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Budget Cuts Squeeze Social Security Administration Even as Workloads Reach Record Highs

By Kathleen Romig¹

The Social Security Administration's (SSA) core operating budget has shrunk by 10 percent since 2010 after adjusting for inflation, even as the demands on SSA have reached all-time highs as the baby boomers have aged into their peak years for retirement and disability. Budget cutting — due mostly to the 2011 Budget Control Act's (BCA) tight appropriations caps, as further reduced by sequestration — has lowered SSA's operating budget from an already low 0.9 percent of overall Social Security spending to just 0.7 percent, forcing the agency to do more with significantly less (see Figure 1).² The cuts have hampered SSA's ability to perform its essential services, such as determining eligibility in a timely manner for retirement, survivor, and disability benefits, paying benefits accurately and on time, responding to questions from the public, and updating benefits promptly when circumstances change.

As a result, SSA's track record of exemplary customer service has suffered:

- Budget cuts forced SSA to impose a hiring freeze in 2011, which led to a deterioration in SSA phone service that the agency has only partially reversed. In 2016, the average caller to SSA's 800 number can expect to spend over 15 minutes on hold, and nearly 10 percent of callers will receive busy signals.
- The cuts also affected SSA field offices, where people can apply for benefits, replace lost Social Security cards, or report name changes (due to a marriage or divorce, for example). SSA has closed 64 field offices and 533 mobile offices since 2010 and reduced hours at remaining offices. Before the budget cuts, more than 90 percent of applicants could schedule an appointment within three weeks; by 2015, fewer than half could.
- During the Great Recession, the number of Disability Insurance (DI) applications — and rejections — rose dramatically, yet SSA lacked the resources to keep up with appeals from rejected applicants. The average wait for a hearing rose from 360 to 540 days between 2011

¹ The author acknowledges the excellent assistance of Becca Portman and Cecile Murray.

² All dollar figures refer to inflation-adjusted amounts by fiscal year. We did not include the \$150 million appropriation in 2016 for the renovation of SSA's Altmeyer building as part of its core operating budget since those funds are not available for administering the program. Along with core funding, appropriation bills can provide extra funds exclusively for program integrity work, a special adjustment that lies outside the BCA caps (see Box 1).

and 2016. The number of applicants awaiting a hearing has risen to over 1 million, an all-time high.

- Lack of adequate staff forced SSA to delay critical behind-the-scenes work necessary to pay benefits accurately and on time, such as awarding widows’ benefits when their spouses die and adjusting benefits for early retirees and disabled workers with earnings. Beneficiaries wait an average of four months for SSA to complete these tasks.

One of the nation’s most popular and effective programs, Social Security provides a foundation of income on which workers can build for their retirement, as well as valuable social insurance protection both to workers who become disabled and to families whose breadwinner dies. Beneficiaries earn their Social Security benefits by working and paying Social Security payroll-tax contributions. Over 59 million retirees, disabled workers, survivors, and their families receive these benefits each year — a number that has grown by 6 million in just the past five years.³

Nearly every American comes to SSA at some point — either in person, on the phone, or through its expanding online services — and they do so at the best and worst moments of their lives. They use SSA services when they have a baby, get married, or start a new job. They depend on SSA staff to help them when they face a life-altering disability, the death of a spouse or parent, or decisions about financing their retirement years. They expect excellent service and — importantly — they have paid for it. The money used to administer Social Security comes from workers’ contributions to Social Security, but only to the extent that Congress allows SSA to spend it.⁴

Failing to invest in customer service is penny-wise and pound-foolish. As then-Social Security Commissioner Michael Astrue, appointed by President George W. Bush, told the Senate in 2012, “At some point, we will have to handle every claim that comes to us, every change of address, every

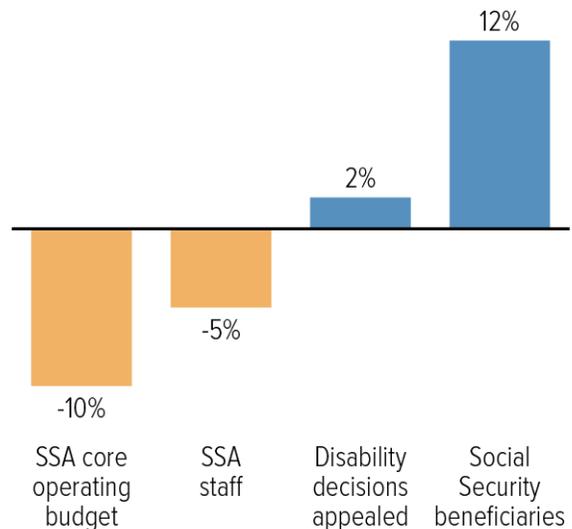
³ SSA, *Annual Statistical Supplement, 2015*, Table 5.a, <https://www.ssa.gov/policy/docs/statcomps/supplement/2015/index.html>; SSA, Monthly Statistical Snapshot, September 2015, https://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/2015-09.html.

⁴ The Limitation on Administrative Expenses (LAE) account of the Labor-HHS-Education appropriation provides SSA’s administrative budget. The LAE account is funded by the Social Security and Medicare trust funds for their share of administrative expenses, by the general fund for Supplemental Security Income’s share of administrative expenses, and through user fees. This paper focuses on Social Security.

FIGURE 1

Social Security Administration Faces Increased Workload with Fewer Resources

Percent change since 2010



Note: Figures compare 2010 to latest available (2016 for operating budget, 2015 for everything else)

Source: Social Security Administration

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direct deposit change, every workers' compensation change, every request for new or replacement Social Security cards. The longer it takes us to get to this work, the more it costs to do.”

SSA's administrative budget is one of many important priorities covered by the appropriation bill for the Departments of Labor, Health and Human Services (HHS), and Education, which has faced large cuts since 2010.⁵ Congress should provide sufficient funding for all of the essential work in that bill — not just SSA's essential services, but also urgent new initiatives such as responding to the Zika outbreak and the opioid epidemic.

Throughout most of its history, SSA has had a reputation, both within and outside the agency, for administrative excellence.

Social Security Advisory Board, 1999

Amid Hiring Freeze, SSA's Phone Service Deteriorated

SSA's national toll-free telephone number serves as the gateway to the agency's services, fielding 37 million calls in 2015.⁶ Trained agents at 27 teleservice centers provide services such as answering questions about SSA's programs, taking claims for retirement benefits, and setting up appointments. Callers can also access automated services on the 800 number 24 hours a day.

When the teleservice centers are adequately funded and staffed, SSA's 800 number performs well. However, starting in 2011, budget cuts forced SSA to freeze hiring, and the teleservice centers lost many agents through attrition. In just three years, SSA lost more than 15 percent of its 800 number staff.⁷ Wait times and busy rates spiked (see Figure 2).⁸ In 2014, wait times peaked at over 22 minutes and busy rates at 13 percent. After a small funding increase in 2014 enabled SSA to replace some of the agents lost during the hiring freeze, service began to rebound — though it remains well below previous levels.⁹

When SSA's 800 number doesn't work well, problems surface elsewhere. Callers unable to reach agents quickly are more likely to call or visit field offices, which is more time-consuming for the beneficiary and costlier for the agency. This inefficiency doesn't serve beneficiaries, the agency, or taxpayers well.

⁵ David Reich, “Labor, Health and Human Services, and Education May Get Short Shrift,” Center on Budget and Policy Priorities, December 1, 2015, <http://www.cbpp.org/blog/labor-health-and-human-services-and-education-may-get-short-shrift>.

⁶ SSA, *Fiscal Year 2015 Agency Financial Report*, <https://www.ssa.gov/finance/2015/Full%20FY%202015%20AFR.pdf>.

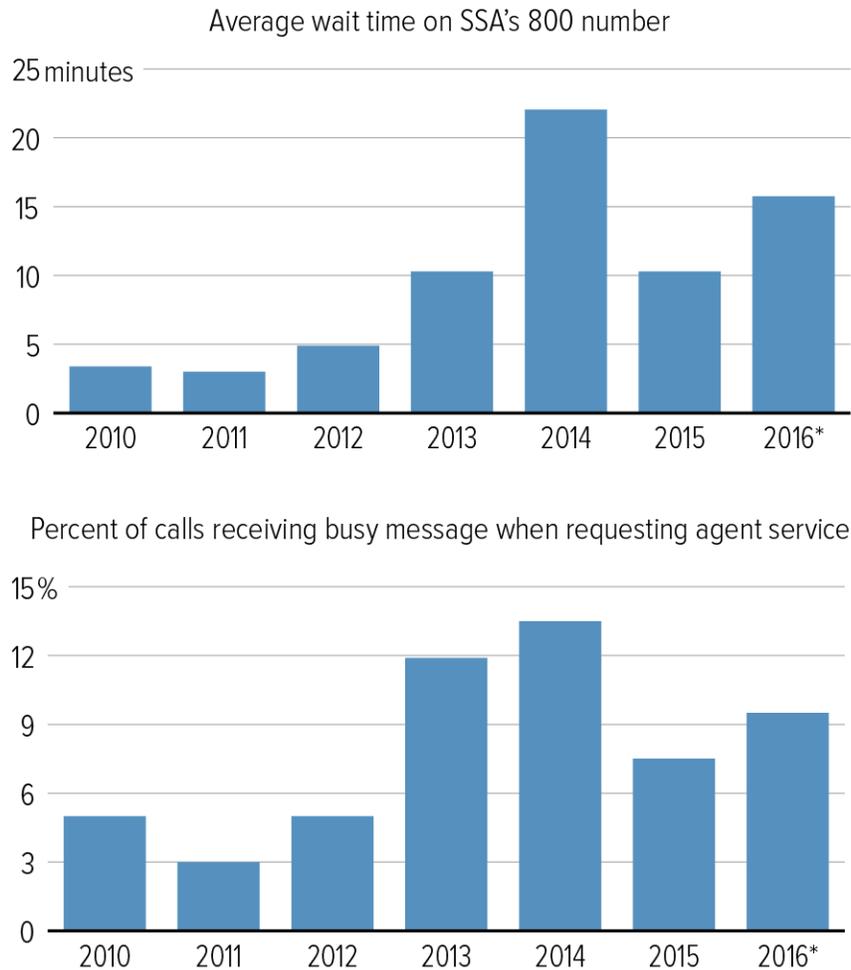
⁷ SSA, Office of Inspector General, “The Social Security Administration's Reduction in Field Office Operating Hours,” August 2014, <https://oig.ssa.gov/sites/default/files/audit/full/pdf/A-01-14-14039.pdf>.

⁸ Open Government Initiative, “SSA 800 Number Network Average Speed to Answer Dataset,” <https://www.ssa.gov/open/data/800-number-average-speed-to-answer.html>.

⁹ Open Government Initiative, “SSA 800 Number Network Call Volume and Agent Busy Rate,” <https://www.ssa.gov/open/data/800-number-call-volume-and-agent-busy-rate.html>.

FIGURE 2

Funding Cuts Undermined Social Security Administration Phone Service



*Estimate

Source: Social Security Administration

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Cuts in Staff and Hours Force Field Office Clients to Wait

The public can conduct business at SSA field offices in almost every community in America. Social Security field staff assisted 41 million visitors in 2015.¹⁰ People visit field offices for many

¹⁰ SSA, *Annual Performance Report, 2015-2017*, https://www.ssa.gov/agency/performance/2016/FINAL_2015_2017_APR_508_compliant.pdf.

reasons, including to apply for benefits, report changes in their names, or replace lost Social Security cards. In addition to serving clients face to face, field offices received 28 million calls in 2015.¹¹

While SSA has introduced many online services, including applying for retirement or disability benefits and for replacement Social Security cards, these cannot replace in-person service. Even as the number of online applications more than doubled from 2010 to 2015, the number of visits to field offices stayed fairly steady.¹² In addition, many online applications, especially those for disability benefits, require follow-up work by staff.

Budget cuts, however, have forced SSA to cut staff and hours in the field. Between 2010 and 2015, SSA lost about 2,000 field office staff.¹³ SSA also had to cut field office hours to 31 hours a week.¹⁴ And SSA has closed 64 field offices since 2010, along with 533 mobile offices.¹⁵

The same employees who maintain our stewardship responsibilities must also handle applications for benefits, so without sufficient resources and trained staff we cannot keep up with both service improvements and our important program integrity work.

Social Security Commissioner Michael
Astrue, 2012

SSA's field offices have long been lauded for their excellent service, but rising caseloads combined with budget cuts have driven up wait times. Field offices must serve nearly the same number of visitors in fewer hours and with fewer staff, which has forced applicants to wait weeks for appointments.¹⁶ Before the budget cuts, more than 90 percent of applicants could schedule an appointment within three weeks; by 2015, fewer than half could (see Figure 3).¹⁷

SSA will always need to provide high quality service in the field. Many cases require it: though straightforward requests can be handled online or by phone, more complex cases often require face-to-face help. SSA primarily serves Americans who are elderly or disabled, often at traumatic moments in their lives such as the onset of a disability or the death of a spouse. Its clients are

¹¹ Information provided to the author by National Council of Social Security Management Associations.

¹² Open Government Initiative, "Retirement Insurance Applications filed via the Internet" and "Disability Insurance Applications filed via the Internet," <https://www.ssa.gov/open/data/>.

¹³ Field office staff fell from 31,000 in 2010 to 29,000 in 2015. SSA, *Operating Plan*, February 6, 2012, <https://www.ssa.gov/budget/hist/FY2012/2012OperatingPlan.pdf> and *Full Justification of Estimates for Appropriations Committees*, February 2016, <https://www.ssa.gov/budget/FY17Files/2017FCJ.pdf>.

¹⁴ The current schedule came into effect in March 2015, after even harsher cuts to field office hours following the 2011 budget cuts. Staff use the rest of the day to do behind-the-scenes work such as verifying data, returning phone calls, and inputting data.

¹⁵ Senate Special Committee on Aging, "Reduction in Face-to-Face Services at The Social Security Administration," <http://www.aging.senate.gov/imo/media/doc/SSA%20Hearing%20Staff%20Memo1.pdf>.

¹⁶ Open Government Initiative, "SSA 800 Number Network Average Speed to Answer Dataset," <https://www.ssa.gov/open/data/800-number-average-speed-to-answer.html>.

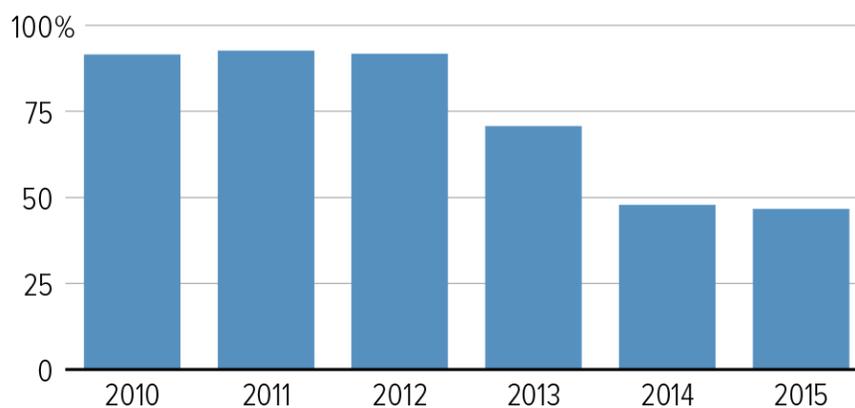
¹⁷ Open Government Initiative, "SSA Yearly Data for Field Office Claims Appointments Scheduled Within 21 Days," <https://www.ssa.gov/open/data/field-office-claims-appointments-scheduled-within-21-days.html>.

diverse and include people suffering from severe mental impairments and people with limited ability to speak English. Its staff provide critical guidance to workers making complex, life-altering decisions. Providing prompt and thorough service in the field reduces errors that SSA staff must otherwise untangle later.

FIGURE 3

Cuts Force Most Social Security Applicants to Wait Over Three Weeks for Appointments

Percent of appointments scheduled within 21 days



Source: Social Security Administration

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Funding Cuts, Rising Appeals Caused Large Backlog in Disability Hearings

SSA pays disability benefits through the Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) programs to workers with impairments severe enough that they can't support themselves and their families.¹⁸ The average processing time for an initial disability claim has held fairly steady in recent years at three to four months. However, denied applicants who appeal must typically wait at least another year before an administrative law judge (ALJ) decides their case.

During the Great Recession, DI applications soared due to high unemployment — and SSA denied most of them, causing the number of rejected applicants to spike.¹⁹ In 2011, SSA denied 2.2 million initial DI applicants, significantly expanding the pool of rejected applicants over pre-Great

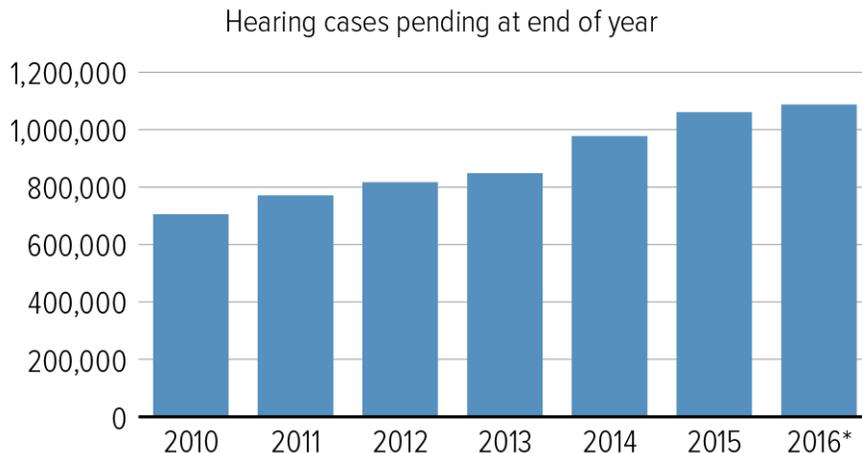
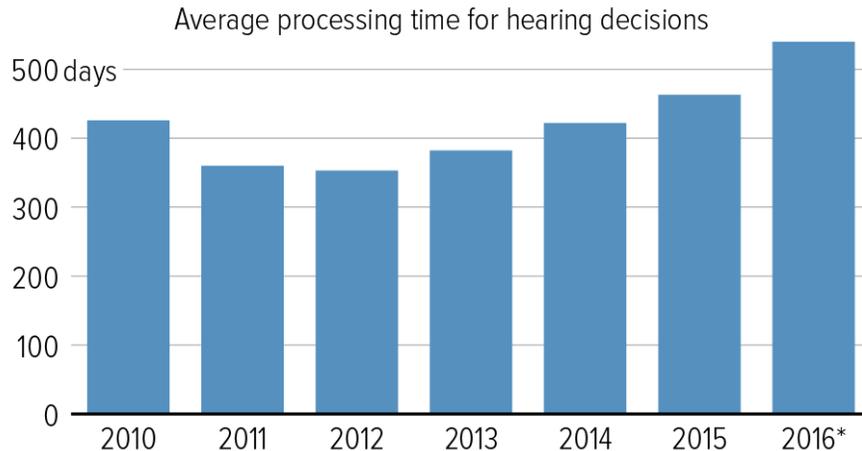
¹⁸ For Social Security and SSI, disability is defined as the inability to earn above the substantial gainful activity (SGA) threshold (\$1,130 per month in 2016) because of a medically determinable physical or mental impairment(s) which can be expected to result in death or last at least 12 months.

¹⁹ Kathy Ruffing, "Disability Benefits Are Hard to Get — Even in Recessions," Center on Budget and Policy Priorities, September 3, 2013, <http://www.cbpp.org/blog/disability-benefits-are-hard-to-get-even-in-recessions>.

Recession levels.²⁰ Many of these rejected applicants appealed their decisions, causing the number of hearing requests to rise nearly 50 percent.²¹ But Congress, instead of providing additional resources for these record-high hearing requests, *cut* SSA's operating budget.

FIGURE 4

Cuts Worsen Backlog for Social Security Disability Hearing Decisions



*Estimate

Source: Social Security Administration

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²⁰ SSA, *Annual Statistical Supplement*, Tables 2.F5 and 6.A1, 2008 and 2012. The Great Recession officially began at the end of 2007. The increase in disability applications typically lags rising unemployment by about two years.

²¹ SSA, *Annual Statistical Supplement*, Table 2.F9, 2008 and 2012.

Rising workloads, combined with funding cuts, caused the hearings backlogs to mount.²² Even as the annual number of beneficiaries appealing their decisions is returning to pre-recession levels, huge backlogs from those peak years remain. The backlog of pending cases, which was shrinking before the funding cuts, has grown by over 50 percent since 2010, topping 1 million in 2015 (see Figure 4).²³ Meanwhile, the average wait for a hearing decision rose from 360 to 540 days between 2011 and 2016.

The hearings backlog has a high human cost. Waiting a year and a half for a final decision, as a typical appellant does, causes financial and medical hardship. Some applicants lose their homes or must declare bankruptcy while awaiting a hearing. Their health often worsens; some even die.²⁴ The longer that applicants wait for a final decision from SSA, the weaker their attachment to the labor force becomes — which makes it harder to find work when they finally get an answer, whether or not they ultimately receive benefits.

Cuts Impede SSA's Behind-the-Scenes Work, Hurting Beneficiaries

In addition to front-line service, SSA does a large amount of behind-the-scenes work to pay benefits accurately and on time. SSA's payment service centers handle tasks such as awarding widows' benefits when their spouses die, issuing back payments for DI beneficiaries who had to wait a year or more for a hearing, resolving complex claims issues, reinstating benefits or Medicare coverage when appropriate, and adjusting benefits for early retirees and disabled workers with earnings.

Because of budget cuts, beneficiaries wait far too long — four months, on average²⁵ — for SSA to complete these tasks, which are necessary to receive accurate and timely benefit payments.²⁶ This backlog creates unnecessary hardship for beneficiaries. For example, a retired widow must wait months after her husband dies to begin receiving her survivor's benefit. A disabled worker who promptly reports his earnings when he returns to work may receive overpayments for months, then have to repay them.

These backlogs cost the program as well. Though SSA aggressively pursues overpayments, for example, it takes additional work to do so, and some overpayments are never recovered despite

²² In addition to funding constraints, inefficiencies in the ALJ hiring process have hampered SSA's ability to fill vacancies. (See statement of Carolyn W. Colvin, Acting Commissioner, Social Security Administration, before the House Appropriations Committee, Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, February 26, 2015, https://www.ssa.gov/legislation/testimony_022615.html.) However, the Bipartisan Budget Act of 2015 addressed the hiring problem, and the Office of Personnel Management is working to implement the improvements.

²³ SSA, *Annual Statistical Supplement*, Table 2.F9, 2011-2015; SSA Budget Overview, February 2016, <https://www.ssa.gov/budget/FY17Files/2017BO.pdf>.

²⁴ Kathy Ruffing, "No Surprise: Disability Beneficiaries Experience High Death Rates," Center on Budget and Policy Priorities, April 4, 2013, <http://www.cbpp.org/blog/no-surprise-disability-beneficiaries-experience-high-death-rates>.

²⁵ National Council of Social Security Management Associations, "SSA's Budget Needs," April 7, 2016, <http://ncssma.com/20160406>.

²⁶ National Council of Social Security Management Associations, "PSC Delays," May 5, 2016, <http://ncssma.com/20160505>.

SSA's best efforts.²⁷ In addition, many beneficiaries visit SSA field offices to ask about cases held up for long periods in SSA's payment service centers, which drives up traffic and wait times.

Box 1: Congressional Investments in Program Integrity Paid Off

Recent history provides a clear example of how increased resources can improve SSA service, reduce backlogs, and save taxpayer dollars over time. Investments in SSA's program integrity work have paid off.

The 2011 Budget Control Act (BCA) imposes overall caps on annual appropriations but allows additional funding each year for SSA program integrity activities such as continuing disability reviews (CDRs) – regular follow-ups with disability beneficiaries to identify those who have recovered enough to work. These special funds, which are in addition to SSA's core operating budget, are outside the BCA caps. Policymakers allowed this funding above the caps because the Congressional Budget Office, the Administration, and most experts agree that certain program integrity activities save considerably more money than they cost.

However, in 2012 and 2013, Congress failed to provide SSA with the full amount allowable under the law for program integrity work like CDRs. By helping to ensure that benefits only go to eligible people and in the correct amounts, CDRs (which are mandated by Congress) more than pay for themselves over time, saving about \$15 in benefits for each \$1 they cost to conduct.^a However, CDRs are labor-intensive, requiring expert evaluation of a beneficiary's medical condition.

Without adequate funding, SSA had to balance this workload against its other legal responsibilities and couldn't hire the staff needed to complete the reviews on a timely basis. Predictably, the backlog of medical CDRs rose substantially, peaking at 1.3 million in 2013.^b

By contrast, since 2014, Congress has provided SSA all (or nearly all) of the program integrity funding that the Budget Control Act allows. Backlogs for CDRs dropped by nearly half, falling to 726,000 in 2015.^c SSA expects to make further progress in working down the backlog this year – saving Social Security billions of dollars by ending disability benefits more promptly when a beneficiary's condition improves.^d

^a SSA, *Annual Report on Continuing Disability Reviews, Fiscal Year 2013*.

^b SSA, *Fiscal Year 2013 Agency Financial Report*, <https://www.ssa.gov/finance/2013/Full%20FY%202013%20AFR.pdf>.

^c SSA, *Fiscal Year 2015 Agency Financial Report*, <https://www.ssa.gov/finance/2015/Full%20FY%202015%20AFR.pdf>.

^d SSA, *Budget Overview, February 2016*, <https://www.ssa.gov/budget/FY17Files/2017BO.pdf>.

²⁷ SSA, "RSDI and SSI Recovery Efforts," <https://www.ssa.gov/improperpayments/recoveryEfforts.html>. SSA cannot recover some overpayments because of beneficiaries' waiver rights or inability to pay.