



Committee On Finance

Max Baucus, Ranking Member

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**Opening Statement of U.S. Senator Max Baucus (D-Mont.)
Administrative Challenges Facing the Social Security Administration
Hearing Before the Senate Finance Committee**

The British Prime Minister William Gladstone said: "Justice delayed is justice denied."

Today we examine two causes of delay in receiving Social Security benefits — the first longstanding, and the second potential. Today we ask whether Americans are having to wait too long to receive their Social Security disability benefits.

The first cause of delay results from inadequate funding for Social Security's administrative expenses. And the second delay could result from pending immigration legislation that would place yet more responsibilities on Social Security.

Some who apply for the Social Security disability program and the disability portion of Supplemental Security Income have had to wait three to four years to get their benefits. One of our witnesses today is Erwin Hathaway. Erv is from Trego, Montana, in the northwest corner of the state. Erv suffered a severe, disabling ankle injury. But Erv had to wait nearly 4 years until he finally received his benefits. That is unconscionable.

People with disabilities often cannot work. They often have no earnings. And yet they may have to wait for four years to get their benefits.

People with disabilities have it hard enough. They often have to live with pain and discomfort. That burden should not be added to by delays in the delivery of needed benefits.

At her confirmation hearing, Commissioner Barnhart committed to me that she would study why it takes so long for applicants to get their benefits, and report back to me in six months. The findings were eye-opening.

It took 1,153 days — more than 3 years — for some applicants to get their benefits. But of that time, only about 7 days were actually spent by Social Security employees doing the necessary work.

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The huge backlogs of cases caused about half of the remaining delays. And despite the Commissioner's best efforts, these backlogs have grown. When the Commissioner took office at the end of 2001, a backlog of nearly 400,000 cases were pending before administrative law judges. At the end of this fiscal year, the backlog is expected to be about 750,000 cases. That's a line three-quarters of a million people long.

To get disability benefits to people who need them more quickly, we must reduce these backlogs. That means more efficiency, which the Commissioner is working on. But it also means more money to reduce the backlogs.

The Commissioner has done a good job of getting the Administration to request appropriations each year, that if enacted, would have reduced these backlogs. But each year, Congress has cut the appropriations for Social Security well below the President's request.

By and large, however, the cuts in the requested funds have not been the fault of the appropriators. The President's budget requests have included significant cuts in education, health, and labor programs that compete for Social Security funding. The subcommittees have been forced to rob Social Security's account to restore other accounts.

But this year, the situation has deteriorated even further, for four reasons. First, the total appropriation for Social Security's administrative costs is about \$300 million below the President's request.

The other three reasons for the deterioration were unanticipated. First, Social Security had unanticipated expenditures because of the damage caused by hurricanes Katrina and Rita.

Second, the implementation of the Medicare drug benefit has created unanticipated burdens for Social Security. The administration has made the drug benefit program more confusing than it had to be. Many seniors turned for help to Social Security, not the Centers for Medicare and Medicaid Services.

As a result, the busy signal rate for Social Security's 800 number skyrocketed. Social Security's field offices have been inundated with extra visitors seeking assistance. Phone calls to the field offices have increased. Social Security had to divert workers from other workloads to answer the questions of all of these additional callers and office visitors.

Third, as a result of the Intelligence Reform and Terrorism Prevention Act of 2004, Social Security has unanticipated costs. Social Security now has to ask for a different method of documentation before giving an individual a Social Security card. Therefore, a full third of applicants do not have the right documents when they visit the field offices now. So they must make return visits. This adds to Social Security's workload.

As a result of these three unanticipated problems, backlogs are getting worse, and with them, delays in benefits for people with disabilities.

The bottom line is that Social Security needs more money for administrative costs right now. Unfortunately, it is too late to reschedule any more Continuing Disability Reviews this year. But it is not too late to provide Social Security with the capacity to use \$80 million for additional overtime this year. These funds could begin to reduce the backlog of cases that result from the three unanticipated costs I just described. And I will be looking for a way to provide for these funds through new legislation.

Now on top of this, another important administrative challenge is about to face Social Security: immigration. The Judiciary Committee has been debating legislation to change our nation's immigration policies. And the House has already passed immigration legislation. Some of these immigration proposals would place additional responsibilities on Social Security.

One proposal has to do with Social Security's role in verifying that a job applicant is eligible to work in this country. The current process can involve the use of the Social Security card. But it is vulnerable to fraud. Counterfeiters can create a brand new card or a card that mimics someone else's legitimate card.

One proposal is to mandate that all employers use a system called the Basic Pilot. Basic Pilot provides employers with electronic access to Social Security system. This access can verify whether the employees' Social Security cards are legitimate cards. And this access can verify that the numbers on the cards match the names given by the applicants. But this access cannot confirm that the individuals with the cards are who they say they are.

In theory, Basic Pilot seems like a good idea. But in practice, as GAO and others have indicated, Basic Pilot does not appear to be ready to be made mandatory for all employers in America.

The system is not reliable, currently. It may have a huge cost to employers. It may create new incentives for identity theft of someone else's card and number. It may endanger personal information. And it may raise civil liberty concerns.

I understand these concerns. And I also understand the need to make sure that we enforce our immigration laws. That is a difficult balance to achieve. I will be interested to hear our witnesses discuss how we can achieve that balance.

To avoid adding to backlogs, any new responsibilities placed on Social Security must be accompanied with resources to accomplish the tasks. And the Social Security Trust Funds must not be compromised.

I look forward to hearing from our witnesses about these challenges for Social Security. And I look forward to hearing how to balance the competing concerns about Social Security's role in the immigration debate. I look forward to hearing how we can reduce the backlogs. And I look forward to hearing how we can ensure that Americans with disabilities will promptly get the benefits that they justly deserve.

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