

CHAPTER I
PROGRAM BACKGROUND AND THE EXPERTS' FINDINGS AND PRIORITIES

This chapter summarizes: (1) background material on the SSI program; (2) the activities of the experts--their public meetings, and individual visits to field offices of the Social Security Administration, including discussions with career staff in those offices; and finally, (3) the experts' priorities.

A. PROGRAM BACKGROUND

Objectives of the SSI Program:

The main objective of the SSI program when it **was** enacted was to provide a national income floor for needy people who are aged, blind, or disabled. More specifically, it was intended that the program would provide:

- o An income floor for aged, blind, or disabled persons whose income and resources were below specified levels and which would lift them out of poverty:
- o Eligibility requirements and benefit standards that were nationally uniform:
- o Incentives and opportunities for those recipients able to work or to be rehabilitated which would enable them to increase their independence;
- o An efficient and economical method of providing assistance:
- o Inducements to encourage States to provide supplementation of the basic federal benefit;
- o Appropriate coordination of the SSI program with the social insurance programs for retirement, survivorship and disability: and
- o Protection for the eligibility and income levels of recipients under the former State programs who were transferred to the SSI program.

The SSI program is an integral part of the nation's total social security program. "Social Security" is an "umbrella" title which was used in 1935 for ten closely related programs. The programs under Social Security are dependent on one another to attempt to lift people out of poverty. For example, a total of 2.3 million persons draw monthly benefits

from both SSI and the social insurance programs. In addition, approximately 500,000 persons on SSI participate in the Medicare program through the payment of premiums.

These 2.8 million persons draw SSI Federal benefits which are below the poverty line and, therefore, SSI does not lift them out of poverty. But, if it were not for SSI, these people would not even approximate the poverty level with their social insurance benefits. Therefore, the social insurance programs are very dependent on SSI; without it, they would be criticized as programs for middle and higher income people which ignore the poor.

SSI--a Program For All Ages:

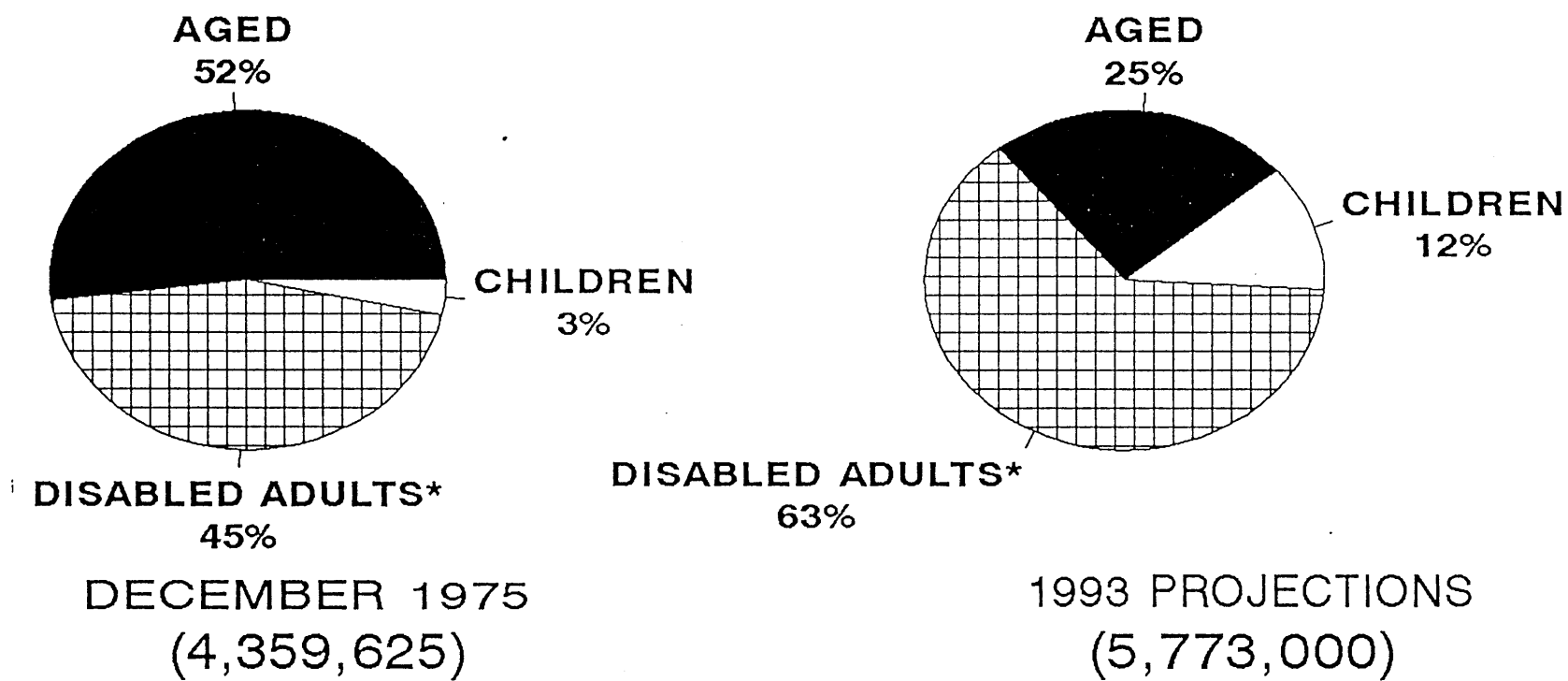
The former State-administered programs which SSI replaced generally did not provide benefits for children. (The Federal legislation specified that persons under age 18 could not qualify for benefits. An exception applied to the Aid to the Blind program--States could choose to include children in that program.)

On the other hand, by the time it had passed both houses of Congress, SSI was designed to provide benefits to qualified persons of all ages. The House Committee on Ways and Means was instrumental in including disabled children in the SSI program because such children who were in low-income households were "certainly among the most disadvantaged of all Americans" and deserved "special assistance in order to help them become self-supporting members of our society."

In December 1975, children comprised slightly over 3 percent of recipients of Federal SSI benefits, and persons who qualified on the basis of age comprised 52 percent. The remaining 45 percent represented adults ages 18 and over who qualified due to blindness or disability.

While the program always has served people of all ages, over time there have been changes in the makeup of the caseload. The portion of beneficiaries who qualify on the basis of disability has been increasing over the years. Projections for FY '93 show that those receiving benefits on the basis of age will comprise slightly less than 25 percent of those who receive Federal benefits. Children are expected to represent 12 percent of the total. Blind and disabled adults are expected to make up 63 percent of the population served. (Note: Approximately 550,000 persons who came on the rolls on the basis of blindness or disability have reached age 65 but continue to qualify as blind or disabled. Thus, while the number of people under 65 has increased greatly, the total number of those ages 65 and over has been holding steady at a little more than 2 million since 1982.)

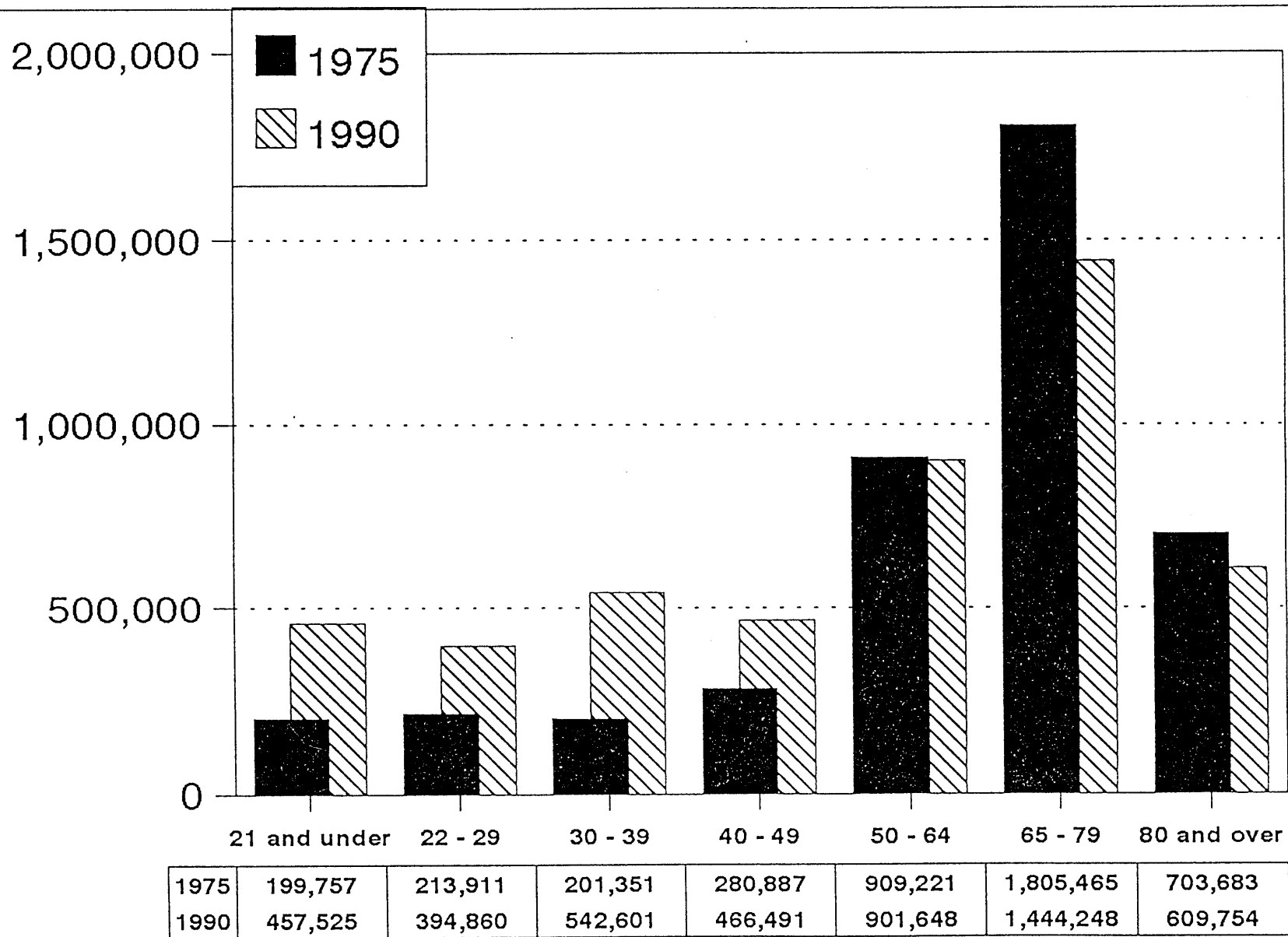
SSI RECIPIENT ELIGIBILITY, DECEMBER 1975 & 1993 PROJECTIONS



* Includes persons 65 and over who began receiving SSI before age 65.
Disabled includes the blind

The trend in the caseload composition has been attributed to several different factors: the retirement insurance program under title II of the Social Security Act has reduced poverty among the elderly; outreach efforts have been more successful with respect to younger (disabled) people; and court decisions relating to determinations of disability have expanded the population served on this basis. The Supreme Court decision in *Zebley*, which changed the disability criteria for children, has particular impact with respect to the projections of the increasing number of children on the rolls.

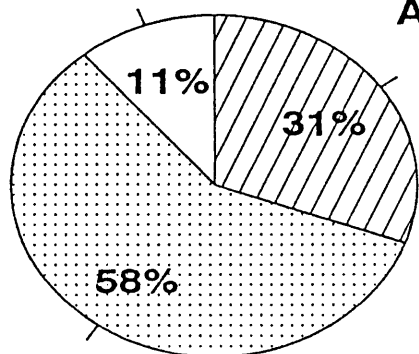
AGE DISTRIBUTION OF SSI RECIPIENTS, DECEMBER 1975 AND 1990



In terms of program expenditures, the cash value of Federal benefits paid to children in FY '93 is expected to exceed the amount for the elderly; nearly 17 percent of the total is expected to be for children--this compares to 16 percent for the elderly. (NOTE: The percent for the elderly does not include benefits payable to the 550,000 recipients who are 65 or over, but whose eligibility is based on disability or blindness.) This difference reflects the fact that the elderly on the rolls are more likely to have other income--particularly retirement social insurance benefits.

SSI FEDERAL BENEFITS 1983 ACTUALS AND 1993 PROJECTIONS

DISABLED CHILDREN
\$0.8

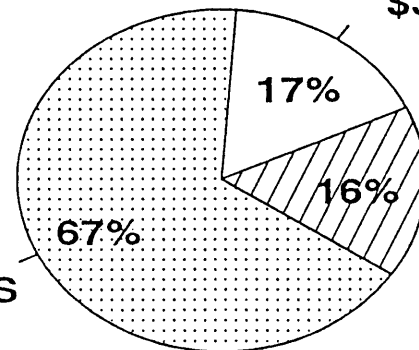


AGED
\$2.2

DISABLED ADULTS
\$4.2

FISCAL YEAR 1983
\$7.2 BILLION

DISABLED CHILDREN
\$3.2



AGED
\$3.1

DISABLED ADULTS
\$12.7

1993 PROJECTIONS
\$19.0 BILLION

Disabled includes the blind
Dollars in billions

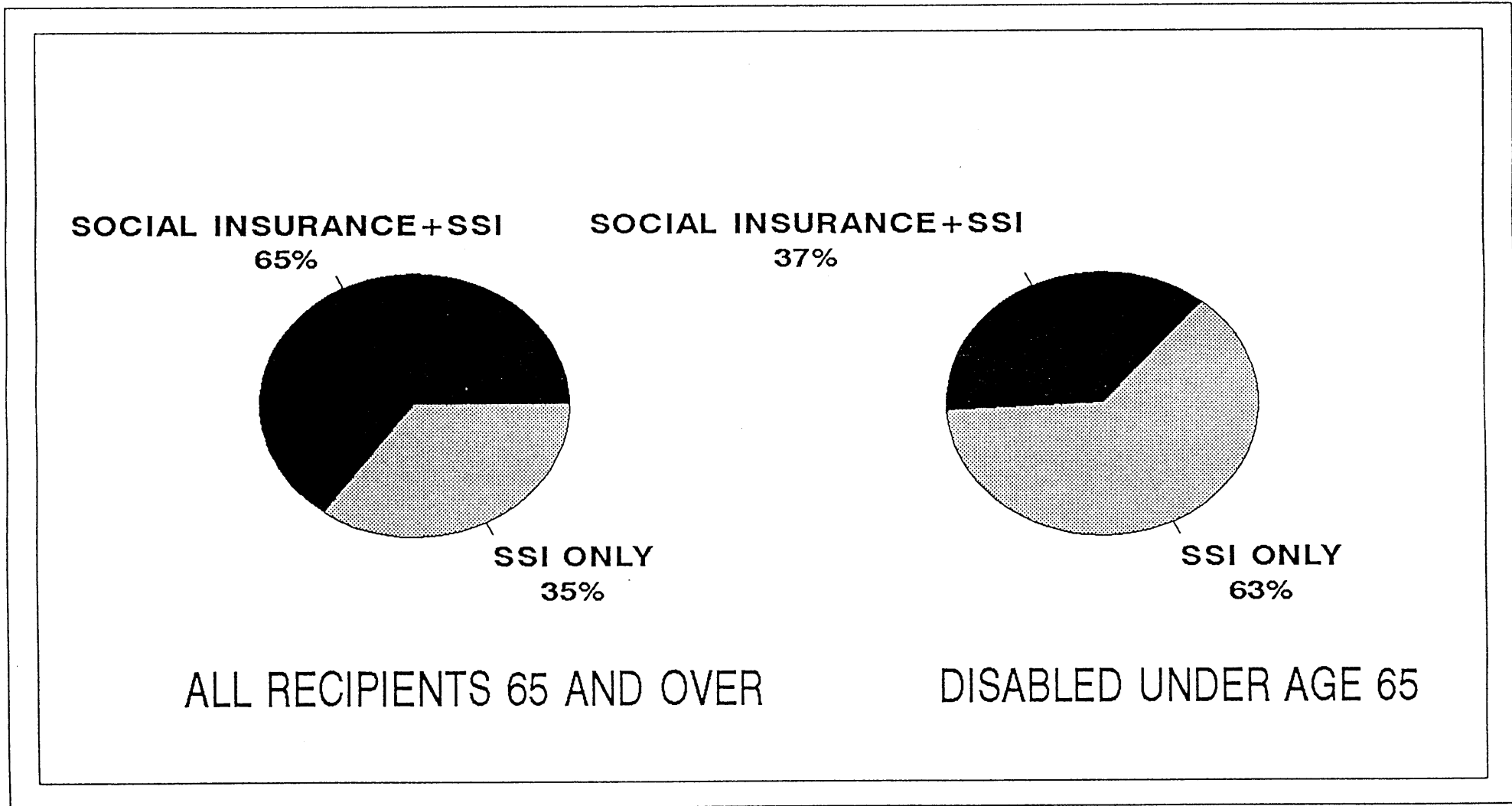
SSI--An Essential Supplement:

The SSI program has become a vital supplement to the retirement, survivors and disability insurance programs of the social security system. About 65 percent of persons over 65 receiving an SSI benefit also receive a social insurance benefit. Among the disabled under age 65 who receive SSI, 37 percent also receive a social insurance benefit.

While a smaller portion of the disabled than aged receive a social insurance benefit, approximately 80 percent of those becoming SSI eligible as adults have worked in covered employment. Even among SSI eligible children, about 7.5 percent receive a **social** insurance benefit and a very high number live with a parent who has worked in employment covered by Social Security.

Thus SSI supplements individual benefits when a lifetime of work produces a low social insurance benefit. It also supplements the overall program for the disabled by taking care of those who have not worked long enough or recently enough to get disability benefits and those disabled children whose parents are still working but at very low income levels.

SSI RECIPIENTS RECEIVING SOCIAL INSURANCE BENEFITS FOR RETIREMENT, SURVIVORSHIP AND DISABILITY, DECEMBER 1988



Recipients aged 65 and over includes blind and disabled recipients aged 65 and over.
Disabled recipients under age 65 also includes blind recipients

B. PROJECT ACTIVITIES

Commissioner Gwendolyn S. King asked the experts to create a dialogue that would provide a full examination of how well the SSI law, and the policies developed by SSA to implement the law, serve people with very low or no income who are over 65 or blind or otherwise disabled. Their initial goal was to exchange ideas and information about the program and to promote the sharing of ideas. The Project held public meetings in Baltimore, MD; Washington, DC; New York, NY; Chicago, IL; Los Angeles, CA; Montgomery, AL; Atlanta, GA; and Falls Church, VA. During these meetings, the public as well as the experts expressed their individual views and concerns about the SSI program.

From late June 1990 to July 1991 more than 400 individuals, including current and former SSI recipients, representative payees, representatives from professional organizations, advocacy groups, legal services organizations, institutions, private agencies and federal, State and local governments, provided oral and/or written comments. The Chairman and other representatives from among the experts met with SSA employees in regional offices in all 10 regions of the Department of Health and Human Services across the country. They also met with State disability determination services employees in five States, and with staff in a hearing office.

In addition, there were discussions with others--representatives of non-profit organizations, State agencies, legal aid attorneys, health care providers, and representative payees, as well as field office staff of the Social Security Administration who have to apply program provisions to actual case situations.

C. THE EXPERTS' FINDINGS AND PRIORITIES

Highlights From What the Experts Heard:

The experts were told repeatedly that SSI benefits are not adequate to provide a dignified quality of life. People are forced to make difficult choices whether to pay for food or shelter. Housing costs sometimes absorb most or all benefits, but the program penalizes people for trying to live together to make ends meet.

A health care professional described the situation eloquently: "The SSI eligibility limits and living-expense allowances can be dangerous to health, in my view. The program excludes too many needy persons and gives too little to those it includes....To eat nutritiously, some may scrimp

on necessities of life other than food. Some often try to stretch out their drug supplies by taking less than the recommended doses. They live in dangerous housing: accidents are waiting to happen because of poorly maintained structures and poor lighting. At risk of hypothermia, they have trouble paying the bills for cooling and auxiliary heating. They have heart trouble and they live in walk-ups. Taking a bus ride is risky and taxis are too expensive if they need to reach a medical clinic."

One of the experts described results of research completed in the internationally sponsored Luxembourg Income Study which illustrate the inadequacy of assistance programs in the U.S. The study set the poverty line at 40 percent of median income in each country studied. (This was very close to the U.S. poverty line definition.) The study found that, in the mid to late 1980s, the poverty rate for the elderly (those age 65 or over) in the U.S. was 3.8 times the rate in the other countries studied (Australia, Canada, Netherlands, Sweden, France, Germany, and Britain). It attributes this fact to a failure of income security policy in the U.S. compared to policies in the other countries studied which were very different and much more effective at fighting poverty through public programs.

In addition, the experts heard that, as people attempt to establish their entitlement to benefits, they are required to respond to invasive questioning about how they live. Some current provisions of statute work against family members and friends assisting each other. Some have the effect of undermining basic human dignity. Still others deter efforts to save for emergencies, and, therefore, have anti-savings consequences.

The experts believe that, in other areas of public policy, the Federal Government provides incentives for people to live at home with policies that support and encourage self-sufficiency of the household unit. They heard that the SSI program, on the other hand, penalizes people for attempting to do these things.

The Experts' Findings and Priorities:

The experts' review resulted in over 50 options for change which a majority believes make good sense and will lead to improved effectiveness of the SSI program. In arriving at these options, the experts noted that: (1) changes should be consistent with the purpose of the program; (2) the SSI eligibility process should be simplified; and, (3) procedures that are unreasonable, demeaning, and harsh should be eliminated.

Individual experts differ on how far they want to go on changes, and how fast to go. However, most conclude that there are four top priorities of equal importance:

- o increase SSA staffing:
- o increase the Federal benefit standard;
- o stop counting, as income, in-kind support and maintenance: and
- o increase the resources limits, while streamlining the resources exclusions.

Staffing increases: Throughout the hearings, the experts heard repeatedly from claimants and advocates about the need for more face-to-face contact between SSI claimants and SSA staff. Claimants far too often failed to receive the personalized help they needed in pursuing their right to benefits.

In describing the need for improved access to the program, an advocate for the mentally ill stated, "...it is almost mandatory that confused or feeble elderly and mentally ill persons have a relative, friend, or other responsible party assist them...When one considers that the mental illness that leads one to be eligible for benefits does so by virtue of the person's inability to concentrate, to problem solve, to tolerate ordinary stresses, it is antithetical to expect such a person to wait hours--often days--in lines and waiting rooms and fill out voluminous forms, produce long lost documents, and answer questions the brain is often too ill to comprehend.... It is necessary that specially trained staff be available to interview and assist those unable to tolerate the stresses of application for benefits. Yes, in the short run, we are talking more money in staff increases....Is it equitable that only those persons with family or community support are able to obtain subsistence?"

The experts also became aware of a multitude of situations in which people encounter unwarranted delays in receiving disability benefits to which they are entitled--delays during which, at times, death occurs before an entitled person receives benefits which are due. The experts noted that the Administration's fiscal year 1993 budget proposal will result in a backlog of 1.4 million disability cases (social insurance and SSI) at the end of 1993. (A normal backlog would be 400,000 cases.) Thus, the program will become less accessible to those in need as economic conditions create more and more individuals who are eligible.

Additionally, the experts heard from SSA staff working on the front lines and perceived that staff has deep and sincere concerns for the welfare of the SSI eligible population. They heard staff describe their frustrations in attempting to meet many needs with limited staff resources to do so, and the need to be constantly on guard so that their high workloads do not have a negative effect on claimants.

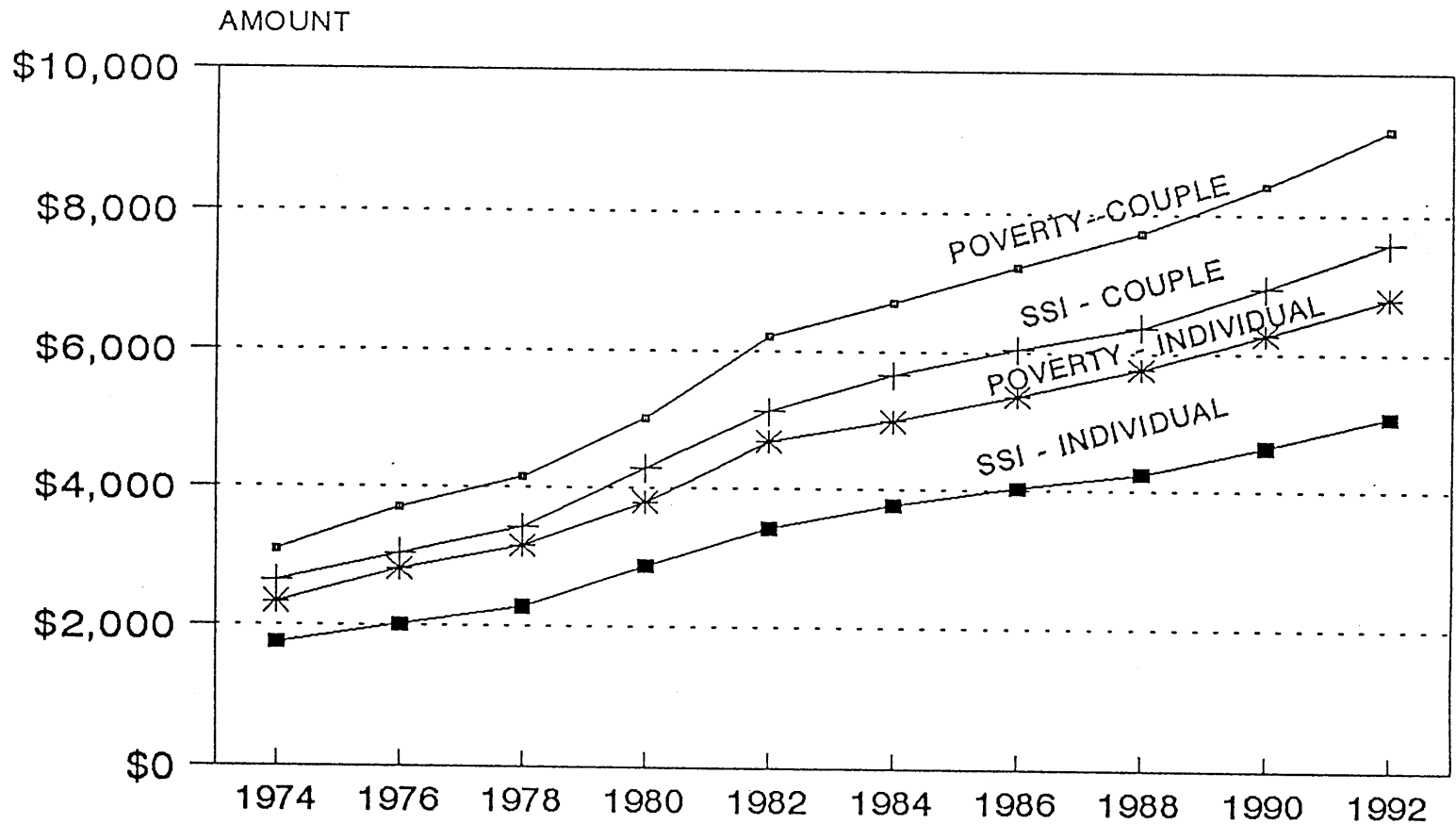
The experts stress in Chapter VI that an immediate staffing increase of 6,000⁵ in SSA is necessary. This would constitute a first step in eliminating growing backlogs and enabling the agency to move toward providing the level of personalized services which many of the SSI population so sorely need.

Benefit increases: Recognizing that the goal of the Senate Finance Committee was to bring the income floor for the SSI population to the poverty level, a majority of experts believe that this should be among the top priorities for program improvements. These experts believe that the Federal floor should be increased over a period of five years, and that it should reach 120 percent of the poverty guidelines by the fifth year.

During their public meetings, the experts heard from an extremely large number of people concerning the inadequacy of the present benefit standard. Nearly 14,000 individuals and organizations attested to this in response to their issues and options paper which was published in the Federal Register.

The income floor as set by the Federal benefit standard was initially established below the poverty level; and to this day, it has continued below the poverty line. The benefit standard's real (and relative) value remains largely unchanged. In 1992 the standard for an individual is roughly 75 percent of the poverty guideline for an individual and the standard for a couple is roughly 83 percent of the poverty guideline for two people.

COMPARISON OF THE SSI BENEFIT STANDARDS WITH THE POVERTY INCOME GUIDELINES
FOR COUPLES AND INDIVIDUALS, 1974 - 1992



POVERTY COUPLE	■	\$3,070	\$3,700	\$4,160	\$5,010	\$6,220	\$6,720	\$7,240	\$7,730	\$8,420	\$9,190
SSI COUPLE	+	\$2,628	\$3,021	\$3,409	\$4,284	\$5,117	\$5,664	\$6,048	\$6,384	\$6,948	\$7,596
POVERTY (INDIV)	*	\$2,330	\$2,800	\$3,140	\$3,790	\$4,680	\$4,980	\$5,360	\$5,770	\$6,280	\$6,810
SSI INDIVIDUAL	■	\$1,752	\$2,014	\$2,273	\$2,857	\$3,412	\$3,768	\$4,032	\$4,248	\$4,632	\$5,064

In addition, a majority of the experts view the existing poverty measures as inadequate and outdated. These experts view it as imperative that benefits be raised to 120% of the outdated poverty level. One expert pointed out that Congress already has lifted the criteria for program access to this level or more for some fifteen programs for the poor. Some experts stated that it is unconscionable that this program which serves all generations is not adequately providing the safety net which was envisioned when it was enacted and that the poorest of the poor among aged, blind and disabled people are still living in poverty.

The experts supporting this option are adamant that the Federal benefit standards must be increased since those in effect leave beneficiaries unable to meet their expenses for food, clothing, and shelter. In recognition of the cost of increasing the benefit standard to 120 percent of the poverty line and their three other priorities, they propose that the increase be phased in over a 5-year period, as set forth in Chapter II.

Treatment of in-kind support and maintenance: Most experts believe that the law which requires that receipt of in-kind support and maintenance (food, clothing, and shelter) must be considered as income is particularly demeaning and should be repealed.

As a direct result of statutory language, if a beneficiary moves into someone else's household and receives in-kind support and maintenance, the benefit is reduced by one-third.

Others who receive food, clothing, or shelter also are subject to benefit reduction under the law, even if they do not live in another person's household. (For more information, see Chapter III.)

All the experts are convinced that experience has too long shown that the actions required (questioning, verification, computations, etc.) to determine whether a person receives such income (and, frequently, the amount to be charged) take up a great deal of staff time and are demeaning to claimants. Many SSA claims representatives alleged that they spend between one-fourth and one-third of their time on this issue. It has grown to be a complex area and the effects of the rules are difficult for people to understand. In fact, the program instructions comprise 150 pages of the manual.

The complexity stems from efforts both by Congress and by SSA to achieve equity, but most experts believe that the effect of considering in-kind support and maintenance as income is in conflict with other national objectives. They believe it is definitely anti-family and contrary to the

concept of encouraging voluntary support by others. Even though some beneficiaries are fortunate enough to move into the households of family or friends, they should not be penalized by the Federal Government by having their benefit reduced for this reason. They are still truly needy. Further, almost all of the experts concluded that it is inequitable to count this type of support while others receive similar support at public expense (e.g., housing assistance, energy assistance) with no benefit reduction as a result.

A priority of the experts as set forth in Chapter III is to change the treatment of in-kind support and maintenance. Most experts support the elimination of the receipt of in-kind support and maintenance from consideration under the program. This would remove a harsh and demeaning provision and it would further the goal of simplification.

Resources: Most experts believe that the resources test does not efficiently or effectively identify those who are truly needy; it should be changed from \$2,000 for an individual and \$3,000 for a couple to \$7,000 for an individual and \$10,500 for a couple and the exclusions should be streamlined.'

Initially, the resource limits were \$1,500 for an individual and \$2,250 for a couple. Congress has taken action only once to increase these amounts, providing for incremental changes (of \$100/\$150 for an individual/couple) in each of five years (January 1985 through January 1989). The program currently allows a person to retain a "nest egg" of \$2,000 or less (\$3,000 for a couple).

Almost all of the experts concluded that a person with little or no income and only \$2,100 of countable resources, or a couple with little or no income and only \$3,100 of countable resources, is still truly needy. Further, the experts supporting this option concluded it is not appropriate to require an otherwise eligible individual, who has little or no income, to spend down a lifetime of meager savings to \$2,000. Needy veterans can qualify for a VA pension and retain \$35,000. The Administration has proposed raising the limit for families receiving Aid to Families with Dependent Children (AFDC) from \$1,000 to \$10,000 "to encourage self-support by families on AFDC...."

Therefore, almost all of the experts--adopting a middle ground as described in Chapter III--concluded that the resource limits should be raised to \$7,000 and \$10,500 for individuals and couples respectively so that people can retain a small, but more appropriate, "nest egg." These experts also said that, concurrent with increasing the

resource limits, the resource exclusions should be streamlined. This would make the rules easier for beneficiaries to understand and give them more flexibility in the use of funds while simplifying program administration.

D. OTHER CONSIDERATIONS

Work Incentives:

Most of the experts are in agreement on the absolute necessity of changing the law and regulations to strengthen the provisions for work incentives for persons drawing disability benefits. They believe that it is necessary not only to increase the benefit levels for disability beneficiaries, but also to increase the numbers of persons who leave the disability rolls in order to join the workforce. They also believe that the incentives for work should be extended to older persons who qualify for SSI because of age.

The National Perspective--Needy Children:

While the SSI program is growing rapidly in terms of the children it serves, many nondisabled but needy children across the nation are unserved or underserved. The National Commission on Children documented those needs in its final report: Beyond Rhetoric: A New American Agenda for Children and Families.

In 1972, when Congress enacted SSI, it did so after it failed to pass legislation which would have provided all persons, including children, with an income floor. As this nation moves forward to improve the SSI program so that it meets the needs of the poorest of the poor among aged, blind, **and disabled** people, it must also improve another social security program, namely AFDC, and meet the needs of children it **failed** to assist in 1972. All the experts expressed their view that one group of needy people should not take priority over another.

Financing Improvements:

As the experts completed this review of the SSI program, they recognized that most of their ideas for change would require increased expenditures. Many experts believed that the identification of potential sources of financing program improvements should be under the purview of persons with expertise in public finance; and they, in general, are not such experts. Thus, the Commissioner of Social Security has asked the Chairman to chair a group of public finance experts

to develop options for financing the improvements identified in this report and to complete their work in six months.

Additional Views:

One expert has provided a statement which addresses the definition of disability and provides suggestions for modernizing the definition for the social insurance disability program as well as for SSI. This statement may be found at the end of the chapter on "Disability & Work Incentives."

Another expert has submitted a statement of personal views concerning priorities and financing. That statement, which includes a cost-neutral proposal for restructuring benefits and improving program administration, appears at the end of this report.

Five experts have submitted a joint statement of "additional views." They express hope that the report will increase significantly the attention given to the SSI program. They also describe their concerns about the need for a balance between the needs of the SSI program and other domestic needs in light of the present fiscal situation. This statement also appears at the end of the report.