

SOCIAL SECURITY ADVISORY BOARD

STATEMENT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM

Public Law 104-193 requires that members of the Social Security Advisory Board be given an opportunity, either individually or jointly, to include their views in the Social Security Administration's annual report to the President and the Congress on the Supplemental Security Income (SSI) program. The members of the Board have asked the Social Security Administration to include the following statement of views in this year's annual report, due May 30, 1998.

I. VIEWS OF THE BOARD REGARDING THE SSI PROGRAM

In 1994, when the Congress passed legislation establishing the Social Security Administration as an independent agency, it also created a bipartisan Advisory Board to advise the Congress, the President, and the Commissioner of Social Security on matters relating to both the Social Security (OASDI) programs, and the Supplemental Security Income (SSI) program. The statute directs the Board, among other responsibilities, to make recommendations with respect to the quality of service that SSA provides to the public; the policies and regulation of the OASDI and SSI programs; and a long-range research and program evaluation plan for SSA.

Responding to that mandate, the Board has begun a long-term study of the SSI program. Our efforts to date have focused on the disability aspects of the program, and the quality of service that SSA provides to the public. Since the Board began its work two years ago, it has made on-site visits to Boston, Los Angeles, San Francisco, Philadelphia, and Washington, D.S. in order to get a front-line view of the challenges facing both those who administer SSI and those whom the program is intended to serve. The Board has met with Social Security Administration staff at all levels, State and local officials, and advocates for SSI applicants and beneficiaries. It also held a public hearing in San Francisco on issues of service to the public and employment for individuals with disabilities.

The following observations reflect the work we have completed at this point in time. We anticipate that in the coming months the Board will be issuing reports with recommendations on the subjects of disability and service to the public, which will address these specific topics in a more comprehensive way.

A. THE IMPACT OF THE SSI PROGRAM ON THE FUNCTIONING OF THE AGENCY

In 1972, when the Supplemental Security Income program was enacted, questions were raised in the Congress and elsewhere about SSA's capacity to absorb administrative responsibility for the complex new welfare program without compromising its ability to administer the much larger Social Security retirement, survivors, and disability programs. The Congress ultimately chose the Social Security Administration to administer the SSI program in part because the agency's network of offices accessible to the public and its reputation for providing high quality service.

The Congress believed that the SSI program, which was intended to serve as a supplement to the Social Security programs, could function best in close connection with them. It was hoped that joint administration of the programs would result in improved service for low-income aged, blind, and disabled individuals, and that they would experience less stigma than under the prior State-administered, welfare programs.

The agency had difficulties from the beginning in taking over the difficult responsibility of administering the means-tested SSI program, and over the last 25 years the impact of the SSI program on the functioning of the agency has grown. Today SSI continues to represent a major challenge for SSA's management.

As a means-tested program, SSI is inherently more difficult to administer than the earned-right Social Security programs. Social Security eligibility depends upon generally objective and stable factors, such as date of birth, date of death, and marital status. In contrast, under SSI, the fact and degree of eligibility can change from month to month based on changes in income, resources, individual living arrangements, and place of residence. In addition, SSI disability applicants often lack a consistent record of medical treatment that can be relied upon without the need for consultative examinations, and they are likely to lack the type of work history that can be used in Social Security cases as a benchmark. Many have special needs due to physical or mental limitation, emotional problems, language difficulties, and educational deficits.

Administration is further complicated by the fact that the SSI program has become predominantly a disability program and thus shares with Social Security all of the complexities involved in the multi-step disability determination process. Today the five million SSI disability beneficiaries greatly outnumber the 1.2 million beneficiaries who receive benefits on the basis of age. This is in contrast with the situation prevailing at the time the SSI program began, when the aged constituted the majority of beneficiaries.

Because SSI rules are complicated, initial claims taking is much more difficult and time-consuming than it is for Social Security. In addition, because of the need for

Regular redetermination of eligibility to take account of possible changes in circumstances, SSI beneficiaries tend to have many more contacts with SSA after they become entitled to benefits than do Social Security beneficiaries.

As a result of all these factors, the share of SSI program expenditures devoted to administration is disproportionately high. In fiscal year 1998, Federal SSI administrative costs are expected to be about \$2.3 billion dollars, or 8 percent of the program's \$29 billion in outlays, while administrative costs for Social Security programs are projected to be about \$3.4 billion, or less than 1 percent of total outlays of \$382 billion.

Although SSI will account for only about 7 percent of SSA's benefit outlays in fiscal year 1998, it will account for about 35 percent of the agency's administrative budget (as compared to about 50 percent for the Social Security program and 14 percent for Medicare responsibilities).

The proportion of SSA's administrative budget devoted to SSI has grown since the early years of the program. While SSI accounts for 35 percent of the agency's total administrative budget this year, in 1980 it accounted for just 27 percent of total administrative costs. Under SSA's fiscal year 1999 budget request, the SSI portion of total administrative expenses would increase to 37 percent.

Today, much of the work in handling claims for Social Security Old-Age and Survivors Insurance (OASDI) benefits is conducted by telephone. More and more, the work of employees in Social Security field offices is directed at serving applicants and beneficiaries of the SSI program. This is a reversal of the original expectations by the Congress, but is a factor that is unlikely to change and needs to be fully taken account of by policy makers.

Summing up, the major impression that has emerged from the Board's review of the SSI program is the extent to which SSI (and particularly SSI disability) now dominates the attention of much of SSA's management and staff at all levels of the agency.

In a period of declining resources, there are concerns both within and outside the agency about SSA's ability to provide the high quality of service to the public that applicants and beneficiaries of both the Social Security and SSI programs should receive. And as SSA's staff ages and more and more experienced employees retire, the agency will likely become more hard-pressed to provide the informed leadership that is needed to guide these programs in the future. The Board has been told that 83 percent of the SSI policy staff will be eligible to retire in 1998.

B. SOME SPECIFIC AREAS OF CONCERN

The need to Assess How Well the SSI Population is Being Served

Because of the factors discussed above relating to the complexity of SSI rules and procedures and the special characteristics of the population SSA has been called upon to take on substantial casework responsibility, a responsibility that is not currently staffed to fulfill.

Many SSA field office personnel, as well as advocates for the poor, believe that the agency should do more to assist aged and disabled individuals. Specific recommendations which the Board has heard include:

- provide more assistance to SSI claimants than it is currently providing, particularly to those who are infirm or have disabilities that make it difficult for them to pursue their claims on their own;
- be more diligent and careful in helping to obtain representative payees for those who are unable to manage their own resources, and in monitoring how their funds are spent;
- find ways to make it easier for individuals to report income and other changes that will result in a change in benefits;
- improve the consistency and fairness of the disability determination process and make it quicker and easier to negotiate; and
- do more to help SSI applicants and beneficiaries find and retain employment.

All of these recommendations appear to have validity. SSA needs to analyze carefully how well it is serving the specific needs of SSI applicants and recipients. This is consistent with a March 3, 1998 Presidential Executive Order that directs all government agencies to undertake initiatives that will enable them to determine what is most important to the individuals they serve, and what government can do to meet their expectations. It is also consistent with the agency's Strategic Plan, which includes as one of its goals the improvement of its service to the public.

Service delivery could almost certainly be improved if the complexity of SSI program rules were reduced. While not underestimating the difficulty of the task, we encourage SSA to take the lead in developing measures, however incremental, that will simplify the SSI program from the standpoint of the individual applicant and beneficiary, and from the standpoint of the agency. The Congress should also be cognizant of the

Desirability of program simplification and consider legislative changes where they are appropriate.

The Need to Assure the Public That Tax Dollars Are Being Well Spent

In response to attention by the Congress and the General Accounting Office, as well as its own concerns about accurate administrative practices, SSA has begun to take steps to improve eligibility verification and ensure the accuracy of SSI payments. It has substantially increased the number of Continuing Disability Reviews to assure continuing eligibility for disability, proposed legislation to give the agency new tools to assure payment accuracy, made changes in the approval process for the PASS program (Plans for Achieving Self Support), and taken steps to reduce erroneous payments to prisoners and nursing home residents. It is working to improve the disability determination process through Disability Redesign, and it has also given priority to trying to find ways of helping disabled individuals get access to vocational rehabilitation services through development of its "Ticket to Independence" initiative.

In addition, SSA's leadership has supported efforts to expand the capabilities of the Office of Inspector General to take steps to improve the accuracy and integrity of the agency's work.

These initiatives have merit in protecting the accuracy and integrity of the SSI program, and we commend the agency for undertaking them. But program accuracy and integrity are dependent first of all on how well claims are handled in the 1,300 Social Security field offices. We are aware that there are many in the agency, including in field offices, who think that SSA's ongoing efforts to achieve the Government-wide goal of a 15-to-1 management-staff ratio pose a potential threat to program accuracy and integrity. There is considerable concern that the reduction in supervisory staff will have a negative effect on staff training, payment accuracy, and oversight – and ultimately on the program integrity. The Board is concerned about reports that in some cases the agency may be saving administrative dollars at the expense of program dollars.

Although the Board does not have sufficient information at this time to form a judgment about whether the 15-to-1 ratio is a reasonable overall goal for the agency, we are convinced that if it is to be adhered to, it should be done flexibly, so as to ensure that all field offices, regardless of size have the essential supervisory resources they need to ensure program accuracy and integrity.

As part of its fiscal year 1999 budget request, SSA has asked for adjustment of the government-wide discretionary spending caps to permit the completion of additional Continuing Disability Reviews and redeterminations of the non-disability factors of SSI eligibility. The Board agrees with the agency that the increased funding for these purposes will result in program savings exceeding the expenditure of administrative funds and is important to the financial integrity of the SSI program.

The Need to Look Ahead

One of the goals of the agency's Strategic Plan is to conduct effective policy development, research, and program evaluation, and SSA has recently been taking steps to strengthen and expand its policy and research capacity. We believe that one of the priorities should be to look ahead to try to foresee what the SSI program will look like in the future and what needs to be done to improve it.

We hope the agency will focus additional resources on investigating trends that will affect the size and composition of the SSI caseload in the coming years. Policy makers need to know much more, for example, about factors that will determine the extent and demographics of poverty in the next century, the reasons for changes in growth in the SSI program, the types of disabilities that are likely to affect adults and children, and how to expand employment and rehabilitation opportunities for disabled individuals, including children as they move into adulthood.

Having such information is essential if policy makers are to be able to develop the kinds of changes that will make the program more effective in meeting the needs of the target population in the future.

II. COMMENTS ON SSA'S 1998 ANNUAL REPORT

This second "Annual Report of the Supplemental Security Income Program" by the Social Security Administration provides a comprehensive review of program data. It makes an important first step in projecting program participation and costs over the next 25 years. It includes the specific information that the law requires, and thus will be a useful resource for policy makers and administrators.

We believe it may be helpful if future reports would also provide the type of analysis of SSI program administrative issues that SSA is uniquely capable of undertaking. For example, the 25-year estimates that are included in this report are based on simple extrapolation of short-term trends. The only two significant long-term variables that are factored in are the projected rate of growth in the population and the increases in the Consumer Price Index that are used in the intermediate assumptions for the 1998 report of the OASDI Boards of Trustees. The report makes clear that staffing limitations have precluded the development of models that could be used in developing more sophisticated long-term estimates for SSI.

We hope that development of a model that can take account of the complex interaction between economic and demographic factors and the SSI program will proceed expeditiously. Being able to gauge the impact on the SSI program of such factors as variations in future distribution of personal income and prevalence of disability is

Important to meaningful evaluation of the continuing effectiveness of the program in meeting the needs of low income aged, blind, and disabled individuals.

The annual report should be more than a statistical scorecard for the SSI program. In the future, the Social Security Administration should consider using this report as a way of bringing to the attention of policy makers both the policy issues that it believes need to be resolved, and the difficulties the agency is encountering in administering the program. This is useful information that can help the Congress, as well as others within the Administration, to become better informed about the challenges SSA faces, and the need to address them.

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