

November 13, 2014

The Honorable Shaun Donovan  
Director  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

RE: FY 2016 Administrative Funding for the Social Security Administration

Dear Director Donovan:

As organizations representing stakeholders of the Social Security Administration (SSA), we respectfully request adequate funding for SSA operations be included in the President's Fiscal Year (FY) 2016 budget to restore SSA's levels of service and address stewardship responsibilities. In order to balance those responsibilities and to avoid devastating effects for the American public, SSA must have sustained and adequate funding.

**For SSA to meet its multitude of public service responsibilities, we estimate the agency will require a minimum of \$12.7 billion for its FY 2016 administrative funding. Given past budgetary shortfalls, resulting program integrity backlogs, deterioration in public service, ongoing employee attrition, and the need to improve technology and make system enhancements, we believe administrative funding for SSA should exceed \$13 billion for FY 2016.**

This level of funding is necessary to respond to the increased requests for assistance from the American public due in large part to the aging of the baby boom generation. Without adequate funding, SSA will not be able to carry out its core mission of delivering critical Social Security services that meet the changing needs of the public. In fact, the programs SSA administers provide a safety net for millions of Americans, and the agency needs sufficient funds to fulfill that mission.

SSA field offices continue to serve a near record number of visitors. Each day, almost 163,000 people visit field offices and more than 348,000 people try to reach an SSA agent for assistance. In FY 2014 about 13% of SSA's visitors waited over an hour for service. Despite agency online service initiatives and the reduction of public service hours, field offices in FY 2014 served 40.7 million visitors. Field office visitors waited 50% longer in FY 2014 than in FY 2012. In FY 2014, nearly 5.5 million SSA visitors waited over an hour to be served and over 2 million visitors left without service. SSA's 800 number network had a marked deterioration in FY 2014 in answering calls to agents, demonstrated by an answer rate of about 54%. The field office answer rate was about 67%, which also represents a substantial degradation in performance over the past few years.

SSA teleservice centers, hearing offices, program service centers, disability determination services (DDS), and field offices are in critical need of adequate resources to address their growing workloads. The recommended FY 2016 budget of no less than \$12.7 billion would allow SSA to cover inflationary increases, resume efforts to reduce hearings and disability

backlogs, complete deficit-reducing program integrity work, and replace critical staffing losses in SSA's components, including field offices, teleservice centers, and DDSs.

Adequate funding would also help minimize the possibility of closure of additional field offices. Since FY 2010, SSA reduced the number of total field offices by 53 and closed 520 contact stations, leaving only 15 contact stations remaining nationwide. The agency also cancelled plans to open 8 new hearing offices and a new teleservice center due to limited resources. In many cases, applicants for benefits or those approaching retirement age who have questions about their eligibility or benefits have been forced to travel greater distances to visit a Social Security field office.

SSA is challenged by ever-increasing workloads, the complex nature of SSA programs, and increased program integrity work with diminishing staffing and resources. SSA's FY 2014 appropriation allowed the agency to undertake appreciable hiring for the first time since FY 2010. While we appreciate this, adequate and sustained funding is needed to ensure these new employees receive the training and resources necessary to become fully productive, which takes on average three years. The FY 2014 hiring was just the beginning of what is needed to recover from several years of staffing losses.

At the end of FY 2010, SSA had 68,422 permanent employees on duty. Despite the significant hiring the agency did in FY 2014, at the end of the fiscal year SSA had only 63,657 permanent employees on duty. This is a reduction of 4,765 employees at a time when SSA's workloads and responsibilities are increasing.

As workloads rise, SSA continues to lose significant percentages of its well-trained and knowledgeable workforce. In the next four years, it is estimated that approximately 11,000 employees will retire. SSA lost nearly 3,500 employees in FY 2014 to retirement and separations. This has been an ongoing challenge for SSA during the last decade demonstrated by the very restricted hiring in the majority of years. SSA must be able to replace its losses each year or the agency's services will continue to degrade.

One of the greatest concerns for SSA is the significant increase in Retirement, Survivor, Dependent, Disability, and Supplemental Security Income (SSI) new claims and appeals. This increase is driven by the nearly 80 million baby boomers who will be filing for Social Security benefits by 2030—an average of 10,000 per day.

Another area of great concern is the hearings backlog. SSA was making progress in addressing the enormous backlog of hearings cases and improving processing times, i.e., the length of time claimants wait to receive hearing decisions. But, in recent years the agency has seen a significant increase in the length of the processing time and the number of pending hearings. Just two years ago, at the end of FY 2012, the average processing time had decreased to less than one year (353 days), with a goal of 270 days by the end of FY 2013. Instead, the processing times began to increase, and at the end of FY 2014, the average time had risen to 422 days. And, as the chart below shows, SSA estimates it will continue to increase in FY 2015.

After December 2008, when the number of pending hearings rose to 768,540, the backlog was reduced for 19 straight months, to 694,417 in June 2010. However, pending hearings began to increase again in July 2010. In September 2014, the pending hearings reached an all-time high of 977,736, which is a 41% increase. In the last year alone, the number of hearings has risen

by 146,440, or about 17%. As of today, the number of pending hearings has risen nearly 23,000 more to 1,000,669. The following chart provides historical performance data on SSA hearings and illustrates the increase in the number of pending hearings over the last ten years.

<b>SSA Hearings Performance Data FY 2005 - FY 2014</b>					
<b>Fiscal Year</b>	<b>Pending SSA Hearings</b>	<b>Hearing Processing Time</b>	<b>Yearly Hearing Receipts</b>	<b>Yearly Dispositions</b>	<b>Average ALJ Dispositions Per Day</b>
<b>FY 2015</b>	<b>994,304 (1)</b>	<b>435</b>	<b>76,384</b>	<b>76,479</b>	<b>1.97</b>
<b>FY 2014</b>	<b>977,736</b>	<b>422</b>	<b>811,992</b>	<b>680,963</b>	<b>2.07</b>
<b>FY 2013</b>	<b>847,984</b>	<b>382</b>	<b>826,635</b>	<b>793,580</b>	<b>2.30</b>
<b>FY 2012</b>	<b>816,575</b>	<b>353</b>	<b>849,869</b>	<b>820,484</b>	<b>2.41</b>
<b>FY 2011</b>	<b>771,318</b>	<b>360</b>	<b>859,514</b>	<b>793,563</b>	<b>2.42</b>
<b>FY 2010</b>	<b>705,367</b>	<b>426</b>	<b>720,161</b>	<b>737,616</b>	<b>2.38</b>
<b>FY 2009</b>	<b>722,822</b>	<b>491</b>	<b>622,851</b>	<b>660,842</b>	<b>2.37</b>
<b>FY 2008</b>	<b>760,813</b>	<b>514</b>	<b>589,449</b>	<b>575,380</b>	<b>2.3</b>
<b>FY 2007</b>	<b>746,744</b>	<b>512</b>	<b>579,127</b>	<b>547,951</b>	<b>2.19</b>
<b>FY 2006</b>	<b>715,568</b>	<b>483</b>	<b>557,970</b>	<b>558,978</b>	<b>2.21</b>
<b>FY 2005</b>	<b>708,164</b>	<b>443</b>	<b>592,726</b>	<b>519,359</b>	<b>2.2</b>
<b>Chart Note (1) FY 2015 information is through October 31, 2014</b>					

The processing times and number of hearings pending are not acceptable to the millions of Americans who depend on Social Security or SSI for their basic income, meeting health care costs, and supporting their families. While waiting for these critical benefits, lives are shattered – homes are lost to foreclosure, families are separated, health deteriorates, and, too often, people die. If SSA does not receive adequate funding for FY 2016 this degradation will continue and the disability hearings backlog will require even more significant resources in FY 2017 to improve service levels. With necessary funding, SSA can add staff and resources to address the disability pending backlogs.

Uneven geographical attrition of field office and DDS employees severely affects public service as well. The need for resources in these offices is critical to provide vital services to the American public. For SSA field offices, this includes resources for processing the increased disability claim effectuations from the hearing offices and DDSs and the additional claims filed because of the aging of the baby boomers. Even with the hiring undertaken in FY 2014, many field offices and teleservice centers remain significantly understaffed and without sufficient capacity to address workloads or answer public telephone calls.

Program integrity initiatives save taxpayer dollars and are fiscally prudent in reducing the federal budget and deficit. To address program integrity, the President's FY 2015 SSA budget request included \$1.396 billion for two of the most cost-effective tools to reduce improper payments, medical continuing disability reviews (CDRs) and SSI redeterminations. In FY 2014, the same SSA field office and DDS employees who answered telephone calls, took initial claim applications, and developed and adjudicated benefit claims, also processed the following

program integrity workloads:

- **510,000 medical CDRs**, which save \$9 per every \$1 spent, on average.
- **2.622 million SSI redeterminations**, which provide a return on investment of \$5 in program savings over 10 years for each \$1 spent, including Medicaid savings accruals.
- **It is projected in FY 2015 that SSA will complete 888,000 medical CDRs, which is an increase of 74%, and 2.622 million SSI redeterminations.**

In order to process this large increase in medical CDRs, the field offices and DDSs will need to at least replace losses in FY 2015 or there could be additional delays in processing initial disability claims and reconsiderations and degradation of other services field offices provide.

With SSA currently operating under a continuing resolution and the uncertainty posed by the possibility of sequestration in FY 2016 and beyond, there is significant concern that SSA will not be adequately funded, which would be detrimental to SSA's stewardship responsibilities. Accomplishing additional program integrity workloads requires replacement of staffing losses and sufficient overtime to maintain public service.

For millions of Americans, SSA is the face of the federal government. Backlogs and delayed services at SSA field offices result in inefficiencies and are a source of customer frustration. Untimely services can be economically disastrous to beneficiaries with disabilities who attempt to return to work and must report their work activity.

Without question, SSA would use the President's proposed funding for FY 2015 of \$12.024 billion for the Limitation on Administrative Expenses (LAE) account to address the growing workloads facing the agency. Projecting to FY 2016, we estimate SSA will require approximately \$300 million in additional funding just to address inflationary costs associated with items such as salaries, employee benefits, rent, and facility security.

SSA would also need additional resources to address the backlog of post-eligibility work, medical CDRs, and to recover several years of staffing losses. **By our estimates, this brings SSA's overall administrative funding needs to a minimum of \$12.7 billion for FY 2016.** Additionally, given past budgetary shortfalls, resulting program integrity backlogs, deterioration in public service, ongoing employee attrition, and the need to improve technology and make system enhancements we believe administrative funding for SSA should exceed \$13 billion for FY 2016.

We are gravely concerned that the consequences of an automatic across-the-board, uniform percentage reduction prescribed by the Budget Control Act for FY 2016 would be devastating for SSA and the American people who depend on Social Security. In FY 2013 SSA sustained a \$386 million sequestration reduction, it is imperative that SSA be spared this scenario. If not averted, the impact of sequestration would once again be dire for the members of the public who rely on SSA for essential services. SSA would experience severe service disruptions and even longer delays for people who desperately need vital assistance.

These impacts would include increased waiting time in field offices; longer claims processing times; backlogs in important post-entitlement work; higher busy rates, unanswered calls and delays in telephone service; additional delays in pending disability hearing cases; and reduction in efforts to address cost-saving program integrity workloads such as medical CDRs and SSI redeterminations. SSA must be properly funded to preserve good service to the American

public and to ensure the efficient, accurate, and expeditious administration of this vital social program.

We realize the FY 2016 funding level outlined above is not insignificant, particularly in this difficult federal budget environment. However, Social Security serves the largest and most vital component of the social safety net of America and is facing unprecedented challenges due to the aging of the baby boomers. The American public expects and deserves SSA's assistance. SSA needs proper resources to fulfill its stewardship responsibilities and, in turn, provide a good return on taxpayer dollars.

**We respectfully request that a minimum of \$12.7 billion be included in the President's FY 2016 budget request for SSA's administrative funding. Given past budgetary shortfalls, resulting program integrity backlogs, deterioration in public service, ongoing employee attrition, and the need to improve technology and make system enhancements we believe administrative funding for SSA should exceed \$13 billion for FY 2016.**

This will provide SSA with the necessary funding to process its core workloads, reduce the hearings backlog and accomplish critical program integrity workloads, which ensure accurate payments, save taxpayer dollars, and is fiscally prudent. We are confident this investment in SSA will benefit our entire nation. On behalf of the undersigned organizations, with members throughout the United States, we sincerely appreciate your consideration of this request.

Sincerely,

ACCSES

Autism National Committee

Alliance for Retired Americans

B'nai B'rith International

American Association of Social Security Disability Consultants

Brain Injury Association of America

American Association on Health and Disability (AAHD)

Corporation for Supportive Housing

The Arc of the United States

Easter Seals

Association of Administrative Law Judges

Federal Managers Association

Association of Assistive Technology Act Programs (ATAP)

Goodwill Industries International

Association of Jewish Aging Services

Lupus Foundation of America

Lutheran Services in America Disability Network

National Disability Rights Network

National Alliance on Mental Illness (NAMI)

National Multiple Sclerosis Society

National Association of Disability Examiners (NADE)

National Organization of Social Security Claimants' Representatives

National Association of Disability Representatives

National Senior Citizens Law Center

National Association of Professional Geriatric Care Managers

National Treasury Employees Union

National Association of State Head Injury Administrators

OWL-The Voice of Women 40+

National Committee to Preserve Social Security and Medicare

Paralyzed Veterans of America

National Council of Disability Determination Directors

Social Security Disability Coalition

National Council of Social Security Administration Field Operations Locals, AFGE

TASH

National Council of Social Security Management Associations