

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Social Security Administration

Supplemental Security Income Modernization Project; Final Report by the Experts

AGENCY: Social Security Administration, HHS

ACTION: Notice of final report and request for public comments

SUMMARY : The Social Security Administration (SSA) requests comments on the final report of the Supplemental Security Income (SSI) Modernization Project (the Project) experts.

DATES: Comments must be postmarked on or before December 3, 1992.

ADDRESSES: Comments should be submitted in writing to the SSI Modernization Project Staff, Room 311, Altmeyer Building, P.O. Box 17052, Baltimore, MD 21235.

FOR FURTHER INFORMATION CONTACT: SSI Modernization Project Staff, Room 311, Altmeyer Building, P.O. Box 17052, Baltimore, MD 21235, telephone (410) 965-3571.

SUPPLEMENTARY INFORMATION:

SSA has undertaken a comprehensive examination of the SSI program by reviewing its fundamental structure and purpose. The SSI program has been in operation over 18 years. The purpose of the Project is to determine whether the SSI program is meeting and will continue to meet the needs of the population it is intended to serve in an efficient and caring manner, recognizing the constraints in the current fiscal climate.

The Project was intended to create a dialogue that provided 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. The goal of the initial dialogue was to exchange ideas and information about the program and to promote the sharing of ideas among attendees' constituencies, including advocacy groups, State and local governments, and academicians. To begin this dialogue, the Commissioner involved 21 people who are experts in the SSI program and/or related public policy areas. The experts represent a wide range of interests regarding programs that serve aged, blind

and disabled persons. Dr. Arthur S. Flemming, former Secretary of Health, Education and Welfare, is the Chairman. The Project held meetings in Baltimore, MD; Washington, DC; New York, NY; Chicago, IL; Los Angeles, CA; Montgomery, AL; Atlanta, GA; and Falls Church, VA. We announced these meetings in the FEDERAL REGISTER and invited the public to comment either in person or through correspondence. During these meetings, the public as well as the experts expressed their individual views and concerns about the SSI program.

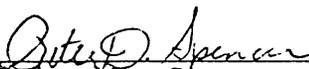
From late June 1990 to July 1991 more than 400 individuals, including current and former SSI recipients, representative payees, representatives from professional organizations, advocacy groups, legal services organizations, institutions, private agencies and federal, State and local governments, provided oral and/or written comments. The Chairman and other 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 staff in a hearing office.

On July 31, 1991, the Project published a paper in the FEDERAL REGISTER (56 FR 36640) which identified issues and options. The paper summarized the comments which had been provided and included options for change that were identified as a result of public comments. The public was invited to comment by September 30, 1991. In all, approximately 14,600 comments were received on this paper. These public comments were shared with the Project experts in preparation for their final meeting, on January 9-10, 1992, in Falls Church, VA. The experts' individual views concerning what options they supported and which deserve priority consideration are included in this final report.

The Commissioner of Social Security has asked the Modernization Project Staff to solicit comments on this report. After the close of the public comment period announced by this notice, the Project staff will prepare an analysis of the options presented in the paper, taking into account the experts' individual views and the public

comments. The analysis will be considered by SSA in developing legislative proposals as well as in determining regulatory and other initiatives which do not require legislation.

Dated: August 19, 1992



Peter D. Spencer
Executive Staff Director
SSI Modernization Project

Arthur S. Flemming

August 24, 1992

Gwendolyn S. King
Commissioner of Social Security
Baltimore, Maryland 21235

Dear Commissioner King:

I am transmitting to you the report of the experts who served on the Supplemental Security Income Modernization Project.

In submitting this report, I want to express our deep appreciation to you for establishing this project and for providing us with a farsighted mandate which constitutes a basis for the study. I also want to express our gratitude for the part played by Rhoda Davis, the Associate Commissioner for Supplemental Security Income, and Peter Spencer, the Executive Staff Director of the project. They and many of your associates, traveled the second mile in rendering us services. We want to pay tribute also to the other members of your career staff for their help and assistance and for acting at all times in accordance with the highest standards of the Federal career service.

I want to make a few observations growing out of my participation in this study.

I am struck by the fact that this nation does not have a well-coordinated policy for poor persons as individuals.

I have been very much impressed by the following observation by Father Henri J. M. Nouwen in his book, "Aging: The Fulfillment of Life".

The painful suffering of many old people cannot be understood by pointing to their mistakes, weaknesses, or sins. By doing so we might avoid the realization that the fate of many old people reflects an evil that is the evil of a society in which love has been overruled by power and generosity by competition. They are not just suffering for themselves but for all of us who are, knowingly or unknowingly, responsible for their condition.

I find no difficulty in substituting for "old people" the words "poor people? This then becomes an accurate portrayal of what is oftentimes our approach to poor persons of any age.

We seem to be unaware of their suffering--suffering which grows out of starvation, lack of clothing, and lack of a home. We rationalize our failure to respond to this suffering by pointing to the mistakes, weaknesses, and sins of some. We fail to recognize that all are suffering and that the fate of many poor persons also reflects the evil of a society in which love has been overruled by power.

We seem to forget that their suffering is taking place now and that, in many instances, compassion is overruled by what we are told is "practical".

Therefore, we fail, for example, to coordinate SSI' and AFDC in an effective manner in spite of the fact that they are both Social Security programs--both committed to lifting the poor out of poverty. President Nixon was right when he urged an income floor for all Americans.

I believe that many of the changes supported by a majority of the experts point to a national policy in which today's suffering is recognized and compassion becomes a way of life for our nation.

That is why the experts oppose those policies which would keep poor people poor under the guise of giving them help. A majority supports ending a policy which penalizes an SSI beneficiary because that person receives help in the way of food or shelter from family or friends.

We also believe there should be significant upward revisions and simplifications in a resource requirement which makes it impossible for a person to save money and set aside a "nest egg" to meet the unknown hazards of the future.

We also believe that we should strengthen immeasurably the provisions for work incentives--the provisions which permit and encourage an SSI recipient to leave the beneficiary rolls and enable him or her to live in accordance with his or her highest possibilities by becoming a member of the workforce.

Our preferred options on benefits are geared to providing now what is needed today for food, clothing, and

housing. Unless we expedite this process, we know that many of today's poor people will suffer and die prematurely because we have failed to act as a compassionate society.

Congress has lifted the criteria for program access for poor people to 120 percent of poverty, or more, under some fifteen programs. We believe that those people who are below 120 percent of poverty should become eligible for the Supplemental Security Income program. We recognize that, in suggesting that these benefits be phased in over a period of five years, we have made a concession to practicality. We feel, however, that we are supporting the right goal.

We recognize that the overall price tag at the end of five years--\$38.8 billion--is an expensive one. Nearly \$28 billion of that price tag, or more than two-thirds, is attributable to benefit increases which are long overdue.

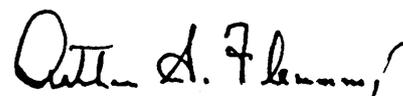
We are, however, the richest nation in the world. I also recognize, as a recent Congressional Budget Office study revealed, that the after-tax income of the upper one percent of our population doubled in the period from 1977 to 1989 and represented 70 percent of the after-tax income increases received during that 12-year period. During that same period, the lower 20 percent of our population experienced a decline of nine percent in after-tax income.

I believe that it is only fair to ask the upper one percent to share a small portion of their wealth with the poor.

That is why your decision is welcomed to have a group of fiscal experts recommend "where, in the light of the fiscal situation over the next five years, we can get the money" to pay for the conclusions made by the experts. This group will report to you within six months as you have directed. Therefore, both the Executive and Legislative Branches will have both reports before them very early in the next session of Congress.

Again, I appreciate very much the opportunity of developing, with the colleagues that you have appointed, a blueprint for action for the Supplemental Security Income program.

Very sincerely yours,



Arthur S. Flemming
Chairman

SSI MODERNIZATION PROJECT EXPERTS

Elizabeth M. Boggs--the parent, guardian and representative payee (for Social Security) of an adult son with complex disabilities: she has been a volunteer advocate for people with developmental disabilities for more than forty years.

M. Kenneth Bowler--currently Vice President, Federal Government Relations with Pfizer Inc. He was formerly Staff Director of the House Ways and Means Committee, and is an Adjunct Professor at the University of Maryland, Baltimore. He is married and has four children.

A. Lorraine Brannen--District Manager, Social Security Administration (Retired)

John Costa--Former Commissioner, U.S. Assistance Payments Administration

Arthur S. Flemming--Former Secretary, Department of Health, Education and Welfare, has held many prominent posts including U. S. Commissioner on Aging and Chairman, U.S. Commission on Civil Rights. He currently chairs coalitions of national organizations serving as advocates in the areas of social security, health care, and civil rights.

Robert E. Fulton--an independent public policy analyst. He works part-time for the Oklahoma Alliance for Public Policy Research and the National Center for Children in Poverty (Columbia University). He formerly served for 35 years in executive-level positions in federal and State governments.

Lou Glasse--M.S.W., President of the Older Women's League, is a consultant on policies and services for older people. She serves on the Board of Advisors of the Mildred and Claude Pepper Foundation and of the National Academy on Aging.

Sharon Gold--President, National Federation of the Blind, California

Robert Gorski--Disability Advocate, City of Pasadena, California

Arthur E. Hess--Former Acting Commissioner of Social Security and first SSA director of Disability Insurance and of Medicare.

Chris Koyanagi--Vice President for Government Affairs, National Mental Health Association

Carmela G. Lacayo--National Association of Hispanic Elderly;
President and CEO

Richard P. Nathan--Provost, State University of New York and
Director of its Rockefeller Institute of Government, Albany,
New York

Barbara L. Sackett--parent of an adult daughter with
developmental disabilities, and a professional in the field
of developmental disabilities; she has been a volunteer
advocate for people with disabilities for more than thirty
years.

Samuel Sadin--Deputy Director, Brookdale Center on Aging of
Hunter College, Institute on Law and Rights of Older Adults,
New York

Bert Seidman--was **AFL-CIO** Social Security Director from 1966
until his retirement in 1990. Since then he has been a
consultant to the National Council of Senior Citizens. He
has twice served on the Advisory Council on Social Security
and more recently on the Prospective Payment Assessment
Commission which deals with the hospitalization (Part A)
phase of Medicare. One of his three daughters who is
autistic and severely retarded has been in a State mental
hospital for 30 years.

Timothy M. Smeeding--Professor of Economics and Public
Administration, Maxwell School, Syracuse University

Michael Stern--R. Duffy Wall and Associates: formerly
Minority Staff Director, U.S. Senate Finance Committee

Eileen P. Sweeney--Children's Defense Fund; formerly staff
attorney, National Senior Citizens Law Center.

Fernando M. Torres-Gil--Professor, University of California,
Los Angeles

Elaine T. White--retired management analyst, Office of Child
Support Enforcement, Department of Health and Human Services,
and a former SSA employee.

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INTRODUCTION

Twenty years ago, a White House press release heralded the enactment of a new amendment to the Social Security Act--the Supplemental Security Income (SSI) program. It was proclaimed as "landmark legislation" for the aged, blind, and disabled which would end many inequities and "provides dramatic and heart-warming evidence that America is the country that cares--and translates that humanitarian care into a better life for those who need, and deserve, the support of their fellow citizens."

With one bold stroke, Franklin Delano Roosevelt in 1935 brought into existence the Social Security system, a system which was made up of ten programs. It has proved to be the greatest system ever enacted for the prevention of poverty.

Today, there is general agreement that the SSI program has been a great step forward for the Social Security system. It has kept many people of all ages, including older women and minorities, from destitution. In 1992, the program will serve over 5.5 million people--up from 3.2 million in January 1974, the first month for which SSI benefits were paid.

The program has provided a means for independent living for many people with disabilities. People with disabilities now comprise the largest segment of the beneficiary population. It has enabled many children with disabilities and their families to receive needed income and medical assistance. Over 500,000 children with disabilities will receive benefits in 1992. It also has rendered an outstanding service to needy older persons. Some of the principal needs confronting the blind have been met.

SSI is the only national effort to date where the Federal Government has undertaken to assure a minimum income to a significant portion of those in need in America. However, millions of people who are aged, blind, or disabled--and who are truly needy--are denied access to SSI benefits because of inadequate outreach and rules and procedures which deny them access to the program.

Today the disability community is confronted with a backlog of approximately 762,000 cases and an estimated 1.4 million backlog by the end of 1993 because of inadequate funding and staffing. On average, a person currently filing a claim for the first time waits up to four months to receive benefits. If the backlog doubles, it can be assumed that the average delay will increase materially.

Today--nearly 20 years after the first payments were made--SSI still fails to lift its constituency out of poverty. The Federal floor which it established is still below the poverty line.

In 1992, the poverty income guideline for an individual is \$6,810. But the income which SSI assures qualified individuals is only \$5,064. While forty-three States and the District of Columbia voluntarily supplement this Federal standard, in all but two States the total amount available to beneficiaries living independently is still below the poverty line.

Despite its shortcomings, recipients and advocates around the country have directly and indirectly testified to the importance of the program.

One advocate, an attorney, stated, "The SSI program is a great program. It is the best way currently in use to provide some basic financial and medical relief to a great number of disabled individuals. Unfortunately, they are poor and many times illiterate, but this should be looked on as an opportunity for this country to serve, rather than oppress its people."

Similarly, an advocate for the mentally ill stated, "...I believe the SSI program is marvelous. It serves millions of needy persons and considering the size and scope of the program, does it relatively efficiently. However, in my contacts both professionally and personally with SSI recipients I see a number of inequities."

Like this person, and many others who wrote in or came to public meetings, the experts find no flaw with the underlying basic concepts upon which SSI is based. However, the poorest of the poor among people who are aged, blind, or disabled are being shortchanged.

The public comments and the results of the experts' analysis reflect three key themes:

- o First, this is a solid, exceptionally important program which, despite the intent of those who created it, has never completely lived up to its potential;
- o Second, after almost twenty years, some of the rules of the program should be modified to reflect the realities of being poor and aged, blind or disabled in America in the 1990% and to bring about better coordination with other social security programs; and

- o Third, no program, no matter how exceptional, can meet its goals if it is perpetually understaffed, creating bureaucratic nightmares for those intended to benefit from the program and morale problems for agency staff.

The body of this report addresses more than 50 program improvements which would grant SSI access to truly needy persons who are aged, blind, or disabled and which would improve the quality of care received by people on the rolls. A majority of experts endorse these improvements which cover diverse issues, including: matters relating to the payment of benefits and the adequacy of the benefits; the criteria for eligibility (the needs tests--income and resources--and tests for categorical eligibility--the definitions of age and disability); agency staffing; linkages to the Medicaid and food stamps programs; and the need for periodic reviews of the program. Also included is relevant background information about the current program and specific issues the experts believe need to be addressed, as well as the individual points of view of all experts, including those whose perspective differs from that of the majority on a given issue.

While individual experts differ on how far they want to go on changes, and how fast to go, a majority of the experts concluded that there are four top priorities, each of equal importance, which should be addressed first. In no particular order, they are:

- o **Increase SSA staffing;**
- o **Increase the federal benefit rates:**
- o **Stop counting, as income, in-kind support and maintenance: and**
- o **Increase the resources limits, while streamlining the resources exclusions.**

When Commissioner King asked the experts to work on the SSI Modernization Project, she asked them to explore in depth the implementation of the objectives that Congress had in mind when it approved the program in 1972. They were asked to provide a blueprint for improving the program to meet the needs of low income elderly, blind and disabled people in the 1990's.

This is the experts' blueprint for action extending over a period of 5 years. The action should not be delayed. The poorest of the poor among the aged, blind, and disabled are suffering today. The mark of a truly great nation is that it

faces the needs of those who are poor; it does not shrug its shoulders but goes to work on meeting those needs today.

The next chapter tells about the objectives of the SSI program, overall characteristics of the people it serves, and the experts' work. It also tells about the four highest priorities of a majority of experts. The remaining chapters deal with all of the options supported by the experts.