



COMMITTEE ON APPROPRIATIONS

**SUBCOMMITTEE ON LABOR, HEALTH AND HUMAN SERVICES,
EDUCATION, AND RELATED AGENCIES**

UNITED STATES SENATE

MARCH 9, 2011

STATEMENT FOR THE RECORD

**MICHAEL J. ASTRUE
COMMISSIONER
SOCIAL SECURITY ADMINISTRATION**

Chairman Harkin, Ranking Member Shelby, and Members of the Subcommittee:

Thank you for the opportunity to discuss the President's fiscal year (FY) 2012 budget request for the Social Security Administration.

For over 75 years, Social Security has touched the lives of virtually every American, whether it is after the loss of a loved one, at the onset of disability, or during the transition from work to retirement. Our programs provide a safety net for the public and contribute to the increased financial security for the elderly and disabled. Each month, we pay more than \$60 billion in benefits to almost 60 million beneficiaries. These benefits not only provide a lifeline to our beneficiaries and their families, but also are vital to the Nation's economy.

Americans request a staggering amount of service from our agency. We respond to their needs through a network of 1,500 offices that provide service to local communities across the country. Nearly all of our employees work in these local offices where they do a wide range of work including issuing Social Security cards, handling applications for benefits, maintaining workers' earnings records and the accuracy of our benefit records, deciding appeals, answering our 800 number, and assisting with Medicare.

In FY 2010 we:

- Completed 4.7 million retirement and survivors claims;
- Completed 3.2 million initial disability claims;
- Served 45.4 million field office visitors;
- Completed over 67 million transactions over the telephone;
- Verified 106.1 million Social Security numbers (CY 2010);
- Issued 17.2 million new and replacement Social Security cards;
- Conducted 325,000 full medical continuing disability reviews (CDRs) and 312,000 work CDRs;
- Completed 2.5 million Supplemental Security Income (SSI) non-disability redeterminations;
- Paid \$1.4 billion in attorney fees;
- Completed 738,000 hearings;
- Defended 12,000 new Federal court cases;
- Facilitated over 1,500 data exchanges with Federal, state, local and foreign government entities as well as some private sector companies;
- Oversaw approximately 5.6 million representative payees;

- Completed 240 million earnings items for crediting to workers' earnings records; and
- Mailed out 152 million Social Security statements.

We have a long-standing and well-deserved reputation as a “can-do” agency. Despite years of under-funding, our hard-working and dedicated employees have done their utmost to maintain the level of service that the American people expect and deserve. We have been innovative and proactive in adopting strategies to allow us to meet the challenges we face. To the extent resources allowed, we have hired and trained staff to handle our increased workloads, and we have used technology to complement our traditional work processes and make them more efficient.

In retrospect, our remarkable successes planted the seeds for many of our current challenges. Congress, confident that those successes coupled with our “can do” attitude meant that we could always find ways to adapt, appropriated less than the President requested each year from 1992-2007. At the same time, requests for our core services rose as the population grew and baby boomers aged, passing through their most disability-prone years before retiring. Even with this new and unavoidable demand, we managed to maintain our high service levels for some time.

Inevitably, though, we could no longer hold out. Unprecedented workloads combined with declining budgets damaged our service delivery. We could not keep up even with a long string of employee productivity increases. Throughout most of the past decade, the amount of program integrity work our employees could keep up with while handling other priority work dropped dramatically, even though we know that program integrity work saves the taxpayer about ten dollars for each dollar spent. The time claimants waited for disability hearings rose to an average of 800-900 days in many cities, and some claimants waited as long as 1,400 days. Waiting times for in-person and telephone service increased, as did the public's and Congress's frustration with us.

Recent accomplishments

In the last three years, we have demonstrated the nexus between adequate funding and our ability to deliver—Congress increased our funding, and we made real and measurable progress. We reversed many negative trends, most notably with the hearings backlog, and significantly improved service and stewardship efforts. We made these improvements even though we have had to absorb huge unexpected increases in workloads due to the worst economic downturn since the Great Depression.

When I became Commissioner, Congress made it clear that I had to reduce the amount of time it takes a claimant to receive a hearing decision. I recognized their concerns and committed to eliminating the hearings backlog. Although we have many pressing workloads, we have never wavered from this top priority, demonstrating what it means to be a results-driven organization.

With your help, we attacked the backlog and made incredible progress in the last four years. We have cut the national average time claimants wait for a hearing decision by one-third, from an all-time high of nearly 18 months in August 2008 to exactly one year in February 2011. We have made the most progress in offices that had the largest backlogs. For example, the Atlanta offices had some of the longest wait times in the country. In the summer of 2007, the Atlanta Downtown office had an average waiting time of 1,020 days, and the Atlanta North office averaged about 900 days. By January 2011, we reduced the wait in the Atlanta Downtown office to 297 days, a 70 percent reduction, and to 307 days in the Atlanta North office, a two-thirds reduction.

During this time, we focused on the most urgent part of the backlog – the oldest, most complex cases. In 2007, we had claimants who waited for a hearing decision for as long as a staggering 1,400 days. Since 2007, we have decided over a half million of the oldest cases. By the end of FY 2010, we had virtually no cases pending for more than 825 days. This year we are focusing on the cases that are 775 days or older, and through January 2011, we have decided over 60 percent of these cases.

We expect that once we eliminate the backlog, we will be able to decide hearings in an average of 270 days. In 2007, 50 percent of the pending hearing requests

were older than 270 days. Today, about 30 percent of our cases are over 270 days, and that percentage continues to drop.

Another indicator of our progress is the number of our administrative law judges (ALJ) who are on pace to meet our productivity expectation to decide between 500-700 cases each year. When we established the expectation in late 2007, only 47 percent of the ALJs were achieving it. By the end of FY 2010, 74 percent of the ALJs met the expectation.

We have made considerable progress, despite the significant increase in disability claims. More disability applications result in more appeals. Last year, we received nearly 100,000 more hearing requests than we received in FY 2009. This trend of increasing claims has continued. In our highest month for hearing requests last year, we received approximately 73,800 requests. This year, that number rose to a record monthly high of about 82,000.

In FY 2010, we handled over 3,161,000 initial disability claims – a record number that is 300,000 more than the year before. Even with this huge increase in determinations, we could not keep up with the number of disability claims we received. The number of pending initial disability cases rose to over 842,000. We have begun working this number down, and as of February 2011, we have reduced the pending claims to 774,000.

The State disability determination services (DDS), the State agencies that make initial disability decisions for us, are not sacrificing quality to gain productivity. The DDSs have steadily increased the accuracy of their decisions since FY 2007. In FY 2010, the DDSs achieved an accuracy rate of 98.1 percent, the highest level in over a decade.

These accomplishments are particularly remarkable considering the unjustifiable—because we fully fund this work—furloughs of disability determination services employees in many States.

To help States with mounting disability claims, we created Extended Service Teams (EST) modeled after our successful National Hearing Centers. The ESTs are located in State DDSs that have a history of good quality and high productivity. These centralized DDS teams are helping us reduce the initial claims backlog as we electronically shift claims to them from the hardest hit DDSs. We have also expanded our Federal capacity to decide disability claims. We currently have 12 Federal units that assist those DDSs most adversely affected by the increase in

initial claims.

Identifying and paying eligible claimants early in the disability process clearly benefits those with severe disabilities and helps our backlog reduction efforts. In FY 2010, we used our fast-track initiatives, Compassionate Allowances and Quick Disability Determinations, to issue favorable disability determinations to over 100,000 disability claimants within 20 days of filing. We implemented these initiatives while maintaining a very high accuracy rate.

In FY 2011, we implemented a new regulation to allow disability examiners to make fully favorable determinations for claimants with the most severe disabilities without consulting a medical professional. This change allows us to decide claims even faster.

Last year, over 45 million people, a record number, visited our field offices across the Nation. Despite the increased number of visitors, we reduced wait times in our field offices over 10 percent from FY 2009.

We completed over 67 million transactions over the telephone – another record number. Callers to our national 800-teleservice centers had the shortest wait time and lowest busy signal rates since we began measuring these services over a decade ago. In the last two years, we cut our busy rate by over half, from 10 percent in FY 2008 to 4.6 percent in FY 2010. We also reduced the time spent waiting for an agent by over 37 percent, from 326 seconds in FY 2008 to 203 seconds in FY 2010.

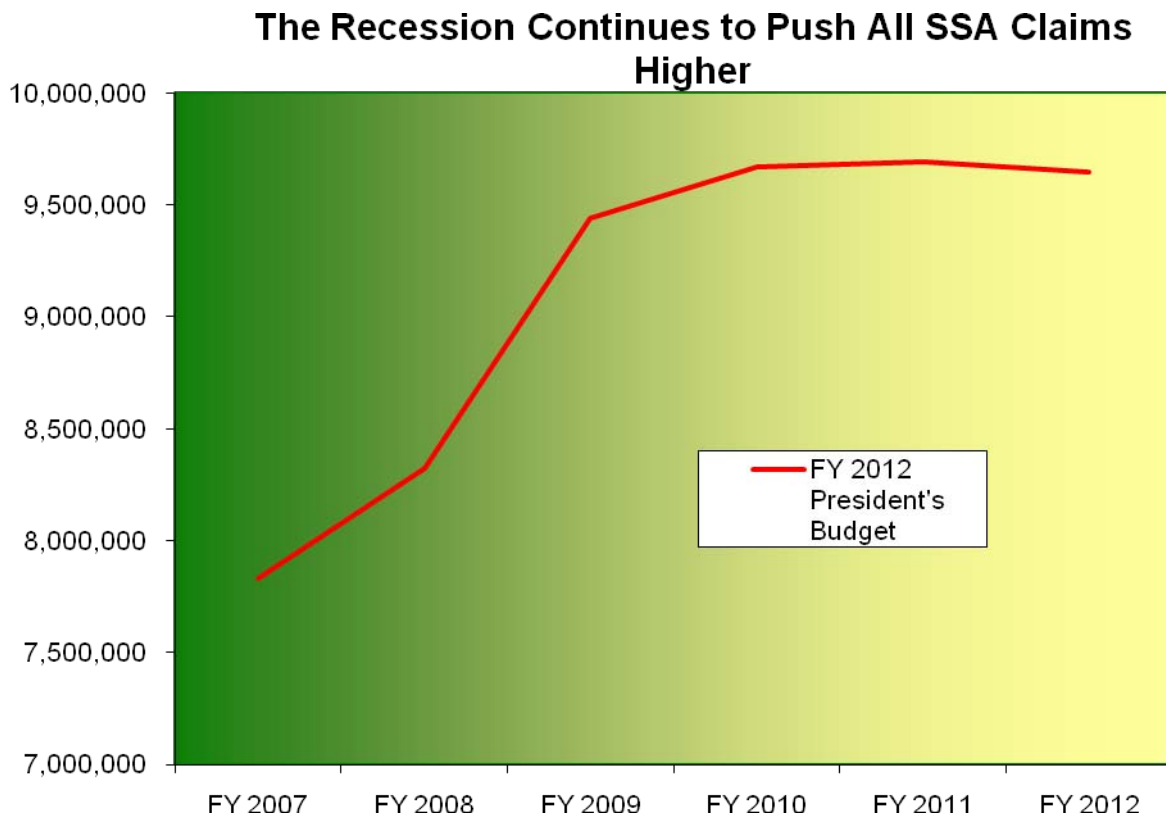
Our online applications have been indispensable in helping us keep up with the enormous growth in retirement claims. For that reason, we made it easier to file disability claims online. In January 2010, we released a streamlined disability report, which we use to collect information about a claimant's disability. This user-friendly report allows a claimant to complete an application more quickly and improves the quality of the information we receive.

We continue to expand and improve our online offerings. In March 2010, we introduced an online Medicare-only application. In July 2010, we introduced our Life Expectancy calculator, which helps people decide when to start collecting retirement benefits. In December 2010, we launched a Spanish version of the Retirement Estimator—the first non-English interactive online application in the Federal Government. We have the three best electronic services in the Federal government, as measured by the University of Michigan public satisfaction survey.

Our Spanish-language retirement estimator is on track to become the fourth. These easy-to-use online tools encouraged 37 percent of retirees and 27 percent of disability claimants to file online in FY 2010.

We have increased our program integrity work, which saves taxpayers dollars. In FY 2010, we completed over 700,000 more SSI non-disability redeterminations than in FY 2009. Completing more of this important stewardship work, helps us increase the payment accuracy in the SSI program.

Our employees deserve the credit for these successes. From FY 2007 to FY 2010, their productivity increased by an astounding average of nearly 4 percent per year. I am privileged to lead a workforce dedicated to the highest standards of public service. Despite the pressures that increased workloads bring, our employees understand how important our mission is, voting us one of the top ten best places to work in the Federal Government for the third consecutive year.



We are proud of the hard-earned progress we have made over the past three years. However, demographics, rising workloads, and heightened fiscal austerity will

threaten our recent achievements and make further progress at this level unlikely.

Effects of Continuing Resolutions (CR)

We understand the economic reality that is driving budget decisions. I have looked for and found ways to cut back. We have trimmed non-essential travel, training, and even systems enhancements. By far the largest part of our budget funds payroll. Eighty percent of our employees work in local offices across the Nation. I have even cut this critical area—the people we all depend on to get the work done—by freezing hiring and offering early out.

Beyond payroll costs, most of our remaining costs are mandatory expenses to maintain our operations. For example, we must pay rent and maintenance on the 1,500 facilities we occupy; we must pay postage on over 390 million notices we send annually; we must pay for medical and vocational evidence and expertise; and we must pay for armed guards in our offices to protect our employees and the public. Unfortunately, these guards are particularly vital now given the increase in threats against our employees.

A theoretically level-funded continuing resolution does not consider that our costs do not remain flat—we have to absorb mandatory cost increases with last year's funding level. In addition, the \$350 million Recovery Act funding we used in FY 2010 to handle claims was not included in our CR level. Between having to cover mandatory cost increases and not having Recovery Act funding, we are operating at a significant loss over last year.

In this modern era, we are completely dependent on information technology. Not only do we need stable and robust systems to handle our day-to-day work, technology makes us more efficient. Unfortunately, under a CR, our information technology (IT) funds are severely constrained. Many of our investments in technology to improve our productivity have been curtailed. If the CR reduces our funding further, or the funding reduction continues into future years, our ability to continue keeping our technology environment operating smoothly will be threatened.

Our technology to this point has enabled us to implement work processes that are less costly, more accurate, and require fewer employees to accomplish the same amount of work. Without our current investments, we would not have been able to keep pace with the recent increases in claims. We would not have realized the increases in productivity that have enabled us to serve the public as we have. IT

investments are critical if we are to continue to improve productivity and achieve our performance targets. We must maintain and invest in technology.

Because of the uncertainty of our budget and the length of the CR, I have had to make choices that will begin to erode service. Our employees continue to churn out work, but they are disappointed and are becoming demoralized about the prospect of watching what they have worked so hard to achieve slip away. I regret that we may not be able to keep our commitments to the American people because we do not have the necessary funding to continue moving forward.

Our employees come face-to-face with the public every day, and they are acutely aware of how the public will suffer. As I mentioned earlier, there is a direct nexus between our funding and our service level. We want to prepare you for what a deep cut would mean. Our backlogs will skyrocket, and people will wait considerably longer to receive decisions. As our backlogs grow, it will become more difficult, expensive, and time-consuming for us to eliminate them. Waiting times in field offices and on our 800-number will increase dramatically. Deep cuts will cause billions of dollars of payment errors that will take years to address, hardly a wise use of taxpayers' dollars. Even if we have specific funding for program integrity work, we need the people to do that work plus all of their other fundamental responsibilities.

A full-year CR will require us to put on the brakes, reversing the tremendous progress we have made in the last few years. Common sense dictates that we need enough skilled employees to handle mounting workloads. A continued hiring freeze means we will lose about 2,500 Federal employees and 1,000 DDS State employees this year. Our field employees will not leave the agency uniformly. Attrition is random, leaving some offices seriously understaffed.

While we regret the resulting loss in service, we have tried to prepare for the CR. In July, we instituted a full hiring freeze for all headquarters and regional office staff, and then we further restricted hiring to allow only those components critical to the backlog reduction effort to replace staffing losses. Under a CR, we will continue – and likely expand – the hiring freeze. We will reduce or eliminate, overtime, which our front line employees depend on to keep up with their work.

We have decided not to open eight needed hearing offices, and we will not have staff to open our new Jackson, Tennessee Teleservice Center this year, and perhaps not even next year. We are discontinuing service in over 300 remote service sites throughout the United States. Most of these sites are “contact stations” housed in

locations like libraries, senior centers, or other facilities where a Social Security employee travels, typically once or twice a month, to take applications for Social Security cards or benefits, as well as answer questions. We have also begun looking at field office consolidation where that decision makes fiscal sense.

Each year we send *Social Security Statements* to non-beneficiaries who are over age 25. These annual *Statements* cost us approximately \$70 million each year to print and mail. In order to conserve funds, we will suspend the current contract and stop sending out these *Statements*. Individuals contemplating retirement can get real-time information about the amount of their benefits on our highly regarded Retirement Estimator, available on-line at www.socialsecurity.gov. Field offices may also provide *Statement* data. After we negotiate a new contract, we will send *Statements* only to people age 60 and over and people under age 60 upon request. We also are working on making the *Statements* available online.

Ongoing Funding - Fiscal Years 2011 and 2012

The President's FY 2012 Budget Request includes \$12.522 billion for our FY 2012 LAE account. This level of funding will allow us to maintain staffing in our front-line components, fund ongoing activities, and cover our inflationary increases. It will allow us to reduce our hearings and initial disability claims backlogs and to continue to reverse the decline in our program integrity work. Our FY 2012 request is a very modest increase from our FY 2011 request; the increase of \$143 million is primarily to fund additional program integrity efforts.

However, this level of funding will be sufficient to meet these goals only if we receive the full amount that the President requested for FY 2011. While full funding of the President's Budget Request will allow us to build on the tremendous progress we achieved over the past few years, it will not allow us to keep up with some of the important, statutorily mandated, and less visible work we do, such as representative payee accountings and benefit recomputations.

Even with full funding, we will not have sufficient resources to do all that you and America expects us to do. Accordingly, we will use our FY 2011 and 2012 funding to focus on our three priorities.

- Continuing to reduce the disability backlogs;
- Improving service to the public; and
- Saving taxpayer dollars.

We will continue to operate very efficiently, holding administrative costs in FY 2012 to just 1.6 percent of benefit payments.

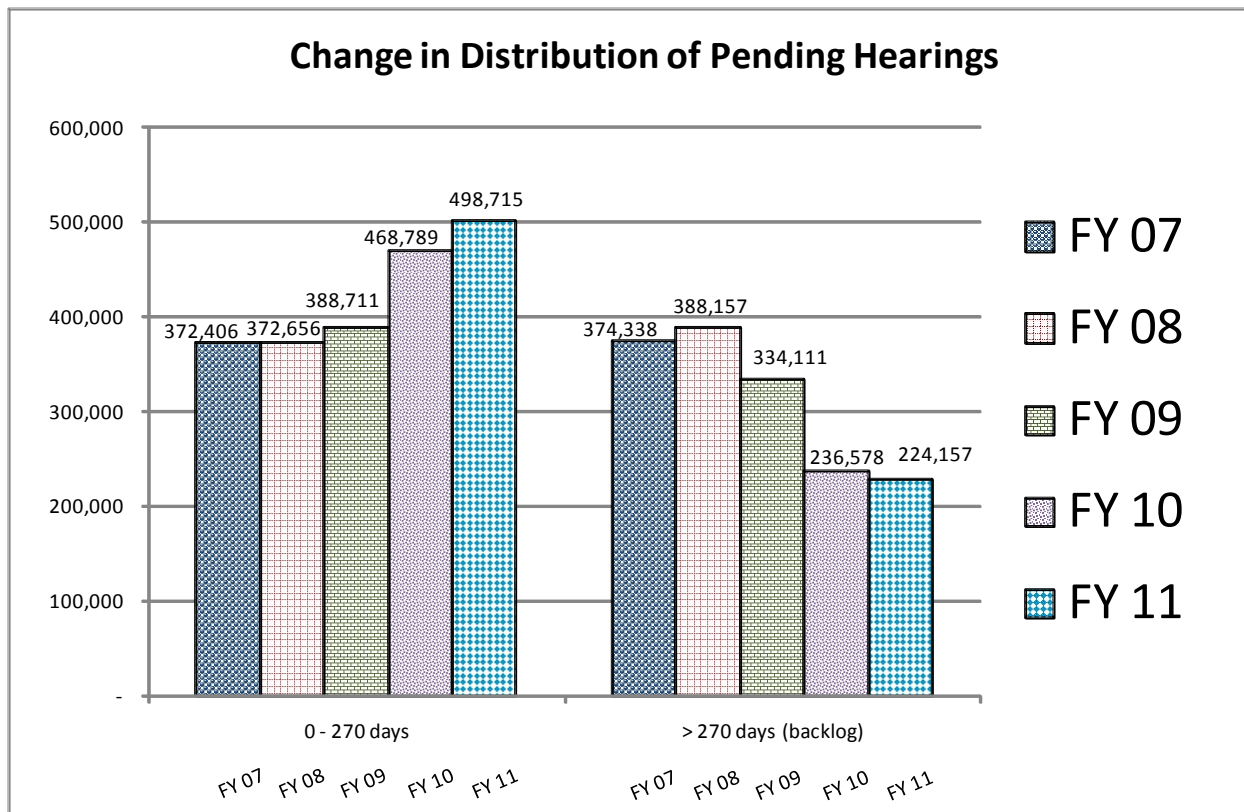
Continuing to Reduce the Disability Backlogs

Hearings Backlog: Eliminating the hearings backlog continues to be our number one priority, and we have made real and measurable progress in reducing both the number of pending hearings and the amount of time a claimant must wait for a hearing decision.

In FY 2012, with full funding of both the FY 2011 and 2012 President's Budget requests, we will continue our progress toward our goal of eliminating the hearings backlog in 2013. Resources permitting, we plan to hire an additional 130 ALJs in late FY 2011 – particularly if hearing requests remain so high – to ensure that we can meet our commitment to eliminate the hearings backlog by the end of FY 2013. We expect to complete a record number of hearings – over 800,000 in FYs 2011 and 2012, which is more than double the number we handled ten years ago.

We continue to focus on eliminating our oldest cases. In FY 2011, we are targeting the 106,715 cases that will be 775 days or older by the end of the year. In FY 2012, we will lower our threshold to 725 days.

While we have made significant progress, people still wait too long. That wait has very real implications – many people with disabilities lose their homes, medical coverage, and dignity while waiting for a decision on a hearing. We want to maintain our momentum and eventually restore an appropriate level of service. Without the President's Budget, it is highly likely that we will miss our goal of eliminating our hearings backlog in 2013. If that happens, gains that we have achieved in prior years will vanish.



Initial Claims Backlog: We remain committed to returning our initial disability claims pending to its pre-recession level by 2014. However, in order to meet this commitment, we will need sustained, adequate funding.

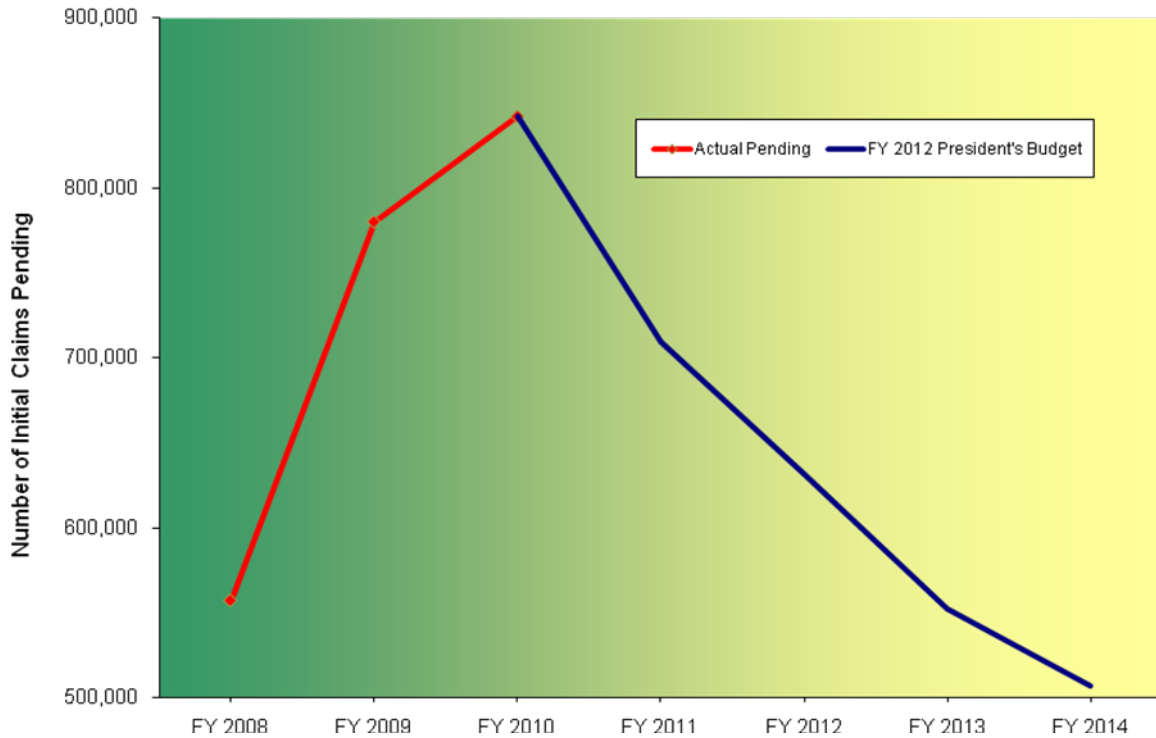
Another significant obstacle to tackling this backlog is the decisions by a number of States to furlough Federally paid State employees who make our disability determinations. To address that problem, in July 2010, we submitted a legislative proposal to Congress that would prohibit States, without our prior authorization, from reducing the number of State personnel who make disability determinations for Social Security. I look forward to working with you on this important issue.

If we receive full funding, we estimate we will complete 3,409,000 disability claims in FY 2011, and 3,268,000 in FY 2012. We have several initiatives planned and underway to help us achieve our goal.

We are dedicated to fast-tracking disability claims that obviously meet our disability standards and to providing decisions within 20 days of filing. With the effective use of screening tools, expanded technology, and electronic services, we have increased our ability to identify and quickly complete cases that we are likely

to approve. We continue to refine our methods for identifying these cases so we can increase the number of fast-tracked claims while maintaining accuracy. We plan to increase the number of fast-tracked claims to 5.5 percent of all new claims filed in FY 2012.

Our Initial Disability Claims Reduction Strategy Will Return the Pending Level to Pre-Recession Levels



Improving Service to the Public

The availability of online services is vital to good and efficient public service. Increasingly, the public expects to have the option to conduct business over the Internet at their convenience and at their own pace. Even though our employees continue to review online benefit applications and contact applicants to resolve questions or discrepancies, these online services reduce the average time our employees spend completing claims, giving them additional time to address more complex issues.

We plan to continue to expand and improve our online services. We plan to implement a new, even more secure authentication process to provide a safe environment for people who are interested in conducting additional business with us online. This protocol will be the gateway to allow the public to access their personal information online. We are also working on an initiative that may provide access to a variety of personalized online services, such as verifying earnings history, receiving notices, and requesting certain routine actions.

Investing in online services is critical for providing better and more efficient service to the public. We will only be able to meet our budget commitments if we continue to see growth in our online applications. In FY 2011, we plan to implement a shorter online application for cases in which a claimant alleges a Compassionate Allowance condition. In FY 2012, we expect that 50 percent of all retirement applications and 38 percent of all disability applications will be filed online.

Because calling our 800-number continues to be the option the public chooses most frequently to access our services, we are committed to improving our telephone service. In FY 2010, we awarded a contract to replace our 800-number telecommunications infrastructure. The new system will include state-of-the-art features such as providing immediate telephone assistance to people who visit our website. It will also allow us to redesign our call flow to eliminate lengthy navigation menus that are frustrating to the public. We plan to implement these and other enhancements in FY 2011 and FY 2012.

We also recognize the importance of improving our field office service. Despite a record number of visitors, we reduced wait times in our field offices for those without an appointment from 23.3 minutes in FY 2009 to 20.7 minutes in FY 2010. We will continue improving our field office service in FY 2011 with Social Security Television (SSTV). SSTV broadcasts to our reception areas information

about our programs and services, such as what documents visitors need to apply for benefits or to request a Social Security card. It saves the public and our staff time.

We are improving field office telephone service by continuing to replace obsolete telephone systems in all of our field offices. Nearly 70 percent of our field offices have the new system, and we are on schedule to complete the rollout in 2012, although abrupt budget cuts may slow that rollout. The new system reduces operating costs and replaces increasingly unreliable outdated telephone systems. It also will allow us to improve both service and efficiency. For example, with the new system, we will be able to implement a Dynamic Forward-On-Busy feature, which will offer field office callers who would otherwise get a busy signal the option of being transferred to our 800-number during non-peak times.

Video service can provide an efficient and innovative way to provide Social Security services to the public. For example, we negotiated an agreement with the Walter Reed Army Medical Center to install onsite video service delivery equipment that connects hospitalized military service members with Social Security claims representatives to apply for disability benefits. Video service allows our offices to link together to provide help to busy or understaffed offices. With adequate funding, we can continue to expand our use of video services to reach our customers in remote sites such as American Indian Tribal centers, local community centers, senior centers, hospitals, and homeless shelters, and end the inefficiency of traveling to remote sites on a regular basis.

Saving Taxpayer Dollars

We continue to find better ways to conduct our business. We are committed to minimizing improper payments and protecting program dollars from waste, fraud, and abuse. We pay over \$60 billion in benefits each month and have a duty to protect taxpayer dollars. We invested \$758 million toward our program integrity efforts in FY 2010, and our budgets propose to invest even more in FYs 2011 and 2012.

We have many stewardship activities that are critical to helping us prevent and detect improper payments. These include our program integrity reviews, our initiatives to reduce improper payments, and our joint Cooperative Disability Investigations effort with our OIG.

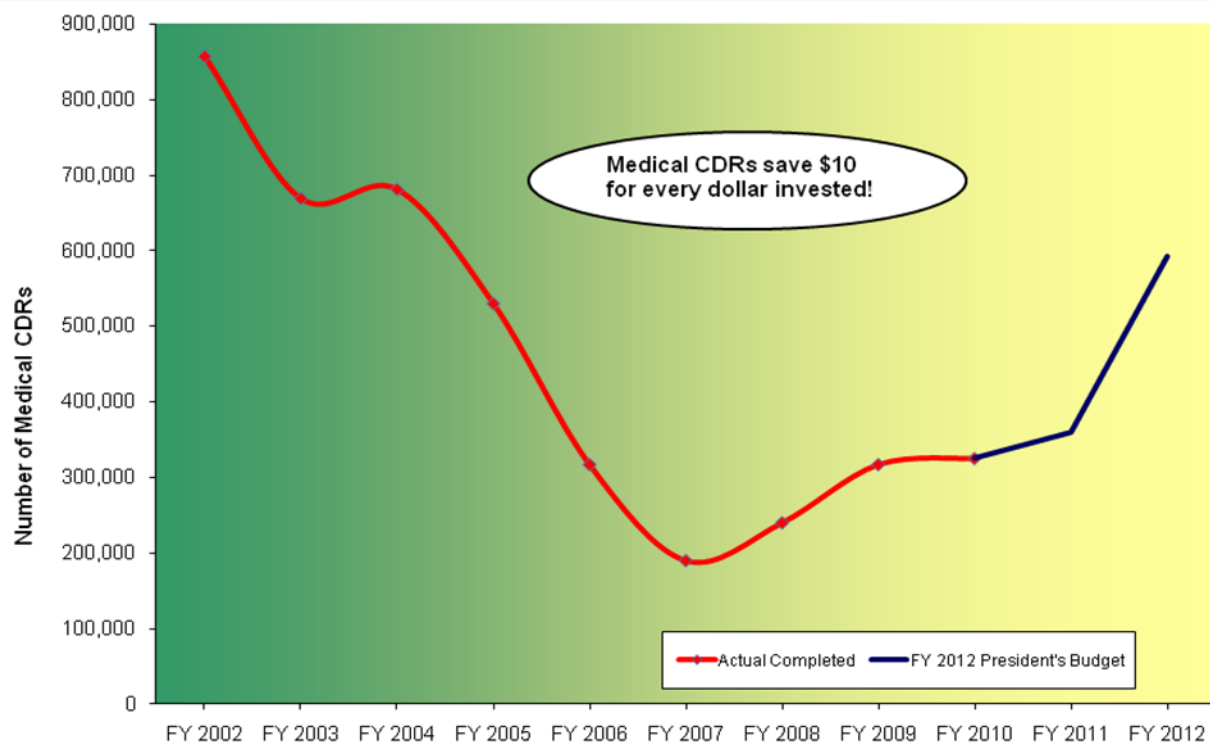
We have two types of program integrity reviews for which we receive special funding: CDRs, which are periodic reevaluations to determine if beneficiaries are

still disabled, and SSI redeterminations, which are periodic reviews of non-medical factors of SSI eligibility, such as income and resources. We estimate that every dollar spent on CDRs yields at least \$10 in lifetime program savings. Every dollar spent on SSI redeterminations yields more than \$7 in program savings over 10 years, including savings accruing to Medicaid.

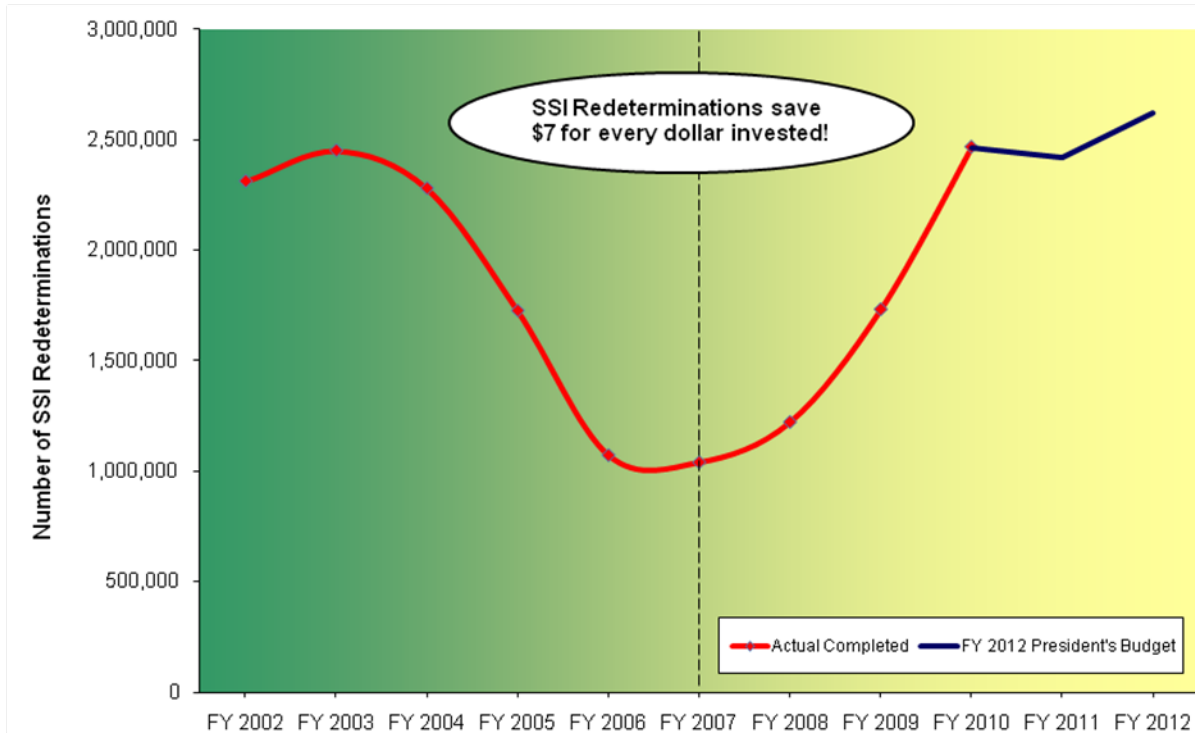
For many years, we had to cut back on these reviews due to inadequate funding. However, with your support, we have been able to increase the number of program integrity reviews we complete, saving billions of program dollars. In FY 2012, we plan to conduct 592,000 full medical CDRs, up from the 360,000 we plan to conduct this fiscal year. We also plan to conduct 2.6 million redeterminations, up from an estimated 2.4 million in FY 2011.

The FY 2012 President's Budget includes a legislative proposal to require employers to report wages quarterly. Increasing the frequency of wage reporting would improve program integrity for a range of programs by generating more timely information for retrospective checking and quality control.

We Are Reversing The Decline In Medical CDRs, Saving Billions of Dollars



We Continue To Increase SSI Non-Disability Redeterminations, Saving Billions of Dollars



* Volumes prior to FY 2007 do not include targeted redeterminations.

We have several initiatives underway to reduce improper payments. In FY 2009, over 99 percent of all OASDI payments were free of payment error. Our SSI payment accuracy is improving, but it is still not acceptable. In FY 2009, 91.6 percent of all SSI payments were free of overpayments, while 98.4 percent of all SSI payments were free of underpayments.

To help improve our SSI accuracy rate, we have developed several program initiatives that are both cost-effective and prevent or minimize improper payments. These include:

- **Access to Financial Institutions (AFI):** In 2004, we began piloting AFI, which runs data matches with financial institutions that allow us to quickly and easily identify assets of SSI applicants and recipients that exceed the statutory limits. In November 2007, we expanded AFI to California. Currently, 25 states use AFI, and we expect to complete our rollout by the end of FY 2011. Once we have fully implemented AFI, we project roughly

\$900 million in lifetime program savings for each year that we use the fully implemented process. We are working with other agencies to see if they would benefit from this initiative.

- **Telephone Wage Reporting:** Wages earned by SSI recipients can affect their payment amounts. We do not always receive reports of income timely; in fact, this is a major cause of SSI improper payments. Using our SSI Telephone Wage Reporting System (SSITWR), recipients can call a dedicated toll-free number to report their wages via a voice recognition system. In FY 2010, we received over 331,000 calls to our SSITWR. These reports generally require no additional evidence, which saves time in our field offices. Wages reported using this method are 92.2 percent accurate, compared to the 75.5 percent dollar accuracy of wages reported through traditional means. Based on the positive results of electronic reporting in the SSI program, we are planning to expand telephone wage reporting to Social Security disability beneficiaries.

With adequate funding, we plan to continue to modernize our information technology infrastructure. If our systems are down, we cannot function. We must continue to provide service that is more efficient, continually refresh our technology before it becomes obsolete, and ensure that we can continue to protect our data from security threats.

We will expand our use of Health Information Technology (HIT). This promising technology has reduced the amount of time it takes for us to obtain medical records, which in turn decreases the time it takes to complete a disability claim. In FY 2010, we funded technological support for a number of healthcare providers to send us medical records electronically.

Disability Work Incentives Simplification Pilot (WISP)

The FY 2010 President's Budget request proposes a five-year reauthorization of our section 234 demonstration authority for the DI program, which would allow us to test program innovations. One such innovation is the WISP program, which would provide beneficiaries with a simple set of work rules and would no longer terminate benefits based solely on earnings. Many DI beneficiaries want to return to work but they do not attempt to because they are worried about losing monthly benefits and health insurance if their work attempt fails. Additionally, the current work incentive rules are complex and can sometimes result in large overpayments.

WISP is intended to address these concerns by replacing complex rules with a clear, simple, unified process that is both easier to understand and easier to

administer. Work would no longer be a reason for terminating DI benefits. We would continue to pay cash benefits for any month in which earnings were below our established threshold, but would suspend benefits for any month in which earnings were above the threshold. A beneficiary would maintain an attachment to DI and Medicare as long as the disabling impairment continues.

Testing WISP under rigorous evaluation protocols would allow us to analyze the effects of these changes on the behavior of beneficiaries and potential applicants across the country.

Conclusion

I am proud that we have significantly improved the service we deliver to the American people. Without the additional funding Congress provided to us since FY 2008, Americans would wait significantly longer to receive decisions on their claims, speak to a representative in our field offices or on the phone, and have their cases heard by an ALJ.

While we hope that the worst of the economic downturn is behind us, unemployment is predicted to remain high. Since high unemployment rates usually result in more benefit applications, we expect the number of new claims, particularly for disability, will continue to remain high. These additional claims will ultimately result in more hearing requests.

We have made great progress for the American public, but it will be jeopardized without full funding of the President's FY 2011 and 2012 budget requests of \$12.379 billion and \$12.522 billion, respectively. The American people are still struggling through the economic crisis. We cannot allow our services to deteriorate. A reduction in our funding at this time would reverse the progress we have made over the last few years. Millions of deserving Americans count on us, and we need your continued support to provide the service they expect and deserve.