



SOCIAL SECURITY ADVISORY BOARD

Annual Report 2011

JULY 2012

SSAB
SOCIAL SECURITY
ADVISORY BOARD

Social Security Advisory Board

An independent, bipartisan Board created by the Congress and appointed by the President and the Congress to advise the President, the Congress, and the Commissioner of the Social Security Administration on matters related to the Social Security and Supplemental Security Income programs.

SOCIAL SECURITY ADVISORY BOARD

A Year in Review

JULY 2012



Message from the Board

We welcome you to the *2011 Annual Report* of the Social Security Advisory Board. This is the 14th *Annual Report* we have published to describe the work we completed in the past year and to provide highlights of the issues we will be addressing in the future.

Since the Board's inception, our role has been to analyze the Nation's retirement and disability programs and to make recommendations to improve their effectiveness. Our goal is to educate and inform policy makers, administrators, and the general public about those programs and the challenges the Social Security Administration (SSA) faces in managing them. Over the years, we have researched and reported on many important matters such as the financial solvency of the Social Security system, issues related to SSA's disability programs and appeals process, information technology and electronic services, and agency funding and its impact on service delivery.

One of our major focuses in 2011 was the deliberations of an independent panel of experts we convened in 2010 to review the assumptions and methods that the Social Security Trustees use to project the financial solvency of the Old-Age, Survivors, and Disability Insurance (OASDI) Trust Funds. This panel, made up of respected economists, actuaries, and demographers, completed its work in July 2011. In September, we sponsored a public forum where

the panel members presented the findings and recommendations included in their final report.

In 2011 we also devoted significant time to studying different aspects of the Social Security disability programs. In May, the Board met with a group of disability beneficiaries to hear firsthand about the programs from their perspectives. We also met with groups throughout 2011 to research the impact third party assistance has on the disability process. The report of our findings is scheduled for release in summer 2012. In addition, we are ever cognizant of the fact that the Disability Insurance Trust Fund is edging closer to exhaustion, and have consulted with experts who have researched Social Security financing issues and have heard their proposals for extending program solvency. Efforts to inform policy makers and the public about this issue will be a major focus for us in 2012.

As is our practice, we met with executives of SSA throughout the year to discuss ongoing challenges the agency is facing. These meetings included discussions about the *Social Security Statement* and efforts to move it to a user friendly online format, the status of SSA's information technology and the development of the agency's new data center, and updates on the status of the agency's budget and plans to deal with resource challenges. We also met with outside experts who provided insights in a number of areas such as the OASDI Trust

Funds, disability issues, and the agency's technology platform.

Lastly, we said thank you and goodbye to two of our colleagues in 2011. Board member, Barbara Kennelly*, left the Board at the end of September 2011 when her term expired. Barbara came to the Board after serving several years as a Member of Congress, and after that, as a special advisor at SSA. Her insights and contributions were valuable to our deliberations and we thank her for her commitment to the Board. In October, we said goodbye to Katherine Thornton, our

Staff Director. We appreciate Kate's six years of service to the Board as well as the management skills, knowledge, and integrity that she brought to our work.

Marsha R. Katz, Chair (A)

Jagadeesh Gokhale

Dorcas R. Hardy

Barbara B. Kennelly

Mark J. Warshawsky

(*Barbara Kennelly was re-appointed to the Board on March 1, 2012.)

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Financing Social Security and Medicare

2011 Technical Panel Completes Work and Issues Final Report

Every four years, the Social Security Advisory Board convenes a panel of independent experts to review and recommend changes to the assumptions and methods underlying the short and long-term financial projections by the OASDI Board of Trustees. This periodic review is critical both to maintain public confidence in the official projections of the system's finances and to provide the Trustees and Social Security actuaries with the best possible information to improve projections in the future. In 2011, the Panel, composed of eminent economists, demographers and actuaries, culminated its year-long effort of holding public meetings over the first six months of the year by issuing a final report in September.

Appointed by the Board in September 2010, the Panel consisted of Brigitte Madrian (Chair), Aetna Professor of Public Policy and Corporate Management at John F. Kennedy School of Government at Harvard University; Janet Barr, Associate Actuary at Milliman; John Bongaarts, Vice President and Distinguished Scholar at the Population Council; Mark Duggan, Professor of Business and Public Policy at the Wharton School, University of Pennsylvania; Melissa Favreault, Senior Fellow at the Urban Institute; Timothy Marnell, of Tim Marnell Actuarial and Benefits Consulting, LLC; S. Philip Morgan, Professor of Sociology and Schaeffer Professor of International Studies

at Duke University; John Sabelhaus, Chief of the Microeconomic Surveys Section at the Federal Reserve Board; Andrew Samwick, Irving Professor of Economics and the Director of the Nelson A. Rockefeller Center for Public Policy and the Social Sciences at Dartmouth College; and Karen Woodrow-Lafield, Research Professor and Faculty Associate in the Maryland Population Research Center at the University of Maryland.

During an August 2011 Board conference call, we spoke with the Chair, Professor Madrian, to discuss the recommendations of the Panel while it was completing its report. A month later, as part of a two-day Board meeting in early September, we convened a meeting with the entire Panel to discuss the final report and its recommendations. Many of the public officials who are responsible for developing the Trustees' annual projections also attended the meeting, including three of the six Trustees (Public Trustees Charles Blahous and Robert Reischauer, as well as the Commissioner of the Social Security Administration, Michael Astrue); the Chief Actuary of Social Security; officials and staff members from the Departments of Treasury, Labor, and Health and Human Services, as well as the Social Security Administration, the Centers for Medicare and Medicaid Services, and the Congressional Budget Office. We believe that in addition to the detailed report produced by the Panel, these face-to-face discussions between those who are responsible for generating the projections and those who can

offer independent and constructive criticism serve an extremely valuable function in the continuous effort to provide the American public with the most useful information on the financial status of the Social Security program.

The Technical Panel made almost 60 specific recommendations including suggesting that the Trustees, when making their projections, assume longer life expectancy, more rapid growth in disability, higher levels of immigration, more rapid real wage growth, and greater labor force participation at older ages. The Panel recommended numerous refinements in the Trustees' economic and demographic assumptions, and in the methods used to derive them. It also suggested changes in the presentation of the results in the annual Trustees' Report and encouraged further development of alternative projection models; however, the Board notes that the Panel did not cover all of the issues involved in evaluating the Trustees' projection methods or all of the items included in the charter.

The full report from the Panel to the Advisory Board can be found on the Board's website: www.ssab.gov. (Similar reports from previous Panels - 1999, 2003, and 2007 - are also available).

Additional Board Activities Devoted to Discussions of Financing Issues

While the quadrennial Technical Panel process allows the Board to leverage the expertise of others to provide a periodic in-depth check on technical aspects of the Trustees projections, the Board itself, as part of its mandate, regularly meets with numerous officials responsible for evaluating the financial status of the Social Security and Medicare systems. In February 2011, the Board met with the two OASDI Public Trustees, Charles Blahous and Robert Reichauer. The Trustees discussed how they view their role and where they see the greatest challenges.

At the June Board meeting, we met with the Chief Actuary of Social Security, Stephen Goss, and Deputy Chief Actuary, Alice Wade, for a briefing on the 2011 OASDI Trustees Report released in May 2011. The 75-year actuarial deficit of the Social Security Trust Funds worsened slightly in the 2011 projections primarily due to updated data indicating improvement in life expectancy after age 65, somewhat lower levels of immigration, and a slower economic recovery than expected. We also discussed the projected exhaustion of the Disability Insurance (DI) Trust Fund in 2018. We were told that to extend the life of the DI Trust Fund to 2036, when the Old-Age and Survivors Insurance (OASI) Fund would also exhaust, tax revenue could be re-allocated from the OASI Trust Fund to the DI Trust Fund on the order of about 0.4 percent of payroll from 2012-2024, and 0.2 percent of payroll from 2025 through 2029. The actuaries explained that 2012 would see the return of a Cost of Living Allowance for Social Security beneficiaries.

At our July meeting, we met with Richard Foster, Chief Actuary for the Centers for Medicare and Medicaid Services, and Clare McFarland, Deputy Director for the Medicare and Medicaid Cost Estimates Group, to discuss the 2011 Medicare Trustees Report released in May 2011. The Report found that the Hospital Insurance Trust Fund is expected to exhaust five years earlier than projected in the previous year's report, because of slower economic growth. The Trustees' cost projections assumed that physician reimbursement reductions, required under current law, would not be overridden by Congress as they have in almost every year, and that similar provider payment reductions enacted in the *Affordable Care Act of 2010* will be enforced. The actuaries developed alternative and considerably higher cost projections based on the assumption that those payment reductions do not fully take effect.

A Look at the Social Security Disability Programs

In 2011 we met with many people who are stakeholders in the Social Security disability programs. Our discussions took us in several directions, including meetings with researchers, administrators, advocates, and, perhaps most importantly, individuals with disabilities. In addition, throughout much of 2011 we worked on updating our disability chart book, *Disability Decision Making: Data and Material*. This publication is used by researchers, policy-makers, and the public as a valuable resource for understanding SSA's disability programs. The new edition was released in June 2012 and is available on our website at www.ssab.gov.

Meetings with Researchers and Actuaries

Early in 2011, we met with researchers to hear their proposals for changing policy to keep individuals with disabilities in the workforce. In February, Dr. Mark Duggan, then a professor at the University of Maryland, presented findings from a paper he co-authored with David Autor entitled, *Understanding and Projecting Increases in SSDI Enrollment*. Dr. Duggan's proposal would support individuals while they are still working, providing for a new category of benefits for up to 90 days after the onset of a disabling condition and before the person applies for SSDI. Benefits would include vocational rehabilitation, workplace accommodations (as required by the *Americans with Disabilities Act* (ADA)), partial income replacement

while the person is work-limited, and up to 24 months of cash benefits. The proposal would provide incentives to employers to support individuals with disabilities to keep them working, and would also require employers to carry private disability insurance that would be used, in part, to pay the cost of reasonable accommodations that are required by the ADA. Employers would keep their policy costs low by preventing work limitations from becoming career-ending disabilities.

In April, we met with another researcher, Dr. Richard Burkhauser of Cornell University, to discuss the findings described in a new book he co-authored with Mary C. Daly entitled, *The Declining Work and Welfare of People with Disabilities: What Went Wrong and a Strategy for Change*. Dr. Burkhauser suggested that a solution to keeping people in the workforce is to create a mechanism that shifts the costs of workers moving onto the Social Security Disability Insurance (SSDI) rolls to employers, much like Workers' Compensation. His premise is that, by changing tax incentives, employers will be more likely to invest in the accommodations, rehabilitation, and training needed to keep employees in the labor force. Dr. Burkhauser noted that he would be in favor of an employment support insurance, which would be a new *Federal Insurance Contributions Act* (FICA)-based Federal government program (parallel to SSDI) to supplement the earnings of workers with

disabilities before they move onto the SSDI rolls or after they leave them. His philosophy is to get the SSDI rolls under control by linking employer premiums (taxes) more directly to actual firm/worker outcomes; i.e., reward firms with lower than average use of SSDI and penalize firms with higher than average use of SSDI.

In addition to meeting with disability researchers outside of SSA, throughout the year we also spoke with agency staff regarding research and demonstration projects that SSA is conducting. Most notably, in October and November we met with Robert Weathers, SSA's Deputy Associate Commissioner for Program Development and Research, and Paul O'Leary, SSA's Project Director for the Ticket to Work program, who discussed demonstration and pilot projects that SSA has underway. They gave us status updates on SSA's Accelerated Benefits Demonstration, the Mental Health Treatment Study, the Youth Transition Demonstration, the Benefit Offset National Demonstration, and the Temporary Assistance for Needy Families/SSI Disability Transition Project. We also heard about SSA's Ticket to Work program and the results the agency is seeing in helping individuals with disabilities return to work.

In December, we asked SSA's chief actuaries to meet with us again, this time to discuss the DI Trust Fund, which is projected to reach exhaustion within the next 4-6 years. Stephen Goss, SSA's Chief Actuary, Alice Wade, Chief Actuary for Long-Range Estimates, and Eli Donkar, Chief Actuary for Short-Range Estimates, reported that the OASDI Trustees' 2011 annual report estimated that the DI Trust Fund will become insolvent early in 2018. They noted that to remedy the situation the Congress could choose to: increase revenues of the DI Trust Fund independent of

any effect on the Old-Age and Survivors Insurance program; reduce costs through modification of the DI program; or use a combination of methods to strengthen the financial condition of the Trust Fund.

Meetings with Program Administrators and Claimants

In April, we met with members of the National Association of Disability Examiners (NADE) to hear their ideas and concerns. NADE primarily represents disability decision-makers, who work in the State Disability Determination Service (DDS) agencies. The objective of the meeting was to obtain a grassroots perspective on the effectiveness of the administration of the SSA's disability programs. The members raised several issues, but the two that were most troubling to them were SSA's lack of a unified, single disability determination process nationwide, and the agency's severe budget cuts. The members discussed the fact that SSA has not rolled out the same disability determination process initiatives in all of the States, and until it does, they are concerned that it will not be possible for the agency to have consistency in its disability decisions. They stated that they would like to see the "Single Decision Maker" initiative* implemented across the country and believe it would save time and resources. The members also discussed SSA's budget, noting that lack of funding could have a severe impact on the processing of certain workloads such as continuing disability reviews. The representatives said that NADE is exploring different options on what workloads should be kept up and what can be put on hold.

*The Single Decision Maker initiative allows disability examiners to adjudicate certain cases without mandatory concurrence by a doctor.

In May, we traveled to Columbus, Ohio to get a frontline perspective of how the disability programs function: what works and what needs to be improved. We met with individuals with disabilities who described their experiences in learning about disability benefits and support services; finding out how to connect with agencies and organizations that can help them; and deciding their next steps. We heard of the difficulties that disabled individuals often encounter when they initially become disabled and how confusing and time consuming the disability determination process can be. We also heard from hospital social workers who described their success in working with the local Columbus field offices and offered suggestions on how to make the process work more smoothly for claimants and SSA.

While in Columbus we also met with staff of two local field offices and employees of the Ohio Bureau of Disability Determination. At these meetings, we heard of some of the issues that they encounter in their direct dealings with the public, including how they communicate information about SSA's programs, the issues involved in securing medical evidence from claimants and medical sources, and their experiences in working with third party representatives. At the field offices, Board members were able to observe claimant interviews and see first-hand how SSA delivers service to the public.

Third Parties in the Social Security Process

One path that our discussions led us down in 2011 was to look at the role third party representatives play in the Social Security disability programs. The number of claimants who are represented has grown during recent years and there are questions about what services third party

representatives provide, how their services are obtained, and how many individuals use them. With the disability workloads expected to continue to grow in the near future, we believe that it is imperative to gain a better understanding of how SSA can best use the services that these representatives provide and what effect they have on the disability process. Does their assistance help claimants get a faster decision? Are more claimants correctly approved for benefits at an earlier stage in the process? These are the types of questions we explored to determine how representatives add value to the application process.

During the past few years we have met with a number of groups and individuals who have discussed the benefits and risks of using third party representatives during the determination of disability. We have heard from associations such as the National Organization of Social Security Claimant Representatives, the National Council of Social Security Management Associations, the National Association of Disability Representatives, and the National Association of Disability Examiners; we have met with third party assistance organizations such Solutions for Progress, Chamberlin Edmonds, and the law firm of Binder and Binder; and we have spoken to numerous DDS and SSA field office staff, Congressional staff, and claimants. From these meetings we are gaining an understanding of how third parties help individuals with disabilities navigate the disability system and some of the issues that SSA claims representatives and DDS examiners have in working on represented cases. The outcome of our deliberations will be to publish a report where we will describe our findings, concerns, and other issues related to the use of third party representatives in the disability process. We are expecting to issue the report in the summer of 2012.

Looking at the Social Security Appeals Process

Throughout 2011, we heard from key players within the Social Security appeals process about the factors that may affect the quality and accuracy of disability decisions, particularly on the decision making process at the hearing level as performed by SSA's administrative law judges (ALJs) and senior attorneys. Over the past several years, we have noted with concern the wide variation in allowance rates across geographic areas, SSA's adjudicative levels of the disability process, and among individual adjudicators, including ALJs. We have also noted a possible relationship between allowance rates and the volume of cases worked.

During 2011, we met with a number of SSA executives to discuss and learn more about the issues at the agency's appeals levels, and to better understand the nature of the workloads. In June, we heard from Michael Astrue, Commissioner of Social Security, and Glenn Sklar, Deputy Commissioner for Disability, Adjudication, and Review (ODAR), who discussed a number of actions that the agency is taking with regard to ALJ productivity, attrition, and hiring. In December, we met with Pat Jonas, Executive Director of Appellate Operations, and Gerald Ray, Deputy Director of Appellate Operations, to hear about the new Division of Quality Review within ODAR and some of its initiatives. In February and November we met with Inspector General, Patrick O'Carroll, and Deputy Inspector General, James Kissko, to discuss their office's recent reviews and audits of ODAR activities.

In July, Acting Chair Barbara Kennelly addressed a group of new ALJs where she discussed many of the issues facing them. She advised them, "At times, it may seem that the caseload is overwhelming. Despite steady improvements in productivity, a relentless focus on reducing the age of the pending cases, and strengthening the process for scheduling hearings, the workload has skyrocketed....You cannot lose sight of the fact that the appeals process is not just about claims files and electronic caseload queues - it is about people, many of whom deserve and desperately need the benefits for which they have been waiting. Rendering the right decision as quickly as possible is your responsibility."

In October, Acting Chair Marsha Katz addressed the annual conference of the Association of Administrative Law Judges, stating, "The real message is the majority of the ALJs are not at the extremes, but as with any large body of adjudicators, there are some folks who are anomalies and these numbers do not confirm, wholesale, that high productivity distorts the outcomes." She offered words of support saying, "High allowance rates and snapshots of a growing workload grab headlines. The diligent, behind-the-scenes hard work of building effective and efficient case adjudication processes do not." She acknowledged the challenges that face ALJs with the increasing workloads, and encouraged them to carefully manage their resources, maximize the use of new electronic tools, and embrace change.

How SSA Communicates with the Public

Since its beginnings the Board has urged SSA to develop and implement a comprehensive plan to improve the public's knowledge of Social Security – a plan that employs the best and most appropriate communications tools available to target areas where public understanding is the weakest. In 2009 we published *The Social Security Statement: How It Can Be Improved*, one of our strongest reports that focused on SSA's communication strategies. The report provided a comprehensive review of the *Social Security Statement*, SSA's primary vehicle for communicating with the American public, and provided a number of recommendations that we believe, if implemented, would result in improvements in understanding. Since the publication of that report, we have continued to monitor the agency's efforts to improve and automate the *Statement*.

In March 2011, we released a report entitled, *The Social Security Administration: A Vision of the Future – The First Steps on the Road to 2020*. In that report we presented one potential vision for the future of the agency – a vision that, to the maximum extent possible, leverages technology to meet the agency's growing service demands in our current environment of diminishing resources. One very important enabler of that vision is a comprehensive communications and marketing strategy that will guide the public to – and through – these new, technology-enabled service channels while, at the same time, increase public understanding of SSA's complex programs.

Because SSA's programs are complex and confusing, the public often does not understand the programs' rules, policies, and procedures. The Board has been concerned for some time that the way in which SSA frames certain information – for example, information about when to file for retirement benefits – can have an impact on the choices that people make and, perhaps, bias them in ways that are not necessarily to their advantage. During our May trip to Ohio, we talked with SSA managers, claims representatives, service representatives, and other field office staff to discuss SSA's frontline communications strategy. From these conversations and similar interactions with field personnel throughout the country, we have come to believe that SSA should develop more effective public communication protocols. In particular, we believe that SSA needs to do a better job explaining *all* of the factors one should consider before making a decision about when to file for retirement benefits.

Automation is, most certainly, a critical part of the solution to many of SSA's public service challenges. The agency's frontline employees, however, have cautioned us that relying too heavily on technology for service delivery – without some form of human intervention – could lead to unforeseen problems. Employees must often follow up on retirement claims filed over the Internet because many claimants do not understand the program rules or grasp fully the impact that the timing of benefit election has on their financial well-being.

In September 2011, we met with Phil Gambino, SSA's Assistant Deputy Commissioner for Communications, to discuss the agency's communication strategy and to see a demonstration of SSA's new online customer service portal that is currently under development. This new Internet portal will provide a more individualized customer service experience by giving members of the public access to their individual earnings records and other data, along with an analytical tool that allows them to create scenarios from their own personal data. The portal will also include a new online version of the *Social Security Statement*.

The Board has noted with considerable concern the Commissioner's decision in 2011 to suspend the agency's automatic, annual mailings of *Social Security Statements* to the public because of resource constraints. In 2012, we plan to revisit

the agency's policies and practices regarding the *Statement*. Our aim will be to determine what SSA has done to improve it since we released our 2009 report. Our report will summarize SSA's efforts since 2009, discuss the status of the new online portal, and present our view on SSA's plans for the paper *Statement* going forward.

Additionally, the Board expects to devote considerable time over the next two years looking more broadly at all aspects of SSA's communications strategy. We plan to examine, systematically, all of the ways in which the agency interacts with the public (including face-to-face, via the Internet, the paper *Statement* and its inserts, informational brochures and pamphlets, and agency notices mailed to claimants), identify areas where we believe improvements are in order, and present recommendations to ensure successful communications with the American public.

In 2011, we continued to emphasize the need for SSA to modernize its technology platform, one of the central themes of our report, *The Social Security Administration: A Vision of the Future – The First Steps on the Road to 2020*. In that report, our goal was to present a bold vision of what Social Security could look like throughout the next 10 to 20 years, and a roadmap for achieving that vision. Technology, we believe, is at its heart.

In the *Vision* report, we noted that technology is rapidly evolving and that by the year 2020 it will likely be “the key enabler for service delivery.” As technology becomes increasingly more mobile and electronic, the nature of “work” will naturally begin to change. Routine work will become automated, requiring fewer people to perform certain service tasks. It will make face-to-face contact with the agency less necessary. This could very likely be a boon for the agency, since it has the potential to increase both efficiency and productivity in its employees’ workloads. It is up to SSA, however, to embrace and adapt to the new technology if it wishes to succeed in its strategic mission of delivering “services that meet the changing needs of the public.”

In order to do this, SSA must establish an aggressive systems modernization plan that involves three specific approaches: (1) create a sustainable authentication protocol that allows the public to conduct business efficiently with the agency online, (2) implement a wide-ranging strategy for

data exchange with other government agencies as well as the private sector, and (3) eliminate its dependency on outdated 20th Century technology. Though these changes are not easy and cannot be made overnight, they will need serious consideration if SSA is to continue to deliver high quality public service in the 21st Century.

SSA has often debated whether changes in business processes or IT capabilities should be the main catalyst for change. In our *Vision* report we suggested that the true answer is neither, that “advancements in technology should open new avenues for business processes, which in turn should spur new policies and procedures.” We concluded that technology is the primary driver for change.

The need for SSA to modernize its technology platform is a belief shared by others as well, both inside and outside of the agency. At our September 2011 Board meeting we met with Kelly Croft, SSA’s Deputy Commissioner for Systems and Chief Information Officer, to discuss the agency’s current IT organization and activities. He informed us that the Disability Case Processing System (DCPS) project – a database that will move SSA away from its current fragmented, multi-application environment to a more modernized and integrated management system – is expected to be completed in 2016. Mr. Croft also stated that many of SSA’s online claims and post-entitlement actions can become fully automated in the future, and may help ease the impact of budget and resource shortfalls.

Mr. Croft reported that SSA is still working on authentication of its public-use Internet applications, and told us that it should be completed by February 2012. He stated that the online *Social Security Statement* should be up and running by February 2012 as well, depending on the agency's budget situation.

He told us that a situation that his office is watching closely is the agency's ability to recover its data and computer files in its National Computer Center in the event of a disaster. To address this, SSA built a support center in North Carolina to act as a backup and to recover sensitive data. The agency is also in the planning stages of building a new computer center in Urbana, Maryland to replace the old, deteriorating one in Baltimore. We were disappointed to learn, however, about how long the planning and implementation phases are taking. Originally, the new center was to be completed by 2013; Mr. Croft informed us that it will not be fully operational until at least 2016. A major obstacle in its construction is how the agency will come up with the resources and funds to complete it during this difficult fiscal period.

The new data center was also an important topic of discussion by members of the Future Systems Technology Advisory Panel (FSTAP) when we spoke to them in a teleconference during our October 2011 Board meeting. The new center was one of the issues the Panel was tasked to study and report on, and, for the most part, Panel members were frustrated about how SSA was carrying out the project. Unlike Mr. Croft, the Panel as a whole agreed that SSA is in dire straits regarding backup and recovery issues, and it criticized SSA's continued use of archaic legacy systems and COBOL programming. The Panel members also identified two

other areas that merit concern: the lack of a real, long-term technological vision at SSA, and the agency's weak service delivery model, especially with regard to the disability claims system.

SSA's Inspector General, Patrick O'Carroll, and Deputy Inspector General, James Kissko, echoed many of our concerns and those concerns voiced by FSTAP. At our February meeting, Mr. O'Carroll discussed two of his office's latest audit reports, noting concerns with the electrical capacity of the new data center as well as the choice of the center's location. He also criticized SSA's continued use of COBOL programming and the agency's lack of long-range strategic IT planning. At our November meeting, Mr. O'Carroll and Mr. Kissko voiced continued concern over the construction of the new center, but reassured the Board that their office is keeping a close eye on the project.

Mr. O'Carroll also discussed many of SSA's electronic services, including iClaim, the agency's initiative to secure benefit applications over the Internet. He told us that fraud is a particularly common problem with this and that SSA needs to adopt better authentication protocols. Regarding electronic services as a whole, Mr. O'Carroll reiterated his belief that SSA is more concerned with the short-term rather than the long-term, and, in fact, in a July 2011 report, his office found that SSA completely lacked any long-term customer service plan.

In 2011 we dedicated much energy to evaluating the many purposes that technology serves in SSA activities. Although the agency has made great strides over the years in several technology-related areas, it can certainly improve in others. This will be an area that we will continue to address and comment on in the future.

SSA Operations: Is the Agency Meeting the Needs of the Public?

As part of our mandate, the Social Security Advisory Board is instructed to review and make recommendations regarding how SSA serves the public. The Board takes this responsibility seriously and over the years has kept a watchful eye on the general operations of the agency. In 2011, we continued our review by meeting with members of the public, organizations that assist Social Security claimants, key SSA executives, and SSA frontline staff.

Meetings with SSA Executives

During one of our early sessions, SSA's new Deputy Commissioner, Carolyn Colvin, informed us of some of the serious challenges that the agency faces, noting that SSA does not exist in a vacuum and that it must struggle to get the resources it needs to engage in projects that are both politically acceptable and operationally doable. She stated that, historically, SSA has dealt with its workload backlog mainly by adding more resources. That presents a problem in today's budget environment where there will likely not be additional resources in the future. Securing more resources, however, is not the only way to get backlogs down. With that in mind, SSA has been focusing on modifying its business processes. New automated tools in SSA's Office of Disability Adjudication and Review and in the Disability Determination Services will help. Eliminating some steps in certain kinds of cases

will also help, as will adding more categories of disability cases where decisions can be expedited.

During our January Board meeting, we met with SSA's Deputy Commissioner for Operations, Mary Glenn-Croft, who briefed us on the agency's most pressing workload problems and the strategies being used to address them. Ms. Glenn-Croft explained that a significant problem for SSA is the staffing shortages that plague certain offices and regions. One strategy she is using to deal with this is to identify ways to share staffing resources across the agency's ten regions. For instance, one region with strength and capacity in human resource management could also serve a region that does not have a strong human resources component in-house or has lost critical staff through attrition or retirement.

Ms. Glenn-Croft reiterated Deputy Commissioner Colvin's warning that SSA is going to have to streamline policy and increase the use of automation to keep up with its workload. The agency also needs to come up with ways to simplify its business process that must include enhancing its online and telephone services. Ms. Glenn-Croft warned, however, that if the budget is cut severely and the agency continues to lose staff, then workload backlogs will continue to grow.

Also at the January meeting, we spoke with SSA executives, Kelly Croft (Deputy Commissioner for Systems), Michael Gallagher (Deputy Commissioner for Budget, Finance and Management), and Stephen Goss (Chief Actuary) about SSA's role in

annual wage reporting. The purpose of the session was to learn more about how two individuals were able to submit and get fraudulent wage data past SSA's monitoring system. This information – which could have had a significant impact on the computation of the average national wage, taxes, and Social Security benefits – was caught by the *Bloomberg Press*, which pointed out the data anomaly that alerted SSA to the problem. Fortunately, none of the fraudulent values had any impact on taxes or benefits within the timeframe that the misinformation was out there; corrections were made in time to prevent any damage. SSA has fixed the problem and, going forward, the agency plans to put in place more checks and balances looking at reports with significant income, and verifying all reports of income over \$10 million. SSA will complete a manual review to ensure that such reports are consistent with earnings histories.

Meetings with SSA's Inspector General

As stated earlier, at our February and November Board meetings we met with SSA Inspector General, Patrick O'Carroll, and Deputy Inspector General, James Kissko, to discuss issues related to information technology. In addition to those issues, the Inspector General addressed his concerns about stewardship at SSA. He indicated that because the agency's largest improper benefit payments are made to disability program recipients, it is imperative that SSA keep up with continuing disability reviews, and redeterminations of Supplemental Security Income cases. He also discussed the budget implications related to special funding SSA has received in the past for these reviews; given the current agency resource scenario, if SSA does not receive the dedicated money for the reviews, it is less likely the work will be done.

Mr. O'Carroll stated that SSA's Office of Disability and Adjudication Review is currently a major focus for his office. If the number of hearing requests and the number of dispositions remain the same as they have been recently, then ODAR can make its case processing goal for reducing the hearings backlog. The Inspector General further reported that SSA's hiring and training of administrative law judges is currently going well. However, the ALJ "U" curve – the statistical curve of ALJ allowance rates (with the outliers at the ends of the U) – is of concern. He is looking into (and has been mandated by Congress to investigate) the ALJs who are either allowing most of their cases or denying most of their cases. Mr. O'Carroll also indicated that investigations of individual cases with the potential for misconduct are ongoing.

Board Visit to Columbus, Ohio

In May, when we traveled to Columbus we got a closer look at how SSA is serving the public. The claimants, social workers, and third party representatives with whom we met discussed a number of challenges they face in navigating SSA's disability process, including how difficult some of SSA's applications are to complete, how frustrating SSA's letters are to read, and how confusing the Ticket to Work program is. But we also heard that SSA employees are quite helpful and cooperative, and the Columbus field offices are working well in partnership with local hospitals and other facilities to assist claimants to file for disability benefits. Similarly, we heard from field office and Bureau of Disability Determination (the Ohio DDS) employees about the challenges they face, and how they are coping with those challenges.

SSA's Budget—Austere Times

We have always kept a close eye on the level of administrative resources that the Congress

provides each year to SSA, and on how the agency uses the resources that it is allocated. Due to the austere times resulting from the Nation's current economic situation, we have been extra vigilant, reviewing the budget situation with the Commissioner and agency executives during our monthly meetings. For the last two fiscal years SSA's administrative budget has been reduced well below the level the agency believes it needs to meet all of its responsibilities given its current structure, business processes, and technology platform.

As the baby boom generation ages toward retirement and into its more disability-prone years, more people are applying for benefits. When coupled with the recent economic downturn, we have seen that SSA's workloads grow well beyond projections. The agency's staff is not immune to these same demographic and economic pressures. As more and more of SSA's workforce become eligible for retirement, SSA is seeing the loss of many of its most seasoned employees. At the same time that the agency is experiencing higher attrition due to this retirement wave, the agency must cope with hiring limitations because of the tight fiscal environment in which it finds itself.

From discussions with SSA executives, it appears that the agency now faces an uphill battle processing its growing workloads with declining resources. As we have stated, the consequence

of this situation is a degradation of the agency's ability to provide service to the public. Some workloads, such as mailing the *Social Security Statement*, have been suspended. Other workloads, such as disability hearings, continuing disability reviews, and other post-entitlement actions, have become seriously backlogged. In order to continue to process initial disability claims and appeals, program integrity workloads and other post-entitlement actions are delayed. In addition to the impact on public service, we have heard that these situations result in more payment errors, additional workloads to handle incorrect payments, and higher expenditures from the Trust Fund and general revenues.

It has long been the Board's contention that technology must play a vital role in ensuring that SSA is able to continue to meet its responsibilities to the American public going forward. It is our belief that SSA could save considerable resources if more of the agency's workloads were fully automated and if more of the information that SSA needs to do its job were provided to the agency electronically. This is particularly true of the agency's post-entitlement and program integrity workloads. The Board plans to continue in 2012 its examination of SSA's technology infrastructure, including its electronic data exchange activities with other Federal, State and local agencies and private sector organizations.

Ongoing Discussions of Policy Issues

We continue to meet with SSA officials and experts from outside of the agency to discuss perspectives on programmatic issues and to press the agency to re-examine aspects of its program policy. Some of the areas we have been concerned about are:

- **Disability adjudication:** Although many changes have been recommended and tested over the years, SSA's disability determination process remains fraught with problems. In our 1998 report, *How SSA's Disability Programs Can Be Improved*, we pointed out that the process needs to be more consistent and equitable throughout the system; its needs to be faster, more efficient, and more accessible to individuals seeking help; SSA needs to strengthen the public's trust in the integrity of the programs; and the agency needs to help individuals with disabilities continue or return to work. Fourteen years later we cannot say that measurable improvements have been made. We will remain vigilant in our efforts to focus the attention of policymakers and administrators on the actions that must be taken to keep the disability programs viable.
- **Ticket to Work and Work Incentives:** When the Ticket to Work program was implemented in 2002, Congress, SSA, and the disability community had high expectations for what it could achieve for people with disabilities. The initial rules that directed how employment networks would be paid, however, did not provide the proper incentives, and in 2008 SSA published revised regulations designed to improve the program's payment structure. As part of our oversight responsibilities, the Board periodically reviews the outcomes from the Ticket program and other work incentive efforts; specifically, we are interested in whether there have been increases in the number of program participants, in the number of beneficiaries with significant earnings, changes in the number of beneficiaries exiting the rolls, and in the length of time beneficiaries are staying off the rolls.
- **SSI Policy:** In our 2011 statement on the SSI program, we raised some issues regarding the asset limits currently provided for in SSI policy. We recommended that research be done to address questions about whether the dollar limits and existing resources exclusions are appropriate.

Compendium of Board Reports and Publications

- 1) *The 2011 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board*, September 2011.
- 2) *The Social Security Administration: A Vision of the Future – The First Steps on the Road to 2020*, March 2011.
- 3) *Social Security: Why Action Should Be Taken Soon* (4th ed.), December 2010.
- 4) *Keeping the Record Straight – An Overview of How SSA’s Data Exchange Program Works*, December 2010.
- 5) *Disability Programs in the 21st Century Series: The Representative Payee Program*, September 2010.
- 6) *The Unsustainable Cost of Healthcare*, September 2009.
- 7) *The Social Security Statement: How It Can Be Improved*, August 2009.
- 8) *Bridging the Gap: Improving SSA’s Public Service through Technology*, April 2009.
- 9) *Disability Programs in the 21st Century Series: Substantial Gainful Activity*, April 2009.
- 10) *Disability Programs in the 21st Century Series: Need for Review of the Supplemental Security Income Program’s Benefit Levels, Asset Limits, and Income Exclusions*, March 2009.
- 11) *Disability Programs in the 21st Century Series: Interactions Between Supplemental Security Income and Temporary Assistance for Needy Families*, February 2009.
- 12) *Challenges Facing the Social Security Administration: Present and Future*, December 2008.
- 13) *Working for Retirement Security*, September 2008.
- 14) *The 2007 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board*, October 2007.
- 15) *Recruiting SSA Administrative Law Judges: Need for Review of OPM Role and Performance*, April 2007.
- 16) *A Disability System for the 21st Century*, September 2006.
- 17) *Improving the Social Security Administration’s Hearing Process*, September 2006.
- 18) *Disability Decision Making: Data and Materials* (2nd ed.), May 2006.
- 19) *The Impact of Immigration on Social Security and the National Economy*, December 2005.
- 20) *Social Security: Why Action Should Be Taken Soon* (3rd ed.), September 2005.
- 21) *Retirement Security: The Unfolding of a Predictable Surprise*, March 2005.
- 22) *The Social Security Definition of Disability*, October 2003.
- 23) *The 2003 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board*, October 2003.
- 24) *Introducing Non-adversarial Government Representatives to Improve the Record for Decision in Social Security Disability Adjudications, A Report to the Social Security Advisory Board*, June 2003.

- 25) *SSA's Obligation to Ensure that the Public's Funds are Responsibly Collected and Expended*, March 2002.
- 26) *Alternative Approaches to Judicial Review of Social Security Disability Cases: A Report to the Social Security Advisory Board*, March 2002.
- 27) *Challenges Facing the New Commissioner of Social Security*, Statement by Stanford G. Ross, December 2001.
- 28) *Estimating the Real Rate of Return on Stocks Over the Long Term*, Papers presented to the Social Security Advisory Board, August 2001.
- 29) *Social Security: Why Action Should Be Taken Soon* (2nd ed.), July 2001.
- 30) *Agenda for Social Security: Challenges for the New Congress and the New Administration*, February 2001.
- 31) *Charting the Future of Social Security's Disability Programs: The Need for Fundamental Change*, January 2001.
- 32) *Disability Decision Making: Data and Materials*, January 2001.
- 33) *The 1999 Technical Panel on Assumptions and Methods, Report to the Social Security Advisory Board*, November 1999.
- 34) *How the Social Security Administration Can Improve Its Service to the Public*, September 1999.
- 35) *Forum on the Implications of Raising the Social Security Retirement Age*, May 1999 (staff document).
- 36) *How SSA's Disability Programs Can Be Improved*, August 1998.
- 37) *Social Security: Why Action Should Be Taken Soon*, July 1998.
- 38) *Strengthening Social Security Research: The Responsibilities of the Social Security Administration*, January 1998.
- 39) *Increasing Public Understanding of Social Security*, September 1997.
- 40) *Forum on a Long-range Research and Program Evaluation Plan for the Social Security Administration: Proceedings and Additional Comments*, June 1997 (staff document).
- 41) *Developing Social Security Policy: How the Social Security Administration Can Provide Greater Policy Leadership*, March 1997.

In addition, the Board has published an *Annual Report* each year since 1998 describing the work we completed in the prior year and discussing plans for future studies. We have also published a *Statement on the Supplemental Security Income Program* annually. These statements appear in SSA's *Annual Report to the President and Congress on the Supplemental Security Income Program*.

Most reports are available on the Board's website at www.ssab.gov.

2011 Board Operations and Publications

Meetings

From January 2011 through December 2011, we met at our offices nine times, made a field visit to Columbus, Ohio, held an offsite, joint meeting with the 2010-2011 Technical Panel on Assumptions and Methods, and held two conference calls.

Field Visit

In May we made a field visit to Columbus, Ohio to meet with claimants, third party representatives, and Social Security Administration and Ohio Bureau of Disability Determination staffs to hear their perspectives on how SSA serves the public.

Publications

In March, we published *The Social Security Administration: A Vision of the Future – The First Steps on the Road to 2020*, which described SSA's urgent need to plan for its future operations. In May, we released our annual *Supplemental Security Income Statement* where we discussed issues related to the SSI resource limit. In June, we published our *Annual Report* for calendar year 2010, and in September, we released the report of the 2011 Technical Panel on Assumptions and Methods.

Technical Panel on Assumptions and Methods

In August 2010, the Board appointed an expert panel of economists, demographers, and actuaries to review the assumptions and methods used by the Trustees of the OASDI Trust Funds in their annual reports on the long-term solvency of the Social Security programs. The panel met throughout the first half of the year and issued its final report in September 2011.

Speeches

In July, Acting Board Chair Barbara Kennelly spoke at a swearing in ceremony of administrative law judges in Washington, D.C., and in October, Acting Chair Marsha Katz addressed the Association of Administrative Law Judges in San Antonio, Texas.

Board Changes

Acting Board Chair Barbara Kennelly's term expired on September 30, 2011, and Staff Director Katherine Thornton resigned from the Board in October 2011.

Individuals with Whom the Board Met at its Monthly Meetings in 2011

January

Carolyn Colvin, Deputy Commissioner of Social Security, SSA

Described challenges that SSA is facing.

Kelly Croft, Deputy Commissioner for Systems, SSA

Michael Gallagher, Deputy Commissioner for Budget, Finance and Management, SSA

Mary Glenn-Croft, Deputy Commissioner for Operations, SSA

Discussed workload, 800 number, and Internet claims issues.

Stephen Goss, Chief Actuary, SSA

Discussed annual reporting of wages to SSA.

February

Michael Astrue, Commissioner of Social Security, SSA

Outlined children's SSI issues, SSA's Strategic Plan, SSA's 2012 budget, and the Federal wage reporting requirement.

Robert Reischauer, Public Trustee of the Social Security and Medicare Trust Funds

Charles Blauhous, Public Trustee of the Social Security and Medicare Trust Funds

Described how the Trust Fund projections are made, the presentation of the Trustees' Report, and the 2010-2011 Technical Panel on Assumptions and Methods.

Patrick O'Carroll, Inspector General, SSA

James Kissko, Deputy Inspector General, SSA

Discussed SSA's proposed new national computer center, SSA's IT strategic planning, and stewardship at SSA.

Mark Duggan, Ph.D., Professor of Business and Public Policy, The Wharton School, University of Pennsylvania, and Member, 2010-2011 Technical Panel on Assumptions and Methods

Presented his paper, Supporting Work: A Proposal for Modernizing the U.S. Disability Insurance System.

March

Art Spencer, Associate Commissioner for Disability Programs, SSA

Janet Truhe, Office of Disability Programs, SSA

Described the duties and responsibilities of the Office of Disability Programs and a few of its activities.

April

Michael Astrue, Commissioner of Social Security, SSA

Discussed SSA budget and staffing issues.

Richard Burkhauser, Sarah Gibson Blanding Professor of Policy Analysis, Cornell University

Described ways to get and keep individuals in the workforce and off the disability rolls.

Andrew Martinez, Current President, National Association of Disability Examiners (NADE)

Jeff Price, Legislative Director and Past President, NADE

Susan Smith, Past President, NADE

Tom Ward, President-Elect, NADE

Outlined current NADE activities.

Ulrich Brechbuhl, President and CEO, Chamberlin Edmonds and Associates, Atlanta, Georgia

Suzy Perlman, SSA Liaison, Chamberlin Edmonds and Associates, Atlanta, Georgia

Discussed third party assistance and its application for SSA.

May

SSDI beneficiaries, Columbus, Ohio

Brandy N. Moorehead, Hospital Counselor, The Ohio State University Medical Center, Columbus, Ohio

Darlene Orsley, Hospital Counselor, Mount Carmel West Hospital Clinics, Columbus, Ohio

Described their experiences in learning about disability benefits and other support services.

Raven Bias, SSI Ohio Project Coordinator, Coalition on Homelessness and Housing in Ohio, Columbus, Ohio

Melissa J. Davey, Vice President for Disability Services, GENEX Services, Inc., Wayne, Pennsylvania

Steven Atwood, Executive Director, Southeast Mental Health Center, Columbus, Ohio

Tanya Chiles, Benefit Specialist, Center for Vocational Alternatives, Columbus, Ohio

Carrie Printz, Benefit Specialist, Center for Vocational Alternatives, Columbus, Ohio

Discussed the role of third party assistance in the Social Security programs.

Marcia Mosley, Deputy Regional Commissioner, Chicago Region, SSA

Carmen Moreno, Public Affairs Officer, Chicago Region, SSA

Doug Schneck, Area Director, Columbus, Ohio, SSA

Michael Link, Manager, Downtown Field Office, Columbus, Ohio, SSA

Sue Bergman, Operations Supervisor, North Office, Columbus, Ohio, SSA

Eric Christianson, Operations Supervisor, Downtown Field Office, Columbus, Ohio, SSA

John Chaley, Technical Expert, North Office, Columbus, Ohio, SSA

Lori Shaw, Operations Supervisor, North Office, Columbus, Ohio, SSA

Matt Easton, Claims Representative, North Office, Columbus, Ohio, SSA

Tiffany McCallister, Claims Representative, North Office, Columbus, Ohio, SSA

Mya Vandiver, SSI Claims Representative, Downtown Field Office, Columbus, Ohio, SSA

Kristin Vicars, SSI Claims Representative, Downtown Field Office, Columbus, Ohio, SSA

Dianna Wade, Claims Representative, North Office, Columbus, Ohio, SSA

Derell Williams, SSI Claims Representative, Downtown Field Office, Columbus, Ohio, SSA

Discussed the use of third parties in the Social Security programs.

Erik Williamson, Deputy Director, Ohio Division of Disability Determination, Columbus, Ohio

Teresa Gray, Assistant Deputy Director, Ohio Division of Disability Determination, Columbus, Ohio

Allison Lynch, Area Manager, Ohio Division of Disability Determination, Columbus, Ohio

Orlando Rodriguez, Area Manager, Ohio Division of Disability Determination, Columbus, Ohio

Darin McCoy, Area Manager, Ohio Division of Disability Determination, Columbus, Ohio

Fred Schindler, Area Manager, Ohio Division of Disability Determination, Columbus, Ohio

Darlynn Nero, Homeless Unit Supervisor, Ohio Division of Disability Determination, Columbus, Ohio

Dave LaRosa, Operations Supervisor, Ohio Division of Disability Determination, Columbus, Ohio

Shelly Rhodes, Supervisor, Ohio Division of Disability Determination, Columbus, Ohio

Jim Jamison, Disability Program Administrator,
Chicago Region, Chicago, Illinois, SSA

Marilyn Robinson, Deputy Area Director,
Columbus, Ohio, SSA

*Discussed issues at the Ohio Division of Disability
Determination.*

June

Michael Astrue, Commissioner of Social Security, SSA

Glenn Sklar, Deputy Commissioner for Disability
Adjudication and Review, SSA

*Discussed the SSA budget, the Social Security State-
ment, and administrative law judge issues.*

Stephen Goss, Chief Actuary, SSA

Alice Wade, Deputy Chief Actuary for Long-Term
Estimates, SSA

*Discussed the 2011 Old-Age, Survivors, and Disability
Insurance Trustees Report.*

July

Scott Frey, Deputy Commissioner for Legislation and
Congressional Affairs, SSA

Described SSA's legislative agenda.

Michael Gallagher, Deputy Commissioner for Budget,
Finance and Management, SSA

Bonnie Kind, Associate Commissioner for Budget, SSA

Outlined SSA's fiscal year 2012 budget.

Richard Foster, Chief Actuary, Centers for Medicare
and Medicaid Services

Clare McFarland, Deputy Director for the Medicare
and Medicaid Cost Estimates Group, Centers for
Medicare and Medicaid Services

Discussed the 2011 Medicare Trustees Report.

August

Brigitte Madrian, Aetna Professor of Public Policy and
Corporate Management, Harvard Kennedy School,
Harvard University, and Chair, 2010-2011 Technical
Panel on Assumptions and Methods

*Outlined the 2010-2011 Technical Panel's recommenda-
tions (conference call).*

September

Kelly Croft, Deputy Commissioner for Systems and
Chief Information Officer, SSA

Discussed SSA's IT organization and current activities.

Brigitte Madrian, Ph.D., Aetna Professor of Public
Policy and Corporate Management, Harvard Kennedy
School, Harvard University, and Chair, 2010-2011
Technical Panel on Assumptions and Methods

Janet Barr, Associate Actuary, Employee Benefits,
Milliman, and Member, 2010-2011 Technical Panel on
Assumptions and Methods

John Bongaarts, Ph.D., Vice President and Distin-
guished Scholar, Population Council, and Member,
2010-2011 Technical Panel on Assumptions and
Methods (by telephone)

Mark Duggan, Ph.D., Professor of Business and Public
Policy, The Wharton School, University of Pennsyl-
vania, and Member, 2010-2011 Technical Panel on
Assumptions and Methods

Melissa Favreault, Ph.D., Senior Fellow, The Urban
Institute, and Member, 2010-2011 Technical Panel on
Assumptions and Methods

Tim Marnell, Actuarial & Benefits Consulting LLC, and
Member, 2010-2011 Technical Panel on Assumptions
and Methods

S. Philip Morgan, Ph.D., Professor of Sociology and
Norb F. Schaefer Professor of International Studies,
Duke University, and Member, 2010-2011 Technical
Panel on Assumptions and Methods

John Sabelhaus, Ph.D., Chief, Microeconomic Surveys Section, Division of Research and Statistics, Federal Reserve Board, and Member, 2010-2011 Technical Panel on Assumptions and Methods

Andrew Samwick, Ph.D., Sandra and Arthur Irving Professor of Economics, Dartmouth College, and Member, 2010-2011 Technical Panel on Assumptions and Methods

Karen A. Woodrow-Lafield, Ph.D., Research Professor and Faculty Associate, Maryland Population Research Center, University of Maryland, and Member, 2010-2011 Technical Panel on Assumptions and Methods

Presented the 2010-2011 Technical Panel's findings and recommendations at a public meeting of the Social Security Advisory Board.

Michael J. Astrue, Commissioner of Social Security, SSA

Charles Blahous, Public Trustee of the Social Security and Medicare Trust Funds

Robert Reischauer, Public Trustee of the Social Security and Medicare Trust Funds

They were among the invited government officials and Social Security program experts who attended the public meeting of the 2010-2011 Technical Panel.

Phil Gambino, Assistant Deputy Commissioner for Communications, SSA

Darrell Taylor, Office of Communications, SSA

Outlined SSA's communication strategy.

Scott Frey, Deputy Commissioner for Legislation and Congressional Affairs, SSA

Described SSA's legislative agenda.

October

Michael J. Astrue, Commissioner of Social Security, SSA

Discussed workload and staffing issues.

Robert Weathers, Deputy Associate Commissioner for Program Development and Research, SSA

Paul O'Leary, Project Director for Ticket to Work Evaluation, Office of Program Development and Research, SSA

Described current SSA disability program initiatives.

Henry Lucas, Member, SSA's Future Systems Technology Advisory Panel (FSTAP)

Dave McClure, Member, SSA's FSTAP

Blaise Heltai, Member, SSA's FSTAP

Discussed FSTAP activities (by telephone).

November

Patrick O'Carroll, Inspector General, SSA

James Kissko, Deputy Inspector General, SSA

Discussed recent Inspector General activities.

Robert Weathers, Deputy Associate Commissioner for Program Development and Research, SSA

Paul O'Leary, Project Director for Ticket to Work Evaluation, Office of Program Development and Research, SSA

Discussed the results of the Ticket to Work program.

December

Stephen Goss, Chief Actuary, SSA

Alice Wade, Deputy Chief Actuary for Long-Term Estimates, SSA

Eli Donkar, Deputy Chief Actuary for Short-Range Estimates, SSA

Discussed the status of the Disability Insurance Trust Fund.

Pat Jonas, Executive Director of Appellate Operations, SSA

Gerald Ray, Deputy Director of Appellate Operations, SSA

Discussed new quality initiatives at the Appeals Council.

Current Members of the Social Security Advisory Board

Marsha Rose Katz, Acting Chair

Marsha Rose Katz is a Project Director at the University of Montana Rural Institute in Missoula, where her work has concentrated on assisting persons with disabilities to utilize Social Security work incentives to start their own businesses or engage in wage employment. Since coming to the Rural Institute in 1999, Ms. Katz has focused on providing training and technical assistance on both employment and SSI/SSDI to rural, frontier and tribal communities across the country. Previously, she worked for nearly 20 years in a disability rights community based organization, the Association for Community Advocacy (ACA), a local Arc in Ann Arbor, Michigan. She served as both Vice President of ACA, and Director of its Family Resource Center. It was at ACA that Ms. Katz began her nearly 30 years of individual and systems advocacy regarding programs administered by SSA, especially the SSI and SSDI programs. Ms. Katz has written numerous articles and created many widely distributed user-friendly general handouts on SSI and SSDI, the majority of which focus on the impact of work on benefits, and utilizing work incentives. She is the author of *Don't Look for Logic; An Advocate's Manual for Negotiating the SSI and SSDI Programs*, published by the Rural Institute. Her Bachelor's and Master's Degrees are from the University of Michigan. Ms. Katz's many years of experience as a trainer, technical advisor, and advocate have been guided and informed by her partnership with people with disabilities, from her husband, Bob Liston, to the people she assisted in her work with ACA and the Arc Michigan, her current work at the Rural Institute, and her longstanding participation in ADAPT, the nation's largest cross-disability, grassroots disability rights organization. Term of office: November 2006 to September 2012.

Jagadeesh Gokhale

Jagadeesh Gokhale is a senior fellow at the Cato Institute. He earlier worked at the American Enterprise Institute as a visiting scholar (2003), the U.S. Treasury Department as a consultant (2002), and the Federal Reserve Bank of Cleveland as a senior economic advisor (1990-2003). An economist by training, his main research fields are macro and public economics with a special focus on the effects of fiscal policy on future generations. During 2008, he served as a member of the Task Force on Sustainability Issues for the Federal Accounting Standards Advisory Board. Dr. Gokhale has written extensively on policy issues including Social Security and Medicare reform, national saving, private insurance, financial planning, wealth inequality, generational accounting, and public intergenerational transfers and he has testified several times before Congress on these topics. He has published several papers in such top-tier journals as the *American Economic Review*, *Journal of Economic Perspectives*, *Quarterly Journal of Economics*, *Review of Economics and Statistics*; in publications of the National Bureau of Economic Research and the Cleveland Federal Reserve; in the US Budget report's *Analytical Perspectives*; and in popular newspapers and online media such as the *Wall Street Journal*, *The Financial Times*, *The Washington Post*, *American Spectator*, and *Forbes*. Dr. Gokhale is a co-author of *Fiscal and Generational Imbalances* (2003) that revealed the U.S. fiscal imbalance to be in the tens of trillions of dollars. Another book by him entitled, *Social Security: A Fresh Look at Policy Alternatives*, was published in 2010. Term of Office: November 2009 to September 2015.

Dorcas R. Hardy

Dorcas R. Hardy is President of DRHardy & Associates, a government relations and public policy firm serving a diverse portfolio of clients. After her appointment by President Ronald Reagan as Assistant Secretary of Human Development Services, Ms. Hardy was appointed Commissioner of Social Security (1986 to 1989) and was appointed by President George W. Bush to chair the Policy Committee for the 2005 White House Conference on Aging. Ms. Hardy has launched and hosted her own primetime, weekly television program, "Financing Your Future," on Financial News Network and UPI Broadcasting, and "The Senior American," an NET political program for older Americans. She speaks and writes widely about domestic and international retirement financing issues and entitlement program reforms and is the co-author of *Social Insecurity: The Crisis in America's Social Security System* and *How to Plan Now for Your Own Financial Survival*, Random House, 1992. A former CEO of a rehabilitation technology firm, Ms. Hardy promotes redesign and modernization of the Social Security, Medicare, and disability insurance systems. Additionally, she has chaired a Task Force to rebuild vocational rehabilitation services for disabled veterans for the Department of Veterans Affairs. She received her B.A. from Connecticut College, her M.B.A. from Pepperdine University, and completed the Executive Program in Health Policy and Financial Management at Harvard University. Ms. Hardy is a Certified Senior Advisor and serves on the Board of Directors of Wright Investors Service Managed Funds as well as several nonprofit organizations. First two terms of office: April 2002 to September 2010. Current term of office: October 2010 to September 2016.

Barbara B. Kennelly*

Barbara B. Kennelly became President and Chief Executive Officer of the National Committee to Preserve Social Security and Medicare in April 2002 after a distinguished 23-year career in elected public office. Mrs. Kennelly served 17 years in the United States House of Representatives representing the First District of Connecticut. During her Congressional career, Mrs. Kennelly was the first woman elected to serve as the Vice Chair of the House Democratic Caucus. Mrs. Kennelly was also the first woman to serve on the House Committee on Intelligence and to chair one of its subcommittees. She was the first woman to serve as Chief Majority Whip, and the third woman in history to serve on the 200-year-old Ways and Means Committee. During the 105th Congress, she was the ranking member of the Subcommittee on Social Security. Prior to her election to Congress, Mrs. Kennelly was Secretary of State of Connecticut. After serving in Congress, Mrs. Kennelly was appointed to the position of the Counselor to the Commissioner at the Social Security Administration. As Counselor, Mrs. Kennelly worked closely with the Commissioner of Social Security Kenneth S. Apfel, and members of Congress to inform and educate the American people on the choices they face to ensure the future solvency of Social Security. She served on the Policy Committee for the 2005 White House Conference on Aging. Mrs. Kennelly received a B.A. in Economics from Trinity College, Washington, D.C. She earned a certificate from the Harvard Business School on completion of the Harvard-Radcliffe Program in Business Administration and a Master's Degree in Government from Trinity College, Hartford. First term of office: January 2006 to September 2011. Current term of office: March 2012 to September 2017.

*Term ended September 30, 2011; was re-appointed in March 2012.

Mark J. Warshawsky

Mark J. Warshawsky is Director of Retirement Research at Towers Watson, a global human capital consulting firm. He conducts and oversees research on employer-sponsored retirement programs and policies. A frequent speaker to business and professional groups, Dr. Warshawsky is a recognized thought leader on pensions, social security, insurance and healthcare financing. He has written numerous articles published in leading professional journals, books and working papers, and has testified before Congress on pensions, annuities and other economic issues. A member of the Social Security Advisory Board for a term through 2012, he is also on the Advisory Board of the Pension Research Council of the Wharton School. From 2004 to 2006, Dr. Warshawsky served as assistant secretary for economic policy at the U.S. Treasury Department. During his tenure, he played a key role in the development of the Administration's pension reform proposals, particularly pertaining to single-employer defined benefit plans, which were ultimately included in the Pension Protection Act ("PPA") of 2006. He was also involved extensively in the formulation of Social Security reform proposals, and oversaw the Department's comprehensive 2005 study of the terror risk insurance program.

In addition, Dr. Warshawsky led the efforts to update and enhance substantially the measures and disclosures in the Social Security and Medicare Trustees' Reports, as well as the setting of the macroeconomic forecasts, which underlie the administration's budget submissions to Congress. Dr. Warshawsky's research has been influential in the 2001-2002 regulatory reform of minimum distribution requirements for qualified retirement plans, the increasing realization of the importance of financial protection against outliving one's financial resources in retirement, and a product innovation to integrate the immediate life annuity and long-term care insurance. For the latter research, he won a prize from the British Institute of Actuaries in 2001 for a professional article he co-authored. Favorable tax treatment for this integrated product was also included in PPA due to Dr. Warshawsky's advocacy. Dr. Warshawsky has also held senior-level economic research positions at the Internal Revenue Service, the Federal Reserve Board in Washington, D.C. and TIAA-CREF, where he established the Paul A. Samuelson Prize and organized several research conferences. A native of Chicago, he received a Ph.D. in Economics from Harvard University and a B.A. with Highest Distinction from Northwestern University. Term of office: December 2006 to September 2012.

Legislation that Established the Social Security Advisory Board

In 1994, when Congress passed Public Law 103-296 establishing the Social Security Administration as an independent agency, it also created an independent, bipartisan Advisory Board to advise the President, the Congress, and the Commissioner of Social Security on matters related to the Social Security and Supplemental Security Income programs. Under this legislation, appointments to the Board are made by the President, the Speaker of the House of Representatives, and the President pro tempore of the Senate.

Advisory Board members are appointed to staggered six year terms, made up as follows: three appointed by the President (no more than two from the same political party); and two each (no more than one from the same political party) by the Speaker of the House (in consultation with the Chairman and the Ranking Minority Member of the Committee on Ways and Means) and by the President pro tempore of the Senate (in consultation with the Chairman and Ranking Minority Member of the Committee on Finance). Presidential appointments are subject to Senate confirmation. The President designates one member of the Board to serve as Chairman for a four year term, coincident with the term of the President, or until the designation of a successor.

The Board's Mandate

Public Law 103-296 as amended gives the Board the following functions;

- 1) analyzing the Nation's retirement and disability systems and making recommendations with respect to how the Old-age, Survivors, and Disability Insurance (OASDI) programs and the Supplemental Security Income (SSI) program, supported by the other public and private systems, can most effectively assure economic security;
- 2) studying and making recommendations relating to the coordination of programs that provide health security with programs described in paragraph 1;
- 3) making recommendations to the President and to the Congress with respect to policies that will ensure the solvency of the Old-age, Survivors, and Disability Insurance Program, both in the short-term and the long-term;
- 4) making recommendations with respect to the quality of service that the Administration provides to the public;
- 5) making recommendations with respect to policies and regulations regarding the Old-age, Survivors, and Disability Insurance Program and the Supplemental Security Income Program;
- 6) increasing public understanding of the social security system;
- 7) making recommendations with respect to a long-range research and program evaluation plan for the Administration; and
- 8) reviewing and assessing any major studies of social security as may come to the attention of the Board; and
- 9) making recommendations with respect to such other matters as the Board determines to be appropriate.

Social Security Advisory Board Staff Members

Deborah Sullivan, Staff Director

Deborah (Debi) Sullivan joined the Social Security Advisory Board staff in September 2007 as the Deputy Staff Director. Before joining the Board staff, she was a participant in the Social Security Administration's (SSA's) Senior Executive Service Candidate Program and did extensive work on the agency's most recent disability service improvement initiatives. Ms. Sullivan began working for SSA as a claims representative in Columbus, Indiana in 1978 and has held increasingly more responsible supervisory and managerial positions throughout her career. She worked in a number of SSA field offices and the Regional Offices in both Chicago and Atlanta. In 2002, she relocated to SSA's headquarters in Baltimore to become the Executive Officer of SSA's strategic planning component, which was responsible for the publication of the agency's annual planning documents and periodic strategic plans. During her tenure at the Social Security Administration, Ms. Sullivan was the recipient of many awards including five Commissioner's Citations and a National Performance Award. She holds a Bachelor's Degree in History and Political Science from Ball State University and has completed additional graduate work at Emory University in Atlanta.

Jacqueline Chapin, Ph.D., Professional Staff

Jackie Chapin joined the Advisory Board in September 2011 as a staff policy analyst. She began her career with the Federal government in 2004 as a Presidential Management Fellow with the Social Security Administration's Office of Disability Policy in Baltimore, Maryland. She transferred to field office operations in the San Francisco region in 2005 and worked in field office management,

specializing in Supplemental Security Income. During her time in the field, Dr. Chapin spent a year detailed to Baltimore working on disability policy. Prior to working for the Federal government, she taught Sociology at colleges and universities in both Portland, Oregon and Riverside, California. Dr. Chapin worked as a registered nurse prior to studying sociology. She earned her Bachelor's degree in Sociology at Cal State Los Angeles, and both her Master's and Doctoral Degrees in Sociology at the University of California at Riverside. While working for SSA, Dr. Chapin earned several agency awards including an Associate Commissioner's Citation and a Commissioner's Team Award for her work in disability policy.

Jeremy Elder, Research Assistant

Jeremy Elder joined the Advisory Board staff as a research assistant in August 2011, after interning with the Board that summer. Prior to joining the Advisory Board, he interned at a Maryland State advocacy group. During his time there he researched and drafted legislative testimony on social policy issues including welfare policy, housing, education, and health care policy. He holds a Bachelor's degree in Political Science with a minor in Philosophy from Mount Saint Mary's University in Emmitsburg, Maryland.

Joel A. Feinleib, Staff Economist

Joel Feinleib joined the Advisory Board as Staff Economist in 2005 focusing on long-term financing issues, reform proposals, and empirical research. He previously worked as a research consultant and policy analyst in Washington D.C. and Chicago specializing in the economic, demographic and statistical analysis of social

policy issues including welfare policy, drug control policy, environmental health, and HIV/AIDS prevention. He holds a B.S. in Economics from the University of Pennsylvania and a Masters in Public Policy Studies from the University of Chicago.

Beverly Rollins Sheingorn, Executive Officer

Beverly Rollins Sheingorn began her career with the Federal government as a claims representative for the Social Security Administration in the Rockville, Maryland field office. She held a number of jobs with SSA, including senior executive analyst for both the Associate Commissioner of Hearings and Appeals and the Deputy Commissioner for Programs. In 1995, she worked with the National Commission on Childhood Disability, serving as an executive assistant to the Staff Director. Prior to working for the Federal government, Ms. Rollins Sheingorn worked as a social worker for the Head Start program and the West Virginia Department of Welfare. Since joining the Board staff in 1996, she has served as Executive Officer. She holds a Bachelor's degree in Social Work from West Virginia University and a Master's degree in General Administration from the University of Maryland. She is currently working toward a Certificate in the Thanatology program at Hood College in Frederick, Maryland.

Roberta (Robin) Walker, Staff Assistant

Robin Walker joined the Advisory Board staff in December 2009 after spending many years as an Executive Assistant in the public sector. Most recently she supported the work of the President and Vice President of a Washington, D.C. construction firm. Ms. Walker has years of experience in managing all aspects of a corporate office.

David Warner, Professional Staff

David Warner began his career with the Federal government in 1988 as a budget and program analyst for the Office of the Secretary of the Department of Health and Human Services in Washington, D.C. He worked principally on the administrative budget for the Medicare program and the program and administrative budgets for Medicaid and the Social Security Administration. Mr. Warner transferred to the Social Security Administration in 1995. Until 1998, he served as a senior social insurance specialist and executive officer for the Deputy Commissioner for Legislation and Congressional Affairs. In 1998, Mr. Warner completed a developmental assignment as professional staff to the Social Security Subcommittee of the House Committee on Ways and Means. Since joining the staff of the Social Security Advisory Board in 1999, he has served as professional staff to the Board. He holds a Bachelor's degree in psychology from the University of Wisconsin and a Master's degree in public sector and non-profit financial management from the University of Maryland.

