

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Continued Cuts to Social Security Administration Harm All Americans

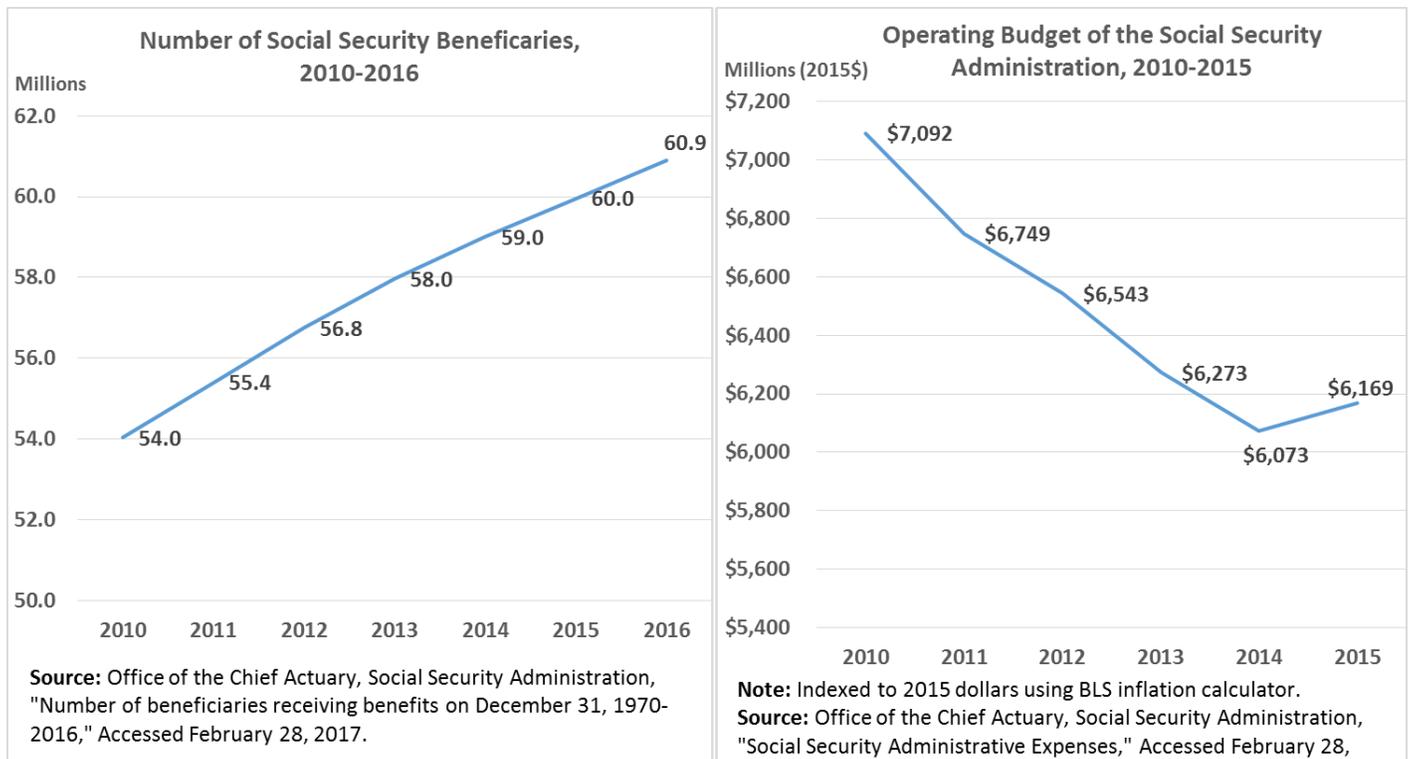
Although Donald Trump has repeatedly pledged not to cut Social Security, Americans' earned protections are under threat by continued, harsh cuts to the operating budget of the Social Security Administration (SSA). These cuts are occurring despite the fact that the services provided by SSA have already been paid for by the American people. Just like Social Security benefits, the related costs of administration are financed from Social Security's dedicated revenue (which has an accumulated surplus of \$2.8 trillion and a projected annual surplus in 2017 of \$31.1 billion),¹ and do not add a penny to the federal deficit or debt.

SSA, which oversees the administration of Social Security benefits, plays a critical role in ensuring economic security for tens of millions of Americans in the event of retirement, disability, or the death of a working spouse or parent. In addition, SSA provides world-class, in-person services to millions of Americans through its network of over 1,200 field-offices.²

Cuts to SSA's budget have already forced the agency to close field offices, reduce staff and office hours, and freeze hiring—resulting in increased wait times and deteriorations in SSA's world-class services. These cuts are harmful to individuals and communities across the nation, who rely on SSA's in-person services at critical times in their lives. Further reductions will greatly limit SSA's ability to administer benefit payments while also maintaining critical services to the public. To ensure that SSA can continue to provide Americans with the world-class, in-person services they deserve and have paid for, cuts to the agency's operating budget should be reversed, and Congress should allow SSA to use a few tenths of one percent of its accumulated surplus to restore and expand the vital services it provides to the American people.

Social Security Administration Has Insufficient Funding to Meet Current Workloads

Congressional limitations of SSA's administrative expenditures have reduced SSA's already modest operating budget by 10 percent (adjusted for inflation) over the last six years.³ Over the same time period, the number of Social Security beneficiaries has increased by 13 percent⁴—meaning that the agency must provide critical and invaluable assistance to more and more Americans with significantly fewer resources.



Cuts to SSA's operating budget have already resulted in [office closings, reduced hours at remaining offices, and staff reductions](#). Moreover, SSA's national network of mobile contact offices has been virtually eliminated, greatly reducing the accessibility of its in-person services for Americans who do not live near a field office. Furthermore, the FY2017 Continuing Resolution (CR) has left SSA with insufficient resources to meet fixed costs and improve services to the public. **These additional limitations have resulted in a hiring freeze and the elimination of virtually all overtime, which previously allowed SSA's employees to work longer hours in order to ensure that all benefits are correctly paid on-time and in-full.**⁵

As SSA has been forced to close offices, reduce staffing, and reduce overall hours, the agency's services to the public have been noticeably affected, with greater wait times in offices and on its phone lines:

- Since 2011, 64 field offices have been closed, and SSA has lost 25,572 employees;⁶
- Over 500 mobile field offices have been closed since 2010;⁷
- On average, nearly 18,000 visitors to SSA's field offices each day must wait more than an hour to be served;⁸
- Over 1 in 8 (13 percent) callers to SSA's 800 numbers receive a busy signal, while those who are eventually able to reach an agent must wait an average of 18 minutes;⁹
- Due to busy signals and long wait times, nearly half (47.7) percent of callers to SSA's 800 number abandon their calls;¹⁰ and
- Roughly half of customers must wait more than 21 days for an appointment in a field office.¹¹

Although SSA is supplementing its services with online and videoconferencing services (which also require staffing and other administrative resources), there is simply no substitute for the world-class, in-person service provided in its field offices. Americans applying for Social Security benefits or SSI are

often elderly or have disabilities, and may not be able to access or utilize online services. Others may have questions or concerns too complex to navigate online or over the phone. For U.S. residents and Social Security beneficiaries, the services provided by SSA's field offices are irreplaceable, and should not be reduced. Indeed, they should be expanded.

Congressional Limitations on SSA's Budget Hurt Workers with Disabilities

In addition to its own field offices and staff, SSA provides funding for state Disability Determination Services (DDS), which oversee the qualification process for Social Security's Disability Insurance (SSDI) benefits and SSI benefits. As a result, harsh and unjustified limitations on SSA's operating budget are especially harmful to U.S. workers and residents who have experienced severe and life-altering disabilities—a risk that all Americans face.¹²

The process of qualifying for SSDI benefits is intensive and time-consuming, and unreasonable limitations of SSA's operating budget place added burden on an already strained disability determination system. **In the period between fiscal years 2010 -2015, DDS staff in the United States have been reduced by 13 percent.**¹³ Most applications for SSDI are initially rejected, and some rejected applicants choose to appeal.¹⁴ As a result, **the backlog in determinations for disability appeals has grown to over 1.1 million Americans awaiting a final determination—the largest in SSA's history.**¹⁵ This backlog causes added delays in the disability determination process—**in the United States, the average processing time for an eligibility hearing is 560 days, or roughly 19 months before an application is approved or rejected.**¹⁶

SSDI applicants awaiting final decisions have very little financial security due to their loss of wage income, and their conditions often worsen.¹⁷ Even as funding to reduce the disability appeals backlog has been restricted, Congress has increased funding for continuing disability reviews (CDRs), which determine whether SSDI beneficiaries are able to return to work, as well as for so-called program integrity measures to detect fraud. Given that fraud is extremely rare in the DI program, and that only about 1 percent of SSDI beneficiaries return to work or have their benefits terminated, increased funding for CDRs is not a critical priority in SSA's administration of SSDI benefits.¹⁸ Similarly, increased spending on program integrity is especially wasteful given the extremely low incidence of disability fraud—less than 1 percent of all SSDI benefit payments are fraudulent,¹⁹ a significantly smaller percentage than found with respect to private sector insurance.

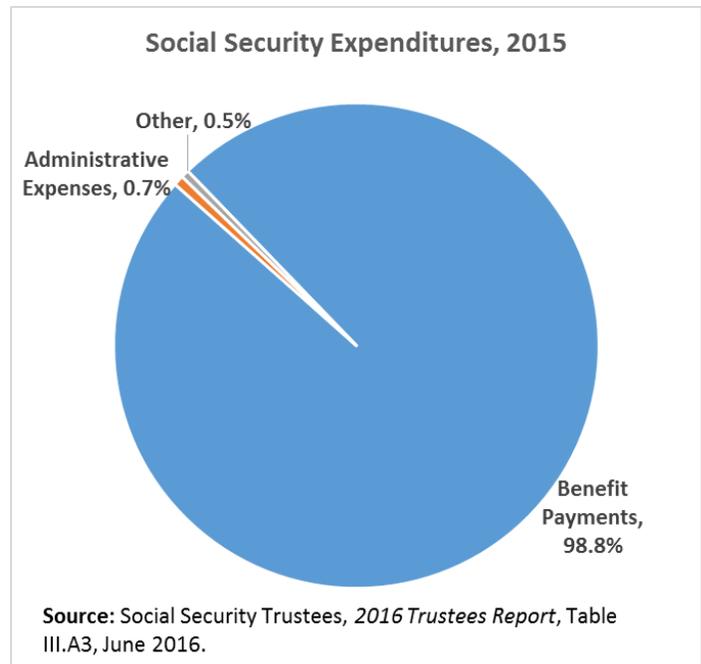
Unreasonable Limitations on SSA's Budget are Unnecessary and Harmful

Not only are these Congressionally imposed limitations on SSA's budget harmful to U.S. workers and Social Security beneficiaries, they are unnecessary. Social Security is entirely self-funded, and completely separate from the federal budget. Its administrative costs are paid directly from its revenues—primarily from the payroll contributions made by workers on their earnings.²⁰ This means that Congress does not appropriate money for SSA, but simply limits the amount of Social Security's revenues that can be spent on administration.

Moreover, Social Security is already efficiently and conservatively administered. Even before the recent cuts to its operating budget, Social Security's administrative costs only accounted for less than one penny of every dollar spent (0.9 percent).²¹ **Further constricting SSA's already modest budget only**

forces the agency to reduce the services that Social Security beneficiaries and workers contributing to the program have already paid for, while doing nothing to reduce federal deficits.

Cuts to SSA are not abstract, or merely routine budgeting. Reductions to SSA's operating budget can be felt in communities across the nation, which have already seen field offices close and wait times increase as a result of staff reductions and hiring freezes. In rural communities, the virtual elimination of SSA's mobile contact offices greatly threatens easily accessible and timely service. **Furthermore, because SSA operates field offices throughout the nation, future staff reductions and hiring freezes will affect local employment and economic recovery in hundreds of communities.**²²



If cuts to SSA's operating budget continue, the agency will be forced to furlough staff and close offices to the public—at a rate of one week of office closures for every percentage point reduction to the agency's budget.²³ For each day of furlough, the agency is prevented from providing critical services to thousands of Americans, including:

- 171,000 field office visits;
- 150,000 national 800 number calls;
- 22,000 retirement and survivors benefits claims, and 10,000 initial disability benefit claims;
- 2,500 disability hearing decisions; and
- 68,000 new Social Security numbers.²⁴

These additional reductions in SSA's services will be harmful to individuals and communities across the nation. The majority of Americans visit SSA's field offices at critical and, often, stressful moments in their lives. Many are preparing for the important, life-altering decision of applying for retirement or disability benefits. Some are contending with the death of a working spouse. And others, faced with poverty, are applying for SSI. At these moments in their lives, Americans depend on in-person service from staff members who have a detailed understanding of Social Security, and who can offer knowledgeable, personalized, and compassionate assistance.

Americans Value SSA's World-Class Services

Not only are cuts to SSA's operating budget unnecessary, they are unpopular with the American people, who understand the value of SSA's world-class, in-person services, and want these services to be maintained. **Americans value the in-person services SSA provides—each day, over 161,000 Americans visit a local field office.**²⁵ And in recent polling, 86 percent of respondents said that they believed the number of field offices operated by SSA should be maintained, or even increased. Likewise, they want to be able to speak to a local SSA representative when making the decision to claim their hard-earned

benefits—61 percent reported that they would prefer to call or visit a local office to apply for Social Security retirement benefits. Even for more routine services, Americans still prefer the service provided by a local office—57 percent said that they wanted to be able to call or visit a local office when requesting a new Social Security card.²⁶

Cuts to SSA's services in the United States are unnecessary and harmful. U.S. workers and Social Security beneficiaries have paid for these services, and they value them highly. To ensure that United States residents continue to receive services they have paid for and deserve, cuts to SSA's operating budget should be halted, and the agency should receive full funding.²⁷ Doing otherwise would only place further, unnecessary burdens on SSA's ability to provide world-class, in-person services to U.S. residents and Social Security beneficiaries.

¹ Social Security Trustees, *The 2016 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, June 22, 2016.

<https://www.ssa.gov/oact/TR/2016/tr2016.pdf>

² Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

³ Kathleen Romig, "Budget Cuts Squeeze Social Security Administration Even as Workloads Reach Record Highs," Center on Budget and Policy Priorities, June 3, 2016. <http://www.cbpp.org/research/retirement-security/budget-cuts-squeeze-social-security-administration-even-as-workloads>

⁴ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

⁵ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

⁶ Field office closings: Kathleen Romig, "Social Security Administration Cuts Hurt Every State," Center on Budget and Policy Priorities, September 12, 2016. <http://www.cbpp.org/research/social-security/social-security-administration-cuts-hurt-every-state>. SSA state staff reductions: Unpublished data provided to Social Security Works by Center on Budget and Policy Priorities.

⁷ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

⁸ SSA, "The State of Services: December," 2017.

⁹ SSA, "The State of Services: December," 2017.

¹⁰ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

¹¹ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

¹² An estimated 1 in 4 of today's 20-year-olds will become disabled before reaching their full retirement age. Social Security Administration, "Fact Sheet: Social Security," accessed September 2, 2016.

<https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

¹³ Kathleen Romig, "Social Security Administration Cuts Hurt Every State," Center on Budget and Policy Priorities, September 12, 2016. <http://www.cbpp.org/research/social-security/social-security-administration-cuts-hurt-every-state>

¹⁴ Only 22 percent of applications for SSDI are accepted at the initial decision. Ultimately, when all stages of the disability determination process are taken into account, less than 2 in 5 (36 percent) of applications are accepted. Center on Budget and Policy Priorities, "Chart Book: Social Security Disability Insurance," August 22, 2016.

<http://www.cbpp.org/research/social-security/chart-book-social-security-disability-insurance>

¹⁵ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

¹⁶ Months estimated by dividing average processing time by 30. Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

¹⁷ 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>

¹⁸ Stephen C. Goss, "Statement before House Committee on Ways and Means, Subcommittee on Social Security" March 14, 2013. https://www.ssa.gov/legislation/testimony_031413a.html

¹⁹ Social Security Administration, "Report to Chairman Johnson," February 14, 2014. https://www.ssa.gov/legislation/SSA_Report_to_Chairman_Johnson_2_14_2014.pdf

²⁰ Payroll contributions accounted for 86 percent of combined OASDI revenues in 2016. Benjamin W. Veghte and Elliot Schreur, "Social Security Finances: Findings of the 2016 Trustees Report," National Academy of Social Insurance, June 2016.

https://www.nasi.org/sites/default/files/research/SS_Findings_of_2016_Trustees_Report.pdf

²¹ Kathleen Romig, "Budget Cuts Squeeze Social Security Administration Even as Workloads Reach Record Highs," Center on Budget and Policy Priorities, June 3, 2016. <http://www.cbpp.org/research/retirement-security/budget-cuts-squeeze-social-security-administration-even-as-workloads>

²² Elizabeth Grossman, "Federal Hiring Freeze To Hit Rural and Minority Communities the Hardest," *In These Times*, February 21, 2017.

http://inthesetimes.com/working/entry/19917/federal_hiring_freeze_to_hit_rural_and_minority_communities_the_hardest?utm_content=buffer7e29c&utm_medium=social&utm_source=twitter.com&utm_campaign=buffer

²³ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

²⁴ Bonnie Kind, "Social Security Advisory Board Budget Update," SSA, January 23, 2017.

²⁵ SSA, "The State of Services: December," 2017.

²⁶ Social Security Works, "What do the American people want from their Social Security Administration?" November 2014. <http://www.socialsecurityworks.org/wp-content/uploads/2014/11/SSSC-Field-Office-Polling-2014.pdf>

²⁷ Social Security Administration, "Social Security FY 2017 Budget Fact Sheet," accessed September 2, 2016.

<https://www.ssa.gov/budget/FY17Files/2017BFS.pdf>