

CRISIS AT SSA MAKES MISSION IMPOSSIBLE

Budget Cuts Take Their Toll:

	<u>FY 2005</u>	<u>FY2006</u>	<u>FY2007</u>	<u>FY2007</u>
Budgets Proposed	9,379,324	9,403,000	9,496,000	9,496,000
Budget Enacted	9,178,556	9,079,400		
SSA Full-Time Equivalents (FTEs)	62,937	62,937	62,036	62,036
SSA Medicare Modernization FTES	<u>1,268</u>	<u>1,061</u>	<u>0</u>	<u>0</u>
Subtotal SSA FTEs (including OIG)	64,205	63,998	62,036	62,036
Overtime/Lump Sum Leave	2,992	2,398	1,948	1,948
Overtime (associated with Medicare Modernization)	<u>1,567</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal Overtime Lump Sum Leave	4,559	2,398	1,948	1,948
Total SSA Work years (including OIG)	68,764	66,396¹	63,984	63,984
		(-2368)	(-2412)	(-2412)

Senate FY07 Budget proposal			<u>-4000</u>	
Total proposed work years			59,984	
			(-6412)	

House FY07 Budget Proposals				<u>-2000</u>
Total proposed work years				61,984
				(-4412)

In *three* short years, the first of 76 million Americans who make up the baby boom generation will reach retirement age. Workloads have increased dramatically as members of the baby boom generation reach their peak years of disability risk.

	<i>FY 2002</i> <i>Actual</i>	<i>FY 2003</i> <i>Actual</i>	<i>FY 2004</i> <i>Actual</i>	<i>FY 2005</i> <i>Actual</i>	<i>FY 2006</i> <i>Estimated</i>	<i>FY 2007</i> <i>Estimated</i>
Initial Disability claims processed (thousands)	2,376	2,526	2,574	2,617	2,663	2,570
Initial disability claims pending (thousands)	592	582	625	560	577	577
Hearings processed (thousands)	454	494	497	519	560	577
Hearings pending (thousands)	463	556	635	708	756	767
Periodic Review of CDRs Processed (thousands)	1,586	1,371	1,604	1,515	1,242	1,558
Retirement & Survivors Claims Processed (thousands)	3,266	3,238	3,399	3,762	3,911	3,919
SSI Non-Disability						

¹ Staffing levels for fyo5 do not reflect work years lost due to actual enactment of fy06 Appropriations, which resulted in a loss of 3,940 work years.

Redeterminations Processed (thousands)	2,311	2,449	2,278	1,724	1,244	1,026
Social Security Numbers Issued	17.6 million	17.5 million	17.7 million	17.4 million	18 million	18 million
800 Number Calls	61.1 million	55 million	54.5 million	57 million	58 million	59 million
Annual Earnings Items Processed	271.8 million	260 million	251.8 million	260 million	261 million	265 million
Medicare Prescription Drug Subsidy Applications (thousands)	N/A	N/A	N/A	932	528	245
Medicare Part B gradual premium changes	N/A	N/A	N/A	N/A	N/A	Approx. 38.6 million

The House and Senate Appropriations FY07 SSA Budget proposals will gut Social Security’s public service and ability to process workloads timely.

Program Integrity- Because of deep budget cuts and loss of work years in the FY06 budget, Commissioner Barnhart has ceased production of all SSI Redeterminations and Medical Continuing Disability Reviews. If the House and/or Senate budget proposals for FY 07 are passed by Congress, Commissioner Barnhart states only 111,000 CDRs may be processed. These reviews return \$10 for every dollar invested in productivity for CDRs and \$7 dollars for every dollar invested in Redeterminations. Without these reviews, *billions* of dollars of overpayments will mount up and may never be collected. Furthermore, inability to insure the integrity of SSA’s programs simply compromises the solvency of the Social Security Trust Fund. According to GAO’s most recent report on overpayments related to SSA programs, overpayment detections increased from about \$1.9 billion to nearly \$3 billion million between fiscal years 1999 and 2003.² AFGE believes this can be directly attributed to SSA’s chronic staffing shortages.

Medicare- In addition to these impossible demands, SSA must implement new aspects of the Medicare Modernization Act without additional funding or staff. These workloads include:

- Approximately 245,000 Medicare Part D subsidy application redeterminations
- Approximately 38.6 million Medicare Part B premium changes. SSA has estimated more than 5 million Medicare Part B recipients that will need assistance with the new premium changes due to a requirement to verify income. This workload will be labor intensive.

Immigration- Pending legislation regarding Immigration reform would require SSA to investigate all immigrant Social Security number cards that employers are unable to verify. This would result in millions of investigations, creating a major new workload. Pending legislation does not provide for staff or resources to accomplish this work.

Misguided Priorities Are Not In Line With Mission of the Agency

Commissioner Barnhart’s solution to the proposed budget cuts is to reduce staffing and furlough valued employees, without pay. Yet, extraneous expenses, pilots and projects promoted by the Commissioner will not be affected. Congress should expect Commissioner Barnhart to make every effort to maintain and provide the basic services that the public has come to expect and deserve. Congress should insist that spending of non-essential expenses, (such as unnecessary travel and conferences) cease until the basic service needs can be met. In SSA’s FY ’07 budget, Congress should stipulate that appropriated funds may not be used for the very costly and untested Disability Service Improvement (DSI) changes. The DSI initiative has not been well received by disability advocates, the GAO, SSA employees or our Union. The expected costs of this program will exceed \$1 billion dollars by 2010, in addition to the unstated costs to modify and/or overhaul SSA’s entire

² GAO report 04-924 “SSA should Strengthen Its Efforts to Detect and Prevent Overpayments”

computer systems. It is feared that this will become a very litigious system, which will result in more denials of benefits. Therefore, the greatest costs will be to the disabled applicant and his/her family.

Commissioner Barnhart has had to hire hundreds of new employees and create new departments at SSA for DSI. How can she suggest furloughing current employees while hiring new ones?

Short Term Solution:

- At a minimum, Congress should provide SSA with the level of funding as proposed by President Bush.
- Appropriations line item should reflect the need to restore front line staffing in SSA's network of field offices to a minimum of FY04 staffing levels.

Long Term Solution: -

Immediately introduce legislation that would exclude SSA's administrative budget from present and or future discretionary caps and instead, appropriate on the basis of customer needs, such as the Social Security Preparedness Act of 2000, formerly H.R.5447, a bipartisan bill to prepare Social Security for the retiring baby boomers.

Administrative expenses for FY 06 are far less than 2% of benefit expenditures. On average, SSA's administrative expenses from 1985 thru 1991 were 1.1%, in the early 1980's 1.3%, and in the 1970's 1.7%. ***No private business in the world comes close to SSA's cost effectiveness.***

The proposal would remove the programs' administrative costs from the budget by taking these costs **OFF-BUDGET** with the rest of the Social Security program, thereby, protecting Social Security funds for the future.

More Reasons to Take SSA Off-Budget

- Strongly recommended and supported by the bipartisan Social Security Advisory Board.
- Both workers and employers contribute to the self-financed Social Security system and are entitled to receive service that is of high quality. It is entirely appropriate that spending for the administration of SSA programs be set at a level that fits the needs of Social Security's contributors and beneficiaries, rather than an arbitrary level that fits within the current cap on discretionary spending.
- SSA's ability to serve the public is no longer "at risk", but on the brink of total collapse.

Congressional Oversight needed in off-budget process:

- SSA must continue to be subjected to annual appropriations oversight to ensure the administrative resources are being spent efficiently.
- Legislation should require SSA's Commissioner to document, in performance reports mandated under the Government Performance and Results Act, how funds have been and will be used to effectively carry out the mission of the agency, meet expected levels of performance, achieve modern customer responsive service, and protect program integrity.
- GAO must annually inform Congress as to SSA's progress in achieving stated goals.