

# **The Status of the Economic Stimulus Payments**



**Statement of**

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**Before the**

**House Committee on Ways and Means**

**Subcommittee on Oversight  
and  
Subcommittee on Social Security**

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## **Chairmen and Members of the Subcommittees:**

On behalf of Commissioner Astrue, I appreciate the opportunity to testify before the Subcommittees regarding the Social Security Administration's (SSA's) efforts to help implement the Economic Stimulus Act of 2008.

Due to our well-known role in administering Social Security programs, many Americans see SSA as the face of the Federal government. We take great pride in our administration of the nation's primary social insurance programs, but beyond our traditional core work, we are at times called upon to address unique challenges. Assisting the Internal Revenue Service (IRS) to implement the payments authorized under the economic stimulus legislation presented just such a challenge.

In today's testimony, I would like to explain: first, what we have done to support the IRS in providing stimulus payments; second, the substantial outreach efforts we have undertaken to inform our beneficiaries about the stimulus legislation; and third, how we have used funding provided by Congress to facilitate the stimulus payment process.

### **SSA's Role in Economic Stimulus Program**

The President and Congress took swift action to provide targeted, immediate assistance to businesses and families across the country. The resulting legislation, the Economic Stimulus Act of 2008, provided business tax incentives and stimulus payments for individuals, including Social Security beneficiaries.

With this same sense of urgency, we worked closely with the IRS and other Treasury Department divisions, and the Department of Veterans Affairs (VA) to develop a process that would ensure that the IRS could deliver stimulus payments to eligible Social Security beneficiaries.

Structurally, Congress charged the IRS with the lead role in informing qualified recipients of the stimulus program. Our support mainly involved providing beneficiary data so that IRS could notify

potentially eligible individuals of the stimulus and provide them with the necessary materials to apply for the payment.

Our initial challenge was to provide IRS with the information needed to let Social Security and VA beneficiaries know to file tax returns – even if under normal circumstances they would not be required to do so – because tax return filing is necessary in order to receive the stimulus payment. We worked with IRS to develop a simplified packet of information that would be understandable for our beneficiaries and would provide step-by-step instructions on how to file a return and qualify for the stimulus payment. IRS developed a very informative packet that included instructions, forms, and even a postage-paid return envelope for SSA beneficiaries to use to file for the payment.

Our decades of experience with outreach to beneficiaries has taught us that the cleanest and most streamlined approach is frequently the most effective, and we believe the packet mailed by IRS met these requirements. We commend IRS for the accuracy and simplicity of the mailing they sent to all Social Security beneficiaries, and for their spirit of cooperation and flexibility in working with us to develop a packet that would be understandable to our beneficiaries.

Regarding the data transfer process, SSA was already providing IRS with information to verify individual names and Social Security number matches, so we had systems in place to deliver data. But the VA lacked the systems capacity to match its beneficiaries against IRS records. To facilitate payments to VA beneficiaries, SSA incorporated 2.6 million VA records with those of Social Security beneficiaries, eliminated most duplicates, and then forwarded a single file of 55.5 million records to the IRS. Thus, we were able to provide names and addresses of both Social Security and VA beneficiaries.

Using this information, IRS mailed approximately 21 million packets to all Social Security and VA beneficiaries in the United States who did not file a tax return in 2006 and would need to file a tax return for 2007 to qualify for the payment. We understand that this streamlined process is leading to a significant response rate.

In a separate records match, we also provided IRS with data on approximately 800,000 Social Security beneficiaries living in U.S. possessions and territories. This allowed for the mailing of informational packets to these individuals, as well.

## **Outreach Efforts**

The targeted mailing was a vital step in ensuring that Social Security beneficiaries received information about their eligibility for a stimulus payment, but it was only one of many steps our field offices, teleservice centers and communications divisions took to reach out to our beneficiaries.

We placed a prominent link to both our English and Spanish Internet homepages directing individuals to the IRS web site and the information on the stimulus payment ([www.socialsecurity.gov](http://www.socialsecurity.gov) and [www.segurosocial.gov](http://www.segurosocial.gov), respectively). This link is now even more prominent as the result of a recent redesign of our website. In addition, we placed three “FAQs” or frequently asked questions on our site regarding stimulus payments. Through early June, these questions have been viewed more than 85,000 times.

We also utilized email, sending a message about the stimulus payments to nearly 800,000 individuals who are signed up to receive Social Security-related news.

In addition, we worked with IRS to create a stimulus payment flyer that specifically targeted Social Security beneficiaries. We then printed and distributed more than 1.6 million of these flyers to our field offices, including more than 1.1 million in English and more than 500,000 in Spanish. Copies of the flyers were also distributed electronically to thousands of Social Security advocates.

We continue outreach with advocacy groups at the national level and in local communities. Across the country, in hundreds of speeches and other Social Security-related events, our Public Affairs Specialists and Field Office managers have provided information and answered questions about the stimulus payments. In addition, our Regional Communications staffs have joined IRS professionals in outreach events to inform Social Security

beneficiaries about the steps needed to file for the stimulus payments.

Also, every caller to our national toll-free 800 number receives an upfront message about the stimulus payment, explaining eligibility and filing opportunities. Our toll-free number receives more than one million calls a week, and every one of those calls presents another opportunity to spread the message about eligibility for the stimulus payment. Our records show that nearly 27 million callers have heard the economic stimulus message, and 2.6 million callers have hung up the phone after the upfront message, meaning that those individuals were specifically calling us for stimulus payment information.

In other outreach, Commissioner Astrue discussed the stimulus payments during an on-camera interview for a new AARP show called "Inside E Street," which aired in March. While explaining that most people had to do nothing except file their 2007 tax return, the Commissioner also explained that Social Security and VA beneficiaries who normally do not file a tax return would need to do so this year to receive the stimulus payment.

All of the efforts described were made to assist IRS in reaching the maximum number of Social Security beneficiaries eligible for a stimulus payment. Our efforts were designed to be effective, but also to minimize the effects on the core work of the Agency.

As a result, the stimulus payment outreach has not affected individuals applying for benefits or awaiting a disability hearing. Our field offices have not been inundated with stimulus payment questions. Because the information provided by IRS was clear, concise, and complete, individuals did not have to turn to us for assistance in filing for the payments. We appreciate IRS' work in designing a mailer that minimized follow-up inquiries.

### **Stimulus Budget**

As a part of the Economic Stimulus Act, Congress provided SSA with an appropriation of \$31 million for activities required to facilitate stimulus payments.

So far, we have obligated nearly \$18 million of those funds. Around \$6.4 million was spent on printing and postage – primarily the postage for the mailers sent by IRS. In addition, we have spent approximately \$10 million answering beneficiary inquiries.

We were able to reduce some anticipated costs by working with IRS on a simplified method of processing stimulus payment tax returns. For example, IRS ruled that individuals need not report the precise amount on the 1099 form but could estimate the level of Social Security benefits from the amount of the current month benefit. We believe this dramatically reduced the number of requests for replacement 1099 forms from SSA. Although many individuals have requested such replacement 1099 forms, many more are using the simplified method and avoiding this additional administrative cost.

### **Additional Outreach**

While many Social Security beneficiaries have already filed the necessary forms, ensuring that they will receive a stimulus payment, we understand through IRS that there are still some individuals who have not responded to the first mailing. We are currently working with IRS to determine additional steps needed to reach these individuals.

### **Support of FY 2009 budget**

In recent appearances before the Senate Finance Committee and the Senate Special Committee on Aging, the GAO described SSA's current situation as "extremely fragile," due to "the stress of expanding workloads and staffing constraints." For this reason, your timely support of the President's FY 2009 budget is also essential.

We appreciate the support Congress provided us to assist IRS in implementing the stimulus payments. Your trust in SSA is an acknowledgement of our ability to get the job done.

Regarding our core work, your support of the President's FY 2009 budget is as crucial as ever. We appreciate your unfailing support for SSA funding in FY 2008 and know that you understand our

current environment of disability hearings backlogs, increasing workloads, and limited resources. As you also know, continuing resolutions make our job that much harder, since we must restrict our activities at the beginning of fiscal years because of uncertain funding. Your continued support of our budget ensures that we can carry out our important work and provide the service the public and Congress expects.

## **Conclusion**

In conclusion, I thank the Subcommittees for the opportunity to share what we have done in collaboration with other Agencies, under the leadership of the IRS, to facilitate the economic stimulus payments. We appreciate the work of our colleagues at VA, Treasury, and the IRS, as we continue to move forward. Together we have made great strides, and I am especially pleased that so far we have been able to make this progress in a manner that has not affected our ability to provide service to the American people who rely on Social Security. Thank you for the opportunity to discuss our role in this very important process.