

November 4, 2010

Mr. Jeffrey Zients  
Acting Director  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW  
Washington, DC 20503

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) 2012 budget to address an increasing number of critical service delivery issues.

In order for SSA to fully meet its multitude of responsibilities, we estimate the agency will require a minimum of \$13.4 billion for its FY 2012 administrative funding. This level of funding is necessary due to the increase in requests for assistance from the American public due in large part to the economic downturn. SSA teleservice centers, hearing offices, Disability Determination Services (DDSs), and the nearly 1,300 field offices are in critical need of adequate resources to address their growing workloads.

The greatest concern for SSA remains the rising number of new claims and appeals coming into the agency, especially disability claims. The following is a breakdown of the number of additional disability claims received or projected to be received above FY 2008 levels, which was before the recession began:

FY 2009:	419,053
FY 2010:	619,306
FY 2011:	629,000
<u>FY 2012:</u>	<u>480,000</u>
<b>Total:</b>	<b>2,227,000</b>

This wave of increased initial disability claims, which began in FY 2009, continues to have a very significant impact on the Disability Determination Services (DDSs). In the 25-month period ending in October 2010, the number of claims pending a disability medical decision rose from 556,670 to 851,812, an increase of 53 percent.

SSA was making steady progress in addressing the enormous backlog at the hearings level until recently. In December 2008, the number of pending hearings peaked at 768,540. Since that time, the number of hearings pending decreased every month through June 2010 when it reached 694,417 cases. Unfortunately, for the last four months the number of hearings pending has increased and as of the end of October is at 718,196. The reason for the sharp increase is the number of new hearings being filed, due in large part to our distressed economy. Nearly 100,000 more hearings were filed in FY 2010 than in FY 2009. About 130,000 more hearings were filed in FY 2010 as

compared to FY 2008. The number of new hearings being filed in the last six months has been even more dramatic. In October 2010 the number of hearings being filed per day was 3,425 compared to 2,377 in FY 2008, an increase of 44 percent. If this rate of increase were to continue on an annual basis, the number of hearings in FY 2011 could increase by well over 200,000 from FY 2008 levels.

Despite these unprecedented challenges, SSA continues to utilize its resources to clear more hearings cases. Processing time for a hearing has been reduced from 491 days for all of FY 2009 to 377 days in the month of October 2010. Unfortunately the number of claims and hearings pending is still not acceptable to the thousands of Americans who depend on Social Security or Supplemental Security Income for their basic income, meeting health care costs, and support of their families. Additional funding must be made available to continue to reduce the number of cases pending and the time it requires to process these cases.

If the necessary funding is provided, the DDSs and hearing offices will continue to add staff and resources to address the hearings backlog. The need for resources in SSA field offices is also critical to process the additional claims that are being filed and to provide other vital services to the American public. These responsibilities include processing the increased disability claim effectuations from cases approved by the hearing offices and DDSs, as well as the additional retirement claims filed because of the aging of the baby boomers and the challenging economic environment.

SSA field offices continue to see a record number of visitors. In FY 2010, 45.4 million customers requested assistance from the field offices. The field offices are also responsible for processing an additional 1.2 million Supplemental Security Income (SSI) redeterminations in FY 2011 as compared to FY 2008, an increase of 100 percent. Furthermore, answer rates on telephone calls coming into the field offices remain at an unacceptably low level nationally as the rates of calls answered are less than 65 percent.

As a result of inadequate funding levels for over a decade, SSA has accumulated a backlog of nearly 1.5 million full medical Continuing Disability Reviews (CDRs). According to SSA, every \$1 spent on CDRs yields at least \$10 in program savings. If these CDRs are conducted, the long-term program savings would be \$15 billion. Failure to conduct these reviews has adverse consequences for both the federal budget and the deficit. Unfortunately, current estimates project that SSA will only be able to work 360,000 medical CDRs in FY 2011. This will not result in any reduction in the CDR backlog.

Workload backlogs and delayed services at SSA field offices result in inefficiencies and are a source of frustration for customers. Untimely services can be economically disastrous to disability beneficiaries that attempt to return to work and must submit the necessary work incentive forms at field offices. This illustrates why it is so vital for SSA to receive the necessary resources to process important workloads such as the Ticket to Work program and other work incentive initiatives.

Without question, SSA will use the President's proposed funding for FY 2011 of \$12.379 billion for the Limitation on Administrative Expenses (LAE) account to address the growing workloads facing the agency. Projecting to FY 2012, we estimate SSA will require approximately \$450 million in additional funding to address inflationary costs associated with items such as salaries, benefits, rents, and facility security. Also, at least an estimated \$200 million would be needed to address the increased number of new disability claims and other workloads coming into SSA. The resulting funding level of \$13.03 billion would not provide any resources to address the backlog of post-eligibility work or medical CDRs. For these workloads, SSA would need additional resources of at least \$400 million. By our estimates, this brings SSA's overall administrative funding needs to a minimum of \$13.4 billion for FY 2012.

President Obama's goal of freezing non-security discretionary spending for three years and the direction to submit agency budget requests five percent below the FY 2012 discretionary total as provided in the Administration's FY 2011 Budget Request is simply not possible for SSA. If implemented, reduced resources at SSA would result in severe service disruptions and even longer delays for people who desperately need assistance.

We realize that the FY 2012 funding levels we are detailing above are significant; however, SSA is facing an unprecedented increase in work due to the severe economic downturn. The American public expects and deserves SSA's assistance, and SSA needs proper resources to fulfill its responsibilities.

We respectfully request that a minimum of \$13.4 billion be included in the President's Fiscal Year 2012 Budget Request for SSA's administrative funding and that the agency is excluded from any budget freezes or reductions. By providing SSA with the necessary resources, the agency will reduce the hearings backlog and also protect many Americans from unnecessary financial 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 sincerely appreciate your consideration of this request.

Sincerely,

AARP

American Council of the Blind

American Association of Social Security  
Disability Consultants

American Federation of Government  
Employees

American Association of People with  
Disabilities

American Federation of Teachers  
Program on Retirement and Retirees

American Network of Community  
Options and Resources

National Association of Disability  
Examiners

Association of Administrative Law  
Judges

National Association of Disability  
Representatives

Bazelon Center for Mental Health Law

National Association of Professional  
Geriatric Care Managers

Community Access National Network

National Association of State Directors  
of Developmental Disabilities Services

Council of State Administrators of  
Vocational Rehabilitation

National Association of State Head  
Injury Administrators

Easter Seals

National Committee to Preserve Social  
Security and Medicare

Federal Managers Association

National Council of Disability  
Determination Directors

National Alliance on Mental Illness

National Council of Social Security  
Management Associations

National Association of Area Agencies  
on Aging

National Council on Independent Living

National Association of Social Workers

National Disability Rights Network

National Association of Councils on  
Developmental Disabilities

National Employment Network  
Association

National Multiple Sclerosis Society	Social Security Section of the Federal Bar Association
National Organization of Social Security Claimants' Representatives	Social Security Disability Coalition
National Respite Coalition	TASH
National Senior Citizens Law Center	The Arc of the United States
National Senior Corps Association	United Cerebral Palsy
National Spinal Cord Injury Association	United Spinal Association
National Treasury Employees Union	VOR- Speaking out for people with mental retardation
Paralyzed Veterans of America	World Institute on Disability