



**APPROPRIATIONS COMMITTEE  
SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,  
EDUCATION, AND RELATED AGENCIES**

**UNITED STATES HOUSE OF REPRESENTATIVES**

**FEBRUARY 26, 2015**

**STATEMENT FOR THE RECORD**

**CAROLYN W. COLVIN  
ACTING COMMISSIONER  
SOCIAL SECURITY ADMINISTRATION**

Chairman Cole, Ranking Member DeLauro, and Members of the Subcommittee:

Thank you for the opportunity to update you on the Social Security Administration's (SSA) appropriations and what we are doing to successfully leverage our resources to provide quality service to the American public, including our seniors and those with disabilities. My name is Carolyn Colvin, and I am the Acting Commissioner of Social Security.

We are grateful for the funding Congress has provided in fiscal years (FY) 2014 and 2015. Our record shows that when we receive adequate, sustained, and predictable funding, we deliver on the investment. We provide services to almost 48 million retirement beneficiaries and about 15 million disability beneficiaries, including eligible family members. We are among the most efficient and effective agencies in the Federal Government—our discretionary administrative costs are about 1.3 percent of benefit payments we pay under the Old-Age, Survivors, and Disability Insurance and Supplemental Security Income programs. This is critical because we will issue nearly one trillion dollars in payments this year. We are a vital part of the economy, and our people and programs touch the life of nearly every American.

The FY 2016 President's Budget of \$12.5 billion for our Limitation on Administrative Expenses (LAE) account will help us build upon the progress we are making in addressing wait times and backlogs, reducing improper payments, protecting the public with a variety of anti-fraud initiatives, and attracting, training, and retaining employees who can best serve the public. The President's Budget funding level will allow us to continue to balance our service and stewardship activities. It will also allow us to invest in and leverage technology to modernize our service delivery for the millions of people who count on us.

Our 1,231 field offices are the cornerstones of our service delivery and we are fully committed to providing face-to-face service to people who want or need it. Thanks to the funding we received in FY 2015, Social Security offices nationwide will be open for an additional hour every weekday except Wednesday, effective March 16, 2015. We appreciate the important role our field offices serve in the community, as more than 40 million people visited our offices in FY 2014.

We are also improving our National 800 Number, which remains a critical part of our service delivery. Currently our 800 automated phone service is available 24 hours each day and callers can talk to a representative 12 hours during each business day. Our National 800 Number received over 37 million calls last year. The FY 2016 Budget will allow us to significantly decrease wait times and busy signals on our 800 number.

Customer expectations are evolving due to changes in technology, demographics, and other factors. Each year, we see greater numbers of people across all demographic segments doing business with us online. About 45 percent of our 16.8 million customers who have registered for a [my Social Security](#) online account are over the age of 60. In FY 2014, we received more than half of all Social Security retirement and disability applications online, including over 72 percent of Medicare applications.

We will continue to expand the online services we offer, including making additional services available through our [my Social Security](#) portal. This month, we announced that registered users can securely obtain a replacement SSA-1099 for tax purposes that shows the amount of benefits paid in the previous year. Other online service efforts include developing a secure Internet Social Security Replacement Card application for U.S. citizens age 18 and over, adding our replacement Medicare Card services to our [my Social Security](#) portal, and providing

our SSI recipients with online options. We are also developing the capability for *my Social Security* users to download data from their Social Security Statement to assist them in financial and retirement planning.

I am very concerned about the growing backlog of disability appeals hearings. Several years of budget constraints, exceptionally high levels of hearing requests, and the inability to hire Administrative Law Judges (ALJs) as we awaited a new ALJ register, have challenged our ability to keep up with hearings requests. As a result, the average wait time and the number of claimants waiting for a hearing decision are increasing. With the FY 2016 President's Budget, we will be able to continue to hire more ALJs and support staff and we expect to complete a record 829,000 hearings. We will also begin to reduce the volume of pending hearings, and position ourselves to start reducing hearings processing times in FY 2017.

However, resources alone will not be enough to address our backlogs. The current ALJ hiring process has not operated as efficiently as needed to fill vacancies. The Administration is creating a workgroup, including SSA, the Administrative Conference of the United States (ACUS)<sup>1</sup>, and the Office of Personnel Management (OPM), to review the process of hiring ALJs and to recommend ways to improve the hiring process. In addition, within our agency we are looking into ways we can process our backlogs as efficiently as possible.

We remain committed to protecting the integrity of our programs. Our continuing disability reviews (CDRs) and SSI redeterminations save billions of program dollars with only a small investment of administrative funds. With the President's Budget, we plan to complete approximately 908,000 CDRs and 2.6 million redeterminations in FY 2016. Current estimates

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<sup>1</sup> The Administrative Conference of the United States is an independent Federal agency dedicated to improving the administrative process through consensus-driven applied research, providing nonpartisan expert advice and recommendations for improvement of federal agency procedures. Its membership is composed of innovative federal officials and experts with diverse views and backgrounds from both the private sector and academia.

indicate that CDRs conducted in FY 2016 will yield a return on investment (ROI) of about \$9 on average in net Federal program savings over 10 years per \$1 budgeted for dedicated program integrity funding. This includes Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare, and Medicaid program effects. Similarly, SSA estimates indicate that non-medical redeterminations conducted in FY 2016 will yield a ROI of about \$4 on average of net Federal program savings over ten years per \$1 budgeted for dedicated program integrity funding, including SSI and Medicaid program effects.

To combat fraud, we have 27 Cooperative Disability Investigation (CDI) units as of FY 2014, and plan to open five new units in FY 2015 and another five new units in FY 2016. According to the Office of the Inspector General, in FY 2014, CDI efforts nationwide generated estimated savings of \$337 million to our disability programs and over \$252 million to other programs, such as Medicare and Medicaid.

We continue to strengthen our disability program and test innovative strategies to help people with disabilities remain in the workforce. We plan to begin testing early intervention strategies, gearing our initial efforts toward people with mental impairments between the ages of 18-50 who may be likely to end up on disability benefits. By providing medical-vocational services prior to benefit receipt, we can evaluate whether such services can effectively help individuals with these impairments remain and succeed in school or the workforce, and perhaps avoid or delay a need for disability benefits. Building on bipartisan support for early intervention in FY 2015, the FY 2016 Budget includes \$50 million in research to support our early intervention demonstration efforts, as well as a legislative proposal for an additional \$350 million for additional demonstrations in FYs 2017-2020.

We have achieved great success when our can-do attitude is matched with sufficient resources. In FYs 2011 through 2013, we lost about 11,000 Federal and State employees due to budget cuts culminating in sequestration. Even though we worked as hard as we could to mitigate these losses through automation and business process changes, our service suffered. In FY 2014, we were able to hire new employees to replace half of our staffing losses since FY 2011, and nearly 40 percent of our SSA hires are veterans. We are beginning to see the results of these hires in FY 2015. In addition, with more state Disability Determination Service (DDS) employees hired, we are able to better balance service and stewardship by increasing the volume of CDRs completed while maintaining claims work.

With the FY 2015 appropriation, we are continuing to hire mission-critical staff in our field offices and teleservice centers, and hire more ALJs and support staff in our hearing offices. We will continue to actively recruit qualified veterans and people with disabilities. As we bring these new employees onboard, we will continue to be customer focused in order to provide compassionate service to millions of Americans, including the elderly and those with disabilities.

It is imperative that we maintain our momentum in positioning our agency for future success. Sustained and adequate funding will help us meet our challenges and enable us to continue to provide service the public expects and deserves. I thank the Subcommittee for their continued support, and I will be happy to answer any questions you may have.