

November 8, 2012

The Honorable Jeffrey Zients
Acting Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

RE: FY 2014 Administrative Funding for the Social Security Administration

Dear Acting Director Zients:

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) 2014 budget to address an increasing number of critical service delivery issues.

For SSA to meet its multitude of public service responsibilities, we estimate the agency will require a minimum of \$12.3 billion for its FY 2014 administrative funding. This level of funding is necessary to respond to the increased requests for assistance from the American public due to the aging of the baby boom generation and the economic downturn. Without adequate funding, SSA will be unable to provide the high-quality customer service Americans have come to expect and deserve.

SSA teleservice centers, hearing offices, program service centers, disability determination services (DDS), and the 1,233 field offices are in critical need of adequate resources to address their growing workloads. The recommended FY 2014 budget of no less than \$12.3 billion would allow SSA to cover inflationary increases, continue efforts to reduce hearings and disability backlogs, increase deficit-reducing program integrity work, and replace some critical staffing losses in SSA's components. It would also help to minimize the closure of additional field offices. In the last two years, SSA closed a number of field offices 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, very complex programs to administer, and increased program integrity work with diminished staffing and resources. Despite SSA's enormous challenges, SSA's FY 2012 appropriation for administrative funding through the Limitation on Administrative Expenses (LAE) account was around \$300 million below the FY 2011 enacted level after rescissions from Carryover Information Technology funds. This funding level was over \$1 billion below the President's budget request and did not allow SSA to cover inflationary costs for fixed expenses. It resulted in significant reductions in the agency's vital services, including a continuation of the hiring freeze in most of SSA, closing all field

offices to the public one-half hour earlier, closure of hundreds of part-time remote contact stations, suspension of mailing annual benefit statements to the public, and postponement of efficiency initiatives.

SSA expects to lose an additional 2,000 employees in FY 2013, which means the agency will lose a total of more than 9,000 federal and state employees from FY 2011 through FY 2013. SSA will have approximately the same number of employees in FY 2013 as it did in FY 2007, even though workloads have increased dramatically with retirement and survivor claims up 30 percent, and disability claims up 25 percent.

With SSA operating under a continuing resolution for the first six months of FY 2013 and the uncertainty posed by sequestration, the agency recently announced further reductions in public service hours. Effective November 19, SSA field offices will close an additional 30 minutes earlier, and beginning January 2013 they will close at 12:00 p.m. on Wednesdays. Agency leadership indicates this will allow field office employees to complete interviews and claims work without using overtime. However, SSA’s experience with the previous reduction in public service hours suggests that fewer open hours for the public does not translate to fewer visitors or less work for the agency to process.

One of the greatest concerns for SSA is the huge 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. Concurrently, there has been a surge in claims filed due to the economic downturn, which began in 2008. The chart below illustrates the dramatic increase in initial disability claims receipts in the last four fiscal years as compared to FY 2008. In FY 2012, disability claims receipts exceeded 3 million for the fourth successive year.

Disability Initial Claim Receipts FY 2008 – 2012				
FY 2008	FY 2009	FY 2010	FY 2011	FY 2012
2,617,968	3,011,437	3,212,197	3,243,079	3,143,984

The wave of increased disability claims continues to have a very significant impact on the DDSs. Since FY 2008, the number of claims pending for a disability medical decision rose from 565,286 to 707,700—an increase of 142,414, or 25.2 percent. Despite the fact disability receipts have exceeded 3 million for four successive years, the current staffing level for DDSs is 14,262, which is 1,107 (7.2 percent) below the level at the end of FY 2011, and 1,831 (11.3 percent) below the level at the end of FY 2010. A continued hiring freeze in DDSs for FY 2013 will not allow SSA to complete as many disability claims as received. Initial claims pending for a disability medical decision are expected to rise to 1.1 million cases.

SSA was making progress in addressing the enormous backlog of hearings cases, but resource issues have magnified the challenges. 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 and in May 2012 reached

an all-time high of 823,828. Since then, the number of pending hearings has been reduced to 816,575, which still is 17.59 percent higher than in June 2010. This is due to the dramatic increase in the volume of new hearings filed over the last few years, which is partly due to our distressed economy. In FY 2012, 849,869 hearing requests were filed, which nearly matched the all-time high for hearing requests in FY 2011. In FY 2011, 859,514 hearing requests were filed, which is 139,353 (19.4 percent) more than in FY 2010, 236,663 (38.0 percent) more than in FY 2009 and 270,065 (45.8 percent) more than in FY 2008.

Despite these unprecedented challenges, eliminating the disability hearings backlog remains SSA's top priority, and the agency's goal is to eliminate the backlog by FY 2013 and to improve hearing processing time to 270 days. To achieve this, SSA will need to complete a record number of cases in FY 2013—nearly 1 million. Even with the dramatic increase in the volume of new hearing requests filed over the last few years, processing time has been reduced from 491 days in FY 2009 to 353 days in September 2012. If SSA does not receive adequate funding for FY 2013 this progress will regress and the disability hearings backlog will require significant resources in FY 2014 to improve service levels.

The number of disability claims pending is still not acceptable to the millions of Americans who depend on Social Security or Supplemental Security Income for their basic income, meeting health care costs, and supporting their families. If necessary funding is provided to SSA, the DDSs and hearing offices will continue to add staff and resources to address the disability pending backlogs. However, past reduced SSA funding levels resulted in the suspension of opening eight planned hearing offices, which diminishes SSA's ability to eliminate the hearings backlog by FY 2013.

Uneven geographical attrition of field office and DDS employees, combined with the ongoing hiring freeze, severely affects public service. 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 and the challenging economic environment. Overall field office staffing has gone from 31,027 employees in June 2010 to 28,191 employees in September 2012—a 9 percent decrease. However, in the last two years, nearly 500 SSA field offices have lost more than 10 percent of their staff and more than 10 percent of all SSA field offices have had a net attrition loss of over 20 percent. Geographic staffing disparities will only increase as ongoing attrition spreads unevenly across the country. With hiring frozen and no overtime available, this leaves many offices significantly understaffed and without sufficient capacity to address workloads.

SSA field offices continue to serve a near record number of visitors. Each day, almost 182,000 people visit field offices and more than 445,000 people call SSA for assistance. Despite agency online service initiatives and the reduction of public service hours, 44.9 million visitors were served by field offices in FY 2012, which was approximately the same as in the previous three years. In addition, SSA field offices are handling an unprecedented number of telephone calls, and, based on our estimates, answered approximately 23 million telephone calls in FY 2012. Past reduced SSA funding levels resulted in the suspension of plans to open the Jackson,

Tennessee, Teleservice Center, which diminished SSA's ability to provide telephone service to the public.

SSA pays over \$60 billion in benefit payments each month to over 60 million beneficiaries. 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 2013 SSA budget request includes a \$1.024 billion appropriation for the two most cost-effective tools to reduce improper payments—medical continuing disability reviews (CDRs) and SSI redeterminations. The same SSA field office employees who answer telephone calls, take initial claim applications, and develop and adjudicate benefit claims, would also process the following program integrity workloads:

- **650,000 medical CDRs** (215,000 above FY 2012 and a 65 percent increase over the FY 2011 CDR level), which yield \$9 in lifetime program savings for every \$1 spent.
- **2.622 million SSI redeterminations** (the same amount as in FY 2012), which provide a return on investment of \$6 in program savings over 10 years for each \$1 spent, including Medicaid savings accruals.

If SSA is able to fulfill its FY 2013 program integrity targets the estimated program savings over the next ten years is \$8.1 billion. However, with SSA operating under a continuing resolution and the uncertainty posed by sequestration, 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 2013 of \$11.76 billion for the Limitation on Administrative Expenses (LAE) account to address the growing workloads facing the agency. Projecting to FY 2014, 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 and medical CDRs. **By our estimates, this brings SSA's overall administrative funding needs to a minimum of \$12.3 billion for FY 2014.**

The consequences of an automatic across-the-board, uniform percentage reduction prescribed by the Budget Control Act (BCA) would be devastating for SSA. The impact of sequestration would be dire for the members of the public who rely on SSA for essential services. If the BCA uniform percentage reductions are implemented, SSA could be forced to cut over \$600 million in expenses by furloughing employees for as long as three weeks. 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. It is essential to preserve good service to the American public at SSA. SSA must be properly funded to ensure the efficient, accurate, and expeditious administration of this vital social program.

We realize that the FY 2014 funding levels outlined above are significant, particularly in this difficult federal budget environment. However, Social Security is the safety net of America and is facing unprecedented challenges due to the aging of the baby boomers and the economic downturn. 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 \$12.3 billion be included in the President's FY 2014 budget request for SSA's administrative funding. 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,

AARP

Association of Administrative Law Judges

Alliance for Retired Americans

Easter Seals

The Arc of the United States

Lupus Foundation of America

American Association of Social Security
Disability Consultants

National Academy of Elder Law Attorneys

American Federation of Government
Employees (AFGE)

National Alliance on Mental Illness

National Association of Councils on
Developmental Disabilities

National Organization of Social Security
Claimants' Representatives

National Association of Disability
Examiners (NADE)

National Respite Coalition

National Association of Disability
Representatives

National Treasury Employees Union
(NTEU)

National Association of Professional
Geriatric Care Managers

OWL-The Voice of Midlife and Older
Women

National Committee to Preserve Social
Security and Medicare

Social Security Disability Coalition

National Council of Disability
Determination Directors

Social Security Law Section of the Federal
Bar Association

National Council of Social Security Field
Operations Locals, AFGE

United Spinal Association

National Council of Social Security
Management Associations

VOR - Speaking out for people with
intellectual and developmental disabilities

National Multiple Sclerosis Society