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Testimony
Of
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Chairman Regula, Congressman Obey and Members of the Subcommittee, 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 nearly 11 years and have worked for the Social Security Administration for 30 years. On behalf of our membership, I am pleased to have the opportunity to submit this testimony to the Subcommittee.

The NCSSMA is a membership organization of nearly 3,400 Social Security Administration (SSA) managers and supervisors who provide leadership in SSA's 1,374 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 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-five years ago, the NCSSMA has been a strong advocate of 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 that delivers quality service to the people we serve - your constituents.

SSA is facing many challenges this year. My testimony today will focus on the following areas: limited resources and ever-increasing workloads and responsibilities.

Resources

The President's Fiscal Year 2007 budget proposes \$9.496 billion for the Social Security Administration's Limitation on Administrative Expenses (LAE) account. This account, which is included as part of the Labor, Health and Human Services, and Education Appropriations Bill, supplies the resources for SSA's administrative budget. The budget request for FY 2007 represents less than a 1.0% increase over the amount requested for FY 2006. The Agency did not receive the full President's budget request for FY 2006 - the final appropriation was reduced by nearly \$300 million during the appropriations process.

The Commissioner of Social Security is required by law to submit her own budget. This budget reflects what she sees as the level of funding necessary to meet the Agency's service delivery improvements and fiscal stewardship plans through 2011. This budget also factors in that SSA has received less than the President's budget request in recent years, thus leading to the need for additional resources in future years to meet the full service delivery plan. The budget amount submitted by the Commissioner of Social Security to the President for SSA's FY 2007 administrative expenses was \$10.23 billion. The budget submitted by the Commissioner takes into consideration the increasing workloads and new mandates that are confronting the Agency. The budget shortfalls in comparison to the Agency's real needs, increased workloads, and new mandates have, and will continue to have, a tremendous impact on SSA's service delivery.

It is important to note that SSA's administrative budget constitutes less than 2% of program expenditures for the current fiscal year which is an outstanding value. This becomes all the more noteworthy when compared to private sector insurance companies which, as pointed out in a report issued by the Social Security Advisory Board, commonly have cost ratios of 10 to 20 percent or more. Certainly the American people deserve to have the Social Security Administration's excellent service while maintaining such value. A good example of this value can be seen by the service SSA provided after the hurricanes this past fall. SSA detailed people throughout the country and moved a huge amount of equipment around to assist people in receiving their benefits after the hurricanes. Every possible effort was made to pay benefits due on a timely basis. SSA spent \$73 million in support of this effort – resources that were unanticipated and unbudgeted for.

Increasing Workloads

The following are some key current and future workload trends that are impacting SSA:

- In 1999 SSA had 311,000 hearings pending. As of the end of February there are now about 725,000 hearings pending, an increase of 133%. The average hearing processing time continues to go up. Current processing times are 476 days, up from 443 days last fiscal year. The average Administrative Law Judge has approximately 710 cases pending per available judge. As a result the average time to receive a hearing decision is often more than two years.
- SSA's Program Service Centers (PSCs) have seen their pending cases more than double in the past two years, increasing by more than 350,000 cases. Backlogs in the PSCs have contributed to an increase in requests from Congress for status of cases by over 40% and requests for special high priority payment of cases by over 110%. The PSC backlogs have been exacerbated because so many of the employees must assist in answering the 1-800 number.
- Waiting times in Field Offices rose dramatically for the first six weeks of the year. Walk-in traffic increased by approximately 40% for the first six weeks of the year. Since then traffic has moderated somewhat but walk-in traffic is currently up an estimated 25%.
- SSA's 1-800 number has received nearly 4.4 million more calls this year compared to the same time last year.

- Failure to receive an adequate appropriation led the Commissioner to make the difficult but unavoidable decision to cut back on processing Medical Continuing Disability Reviews. This year SSA has reduced the number by about 390,000. SSA estimates that every one dollar spent on a Continuing Disability Review saves ten dollars in program costs. SSA also estimates that the CDRs conducted in 2002 are expected to yield \$6 billion in lifetime program savings.
- Failure to receive an adequate appropriation led SSA to make the decision to cut back on processing SSI redeterminations by approximately 808,000 this year. SSA estimates that every one dollar spent on an SSI redetermination saves seven dollars in program costs.
- In FY 2005, SSA processed 64% more new claims for Title II and Title XVI disability claims than it did in FY 2000.
- SSA will process an increasing number of retirement claims as the baby boom generation retires. Last year SSA Field Offices processed 16% more retirement claims than the previous year.
- SSA will send out an estimated 2 million letters for those that qualified for Extra Help for Part D Medicare in August to determine whether the amount of Extra Help will change. Many of these cases will need to be reworked by SSA Field Offices.
- SSA will also mail out an estimated 2 million letters for those potentially affected by the Income-Related increased Medicare Part B Premiums this fall. Many of those affected will contact SSA Field Offices with questions and for assistance in helping them determine the correct premium to pay.

Increasing Responsibilities

One of the areas where SSA Field Offices have seen the most significant impact on their workloads and on the public has been due to the implementation of the Intelligence Reform and Terrorism Prevention Act of 2004 (IRTPA) on December 17, 2005. This law significantly strengthened the rules for issuing new and replacement Social Security numbers and cards. Immediately after this law went into effect, SSA Field Offices throughout the country saw a dramatic increase in waiting times and number of visitors. This is due to the need to complete a much more intensive interview of those applying for Social Security Account numbers. This more intensive interview process and review of documents has led to an increased number of visitors that must go home and return with additional documents, sometimes multiple times.

We estimate that nearly one-third of the people currently coming into SSA Field Offices to apply for an original or duplicate Social Security Account number card have to return to the office with additional documentation for their card. We have seen countless numbers of people leaving our offices angry and frustrated because of the inconvenience.

Last year SSA processed 13.4 million requests for new and replacement cards. If one-third of the public has to obtain additional documentation and return to an SSA Field Office to complete the interview process this is affecting nearly 4.5 million people.

An example of the impact on a local Field Office can be seen in this message received from a manager in the metro Washington, DC area:

“The number one impediment in providing acceptable service to the public is the increase in daily visitors to the office, the majority of which are in the office to apply for Social Security cards. We used to have 7 Service Representatives and we are now down to 4 full time and 1 part time employee. We seldom see less than 250 visitors in a day and 55% came in for Social Security Number cards. The reception area is inadequate for the number of visitors, the waiting time often exceeds 2 hours and more importantly the Service Representatives are not able to do much of any other work other than Social Security numbers and are simply burned out. They dutifully handle reception all day, day after day without many complaints but it certainly takes a toll. There are other offices in the Washington, DC area in similar situations.”

As these increased demands on SSA facilities throughout the country have hit the Agency, we are faced with a reduction in staffing of 500 positions this year and an estimated 2,000 people next year. This reduction in staffing will occur even if SSA is funded at the full level of \$9.496 billion as proposed in the President’s budget. It is estimated that SSA will have 500 fewer employees on duty next year than before the Agency started working on Medicare Part D cases. Moving forward, we realize that we no longer have the large workloads associated with the start up of Part D. Although resources were provided by the Congress in Fiscal Years 2004-2006 to address the initial workload related to Medicare Part D, there are still incredible challenges to be met in addressing the ongoing Medicare Part D workloads, rule changes in issuing Social Security Number cards, and new Medicare Part B premium increase cases, as well as increased retirement and disability claims and telephone calls.

SSA Field Offices receive about the same number of telephone calls as SSA’s 1-800 number. This is because many people prefer to talk to the local Field Office and because all letters that are mailed out must include the local Field Office telephone number on the letter. Yet most local Field Offices do not have adequate staff to answer telephone calls. In the NCSSMA’s 2005 Survey of Management, 78% of the 2,400 respondents stated they did not have enough staff to provide adequate local telephone service. In addition, Field Office telephones systems are antiquated and desperately need to be replaced. Field Offices nationwide are forced to cannibalize parts to keep some telephone systems running.

SSA has also made enormous investments in the electronic Disability Claims Process (e-Dib) which will revolutionize the way the Agency handles disability claims. While these changes will lead to significant savings and improve processing times down the line, it is actually a more labor-intensive process and results in longer interview times for local Field Offices. In fact it takes nearly 30 minutes longer to take an interview under e-Dib because of the amount of information that must be formatted electronically.

Is the \$9.496 billion requested by the President for FY 2007 sufficient to address the backlogs and increasing workloads described above? Unfortunately, the National Council of Social Security Management Associations would have to say no. We do understand the fiscal constraints of today’s budget environment, but at a minimum, it is absolutely critical that Congress match the President’s FY 2007 budget request for SSA. Each year that SSA receives

less than adequate funding for the LAE account, it has a compounding effect on our workloads. This compounding has meant that we have over 8,000 fewer work years than we would have received had we received the full level of funding recommended in recent years in the President's budget.

This staffing shortage is one of the key reasons for massive backlogs in the Hearings Offices and Program Service Centers, reductions in processing stewardship workloads such as SSI redeterminations and Continuing Disability Reviews in Field Offices, major strains on Field Office employees to handle the increased walk-in traffic, and for Field Offices and Teleservice Centers to handle the nearly 135 million calls per year.

The key problem is that SSA is being given more and more responsibilities without sufficient funding to handle these responsibilities. On the horizon is another enormous workload SSA could receive due to language in the Border Security Act that would require the Agency to verify approximately 50 million Social Security numbers a year. SSA would need additional funds to administer the provisions of this bill if it becomes law. The Agency also needs additional funds for IRTPA, ongoing workloads associated with Medicare Part D, and the upcoming income-related Medicare Part B premium changes that take effect in January 2007.

SSA is making every effort it can to address these increasing mandates. Our Agency's productivity continues to rise, and in fact has risen at least 2% a year this decade. When you invest the people's money in SSA they get their money's worth and much more. Think of the hundreds of millions of dollars that would be saved if SSA could process more Continuing Disability Reviews and SSI redeterminations. But, because of all of the additional workloads that must be addressed by the Agency this is just not possible without additional funding.

Conclusion

SSA is facing an enormous challenge to keep up with all of its workloads. Without additional funding backlogs will increase and we will not be able to provide the level of service we believe the American public deserves. At a minimum, SSA needs to receive the FY 2007 budget proposed by the President. We applaud Commissioner Barnhart's ongoing efforts to request adequate resources for SSA. Our Agency also needs to receive additional funds for new tasks we are given such as those mandated by IRTPA and the proposed Border Security Act, which has the potential to task SSA with a new and immense workload. Without *additional* funding for these new workloads, the Agency will have to delay processing various existing workloads, leading to even more backlogs and delays. Ultimately, this will lead to increased costs.

We understand the current budgetary constraints, but when making decisions about how limited appropriated funds should be allocated keep in mind that SSA has a reputation as an Agency that gets results, and it has earned that reputation. As the only face of government a broad number of Americans ever see, it is important to retain confidence in our government and that SSA be able to provide these Americans the efficient, accurate, and compassionate service they deserve.

On behalf of the members of the NCSSMA, I thank you again for the opportunity to submit this testimony to the Subcommittee and would welcome any questions that you may have.