

**The National Council of Social Security Management Associations, Inc.
GREYSTONE GROUP WASHINGTON REPORT
Hearing Report 04-2010
April 29, 2010**

**FY 2011 Budget Overview: Social Security Administration
United States House of Representatives
Committee on Appropriations
Subcommittee on Labor, Health and Human Services, Education, and Related Agencies
April 14, 2010**

Subcommittee Members Present

Chairman David R. Obey (D-7th-WI)
Representative Lucille Roybal-Allard (D-34th-CA)
Representative Barbara Lee (D-9th-CA)
Representative Michael Honda (D-15th-CA)
Representative Betty McCollum (D-4th-MN)

Ranking Member Todd Tiahrt (R-4th-KS)
Representative Dennis R. Rehberg (R-At Large-MT)
Representative Rodney Alexander (R-5th-LA)
Representative Tom Cole (R-4th-OK)

Witnesses

Panel 1:

The Honorable Michael J. Astrue, Commissioner, Social Security Administration
Click here to view the Commissioner's written testimony:
http://appropriations.house.gov/Witness_testimony/LHHS/Michael_Astrue.4.14.10.pdf

Hearing Summary

On April 14, 2010, the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies held a hearing on the FY 2011 budget request for the Social Security Administration. Chairman Obey's (D-7th-WI) opening statement addressed his concerns regarding the long delays in processing applications for disability benefits. Chairman Obey stated that it now takes an average of about three-and-a-half months to get an initial disability decision. If that initial decision is a denial, then individuals have the right to appeal to an Administrative Law Judge. Chairman Obey added that currently almost 700,000 such appeals are pending, and on average they take around 15 months to process. Chairman Obey also stated that overall it takes almost two years from the initial filing of an application to receive a decision on a hearing appeal. The Chairman added that workload challenges go well beyond just

disability claims and that as the population ages, applications for retirement benefits are increasing as well.

Chairman Obey outlined that during much of the last decade Congress tended to appropriate less than the Administration requested for Social Security Administration operations. He pointed out that in the time since he became Chairman of the House Appropriations Committee as well as the House Labor, Health and Human Services, Education, and Related Agencies Subcommittee, he has tried to do just the opposite. In FY 2008, the Chairman added \$148 million above the President's request, and in FY 2009, \$127 million above the President's request. Further, the Recovery Act included \$500 million for SSA to use over two years to accelerate hiring, pay more overtime, reduce backlogs, and keep up with claims driven by the recession. Chairman Obey also mentioned that two years ago he resumed providing dedicated funding for Social Security "program integrity." These funds were used to conduct continuing disability reviews and to check for changes in earnings and assets that could affect payments to SSI beneficiaries.

In closing, the Chairman stated that his focus is to make sure that people get the benefits they need and have earned, but also that people do not continue receiving benefits they no longer need or are entitled to.

Ranking Member Todd Tiahrt (R-4th-KS) then presented his opening statement. Congressman Tiahrt stated that the Commissioner's request is well focused, but that the Commissioner may have understated his actual needs – especially given the enactment of the new health care legislation, and the added responsibilities for SSA that came with it.

Following opening statements from the Chairman and Ranking Member, Commissioner Astrue presented his oral testimony. The SSA Commissioner addressed how the agency has struggled for a number of years to maintain the level of service that the American public deserves. He attributed this in large part to the aging of the baby boomers, the economic downturn, as well as the agency not receiving full funding of the President's budget request for several years. He added that the FY 2011 President's budget request provides for an eight percent increase in SSA's administrative funding, which will help address many of the challenges that the agency is facing.

Commissioner Astrue stated that in FY 2009 SSA handled more new benefit applications and appeals than ever before. He indicated that SSA adjudicated over 200,000 more initial disability claims, over 500,000 more retirement claims, and 86,000 more hearings than in FY 2008.

He stressed that through the use of SSA's fast-track disability processes, Quick Disability Determinations and new Compassionate Allowances, SSA was able to decide cases for about 100,000 applicants, with the most debilitating impairments, within 10 days after the State Disability Determination Services (DDSs) received their applications.

Following opening statements, the Chairman began the question and answer portion of the hearing. Ranking Member Tiahrt was the first to question Commissioner Astrue. He inquired about the current status of the National Computer Center (NCC), specifically asking when the site selection process will be completed as well as when the agency anticipates breaking ground

on the project. The Commissioner responded that he was very thankful for the money that was provided through the Recovery Act for the NCC. He noted that SSA was desperately in need of a facility that would provide both data security as well as backup capacity. His recent conversations with the General Services Administration (GSA) have led him to believe that the prior proposed site selection target date of March 2010 will (obviously) not be met. Rather, it looks like site selection should be decided sometime around May or June of this year. He also reminded Members of the Subcommittee that he has only been assisting GSA with the process, and that it is GSA that ultimately makes the decisions on site selection and building.

Ranking Member Tiahrt then asked Commissioner Astrue what impact the recently passed Health Care Reform bill would have on the Social Security Administration. Commissioner Astrue responded that the two most substantial impacts of the bill on SSA will be related to means testing for Medicare Part D and verification responsibilities. The Commissioner noted that even though SSA has been given these added responsibilities they truly are much smaller in scope than what the agency had anticipated.

The Commissioner added that because the bill's impact on SSA was much less than anticipated, the agency was able to redirect some of the monies that were reserved for the bill and put those resources towards hiring. The Commissioner indicated this is where some of the money for the additional 900 front-line employees came from.

He added that SSA used a new metrics to distribute the 900 hires to the offices and locations the agency felt had the greatest need. He indicated that the system SSA had used for years to allocate staff was seriously outdated and failed to consider important workload criteria. For this round of hiring the agency looked to identify new metrics that would take into consideration certain statistics and the impact of specific workloads on offices and to distribute staff accordingly.

Next to ask questions was Representative Barbara Lee (D-9th-CA). Congresswoman Lee asked the Commissioner to assess the impact that the economic downturn has had, and is having, on individuals filing for retirement.

The Commissioner responded that currently there have been over 300,000 more individuals filing for retirement this year than there were at the same time last year. He indicated that SSA is also seeing an increase in the number of individuals filing for disability. Both are in some sense a product of the economic downturn, the Commissioner stated.

Next to question Commissioner Astrue was Representative Tom Cole (R-4th-OK). Congressman Cole had two questions for the Commissioner. First, he inquired about what recourse SSA has in dealing with Administrative Law Judges (ALJs) that "sit on cases." Specifically, the Congressman said there is one judge in Oklahoma that fails to move any cases at all. The Commissioner responded that he was aware of the judge in Oklahoma, and that SSA is very restricted in what they can do to handle these situations. Congressman Cole responded by asking the Commissioner to look into what tools might be helpful for SSA to have to better address problems like this.

Congressman Cole then inquired about the Commissioner's stance on solvency, adding that he would love to hear the Commissioner's opinion on essentially the "health" of the program. As has been the case since Commissioner Astrue was sworn in, he did not address the question. When the Commissioner was sworn in, he made an agreement with the President and the Senate Finance Committee that he would not address any issues related to the solvency of the Social Security program. The only role that he would play as Commissioner of SSA would be to provide technical support.

Commissioner Astrue went on to add that he met with the acting Chairman of the Social Security Subcommittee, Congressman Earl Pomeroy (D-At Large-ND) yesterday and that the Chairman said that he plans to hold a hearing on solvency in the near future.

Next was Representative Rodney Alexander (R-5th-LA). Congressman Alexander expressed concerns related to the state of the economy, and how it may drive many distressed individuals in to SSA offices. He was concerned as to whether SSA had the capacity to serve and in turn support such individuals, either by providing them with survivor benefits, replacement cards, or filing for disability or retirement. The Commissioner responded that there are greater numbers of individuals coming into SSA offices that do need support. The Commissioner also indicated that the agency is seeing an increase in the number of reported cases of disturbed individuals visiting SSA offices. Commissioner Astrue added that when he started (as Commissioner) he would receive reports a couple times a week regarding individuals causing disturbances in SSA offices, now he receives about 20-25 a day. This is a trend that greatly concerns him, and that the agency is watching closely.

Ranking Member Tiahrt then followed up with a question about some of the Commissioner's written testimony. Congressman Tiahrt could not reconcile how if SSA has increased its productivity, that the backlogs continue to increase, or remain level. The Commissioner answered, that productivity has increased in the agency, but that workloads have increased at a much greater rate, and as a result some backlogs have been reduced only slightly.

Chairman Obey then took the opportunity to question Commissioner Astrue. First, Chairman Obey indicated that he is mystified by the appeals process numbers, adding that something must be wrong systemically between the initial application and the appeal. The Chairman wanted to know why such a high percentage of individuals are initially denied, and then subsequently approved on appeal. Commissioner Astrue responded that many times this is due to the fact that the medical records are incorrect, or their disability worsens.

Chairman Obey then asked about the role of the Chief Economic Advisor/Chief Economist (Dr. Jason Fichtner) and if it overlapped with the current role of the Chief Actuary. Commissioner Astrue assured the Chairman that Dr. Fichtner's role will not tread into the responsibilities of SSA's Chief Actuary.

Next was Representative Betty McCollum (D-4th-MN). Congresswoman McCollum stressed the fact that SSA plays a very important role for so many people in this country. She added, what would have happened to the safety net that is Social Security if it had been privatized? Given the ups and downs of the market, what would have happened to the disabled as well as so many

others that rely on Social Security? As he did earlier in the hearing, Commissioner Astrue stated that he is not able to address anything related to the privatization of Social Security because of an agreement that he has with the President and the Senate Finance Committee.

Next to question the Commissioner was Representative Lucille Roybal-Allard (D-34th-CA). Representative Roybal-Allard expressed concern regarding the furlough of DDS employees in California and the impact that it may be having.

The Commissioner responded that the furloughing of DDS employees has been something that he has been working on with a number of states. He stated that he has not been able to get much traction on the issue dealing directly with the states, but has been able to be more successful by dealing with them through their respective state congressional delegations. At this time Commissioner Astrue said that he is working with congressional delegations from 10 states on the furlough issue. The Commissioner added that in states that have furloughed employees it has been devastating on morale and has made it tough for DDSs to retain employees. The Commissioner also added that in states where furloughs have taken place the processing times have increased much faster than in states that have not furloughed.

Representative Roybal-Allard also asked the Commissioner about the compatibility of SSA's website for those that use Assistive Technology Screen Readers. Commissioner Astrue responded by stating that SSA is currently in the process of finishing an upgrade to its website that would allow the site to be compatible with Assistive Technology Screen Readers as well as other assistive technologies. Commissioner Astrue added that this upgrade would make SSA's website one of the most advanced in the federal government.

Representative Michael Honda (D-15th-CA) was the next Subcommittee Member that the Chairman recognized. Representative Honda's questions focused on the breakdown of the demographics of the various backlogs that SSA is currently facing. He was curious if certain individuals were/are experiencing greater problems with delayed processing times, causing them to be disproportionately represented on backlog lists. The Commissioner responded that he did not know offhand, but that he would get those numbers for the Congressman.

The Commissioner then went into further discussion of the additional 900 front-line hires that he recently approved. He reiterated that the way SSA had been allocating staff for decades is being changed. The Commissioner added that given a number of different factors he believed it was time to try and fix the metric used for staff allocations. He stated that SSA used a new four-metric system, with one of the metrics being non-English speaking caseloads, to distribute the 900 front-line hires. Following the implementation of this new metric system the Commissioner stated that SSA plans to go back and evaluate the new system to see how things work out.

Representative Betty McCollum (D-4th-MN) was again recognized to ask the Commissioner additional questions. This second round of questions from Representative McCollum focused on medical records, and the security of accessing and sending information through SSA's online programs. Congresswoman McCollum stressed the efficiency, and the tremendous benefit that digital medical records will make not only for the country, but also for SSA. Commissioner Astrue responded that digital medical records will help the speed of the overall process, and that

SSA is currently the largest holder of medical records in the world. The Commissioner also added that iClaims has been helpful in taking stress off field office representatives.

Chairman Obey closed out the hearing by questioning the Commissioner on the money that SSA spends each year on its financial literacy program. The Chairman stated that the amount the agency both spends and receives each year is ever increasing. He asked the Commissioner if that same money that is spent each year on the financial literacy program were to be redirected, how many FTEs would be created. The Commissioner said that just off the top of his head, if that money were redirected it might provide somewhere between 150-200 FTEs.

In closing, this hearing by the House Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies is one more step in the legislative process related to SSA's FY 2011 budget request. As the appropriations process continues we will keep you updated.

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