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Social Security Administration: Workloads, Resources, and Service Delivery

Kathleen Romig
Congressional Research Service
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Abstract
Some Members of Congress have expressed concern about whether the Social Security Administration (SSA) has adequate resources to manage its workloads. The agency has struggled to provide quality service to the public. Backlogs in the disability programs have caused widespread concern. SSA’s efforts to ensure the accuracy of benefit payments have declined. Many applicants and beneficiaries have experienced long waits at field offices and on the phone.

SSA’s workloads are growing as the population increases, the baby boomers retire, the economic situation worsens, and the agency takes on new and more complex responsibilities. SSA’s primary workload is administering the Social Security and Supplemental Security Income (SSI) programs. In addition, SSA provides substantial administrative support to Medicare and other programs, and partners with the Department of Homeland Security in verifying employment eligibility.

The resources SSA has to meet its growing workloads include funding, staff, infrastructure, and management. In recent years, SSA’s administrative funding has increased, but has generally fallen short of requests by the SSA Commissioner and the Bush Administration. SSA’s FY2008 appropriation was the first time that Congress appropriated at or above the President’s budget request in over ten years. SSA’s staffing levels have decreased overall and fluctuated among the specialized staff who manage key workloads; at the same time, SSA’s productivity has increased, according to agency measures. The agency has gradually modernized its technological infrastructure and made efforts to streamline its processes, but independent analysts have argued that these initiatives fall short of what is needed to meet SSA’s growing workloads.

Congress could facilitate changes at SSA through the appropriations and oversight processes. Options for congressional action include changing the amount of SSA’s administrative expenses and how they are financed. For example, the Social Security Advisory Board (SSAB) has recommended that Congress increase funding for SSA’s administrative expenses, arguing that the agency does not have adequate resources. The board has also suggested excluding SSA’s administrative costs from discretionary spending caps. The Government Accountability Office (GAO) has recommended dedicating funds for program integrity. Congress could also use its oversight powers to encourage more effective management at SSA in areas such as implementing technological improvements, streamlining processes, and recruiting and retaining key staff.

Congress could decide not to take any action. However, inaction would likely have consequences. As SSA’s workloads increase, it is unlikely that the agency would be able to reduce the backlogs in the disability programs, and possible that the backlogs would grow further, resulting in longer waits for potential beneficiaries. Managing growing workloads could also preclude efforts to maintain or increase the program integrity activities that are projected to save the Social Security and SSI programs money in the long run. Customer service problems could be difficult to address in the absence of additional staff or resources. Finally, SSA’s outdated computer systems pose security risks and are vulnerable to collapse, according to outside experts.

This report provides an overview of SSA’s workloads, resources, and service delivery, as well as issues for Congress. It does not cover H.R. 1 and S.Amdt. 98, which are intended to provide a stimulus to the economy. For more information on that legislation, please see CRS Report R40188, Comparison of Social Security
Provisions in the Stimulus Packages Proposed by the House of Representatives and Senate. This report will not be updated.

Keywords
Social Security, Social Security Administration, SSA, Congress, public policy, benefits, retirement

Comments
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February 6, 2009
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Congress could decide not to take any action. However, inaction would likely have consequences. As SSA’s workloads increase, it is unlikely that the agency would be able to reduce the backlogs in the disability programs, and possible that the backlogs would grow further, resulting in longer waits for potential beneficiaries. Managing growing workloads could also preclude efforts to maintain or increase the program integrity activities that are projected to save the Social Security and SSI programs money in the long run. Customer service problems could be difficult to address in the absence of additional staff or resources. Finally, SSA’s outdated computer systems pose security risks and are vulnerable to collapse, according to outside experts.

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# Contents

Workloads........................................................................................................................................ 1  
  Administering Social Security and SSI .......................................................................................... 2  
    Social Security Claims Growing ................................................................................................. 3  
    SSI Claims Growing .................................................................................................................... 4  
    Further Growth in Claims Expected ........................................................................................... 5  
  Administrative Support for Other Programs .................................................................................. 6  
    Helping CMS to Administer Medicare .......................................................................................... 6  
    Helping DHS with Employment Eligibility Verification ............................................................ 6  
    Helping to Administer Other Programs ....................................................................................... 7  
Resources......................................................................................................................................... 8  
  Funding ......................................................................................................................................... 9  
    Administrative Funding Has Increased ....................................................................................... 9  
    Appropriations Fall Short of Requests ......................................................................................... 9  
  Staff ............................................................................................................................................. 10  
    Total SSA Staff Declining ........................................................................................................... 11  
    Disability Determination Service Staff in Flux .......................................................................... 13  
    Administrative Law Judges (ALJs) in Flux .................................................................................. 14  
Infrastructure..................................................................................................................................... 16  
  SSA Field Offices ............................................................................................................................ 16  
  Information Technology .................................................................................................................. 18  
  Telephone Systems ......................................................................................................................... 19  
Service Delivery............................................................................................................................... 19  
  Backlogs in the Disability Programs .............................................................................................. 20  
    Increase in the Number of Applicants ......................................................................................... 20  
    Backlogs and Processing Times for Initial Disability Claims ...................................................... 20  
    Backlogs and Processing Times for Hearings ............................................................................. 22  
  Fewer Program Integrity Activities ................................................................................................. 24  
    Continuing Disability Reviews (CDRs) ....................................................................................... 24  
    SSI Redeterminations .................................................................................................................... 26  
    Cooperative Disability Investigation Program ............................................................................. 26  
    Consequences of Delaying Reviews ............................................................................................ 27  
Customer Service ............................................................................................................................. 27  
  Problems Maintaining Customer Service in Field Offices ........................................................... 27  
  Improvements in 800 Number Service ........................................................................................... 28  
Issues for Congress .......................................................................................................................... 28  
  Funding ......................................................................................................................................... 28  
    Level of Funding ......................................................................................................................... 28  
    Availability of Funds .................................................................................................................... 30  
    Means of Funding ......................................................................................................................... 30  
    Process for Determining Funding ............................................................................................... 31  
  Staffing ......................................................................................................................................... 32  
  Infrastructure ................................................................................................................................. 32  
  Management ................................................................................................................................. 33
Figures

Figure 1. Social Security (OASDI) Claims Received, FY1996-FY2008 ........................................ 4
Figure 2. SSI Claims Received, FY1996-FY2008 ................................................................. 5
Figure 3. SSA Limitation on Administrative Expenses Budget, in Billions, FY1996-
FY2009 ............................................................................................................................ 10
Figure 4. SSA Full-Time Equivalent Staff, FY1996-FY2008 ............................................. 12
Figure 5. State Disability Determination Service (DDS) Staff, FY1996-FY2008 ........ 13
Figure 6. Administrative Law Judges (ALJs), FY1996-FY2008 ....................................... 15
Figure 7. SSA Field Offices, FY1996-FY2008 ................................................................. 17
Figure 8. Initial Disability Claims Backlogs, FY1996-FY2008 ........................................ 21
Figure 9. Average Processing Time for Initial Disability Claims, FY1996-FY2008 ........ 22
Figure 10. Hearings Backlog, FY1996-FY2008 ............................................................... 23
Figure 11. Average Processing Time for Hearings, FY1996-FY2008 ............................. 24
Figure 12. Continuing Disability Reviews Processed, FY1996-FY2008 ....................... 25
Figure 13. SSI Redeterminations Processed, FY1996-FY2008 ...................................... 26

Tables

Table 1. Selected SSA Workloads, FY2008 ....................................................................... 2

Contacts

Author Contact Information ......................................................................................... 35
Acknowledgments ........................................................................................................ 35
The American people have contact throughout their lives with the Social Security Administration—from birth, when they are assigned Social Security numbers, to death, when their eligible family members may be awarded Social Security survivors benefits. In FY2008, 165 million people paid Social Security payroll taxes on their wages; 50 million received Social Security benefits; 7.5 million received Supplemental Security Income (SSI) benefits; and more than 42 million were served by Social Security Administration (SSA) field offices.

Some Members of Congress have expressed concern about whether the Social Security Administration (SSA) has adequate resources to manage its workloads. The agency has struggled to provide quality service to the public. Backlogs in the disability programs have caused widespread concern. SSA’s efforts to ensure the accuracy of benefit payments have declined. Many applicants and beneficiaries have experienced long waits at field offices and on the phone.

SSA’s workloads are growing as the population increases, the baby boomers retire, and the agency takes on new and more complex responsibilities. According to the Social Security Advisory Board (SSAB), “Challenges such as shifting demographics, growing workloads, changing customer expectations combined with an aging workforce, deteriorating systems infrastructure, and chronic under funding have pushed SSA’s ability to deliver high quality service to the brink.”

This report provides an overview of SSA’s workloads, resources, and service delivery since FY1996, the first full fiscal year in which SSA became an independent agency. It also covers issues for Congress, focusing on recommendations made by the independent SSAB, Government Accountability Office, SSA’s Office of the Inspector General, and the National Research Council. This report does not cover the Social Security provisions in the “American Recovery and Reinvestment Act of 2009” (H.R. 1 and S.Amdt. 98), which is intended to provide a stimulus to the economy. For more information on that legislation, please see CRS Report R40188, Comparison of Social Security Provisions in the Stimulus Packages Proposed by the House of Representatives and Senate, by Scott Szymendera.

Workloads

SSA has substantial and varied administrative responsibilities. SSA’s primary workload is administering the Social Security (Old-Age, Survivors, and Disability Insurance, or OASDI) and SSI programs. Social Security provides retirement, disability, and survivors benefits to qualifying workers and their families. SSI provides benefits to low-income aged, blind, and disabled individuals. In addition to administering its own programs, SSA provides substantial administrative support to the Medicare program, and partners with the Department of Homeland Security in verifying employment eligibility for new hires. Finally, SSA assists with the administration of other programs, including the Supplemental Nutrition Assistance Program.

1 Social Security Administration, Office of the Chief Actuary, Fact Sheet on the Old-Age, Survivors, and Disability Insurance (OASDI) Program.
2 Social Security Administration, FY2009 Budget Justification.
(SNAP) program (formerly known as Food Stamps), Railroad Retirement Board benefits, Special Benefits for Certain World War II Veterans, and the rebate checks for Social Security beneficiaries in the 2008 economic stimulus package.

Administering Social Security and SSI

SSA’s work on administering Social Security and SSI includes determining eligibility for benefits, calculating benefit amounts, and coordinating the collection of payroll taxes and payment of benefits with the Department of Treasury. SSA also maintains earnings records for all covered workers and compiles annual Social Security Statements for workers age 25 and older. To ensure that benefits are paid in the correct amount and only to eligible individuals, SSA conducts program integrity activities such as continuing disability reviews (CDRs) and SSI redeterminations. SSA also maintains beneficiary records, identifies and remedies the overpayment and underpayment of benefits, and monitors representative payees for individuals who are unable to handle their own finances. SSA staff issue new and replacement Social Security cards. The process for issuing cards has become more complex amidst concerns about identity theft, terrorism, and illegal immigration. SSA staff answer questions at the agency’s field offices and 800 number. The agency also provides information to the public through its website, pamphlets, advertisements, public events, and other means. Finally, SSA conducts research and analysis on its programs, beneficiaries, and potential policy changes. Table 1 shows the volume of SSA’s workload in a selection of these activities for FY2008.

<table>
<thead>
<tr>
<th>Table 1. Selected SSA Workloads, FY2008</th>
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<tbody>
<tr>
<td>Retirement and survivors claims processed</td>
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<tr>
<td>Initial disability claims processed</td>
</tr>
<tr>
<td>SSA hearings processed</td>
</tr>
<tr>
<td>Continuing disability reviews (CDRs) completed</td>
</tr>
<tr>
<td>SSI redeterminations completed</td>
</tr>
<tr>
<td>800 number calls handled</td>
</tr>
<tr>
<td>Social Security numbers issued</td>
</tr>
<tr>
<td>Annual earnings items processed</td>
</tr>
<tr>
<td>Social Security Statements issued</td>
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</tbody>
</table>

*Source: Social Security Administration, FY2009 Budget Justification.*

The number of people applying for Social Security and SSI benefits has increased substantially, because of population growth, the aging of the population, and the current economic downturn. The first baby boomers became eligible for retirement benefits in 2008, and are nearing the ages at which they are most likely to apply for disability benefits. As the full retirement age for Social Security benefits gradually increases, it is expected that a greater proportion of people will apply for disability benefits since more older workers will be eligible for DI. During recessions, the number of applicants for Social Security and SSI benefits typically increases.

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Much of the work in administering the Social Security and SSI programs occurs when people apply for benefits. This is particularly true for the disability components of each program, since disability claims are much more complex, labor intensive, and expensive to process than retirement and survivors claims. To receive disability benefits under either program, individuals must meet strict medical requirements. Generally, a worker must be unable to do any kind of work that exists in the national economy, taking into account age, education, and work experience. SSA determines whether someone is disabled according to a five-step process. In order to determine eligibility and benefit amounts for SSI, SSA must examine medical eligibility as well as income, assets, and living arrangements, then monitor these factors over time.

SSA’s decisions on disability benefits are much more likely to be appealed than its decisions on old-age or survivors benefits. For example, more than 99% of hearing receipts in FY2006 were for disability benefits.7

Social Security Claims Growing

The number of people applying for Social Security has been steadily increasing. In FY2008, SSA received a total of 6.9 million Social Security claims, including 4.2 million retirement and survivors (OASI) claims and 2.7 million disability (DI) claims. Figure 1 shows the number of applications for Social Security benefits filed from FY1996 to FY2008, broken down between disability benefits and retirement and survivors benefits. Disability applications are increasing as a proportion of Social Security claims. Over the five-year period from FY2004 to FY2008, the number of Social Security disability applications grew 7% and the number of retirement and survivors applications grew 22%. Over the 10-year period from FY1999 to FY2008, the number of Social Security disability applications grew 78% and the number of retirement and survivors applications grew 38%.

(...continued)


5 See, for example, SSAB letter, 12/16/08.

6 For more information, see CRS Report RL32279, Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI), by Scott Szymendera.

**Figure 1. Social Security (OASDI) Claims Received, FY1996-FY2008**

![Bar chart showing Social Security (OASDI) claims received from FY1996 to FY2008. The chart displays the number of Disability claims and Retirement and survivors claims for each fiscal year.](image)


Notes: Applications for Social Security retirement benefits increased in FY2000 due to a change in the law that liberalized the retirement earnings test.

**SSI Claims Growing**

The number of people applying for SSI has also been increasing. In FY2008, SSA received a total of 2.7 million SSI claims, including 2.4 million disabled or blind claims and 0.3 million aged claims. **Figure 2** shows the number of applications for SSI benefits filed from FY1996 to FY2008, broken down between disabled or blind benefits and aged benefits (which are available to qualifying elderly individuals with very low incomes and assets). Over the five-year period from FY2004 to FY2008, the number of SSI disabled or blind applications grew 11% and the number of aged applications grew 77%. Over the 10-year period from FY1999 to FY2008, the number of SSI disabled or blind applications grew 63% and the number of aged applications more than doubled, growing 115%.
Further Growth in Claims Expected

SSA’s caseload is expected to grow substantially as the baby boomers reach retirement eligibility and the ages at which they are most likely to apply for disability benefits. For example, SSA projects that over the next 10 years, retirement claims will increase by over 40% and initial disability claims will increase by nearly 10%.8 The SSAB has stated that these estimates are likely understated due to the current economic downturn.9

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9 SSAB letter, 12/16/08.
Administrative Support for Other Programs

Helping CMS to Administer Medicare

In addition to administering the Social Security and SSI programs, SSA also provides substantial administrative support for the Medicare program. SSA takes applications and determines eligibility for Medicare and provides replacement Medicare cards. SSA also withholds Medicare premiums from Social Security benefit checks and calculates the amount of the income-related Part B premium to be withheld for higher-income beneficiaries.10 Finally, SSA is responsible for reaching out to low-income beneficiaries who might be eligible for Medicare subsidies and determining whether applicants are eligible for these subsidies.11 Administrative support for Medicare is financed through the Medicare Hospital Insurance (HI) and Supplementary Medical Insurance (SMI) trust funds. Funding in FY2007 amounted to $1.6 billion, or about 18% of SSA’s total administrative expenses.

Helping DHS with Employment Eligibility Verification

SSA also plays a significant and growing role in determining employment eligibility. E-Verify (formerly known as the Basic Pilot Program and the Employment Eligibility Verification Program) is a voluntary electronic employment eligibility verification program operated by the Department of Homeland Security (DHS) in partnership with SSA.12 The program allows participating employers to verify the employment eligibility of their new hires through a web-based interface. In FY2008, there were over 6.6 million E-Verify requests and as of January 3, 2009, there have been over 1.9 million for FY2009.13 All requests are sent to SSA, which checks whether the worker’s information matches its records. Currently, about 7% of initial queries identify inconsistencies.14 Employees must resolve any discrepancies at an SSA field office or with DHS. Many of those who contact SSA do so because they have changed their names or had a change in their citizenship status and not previously notified SSA of the change. In May 2008, SSA and DHS implemented new procedures to reduce the burden on field office staff.15

SSA’s E-Verify workload is funded through interagency agreements with DHS, which reimburses SSA for its expenses. SSA and DHS have signed an agreement for FY2008 for $4.8 million in estimated costs and are currently negotiating an FY2009 agreement.16

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10 For more information, see CRS Report RL33364, *The Impact of Medicare Premiums on Social Security Beneficiaries*, by Kathleen Romig.
13 Information from SSA’s budget office.
16 In the 110th Congress, the House passed legislation (H.R. 6633) that included a provision that would require DHS to provide SSA with the full costs of SSA’s E-Verify workload in advance rather than on a reimbursable basis. However, this bill did not become law by the end of the session.
The E-Verify program has been growing in recent years. In January 2006, about 5,000 employers were registered for the program. In June 2008, more than 69,000 employers were registered. All federal agencies are required to verify the employment eligibility of new hires as of October 2007. On June 6, 2008, the President issued an Executive Order requiring Federal contractors to participate in E-Verify. On June 12, 2008, agencies responsible for the Federal Acquisition Regulation sent a notice of proposed rule making (NPRM) implementing the Executive Order to the Federal Register soliciting public comments. On November 14, 2008, the Federal Register published a final rule requiring Federal contractors, with certain limitations, to participate in E-Verify. The requirement is scheduled to take effect May 21, 2009.

Some states are also beginning to require employers to verify the employment eligibility of new hires. Arizona currently requires all employers to use the E-Verify system, and Mississippi began to phase in a mandatory program on July 1, 2008. Other states require some employers (such as government employers and contractors) to use E-Verify, including Idaho, Minnesota, Rhode Island, and Oklahoma. In the 110th Congress, there was some discussion of making the E-Verify program mandatory nationwide, which would have meant including a total of 7.4 million employers. SSA has estimated that a mandatory E-Verify program would cost about $281 million and require hiring 700 new employees for FY2009 to FY2013. Additional funding and staffing at DHS would also be required.

Helping to Administer Other Programs

SSA also contributes to the administration of other programs, including the Supplemental Nutrition Assistance Program (SNAP) program (formerly known as Food Stamps), Railroad Retirement Board (RRB) benefits, Special Benefits for Certain World War II Veterans, and the 2008 economic stimulus package.

SNAP Program

SSA assists with the administration of the Food Stamp program (renamed Supplemental Nutrition Assistance Program, or SNAP, in the 2008 Farm Bill, P.L. 110-246). SNAP applications are available at all SSA field offices. SSA staff help people apply for SNAP if their entire households are applying for or receiving SSI benefits, then forwards these applications to SNAP offices for eligibility determination. SSA also screens all SSI applicants and recipients who are subject to a redetermination regarding their interest or involvement in SNAP.

The Food and Nutrition Service (FNS) within the U.S. Department of Agriculture (USDA) reimburses SSA for its SNAP activities. Annual cost estimates are developed using actual SNAP

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19 DHS Press Release, 6/9/08.
20 For example, see CRS Report RL34204, Immigration Legislation and Issues in the 110th Congress, coordinated by Andorra Bruno. H.R. 19, H.R. 4088, S. 2366, and S. 2368 in the 110th Congress would have made the E-Verify system mandatory for all employers. H.R. 5515 in the 110th Congress would have established a new mandatory employment eligibility verification system at SSA to replace E-Verify.
21 GAO Testimony on Employment Verification, 5/6/08.
costs from prior years, adjusted for estimated changes in payroll and other built-in costs, as well as projected SSI workloads. In FY2007, SSA’s actual SNAP costs were $9.8 million. The FY2008 estimate is $12.7 million. 22

**Railroad Retirement Board Benefits**

SSA and the Railroad Retirement Board (RRB) have coordinated the administration of RRB benefits for railroad workers since 1940. 23 The Railroad Retirement Board (RRB), an independent federal agency, administers retirement, survivor, disability, unemployment, and sickness insurance for railroad workers and their families. SSA and RRB share wage and benefit records for individuals who have worked in both RRB- and Social Security-covered jobs. They determine whether these individuals and their families should receive RRB or Social Security benefits. They also manage the financial interchange between the two programs. The financial interchange puts the Social Security trust funds in the same position in which they would have been if railroad service had been covered by Social Security, and accounts for the costs of benefit payments as well as administrative expenses.

**Special Benefits for Certain World War II Veterans**

The Special Benefits for Certain World War II Veterans program funds monthly benefits for certain veterans of World War II who reside outside of the United States. Both benefits and administrative costs for this program are paid out of general revenues.

**The 2008 Economic Stimulus Package**

In 2008, SSA also took on responsibilities for administering the tax rebates in the economic stimulus package. 24 SSA paid the IRS to send notices to Social Security beneficiaries informing them that they may be eligible for a tax rebate and explaining how they can claim it. SSA also answered inquiries about the stimulus package. SSA’s Limitation on Administrative Expenses appropriation for FY2008 was increased by $31 million by the legislation in order to cover the costs of this additional workload.

**Resources**

The resources SSA has to meet its workloads include funding, staff, and infrastructure (such as office space and computer systems). In recent years, SSA’s funding for administrative expenses has increased, but has generally fallen short of requests by the Commissioner of Social Security and the President. SSA’s FY2008 appropriation was the first time that Congress appropriated at or above the President’s budget request in over a decade. SSA’s staffing levels have decreased overall and fluctuated among the specialized staff who manage key workloads; at the same time,

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22 SSA Budget Office estimate.


SSA’s productivity has increased. Finally, the agency’s technological infrastructure has been gradually modernized while the number of field offices has declined slightly over time.

**Funding**

**Administrative Funding Has Increased**

Appropriations for SSA’s administrative expenses have increased over time. In FY2008, the final appropriation for SSA’s Limitation on Administrative Expenses (LAE) account, through which administrative expenses for Social Security, SSI, and Medicare are funded, amounted to $9.745 billion. SSA’s administrative budget has increased about 17% in the five-year period from FY2004 to FY2008, or 4% after adjusting for inflation. It has increased about 52% in the 10-year period from FY1999 to FY2008, or 19% after adjusting for inflation.

**Appropriations Fall Short of Requests**

The 1994 legislation establishing SSA as an independent agency (P.L. 103-296) directed the Commissioner of Social Security to prepare an annual budget request. By law, the Commissioner’s request is submitted by the President to Congress without revision. The Commissioner submitted the first such request for FY1997. The Administration also submits its own budget request for SSA’s administrative expenses as part of its annual budget. Finally, Congress appropriates SSA’s administrative funds each year.

As shown in Figure 3, SSA’s funding for administrative expenses has been less than requested by the Commissioner of Social Security and the Administration each year since FY1996, the first full year in which SSA was an independent agency, with the exception of FY1997 and FY2008. SSA’s FY2008 appropriation was $148 million above the Administration’s request, and $675 million less than the Commissioner’s request.

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25 Social Security Administration, FY2009 Budget Justification.

26 See CRS Report RS22677, Social Security Administration: Administrative Budget Issues, by Kathleen Ronig.
Much of any increase in SSA’s administrative funding must be used to keep up with increases in its fixed expenses. For example, about 70% of SSA’s administrative funding is used for personnel costs, which increase automatically each year. SSA has estimated that the agency needs over $400 million in additional funding each year to keep up with increases in fixed costs such as employee salaries and benefits, rent, and security costs.\(^{27}\) According to the President’s FY2009 budget request, these built-in increases alone represent a 4.3% increase over the FY2008 appropriation for administrative expenses.\(^{28}\)

**Staff**

Many SSA staff provide direct service to the public in field offices, over the telephone, and on the Internet. They work in field offices, teleservices centers, Social Security card centers, program

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\(^{27}\) Astrue Appropriations Testimony, 2/28/08.

service centers, hearing offices, regional offices, and SSA headquarters. SSA also partners with state disability determination services (DDSs).

The staffing levels at SSA are lower than in the past, both overall and among the specialized staff needed for key workloads. Productivity has increased, according to SSA’s measures, which partially mitigates the reduction in staff. The Government Accountability Office (GAO) has reported that “SSA field offices largely met work demands despite operating with fewer staff and an increased demand for services, but the lower staffing levels may have contributed to adverse effects.” However, SSA’s policy of offering early-out retirement has exacerbated its staff retention problems. In the last three years, more than a quarter of retirees have taken early retirement. Going forward, SSA faces personnel challenges as much of its workforce becomes eligible to retire.

Total SSA Staff Declining

SSA’s FY2008 staffing level is about 61,000 full-time equivalents (FTEs). As shown in Figure 4, over the five-year period from FY2004 to FY2008, the number FTEs has declined by 4%. Over the 10-year period from FY1999 to FY2008, the number of FTEs has declined by 3%.


30 SSAB letter, 12/16/08.
**Figure 4. SSA Full-Time Equivalent Staff, FY 1996-FY 2008**

**Productivity Gains**

SSA staffing declines have coincided with SSA's improved productivity. From FY 2003 to FY 2007, SSA is said to have a cumulative productivity improvement of 9.96%, and 15.5% between FY 2001 and FY 2007.\(^{31}\) (It can be difficult to calculate SSA productivity gains over time, as SSA has adjusted the methodology for calculating productivity several times in the past ten years.) SSA's productivity improvements have been driven by its success in streamlining and automating the claims process, and SSA expects that technological improvements will allow the agency to continue making productivity improvements. The FY 2009 President’s Budget request assumes a 2% productivity increase in FY 2009.

**Future Staffing Challenges**

Just as the retirement of the baby boomers increases SSA’s workload, it will also create staffing challenges. Many of the agency’s employees are at or nearing retirement age. Over half of SSA’s workforce is projected to be eligible to retire by FY 2017, including 70% of supervisors.\(^{32}\)

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\(^{31}\) SSAB letter, 12/16/08.

\(^{32}\) GAO Workforce Testimony, 5/8/08.
Disability Determination Service Staff in Flux

The number of specialized staff needed to process key SSA workloads has fluctuated in recent years. One source of backlogs at SSA is in determining whether applicants for Social Security and SSI disability benefits meet the medical eligibility requirements. These decisions are made by state disability determination service (DDS) staff, who are under contract with SSA. Since DDS staff do not work directly for SSA, they are not included in Figure 4 above. DDS staff also conduct continuing disability reviews (CDRs) to determine whether beneficiaries remain medically eligible for benefits. There are currently large CDR backlogs.

The staffing level at state disability determination services has declined in recent years. As shown in Figure 5, the DDS staffing level in FY2008 was less than 14,000. Over the five-year period from FY2004 to FY2008, the number of DDS staff has declined by 8%. Over the 10-year period from FY1999 to FY2008, the number of DDS staff has declined by 7%. DDS directors have indicated that they are having difficulties in maintaining adequate staffing levels due to problems in retaining and recruiting staff.

![Figure 5. State Disability Determination Service (DDS) Staff, FY1996-FY2008](image-url)

**Source:** Office of Management and Budget, Social Security Administration.

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33 For more information, see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by Scott Szymendera.

SSA has only limited control over the management of DDSs. DDSs are federally funded and required to follow SSA’s regulations in making their disability determinations. However, they are administered by state governments, not by SSA. State governments recruit DDS staff, establish personnel policies, and provide most training. SSA’s Office of the Inspector General (OIG) has found that the performance level of DDSs varies widely.35

**Administrative Law Judges (ALJs) in Flux**

The most significant backlogs facing SSA are for hearings by disability claimants who were denied benefits at the initial level. Administrative law judges (ALJs) conduct these hearings.

The number of ALJs has fluctuated in recent years. In FY2008, SSA employed 958 ALJs. As shown in [Figure 6](#), over the five-year period from FY2004 to FY2008, the number of ALJs grew 1%. Over the 10-year period from FY1999 to FY2008, the number of ALJs has declined by 13%. At the same time, the number of requests for hearings has grown. SSA hired 189 ALJs and the staff to support them in 2008 and plans to reach a total of 1,250 ALJs.36


SSA has limited control over the management of its ALJs. The selection process for ALJs is conducted by OPM, not SSA, as a result of the Administrative Procedure Act of 1946, which was intended to guarantee the independence of ALJs. OPM temporarily suspended the ALJ hiring process for a period of over four years from 1999 to 2003 because of litigation on changes to the formula for scoring ALJ applicants. In 2002, a one-time exception to the freeze was agreed to by both parties in the lawsuit to allow SSA to hire 125 ALJs to address a critical shortage. However, SSA attributes part of its growing backlog during this period to its inability to hire ALJs for several years. SSA faces an additional challenge in the looming retirement of a large percentage of its ALJ pool. About 86% of ALJs will be eligible to retire by 2012, and nearly all by 2017.

OPM began to hire ALJs again after a 2003 court decision, but only from the pool of applicants who qualified prior to the lawsuit. On March 20, 2007, OPM published a final rule to update the ALJ selection process, and in February 2008, SSA announced that the agency had begun to make offers to 144 of the 189 new ALJs the agency would hire in FY2008.

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39 SSA, “Social Security Offers Positions to 144 Administrative Law Judges,” February 26, 2008, at http://www.ssa.gov/pressoffice/pr/ALJ-hiringpr.htm. SSA has since announced that it hired additional 14 ALJs, for a (continued...)
Once ALJs are hired, they are largely independent. ALJs are exempt from performance ratings, evaluations, and bonuses. Agency officials may not interfere with their decision making. By law, ALJs may be discharged only for good cause as determined by a hearing before the Merit Systems Protections Board. Congress did not define “good cause” in the law, and low productivity has not historically been found to constitute good cause for the removal or discipline of ALJs.

SSA’s OIG has found large variance in ALJs’ productivity levels. The Inspector General testified before Congress that “the lack of any formal performance accountability process for ALJs is a key reason for this inconsistency in performance and in the resulting negative effect on the backlog.” The OIG recommended that SSA establish standards for ALJs, issue best practices, and take corrective actions with low-performing ALJs. The OIG also suggested that having adequate support staff for each ALJ contributed to greater productivity and timeliness. Most other potential actions to address ALJ performance would require changes to the law.

**Infrastructure**

In addition to funding and staffing, SSA needs adequate infrastructure in order to manage its workloads. Key components of the necessary infrastructure include field offices, computer systems, and telephone systems.

**SSA Field Offices**

SSA’s field offices are the public face of the agency, where people can apply for Social Security cards, file for Social Security and SSI benefits, update information on file with the agency, and request many other services. About 45% of SSA’s employees serve at field offices. In FY2007, the number of field office employees was almost 27,000, and the number of individuals served at field offices was about 42 million.

**Number of Field Offices Declining**

The number of SSA field offices has remained relatively static, declining slightly over time. The number of field offices in March 2008 was just over 1,260. As shown in Figure 7, over the five-year period from FY2004 to FY2008, the number of field offices has declined by 1%. Over the 10-year period from FY1999 to FY2008, the number of field offices has declined by 2%.

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(...continued)

41 OIG Appropriations Testimony, 2/28/08, p.6.
42 GAO Workforce Testimony, 5/8/08.
Figure 7. SSA Field Offices, FY1996-FY2008

Source: Social Security Administration (SSA), Annual Statistical Supplement, 1997-2007, unpublished data from SSA.

Notes: The figures for 2007 and 2008 are for January and March, respectively.

Process for Reorganizing Field Offices

SSA has a formal process for deciding how to reorganize field offices. At least once every five years, Service Delivery Assessments are to be conducted in each field office. Based on these assessments, SSA’s regional offices are to make recommendations for field office reorganizations based on workloads, staffing, and local demographics. These recommendations are to be forwarded to SSA headquarters, where they are to be approved or denied. When a field office is moved, SSA’s regional offices are responsible for contacting all stakeholders in the local area, including Congressional offices. When a closure is planned, SSA is also supposed to discuss the proposal with Congressional staff in Washington, DC.

One recent development in SSA’s reorganization of field offices is the establishment of Social Security Card Centers. As of January 2009, there are seven card centers in operation. SSA plans to open two more in FY2009.43 These card centers are intended to improve efficiency, ensure the security of the Social Security card application process, and deal with the anticipated growth in card applications if immigration legislation is passed into law.44 In areas served by a card center,

43 Information from SSA’s budget office.
44 Ibid.
individuals are to apply for a new or replacement Social Security card in person at the center; they may not apply for cards at their local field offices or by mail. This can pose an inconvenience for some applicants, since card centers serve much larger areas than field offices. There have also been reports of excessive waiting times for applicants and mandatory overtime for employees at Social Security Card Centers.

SSA officials have indicated that consolidating or closing field offices often results in opposition from some Members of Congress, making it difficult for SSA to reorganize field offices. As staffing levels have declined, maintaining a roughly steady number of field offices has meant decreasing the number of staff assigned to each office. Since smaller field offices must maintain a minimum number of staff to stay open, larger field offices bear the brunt of decreased staff. These staffing declines particularly affect larger urban field offices, which process a disproportionate number of disability and SSI claims.

Information Technology

SSA relies upon an extensive computer system, which is used for keeping track of worker and beneficiary records, processing claims, providing a public website, and more. Services available on SSA’s website, established in 1994, include online benefit applications, requests for statements, replacement Medicare cards, and disability reports. SSA has announced its intention to enhance the services available on its website. In July 2008, the agency launched an online calculator that provides personalized benefit estimates to help people plan for retirement. The “retirement estimator” is tied to a person’s actual Social Security earnings record. The agency also introduced a new online retirement application for benefits in December 2008.

In FY2009, SSA’s information technology initiatives include plans to:

- Add a web-based claims processing system to replace the 54 different systems used by the state DDS agencies;
- Replace SSA’s Primary Data Support Center; and
- Increase the automation of hearing offices and expand video teleconferencing to offer attorneys the ability to participate in video hearings from their own offices.

Despite these improvements and plans, according to the SSAB, SSA’s computer system “is outdated, and could prove unreliable and subject to security risk if not replaced.” SSA’s database system, the Master Data Access Method (MADAM) was developed in-house in the early 1980s. MADAM is built on top of software written in the Common Business-Oriented Language (COBOL). Both MADAM and COBOL require increasingly rare and specialized expertise. In a recent study, the National Research Council found that MADAM is “technologically obsolete and...

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46 Astrue Backlog Testimony, 4/23/08.
48 SSAB letter, 12/16/08.
49 Astrue Backlog Testimony, 4/23/08.
functionally primitive compared with readily available commercial technologies and products.... [and] will constrain the SSA as it continues to develop its online services.50 SSA has begun conversion to more up-to-date technology, but expects this project to extend past 2014.51 The NRC also recommended that the National Computer Center in Baltimore be replaced. SSA estimated that the 30-year-old center “will be unable to handle the expected computer processing workload and will be near collapse by the end of 2012.”

**Telephone Systems**

SSA’s 1-800-772-1213 telephone number was established in 1989. Services available by telephone include filing a claim, requesting a duplicate Social Security card, reporting a change of address, inquiring about a lost check, or asking questions. The majority of retirement and survivors claims are filed by telephone. In FY2007, SSA handled 58 million calls to its 800 number.52

While the phone system allows callers access to an automated menu of services, many callers prefer to speak with an agent. According to a FY2005 GAO report, SSA has had difficulty keeping pace with caller demand for agent assistance. In FY2004, about 51 million callers requested to speak to an agent. Of these calls, 8.7 million, or 17%, of these calls did not get through to an agent. For FY2007, SSA reported an average speed of 250 seconds (four minutes, ten seconds) to answer an 800 number call and a busy rate of 8%.53

The SSAB has recommended that SSA adopt an integrated e-mail and web-based communication system.54 In FY2009, SSA plans to replace its 10-year-old call center network system with a system that allows for secure e-mail, web chat, multimedia recording, screen capture, productivity management, and advanced reporting. Also, the agency plans to replace and update its field office phone systems. Initial installations began in September 2008. As of December 22, 2008, SSA completed installations in 101 SSA offices. The contract provides for installations to occur over a period of three and a half years.55 In FY2009, the agency aims to handle nine million more 800 number calls compared to FY2007.

**Service Delivery**

At current resource levels, SSA is falling behind on its workloads. This is most evident in the substantial backlogs that have emerged in the disability programs. SSA has also fallen behind on its program integrity activities to ensure that benefits are paid in the correct amounts and only to eligible individuals. These benefit reviews verify medical and financial eligibility and delaying them costs the programs money in the long run. SSA has also had customer service problems.

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51 SSAB letter, 12/16/08.
52 SSA Budget Justification, FY2009.
54 SSAB letter, 12/16/08.
55 Information from SSA’s budget office.
Service delivery problems create a ripple effect. Field office staff who are overwhelmed with growing claims may not have sufficient time to assist disability applicants in filing adequately documented claims. As a result, these applicants may be turned down for benefits and enter into the appeals waiting list, adding to the agency’s workloads. Similarly, when SSA falls behind on record-keeping—for example, making changes to reported earnings of beneficiaries—delays may result in benefit overpayments that create more work for the agency, and possibly the loss of money if the agency is unable to recover the excess benefits. SSA is forced to choose between competing priorities when allocating its limited resources. Focusing on processing claims means that less staff time is available for program integrity, which could result in program savings.

**Backlogs in the Disability Programs**

Substantial backlogs have emerged in the disability programs, most notably at the hearings level. Since 2003, GAO has listed the federal disability programs, including those administered by SSA, as high risk. GAO’s concerns include lengthy disability claims processing times and the accuracy and consistency of disability decisions.

**Increase in the Number of Applicants**

The increase in the number of applicants for the Disability Insurance (DI) program has been disproportionately larger than the rise in the overall population. A number of factors have influenced the surge in applications and beneficiaries. The increase is partly attributable to the demographics of an aging population, with baby boomers entering the ages at which they are most likely to apply for disability benefits. Longer work histories (especially for women) have increased the number of people insured in the event of disability. Changes in benefits, economic conditions (e.g., rising unemployment), and policy and program changes may have also led to the increase in applicants.

**Backlogs and Processing Times for Initial Disability Claims**

There is currently a backlog of initial disability claims pending at state disability determination services (DDSs). In FY2008, about 157,000 cases were considered backlogged. (SSA’s methodology for estimating backlogs has changed over time. The agency currently considers 400,000 initial disability claims pending to be optimal; any cases pending above that amount are considered backlogs.) The backlog in initial disability claims has grown substantially over the past 10 years, but has declined somewhat from its peak in FY2004. As shown in Figure 8, over the five-year period from FY2004 to FY2008, the backlog of initial disability claims has declined by 30%, though this change is attributable to a spike in FY2004. Over the 10-year period from FY1999 to FY2008, the backlog has almost tripled, increasing 188%.

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58 SSA establishes targets for the number of claims that should optimally be pending a decision or in the pipeline at year-end based on several factors, including staff level and incoming receipt patterns. This “optimal” pending level can change if these factors shift. However, the methodology used to calculate these estimates was constant: 400,000 “optimal” cases pending were subtracted from each year’s actual number of pending cases.
Figure 8. Initial Disability Claims Backlogs, FY1996-FY2008

Source: Social Security Administration.

Notes: SSA’s methodology for calculating backlogs has changed over time. However, the methodology used to calculate these estimates was constant: 400,000 “optimal” cases pending were subtracted from each year's actual number of pending cases. There was no backlog in FY1997.

Figure 9 shows the average processing time for initial disability claims in days. The average processing time in FY2008 was 106 days, or about three and a half months. Over the five-year period from FY2004 to FY2008, the average processing time for initial disability claims has increased about 24%. Over the 10-year period from FY1998 to FY2007, the average processing time has increased 24%. In FY2007, 37% of claims took more than 90 days to process; 5% took more than 180 days.

59 By law, a person must wait five months from the onset of a qualifying disability before he or she receives Social Security disability benefits, so a processing time of three months may not delay the receipt of benefits for Social Security applicants. There is no such waiting period for SSI disability benefits. See CRS Report RS22220, Social Security Disability Insurance: The Five-Month Waiting Period for SSDI Benefits, by Scott Szymendera.
**Figure 9. Average Processing Time for Initial Disability Claims, FY1996-FY2008**

![Average processing time for initial disability claims](chart)

**Source:** Social Security Administration, *Performance and Accountability Report.*

**Note:** Beginning in FY2008, SSA changed the method for calculating initial disability claims processing time to exclude the technical denials. Technical denials usually have a relatively quick to process since the cases are not sent to the DDS for a medical decision. This change resulted in a sharp increase in the average processing time for FY2008.

### Backlogs and Processing Times for Hearings

SSA’s largest backlogs are in hearings to appeal initial decisions, which are heard by ALJs. In order to estimate the number of backlogged hearings, SSA establishes targets for the number of claims that should optimally be pending a decision or in the pipeline at year-end based on several factors, including staff level and incoming receipt patterns. This “optimal” pending level can change if these factors shift. This optimal number is subtracted from the actual number of pending cases to estimate the backlog. In the long term, SSA considers the optimal number of hearings pending to be about 466,000; any hearings pending above that amount are considered backlogs. (For example, in FY2008, about 761,000 hearings were pending; subtracting 466,000 optimal hearings results in a backlog of 295,000.)

The backlog in hearings has grown substantially since FY2000, the last year with no backlog. In FY2008, about 295,000 hearings were considered backlogged. As shown in **Figure 10**, over the five-year period from FY2004 to FY2008, the backlog of hearings has decreased 12%. Over the same period, the actual number of hearings pending (not shown) has grown 20%.

The hearings backlog would have increased—not decreased—if SSA had not changed its methodology for estimating backlogs. Over the period of FY1996 to FY2008, the optimal number
of hearings pending has ranged from 300,000 (in FY2002-FY2007) to 466,000 (in FY2008). As a result, some of the apparent changes in the number of backlogged hearings are due to methodological differences. For example, the actual number of pending hearings grew from about 747,000 in FY2007 to about 761,000 in FY2008, while the number considered backlogged fell.

**Figure 10. Hearings Backlog, FY1996-FY2008**

![Graph showing the backlog of hearings from FY1996 to FY2008.](image)


Notes: SSA’s methodology for calculating backlogs has changed over time. As a result, some of the apparent changes in the number of backlogged hearings are due to methodological differences. For example, the actual number of pending hearings grew from about 747,000 in FY2007 to about 761,000 in FY2008, while the number considered backlogged fell. There was no hearings backlog from FY1998 to FY2000.

**Figure 11** shows the average processing time in days for a hearing before an ALJ. The average processing time in FY2008 was 514 days, or close to a year and a half. Over the five-year period from FY2004 to FY2008, the average processing time for hearings has increased by 120 days (or 30%). Over the 10-year period from FY1998 to FY2007, the average processing time has increased by about 200 days (or 62%). In FY2007, 36% of hearing claims took more than 600 days to process, and an additional 7% took more than 900 days.
With the additional funding provided by Congress for FY2008, SSA is beginning to implement a five-year Hearings Backlog Reduction Plan, which includes process improvements, increased automation, and ALJ hiring.60

**Fewer Program Integrity Activities**

SSA conducts periodic reviews to make sure that Social Security disability and SSI beneficiaries are still eligible for the benefits they receive. The two types of reviews are *continuing disability reviews (CDRs)*, which verify medical eligibility, and *SSI redeterminations*, which verify financial eligibility. There has been a sharp decline in both types of reviews in recent years as SSA has shifted available funds and staff toward basic service delivery and away from program integrity. Delaying these reviews saves administrative expenses in the short run but costs the programs substantially more in the long run.

**Continuing Disability Reviews (CDRs)**

SSA is required by law to review the medical eligibility of people who receive benefits based on a disability.61 These continuing disability reviews (CDRs) are one of SSA’s most important program

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60 Astrue Appropriations Testimony, 2/28/08.
61 42 U.S.C. §§ 221(f), 1614(a).
integrity activities. They are intended to ensure that only those who remain disabled continue to receive Social Security and SSI disability benefits. SSA estimates that the return on investment for CDRs is about $10 in program savings for every $1 spent in conducting them. In FY2006, the cost to SSA of periodic CDRs was $360 million, while the projected future benefit savings was estimated at $3.8 billion.\(^{62}\)

**Number of CDRs Has Fallen**

The number of CDRs conducted has fallen sharply in recent years. In FY2008, about 1.1 million CDRs were conducted. As shown in **Figure 12**, over the five-year period from FY2004 to FY2008, the number of CDRs has declined by 32%. Over the 10-year period from FY1999 to FY2008, the number of CDRs has declined by 36%.

![Figure 12. Continuing Disability Reviews Processed, FY1996-FY2008](image)

**Source:** Social Security Administration, *Performance and Accountability Report*.

The backlog in CDRs has grown substantially in recent years. There was no CDR backlog at the end of FY2002. By the end of FY2007, the CDR backlog had grown to more than 1.1 million (not shown in figures).

SSI Redeterminations

SSI is a means-tested program with strict income and resource limits. Once recipients begin to receive SSI benefits, changes in living arrangements, income, or resources can affect their benefit amounts or eligibility status, even if their medical conditions have not changed. In order to assure that SSI payments are made in the correct amount and only to eligible individuals, SSA staff conduct redeterminations, which are periodic reviews of SSI non-medical eligibility factors. The number of redeterminations conducted varies depending on agency resources and workloads. SSA estimates that the return on investment for SSI redeterminations is about $7 in program savings for every $1 spent in conducting them.

Number of Redeterminations Has Declined

The number of SSI redeterminations conducted has fallen sharply in recent years. In FY2008, 1.2 million redeterminations were conducted. As shown in Figure 13, over the five-year period from FY2004 to FY2008, the number of SSI redeterminations has declined by 47%. Over the 10-year period from FY1999 to FY2008, the number of redeterminations has declined by 43%.

Figure 13. SSI Redeterminations Processed, FY1996-FY2008

Cooperative Disability Investigation Program

The Cooperative Disability Investigation (CDI) program works to obtain sufficient evidence to identify and resolve issues of fraud and abuse related to initial and continuing disability claims.
CDI is a joint effort of the OIG, SSA, state Disability Determination Services (DDS), and state and local law enforcement personnel. SSA has 19 CDI Units in 17 states. Since the CDI detects fraudulent claims before they are paid, it removes an unnecessary workload from the determination and appeals process, saving the agency money and staff time. In the first six months of FY2008, the CDI program resulted in more than $106 million in SSA program savings. GAO has recommended placing CDI units in all 50 states. SSA’s OIG has stated that expansion of the program is limited only by funding.

Consequences of Delaying Reviews

When reviews of benefits are delayed or foregone, some beneficiaries will receive benefits for which they are no longer eligible, which costs the programs money. Delaying these reviews also makes them more complicated and expensive to conduct in the future. SSA staff will be required to obtain necessary documentation over a longer period of time, and overpayments accrue to the point that beneficiaries have difficulty repaying them.

The costs of delaying or foregoing reviews is masked by the fact that Social Security and SSI benefits are mandatory spending, not subject to the annual appropriations process. When overpayments are made, they do not show up on the discretionary side of the budget. However, the cost of conducting the reviews that prevent such overpayments are included in the discretionary portion of SSA’s budget. Thus, increasing funding to conduct reviews would likely make SSA’s annual appropriation larger but are expected to save the programs money in the long run.

Customer Service

Problems Maintaining Customer Service in Field Offices

SSA has also had problems in maintaining customer service standards. In a recent Senate Finance Committee hearing, GAO categorized SSA’s field office service as “extremely fragile.” For example, SSA reported that average waiting time for field office service was 21 minutes in FY2006—a 40% increase since FY2002—and that more than three million individuals waited for more than an hour to be served. SSA’s 2007 Field Office Caller Survey found that 51% of calls to field offices were unanswered (and this is probably an understatement because only callers who eventually got through were surveyed).

64 OIG Appropriations Testimony, 2/28/08.
65 Ibid.
67 GAO Workforce Testimony, 5/8/08.
Improvements in 800 Number Service

SSA has also reported improvements in speed in which calls to its 800 number are answered as well as in the busy rate.68 For FY2007, SSA reported an average speed of 250 seconds (four minutes, ten seconds) to answer an 800 number call and a busy rate of 8%. This an improvement from FY2005, the first year in which SSA used these measures, when the average speed was 296 seconds (nearly five minutes) and the busy rate was 10%.

Issues for Congress

Some Members of Congress have expressed concern about SSA’s ongoing service delivery problems and whether current resources are sufficient to manage increasing workloads. The essential elements SSA needs in order to handle its workloads are seen as funding, staffing, infrastructure, and management. Key issues in each of these areas include:

- **Funding**: level of appropriations, means of funding (e.g., dedicated funds for specific workloads), availability of funds, and the process for determining funding;
- **Staffing**: number of staff, allocation of staff, staff readiness, and productivity;
- **Infrastructure**: field offices, computer systems, phone services; and,
- **Management**: priorities, processes, and performance management.

Not all of these areas are in direct congressional control, but all could be influenced through the oversight and appropriations processes. The following section briefly outlines some of the options before Congress, as well as the costs and benefits of different approaches.

Congress could decide not to take any action. However, inaction would likely have consequences. As SSA’s workloads increase, it is unlikely that the agency would be able to reduce the backlogs in the disability programs, and possible that the backlogs would grow further, resulting in longer waits for potential beneficiaries. Managing growing workloads could also preclude efforts to maintain or increase the program integrity activities that are projected to save the Social Security and SSI programs money in the long run. Customer service problems could be difficult to address in the absence of additional staff or resources. Finally, SSA’s outdated computer systems pose security risks and are vulnerable to collapse, according to outside experts.

Funding

Level of Funding

The level of funding Congress appropriates to SSA for administrative expenses influences other key elements, such as staffing and infrastructure.

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SSA spends approximately 1.5% of its total funding on administration and the remaining 98.5% on benefit payments. Administrative costs for the OASI program are moderate compared to other nations, and have generally declined over time.\(^6^9\) For FY2009, administrative expenses as a percent of benefit payments are projected to be higher for the DI program (2.2%) than for OASI (0.8%), while the SSI program’s administrative expenses as a percent of benefit payments are projected at 6.9%.\(^7^0\)

The Social Security Advisory Board (SSAB), an independent board that advises the President, Congress, and the Commissioner of SSA on the Social Security and SSI programs, has recommended that Congress provide higher funding for SSA’s administrative expenses: “adequate resources will always be an important factor in the Social Security Administration’s ability to meet its administrative challenges. And, despite its significant record of achievement, it does not now have adequate resources to keep up with all its workloads.”\(^7^1\)

All of the administrative funding for the Social Security program are ultimately taken from its trust funds, which are already facing long-term solvency problems.

The FY2009 budget resolution would increase SSA’s funding, providing administrative funds for SSA in excess of the President’s budget request and the Commissioner’s request. The intention of the additional funds is to help SSA to work down its disability backlogs.\(^7^2\)

### Limits on Legislative Mandates

Given SSA’s unique reach, Congress has, in recent years, expanded the administrative activities that the agency is legislatively mandated to undertake (e.g., Medicare Part D, E-Verify).

Limiting the expansion of new administrative mandates would allow SSA to focus on its core programs and dedicate its resources towards the amelioration of its current backlog. If Congress does impose new mandates, it could choose to provide additional, dedicated funding to reduce the burden on SSA’s administrative budget. In the case of E-Verify—where dedicated funding is not provided—SSA must negotiate with DHS for adequate levels of reimbursement, and make up any difference between actual cost and the level of reimbursement by diverting resources from other program areas.

However, Congress may find it difficult to limit the expansion of SSA’s administrative mandates when trying to ensure that new and ongoing federal programs have a national reach. SSA has played a unique role in the lives of millions of Americans for more than 70 years and has a track record of helping to administer many federal income support programs.

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70 FY2009 President’s Budget.

71 Statement of Hal Daub, Chairman, Social Security Advisory Board, submitted for the record of the March 14, 2006 Hearing of the Committee on Finance.

72 H.Rept. 110-659, Concurrent Resolution on the Budget for Fiscal Year 2009.
Availability of Funds

Another issue is the availability of funds—specifically, if SSA receives its appropriation in a timely and predictable manner. Operating under a continuing resolution, rather than with an annual appropriation, can complicate SSA’s efforts to meet its workloads. For example, after completing all of its overdue CDRs, backlogs reemerged in FY2003, primarily because SSA was operating under a continuing resolution. According to GAO, “Because of concerns that the fiscal year 2003 appropriations would not support CDR activity at the fiscal year 2002 level, SSA reduced the number of CDRs it sent to DDS officials for processing as well as froze DDS hiring and overtime pay.”

Means of Funding

Another issue in SSA financing is how administrative funds are provided—specifically, whether such funds should be counted toward discretionary spending caps. By law, Social Security benefits are not subject to these caps, but the law is ambiguous regarding the program’s administrative expenses. CBO and OMB treat the Social Security administrative expenses as discretionary spending, subject to the discretionary cap. This is consistent with recent concurrent budget resolutions. In past years, Congress has provided dedicated funds for specific purposes outside the caps.

Excluding Administrative Funds from Discretionary Caps

The Social Security Advisory Board has recommended that all of SSA’s administrative expenses be excluded from discretionary spending caps. They argue that as a contributory system, workers and employers are “entitled to receive service that is of high quality. It is entirely appropriate that spending for administration of Social Security 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 government cap on discretionary spending.”

However, in both the President’s budget and appropriations acts, the limitation on administrative expenses is used to prevent SSA from having an open-ended administrative budget. The SSA Commissioner’s request in FY2007 was $200 million more than was finally appropriated by Congress. Excluding administrative funds from the discretionary caps would likely boost SSA’s administrative spending, placing further strain on the trust funds.

Dedicating Funds Above Caps

Congress could also choose to dedicate funds for a specific purpose above the discretionary caps. This approach provides Congress with a way to increase SSA’s administrative funding and also to have a greater influence over the management of its programs. For example, SSA must choose between using its limited resources on processing initial claims or on program integrity activities like CDRs. Currently, initial eligibility decisions are given highest priority. However, forgoing CDRs and SSI redeterminations jeopardizes potential program savings and compromises the

73 GAO Disability Report, 7/24/03, p. 4.
74 SSAB Report, 1999
75 GAO Disability Report, 7/24/03
integrity of the disability programs. If Congress wants SSA to place a higher priority on program integrity, it may dedicate funds for this purpose. GAO has said this could be a “prudent measure.”76 The FY2009 budget resolution would provide SSA with funds above the discretionary caps in order to complete CDRs and SSI redeterminations.

One example of Congress dedicating administrative funds for a particular purpose is when Congress provided funding above the discretionary caps for completing CDRs in FY1996 to FY2002 (P.L. 104-121). The total appropriation over the seven-year period amounted to $3.68 billion. This additional funding was designed to eliminate the backlog of CDRs. At the end of FY1996, about 4.3 million CDRs were due or overdue. SSA was current on Social Security CDRs by FY2000 and on SSI CDRs by FY2002. In the years since the dedicated funds expired, CDR backlogs have reemerged. Congress did not provide any additional funds for CDRs above the discretionary spending caps for FY2003 through FY2008, though the Administration requested such funds each year.

The potential downside of dedicating funds to SSA for a specific purpose is that it gives the agency less flexibility to manage its resources and to respond to emerging issues. Dedicating funds for one purpose precludes their use for other purposes—for example, diverting funds from disability backlogs to CDRs. Additionally, problems may arise when the dedicated funds expire. For example, after Congress stopped earmarking funds for CDRs in FY2003, backlogs reemerged. Congress would face pressure to continue dedicated funding lest its discontinuation be blamed should the backlogs reemerge. The process of dedicating additional funding would then be at risk of becoming a permanent adjustment to SSA’s base administrative funding level, placing further financial strain on the trust funds.

**Process for Determining Funding**

SSA presents an annual budget request for its administrative expenses to the Office of Management and Budget, and the request is subject to all the standard review procedures before being included in the President’s budget request to Congress. The Commissioner’s unrevised budget request is presented as a topline number in a single paragraph in the Budget Appendix. SSA does not publicly release justification materials for the Commissioner’s request. In FY2009, the Administration’s request for SSA’s administrative expenses was about $200 million less than the Commissioner’s request.

Some Members of Congress, as well as the SSAB, have opined that SSA should have the authority to submit its request in its entirety to Congress without being subject to OMB’s review process. In a 2006 hearing on SSA’s administrative challenges, Senator Jim Bunning advocated that SSA “independently put forth their budget, and the Congress can act one way or the other on it. Until they do that on their own, OMB is going to continue to do what it does every year by reducing the Social Security Administration’s budget to perform their duties.”77 The SSAB has argued that Congress could benefit from access to the justification materials that SSA submits to OMB to defend the Commissioner’s original request, saying that “additional transparency in

76 Ibid.
77 Hearing before the Committee on Finance, United States Senate: “Administrative Challenges Facing the Social Security Administration.” March 14, 2006
budgeting could help Congress better understand what is needed to fund the administrative costs adequately.”78

Staffing

SSA’s workforce is “one of the most important tools for achieving effective management and delivering quality service to the public.”79 While SSA’s Commissioner is responsible for planning and deploying SSA’s workforce, personnel costs are nearly 70% of SSA’s administrative budget, and therefore heavily influenced by the Congressional appropriations process. Key staffing issues include number of staff, allocation of staff, and productivity of staff. Congress can influence these factors through oversight and appropriations.

The productivity of SSA’s ALJs has a significant effect on SSA’s productivity. However, SSA has limited ability to hold ALJs accountable for their performance. SSA’s IG has testified that the agency’s lack of oversight of its ALJs has had a negative effect on the agency’s backlog.80 Congress could choose to amend the Administrative Procedure Act or the Social Security Act to give SSA more authority to oversee and discipline low-performing ALJs. However, doing so could threaten the independence of the ALJs, putting them at risk of becoming politicized by the agency.

Infrastructure

Another factor that Congress can influence indirectly is SSA’s infrastructure—its field offices, its computer systems, and its telephone systems, for example. As outlined above, Congress could potentially dedicate funds to these efforts.

For example, technological infrastructure, like program integrity, is an area in which additional investment has the potential to save money in the long run. The SSAB has recommended dedicated funding for technological improvements, saying that necessary upgrades “can only be accomplished with a temporary multi-year capital fund to modernize the system at all levels.”81 In an assessment of SSA’s technological plans, the National Research Council (part of the National Academies) has said that “[b]roader deployment and adoption of electronic services offer agencies like SSA potential relief from the increasing workload, workforce, and other resource pressures facing them.”82 The NRC study also stated that SSA’s archaic computer systems preclude the agency from taking advantage of lower-cost technological alternatives available on the private market. SSA’s OIG has said that improved technology “is critical to efficient operation, and ... can eliminate lengthy delays in adjudications.”83

79 SSAB Report, 1999
80 OIG Appropriations Testimony, 2/28/08
81 SSAB letter, 12/16/08.
83 OIG Appropriations Testimony, 2/28/08, p. 7-8.
On the other hand, many of SSA’s past attempts to improve efficiency and save money through technological improvements have fallen short. For example, the electronic disability determination process (e-Dib) included a project to create electronic hearings folders to expedite processing of appeals. However, the OIG reported that “this and other e-Dib measures appear to have only marginally improved processing times or reduced the backlog.”84 SSAB has also reported similarly disappointing results: “SSA’s automation initiatives often are not delivered on schedule and, in the view of many managers and other employees in the field, often do not produce the expected improvements in productivity and efficiency, even though the savings are assumed in the budget.”85

Another area in which SSA could improve efficiency is in increasing online benefit applications. SSA formerly offered an Internet Social Security Benefit Application. The OIG reported that in 2007 fewer than 5% of applicants used this tool to file their claims, and more than 70% of claimants who filed online were contacted by SSA’s field offices in order to complete their applications.86 SSA introduced a new, streamlined online retirement application, iClaim, in December 2008. According to SSA, many users complete their application in as little as 15 minutes—far shorter than the 45 minutes it often took to complete the old application.

Despite the promise of online services as a means to mitigate SSA’s workload, the agency faces challenges in expanding its online application system. One in four Americans never use the Internet, and people over 65 make up a large portion of this group.87 Many applications still require that claimants provide original documentation to support their claim. These documents must be provided in person to a field office or sent through the mail.88 Additionally, benefit counseling is not available to online users to the extent that it exists for those who apply over the phone or in person. Even as SSA directs more people to the Internet to access the information they need, the agency will need to continue to offer its services using more traditional approaches.

Management

The SSA Commissioner has noted, “Additional resources are vital, but must be accompanied by our commitment to work smarter.”89 Any effort to improve technology, hire additional staff, or streamline processes depends on effective management at the agency. Unless these efforts are carefully planned and implemented, they could fail to improve service delivery or even cause setbacks.

SSA’s internal management decisions are not in Congress’s direct control; however, Congress exercises oversight of SSA’s management decisions both directly through hearings and indirectly through several agencies that report to Congress on the SSA’s management challenges. Congress created the SSAB through the Social Security Independence and Program Improvements Act; among the SSAB’s many functions is to make recommendations to Congress on the quality of

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84 Ibid, p. 9.
87 Pew Internet and American Life Project.
89 Astrue Backlog Testimony, 4/23/08.
service that the SSA provides to the public.\textsuperscript{90} The Reports Consolidation Act of 2000 requires the SSA OIG to include in SSA’s Performance and Accountability Report its perspective on the most serious management and performance challenges facing SSA. The OIG has provided its perspective on these management challenges to Congress since 1997.\textsuperscript{91} Also, GAO’s work for Congress is intended to improve the performance and ensure the accountability of federal agencies, including SSA. Together, these organizations have provided Congress with comprehensive information on the challenges facing SSA as well as recommendations for meeting them.

For example, GAO has stated that management weaknesses have contributed to SSA’s workload challenges. For example, a GAO report on SSA’s disability backlogs observed that “several initiatives introduced by SSA in the last 10 years to improve processing times and eliminate backlogged claims have, because of their complexity and poor execution, actually added to the problem.”

Similarly, the SSAB has stressed the need for more efficient management at SSA. Among other things, the board has advised the Obama Administration that problems with SSA’s management have had “the impact of locking the agency into inefficient processes harnessed to outmoded technology. In turn, these outdated procedures and processing tools have limited creativity, innovation and have stymied continuous improvement efforts, leading to a workforce that it is doing its best, but is unable to meet the ever-increasing challenges the agency faces.”\textsuperscript{92} The SSAB’s primary recommendations for improving SSA’s processes include:

- **Integrating services:** For example, creating a unified technological platform for the entire disability determination process. SSA is currently developing separate software programs for DDSs and ALJs rather than one integrated tool that could be used for the entire process.

- **Initiating effective policy research:** For example, collecting data on a cohort of disability applicants from beginning to end so that the agency can analyze trends. Currently data are collected by separate components of the agency and are not integrated, making it difficult to use for management decisions.

- **Eliminating redundancy in the collection of information:** For example, generating automatic retirement claims using the information SSA already has, eliminating the need to file an application. Such a process would require little if any human intervention and would help manage growing workloads.

- **Collaborating with outside agencies:** For example, working with the Department of Veterans Affairs, immigration authorities, and state agencies to verify eligibility and coordinate services.

The SSAB concluded its recommendations with these words: “Despite these challenges, the agency can step up once more—with proper planning and attention to improving their processes,

\textsuperscript{90} P.L. 103-296, as amended.


designing and implementing modern technology, and investing in its staff ... [T]hat makes a persuasive case for sufficient and stable funding. SSA has massive administrative challenges ahead and time is running short."

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