SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

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STATEMENT FOR THE RECORD

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COMMISSIONER
SOCIAL SECURITY ADMINISTRATION

Chairman Casey, Ranking Member Braun, and Members of the committee:

Thank you for inviting me to discuss the Social Security Administration's (SSA's) service delivery, customer experience, and Fiscal Year (FY) 2025 Budget request. I am Martin O'Malley, Commissioner of SSA, and I am deeply honored to be here today on behalf of the agency's thousands of skilled and dedicated employees.

Social Security is the most far-reaching and important act of social and economic justice that the people of the United States have ever enacted, and it is the honor of a lifetime to answer the call to public service once more by leading SSA towards a better future. In particular, I pledged to make improving SSA's customer service my top priority. I was sworn in as Commissioner exactly three months ago today.

It is my strong belief that the public deserves the highest level of customer service from their government. We owe it to every American to improve the customer service and support provided by Social Security, so people can get answers to their questions and get their benefit applications decided in a timely manner. These are your constituents, your neighbors, your friends, and your family. They have paid into the Social Security system, and that includes paying for adequate customer service from the agency.

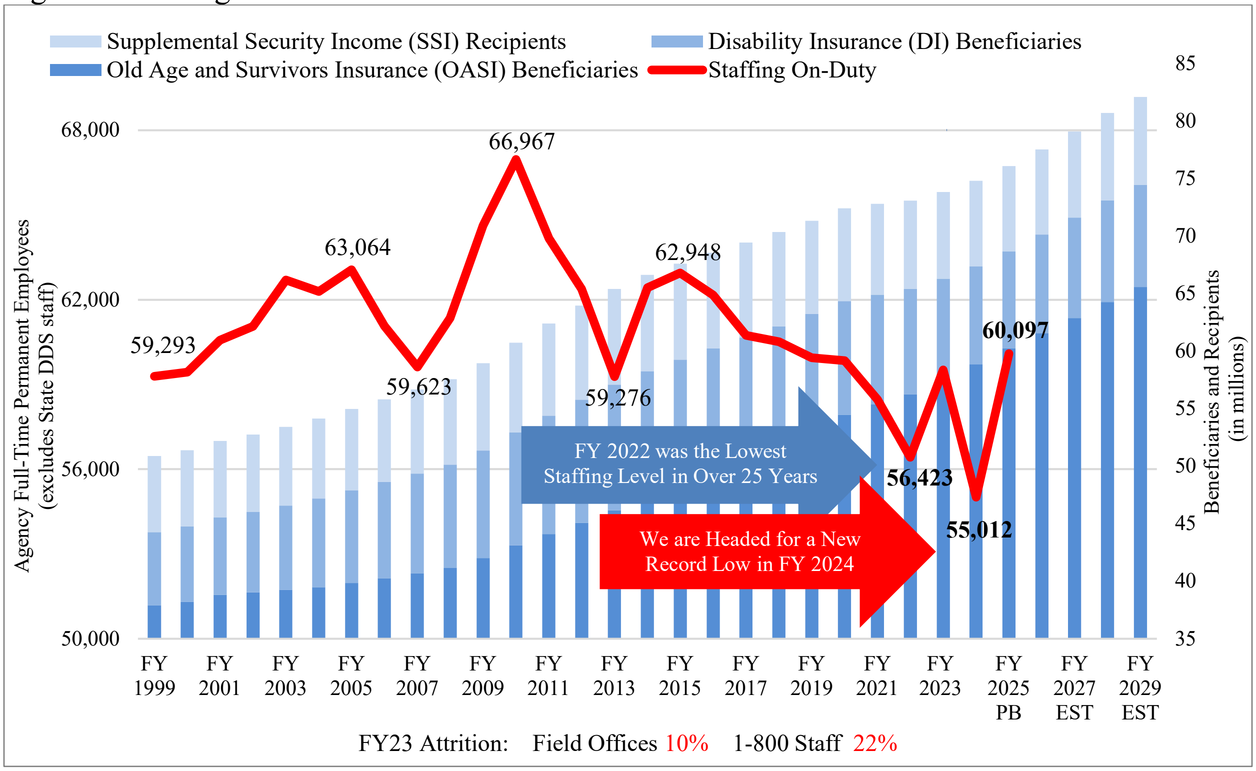
THE CURRENT STATE

Social Security Is Serving More Customers Than Ever Before with Fewer Staff Than Ever Before.

By the end of FY 2024, SSA will serve over 7 million more beneficiaries with about 7,000 fewer full-time permanent staff when compared to FY 2015 (Figure 1). While modernization and other efficiencies have helped for some things, there is no way around the fact that the agency cannot keep doing more with less.

SSA's budget was essentially level from FY 2018 through FY 2021, while costs continued to increase. We had to make difficult decisions to cut funding in certain areas, such as staffing and overtime. As a result, we ended FY 2022 with our lowest staffing level in 25 years.

Figure 1. Staffing Declined as Beneficiaries Increased.



With your support, we received a $785 million increase in FY 2023 over FY 2022. We used that funding to begin to rebuild our workforce to better serve our customers and beneficiaries. Our staffing increased to nearly 60,000 at the end of FY 2023 – still historically low, but better than the roughly 56,000 at the end of the prior year.

Currently – due to the extended continuing resolution (CR) that we are under in FY 2024 – we have stopped all hiring, and our staffing levels have already fallen below where they were in April of last year. If we continue this path of no hiring, we will fall to a new all-time low of around 55,000 full-time permanent staff by the end of this fiscal year – nearly 11 percent lower than the roughly 62,000 full-time permanent staff we averaged from 2010 through 2019.

Similarly, the State disability determination services (DDS) were able to make some progress increasing their staffing levels in FY 2023, following years of record-high attrition and a historically low staffing level in FY 2022. But in FY 2024, the DDS have quickly dropped below last year's staffing levels due to our pause in hiring given the funding level, which is leading to a severe setback in addressing a service delivery crisis.

SSA Has Extremely Low Operating Expenses.

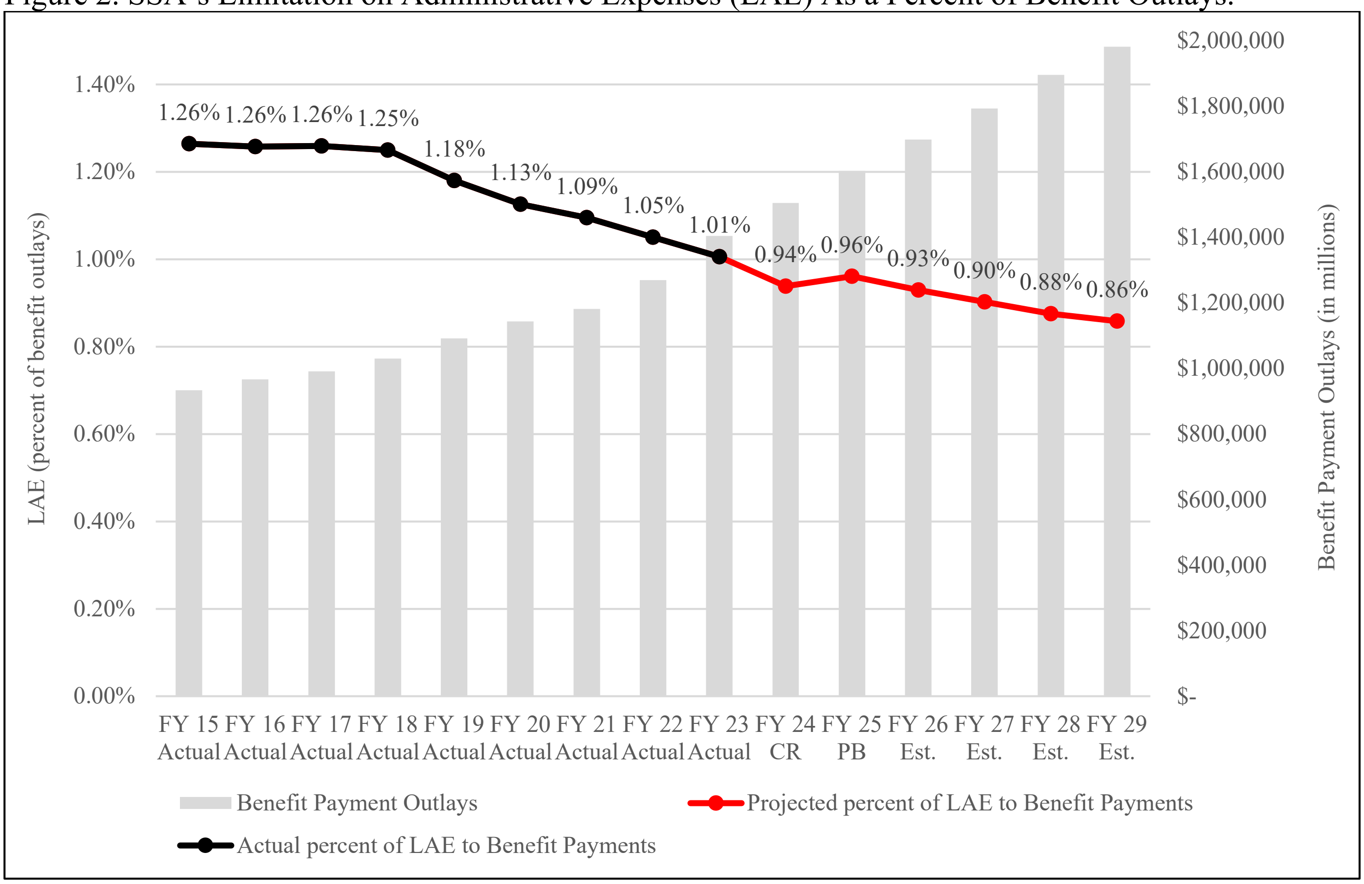
Members may be surprised to learn that Social Security has now been reduced to operate on *less than one percent* of its annual benefit payments. This is extremely low – much lower than private insurance companies. For instance, Allstate operates on 19 percent of its annual benefit payments, and Liberty Mutual operates on nearly 24 percent of its annual benefit payments.

Please know that I am not suggesting that this was something done knowingly and willingly to Social Security by Members of Congress. However, Congress has not granted Social Security its own budget or appropriations hearing in nine years.

We can and must do better. We want to work with Congress to sustain the funding increases in the President's FY 2025 budget and beyond, to enable SSA to improve service levels and reduce wait times.

Under the current system, Social Security's operating overhead, as a share of benefit outlays, has shrunk by 20 percent over the last ten years. A decade ago in FY 2015, Congress provided a funding level that represented 1.26 percent of benefit outlays for operating expenses (Figure 2). But the proportion has been shrinking over time, as our appropriated administrative expenses have not kept pace with the growth in our beneficiaries and benefit outlays. In FY 2023, it was down to 1.01 percent, and under a full-year CR for FY 2024, it will drop under 1.0 percent for the first time ever, to just 0.94 percent.

Figure 2. SSA's Limitation on Administrative Expenses (LAE) As a Percent of Benefit Outlays.



Our Service and Customers are Suffering.

As a result of this historic underfunding and understaffing, Social Security faces a service delivery crisis. The situation is dire, and the public we serve is paying the price as they attempt to access the benefits that they have already worked their whole lives to earn. For example:

- Backlogs in the States continue to grow. Disability applicants are waiting on average nearly 8 months (228 days) for an initial decision and an additional 7 months (223 days) for those who request a reconsideration. However, for those applicants with the most severe health conditions, we award benefits in less than 30 days.

- People who try to reach us by phone are now waiting on hold for 38 minutes or more on a dysfunctional 800 Number system.

- And our agency has long strived to get the right amount to the right person at the right time, but struggles to catch erroneous overpayments in a timely manner, which can have damaging consequences for beneficiaries.

But still, we do our very best every day to serve the highest number of beneficiaries we have ever served in the face of the lowest projected staffing levels in 27 years.

HOW WE'RE ADDRESSING THE SERVICE DELIVERY CRISIS

As soon as I was sworn in three months ago, I announced my intent to focus the agency on three key service delivery challenges in 2024: disability determination wait times, National 800 Number wait times, and overpayment and underpayment inequities.

Since then, I have held countless briefings with executives and staff, met with labor partners and advocates, and most importantly, I have traveled to SSA's regions across the country to meet with and learn from the dedicated employees who are tirelessly serving members of the public each day in our offices and on our phones. I conducted 10 town halls in headquarters and the regions where I was able to interact with about 2,000 employees. I visited field offices, hearing offices, processing centers, and teleservice centers. I sat in with call center representatives taking calls and sat side by side with claims specialists interacting with the public. I heard countless suggestions for improvements both big and small, some of which we are already beginning to implement. I also made an open call for employees to submit their ideas and insights for improving customer service, and so far, we have received nearly 3,000 submissions and counting. I am grateful to the dedicated SSA employees who took the time to submit their ideas, and I have begun to personally review and respond to as many as I can each week.

Based on what I have learned from inside and outside of the agency, including conversations with employees and customers, I have implemented numerous changes to improve both our employees' experience and our customers' experience with us. I like to call these quick wins or low-hanging fruit – that is, things where we have the authority and the ability to act quickly and make immediate improvements, no matter how seemingly small.

For example:

- During my visit, one employee in Boston identified the need for a simple technology fix to create a "no to all" button (similar to "select all") within the claims-taking process on Supplemental Security Income (SSI) applications. By doing so, we could reduce staff time in collecting information on applicants' financial resources. We were able to implement this fix within 4 weeks of first hearing the idea.

- Also based on an employee suggestion – this one from Birmingham – we rolled out a nationwide expansion of a new Automated Medicare Process (AMP) to improve back-end processing for online Medicare claims. This will reduce processing time from 7 minutes to 7 seconds, freeing up the equivalent of around 40 people to do other critical pending work. In one week, we implemented a fix that had been stalled since 2011.

- To further increase our ability to collaborate, engage, and innovate across the agency, I announced an increase in on-site presence at SSA's headquarters and regional offices, starting April 7. (SSA's field offices have been fully open to the public since early 2022 and are not affected by this change.)

- Last month, we published formal notice of our plans to access and use information from payroll data providers.[1] This long-awaited automated payroll information exchange (PIE) will reduce wage-related overpayments by ensuring we receive timely and accurate wage data. The notice is open for public comment until April 15, 2024, and we encourage all interested parties to submit comments.

- We are also working on three final rules that will simplify and streamline the consideration of non-cash assistance within the SSI program. By taking these actions, we will increase the accessibility of this vital needs-based assistance, while also decreasing overall processing time.

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[1] SSA, "Use of Electronic Payroll Data To Improve Program Administration." Federal Register, 89 FR 11773. February 15, 2024. https://www.federalregister.gov/documents/2024/02/15/2024-02961/use-of-electronic-payroll-data-to-improve-program-administration. See also: SSA, "Social Security Publishes Proposed Rule for Payroll Information Exchange to Reduce Improper Payments." February 15, 2024. https://www.ssa.gov/news/press/releases/2024/#2-2024-2.

SecurityStat

On February 5, 2024, we launched SecurityStat, standing biweekly leadership meetings to track and align on key performance outcomes across rotating challenges. Many of you have kindly sent your staff to observe this new way of doing business at SSA. Your attention, your interest, and the presence of your staff at our side have been more deeply appreciated than you can know.

SecurityStat is based on the successes I had with CitiStat and StateStat in my prior roles. I have found in my past experience that a focus on data for all, combined with regular accountability and collaboration, helps to create a winnable game for employees and improve performance across the board, especially in large agencies. That is precisely what SecurityStat is about.

The four central tenets of SecurityStat are: timely, accurate information shared by all; rapid deployment of resources; effective tactics and strategies; and relentless follow-up and assessment.

SecurityStat is critical because the service delivery challenges that we face are cross-cutting. No one component of SSA, no matter how well-led, can solve any one of these problems by itself. Rather, we must work together across the agency in timely, agile, and collaborative ways as never before. SecurityStat provides a systematic and recurring method of doing that, by gathering the top leaders in a room together and engaging in data-driven performance management.

So, every two weeks, in a rotating fashion, we gather together and focus intensely on the most important things SSA is charged with accomplishing for the American people and for you, their Members of Congress. For one blessed hour every two weeks we focus, together, on each of eight key challenges:

- Field Operations
- Human Resources
- National 800 Number
- Overpayments and Underpayments
- Disability Determinations
- Disability Hearings
- Fraud
- Notices

On an encouraging note, I have found that there is a certain muscle memory at SSA. The senior executives and frontline managers have responded very positively to this newer, faster cadence of collaboration and accountability.

On the first Monday of the SecurityStat rotation, we begin by focusing on field operations – the more than 1,200 field offices, 8 processing centers, and 24 teleservice centers that make this agency go. We discuss ways to reduce the attrition rates that plague the agency, currently 10 percent in the field offices and 22 percent among the staff answering the phones on the National 800 Number. We discuss ways to improve performance and service delivery even in a reality where customers keep increasing and staffing keeps declining. Then, we focus on the flip side of service delivery — the human resources of the skilled and trained employees necessary for us to serve the American people even as we labor under a total hiring freeze.

On Tuesday mornings in the first weekly rotation, we turn first to Social Security's National 800 Number. Average wait times for customers trying to reach us by phone have skyrocketed to 38 minutes today, nearly double the FY 2019 wait time of 20 minutes. Five to seven million people call our 800 Number every month, and about 4 million of them hang up in disgust after waiting far too long. This year was the 35th anniversary of our 800 Number, and it was a challenging one thanks to a woefully underperforming phone system that has fallen far short of our expectations. Under the current technology, our managers have no visibility into the work being done, and call-takers have no view into the customers who pop up onto their screen. In addition to the technology short-comings, we are struggling now with a 22 percent attrition rate in our teleservice centers and among other staff answering the phones. All options are on the table as we do everything in our power to reduce unacceptably long wait times being endured by our customers.

Overpayments and Underpayments

In the second topic of our first Tuesday rotation, we turn to overpayments and underpayments. For 88 years, the hard-working employees of the Social Security Administration have strived to pay the right amount, to the right person, at the right time. And the agency has done this with a high degree of accuracy over a massive scale of beneficiaries; our overall accuracy rates are 99.34 percent for Social Security and 90.80 percent for SSI based on our stewardship reviews.[2] In fact, one of the unsung stories of heroism in our nation's battle against the COVID-19 pandemic was SSA's Herculean accomplishment of cranking out those checks to protect beneficiaries' income and healthcare during a critical time in the pandemic.

But despite our best efforts, we sometimes get it wrong and pay beneficiaries more than they are due, creating an overpayment.

When that happens, Congress requires that we make every effort to recover those overpaid benefits. But doing so without regard to the larger purpose of the program can result in grave injustices to individuals, as we see from the stories of people losing their homes or being put in dire financial straits when they suddenly see their benefits cut off to recover a decades-old overpayment, or disability beneficiaries attempting to work and finding their efforts rewarded with large overpayments. Innocent people can be badly hurt. And these injustices shock our shared sense of equity and good conscience as Americans.

[2] See PaymentAccuracy.gov. These overall accuracy figures consider both overpayments and underpayments for FY 2022, the most recent data available.

We are continually improving how we serve the millions of people who depend on our programs, although we have room for improvement, as media reports last fall revealed. We have also embarked upon a deep dive into the extent of the overpayment problem at Social Security, the root causes of these administrative errors, and the steps we can take as an agency to address these individual injustices.

Our deeper understanding of the complexities of this problem has set us on the following course of action:

1. Starting next Monday, March 25, we will be ceasing the heavy-handed practice of intercepting 100 percent of an overpaid beneficiary's monthly Social Security benefit by default if they fail to respond to our demand for repayment. Moving forward, we will now use a much more reasonable default withholding rate of 10 percent of monthly benefits — similar to the current rate in the SSI program.

2. We will be reframing our guidance and procedures so that the burden of proof shifts away from the claimant in determining whether there is any evidence that the claimant was at fault in causing the overpayment.

3. For the vast majority of beneficiaries who request to work out a repayment plan, we recently changed our policy so that we will approve repayment plans of up to 60 months. To qualify, Social Security beneficiaries would only need to provide a verbal summary of their income, resources, and expenses, and recipients of the means-tested SSI program would not need to provide even this summary. This change extended this easier repayment option by an additional two years (from 36 to 60 months).

4. And finally, we will be making it much easier for overpaid beneficiaries to request a waiver of repayment, in the event they believe themselves to have been without any fault and/or without the ability to repay.

Implementing these policy changes — with proper education and training across the people, policies, and systems of the agency — is an important but complex shift. And we are undertaking that shift with urgency, diligence, and speed.

There are some changes that can only be effectuated by the will and good judgment of Congress. I look forward to working with Members to discuss ideas that could address the root causes of overpayments.

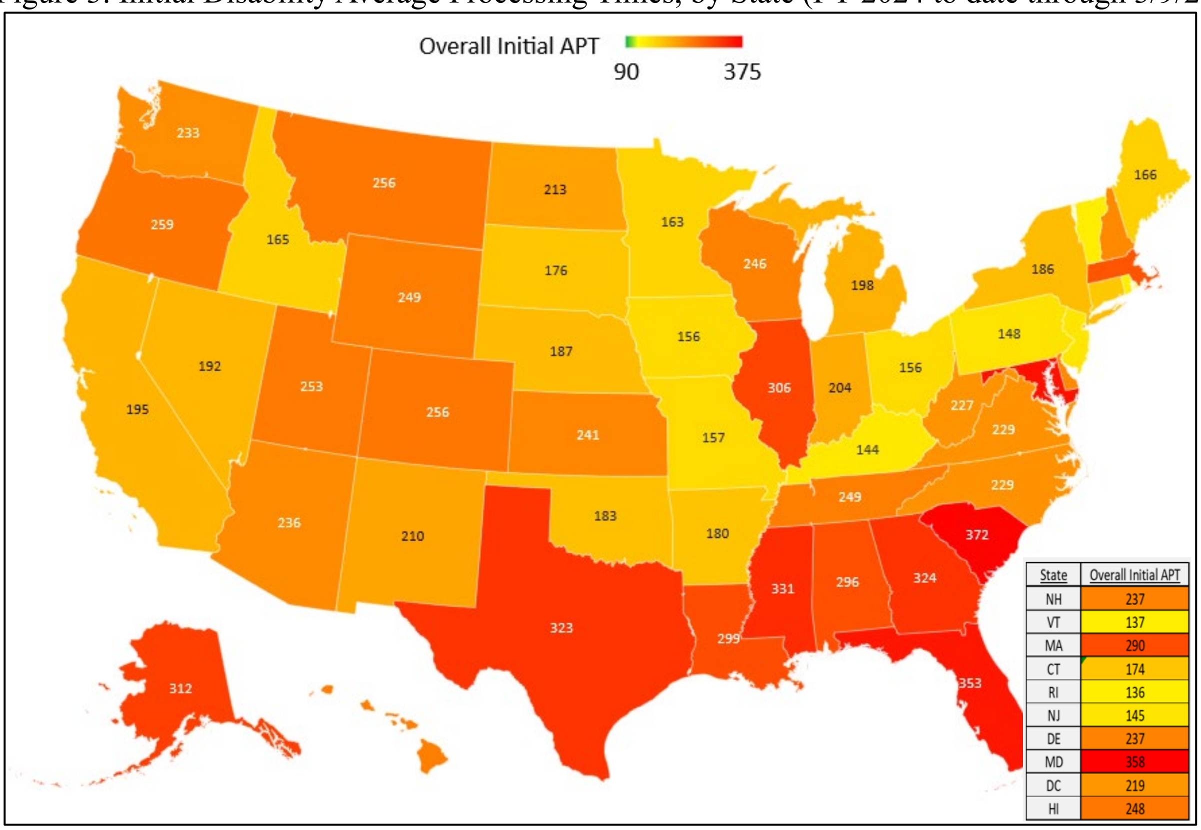
In addition to our focus on overpayments, we are also working to increase our processing of SSI underpayments, particularly for the oldest and highest-priority cases. As of March 11, we have processed 46,319 underpayments and released approximately $120 million this fiscal year to our customers with these aged and priority underpayments. And we are on track to complete 98 percent of these underpayments by the end of FY 2025.

SecurityStat, Continued

As we continue our SecurityStat rotation into the second week, on Mondays we focus first on the shamefully long time that it now takes for State DDSs to make an average initial disability determination. Ten years ago, when our appropriations represented a larger share of our annual outlays, we were able to make these needed determinations in 110 days. But today, operating on less than 1 percent of annual outlays, it takes our DDSs an average of 228 days to make the same initial determinations (Figure 3). We have the longest average processing time and the highest number of pending cases ever in the history of our disability program for initial claims.

In other words, disability applicants are waiting on average nearly 8 months (228 days) for an initial decision and an additional 7 months (223 days) for those who request a reconsideration. We must do better, and our long-term goal is to reduce those waits to 4 months (120 days) each.

Figure 3. Initial Disability Average Processing Times, by State (FY 2024 to date through 3/9/24)



State	Overall Initial APT
NH	237
VT	137
MA	290
CT	174
RI	136
NJ	145
DE	237
MD	358
DC	219
HI	248

At the next level of appeal, disability applicants who have requested a hearing with an administrative law judge (ALJ) currently face an average wait time of 365 days – a whole year – to get a decision. We continue to work toward our goal of issuing hearings decisions within 9 months (270 days) on average.

On Tuesdays of the second week of the SecurityStat rotation, we focus with the Office of Inspector General at the table on fraud and the tactics and strategies we can take, together, to get inside the turning radius of the bad actors. Following the fraud stat, we focus for one hour, as a group, on what we can do to reduce the number, expense, and confusion we inflict upon our customers through long and impossible-to-understand notices.

So that is how we spend our weeks fighting to serve an all-time high number of customers with a 27-year low in staffing. Our duty is to serve the people who depend on the benefits they have earned through Social Security.

I remain encouraged that the overwhelmed, hardworking, exhausted men and women on the frontlines of this agency — those who haven't quit to find less stressful or higher paying jobs elsewhere in the Federal Government or beyond — still wake up every day to serve their country by serving their neighbors.

Our FY 2025 Budget

I am confident that with the rapid cadence of accountability and collaboration that SecurityStat provides, and continuous solicitation of areas for improvement from employees and customers, we will begin to make forward progress. But we cannot do it alone; we need your help to ensure we have the necessary funding and staffing.

As the mayor of a cash-strapped city and then a recession-era governor, I'm quite familiar with operating on tight budgets. I also spent nearly a year intensely studying SSA materials from the outside before my confirmation. Even with all of that, SSA's budget is far more dire than I thought. Years of underfunding have decimated our staffing levels and therefore also our ability to serve the public.

Coming off a challenging budget year in FY 2024, it is critical that we receive adequate funding in FY 2025. Approval of the FY 2025 President's Budget request of $15.4 billion for SSA would allow us to begin making progress toward improving customer service.

We know that additional funding makes a difference. The U.S. Department of Veterans Affairs (VA) received an infusion of funding and increased its satisfaction and trust among veterans from 50 percent to nearly 80 percent. The Internal Revenue Service (IRS) used additional funding to reduce its call wait times from 30 minutes to 4 minutes. SSA was able to dig out of the initial disability claims backlog during the Great Recession with significant funding provided through the American Recovery and Reinvestment Act of 2009. I am confident we can do it again, but it will take sufficient funding, just as it did for IRS and VA.

Under the FY 2025 President's Budget, we would be able to restore staffing to FY 2023 levels and begin to improve our service delivery. The Budget supports an infusion of staff in our teleservice centers to significantly reduce 800 Number wait times, to 12 minutes in FY 2025. The Budget will also expand staffing and overtime in the DDSs, yielding an expected 185,000 more initial disability claims processed and over 100,000 more reconsiderations than we estimate processing in FY 2024. We will focus on those customers waiting the longest for a decision, which will pave the way for dramatic improvements in average processing time. The Budget also includes the resources needed to reduce the hearings backlog and prevent its recurrence as we work down the initial claims backlog.

IN CONCLUSION

The American people worked their whole lives to earn the benefits of Social Security — and those benefits include the right to an appropriate level of customer service. I have every confidence that a restoration of service levels at Social Security — here and now — will produce a dividend of trust for generations to come.

Let me say, finally, on behalf of the agency, how grateful I am for the funding level proposed in the FY 2025 President's Budget. This additional funding will be a huge help in our mission to provide the American people with a level of customer service for which they've already paid, but have in recent years consistently been denied.

I look forward to answering your questions.

And it is my great honor to serve the people of our republic in my capacity as their Commissioner of Social Security.

— Martin O'Malley