

# OVERVIEW OF THE SOCIAL SECURITY ADMINISTRATION

## OUR PROGRAMS BENEFIT AMERICA

***Our mission: To advance the economic security of the Nation's people through compassionate and vigilant leadership in shaping and managing America's Social Security programs.<sup>1</sup>***

Few government agencies touch the lives of as many individuals as the Social Security Administration. Social Security benefits and Supplemental Security Income payments play a significant role in the Nation's economic security. In 1937, about 53,000 retirees received monthly Social Security benefits. The number of people we serve has increased by more than 12 percent during this decade alone. Today, we pay Social Security benefits and Supplemental Security Income to approximately 60 million individuals each month. However, Social Security benefits have not always been available to Americans.

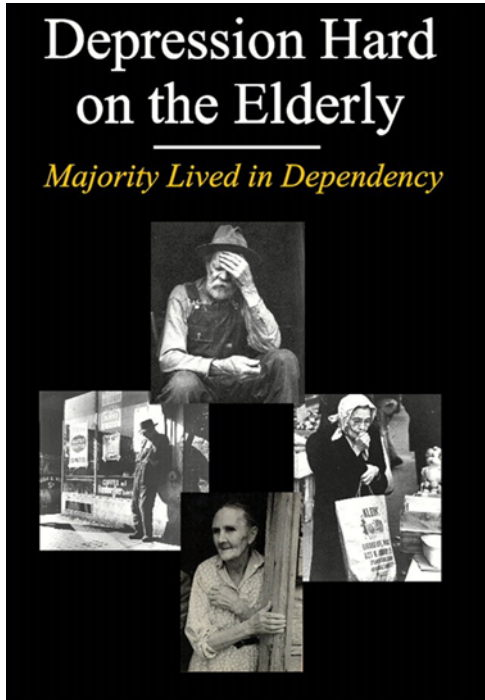
Early in the Nation's history, a large segment of the population lived and worked on farms with their extended families. This life-style was the foundation of the Nation's economic security. Relying on one's extended family became less common during the Industrial Revolution of the late 18th and early 19th centuries as individuals moved from farms to cities. Workers began depending more on wages and less on other resources for their financial well-being. Without an extended family for support, unemployment, disability, old age, and death could threaten an individual's economic security.

This is exactly what happened in the 1930s when unemployment rates skyrocketed. The Great Depression triggered a national economic crisis. As a result, President Franklin D. Roosevelt created the Committee on Economic Security with the intention of instituting a Social Security program. He signed the *Social Security Act*, or *Act*, into law in 1935.

The *Act* established the Social Security Board, now known as the Social Security Administration, and initially provided retirement benefits to meet the public's needs. After its formation, the Social Security Board informed employers, employees, and the public on how earnings would be reported

<sup>1</sup> This was the mission as stated in the *FY 2006- 2011 Agency Strategic Plan*. We released a new *Agency Strategic Plan* in September 2008 with a new mission statement. The *FY 2009 Performance and Accountability Report* will reflect this new mission statement.

How Social Security Benefits America: Then and Now	
➤ 1936-	1st Social Security office opened; 175 field offices opened by 1937
➤ 2008-	1,270 field offices open for business
*	
➤ 1936-	1st Social Security Number issued
➤ 2008-	To date, more than 450 million original Social Security Numbers have been issued
*	
➤ 1937-	53,236 retirees received Social Security benefits
➤ 2008-	32.1 million retirees received Social Security benefits
*	
➤ 1940-	\$41.20 was the maximum monthly retirement benefit
➤ 2008-	\$2,185 was the maximum monthly retirement benefit
*	
➤ 1960-	500,000 workers received Social Security disability benefits
➤ 2008-	7.3 million workers received Social Security disability benefits
*	
➤ 1974-	3.6 million Supplemental Security Income recipients received monthly payments
➤ 2008-	7.1 million Supplemental Security Income recipients received monthly payments

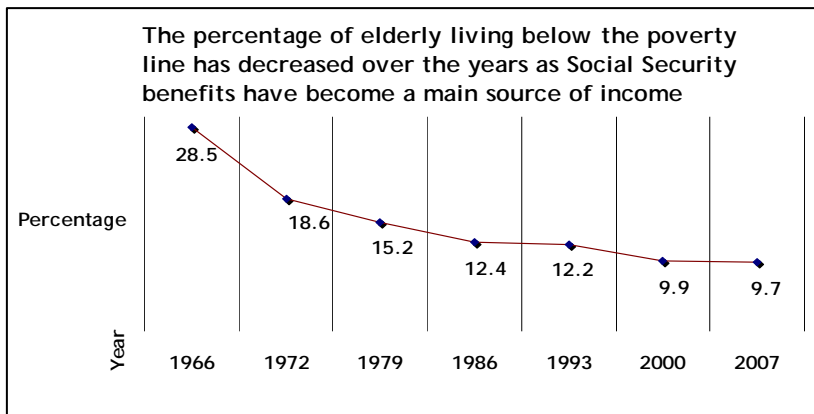


# Depression Hard on the Elderly

*Majority Lived in Dependency*

and how benefits would be paid. The Board then contracted with the United States Post Office to distribute the numerous applications needed to register employers and workers and to assign Social Security Numbers to track earnings. The Board's processing center, located in Baltimore, MD, issued over 35 million Social Security cards in 1936-1937.

Over the years, the Social Security Administration has moved from an agency that provides old-age benefits and Social Security Numbers to an agency that provides a wide-range of benefits and services. Our agency administers two major programs: the Old-Age, Survivors, and Disability Insurance program and the Supplemental Security Income program. In addition to these programs, we assist individuals in applying for food stamps and Medicare, including the Medicare Prescription Drug Plan. These programs play a significant role in the economic security of the Nation's people, particularly among the elderly population. One-third of all elderly individuals derive at least 90 percent of their total income from Social Security benefits. As shown in the chart below, the percentage of the U.S. population age 65 and over living below the poverty line has declined from 28.5 percent in 1966 – the first year that the United States Census Bureau provided annual statistics for this segment of the population – to 9.7 percent in 2007. This decline in the poverty



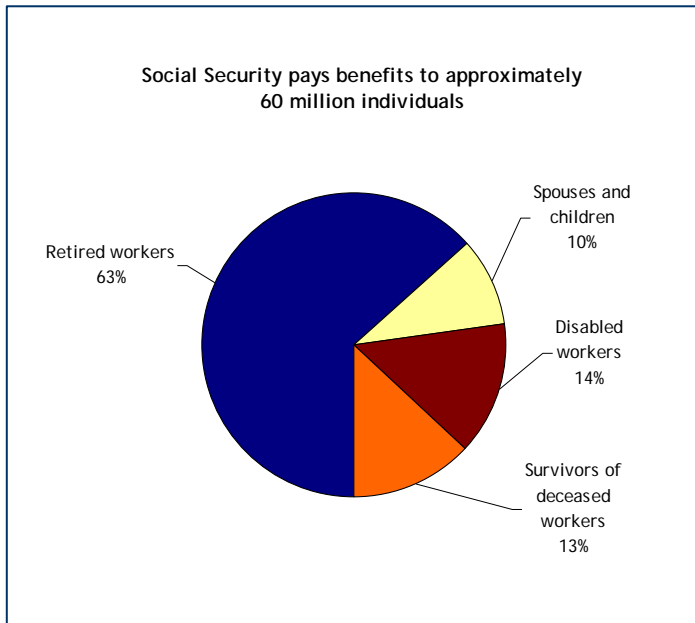
level shows that Social Security benefits and Supplemental Security Income payments have improved the quality of life for the elderly; millions more are protected in the event of disability or death. We also pay monthly benefits to people with limited income and resources who are disabled, blind, or age 65 or older. We describe the Old-Age, Survivors, and Disability Insurance program and the Supplemental Security Income program in the following sections.

## OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

Working Americans and their families can count on benefits when they retire or become disabled. The original *Act* provided only Old-Age (commonly known as retirement) benefits to individuals at age 65. The 1939 Amendments to the *Act* added two new categories of benefits: dependent benefits and survivor benefits. Dependent benefits are paid to the spouse and minor children of the retired individual. In the event of death, survivor benefits are paid to the deceased's family.

To receive benefits, an individual must be "insured." We determine whether an individual is insured by calculating their earnings in employment covered by Social Security taxes. For retirement benefits, we compute an individual's average earnings using, in most cases, their highest earnings for a 35-year period. Employees, their employers, and self-employed individuals pay taxes based on the amount of their earnings. These tax revenues are placed into the Social Security Trust Funds from which we pay Old-Age, Survivors, and Disability Insurance benefits. We base

benefit amounts on earnings on which an individual has paid Social Security taxes. However, Social Security benefits vary because the benefit formula is progressive. This means the proportion of earnings that are replaced by benefits is greater for an individual with lower earnings than for an individual with higher earnings. This weighting



assumes that individuals with lower earnings have greater financial needs than higher paid workers who are more likely to have pensions and private savings. Although full retirement age has risen from 65 to 67 for individuals born after 1959, the basic benefit structure of the Social Security system has remained essentially unchanged since 1939.

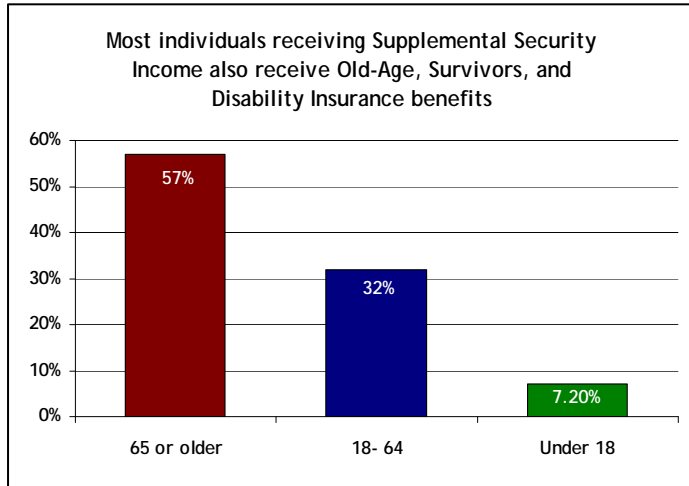
In addition to retirement benefits, cash benefits to disabled individuals ages 50-65 and disabled adult children were added to the *Act* in 1956, creating the Disability Insurance program. Eventually, Congress broadened the scope of the Disability Insurance program to include disabled individuals of any age and their dependents. Legislation enacted in 1968 provided benefits to disabled widows and widowers who are at least 50 years old. Disability Insurance benefits provide a continuing flow of income to eligible disabled individuals and to eligible family

members. An individual is disabled if unable to perform past work or other work because of a medical condition and the disability is expected to result in death or last for at least one year. In addition, a disabled individual must have sufficient earnings to be insured for disability benefits. Once benefits begin, they continue for as long as the individual is disabled and either does not work or works but does not earn more than a certain amount per month. For more information about our programs and benefits, please visit our website at [www.socialsecurity.gov](http://www.socialsecurity.gov).

### SUPPLEMENTAL SECURITY INCOME PROGRAM

The original *Social Security Act* introduced programs for needy aged and blind individuals, and changes to the *Act* in 1950 added needy disabled individuals. State and local governments first administered these programs, known as the “adult categories” of welfare, with partial federal funding. The 1972 *Social Security Amendments* converted these state and local programs to the federal Supplemental Security Income program. Supplemental Security Income is a needs-based program for elderly individuals, as well as blind and disabled adults and children, who have limited income and resources. Supplemental Security Income provides money to meet basic needs for food, clothing, and shelter.

Elderly individuals may qualify for Supplemental Security Income if they are age 65 or older and have limited income and resources. Blind and disabled adults applying for Supplemental Security Income must meet the same disability requirements as under the Disability Insurance program, in addition to meeting limited income and resource requirements. We encourage disabled individuals receiving Supplemental Security Income to return to work and offer them special work incentives similar to those offered to individuals receiving Disability Insurance benefits.



In the past, Supplemental Security Income usually was the sole source of income for most individuals receiving such payments. However, as recently as 2007, 57 percent of individuals receiving Supplemental Security Income over age 65 also received Social Security benefits. The chart on the left illustrates that a larger percentage of elderly individuals receiving Supplemental Security Income are also receiving Social Security benefits, while a smaller percentage of blind and disabled individuals under age 65 receiving Supplemental Security Income also receive Social Security benefits.

To receive Supplemental Security Income, children must meet different disability requirements than adults. You can find more information about Supplemental Security Income for children at [www.socialsecurity.gov/ssi/text-child-ussi.htm](http://www.socialsecurity.gov/ssi/text-child-ussi.htm).

Unlike the Social Security programs, Social Security taxes do not finance Supplemental Security Income. Instead, general revenues finance all Supplemental Security Income payments and administrative costs. Please refer to our website at [www.socialsecurity.gov/pgm/links\\_ssi.htm](http://www.socialsecurity.gov/pgm/links_ssi.htm) for eligibility requirements and other information about the Supplemental Security Income program.

## OUR ORGANIZATIONAL STRUCTURE

The Social Security Administration provides direct service to the American public at critical stages in their lives. Our Old-Age, Survivors, and Disability Insurance and Supplemental Security Income programs touch the lives of over 95 percent of all Americans. As the federal agency charged with managing and delivering the services under these programs to individuals across the country, we have had to modify the agency's organizational structure to meet the changing needs of the public we serve.

The Social Security Administration was originally named the Social Security Board. In 1939, the Social Security Board lost its independent agency status and was combined with the Public Health Service, the Office of Education, the Civilian Conservation Corps, and the U.S. Employment Service to form the Federal Security Agency.

The President's reorganization plan of 1946 renamed the Social Security Board the Social Security Administration. Arthur Altmeyer, who had been the Social Security Board's chairman, became our first Commissioner. President Eisenhower abolished the Federal Security Agency in 1953 and created a new Department of Health, Education, and Welfare. We became a part of this new cabinet-level agency.

In 1980, the Department of Health and Human Services replaced the Department of Health, Education, and Welfare. We remained a major part of the Department of Health and Human Services until the agency returned to its original status as an independent agency, effective March 31, 1995.

Our current organizational structure is designed to provide timely, accurate, and responsive service to the public. Most of our 62,000 employees deliver direct service to the public or support the services provided by front-line workers. Our employees work in field offices, regional offices, card centers, teleservice centers, processing centers, hearings offices, the Appeals Council, and our headquarters located in Baltimore, Maryland. Field offices and card centers are our primary points for face-to-face contact with the public. Teleservice centers offer National 800 Number telephone service (1-800-772-1213). Processing centers complete a wide-range of workloads, primarily actions for individuals already entitled to Social Security benefits.

Additionally, 15,000 individuals, employed by our state and territorial partners in Disability Determination Services, help us process our disability workloads. The hearings offices and Appeals Council decide appeals of Social Security benefit and Supplemental Security Income payment determinations. Additionally, the public can conduct business and obtain information via the Internet at our website: [www.socialsecurity.gov](http://www.socialsecurity.gov).



The Social Security Board was created when President Roosevelt signed the *Social Security Act* in 1935.



On July 1, 1939, the Social Security Board moved under the Federal Security Agency.



On July 16, 1946, the President renamed the Social Security Board the Social Security Administration.



Social Security Administration moved under the newly formed Department of Health, Education, and Welfare in 1953.



The Department of Health and Human Services replaced the Department of Health, Education, and Welfare on May 4, 1980.



The Social Security Administration again became an independent agency on March 31, 1995.

In FY 2008, we used our resources to process workloads including:

- Issuing over 18 million Social Security cards;
- Crediting almost 270 million earnings items to individuals' records;
- Issuing over 148.6 million *Social Security Statements*;
- Handling over 57 million calls to our National 800 Number;
- Handling over 44 million visitors to our field offices;
- Taking 3.9 million retirement, survivor, and Medicare applications;
- Taking 2.6 million disability applications;
- Taking 321,070 Supplemental Security Income-aged applications;
- Paying benefits to approximately 60 million individuals each month;
- Processing over 1 million periodic continuing disability reviews;
- Processing over 1.2 million Supplemental Security Income redeterminations to ensure continued eligibility;
- Processing 23 million status changes (e.g., address, direct deposit, relationships, work, etc.);
- Processing over 4.8 million benefit recomputations;
- Processing almost 1 million Medicare-subsidy applications;
- Making decisions on nearly 575,000 hearings; and
- Making decisions on more than 83,000 Appeals Council reviews.

The chart on the following page illustrates our current organizational structure. Our structure continues to change as we adjust to the growth of our core workloads, the addition of non-traditional workloads (including new elements of the Medicare program and immigration enforcement), increased complexity of our work, and an environment of limited resources.



Our first local field office opened on October 14, 1936, in Austin, Texas.



The Candler Building is located on the waterfront in downtown Baltimore, Maryland. This building was home to our Division of Accounting Operations which issued the first Social Security Numbers and established earnings records for individuals covered by the Social Security program.

## OUR ORGANIZATION CHART

