

**TESTIMONY FOR MAY 8, 2008  
SENATE FINANCE COMMITTEE HEARING  
ON  
SERVICE CHALLENGES FOR SSA FIELD OFFICE OPERATIONS**

**LINDA S. McMAHON  
DEPUTY COMMISSIONER FOR OPERATIONS  
SOCIAL SECURITY ADMINISTRATION**

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to update you on what Commissioner Astrue refers to as Social Security's front door: the field office. Our nearly 1300 field offices located in communities throughout the country are not only the face of the Agency, but also the face of Government. In addition to overseeing the field offices, I direct other operational components, including the teleservice centers, processing centers, and disability determination services. These components play an integral part in accomplishing the Agency's mission. They interact with each other, other Agency components, other governmental agencies, and private organizations such as employers to ensure that our service to the American people is of the best quality possible given funding and resources.

We have been maintaining a 2 percent increase in productivity annually. We expect to maintain that increase in the next fiscal year. As always, continued improvements will depend on our receiving adequate resources.

Our employees are extremely dedicated civil servants, and they believe in Social Security and the good that the programs provide to individuals as well as to the Nation. They deeply care about the millions of people they serve each and every day. And, when service slips, they take it personally and do all they can to overcome the many obstacles that frustrate them, lower their morale, and impede their mission. Our employees agree and as the Commissioner often has stated: We must act with urgency because it is a moral imperative that we give the public the best quality service.

## Social Security's Impact on America

Social Security is critical to the national economy and the lives of the American people. Under title II of the Social Security Act, we administer two insurance programs, Old-Age and Survivors Insurance and Disability Insurance, funded by taxes workers and their employers pay under the Federal Insurance Contributions Act. Through these programs, we provide benefits to workers and their dependents and survivors at critical junctures in their lives: when they retire, when they become disabled, and when they have lost a loved one.

We also administer the title XVI Supplemental Security Income (SSI) program, which assists the most vulnerable in our society. These payments are a safety net for those persons with little or no income or resources. The elderly, the blind, and the disabled, including children, rely upon SSI to meet their basic needs.

Besides determining eligibility for payments under these programs, we also determine eligibility for Medicare and Medicaid. These medical insurance and assistance programs provide indispensable health care to the sick and elderly.

Each year, we pay almost 60 million beneficiaries a total of about \$650 billion. This amount is equivalent to approximately 20 percent of all Federal spending and 5 percent of the Nation's gross domestic product. When Medicare and Medicaid spending is added to Social Security and SSI outlays, the share of Federal spending for these programs soars to almost 44 percent.

The 2008 budget for our Agency was the first time that Congress appropriated at or above the President's budget request since 1993. We very much appreciate your support.

Before last year, however, despite the importance of these programs, our administrative funding was reduced or delayed in each of the prior 15 years. In the last 4 years alone, overall Agency employment dropped from 63,596 to 60,206. Ironically, because we have always been a "can do" organization, attention is diverted from us because we fulfill our mandates regardless of the limits on our resources. It is well worth it for Congress to invest in our

Agency, now and in the future, given our history of outstanding service and the importance of our programs should demonstrate that.

### The Role of Field Offices

Our field offices are vital to the success of these important programs. When people need our services, their first step often is to visit or call a field office. In FY 2006, the field offices averaged 800,000 visitors per week. The number of visitors increased to 826,000 per week in FY 2007, resulting in over 42 million visitors that year. During the first 3 months of calendar year 2008, the average number of visitors was 910,000, a 4 percent increase over last year. This fiscal year marked the first time that over one million people came into our field offices in a single week. We expect this upward trend to continue.

Let me give you a sense of a typical workday in a field office. As you can well imagine, life in our field offices is extremely busy, as employees are pulled in a variety of directions every day. In FY 2008, we expect that field office employees will, among other things:

- process over 6.9 million benefit claims,
- issue 14 million new and replacement Social Security cards,
- conduct 1.1 million continuing disability reviews and 1.2 million SSI redeterminations,
- accept, and take action on, reports of earnings,
- supply claimants and Congress with information on the status of specific claims,
- present important Social Security information to community groups, and
- update millions of claimant addresses, phone numbers, and direct deposit bank data to ensure that our records are accurate and that beneficiaries receive their monthly benefit payments on time.

Employees have only about an hour 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. 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.

About 50 percent of the visitors to our field offices come in for one of three reasons: to file a claim for benefits, to obtain or replace a Social Security card, or to verify their benefit amount. These reasons have not changed over the years.

Fifteen percent of field office visitors file claims for benefits, including retirement, survivors, spousal, children's, and disability. We cannot overstate the importance of collecting necessary information from claimants to ensure the proper development of claims. Field office employees give this work their highest priority. Disability claims, which are much 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 the most frequent reason for visiting the field office. The work has become more complex and labor-intensive because of legislative changes. Although we have always required proof of identity, we review these documents more scrupulously in light of heightened national security.

Eleven percent or over 10 million field office visitors request benefit verification. They generally need proof of their Social Security benefits for other government programs, such as housing assistance, the Foster Grandparent Program, Women, Infants, and Children subsidies, Temporary Assistance to Needy Families, and Circuit Breaker assistance to the elderly. Other visitors require benefit verification for local needs-based programs, such as tax relief, medical and energy assistance, and access to food banks.

Once the office closes to the public, employees may have a few minutes 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.

### Effects of Other Components' Workloads on Field Offices

Workloads and processes in other Agency components also affect field offices. Our direct service components are intertwined and supportive of one another. When one component's work processing is delayed or set aside because of other priorities, there can be a consequent, adverse impact on other components, especially the field offices. The public often visits or calls local field offices when calls to our teleservice centers go unanswered or there is a delay in handling work in our processing centers.

At the initial and reconsideration levels, State disability determination services decide whether claimants are disabled. Many of these adjudicators' allowances are returned to field offices to effectuate awards. For SSI claims, field office employees must obtain updated information on income and resources, critical to calculating SSI payment amounts. In title II claims, they must develop any claims for dependents or survivors associated with the allowed claim. More of this work will flow to the field offices as we strive to reduce, for the first time since 1999, disability claims pending at the first two levels of adjudication to fewer than 500,000 cases.

Field offices also take the appeals from unfavorable determinations and enter relevant information about the appeals into our systems. In addition, collateral field office work is generated when a hearing decision is reached. As you know at the Commissioner's confirmation hearing, this Committee expressed its concern about the disability hearings backlog, and as you requested, the Commissioner developed, and we are implementing, the Hearings Backlog Reduction Plan. Field office work will increase as the Hearings Backlog Reduction Plan continues and newly-hired ALJs become fully productive. The same development necessary for allowances at the initial and reconsideration levels is required to effectuate hearing decisions. This complicated work is vital, as these claimants have waited for years for hearings and decisions.

Along with their responsibility for many core Social Security workloads, field offices handle complex programs for other agencies, such as Medicare,

Medicaid, e-Verify, Black Lung, Railroad Retirement, and food stamps. We also issue 1099s to help taxpayers file for payments under the economic stimulus package. These important initiatives affect our field offices' ability to carry out our core mission and duties to the public.

### The Challenges that Field Offices Face Today

Employees in our field offices work extremely hard to serve every person who comes to us for help. However, with current staffing levels and our growing workloads, service suffers and our employees are often overwhelmed. Even with all available field office employees and managers devoted to serving visitors, waits are long – 50 percent of callers receive a busy signal and 8 percent of those without an appointment, about 3 million visitors, wait more than an hour to be seen by staff. Not only is this unacceptable to you, the public, and us, but it is also demoralizing to our employees, who have dedicated their careers to providing outstanding service to the public.

While field offices continue to process claims timely, they have been forced to defer processing millions of post-entitlement and program integrity actions, such as adjusting payments, correcting earnings, and processing wage reports and overpayments. The consequences are significant both to the individuals affected and to program costs overall. For example, if we cannot promptly enter an SSI recipient's income information into the system, that recipient might be over or under paid monthly benefits. If he is underpaid, he may not be able to meet his basic needs. If he is overpaid, we probably will not be able to collect the overpayment.

Although the President's budget will allow us to process more continuing disability reviews and SSI non-disability redeterminations, we still will be unable to address as much of this important workload as we did just a few years ago. These are critical stewardship efforts that protect the integrity of the trust funds and taxpayers' money. They result in a high return on investment because for every administrative dollar we spend, we estimate program savings of as much as \$10.

While our situation is extremely difficult, we are not operating in the dark. As with our other workloads, we have significant amounts of management information providing insights into how each field office handles its work. We also have a number of internal and external Agency goals that provide

guidance on which workloads should receive priority handling and help our field offices meet certain performance standards. We routinely talk to field office managers about these measures to help ensure that offices are working in the most efficient way possible.

We also routinely look at pending workloads and, where needed, shift work from one office to another. Our routine analyses of productivity and pending workloads measure field office performance, and when we identify a performance concern, we address it and take any necessary corrective actions. We do our best to balance service across the Nation and make conscious decisions about which workloads we can most afford to postpone.

### Planning for Future Challenges

Over the last few years, our field offices have faced significant challenges in maintaining our historic level of excellent service. As field offices struggle to keep up with existing workloads and serve the public, they are facing the growing needs of the aging baby boomer population and will soon have an avalanche of retirement claims to process. Nearly 80 million baby boomers will be filing for retirement over the next 20 years - an average of 10,000 claims per calendar day or 16,000 per work day. At the same time, many of our employees are also baby boomers. They also will be retiring, further depleting our already insufficient staffing levels and taking significant expertise with them.

We understand better than anyone the significant challenges we face in the future. The onslaught of baby boomer claims is now upon us and is the most crushing challenge that we have faced in over 30 years. We have begun implementing our plans for surmounting these future hurdles. Innovative changes that focus on technology and simplified policy are vital to our ability to continue the fine service that we have provided over our 70-year history.

We continue to operate under our current strategic plan. Each year, working with our frontline managers and regional executives, we develop an operating plan to determine how we will use available resources to meet the goals of the strategic plan. The operating plan aligns with our strategic plan and the performance measures tracked in the Annual Performance Plan. The operating plan provides the blueprint for field offices to process and

prioritize the many workloads that need attention. It also identifies work to be deferred due to resources constraints.

We are now drafting a new Agency-wide strategic plan, which will describe our present and future initiatives and will outline the necessary groundwork that we already have laid and will lay in the future. We recognize that we must consult with Congress, the Social Security Advisory Board, and other stakeholders as we develop the plan. We will ensure that these consultations occur in the very near future. Nevertheless, we are moving ahead with numerous initiatives and have developed an overarching strategy for meeting our many challenges. Adequate and timely funding is critical for the successful implementation of this, or any other, plan.

We are actively engaged in succession management to deal with our own employees' retirements. Use of the early retirement flexibility, among other strategies, enables us to even out the dramatic loss of staff due to optional retirement. We are successfully recruiting, hiring, and retaining talented individuals to replenish our workforce. Our challenge is meeting service demands without the resources necessary to backfill for the overall level of attrition we have experienced in recent years.

Recognizing the critical role we play in the Nation, we have plans in place to address the onslaught of new retirement applications and the service delivery options needed for our growing core and non-core workloads. We have moved steadily, but with urgency, to streamline our policies and improve automated services, both Internet and telephone. We have created, and continue to seek, ways to reduce unnecessary traffic in our field offices, through such mechanisms as the Social Security number verification system for employers and a consent-based verification system for financial institutions.

Public usage of automated services has increased dramatically every year, and so far this fiscal year, there has been a 20 percent increase in the use of Internet services compared to last year. Automated telephone transactions reached almost 17 million in FY 2007, and we expect this number to grow to 22 million by 2010.

Our new Ready Retirement initiative is one example of how we plan to utilize technology to lessen our workload burden, while also meeting service expectations. In September 2008, we will introduce a new online retirement



application that simplifies or eliminates many of the questions on the application and uses cues, links, streaming video, and other techniques from the best financial websites to give the public a friendlier, faster, and simpler experience. It will also take advantage of information already in our records. We expect that, rather than taking 45 minutes on average to complete an online retirement application, the time needed will drop to an average of 15 minutes. We have already made a significant policy change. If a retiree who was born in this country alleges a date of birth that satisfies our authentication standards, we will accept that allegation without seeing an official birth certificate. This simple change will make it easier for new filers to apply over the Internet, telephone, or in our field offices, and we will be able to expedite the payment of their benefits. Individuals who choose to file an application over the telephone or Internet will still be able to have face-to-face contact with a trained SSA representative in a field office to get their questions answered or to discuss any issues relating to their claims.

We are implementing two fast-track processes for making disability determinations. The first, which has been rolled out nationwide, is called QDD – for Quick Disability Determination – and right now about 2.3 percent of all new claims are being identified for QDD processing. We allow over 96 percent of the QDD cases in an average of 6 to 8 days.

We are also close to piloting the second track, which we are calling compassionate allowances. These are cases where the disease or condition is so consistently devastating that we can presume that the claimant is disabled once we confirm a valid diagnosis. By deciding more cases based on medical evidence alone, we can reduce the number of claims that require further review.

We are establishing an advisory panel to guide us in developing our technological systems for the future. We are looking to include experts on this panel who will give us a wide variety of perspectives. The panel will be comprised of members of academia and private industry recognized as experts in the field of future computer systems technology and individuals familiar with the use of technology in the areas of customer service, privacy, health care, and financial and document management. We want to make sure that we consider our clients' needs as we enhance our systems, and we will have panel members who can speak to those needs. Finally, we will include Agency experts from who are familiar with our policies, systems,

and practices. We are confident that, with these individuals' expertise, we will design and develop systems worthy of the trust of the American public.

We have invested much thought, many resources, and a great deal of time into improving our on-line presence. We recognize the need to encourage more claimants to file for benefits on line. Even though the applications may be filed online, technicians will still manually review and process 100 percent of the claims as we continue to develop a more fully automated process that we plan to implement in FY 2010.

We know that these and other advances are critical to addressing our present and future needs.

### Critical and Timely Resources

To ensure the success of these initiatives, we need sustained, adequate, and timely resources. Continuing resolutions make our job all that much harder as we must restrict our activities at the beginning of fiscal years because of uncertain funding.

I want to assure you that the additional funding you provided to us for this fiscal year was a sound investment. We carefully maximize every dollar that Congress gives to us. To this end, we are using some of the additional \$148 million to strengthen our direct service operation. We are hiring 3900 employees this year, 1300 more employees than we expect to lose. These hires will help support our field office, processing center, and teleservice center operations.

For years, we have invested much of our IT resources into processing and productivity improvements, at the expense of fully upgrading our IT infrastructure. The percentage of IT money that we invest in our infrastructure is below that of many organizations. Many of our initiatives to meet the demands of the future are based on automation, and we must upgrade the IT infrastructure. Upgrades, however, will require additional resources.

Of course, whether or not we can continue our progress depends in large part on the resources that Congress provides. The President's FY 2009 \$10.46 billion budget request for our Agency would provide a solid basis for us to continue focusing on our rapidly growing core service workloads. In

FY 2009, we plan to reduce the hearing backlog by nearly 70,000 cases, process over 200,000 more retirement and survivors' claims, and handle 4 million more 800-number calls as compared to FY 2008. Our increased resources and technological and productivity improvements would allow us to process our work more timely.

Although the FY 2009 budget will allow us to make important strides in core areas, the backlogs of our less visible work, which is generally performed after an individual is approved for benefits, will continue to grow.

Beginning on October 1, costs for guard services, rents, and other similar expenditures will increase more than \$400 million. These costs, combined with an extended continuing resolution, would have devastating consequences for our forward momentum. Timely support of the President's budget is critical for continued progress.

Thank you for the opportunity to appear before you and discuss our Agency's challenges and future.