Statement for the Record by Max Richtman, President and CEO
National Committee to Preserve Social Security and Medicare
10 G Street, N.E. Suite 600
Washington, DC 20002
House Committee on Ways and Means
Subcommittee on Social Security
Hearing on the State of Social Security's Information Technology

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On behalf the millions of members and supporters of the National Committee to Preserve Social Security and Medicare, I want to thank Subcommittee Chairman Johnson and Ranking Member Becerra for inviting me to testify and for holding this hearing to review the state of the Social Security Administration's (SSA) information technology (IT). If there is one thing that we can all agree on, it is how important it is that the SSA continues to invest in developing and improving its capabilities in this arena. Over the past several years, the SSA has seen the productivity of its employees increase at the rate of 4 percent or more. These increases derive from the unflagging efforts of its 80,000 employees whose capabilities are strengthened by the procedural improvements that are facilitated by IT.

While we follow these matters with interest, we do so more as informed observers than as technical experts. For that reason, we will leave to others the evaluation of the current status of SSA's IT efforts. Our comments today will focus on the interaction between IT developments and service delivery. We believe that SSA should continue to provide excellent service to the American people through new service delivery options that supplement its existing systems of service delivery.

SSA's Current System of Service Delivery

Currently, SSA provides service to the American people through a complementary system of 1,300 local Social Security offices and a nation-wide toll-free 800 telephone system. During Fiscal Year (FY) 2011, 45 million individuals visited the field offices and 63 million were served through the toll-free telephone service system. In addition, SSA paid monthly benefits to nearly 56 million Social Security beneficiaries and to over 5 million individuals who received benefits from the Supplemental Security Income (SSI) program.

SSA completed 4.8 million applications for retirement and survivors claims in FY 2011, along with 3.4 million initial claims for disability benefits. It issued 17 million Social Security cards and recorded 241 million wage reports—W-2's and self-employment earnings reports—that reflected the employment activities of the 160 million workers who contributed to the program.

As these number indicate, the activities of the SSA touch the lives of all Americans, whether during their working lives or during retirement.

Growth in Internet Service

A growing proportion of SSA's workload is being processed over the internet. In fact, in FY 2011, the SSA continued to increase the number of online claims. As a result, 41 percent of retirement claims and 33 percent of disability claims were filed online. In addition to filing online, it is now possible for beneficiaries to use the internet to make a number of changes to their Social Security record. Among them are changes of address and changes to direct deposit information. Clearly, transitioning to greater reliance on the internet to provide service to beneficiaries is an essential element in SSA's service delivery plans. As more and more Americans become accustomed to using the internet and more of them have home computers that are connected to the internet by high-speed service, the more important it is that SSA offer online service delivery options.

Still, the National Committee believes that internet service will not entirely supplant service provided through SSA's traditional systems of service delivery through local offices and toll-free teleservice. Limiting the suitability of internet service is inconsistent availability of high-speed connectivity in the United States. A recent report by the Congressional Research Service (CRS)[1] has found what it characterizes as a "digital divide" in the United States. This divide stems from the fact that the availability of broadband service is much greater in higher-income urban and suburban areas than in rural and low-income areas. Similarly, the Census Bureau[2], in its October 2010 survey data, found that only 68 percent of households have adopted broadband internet service. The CRS report concluded that about 14 million people in the United States living in 7 million households do not have access to broadband service.

While the National Committee applauds the SSA in its efforts to make more and more services available over the internet, we must not lose sight of the needs of those who do not have access to the internet, whether because of where they live, because they cannot afford the cost associated with such access, or are not comfortable using it. For these Americans, local Social Security offices and the toll-free telephone service remain vital lifelines.

Social Security Statements

Any catalogue of SSA's recent IT successes must include the very-recently completed project to make Social Security statements available online. This new service is supported by a process for obtaining a user name and password that appears to us to be both secure and simple to use. The resulting access to the Social Security statement will make it easier for all Americans to plan for their retirement and facilitate financial advisors in providing advice to their customers.

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[1] Congressional Research Service: "Broadband Internet Access and the Digital Divide: Federal Assistance Programs. Washington, D.C., March 13, 2012.
[2] Ibid., p. 2.

The Social Security statement is one of the many enduring legacies left to the nation by one of its most distinguished lawmakers, Senator Daniel Patrick Moynihan of New York. He regarded the statement as a simple and efficient way of building public support and understanding for Social Security. Senator Moynihan's simple, common sense provision has been highly successful. According to the bi-partisan Social Security Advisory Board, "SSA's public survey data has shown a link between increasing public confidence and receipt of a statement. People who receive a statement not only experience higher knowledge of Social Security than non-recipients, but also exhibit…greater confidence that the program still will be there for them when they need it."[3]

Despite the availability of an online statement, however, we strongly oppose viewing it as an acceptable substitute to delivery via mail of a statutorily-required SSA-initiated statement. The reason for our view is the belief that many Americans, knowing little about Social Security, will be unaware of the statement's online availability and thus will never request one.

Educating the public about Social Security has always been one of the principal objectives of the SSA, and so it continues today. Annual delivery of paper statements should resume immediately. The Commissioner of Social Security shouldn't have to choose between delivery of Social Security statements and the completion of the Agency's other vitally important functions.

SSA's Administrative Budget

That leads us to the SSA's administrative budget. The SSA has requested a total of $11.9 billion to cover its operations in FY 2013. Despite its enormous workloads and challenges, its FY 2013 request is only modestly higher than the amount the Congress appropriated for FY 2012. We strongly urge that the Agency's budget be fully funded. Due to lower-than-requested funding, the SSA has had to reduce its staff substantially in recent years. It estimates that staffing losses in 2012 will be on the order of 3,000 employees. These reductions come on top of the over 4,000 employees it lost in FY 2011.

Although these reductions were achieved through attrition, the effect on some local offices has been harsh. Some offices report very significant staffing losses, which translate into longer waits for service and increased busy signals when the public calls local offices. To further offset the harmful consequences of reduced funding, the SSA has cut back significantly on overtime, has closed its offices to the public 30 minutes early each day and has stopped visiting remote service sites to save travel time and costs.

The National Committee believes it is time for the Congress to provide adequate funding to the SSA so that it can perform the invaluable services it provides to all Americans. Cuts to Agency staffing have been deep and threaten to affect the quality and timeliness of the service it provides. We call on the Congress to appropriate the amount the Agency has requested for FY 2013.

[3] Social Security Advisory Board, "The Social Security Statement and How It Can Be Improved, August 2009, p. 9.

Direct Deposit

Another technological advance that has proven to be beneficial to all Americans is the development of direct deposit. This safe and convenient service, through which most of our paychecks and government benefits are transferred into our bank accounts, is one more example of how technology improves our lives.

Convenience and security, along with the administrative savings associated with the use of direct deposit, have led to administrative rules, promulgated by the Treasury Department, requiring that most government payments, including Social Security and Supplemental Security Income (SSI), be made through direct deposit or, for those who have no bank account, other electronic benefit payment systems.[4] These rules were implemented for individuals filing for benefits on or after May 1, 2011. Beginning March 1, 2013, almost all Social Security and SSI beneficiaries will be required to receive payment of their benefits through direct deposit or the Treasury Department's Direct Express Debit MasterCard program.

The changeover will affect about 4 million individuals, divided evenly between Social Security and SSI, almost all of whom are either severely disabled or elderly. Many of them will be frail elders who will find a transition of this nature difficult at best, and it is important that the rules that govern such a change be handled with sensitivity and compassion.

Unfortunately, the rules promulgated by the Treasury Department appear to fall short of these standards. While we are pleased that beneficiaries who are over the age of 90 have been exempted, we are concerned about the process the Department established for handling two other exemptions that it agreed to include in its final rules.

These exemptions, or waivers, as they are called, apply to current Social Security and SSI beneficiaries who are under the age of 90 as of March 1, 2013 and who are in one of two categories. First, there are those who ask to continue to be paid by a paper check by certifying that they believe that direct deposit would "…impose a hardship because of the individual's inability to manage an account at a financial institution or a Direct Express card account due to a mental impairment, and Treasury has not rejected the request."

The second basis for continuing to be paid by a paper check would apply to individuals who file a waiver request certifying that payment by direct deposit would impose a hardship "…due to the individual living in a remote geographic location lacking the infrastructure to support electronic financial transactions, and the Treasury has not rejected the request."

There appears to be little in the way of public information about these waivers on either the Treasury's or SSA's websites. We could find guidance about them only in the Treasury regulations, and the process they describe seems to us to be unduly onerous. Again, quoting from the Treasury regulations, individuals requesting waivers because of mental incapacity or geographic remoteness "…shall provide a certification supporting that request in such form that Treasury may prescribe. The individual shall attest to the certification before a notary public or otherwise file the certification in such form that the Treasury may prescribe."

[4] 31 CFR, Chapter 11, section 208.

It seems to us that the adjudicative process contemplated by Treasury in its regulations lacks compassion and sensitivity. Requiring frail elderly or disabled individuals to appear before a Notary Public to swear they are mentally impaired or are living in a remote geographical area just to continue to receive a paper check is wrong. Such policies completely disregard the limitations of this population and are significantly disproportionate to any financial advantage that might accrue to the government from them.

We are concerned that there appears to be no apparent role for the SSA in the processing or handling of these waiver requests. Given the number of elderly beneficiaries who will be affected by the elimination of paper checks, the volume of waiver requests could be substantial. For example, if only 10 percent of the affected population ask to continue to be paid through a paper check, Treasury would have to adjudicate 400,000 waiver requests. From information available now, it is not clear whether the Treasury Department would handle them alone or whether they contemplate assistance by the SSA. We also know of no plans on the Treasury Department's part to work with advocates for the elderly and the disabled to assist in this transition.

Given the large number of frail elderly and disabled beneficiaries who will be affected by the elimination of paper checks, we ask this Committee to focus its attention on the matter. We recommend that the Subcommittee hold a hearing focusing on how the Treasury Department plans to handle the transition. In any event, a role for the local Social Security offices should be defined in handling this final phase in the transition to direct deposit.

Conclusion

To conclude, Mr. Chairman, we applaud the efforts of the SSA to develop new IT applications that will enhance its ability to perform the vitally important services that it provides to all Americans. As the ability and inclination to use technology diffuses through the population of the United States, providing services through the internet or through other IT applications will become increasingly important.

Still, we must not lose sight of the important role of SSA's local offices and its toll-free phone service in providing service to the public, especially those who live in parts of the country where high-speed internet service is not readily available, who are unable to afford the costs associated with home ownership of computers and internet access, or are uncomfortable with using the internet.

It is the view of the National Committee to Preserve Social Security and Medicare that for the foreseeable future SSA's network of community-based field offices and its toll-free telephone service will remain central to its ability to serve all Americans. That's why we believe it is so important that SSA be well-funded by the Congress.