



SPECIAL COMMITTEE ON AGING

UNITED STATES SENATE

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STATEMENT FOR THE RECORD

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Chairman Nelson, Ranking Member Collins, and Members of the Committee:

Thank you for the invitation to discuss Social Security's service delivery, as well as our efforts to ensure that we can continue to provide high-quality customer service to the American public. I am Nancy Berryhill, Social Security's Deputy Commissioner for Operations. I appreciate the opportunity to appear before you today. We greatly respect and appreciate the work that the Committee does to address the vital issues facing older Americans.

I am pleased to discuss with you our service delivery as someone who has experienced field operations first hand. Before serving in my current position, I worked 30 years serving the public directly, starting out as a student employee, and then as a claims representative, operations supervisor, and district manager. I have personally seen how our changes affect the people who visit our offices, our employees, and the agency.

We are fully committed – now and in the future – to sustaining a field office structure that provides face-to-face service for those customers who need or prefer such service. We also understand, however, that customer expectations are evolving due to changes in technology, demographics, and other factors. As we have demonstrated throughout our history, we remain committed to providing all our customers easy access to our services. We look to Congress to provide us with adequate, sustained, and predictable funding to help us serve the millions of Americans who depend on us every day. My testimony today discusses how we have updated our services in recent years to meet the needs and realities of today's world.

Introduction

Few government agencies touch as many lives as the Social Security Administration (SSA). The programs we administer provide benefits to about one-fifth of the American population and serve as vital financial protection for working men and women, children, disabled individuals, and the elderly. As of the end of fiscal year (FY) 2013, we provided benefits to almost 65 million people from all walks of life. This includes approximately 4.5 million children under the age of 18, and at the other end of the age spectrum, almost 60,000 centenarians. Our long-standing priority has been, and remains today, to deliver world-class service to every customer.

We administer the Old-Age, Survivors, and Disability Insurance programs, commonly referred to as "Social Security," which protect against the loss of earnings due to retirement, death, and disability. Workers, their employers, and self-employed persons finance Social Security through payroll taxes. We also administer the Supplemental Security Income (SSI) program, funded by general revenues, which provides cash assistance to aged, blind, and disabled persons who have very limited means.

In addition to administering these core programs, we handle lesser-known, but critical, services that bring millions of people to our field offices or prompt them to call us each year. For example, we issue replacement Medicare cards, help administer the Medicare Low-Income Subsidy program, and verify information for other Federal and State programs.

The scale of what we do is enormous. Below are a few examples of our recent accomplishments. In FY 2013, we:

- Paid over \$850 billion in Social Security and Federal SSI benefits;
- Posted over 251 million earnings reports to workers' records;
- Handled over 53 million transactions on our National 800 Number Network;
- Served more than 43 million visitors;
- Completed nearly 8 million claims for benefits and nearly 794,000 hearing dispositions; and
- Completed 429,000 full medical continuing disability reviews (CDR) and over 2.6 million SSI non-disability redeterminations.

Our workforce consists of around 75,000 Federal and State employees who work in a nationwide network of about 1,500 offices, including: our community-based field offices, Social Security card centers, teleservice centers, program service centers, Office of Central Operations, International Operations, State disability determination services, hearing offices, two computer centers, 10 regional offices, and our headquarters complex in Woodlawn, Maryland. Field offices are our front door.

The Field Office Experience

As you can well imagine, life in our field offices is extremely busy, as employees are pulled in a variety of directions every day. Employees have little time before the office opens to prepare the daily schedule of appointments, attend training, read policy updates, and review and process pending claims.

Once the office opens to the public, employees have little time to process pending work. Much of their day is spent serving scheduled and unscheduled visitors and telephone calls. Field office staff also process many time-sensitive actions, such as issuing immediate payments for lost checks so beneficiaries can buy food, pay the rent or mortgage, and provide for other basic needs.

Many of the visitors to our field offices come in for one of two reasons: to file a claim for benefits or to obtain or replace a Social Security card. These reasons have not changed over the years.

About ten percent of field office visitors file claims for benefits, including retirement, survivors, spousal, children's, and disability. Field office employees give this work their highest priority. Disability claims, which are more complex than retirement claims, are particularly time intensive as employees help claimants complete detailed forms about medications, treatment, medical testing, work history, and daily activities.

Thirty percent of field office visitors seek a new or replacement Social Security card for employment or to obtain vital State and local government benefits. This is the most frequent reason for visiting a field office. The work has become more complex and labor-intensive. Although we have always required proof of identity, we review these documents more scrupulously in light of heightened national security.

Once the office closes to the public, employees have limited time to act on all that remains to be done. Having taken an application for benefits during business hours, employees often must gather additional data to address missing earnings and verify allegations of resources and income, such as child support, unemployment benefits, or workers' compensation. They answer congressional inquiries, return beneficiary and claimant phone calls, research policy questions related to claims and other business, and input wage reports to prevent beneficiaries from being over or under paid. In addition, the field office staff contacts claimants about outstanding items needed to process their claims and prepares disability claims for transmittal to the disability determination services.

Factors Shaping How We Deliver Service

In our efforts to serve customers in the manner they prefer, we must always consider three significant factors that shape how we deliver service. First, we must consider changing customer expectations in light of rapid technological change and the public's embrace of that change. For example, in 1988, teleservice became a major way of delivering service to the public with the introduction of SSA's National 800 Number Network. The National 800 Number quickly became the first point of contact for a large percentage of our customers. Over the past decade, by comparison, large parts of the public increasingly use self-service options via the Internet and other electronic services to do their daily business, from online shopping to obtaining services from their Government. Accordingly, part of our job is to provide convenient services that take advantage of this technology.

Second, we must adjust our service delivery based on the changing volume and nature of our workloads. Due to demographics, our claims workloads have grown considerably. The U.S. population is aging. We are already dealing with the resulting workload increases, as about 80 million members of the Baby Boom generation have entered their disability prone years and, more recently, have begun to retire. The Great Recession also increased our disability workload. From FY 2007 to FY 2013, the number of disability claims we received each year increased from 2.5 million to nearly 3 million. Likewise, the number of retirement claims we received increased from 2.6 million to 3.3 million—a staggering 27 percent increase.

Third, our budget affects our ability to deliver services, regardless of service delivery channel. For the 3 years before FY 2014, we received an average of nearly a billion dollars less than what the President requested for our administrative budget, including for program integrity work. That level of underfunding has presented us with challenges in providing the public the level of service it expects. Our budget level in FY 2014 meets SSA's needs more adequately than last year; however, it is not sufficient to make up for all the losses of prior years. We still have fewer people than we had in FY 2010, our workloads remain high, and we also must balance service

with our important stewardship work. Without sustained, adequate funding, our workforce could further diminish, which would have an impact on the level of service we can provide. The FY 2015 President's Budget would allow us to balance our important service and stewardship efforts.

Due to these factors, we must continuously examine our structure in efforts to balance service across the country and provide greater opportunities for service delivery. In some cases, this analysis has led us to provide new services, such as our innovative and highly rated online services. In other circumstances, this examination has led us to discontinue, reduce, or replace certain services. This includes consolidating some field offices and discontinuing contact station visits. As we take these steps, we recognize that the needs of our customers should always drive our service options.

Reviewing the Field Office Structure

Any discussion of service delivery options begins with the field office structure. We periodically evaluate our field offices to ensure that their size and location allow us to appropriately serve the community. Without this type of ongoing review, we would be trying to meet today's needs with an outdated view of the world. We consider many factors – including growing workloads, our changing staff levels, changing technology and customer expectations, and shifting demographics and population – when deciding which offices should be expanded, reduced, or consolidated.

We make the decision to consolidate a field office only after a time-intensive, thorough review. This analysis is thoughtful and deliberative, and it is especially important because populations and communities change over time. Below we outline our approach to reviewing field offices and engaging stakeholders. We welcome the Committee's views and suggestions on how we can further improve this process and ensure that SSA continues to meet the needs of the public.

The analysis and recommendation process starts with our Area Directors, who oversee a set number of field offices and conduct annual reviews to identify offices for additional evaluation. After completing the annual review, an Area Director may decide to conduct a full Service Area Review if we believe that we need more analysis to determine if an office should be expanded, reduced, consolidated, or if a service area should be realigned. For example, if there is a population boom in an area, we may determine that we should expand the office serving that area and add additional staff. A Service Area Review is a complete office assessment, which may result in a recommendation to change the current structure. Facility changes require examination on a case-by-case basis. There are unique factors that influence each decision, which we discuss in detail below. Our Regional Commissioners are responsible for overseeing the Area Directors and the Service Area Reviews in their regions.

We also perform unscheduled Service Area Reviews. Unscheduled Service Area Reviews may be triggered by changes that do not coincide with the annual review process, such as workload or population changes, health and safety issues, and the expiration of a lease. When considering a field office consolidation, we study not only how the change will affect the expected service

delivery, but also how the proposed change affects any special needs of the existing service area, such as language needs.

Once we make the decision to consolidate an office, we discuss the changes with stakeholders. We hold town hall meetings or other forums that allow the public to voice their concerns. We contact key community leaders; unique institutions (e.g., schools for the blind, hospitals, prisons, etc.); advocacy groups; and community-based organizations that represent our customers, employees, and unions. We notify and meet with members of Congress to discuss changes within their districts or States. In addition, field office managers post notification in the offices about upcoming office consolidations in their service areas.

Among the offices that we have had to make the tough decision to close are contact stations. Contact stations operate periodically in borrowed space in places like local community centers, hospitals, and hotels. Employees from nearby offices were required to travel to staff these sites, reducing the time available to complete workloads. The work performed at these sites took longer to complete since employees used paper forms to collect information, which they had to manually transcribe into our computer system upon their return to the office. Collecting information on paper also introduced greater risk of loss of personally identifiable information. Additionally, we had safety concerns with contact station visits; staff would routinely travel alone to these generally remote locations, often with no guard present, whereas our field offices have a number of safety precautions in place. Contact stations also predate the availability of our other more convenient electronic and telephone services.

Finally, I want to stress that our service to an area does not stop when we decide to consolidate an office. The public still has many options for receiving convenient service, including face-to-face meetings at another nearby office, getting help over the telephone, using online services, and using video options.

Online Services, *my Social Security*, and Other Public Options for Service

Although our customers traditionally have visited field offices, today many people routinely conduct their business online and expect the same level of services from their Government that they receive from private business. In FY 2013, we received nearly half of all Social Security retirement and disability applications online, and the percentage of people who choose to file online continues to grow.

Our goal is to provide online services that are convenient, flexible, and secure. By providing increased access to self-service options for customers who want them, we also free field office employees' time to work on more complex tasks. Each year, we see greater numbers of people across all demographic segments embrace doing business with us online. Moreover, we have been extremely successful in building online applications. Based on the American Customer Satisfaction Index, three of our websites—iClaims, Retirement Estimator, and Extra Help with Medicare Prescription Drug Plan Costs—consistently rank among the top online Government services and either match or outperform highly rated commercial sites.

We are creating a new foundation for increasing our online services with our [my Social Security](#) portal, which we established in 2012. We created this site to be the portal through which customers who so choose can conduct all their business with us. People can currently use [my Social Security](#) to get a benefit verification letter, view their Social Security statement, start or change their direct deposit, and change their address. In the two years since we launched [my Social Security](#), over 12.3 million individuals have registered, with 4.9 million (40 percent) of the registrants being people aged 62 or older. We will continue to expand [my Social Security](#) to include additional services in the future.

We also recognize that smartphones are quickly becoming a prominent method by which the public accesses online services. Accordingly, in August 2013, we launched our first mobile application, which makes it even easier for SSI recipients to report wages.

In addition, we have expanded our video service capability. Video technology offers an efficient way to deliver face-to-face service, while enabling us to maintain a personal presence in the community for those who are unable or choose not to conduct business online. For example, video service delivery continues to provide a secure, reliable, and cost-effective method to service Social Security number applicants in remote locations, who might otherwise have to travel long distances to reach a Social Security field office. In FY 2013, we had video units in 423 sites and held 181,675 interviews – almost double the amount of interviews held in FY 2012 – using video service delivery.

I can personally attest to the advantages and benefits of video service, going back to my days in the Denver Region. I initiated video service delivery 10 years ago, as an innovative way to serve many of that region's rural and underserved communities. The impact was tremendous. For example, after installing video equipment on the Pine Ridge Indian Reservations, we saw a 300 percent increase in claims receipts in a few short months. Pine Ridge is one of the poorest reservations in the country. Ninety-seven percent of the population lives below the poverty level, unemployment ranges from 85 to 95 percent, and deaths due to heart disease are twice the national average. Video service allows us to bridge distances in these rural areas.

Our National 800 Number remains a critical part of our service delivery infrastructure and the largest single service channel for conducting business with the public. In FY 2013, our National 800 Number handled over 53 million transactions and accounted for almost 36 percent of the universe of contacts to SSA. We have continued to enhance our automated telephone services so more callers can successfully complete their business with us by phone. We recently upgraded our existing National 800 Number telecommunications systems to a more modern infrastructure, which will help us provide better service to the American people.

In summary, our online, video, and telephone services benefit our customers in two ways. First, we are finding that increasing numbers of Americans, including older Americans, display a preference for these service options. Second, by increasing use of self-service options among individuals who want to use them, we are better able to serve customers who prefer direct contact.

Social Security Statements

Also under development are changes to the manner in which we provide the public with valuable information about their Social Security benefits. Several years ago, because of resource constraints, we stopped mailing *Social Security Statements* to millions of Americans each year. After we took this action, we heard from many people – including the Chairman of this Committee – about the importance the Statement plays in helping seniors plan for retirement. We took those concerns very seriously, and we recently resumed mailings to individuals aged 60 and older and to individuals turning age 25. Further, we created an online application where anyone who signed up could access his or her Statement at any time.

Ensuring workers have access to the Statement for financial planning remains an important part of our mission. This past March, we sent Congress a plan outlining how we will increase the number of individuals receiving *Social Security Statements* on an annual basis. Our plan includes an aggressive strategy to promote the use of our online Statement, which can be viewed, printed, and saved once an individual has registered for a *my Social Security* account. In FY 2013, the online Statement received nearly 17 million views, by far our most utilized service on *my Social Security*. By comparison, as of May of this fiscal year, our online Statement received nearly 17.4 million views, exceeding last year's total with five more months to go. In addition to aggressively increasing the availability of the online Statement, we plan to resume mailing Statements to over 47 million workers. With full funding of the President's Budget, we plan to mail approximately 3.6 million Statements beginning in September 2014 and about 43.5 million in FY 2015.

Conclusion

Throughout our history, Social Security services have been dynamic, shifting to meet the changing needs and expectations of the American people. Standing still is not an option. We have continuously adjusted the way we do business to manage our growing workloads and meet the changing expectations of the public in a compassionate manner. We remain fully committed to providing the service the public expects, whether it is in one of our field offices, on our National 800 Number, or online at SocialSecurity.gov. We appreciate the opportunity to appear before the Committee, and take seriously our commitment to provide vital services to the American public every day.