

STRENGTHEN SOCIAL SECURITY

...don't cut it.

Social Security's Services to Michigan Residents Are under Threat

Millions of Americans rely on the world-class services provided by the Social Security Administration (SSA) each year. In addition to administering the nation's primary retirement, disability, and life insurance program, SSA oversees more than 1,000 field offices in all 50 states, the District of Columbia, and other U.S. territories. Social Security is diligently and prudently managed, with administrative expenses accounting for less than one penny of every dollar spent (0.7 percent).¹ Yet, even as the population ages and the agency's workload rises to record highs, Congressional budget cuts have reduced SSA's already modest operating budget by 10 percent (adjusted for inflation) over the last six years.²

These cuts are unwarranted and wrong—Social Security is entirely self-funded, and administrative costs are paid directly from its revenues (the vast majority of which come from covered workers' payroll contributions). And field office closures and staff reductions forced by these cuts are especially harmful: Michigan residents depend on SSA's services at critical moments in their lives, when reliable and in-person service is most essential. To ensure that Michigan residents and Social Security beneficiaries continue to receive the world-class services that they have paid for, Social Security's administrative budget should be restored to full funding, as requested in the President's budget.

Field Office Closures and Staff Reductions Harm Michigan Residents

SSA provides critical, in-person services for all Michigan residents and Social Security beneficiaries through its wide network of field offices. These field offices provide detailed and, often, personalized assistance to Michigan residents who are applying for or already receiving Social Security's retirement, disability, and survivors' benefits. Staff at these offices also provide routine services such as processing name changes and providing replacement Social Security cards to Michigan residents. Furthermore, field office staff assist low-income seniors and people with disabilities apply for Supplemental Security Income (SSI), the federal welfare benefit also administered by SSA. And they provide assistance with other governmental programs, by helping beneficiaries enroll in Medicare and for the Supplemental Nutrition Assistance Program (SNAP).

Cuts to SSA's operating budget have already resulted in office closings, reduced hours at remaining offices, and staff reductions. **Since 2011, 1 field office has been closed, and SSA has lost 506 employees in Michigan.**³ These reductions have placed added strain on the remaining field offices and staff, who must handle growing workloads with fewer resources. And SSA's national network of mobile offices has been virtually eliminated, greatly reducing the accessibility of its in-person services for Michigan residents who do not live near a field office. As a result, SSA's field services to Michigan residents have suffered, with increased wait times both in offices and on phone calls to local offices.

The majority of Michigan residents 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, Michigan residents 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.

Although SSA is rightly supplementing the services it provides in its field offices 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. Michigan residents applying for Social Security benefits or SSI, who are often elderly or have disabilities, may not have the resources necessary to utilize online services. Others may have questions or concerns too complex to navigate online or over the phone. For Michigan residents and Social Security beneficiaries, the services provided by SSA's field offices are irreplaceable, and should not be cut.

SSA Budget Cuts Hurt Michigan Workers with Disabilities

In addition to its own field offices and staff, SSA provides funding for state Disability Determination Services (DDS), which oversee the long and complex qualification process for Social Security's Disability Insurance (SSDI) benefits and SSI benefits. As a result, cuts to SSA's operating budget are especially harmful to Michigan workers and residents who have experienced a severe and life-altering disability.

Disability is a risk all Americans face—an estimated 1 in 4 of today's 20-year-olds will become disabled before reaching their full retirement age—and for the vast majority, Social Security is the most important, if not the only, source of disability insurance.⁴ Eligibility criteria are strict, and applicants must prove that their disability prevents them from obtaining gainful employment of any kind, and that it is expected to last at least a year or end in death.⁵

The process of qualifying for SSDI benefits is intensive and time-consuming, and cuts to 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 Michigan have been reduced by 13 percent.**⁶ Most applications for SSDI are initially rejected, and some rejected applicants choose to appeal.⁷ As a result, **in Michigan, there are 41,466 applicants awaiting a final decision in FY 2016.** This backlog causes added delays in the disability determination process—**in Michigan, the average processing time for an eligibility hearing is 498 days, or roughly 16.6 months before an application is approved or rejected.**⁸

These staff cuts and hearing backlogs are unduly harmful to Michigan residents who apply for SSDI benefits, regardless of whether their applications are ultimately approved or rejected. As they await their decisions, applicants have very little financial security due to their loss of wage income, and their conditions often worsen.⁹ For those who are ultimately rejected and attempt to return to work, finding a job is made even more difficult, and sometimes impossible, by the many months spent out of the workforce.

Cuts to SSA's Services Are Unnecessary—And Unpopular

Not only are cuts to SSA's budget harmful to Michigan residents and Social Security beneficiaries, they are unnecessary. Unlike the majority of government programs, 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.¹⁰ 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 over the last six years, Social Security's administrative costs only accounted for less than one penny of every dollar spent (0.9 percent).¹¹ 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.

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 having access to a local field office—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. And 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.¹²

Cuts to SSA's services in Michigan are unnecessary and harmful. Michigan workers and Social Security beneficiaries have paid for these services, and they value them highly. To ensure that Michigan 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 as requested in the President's budget.¹³ Doing otherwise would only place further, unnecessary burdens on SSA's ability to provide world-class, in-person services to Michigan residents and Social Security beneficiaries.

¹ Administrative expenses accounted for about 0.7 percent of total program expenditures in 2015. Social Security Trustees, *2016 Social Security Trustees Report*, June 2016. <http://www.ssa.gov/oact/tr/2016/tr2016.pdf>

² 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>

³ 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.

⁴ Social Security Administration, "Fact Sheet: Social Security," accessed September 2, 2016. <https://www.ssa.gov/news/press/factsheets/basicfact-alt.pdf>

⁵ Social Security Administration, "Disability Benefits," May 2015. <https://www.ssa.gov/pubs/EN-05-10029.pdf>

⁶ 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>

⁷ 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>

⁸ Months estimated by dividing average processing time by 30. National average hearing processing time: Social Security Administration, "Annual Performance Report, 2015-2017." https://www.ssa.gov/agency/performance/2016/FINAL_2015_2017_APR_508_compliant.pdf. State average processing time: 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>

⁹ 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>

¹⁰ 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

¹¹ 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>

¹² 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>

¹³ Social Security Administration, "Social Security FY 2017 Budget Fact Sheet," accessed September 2, 2016. <https://www.ssa.gov/budget/FY17Files/2017BFS.pdf>