

Invisible Social Security Cuts: Now You See Them, Now You Don't

By Richard (RJ) Eskow

The unseen hand of antigovernment ideology can be found everywhere nowadays – even in your mailbox. The proof is in what you won't find there, like your annual statement of earned Social Security benefits.

The government stopped mailing those out in 2011.

It's also getting a lot harder to find Social Security field offices, or to find someone to pick up the phone, as the Social Security Administration enters into yet more rounds of steep budget cuts.

Social Security customer service: Now you see it, now you don't.

The Most Efficient Benefit Program in the Country?

The question is, why? Social Security may be the single most efficient benefit program – public or private – in the country. Its annual operating expenses are less than one percent of overall costs, a figure that private sector programs should envy. In fact, that percentage has plummeted over the last 50 years, from 2.1 percent in 1963 to 0.8 percent today. That figure could be increased significantly without substantially changing the plan's overall fiscal outlook.

(By comparison, 401(k) plan managers charge an average of 2.5 percent, and that's not counting enrollment costs and other expenses which are borne by employers – and they performed no better than the stock market as a whole on average.)

It's certainly not a 'deficit' issue. Social Security is completely self-funded from contributions earned by benefit plan members. It draws no funds from the overall federal budget. That means the only people hurt by these budget cuts are the same people who paid for these benefits – and the services needed to deliver them – in the first place.

An Ideological Crusade

All the evidence points to one conclusion: these cuts are motivated by ideology, not genuine concerns. The SSA's administrative expenses don't affect the federal debt, and are a small fraction of Social Security's overall costs. These cuts aren't actuarially warranted, since they only minimally affect the program's long-term fiscal outlook.

Congress has cut 14 out of the last 16 SSA budget requests. There's only one rational explanation for that: a hostility toward government itself, combined with the determination to place more public resources in corporate hands through "privatization."

It's a simple game. Slash funding for well-run government programs, then use the resulting chaos as "evidence" that "government isn't the solution, it's the problem." It's simple – and relentlessly cynical.

The Damage Done

In an excellent report for Reuters, [Mark Miller](#) surveyed the damage this strategy has caused: "... sharp reductions in SSA staff and field service offices. Nationwide, staff is down to 62,000 from a peak of 70,000 in the 1990s. Since fiscal 2010, the agency has consolidated 92 field offices into 46 offices and has closed 521 contact stations (mobile floating service facilities that set up shop in other government offices)."

Busy signals on the SSA's phone lines doubled last year.

Social Security recipients – including the disabled, the elderly, and children – pay a high price for this ideologically motivated crusade. That tells us that the people who govern us can be extraordinarily insensitive to the human costs of their actions. Many disabled and elderly Social Security recipients depend on field offices, and the workers in them, to help them navigate the system.

More than two-thirds of the Social Security Administration's 66,000 employees work in the field offices. (They'll pay a human cost for the closings, too. Why are allegedly "pro-jobs" politicians eliminating jobs instead?)

The wait time for disability hearings is already an unacceptably high 396 days as of last September, according to the SSA's own [annual report](#), and it gets worse every year. As the report notes: "... sustained growth in hearings requests and a recent inability to hire additional judges from the administrative law judge register have slowed our progress in reducing the hearings backlogs."

A Tangled Web

The rationale most frequently given for these cuts is that people can now access these services online. But seniors are far less likely to use the Internet than other Americans. Only 57 percent of people over 65 are online, according to [the latest Pew study](#), as opposed to 87 percent overall. Minorities and lower-income households are also far less likely to use the Internet, adding a discriminatory element to these decisions.

What's more, there is some evidence that suggests that elderly Americans are especially reluctant to

provide or receive personal information through the Internet. (There is also some evidence that their concerns are justified.)

Here's how cynical this game gets: The very same Republicans who are using healthcare.gov's problems as proof that "government doesn't work" are driving an ever-increasing share of Social Security's administration onto the Internet – and then underfunding that effort.

See where this is going?

Customer Disservice

Perhaps trying to make the best of a bad situation, acting SSA commissioner Carolyn Colvin sounds overly optimistic when forecasting the impact of this shift. "We'll ... need face-to-face services for some people," she told Miller, "but most customers will prefer to interact with us online or by phone."

The latest services slated for elimination are Social Security number printouts and benefit verification forms. These services are most needed by lower-income recipients who must provide them when applying for other forms of assistance. These are precisely the recipients who are least likely to have Internet access (and we already know that busy signals have doubled on SSA customer service lines).

We were also told with great fanfare that eliminating the mailing of annual statements would save \$70 million a year. But, as [Michael Hiltzik](#) of the Los Angeles Times notes, that is a tiny number – roughly 1 percent of an administration budget that is itself a small percentage of total costs. A cynical observer might conclude that one reason for ending this practice is to prevent Americans from noticing the change if and when Social Security's benefits are cut against their will.

(And when it comes to the conservative assault against Social Security, which is sometimes joined by members of both parties, even the most idealistic among us is tempted to become a "cynical observer.")

Looking For a Champion

Why hasn't this become a rallying cry? These cuts hurt the elderly, the disabled, and low-income Americans especially hard. They're reducing the budget just as the baby-boom generation ages into retirement, bringing years of increased demand for these services.

There's only one rational conclusion: They want problems, to build momentum for Social Security privatization.

Occasionally, elected officials will attempt to intercede on behalf of their constituents, as with [this letter](#) from three New York members of Congress. It says in part: "The proposed closing of four

Social Security offices – in Amherst, Bronx Hub, Kingston, and Williamsburg, New York – threaten the promise Congress made to provide personal assistance to seniors and Americans with disabilities in these areas.”

Unfortunately they’re up against a majority of their colleagues. Even worse, their cause lacks national champions. This sounds like an ideal election-year issue for Democrats, but so far they’ve been disappointingly quiet on the subject. Unless something changes, these cuts will take place as scheduled – with more coming next year.

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