

Depressed Social Security Budget and Discussion of Benefit Cuts Threaten SSA and the Public

February 2010

	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Budget Proposed	9,403,000	9,496,000	9,677,000	10,327,000	11,451,000	12,528,000
Budget Enacted	9,286,000	9,294,000	9,745,000	10,453,500	11,446,500	
SSA Full-Time Equivalents (FTEs)	63,131	58,985	60,064	63,474	66,989	67,603
Overtime/Lump Sum Leave	2,389	1,307	2,231	2,245	3142	2806
Total SSA Work Years	65,529 (-3,235)	61,292 (-4,237)	62,295 (+1,003)	65,719 (+3424)	70,131 (+4,412)	70,409 (+278)

Misplaced spending priorities, and misguided concerns about deficit reduction, are twin threats to the Social Security Administration and to the millions of Americans who rely on Agency programs for vital income support in these tough economic times.

The Obama Administration has proposed that overall discretionary spending on domestic programs be frozen for three years, and then be allowed to grow only at the rate of inflation for the seven years that follow. Defense and war spending consumes the greatest portion of discretionary spending, but would be exempt from these cost controls.

Estimated

FY 2006 Actual FY 2007 Actual FY 2008 Actual FY 2009 Actual FY 2010 Goal FY 2011 Budgeted

(in thousands unless noted)

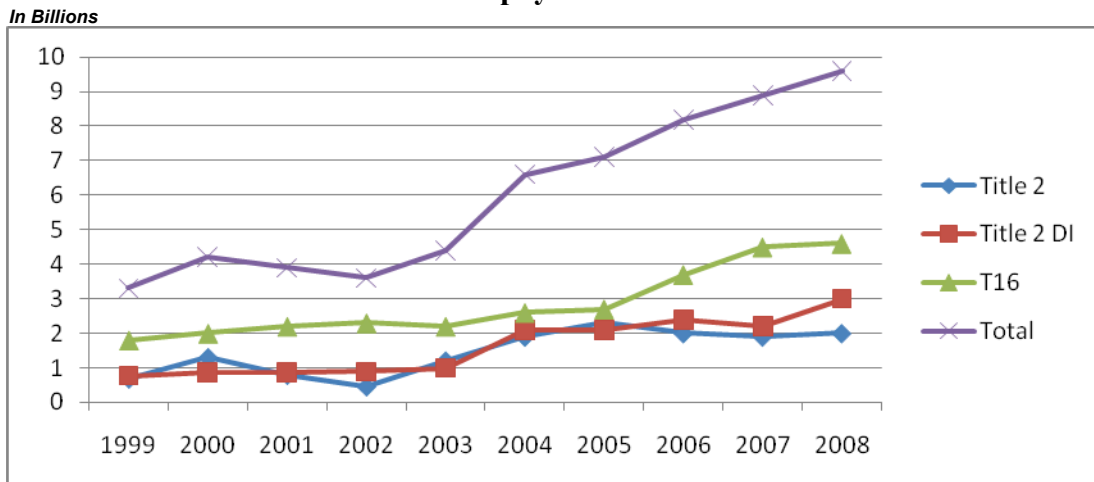
Initial Disability Claims Processed	2,582	2,649	2,782	2,813	3,081	3,317
Initial Disability Claims Pending	555	555	519	800	1000	N/A
Hearings Processed	842	780	826	939	725	799
Hearings pending	715	747	752	723	707	657
Periodic Review of CDRs Processed	405	236	298	383	329	360
Retirement & Survivors Claims Processed	3789	3864	4236	4742	4718	4590
SSI Non-Disability Redeterminations Processed	1071	692	1220	1730	2422	2422
Social Security Number Card Applications (<i>millions</i>)	17.3	17.6	18.1	17.4	18	18
800 Number Calls (<i>millions</i>)	57	59.5	63	67	N/A	N/A
Annual Earnings Items Processed (<i>millions</i>)	265	270	270	262	N/A	N/A
Field Office Visitors (<i>millions</i>)	N/A	42	42.8	45.1	N/A	N/A

For the fiscal year that begins October 1, 2010, the President asks for an 8% increase for the administrative expenses of the Social Security Administration. Although it supports an increase of only 614 full time positions, and only 278 work years, AFGE supports this request, which recognizes the service delivery crisis that exists at SSA. We ask Congress to vigorously defend it throughout this year's budget and appropriations deliberations. Advocates for other worthy domestic programs that are being frozen and cut will look to the proposed budget for SSA as a source of additional funding for their programs.

The Social Security Administration Trust Fund has grown to about \$2.5 trillion in order to fund benefit payments and program administration for the Baby Boom Generation, and there is no funding crisis. However, while the benefit payments are off budget, administrative expenses are subject to the budget process and to competition with other agencies and programs. AFGE again requests that legislation be introduced and passed to take the administrative accounts off budget, **(See Appendix A)**. The Agency faces unprecedented service demands based on the aging of the workforce and the impact of the recession. We need stable funding in order to properly deliver services to the many millions of Americans who rely on Social Security for essential income support.

Some of the worst problems are those that plague the SSA disability benefit programs. Unprecedented numbers of pending initial disability benefit applications has now matched record numbers of backlogged hearings for disability benefits. There are about 750,000 of each, and the Agency predicts that by October 1, 2010, pending initial claims will top 1,000,000. Too many applicants lose their life savings, their health insurance, their homes, and even their families and their lives, while they wait years for a final administrative decision. Disabled individuals who paid for disability insurance protection throughout their working lives deserve much better service than they are now receiving. Even with the increase proposed by the President, processing times for initial claims are projected to increase from 132 days to 141 days, and the average processing time for hearing requests will be at an unacceptably high 460 days.

Overpayments



Constraints on spending and on front-line staffing have damaged the integrity of the programs themselves. Continuing disability reviews (CDR) are not being conducted on schedule, and Supplemental Security Income (SSI) eligibility reviews are being done too infrequently. With insufficient staff to handle the work, SSA relies too much on self-reporting by mail, rather than on a

full examination of eligibility factors through an interview with a trained SSA employee. Continuing disability reviews save about \$10 for every \$1 spent on them, and SSI reviews about \$8 for every \$1 invested in them. Setting the work aside because of insufficient staff and funding is penny-wise and pound-foolish, but SSA has little choice because the disability claims and appeals crisis demands attention. These neglected workloads have contributed to record overpayments, **more than 9 Billion in FY 08**, many of them now uncollectible, which have captured the interest of the Government Accountability Office. **At the current rate of growth, AFGE expects to see a new record number of overpayments for FY 09, which may actually exceed SSA's administrative expense budget.**

As if the starvation of SSA administrative accounts that are needed to run our vital programs wasn't bad enough, we now face the specter of an "entitlement reform" or "deficit reduction" commission. The campaign to create a commission has been bankrolled by Wall Street billionaire Peter G. Peterson, and promoted by David Walker, the CEO of his foundation, and formerly the U.S. Comptroller General. Powerful members of Congress from both parties, including the Senate Budget Committee Chairman Kent Conrad and Ranking Member Judd Gregg, support it. After the Conrad-Gregg commission bill died in the Senate, President Obama responded to pressure from deficit hawks by agreeing to create a commission by Executive Order. Over 100 organizations, including the AFL-CIO, spoke out against the idea. Progressive economists Dean Baker and Nobel Prize winner Paul Krugman added their voices. Since it is now clear that a commission will be formed, it is essential that all discretionary spending be examined, including defense and war spending, and that programs essential to the economic well being of our citizens be protected and improved, rather than cut.

Congress and the White House, not by the people, will select members of a commission. They will be charged with making recommendations to ensure the future solvency of Social Security, Medicare, and other vital programs. Congress will vote the recommendations up or down with few amendments allowed, and with little or no debate. Congress must name members to the commission who strongly support Social Security and Medicare, and want them improved rather than gutted. Solvency must not be assured through benefit cuts. One solution is to make all earnings subject to Social Security taxes, just as they are for Medicare taxes. Long-term solvency can be all but ensured by "scrapping the cap." We can no longer afford to allow earnings over \$106,800 to be exempt from Social Security taxes. Medicare solvency, on the other hand, can only be secured through real health care reform.

There is no Social Security funding crisis. Having failed to privatize Social Security under President Bush, the Chamber of Commerce, the National Association of Manufacturers, and other long time enemies of Social Security must not be allowed to cut future benefits, and to avoid repaying the trillions borrowed from the Trust Funds to finance war, corporate welfare, and other spending. If they are successful, theft of the Trust Funds would frustrate efforts advocated by the National Association of Social Insurance (NASI) and other organizations, to seek needed improvements. For instance, NASI proposes that surviving spouses receive payments based on 150% of the deceased worker's benefit to keep widows and widowers out of poverty, and that a guaranteed minimum benefit be restored for low wage workers. AFGE supports these overdue improvements, and will vigorously oppose the defunding or dismantling of the SSA.

Appendix A

A BILL

To amend the Social Security Act to prepare the Social Security Administration for the needs of the 21st century, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Social Security Administration Preparedness Act of 2010'.

SEC. 2. ADMINISTRATIVE EXPENSES OF THE SOCIAL SECURITY ADMINISTRATION.

LIMITATIONS ON AUTHORIZATION OF ADMINISTRATIVE EXPENSES-

(1) IN GENERAL- Section 201(g)(1)(A) of the Social Security Act (42 U.S.C. 401(g)(1)(A)) is amended by striking 'Of the amounts authorized' and all that follows and inserting the following: 'The amounts authorized to be made available out of the Federal Old-Age and Survivors Insurance Trust Fund and the Federal Disability Insurance Trust Fund under the preceding sentence for fiscal year 2011 shall be \$12,528,000,000 and the amounts so authorized for fiscal year 2012 shall be \$13,586,000,000.'

(2) EFFECTIVE DATE- The amendment made by paragraph (1) shall apply with respect to fiscal years after fiscal year 2011.

(b) REPORTS- Section 201(g)(1) of such Act is amended further by redesignating subparagraphs (B), (C), and (D) as subparagraphs (E), (F), and (G), respectively, and by inserting after subparagraph (A) the following new subparagraphs:

'(B) Each program performance report submitted by the Commissioner of Social Security pursuant to section 1116 of title 31, United States Code, shall include documentation of the manner in which and the extent to which funds which have been appropriated for the current fiscal year pursuant to subparagraph (A) have been and will be used, and the manner in which and the extent to which funds which are to be appropriated for the following fiscal year pursuant to subparagraph (A) would be used, to effectively—

'(i) carry out the mission of the Social Security Administration (other than the mission of the Office of the Inspector General),

'(ii) meet specific levels of performance that the Administration has committed to achieve through such plans,

'(iii) achieve modern, customer responsive service, and

'(iv) protect the integrity of the programs administered by the Commissioner under this Act through exemplary stewardship.

The Commissioner shall ensure that a copy of each such plan is submitted to the Committee on Appropriations, the Committee on Budget and the Committee on Ways and Means of the House of Representatives and the Committee on Appropriations, the Committee on Budget and the Committee on Finance of the Senate.

'(C)(i) The Inspector General of the Social Security Administration shall prepare for the Office of the Inspector General for each fiscal year—

'(I) an annual performance plan with respect to the activities of the Office, and

'(II) a report on the program performance of the Office in relation to such plan.

The Inspector General shall submit the report on program performance for each fiscal year to the Committee on Appropriations, the Committee on Budget and the Committee on Ways and Means of the House of Representatives and the Committee on Appropriations, the Committee and the Committee on Finance of the Senate not later than the time required for the submission of the program performance report of the Social Security Administration for such fiscal year.

'(ii) Each program performance report by the Office of the Inspector General shall include documentation by the Inspector General of the manner in which and the extent to which funds which have been appropriated for the current fiscal year pursuant to subparagraph (A) have been and will be used, and the manner in which and the extent to which funds which are to be appropriated for the following fiscal year pursuant to subparagraph (A) would be used, to effectively—

`(I) carry out the mission of the Office of the Inspector General, and
` (II) meet specific levels of performance that the Inspector General has committed to achieve through the performance plans prepared by the Inspector General.

`(D) Not later than 90 days after the latest date for the annual submission by the President to the Congress of the budget of the United States Government, the Comptroller General of the United States shall submit a report to the President and to the Congress, including submissions to the Committee on Appropriations and the Committee on Ways and Means of the House of Representatives and the Committee on Appropriations and the Committee on Finance of the Senate, detailing the Comptroller General's assessment of the degree to which the Social Security Administration is meeting its established performance goals, along with such recommendations for improvements in the performance of the Social Security Administration as the Comptroller General considers appropriate.'

SEC. 3. LIMITATION OF SOCIAL SECURITY ADMINISTRATIVE EXPENSES.

(a) ADJUSTMENT TO DISCRETIONARY SPENDING LIMITS- Section 251(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985 (2 U.S.C. 901(b)(2)(C)) is amended to read as follows:

`(C) SOCIAL SECURITY ADMINISTRATIVE EXPENSES- (i) If a bill or joint resolution making appropriations for a fiscal year is enacted that specifies an amount for administrative expenses of the Social Security Administration, the adjustments for that fiscal year shall be the new budget authority provided in that Act for such purpose for that fiscal year and the outlays flowing from such amounts, but shall not exceed--

`(I) for fiscal year 2011, \$12,528,000,000 in new budget authority and \$26,868,000,000 in outlays; and

`(II) for fiscal year 2012, \$13,586,000,000 in new budget authority and \$29,000,000,000 in outlays.

`(ii) As used in this subparagraph, the term `administrative expenses of the Social Security Administration' refers to the following budget accounts:

`(I) 20-8007-0-7-651 (Limitations on Administrative Expenses), including expenses for information technology acquisition for the Social Security Administration, and

`(II) 28-0400-0-1-651 (Office of Inspector General).'

(b) BUDGET ALLOCATION ADJUSTMENT BY BUDGET COMMITTEES- Section 314(b)(2) of the Congressional Budget Act of 1974 (2 U.S.C. 645(b)(2)) is amended to read as follows:

`(2) an amount provided for administrative expenses of the Social Security Administration subject to the limitations in section 251(b)(2)(C) of the Balanced Budget and Emergency Deficit Control Act of 1985.'

(c) DEFINITION OF ADMINISTRATIVE EXPENSES OF THE SOCIAL SECURITY ADMINISTRATION- Section 314(e) of the Congressional Budget Act of 1974 (2 U.S.C. 645(e)) is amended to read as follows:

`(e) DEFINITION OF ADMINISTRATIVE EXPENSES OF THE SOCIAL SECURITY ADMINISTRATION- As used in subsection (b)(2), the term `administrative expenses of the Social Security Administration' shall have the same meaning as provided in section 251(b)(2)(C)(ii) of the Balanced Budget and Emergency Deficit Control Act of 1985.'

SEC. 4. OFF-BUDGET STATUS OF SOCIAL SECURITY ADMINISTRATIVE EXPENSES.

Section 704(b) of the Social Security Act (42 U.S.C. 904(b)) is amended by adding at the end the following new paragraph:

`(3) Effective October 1, 2010, and notwithstanding any other provision of law, the administrative expenses of the Social Security Administration referred to in the fourth sentence of section 201(g)(1)(A) shall not be counted as new budget authority, outlays, or deficit or surplus for purposes of--

(A) the budget of the United States Government as submitted by the President,

(B) the congressional budget, or

(C) the Balanced Budget and Emergency Deficit Control Act of 1985.'

END