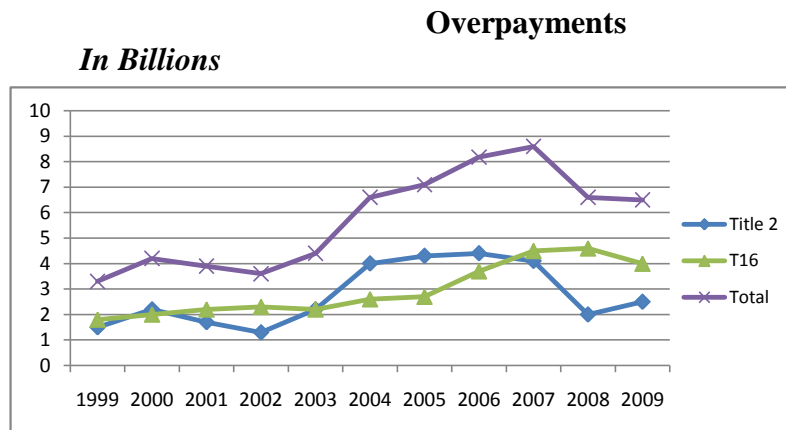


# It Is Time To Take Social Security Off Budget!

February 2011

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.



Constraints on spending and on front-line staffing have damaged the integrity of the programs themselves. Continuing disability reviews 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, *nearly than 9 Billion in FY 07<sup>1</sup>*, many of overpayments are uncollectible, which have captured the interest of the Government Accountability Office. The last two fiscal years, SSA has been successful in reducing the overall amount of overpayments. However, with Congressional proposals to reduce government agency budgets and staffing, this success may be very short lived. Without adequate staff and budget, **AFGE expects to see a new record number of overpayments, which may actually exceed SSA's administrative expense budget in the next few years.**

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 "entitlement reform" or "deficit reduction."

There have been various political groups that have called for rolling back government spending to 2008 and prior year levels, to cut the federal workforce by 200,000 jobs, and/or to freeze non-defense discretionary spending for years to come. Each of these proposals, if successful, would have a devastating impact on the Social Security Administration and its ability to administer Social Security programs. As illustrated in the charts previously, the number of baby-boomers who require assistance with information and in filing for benefits has grown by leaps and bounds for the last three years. Without sufficient staff to process disability claims and hearing requests timely, the progress made on the backlogs would be lost. The days of waiting three years and more for a decision would return. Without sufficient staff, SSA would not be able to address the integrity workloads, such as CDRs and SSI redeterminations that reduce overpayments and save Trust fund dollars.

Without sufficient funding of Social Security, the LAE will not go far enough to put the agency on a clear path to provide its mandated services at a level expected by the American public. SSA must be given enough funding to make disability decisions in a timely manner and to carry out other critical workloads. AFGE strongly urges Congress to separate SSA's LAE budget authority from the Section 302(a) and (b) allocations for discretionary spending. The size of SSA's LAE is driven by the number of administrative functions it conducts to serve beneficiaries and applicants. Congress should remove SSA's administrative functions from the discretionary budget that supports other important programs. The LAE would still be subject to the annual appropriations process and Congressional oversight.

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<sup>1</sup> Source of verification of all overpayments found in each respective OIG Annual Audit and SSA Performance Plans for each Fiscal Year listed.

## 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.

##### (a) 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'.

(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*