

November 14, 2011

The Honorable Jacob J. “Jack” Lew
Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Lew:

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) 2013 budget to address an increasing number of critical service delivery issues.

For SSA to meet its multitude of responsibilities, we estimate the agency will require a minimum of \$13.4 billion for its FY 2013 administrative funding. This level of funding is necessary due to the increase in requests for assistance from the American public due to the aging of the baby boom generation and the economic downturn. SSA teleservice centers, hearing offices, program service centers, Disability Determination Services (DDSs), and the nearly 1,300 field offices are in critical need of adequate resources to address their increased workloads.

Despite SSA’s enormous workloads and challenges, SSA’s FY 2011 appropriation for administrative funding through the Limitation on Administrative Expenses (LAE) account was below the FY 2010 enacted level and \$450 million was rescinded from Carryover Information Technology funds. This funding level was nearly \$1 billion below the President’s budget request and did not allow SSA to cover inflationary costs for fixed expenses. It resulted in a hiring freeze, drastic reduction of overtime hours, closing all field offices to the public one-half hour earlier, the closure of hundreds of part-time remote contact stations, the suspension of mailing annual benefit statements to the public, and postponement of efficiency initiatives. SSA is experiencing ongoing public service repercussions in FY 2012 during the current Continuing Resolution.

One of the greatest concerns for SSA is the huge increase in Retirement, Survivor, Dependent, Disability, and Supplementary Security Income (SSI) new claims and appeals. This increase is driven by the initial wave of 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 three fiscal years as compared to FY 2008. In FY 2011, disability claim receipts were 625,111 higher or 23.9% than in FY 2008.

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

The wave of increased disability claims continues to have a very significant impact on the Disability Determination Services (DDSs). In the 35-month period ending in August 2011, the number of claims pending for a disability medical decision rose from 556,670 to 755,058—an increase of 36 percent. A continued hiring freeze in DDSs for FY 2012 will only permit SSA to complete approximately 2.85 million disability claims—300,000 fewer than FY 2011. Initial claims pending for a disability medical decision will rise by over 350,000 to 1.1 million and the average processing time will exceed 4 months.

SSA was making steady progress in addressing the enormous backlog of hearings cases until recently. After December 2008, when the number of pending hearings peaked at 768,540, the backlog was reduced for 19 straight months, to 694,417 in June 2010. However, pending hearings began to increase in July 2010 and through October 2011 have now reached a new all-time high of 790,167. This is an increase of 95,750 and 13.79% since June 2010. This is due to the dramatic increase in the volume of new hearings filed over the last two years, which is partly due to our distressed economy. In FY 2011, 859,514 hearings were filed, which is 139,353 (19.4%) more than in FY 2010, and 236,663 (38.0%) more than in FY 2009 and 270,065 (45.8%) more than in FY 2008!

Despite these unprecedented challenges, SSA has invested major resources to improve the situation and process more hearings cases. 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. Even with the dramatic increase in the volume of new hearings filed over the last two years, processing time has been reduced from 491 days in FY 2009 to 340 days in October 2011. If SSA does not receive adequate funding for FY 2013 this progress will regress.

The number of disability claims 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 supporting their families. If the 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, the reduced SSA funding level in FY 2011 resulted in the suspension of opening eight planned hearing offices, which diminishes SSA's ability to eliminate the hearings backlog by FY 2013.

The need for resources in SSA field offices is also critical to provide vital services to the American public. These services include processing the increased disability claim effectuations from 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 serve a near record number of visitors. In FY 2011, 44.9 million visitors were served by field offices, which was nearly as high as the 45.4 million visitors in FY 2010. In addition, SSA field offices are handling an unprecedented number of telephone calls, approximately 29 million in FY 2011. The reduced SSA funding level in FY 2011 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 field offices are also responsible for processing 2.6 million Supplemental Security Income (SSI) redeterminations in FY 2012, an additional 1.4 million as compared to FY 2008. SSI redeterminations yield a return on investment of \$7 in program savings over 10 years for each \$1 spent, including Medicaid savings accruals.

Over the last decade, SSA budgetary constraints have caused a shortfall between the number of medical Continuing Disability Reviews (CDRs) due and the number conducted each year. Processing medical CDRs have a projected yield of over \$10 in lifetime program savings for every \$1 spent. If SSA completes all of the 1.5 million medical CDRs due, the lifetime program savings would be over \$15 billion!

The President's FY 2012 SSA budget request includes \$938 million dedicated to program integrity, which saves taxpayer dollars and is fiscally prudent in reducing the federal budget and deficit. This would allow SSA to process 568,000 periodic medical CDRs and 2.6 million SSI redeterminations, consistent with the Budget Control Act of 2011. ***If SSA is able to fulfill its FY 2012 program integrity targets the estimated program savings over the next ten years is \$9 billion!*** However, there is significant concern that SSA will not be adequately funded in FY 2012, which would be detrimental to SSA's public service and stewardship responsibilities. Accomplishing additional program integrity workloads with diminished resources is not possible. SSA staffing losses must be replaced and sufficient overtime must be provided to maintain public service.

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 disability beneficiaries who attempt to return to work and must report their work activity. It is vital that SSA receive the necessary resources to process important Ticket to Work program workloads and other work incentive initiatives.

Without question, SSA would use the President's proposed funding for FY 2012 of \$12.522 billion for the Limitation on Administrative Expenses (LAE) account to address the growing workloads facing the agency. Projecting to FY 2013, we estimate SSA will require approximately \$470 million in additional funding to address inflationary costs associated with items such as salaries, employee benefits, rent, and facility security. The resulting funding level of \$13.0 billion would not provide any resources to address the backlog of post-eligibility work and 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 2013.

President Obama's directive for agencies to submit FY 2013 budget requests five to ten percent below the FY 2012 discretionary total would have dire public service consequences at SSA. We respectfully request that you recommend that SSA not be included in any across the board reductions. ***Reducing resources at the same time SSA workloads are increasing is not prudent and results in significant cutbacks for members of the public who rely on SSA for essential services.*** If implemented, reduced resources at SSA would result in 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 workloads; 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 2013 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, 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 FY 2013 budget request for SSA's administrative funding and that you recommend that the agency is excluded from any budget freezes or reductions. 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 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 Federation of Teachers

AFGE National Council of SSA Field Operations Locals

The Arc of the United States

Alliance for Retired Americans

Association of Administrative Law Judges (AALJ)

The American Association of Social Security Disability Consultants

Bazelon Center for Mental Health Law

Council of State Administrators of Vocational Rehabilitation

National Disability Rights Network

Federal Managers Association

National Multiple Sclerosis Society

National Academy of Elder Law Attorneys

National Organization of Social Security Claimants' Representatives

National Alliance on Mental Illness

National Respite Coalition

National Association of Councils on Developmental Disabilities

National Treasury Employees Union

National Association of Disability Examiners (NADE)

OWL-The Voice of Midlife and Older Women

The National Association of Professional Geriatric Care Managers

Social Security Disability Coalition

National Committee to Preserve Social Security and Medicare

Social Security Law Section of the Federal Bar Association

National Council of Disability Determination Directors

United Spinal Association

National Council of Social Security Management Associations

VOR - Speaking out for people with intellectual disabilities