

July 11, 2011

(Remarks as Prepared)

Social Security disability benefits are an earned benefit that is a vital source of income for severely disabled workers. Social Security disability benefits are earned – only workers who pay into Social Security are eligible to receive them. Disability benefits are modest – less than \$13,000 a year for the average beneficiary, or \$22,000 if the worker has children and a spouse. For more than four out of ten disabled workers, Social Security provides almost their entire income. Three-quarters of disabled workers live in families with total family income of less than \$15,000 in 2001, and 20 % are living below the poverty line.

Although it often takes the Social Security Administration (SSA) longer than is reasonable to make a decision, our Social Security disability program generally ensures that disabled workers get the benefits they earned, and that those who do not qualify are denied.

Social Security has extremely strict eligibility rules. To qualify, a worker's illness or impairment must be so severe it prevents him/her from working and earning more than \$1,000 a month and the case must be documented with medical and vocational evidence. At every level, from initial application to the appeal before an independent judge, adjudicators must follow the law regarding eligibility.

Last year, SSA made decisions on approximately 3 million initial applications for disability benefits and reviewed 1.4 million appeals of denied claims, including 620,000 determinations by SSA's independent Administrative Law Judges (ALJs). About 35 percent of applicants (about 1 million people) were awarded benefits based on their initial application. Of those who are denied, historically about half accept the decision and do not file an appeal. Among the 620,000 appeals decided at the ALJ hearing level: 61% of those who appealed (about 378,000 people) were able to present evidence proving that they were entitled to benefits. Without Social Security's independent appeals process, they and their families would have been denied

benefits they earned through work. The remaining 39% (about 242,000 people) were not awarded benefits – either they did not meet the disability criteria, or their appeal was dismissed for other reasons. That, too, shows that the system works. Of the people who apply for disability benefits each year, about half are eventually awarded benefits.

As the backlog of disabled workers waiting for appeals hearings shows, budget cuts for SSA have consequences. The latest round of Republican budget cuts will have consequences, too.

One particular problem area in the Social Security disability program has been the long delays claimants experience while waiting to hear if they will receive disability benefits, particularly for those who appeal.

SSA has been able to use the resources our Committee worked on a bipartisan basis to provide, starting in 2008, to significantly reduce waiting times for disability appeals. Waiting times have dropped from a high of 535 days in 2008 to an average of 354 days in May, 2011.

Instead of helping SSA continue reducing waiting times, Republicans this year chose to cut SSA's operating budget by \$1 billion below what the agency needed to keep up with incoming claims and continue its efforts to reduce wait times. I am increasingly worried that these cuts will undo this hard-won progress, and worsen the hardship and suffering of very ill and disabled people.

Already, SSA has had to abandon its plan to open eight new hearing offices this year – offices that could process thousands of appeals to ensure that deserving applicants are paid the benefits they are due. SSA is also losing personnel who help process approved claims, because these budget cuts mean SSA can't replace workers who retire or otherwise leave.

We should be very cautious about making changes that might deny claimants due process, especially since we have mechanisms in place that can address those ALJs who are found not to be complying with SSA's rules and regulations.

Although judges have "decisional authority," they are required to follow the law and SSA

procedures about conducting hearings. When they do not, SSA has the authority to remove the judge and it should do so.

Commissioner Astrue has increased SSA's use of the Merit Systems Protection Board to remove judges that flagrantly violate the rules, as is appropriate.

SSA can improve its quality assurance system without any legislative changes. It is particularly important for judges to receive ongoing training and oversight to make sure they know this complex area of law and are treating all claimants fairly.

Last month, Chairman Johnson and I wrote to the Social Security Inspector General asking him to review SSA's management and oversight of ALJs, with a particular focus on judges whose productivity or decision-making appears to differ greatly from their peers. Rather than rushing to judgment based on news reports, we should wait for the results of that review.

We also asked the Inspector General to evaluate whether SSA is effectively using management controls to ensure that ALJs follow agency policies, as they are required to do.

I look forward to receiving their recommendations on how we can remove the anomalies in our fundamentally effective Social Security disability system.