

**Statement of Michael J. Astrue  
Commissioner of Social Security  
Before the Senate Special Aging Committee  
February 15, 2007**

**Mr. Chairman and Members of the Committee:**

I am pleased to be here today to discuss the impact of past years' budget allocations on Social Security beneficiaries, and the upcoming retirement of the baby boom generation. I want to thank you for holding this hearing and giving us the opportunity to tell you of our accomplishments and our challenges in this era of constrained resources and growth in Social Security Administration's (SSA) workloads. This is my first appearance before the Committee, and I appreciate your unflagging support for SSA and the programs entrusted to our Agency. The members of this Committee know well the importance of these programs to virtually every American family.

I am honored to serve as Commissioner of Social Security. SSA has a proud history of excellent service to the public, and I promise to do everything in my power to continue that tradition. I also am looking forward to working with this Committee during my term.

As I said at my confirmation hearing, my goal is to be a good steward of the program for both current and future beneficiaries. For current beneficiaries, this role means setting high standards for management, performance, public service, and program integrity, and committing to meeting those standards. It also means being scrupulous and painstaking in making sure the Agency adheres to the law and employs best-demonstrated practices of accounting, efficiency, and compassion.

For future beneficiaries, good stewardship means engaging with others in the Agency and the Executive branch, with members of the Committee and other members of Congress and outside groups and experts to provide unbiased data about all the options for safeguarding the financial stability of the program. It is part of our

obligation to the American public that we must strive to continue the best possible support for older Americans and people with disabilities and their families in the coming decades.

### **Core Workloads**

SSA's priority is to deliver high-quality, citizen-centered service to every claimant, beneficiary, and the American taxpayer. In FY 2006, SSA maintained individual payment records for more than 53 million people who received Social Security benefits or Supplemental Security Income (SSI) each month. During this time those payments exceeded \$586 billion. Social Security employees processed nearly 3.8 million Retirement and Survivors Insurance benefits claims; 2.5 million disability claims; over 2.5 million SSI claims, and conducted 559,000 hearings. To conduct these and other workloads, SSA served approximately 42 million visitors to its nearly 1,300 field offices in communities across America.

These are SSA's core workloads, but we do much more than pay cash benefits. Among other things, in FY 2006, SSA issued over 17 million original and replacement Social Security cards; processed 265 million earnings items to maintain workers' lifelong earnings records; handled nearly 60 million transactions through SSA's 800-number; issued over 145 million Social Security Statements; and participated in over 84 million SSN verifications for employers.

In addition, other workloads are also growing because of new legislation requiring SSA to undertake additional work. The Social Security Protection Act of 2004, the Intelligence Reform and Terrorism Prevention Act of 2004, the Deficit Reduction Act of 2005, and the Medicare Prescription Drug, Improvement, and Modernization Act of 2003, or MMA, have all added new and non-traditional workloads.

For example, the MMA, enacted in December 2003, established the new Medicare prescription drug benefit. The new Medicare prescription drug coverage was designed to allow all people with Medicare an opportunity to voluntarily enroll in prescription drug coverage. MMA also provided for an additional level of assistance, "extra help," for people with Medicare prescription drug coverage who

have limited incomes and resources. SSA, along with State Medicaid programs, was given the responsibility to take applications and to make eligibility determinations for this “extra help.”

In addition, Congress is considering several immigration related bills that could have a significant impact on SSA workloads. For example, there are several bills that would require employers to verify the employment eligibility of all new hires. Depending on the details of these proposals, the impact on SSA workloads could be significant.

Since 2001, SSA has improved productivity on average by 2.5 percent per year for a cumulative improvement of 13.1 percent. These increases have been possible through the efforts of an outstanding workforce aided by technology, and despite appropriations that each year were significantly below that proposed in the President’s budget. Since the President’s budget requests for SSA have assumed the Agency would achieve a two percent productivity gain each year, even these impressive gains cannot compensate for the funding reductions the Agency has faced over this period.

We are moving forward with additional electronic enhancements. We offer safe and convenient online systems for individuals to file claims, submit changes of address or direct deposit information, request replacement Medicare cards, and verify benefits. In FY 2006, 335,000 people applied for benefits online, up 27 percent from the previous fiscal year. In addition, 75 percent of 265 million wage reports in FY 2006 were filed electronically online, compared to only 27 percent in FY 2001. We are also continuing to implement the electronic disability system, known as eDib, to move from a paper to an electronic case process. We believe this will significantly reduce processing times and improve the quality of the disability determination process.

Despite budget constraints, SSA has still been able to handle more work in a shorter period of time. We have seen a reduction in processing time for initial disability claims, from 106 days in FY 2001 to 88 days in FY 2006. We have seen a significant reduction in processing time for appeals of hearing decisions, from 447 days in FY 2001 to 203 days in FY 2006, and in FY 2006 we processed over

365,000 more initial disability claims, conducted approximately 163,000 additional SSA hearings, and nearly 700,000 more retirement and survivors claims than in FY 2001.

We are also taking steps to improve the overall disability claims process. As a result of a review conducted under former Commissioner Barnhart, we developed a disability approach that focuses on making the right decision as early in the process as possible. The new initiative will be gradually implemented so that we can carefully monitor the effects of the changes on the entire disability process.

These achievements are especially noteworthy in light of the fact that our administrative expenses are less than two percent of total outlays administered by SSA.

### **Agency Efforts to Balance Workloads and Resources**

Despite this record, we are keenly aware of how much more we could have accomplished had we received the President's budget requests in past years. In the last five years, reductions to the President's budget request have totaled \$720 million, equivalent to approximately 8,000 workyears. These numbers are not just statistics, and I share your concern about the impact this has on applicants who file for disability benefits. These numbers represent real effects on the service that people receive from our Agency, and place increasing pressure on our ability to maintain our physical and electronic infrastructure.

And the outlook for FY 2007 is even more challenging. It appears that funding for SSA's administrative expenses in FY 2007 will be \$200 million below the President's budget request. For a time, it appeared that the shortfall would be much greater and we appreciate the significant increase from FY 2006 levels that was included in H.J. Res. 20 as it was approved by the House. And we are greatly relieved that we will not have to resort to employee furloughs.

But I must tell you that we expect the level of service we are able to provide the American people to diminish during FY 2007. It is no secret that our backlogs are growing. As of December 2006, we

have nearly 718,000 hearings pending, over 568,000 initial disability claims pending, as well as millions of post-entitlement actions to be processed. The number of initial disability claims and hearing requests received has remained above FY 2001 levels.

Since FY 2002, Congress has reduced SSA's budget from that requested by the President, and our funding needs have not been met. As a result, we have had to concentrate our resources on handling initial claims. Consequently, the number of hearings pending as well as processing times at the hearings level has continued to increase since FY 2001.

Even if we had received the President's budget request for FY 2007, we would still have to deal with staffing shortages. With funding at the requested level, we would have been able to fill only one out of three vacancies in our offices. With the expected funding level, we likely will have limited hiring flexibility during the remainder of the year to replace the estimated 4,000 SSA and Disability Determination Service employees who will be retiring or resigning. Since vacancies rarely are distributed evenly across offices, some places will be harder hit than others. And the overtime hours that we traditionally rely on to accomplish a number of important workloads will be cut by at least half.

### **FY 2008 and Program Integrity**

And so we face some increasingly difficult decisions. Over time, as we worked to keep pace with initial claims and hearings, we reduced spending for program integrity work, such as continuing disability reviews, or CDRs, which determine whether an individual may still be considered disabled, and SSI redeterminations, which review non-disability eligibility criteria. SSA's actuaries estimate that CDRs save \$10 in program benefits for every dollar spent in conducting the review; SSI redeterminations an estimated \$7 in savings.

Accordingly, the President's budget for FY 2008 includes \$213 million for increased program integrity work and proposes a comparable adjustment to the discretionary spending caps. This would enable SSA to increase the number of full medical CDRs from 198,000 in

FY 2007 to 398,000 in FY 2008, and the number of SSI non-medical eligibility redeterminations from 1,026,000 in FY 2007 to 1,526,000 in FY 2008.

SSA's progress towards accomplishing its mission is directly linked to the level of resources it receives. If we had received the President's budget each year from FY 2002 through FY 2006, SSA would have been able to reduce the backlogs for initial disability claims and hearings. Funding at the President's budget level would also have allowed the Agency to fund program integrity activities at a more appropriate level. These activities permit SSA to ensure that recipients of disability insurance benefits continue to be eligible and that SSI recipients continue to meet income and resource criteria for program eligibility.

### **Conclusion**

Finally, Mr. Chairman, I assure you that SSA will do the best it can to provide the American people with the service they need, and I know firsthand how important the program can be to a family facing catastrophic illness or the loss of a family member. It is clear that we are stretching our ability to balance funding realities with the quality service the American people have come to expect from our Agency, but I know that our employees have a deep commitment to finding better ways to be more responsive to those who depend on our service and fiscal stewardship.

Thank you, and I will be happy to answer any questions you may have.