairs outreach, decreasing waiting times to reasonable levels, and clearing the backlogs of workloads many offices are not

addressing.) Adding 6 additional employees per Field Office would cost about \$750 million in one year costs.

This additional staffing **does not include** the resources needed to complete the full contingent of Continuing Disability Reviews and SSI redeterminations. It would cost approximately \$541 million in one year costs to complete enough additional medical Continuing Disability Reviews and SSI redeterminations to restore levels to those completed earlier this decade. This additional funding would be directed to Field Offices and DDSs.

It would also cost at least \$200 million per year to upgrade SSA's computer systems.

The total cost of all of these categories is approximately \$1.5 billion in additional resources needed for Fiscal Year 2009.

These figures do not address the need to invest more resources in the Hearings Offices and Program Service Centers. NCSSMA estimates that approximately \$1.75 billion above the President's FY 2009 Budget Request would be necessary to allow SSA to operate at full service levels. This would facilitate elimination of all backlogs including the hearings backlog and any backlogs in the DDSs by 2012, one year earlier than SSA's currently anticipated date of FY 2013.

Clearly this is a substantial level of resources! NCSSMA does not expect that SSA will receive this level of funding, but it does demonstrate how great SSA's resources needs are. NCSSMA believes that \$240 million above the President's FY 2009 Budget Request for SSA, as recommended in the FY 2009 Budget Resolution, is the minimum level of funding required by SSA to begin to address the agency's most critical needs.

Question Number 2: What services to the public in SSA's field offices are being provided poorly, are being deferred or not being provided at all?

Answer: We provided information related to this question in our response to Question Number 1 to document the budget needs for SSA. We would like to highlight a few key areas again for your consideration:

1. Field Office Telephone Service. NCSSMA has stated that our Field Office telephone service is deplorable. There is no other way to describe it. Busy rates run well over 50%. We hear repeatedly from the public that they can't get through to us on the phone. This essentially forces the public to come into the Field Offices, which increases waiting times in offices and makes it harder for employees to answer calls. This also wastes precious energy, adds pollution, and costs the public expensive driving dollars.

2. Waiting Times. Many Field Offices have waiting times over an hour on a regular basis. In some locations, waiting times can be 2 to 4 hours, with the situation the worst in urban Field Offices. The waiting times in Puerto Rico offices are extremely long and

those offices need a significant number of additional staff to reduce those times to a reasonable level.

3. Public Affairs Outreach. We are unable to provide information to large sectors of the public regarding SSA's programs. At one time every Field Office had a least one position devoted to providing this service. Now there are usually only a few positions in a state that provide this service.

Question Number 3: For FY 2009, would it be good to do more medical Continuing Disability Reviews and SSI redeterminations than the President has proposed?

Answer: The answer is YES, if proper funding is received by SSA. If SSA completed the same number of SSI redeterminations and medical Continuing Disability Reviews (CDRs) annually as earlier in this decade it would save taxpayers about \$4.6 billion in improper payments being made. However, SSA would need about \$541 million more annually just to accomplish this workload. NCSSMA's concern is that SSA will be required to complete additional Continuing Disability Reviews and SSI redeterminations without additional funds. This would adversely affect our ability to address other workloads including reducing the very critical disability workloads.

SSA has not received the level of funding necessary to address these workloads. We suggest Congress considers establishing some kind of special investment fund to handle this workload that does not count against the discretionary caps that the appropriators have for funding. This investment fund could have a fantastic return of 1000% for Continuing Disability Reviews and 700% for SSI redeterminations.

Question Number 4: What investment in technology and resources is needed to address the telephone service problem?

Answer: Information related to this question has been provided in our answers to Questions Number 1 and 2, but we'll review this in more detail.

It is very clear that SSA Field Offices need to replace their telephone equipment. It is well past the suggested lifetime for most, if not all of our equipment, and parts are being cannibalized to keep systems operational. The current equipment provides virtually no management information and little flexibility to move calls around.

SSA will spend about \$300 million in new phone equipment over the next four years to replace all phone systems in Field Offices. A contract has been awarded to Nortel to install a Voice over Internet Protocol (VoIP) system. This will be the largest VoIP installation in the world.

This new system promises to vastly expand the flexibilities of the current system and will provide us with much better management information that will help provide better telephone service. VoIP will expand the capability to offer automated services for routine requests comparable to the manner in which these services are offered on the

national 800 Number network. This system will also make it easier for a caller to a local Field Office to elect to have their call transferred to the 800 Number network if the wait time at their local Field Office is extensive. However, the capability of using such a voluntary transfer system is limited because the 800 Number network is also under stress, and seldom has excess capacity to assist local Field Offices with their telephone traffic. Also, when this capability has been provided in limited cases in past years, most callers chose to wait for a response from their local Field Office rather than be transferred. Congress has recognized the desire of the public to interact with their local Field Office by mandating the listing of the local office telephone number on notices, and mandating the listing of local office telephone numbers in community telephone books in all but the largest metropolitan areas.

We are also concerned that installation of the VoIP program will not go smoothly or without problems. Because this is the largest VoIP installation ever undertaken we believe that this process will need very close monitoring. We do not want VoIP to be a step in the wrong direction. Some of the challenges faced by this new system are discussed in an article that ran in a May 2008 issue of Fed Tech Magazine. See the link below:

http://fedtechmagazine.com/article.asp?item_id=433

Even when the VoIP system is successfully installed nationwide it will not eliminate the high busy rates experienced by Field Offices. There are simply too many calls coming into us and few offices, including the 800 Number, have the capacity to take on additional calls. **The only way to fully address this situation is to add staff to answer the calls. As we stated above, NCSSMA estimates that each office needs about two additional staff members per office just to provide an acceptable level of phone service.**

SSA currently provides no online or immediate telephone support for the internet process. Even if the caller does try to call the 800 Number or Field Office when they have questions while they are completing their business with SSA online, neither SSA Field Offices nor Teleservice Centers are trained to assist callers. SSA representatives also do not have access to the application to view it online with the applicant until the application is submitted.

Question Number 5: How would you characterize how SSA employees' stresses and pressures manifest themselves in the field offices on a daily basis?

Answer: One of the biggest challenges of SSA Field Offices is the pressure to keep up with the numerous processing goals set by the agency. To meet these goals there is extensive monitoring of progress at all levels. From a management standpoint, this means we move cases as efficiently as we can, but it creates a highly stressful atmosphere in a lot of offices because staffing levels are so extremely tight. Imagine yourself on a treadmill and somebody cranks up the speed and you can't turn it off. There is no way to exit safely so you just keep running and scream for help. That is how employees feel.

The problem is that there is intense pressure to clear our work at the same time you are tied up interviewing the public all day. Many employees will work through their breaks and even take shorter lunches. Management will often put in a lot of uncompensated additional time to keep up with the work. Getting ample rest at home is not always a premium that many get. For years providing overtime hours has been our only option for trying to stay afloat, but this takes a significant toll on the health and wellbeing of employees. We have seen growing indications that employees are taking more sick leave due to the workload pressures. We have also seen a number of employees who decide to leave their positions or retire because of the high stress level of a job with SSA.

Most employees are very dedicated and want to do a great job. But they are often frustrated due to the lack of resources in their offices. They are especially frustrated by the inability to handle the telephones. They also worry about the quality of the work product they put out because there is little time to slow down or recheck things.

We do not believe this is a healthy atmosphere at SSA. SSA Field Offices have always been highly productive. Our staffs want to continue this tradition of high production levels with the time to provide good overall service and quality.

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Written Statement
For a Hearing on

Service and Delivery Aspects of Social Security Administration Field Offices

Submitted to the Senate Finance Committee

Thursday, May 8, 2008

Caroline Fredrickson, Director
ACLU Washington Legislative Office

Joanne Lin, Legislative Counsel
ACLU Washington Legislative Office

The American Civil Liberties Union (“ACLU”) commends the Senate Finance Committee (“Committee”) for holding a hearing on the Service and Delivery Aspects of the Social Security Administration (“SSA”) field offices and appreciates the opportunity to submit testimony for the record. The current Social Security disability claims backlog is both unreasonable and violates due process. In recent years the SSA has struggled to fulfill one of its principal functions of administering disability claims. At a time when over half of all calls placed to SSA field offices do not get answered by an SSA employee, Congress is seriously considering imposing a new sweeping duty on the SSA – the verification of all workers nationwide including U.S. citizens. A bill pending in the Senate – Secure America Through Enforcement and Verification Act of 2007 (“SAVE” Act, S. 2368) – would institute a mandatory electronic employment verification system (“EEVS”) and would place that verification duty squarely on the SSA. There is no doubt that the imposition of such a sweeping national mandate would exacerbate the already unreasonable delays in processing claims for Social Security disability benefits under Title II of the Social Security Act, 42 U.S.C. §§ 401, et seq., and the Supplemental Security Income Program, Title XVI of the Social Security Act, 42 U.S.C. §§ 1381, et seq.

While the SAVE Act presents serious privacy, due process, and civil rights problems, the ACLU’s testimony for this hearing focuses on the devastating impact that a mandatory EEVS regime would have on the SSA field offices’ capacity to serve Americans dependent on Social Security disability, survivor, and retirement benefits. The ACLU urges the Senate to reject the ill-conceived SAVE Act which would flood the SSA field offices with an additional 45 million visits per year.

The ACLU is a nonpartisan public interest organization dedicated to protecting the constitutional rights of individuals. The ACLU consists of more than half a million members, countless activists and supporters, several national projects, and 53 affiliates nationwide. The ACLU has been active in protecting the rights of people with disabilities for over 35 years. At the dawn of the disability rights movement the ACLU challenged the institutionalization of people with mental illness in cases in Alabama (Wyatt v. Rodgers, Wyatt v. Stickney), New York (Willowbrook State School on Staten Island, Index No. 72 Civ. 356, 357 (JRB) and Florida (O’Connor v. Donaldson, 422 U.S. 563 (1975)). In recent years the ACLU has participated in landmark litigation under the Americans with Disabilities Act (“ADA”) including Bragdon v. Abbott, 524 U.S. 624 (1998); Sutton v. United Airlines, Inc., 527 U.S. 471 (1999); Chevron, USA, Inc. v. Echazabal, 122 S. Ct. 2045 (2002). The ACLU has also played a national leadership role in drafting and negotiating the ADA of 1990 and the ADA Restoration Act of 2007.

I. The Social Security Disability Backlog Is Unreasonable and Violates Due Process

Delays in processing and deciding Social Security disability claims have been held to violate the Due Process Clause of the Constitution and the Administrative Procedures Act

(“APA”), 5 U.S.C. § 706(1).¹ Although the Supreme Court has rejected “the imposition of mandatory deadlines on agency adjudication of disputed disability claims,” *Heckler v. Day*, 467 U.S. 104, 119 (1984) and prevented courts from imposing class-wide mandatory deadlines, courts retain other traditional equitable powers where delay is unreasonable and “where, in the particular case, the court finds that the interest of justice so require[s].”² As a general matter, courts have not definitively determined what length of time constitutes “unreasonable delay.” However, the Supreme Court in *Day* left standing the undisputed trial court finding that the delays suffered by the named respondents were unreasonable,³ which was not disputed by the federal government.⁴ In analyzing claims of unreasonable delay under the APA, the courts have noted that “delays that might be reasonable in the sphere of economic regulation are less tolerable when human health and welfare are at stake,” and Social Security disability claims clearly involve “human health and welfare.”⁵

The current delays in Social Security disability hearings and determinations are clearly unreasonable. The SSA’s “data as of the end of January 2008 indicate that the number of cases waiting for a hearing decision was 751,767, leading to average waiting times for FY 2008 of 499 days.”⁶ “In fiscal year 2006, 30 percent of [disability] claims processed at the hearings stage alone, took 600 days or more.”⁷ The SSA estimates that for fiscal year 2008 the average wait time for disability claims at the hearing level will be 535 days, nearly twice what it was in 2000.⁸ Many disabled individuals are forced to wait up to three years before receiving disability payments.⁹ Of those waiting for disability claims hearings, over 90,000 are veterans. These Social Security processing delays are undoubtedly unreasonable and infringe on disability claimants’ due process rights.

¹ See *White, et al. v. Mathews*, 434 F.Supp. 1252 (D. Conn. 1977), *aff’d* 559 F.2d 852 (2d Cir. 1977), cert. denied 435 U.S. 908; *Caswell, et al. v. Califano*, 435 F.Supp. 127 (D. Me. 1977), *aff’d* (1st Cir.) 583 F.2d 9.

² *Rivera v. Apfel*, 99 F.Supp.2d 358 (S.D.N.Y. 2000), vac’t on other grounds, No. 00-6241, 2000 WL 33647061 (2d Cir. Nov 14, 2000) (citing *Day*, 467 U.S. at 119 n. 33, 104 S.Ct. 2249).

³ Respondent *Day* was forced to wait 340 days between his hearing request and reconsideration determination; respondent *Maurais* waited 280 days between his hearing request and reconsideration determination. See *Day*, 467 U.S. at 107 nn. 6-7.

⁴ See *Id.* 467 U.S. at 111 & n. 15. “[T]he District Court’s declaratory judgment that the plaintiff class is entitled to relief is not at issue.” *Id.* at 120, (Marshall, J., dissenting). See also, *Barnett v. Bowen*, 794 F.2d 17, 22 (2d Cir. 1986) (“The [Supreme] Court stated that the Secretary did not challenge the district court’s determination that hearings must be held in a reasonable time or that the delays encountered by plaintiffs violated that requirement.”).

⁵ *Telecommunications Research and Action Ctr., et al. v. FCC*, 750 F.2d 70, 80 (citing with approval *Blankenship v. Secretary of HEW*, 587 F.2d 329 (6th Cir. 1978)).

⁶ The Disability Backlog at the Social Security Administration, Before the H. Comm. on Appropriations, Subcomm. on Labor, Health and Human Services, Education, and Related Agencies, 110th Cong., 2d Sess. (2008) (statement of Patrick P. O’Carroll, Jr., Inspector General, SSA), February 28, 2008. Available at http://www.ssa.gov/oig/communications/testimony_speeches/02282008testimony.htm.

⁷ United States Government Accountability Office, *Social Security Disability, Better Planning, Management, and Evaluation Could Help Address Backlogs* at 3 (December 2007). (“GAO Management Report”). Available at <http://www.gao.gov/new.items/d0840.pdf>.

⁸ *Social Security Disability: Better Planning, Management, and Evaluation Could Help Address Backlogs*, GAO-08-40 (Dec. 2007) (“GAO Report”), p. 22.

⁹ Mayor, Mara. “Testimony Before the House Committee on Ways and Means on the Social Security Administration’s Service to the Public.” AARP. April 23, 2008.

According to a Governmental Accountability Office Report published in December 2007, over half of the 60 million telephone calls placed to SSA Field Offices each year do not get answered by an SSA employee.¹⁰ Moreover, the SSA is closing field offices around the country. Since FY 2006, at least 18 field offices have been closed or merged.¹¹ The SSA's staffing is at its lowest level since 1972, despite the fact that SSA today has twice the number of beneficiaries that it had in 1972.¹² Due to budgetary constraints, employees who retire or otherwise leave SSA are not being replaced, and by FY 2009, the SSA will have lost 9 percent of its staff in just four years.¹³ Despite the shortage of personnel, the SSA is facing an extremely heavy workload with the recently added duties of processing Medicare Part D and prescription drug claims, as well as processing retirement claims for the nearly 80 million baby boomers now beginning to hit retirement age.¹⁴ Social Security retirement benefits claims are expected to increase by 13 million – or 40 percent – over the next decade.¹⁵ Disability claims are expected to rise 10 percent.¹⁶ It is evident that the SSA field offices – overburdened and under-resourced – are presently struggling to administer their principal duties of processing retirement, survivor, and disability benefits applications. In the wake of this overwhelming workload, Congress is now considering heaping yet another duty on the SSA – the verification of all workers in the U.S.

II. Instituting a Mandatory Electronic Employment Verification System Would Capsize the SSA Field Offices and Exacerbate the Disability Backlogs.

The SAVE Act (S. 2368) would impose a mandatory electronic employment verification system (“EEVS”) on all employers in the U.S. In addition to having to screen everyone in the U.S. for work authorization, the SSA would be tasked with responding to the majority of erroneous EEVS findings, which would include fielding telephone calls and responding to in-person queries at SSA Field Offices. The SSA has testified numerous times before Congress that approximately 10 percent of the 240 million Wage and Tax Statements (W-2 forms) received annually by SSA do not match the names and Social Security numbers in SSA's records. According to the SSA's Office of Inspector General,

¹⁰ *Id.*

¹¹ Mayor, Mara. “Testimony Before the House Committee on Ways and Means on the Social Security Administration's Service to the Public.” AARP. April 23, 2008.

¹² *Id.*

¹³ Skwierczynki, Witold. “Statement Before the United States House of Representatives Committee on Ways and Means on Clearing the Disability Backlog – Giving the Social Security Administration the Resources it Needs to Provide The Benefits Workers Have Earned.” American Federation of Government Employees, AFL-CIO. April 23, 2008.

¹⁴ Mayor, Mara. “Testimony Before the House Committee on Ways and Means on the Social Security Administration's Service to the Public.” AARP. April 23, 2008.

¹⁵ The Disability Backlog at the Social Security Administration, Before the H. Committee on Appropriations, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, 110th Cong., 2d Sess. (2008) (statement of Richard Warsinsky, National Council of Social Security Management Associations, Inc.) Feb. 8, 2008. Available at <http://socsecperspectives.blogspot.com/2008/02/social-security-advocacy-group-written.html>

¹⁶ Schieber, Sylvester J. “Clearing the Disability Backlog – Giving the Social Security Administration the Resources It Needs to Provide the Benefits Workers Have Earned [Statement] to the Committee on Ways and Means, U.S. House of Representatives.” Social Security Advisory Board. April 23, 2008.

the Social Security database has a 4.1 percent error rate. These errors are normally corrected at the time of Social Security benefit application and would not necessarily affect individuals' ability to obtain benefits. These errors would, however, prevent workers from being able to keep their jobs. According to SSA's testimony in 2007, under a national system, six percent of workers would need to visit an SSA field office in person in order to correct their records, or lose their jobs. This translates into approximately 3.6 million workers who would have to visit an SSA field office each year in order to keep their jobs (this calculation is based on data from the Bureau of Labor Statistics reflecting approximately 60 million new hiring decisions per year).

Notwithstanding the 3.6 million workers who would have to visit an SSA field office annually, an additional 45 million workers would have to visit an SSA field office each year in order to prove their identity and their earnings reported on their W-2 forms.¹⁷ The SAVE Act (S. 2368) would require every worker with earnings reported by two or more employers to visit an SSA field office to prove their identity and their earnings. If the workers fail to do so, none of their earnings would be posted to their earnings record, thereby denying them credit towards Social Security eligibility and reducing the amount of their future Social Security benefits. This requirement in the SAVE Act would even apply to employees of a business that changes hands during the course of the year.

Hence, if Congress institutes a mandatory EEVS regime, the SSA field offices will be flooded by an additional 45 million visits per year from irate workers desperate to fix their records in order to work and to get their earnings posted to their records. Under its present workload, SSA cannot answer over half of telephone calls placed to the field offices. Forcing an additional 45 million workers into the SSA field offices every year would crush the field offices and cripple their ability to process disability, retirement, and survivor claims.

III. Mandatory Electronic Employment Verification Poses Serious Privacy, Due Process, and Civil Rights Concerns.

In addition to crippling the SSA's ability to process disability claims, a mandatory employment verification system raises serious privacy, due process, and civil rights concerns. A mandatory EEVS would require the creation of a new data-exchange system between the SSA and the Department of Homeland Security ("DHS"). SSA would be required to share data with DHS based on discrepancies in SSA's database that have nothing to do with immigration status. According to SSA, reasons for errors in its database include clerical errors made by employees in completing their W-2's; the fact that workers might have used one name convention (such as a hyphenated name or multiple surnames) when applying for a Social Security card and a different one when applying for a job; or name changes due to marriage, divorce, religious conversion, or other reasons. The SSA database does not contain complete information about workers' immigration status, and the limited immigration status information that does exist in the database is not

¹⁷ April 3, 2008 Rangel-McNulty Dear Colleague Letter.

automatically updated when a worker's immigration status or work authorization status changes.

According to the Office of the Inspector General at SSA, by conservative estimates, at least 3.3 million non-citizen records in the SSA database contain incorrect citizenship status codes. A mandatory EEVS regime would result in the SSA erroneously divulging the private information of U.S. citizens (including their Social Security numbers) to the DHS because SSA is unable to accurately identify an individual's citizenship status via its databases. And the DHS has proven that it cannot be trusted with private information. The House Oversight and Government Reform Committee gave a "D" to the DHS in computer security for 2006 (up from an "F" for the previous three years). The DHS's failure to comply with Federal Information Security and Management Act standards since its inception demonstrates that it cannot be relied upon to make significant improvements in this area, which translates down the road into workers' private information being left vulnerable to hackers and other cyber-threats.

Furthermore, the information-sharing provisions set forth in S. 2368 do not require independent review, monitoring of disclosure, privacy protections, notice to workers that their private information or records have been disclosed, or recourse if overbroad information is sought or misused.

Finally, moving to a mandatory EEVS would subject many lawful workers to illegal employment discrimination on the basis of race and/or national origin. Some employers facing a mandate of verifying all workers will fire workers or refrain from hiring candidates on the basis of their race, surname, accent, or other proxies for unlawful discrimination.

The ACLU appreciates the opportunity to submit this written statement and urges the Committee to reject imposing the new radical duty of mandatory electronic employment verification on the SSA.

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Testimony of

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Submitted to the Senate Finance Committee

Hearing on More Work, Less Resources: Social Security Field Offices Struggle to
Deliver Service to the Public
May 8, 2008

Thank you for this opportunity to submit testimony regarding the impact of cuts in Social Security Administration (SSA) staffing on the agencies performance of its duties. This testimony is submitted on behalf of four national organizations that advocate on behalf of homeless persons who are eligible for benefits administered by SSA. The National Law Center on Homelessness & Poverty is the legal arm of the national movement to prevent and end homelessness. The National Policy and Advocacy Council on Homelessness is a grass roots anti-poverty organization. Its mission is to ensure that national homelessness policy accurately reflects the needs and experiences of local communities. The National Health Care for the Homeless Council is comprised of 111 organizational members and over 700 individuals who provide care for homeless people throughout the country. Its members include Health Resources and Services Administration (HRSA) grantees and subcontractors in the federal Health Care for the Homeless (HCH) funding stream, and individual members of the HCH Clinicians' Network, the Respite Care Providers' Network, and the National Consumer Advisory Board (homeless and formerly homeless people who formally advise local HCH projects and participate in governance of the National Council). The Advocacy and Training Center works to improve access to services and public benefits for homeless persons with disabilities.

The Crisis of Homelessness and Critical Importance of SSI/SSDI Benefits

Each year more than three million Americans experience homelessness. Many homeless people are likely eligible for Supplement Security Income (SSI) or Social Security Disability Insurance (SSDI). According to the largest and most rigorous federal study of homelessness ever done in the U.S. -- the National Survey of Homeless Assistance Providers and Clients (NSHAPC)-- at least 32% of the overall homeless population had serious mental health problems and at least 46% had one or more chronic health conditions, such as AIDS, cancer, or lost limbs.

SSI and SSDI benefits provide more than a source of income for homeless people. In many states, receipt of SSI benefits provides access to medical care through the Medicaid program; and SSDI is linked to Medicare coverage. In many communities, receipt of benefits also improves the likelihood of admission to supportive housing, providing a permanent route out of homelessness. Following placement in supportive housing, use of the most costly (and restrictive) services in homeless, health care, and criminal justice systems declines. Supportive housing has been shown to reduce utilization and costs of: hospital inpatient care for medical and psychiatric conditions, hospital emergency room visits -- especially for the most frequent ER users -- psychiatric emergency and institutional care, residential behavioral health treatment, jails and prisons, and emergency shelters. Having these benefits and health insurance often contributes to a stable living situation that then enables individuals to begin or further recovery and seek employment.

Barriers to Receipt of SSI/SSDI by Eligible Homeless Persons

At present, the SSI/SSDI application process has largely failed homeless people. According to the National Survey of Homeless Assistance Providers and Clients – the largest and most rigorous federal survey of homelessness ever conducted – only 11% of homeless people received SSI benefits, compared to 29% of formerly homeless people surveyed. Local studies conducted since then suggest that homeless disability claimants are denied benefits at significantly higher rates than other claimants, often for failure to negotiate the arduous application process, rather than for lack of severe medical impairments that meet SSA disability criteria. Two studies found that only 10-15% of homeless applicants were initially approved, compared to 37% of all applicants nationwide.

People experiencing homelessness often fail to qualify for SSI/SSDI due to a variety of system barriers—lack of access to health services, insufficient documentation of functional impairment, remote application offices, complex application processes, and lack of transportation— despite the high likelihood that they would meet eligibility requirements. These obstacles are exacerbated by mental impairments and the lack of stability necessary to see a complex application process through to completion. Lengthy appeals, costly in time and dollars, follow initial denials.

Impacts of Staffing Reductions on Eligible Homeless Persons' Access

Homeless applicants for SSI and/or SSDI face many bureaucratic barriers that are extraordinarily difficult to overcome. These barriers needlessly contribute to denials and lengthy appeals that continue while an individual remains living on the street without any source of income.

Barriers that prevent eligible homeless persons from receiving SSI and SSDI benefits include: (i) difficulty staying in contact with SSA; (ii) lack of an approved, state-issued ID to allow access to SSA offices in federal buildings or to prove identity, (iii) difficulty in retaining or researching necessary documents and information, and (iv) SSA's communication with applicants by mail and not providing local office phone access. All of these barriers are compounded when SSA staffing is decreased:

1. Difficulty Making and Staying in Contact with SSA

Staffing cuts that result in fewer offices, elimination of field representatives, and less telephone service create significant barriers for homeless claimants. Key barriers include:

- **Reduction in Offices Make it Difficult to Apply.** Homeless persons often have difficulty obtaining transportation to get to SSA offices. This is particularly a problem in suburban and rural areas that do not have significant

public transit. Elimination of SSA offices in smaller communities creates a significant burden for homeless and other low-income persons in those communities because they must find a way to get to the larger communities or to offices a significant distance away with no resources for transportation.

- **Elimination of Field Representatives Exacerbates Lack of Offices.** Previously, field representatives were able to go out in the community to assist populations of individuals, such as homeless adults, to apply for benefits. In addition, these representatives often formed collaborative relationships with community providers who could assist with locating people and providing information. But as the demand on SSA has increased and staffing has decreased, many SSA offices no longer have field representatives. The reduction in field representative staffing has contributed to greater difficulty in reaching and assisting claimants in this very heterogeneous population.
- **ID Barriers Prevent Homeless Persons from Entering SSA Buildings.** Lack of identification has also prevented some homeless persons from entering SSA buildings in order to apply for benefits or to obtain replacement Social Security cards. Homeless persons often lose their IDs for a variety of reasons including loss, theft, or destruction of personal property by local law enforcement officials. Many federal buildings now require people to show a government-issued photo ID as a condition of entry. When SSA offices are co-located in federal buildings, homeless persons may not be able to get in to apply. Photo IDs are not generally required to enter smaller, out-stationed SSA facilities such as those found in local shopping malls.
- **Limits on Communication with SSA Make Communication More Difficult for Homeless Persons.** Limits on communication with SSA other than by mail make it difficult to reach homeless applicants. People without fixed address are not going well served by the SSA policy of generally communicating by mail. But even for applicants who are willing to go to SSA offices (if they are allowed in), the reduced staffing in SSA offices means that staff are not readily available to answer questions. Waits to meet with staff in person are long and often require return visits.
- **Cutbacks in phone staffing.** Cutbacks in phone staffing and policies regarding how phone contact is handled cause additional problems. As a general practice, applicants are not given the phone number for their claims representative. Rather, people are urged to contact a toll-free number at a different location where staff often are unfamiliar with the details of particular claims. Even when phones at SSA offices are answered – and SSA’s own evaluation showed that much of the time they are not – information provided by the staff unfamiliar with the claimants case is often inaccurate or does not provide the information truly needed by the claimant. Widespread failure to answer the phones at SSA due to staffing cutbacks exacerbates the problem.

Most homeless persons do not have their own phones and must rely on the goodwill of others to make phone calls – they often do not have the luxury of simply calling back a half-hour later or even later the same day, so the process is further delayed.

2. Difficulty in Retaining or Researching Necessary Documents and Information

Homeless persons often have difficulty in researching or retaining necessary documents and information. This results in technical denials and multiple applications, putting further strain on SSA resources.

- **Documentation for non-medical criteria is difficult for homeless persons to obtain.** The application process with SSA is dependent on an applicant's ability to provide necessary documentation such as birth certificates, immigration papers, any and all documentation of any assets, etc. Most homeless adults do not have these papers and cannot afford even the minimal fees required to obtain copies of such papers. Once again, this leads to technical denials, which means wasted time on the part of the applicant and wasted time and resources of the SSA staff — waste that contributes to backlogs. This also causes applicants to apply over and over, which results in a repeat of the same problem—at additional cost and frustration to all involved.
- **Sporadic, incomplete, transient treatment histories make it difficult to obtain medical records.** Many homeless applicants have not had consistent treatment for their medical problems. Emergency room visits are common; notes from these visits are cursory. Serious and ongoing health problems are treated on an acute basis only. Putting together a true picture of impact on functioning and ability to work is extraordinarily challenging and beyond the means of already overtaxed SSA staff.

Many communities do not provide regular access to physicians and/or psychologists who are viewed as the only acceptable medical sources for diagnostic information for most health problems. Nurse practitioners, physicians' assistants, and social workers are often the main providers of treatment and yet are considered collateral sources who cannot provide diagnoses. In most public care settings, individuals spend very little time with physicians. Yet, physicians are the professionals asked to provide comprehensive information about applicants.

- **Lack of understanding of disability determination process by community service providers impairs their ability to assist homeless applicants in preparing applications.** Despite SSA's provision of ongoing training, many service providers are not knowledgeable about the requirements that a person

must meet to be eligible for SSI/SSDI. Therefore, the information that SSA and the DDS need to process claims may not be provided to those agencies. For many social service agencies, translating the collection of information in a client's case file into what SSA and DDS needs can be daunting.

- **Inherent disconnect in the disability determination process between information required to make a disability determination and the information normally contained in medical records.** In general, the information provided to make disability determinations is in the form of medical records. The purpose of medical records is to assess symptoms, provide a diagnosis, and prescribe treatment. Rarely do these records contain the functional impairment information that is part of the disability determination process, especially for people with mental impairments. Additional information is often needed to answer the questions in this process and may not be available without additional work on the part of community providers.

Recommendations:

We believe the following actions would help to address these barriers, increasing SSA efficiency and improving access to benefits for eligible claimants. While some will require an investment of resources, the return to the federal government, local communities, and those who are waiting for desperately needed resources will be significant. Additionally, some of these steps may be implemented with little or no cost to SSA.

- Staff the SSA local offices sufficiently so that long waits and communication only by mail can be avoided, and so that partnerships with the community are fostered and established on an ongoing basis.
- Restore hiring of field representatives to all SSA offices.
- Require local SSA offices to provide phone contact information for claims representatives to applicants whom they assist. Provide phone information on the SSA website for supervisors and managers in these offices.
- Require SSA to form partnerships and to establish flexible processes nationally for the populations applying for SSI/SSDI who require special assistance to navigate the process. Require SSA to work with state Disability Determination Services (DDS) offices to establish teams that will specialize in serving the mixed populations of applicants who need additional help and services. These specialists could work collaboratively with community groups to ensure the kinds of collaboration needed to process claims efficiently and accurately on initial application.

- Provide SSA with the ability to access birth certificates and other needed documents without cost to the applicant, especially for individuals in dire need such as homeless applicants.
- Require SSA to report housing status along with data already reported on the applicant population and outcomes (included in SSA homelessness plan and not yet done).
- Require SSA to bring together a workgroup to develop strategies to address the challenges of obtaining adequate medical documentation for homeless and other indigent claimants. Such a workgroup should include direct service providers, community clinicians, professional school representatives (e.g., medical and other graduate schools), medical records department representatives and others who are involved in compiling the information needed to address the SSA disability criteria.
- For purposes of documenting disability in applications for Supplemental Security Income (SSI) and Social Security Disability Insurance (SSDI) benefits, expand the list of "acceptable medical sources" that can provide medical evidence of impairment to include Nurse Practitioners, Physician's Assistants, Psychiatric Nurses, and Licensed Clinical or Psychiatric Social Workers, within the scope of their medical licenses.
- Require SSA to issue regulations or take steps to ensure that before state Disability Determination Services schedule Consultative Exams, all efforts have been made to contact and obtain available, existing health care records from health care providers listed in the SSI or SSDI application.
- Require SSA to provide training for SSA interviewers on successful methods for eliciting information from homeless and other claimants about whether they currently receive medical and psychiatric care.

The solutions outlined here will take time, effort and in many cases additional federal investments. However, the payoff in reducing the SSI/SSDI backlog and the ensuing human toll will ultimately reduce costs in cities and states that currently must cope with people who are eligible SSI/SSDI applicants living without assistance for their disabling conditions. Any examination of reforms to the SSI/SSDI application process should include improvements to address the barriers presented above. As advocates working to eliminate homelessness in America we are committed to working with Congress and all relevant agencies to refine and implement these ideas.