Questions for the Record for Kathryn Rose Lang

U.S. Senate Committee on Finance
"A Hearing to Consider the Nominations of Corey Anne Tellez, Andrew G. Biggs, Kathryn Rose Lang, and Sharon Beth Lewis"
January 31, 2024

Senator Cassidy

1. **SSA Operational Concerns**

   Thanks to each of you for choosing to serve the American people, and for your willingness to help us better understand what is going on at SSA. You all have deep, distinguished, and unique policy backgrounds that will greatly benefit the Board's work.

   My first question to you, however, is not focused on policy. In fact, what many of us need here in Congress is a better operational understanding of what is going on at SSA. There are many think tanks, research organizations, and other groups that already do a good job informing us on SSA policy matters. In general, what we need from the SSAB is reports and recommendations on important operational matters, including:

   - **initial disability claims backlog**
   - **field office & 800 number wait times**
   - **overpayments**
   - **electronic systems modernization**
   - **outdated dictionary of occupational titles**
   - **poor employee morale –** ***lowest in the entire federal government***
   - **lack of performance metrics provided to Congress by SSA**

   Question: **(*All*) With this in mind, can each of you describe how your background can help Congress better understand the current serious operational issues facing SSA?**

   My background representing individuals at the Social Security Administration (SSA) has given me a great deal of familiarity with the agency's policies and procedures that cause the most trouble for those claiming and receiving benefits from the agency. This has provided me with insight into what members of the public struggle with when interacting with SSA, and informed my ideas about what changes SSA could make to address many of the operational issues it faces.

   For the past decade, in my role as a national expert on SSA benefits at Justice in Aging, I have had the opportunity to hear from legal aid advocates from across the country about the operational issues they are encountering when representing clients at SSA, educate them about developments in SSA's policies and procedures, and encourage the agency to provide better service to everyone, especially those facing barriers like cognitive impairments, limited proficiency in English, or homelessness and housing insecurity.

I am particularly concerned with the lack of performance metrics provided to Congress by SSA. Agency leadership regularly come to the Hill to ask for more funding, justifying this by providing only output data. This reminds me of the signs you used to see in front of a McDonalds: "*Millions and Millions Served*". Millions may have eaten there, but was the food acceptable?

***Question*: (*All)* How can the SSAB help Congress access and understand historical performance data from SSA? For example, how can we find out the "cost per retirement claim" over, let's say, the last 20 years?**

The SSAB can access the Social Security Administration's systems and data as part of its authority to study and make recommendations relating to SSA's programs. For example, in 2018 the SSAB published a collection of charts regarding SSA's representative payee program that included information that the agency does not regularly release itself, and informed the SSAB's report on Improving Social Security's Representative Payee Program. The SSAB can continue to use its authority to access and analyze SSA data, and make recommendations for improvements.

As part of prepping for a hearing, like every one of my colleagues here, I asked my staff to speak with SSA policy leaders, researchers, and past senior staff at the Agency. In this case, we asked them their thoughts on how useful the SSAB has been to the Agency, to Congress and the Administration, and the American people. *The responses we received were decidedly mixed*. Some wonder if the SSAB should even exist in its current structure, or if its structure is even constitutional in light of recent court decisions.

As part of my work on this Committee, my staff and I have interacted extensively with MedPAC, the Medicare Payment Advisory Commission. It is supposed to serve a somewhat similar role to the SSAB, to advise Congress on issues related to the Medicare program, and its work has been very useful to many of us on this Committee and across Congress. The resources given to MedPAC, are similar to that given to the SSAB, yet SSAB does not seem to have been as useful to Congress and the American people.

***Question:* (*All)* How can the SSAB better serve its primary customers: Congress, the Administration, SSA, and the American people. Should we look at reforming the structure of the SSAB? If so, what would you recommend?**

I don't agree with the assertion that the SSAB is given similar resources as MedPAC. There are significant differences in both the structure and resources of these agencies that could contribute to MedPAC's efficacy and usefulness, as compared to the SSAB. MedPAC is an independent congressional agency solely within the legislative branch, with 17 Commissioners who are all appointed by the Comptroller General. With three cohorts of 5 or 6 Commissioners who serve staggered three-year terms, there are never extensive vacancies for Commissioners at MedPAC, since none of the Commissioners have to go through the Senate confirmation process. Three of the seven SSAB Board members are Presidential nominees who require Senate confirmation, resulting in many years without a full complement of Board members actively "on the job."

In addition to the structure of having more than twice as many Commissioners, who serve with a full complement continuously, MedPAC also has almost three times as many professional staff (12 at SSAB versus 33 at MedPAC), and an annual budget more than five times as large ($2.7 million for SSAB versus $13.8 million for MedPAC). SSAB's efficacy could be enhanced by doubling the number of Board members, by tripling the number of professional staff, and by increasing its budget.

2. **Public Knowledge of SSA programs**

One of the SSAB statutory roles is to help the American public better understand Social Security programs, so I am going to ask a question that is very similar to one I asked Commissioner O'Malley a couple months ago in this room.

The most common age at which Americans claim Social Security benefits is 62. Claiming benefits at this age locks in the lowest possible monthly benefit amount a person can receive for the rest of that person's life. Research has shown that the average American household misses out on more than $100,000 in value because of suboptimal claiming decisions. And the very words SSA uses for various ages stacks the deck toward earlier claiming. Most notably, SSA describes age 62 as the "early retirement age"—implying that claiming at any other time is "late." In March of this year, I introduced bipartisan legislation with Senators Collins, Coons, and Kaine that would improve Americans' understanding of how their claiming decisions impact their financial security. The bill is simple—it would change SSA's terminology from "early eligibility age," "full retirement age," and "delayed retirement credits" to "minimum benefit age," "standard benefit age," and "maximum benefit age" to better reflect Social Security's claiming design and how the program works.

***Question:* (*Kathryn Lang*) Ms. Lang, if you are confirmed to the SSAB, would you work with Congress and the Administration to implement this straightforward solution?**

Yes, I would.

<u>Senator Grassley</u>

For all nominees to the Social Security Advisory Board:

1. **One of the responsibilities of the Social Security Advisory Board is to make recommendations to the President and Congress regarding policies that will ensure the solvency of the Social Security trust funds. As you likely know, the Congressional Budget Office estimates that the Social Security trust funds will become insolvent in 2033. It is vital that Congress take action to extend the solvency of Social Security to protect our Seniors hard earned benefits.**

   As a member of the Social Security advisory board, how would you help advise Congress as we act to ensure the solvency of Social Security?

   Congress has a number of options to address the long-term solvency of the Social Security trust funds. SSA's Office of the Chief Actuary provides detailed estimates regarding the proposals put forward by policymakers to restore the trust funds' solvency: Proposals to Change Social Security (ssa.gov)

   The Congressional Budget Office has produced several publications on projections and policy options for the Social Security trust funds:
   CBO's 2023 Long-Term Projections for Social Security | Congressional Budget Office
   How Changing Social Security Could Affect Beneficiaries and the System's Finances | Congressional Budget Office (cbo.gov)
   Social Security Policy Options, 2015 | Congressional Budget Office (cbo.gov)

   In the past, the SSAB has also published reports reviewing proposals that address the Social Security solvency issue, but has not endorsed any particular option or combination of options. Instead, the SSAB has presented these proposals in a bipartisan manner and urged Congress to take action. As 2033 approaches, policymakers have time to carefully craft a financing package that protects the program's modest but critical benefits.

   Aside from the impending Social Security shortfall, what do you believe to be a major challenge facing Social Security, and what should Congress or the President do to address it?

   Under the Supplemental Security Income (SSI) program, the Social Security Administration provides monthly benefits to people who are disabled or elderly and have little income and few assets. SSI benefits are critical for the people who need them, but the program is woefully out of date. The maximum SSI benefit is only three-fourths of the poverty line, and more than a third of beneficiaries have incomes below the poverty line even after their benefits are considered. The program's meager income and asset limits penalize savings and work. Its complicated rules are inefficient to administer and intrusive to beneficiaries.

Updating SSI is long overdue, and necessary to ensure that low-income seniors and people with disabilities have the resources they need to afford rent, food, and other basic needs.

For Kathryn Lang:

2. **Based on your experience as Director of Federal Income Security at Justice for Aging, please explain how you think Social Security can best be improved.**

   More than 48 million older adults claim Social Security retirement benefits. Women make up approximately 56 percent of all Social Security beneficiaries over the age of 62 and 66 percent of all beneficiaries over the age of 85. Notably, because women have fewer assets than men in retirement, yet live longer on average, Social Security is often their primary source of income, especially as they reach older age. In fact, one-third of older women rely on Social Security for more than 80 percent of their total income. For women over 80 years of age, whose other resources have likely been depleted, that percentage rises to 43.3 percent, highlighting the difficulty many women face when they have little to no retirement savings left and they can no longer work to supplement their income.

   Unfortunately, not only are women more likely than men to lack other forms of retirement income, but their Social Security benefits are, on average, lower. This discrepancy can be attributed to a long history of disparate pay for women and men in the United States, and women's traditional role as primary caregivers for children and aging family members, among other factors.

   Because Social Security benefits are based on previous earnings, women who take time out of the workforce to act as caregivers receive fewer benefits in retirement. The substantial value they provide for such caregiving is totally uncompensated for purposes of Social Security. A caregiver credit could provide eligible caregivers with Social Security work credits, thereby increasing the caregivers' "wages" for purposes of calculating Social Security benefits.

<u>**Senator Scott**</u>

For Biggs, Lang, and Lewis:

1. **One area I'm hoping you can commit to focusing on is the Social Security Administration's (SSA) electronic consent based SSN verification system, also known as the "eCBSV." By enacting my Preventing Children From Identity Theft Act, Congress directed the SSA to build this system so synthetic identity fraud could be detected and prevented in real time. Criminals create a synthetic identity by combining SSNs, names, and dates of birth of multiple people (or fabricating some of that information). A criminal uses this identity to apply for credit, slowly building a credit profile over time, and finally, obtaining a large amount of credit, with no**

intent to repay. Victims are usually children, as most parents are not checking their child's credit report and their SSNs are rarely used until their late teens. We understand synthetic identity fraud is the fastest growing type of financial crime in the U.S. As the only true owner of SSN information, SSA is integral to stopping this fraud. The eCBSV system allows financial institutions and their service providers to submit a name, SSN, and date of birth to the SSA to see if it is a match or no match to SSA's records. A no match may be a case of synthetic identity fraud. While the system is now up and running, I am concerned about reported cost overruns and SSA's overly aggressive timeline to recover these costs.

   a. **Will you commit to working with your fellow Board members to help ensure that the SSA's eCBSV is as successful and as cost efficient as possible?**

      Yes, I will.

2. **Social Security is a vital pillar of the American retirement system. Retirement and disability benefits represent approximately 30% of total income for the median beneficiary household headed by someone age 65 or over; for more than one in ten of such households, Social Security provides at least 90% of income. But the program faces a major financial challenge. Benefits paid out by Social Security are set to far exceed its income from the payroll tax and other sources. Without action by Congress, beneficiaries will face a 23% benefit cut in 2033—just 10 years from now—as the program's primary trust fund runs dry. Such an outcome would have severe consequences. Addressing this issue is within our realm, but we require an advisory board that is ready to collaborate with us in Congress to develop and improve solutions.**

   a. **Can you share your view on this issue and what are some solutions that you think Congress should look at in addressing this issue?**

Congress has a number of options to address the long-term solvency of the Social Security trust funds. SSA's Office of the Chief Actuary provides detailed estimates regarding the proposals put forward by policymakers to restore the trust funds to solvency:
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In the past, the SSAB has also published reports reviewing proposals that address the Social Security solvency issue, but has not endorsed any particular option or combination of options. Instead, the SSAB has presented these proposals in a bipartisan manner and urged Congress to take action. As 2033 approaches, policymakers have time to carefully craft a financing package that protects the program's modest but critical benefits and to strengthen the trust funds' solvency for the decades to come.

b. **Given the critical role of Social Security and the imminent financial challenge it faces, could you share your perspective on the potential impact of a 23% benefit cut in 2033 and how the Assistant Secretary of Commerce for Enforcement and Compliance could contribute to collaborative efforts with Congress to address this issue?**

While Social Security benefits are modest, they are a key source of financial security, especially for older adults. Given the program's powerful anti-poverty impact, cuts in Social Security benefits could significantly raise the elderly poverty rate. Without Social Security benefits, 41 percent of elderly Americans would have incomes below the official poverty line. With Social Security, only 9 percent do.

A potential benefit cut of 23 percent would disproportionately harm low- and middle-income seniors, as they rely most heavily on Social Security to cover all or a significant amount of their expenses. It would hit Black and Latino retirees particularly hard because they have less access to private retirement accounts and have lower balances in those accounts.

Benefit cuts would be harmful to the American people and should be avoided at all costs. The Social Security Advisory Board can put forward bipartisan proposals on the issue, but Congress must take action.

3. **Separate from Social Security's old-age and disability insurance programs, SSA also administers the Supplemental Security Income (SSI) program, which provides crucial monthly assistance to nearly 8 million older adults, and people with disabilities who have little or no earnings. SSI beneficiaries—40% of whom live in poverty with these benefits—are allowed to have assets of up to $2,000, or $3,000 for a couple. These asset limits penalize marriage, work, and saving.**

a. **In light of the issues related to asset limits affecting marriage, work, and savings for SSI beneficiaries, could you provide insights for potential reforms or enhancements that might alleviate these challenges and improve the program's effectiveness in assisting individuals with limited or no earnings?**

Outdated asset limits for the Supplemental Security Income (SSI) program discourage millions of Americans from saving, working, and marrying. SSI offers essential financial support to disabled and elderly Americans with limited means and limited ability to work, but the program in its current form penalizes marriage and discourages financial responsibility.

In order to qualify for SSI, individuals cannot have more than $2,000 in assets; married couples can have no more than $3,000, putting SSI recipients at risk of losing eligibility should they choose to marry. These thresholds have remained unchanged for almost 40 years without being updated to account for inflation. Such low asset limits confront SSI recipients with an impossible dynamic – taking modest steps to save for future emergencies can threaten access to their critical monthly benefits. Moreover, outdated asset limits in SSI have become a leading driver of Social Security Administration overpayments undermine program integrity and also result in hardship for recipients facing abrupt benefit suspension or reduction in already low monthly benefits.