

Opening Statement of Social Security Subcommittee

Ranking Member Xavier Becerra

Social Security Subcommittee Hearing on the Direct Deposit of Social Security Benefits

Committee on Ways and Means

(Remarks as Prepared)

“Overall, the transition to electronic payments has been a success. Ninety four percent of Social Security recipients and eight two percent of Supplemental Security Income (SSI) recipients now get their payments electronically. For millions of Americans, electronic payment has helped them receive their earned benefits faster and more securely.

“Paying electronically has also saved money for the Social Security Trust Fund – the Department of the Treasury currently estimates that Social Security saves almost a dollar every time they issue a payment electronically instead of mailing a paper check.

“We need better information on why a significant number of current and new beneficiaries are not getting their benefits electronically.

“Current regulations require nearly all benefits to be paid electronically starting in March 2013, but about six million Americans, including many who just started receiving benefits, still get paper checks.

“We know broadly that some people don’t have bank accounts and some people just don’t like electronic payment. About one in ten new applicants for benefits decline to receive payment electronically, but Treasury and Social Security Administration (SSA) are not collecting information on this group of applicants or why they continue to want paper checks.

“We also know that a small but significant number of very vulnerable Americans have had trouble accessing their benefits after switching to electronic payment.

“Beneficiary advocates, SSA staff, and beneficiaries themselves all report significant problems reaching the customer service office that services Direct Express, the Treasury-sponsored debit card for beneficiaries without a bank account. When they do get through, the representatives are not always helpful.

“About three percent of Direct Express cards were reported lost or stolen in 2011. When a beneficiary loses a paper check, the local Social Security office can immediately stop payment on the check and issue an emergency benefit payment of up to \$999 to tide the recipient over until the check can be reissued. When an electronic payment is lost, the beneficiary can’t access any of their money until Treasury electronically traces the original payment, a process which can take several weeks.

“The regulation allows people who can demonstrate that electronic payment would be a hardship to request exemptions, but the current waiver process is so bureaucratic that very few people have successfully navigated it.

“Just mailing these Americans debit cards with their benefits is clearly not the right answer, but we don’t have enough information to know what is. We need that information, and we need it soon.

“I support electronic benefit payments, but our number one goal has to be making sure every single American receives the Social Security benefits he or she earned on time. Electronic payment is increasingly the way that individuals and businesses conduct transactions, delivering benefits faster and more securely.

“I take my responsibility to protect the Social Security Trust Fund very seriously. That means we need to use worker contributions wisely, including paying benefits in the most cost-effective way, which is usually electronic payment. But it also means we need to act on the warnings from Social Security’s Inspector General that the shift to electronic payment has made seniors more vulnerable to some new fraud schemes.

“And the bottom line for Social Security is always to pay people the benefits they earned, on time, and in full. Americans rely on their payments from Social Security, and delays, even small ones, can cause serious hardship.

“The average Social Security benefit for a retiree is about \$15,000 a year, and six out of 10 seniors rely on Social Security for the majority of their income. About half of disabled workers receiving Social Security and nearly all recipients of Supplemental Security Income are below the poverty line, even with their benefits.

“Mr. Chairman, I look forward to working with you, the Social Security Administration, the Department of the Treasury, and the experts on our panel to get the information we need and help Social Security get people their benefits quickly, securely, and cost-effectively.”