



**CONSORTIUM FOR CITIZENS
WITH DISABILITIES**

**Hearing before the
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Subcommittee on Social Security**

**Fifth in a Series on: Securing the Future of
the Social Security Disability Insurance Program**

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**Testimony of Marty Ford
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ON BEHALF OF:

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TESTIMONY OF MARTY FORD ON BEHALF OF THE SOCIAL SECURITY TASK FORCE, CONSORTIUM FOR CITIZENS WITH DISABILITIES

Chairman Johnson, Ranking Member Becerra, and Members of the Subcommittee, thank you for the opportunity to provide testimony for this fifth hearing in a series on securing the future of the Social Security Disability Insurance (SSDI) program.

I am the Director of the Public Policy Office of The Arc of the United States. I am also a member of the Consortium for Citizens with Disabilities (CCD) Social Security Task Force. CCD is a working coalition of national consumer, advocacy, provider, and professional organizations working together with and on behalf of the 57 million children and adults with disabilities and their families living in the United States. The CCD Social Security Task Force focuses on disability policy issues in the Title II disability programs and the Title XVI Supplemental Security Income (SSI) program.

1. SSDI: A Vital System for People with Significant Disabilities.

The focus of this hearing as the last in a series on the SSDI system is extremely important to people with disabilities. SSDI, along with related Medicare benefits, provides much-needed economic security for people with significant disabilities and their families. SSDI benefits are modest, averaging only about \$1,060 per month, but play a vital role in helping people meet their basic needs.¹ For the vast majority of beneficiaries, SSDI benefits make up at least 75 percent of income, and for nearly half of non-institutionalized beneficiaries SSDI makes up over 90 percent of income.² Beneficiaries report that SSDI helps them pay for essentials such as housing, utilities, food, transportation, clothing, medications, and out-of-pocket expenses for medical care. Additionally, SSDI benefits play a central role in helping people with significant disabilities live in the community, rather than in restrictive, costly institutions.

As the Subcommittee has heard during this hearing series, SSDI is an earned benefit targeted to people with the most severe disabilities. As part of the Social Security system, SSDI is an insurance program designed to provide modest income support to Americans with significant disabilities, who have paid into the system during their working lives, as well as to their survivors and dependents. To qualify for SSDI, an individual must have worked for long enough and recently enough to have earned sufficient FICA credits to qualify. Additionally, an individual must meet Social Security's strict disability standard, demonstrating impairments that are "expected to last 12 months or result in death" and are so severe that they preclude substantial gainful activity (SGA), given the individual's current circumstances. In light of these strict standards, it is unsurprising that only a small fraction of the total number of people with disabilities across the U.S. is found eligible for SSDI each year.

Diagnoses of SSDI beneficiaries cover the full range of disabilities, from significant physical and sensory disabilities, to mental disorders such as intellectual disability or schizophrenia, to sensory disorders including visual impairments and deafness, to diseases such as advanced cancers, multiple sclerosis, Huntington's disease, advanced heart disease, or early-onset Alzheimer's disease. Many beneficiaries are terminally ill. In fact, about 1 in 5 male SSDI beneficiaries and 1 in 7 female SSDI beneficiaries die within the first five years of receiving benefits. Furthermore, the health of people

¹ Table 4. Number and average monthly benefit, by sex and age, December 2011. In Social Security Administration (2012). Annual Statistical Report on the Social Security Disability Insurance Program, 2011.

http://www.ssa.gov/policy/docs/statcomps/di_asr/2011/sect01b.html#table4.

² Ruffing, Kathy A. (2012). Social Security Disability Insurance is Vital to Workers with Severe Impairments. Washington, DC: Center on Budget and Policy Priorities.

receiving benefits appears to worsen over time. Nearly 1 in 2 beneficiaries reported in a recent National Beneficiary Survey that their health had declined over the past year.³

Additionally, the Social Security Act requires that a person not only must be unable to perform his or her prior work at or above SGA, but also must be unable to perform *any kind of work that exists in the national economy*, considering the person's age, education, and work experience. Prior to applying for SSDI, the typical claimant held an unskilled or semi-skilled job with moderate or light strength requirements.⁴ The most common jobs held by SSDI claimants include jobs such as nurse assistant and home attendant, cashier, fast food worker, laborer, and construction worker.⁵

Many SSDI beneficiaries have made repeated attempts to work, often exacerbating their impairments, before finally turning to the Social Security system. In addition, the majority of beneficiaries have a combination of adverse vocational characteristics. Nearly 70 percent of SSDI beneficiaries in 2010 were age 50 or older and nearly 1 in 3 was age 60 or older. Low educational attainment limits employment opportunities for many beneficiaries: about 67 percent of SSDI beneficiaries have a high school diploma or less (and 30 percent did not finish high school). And as discussed above, many have acquired few if any skills in their most recent employment to transfer to other work. Finally, while recent technological advancements and stronger civil rights laws have been very beneficial in helping some people with disabilities work, others with significant disabilities face diminishing opportunities as the modern work environment becomes more demanding and less forgiving.⁶

2. Strengthening SSDI for People with Significant Disabilities

Because of the importance of SSDI to people with significant disabilities, over the years the CCD Social Security Task Force has developed a number of recommendations for strengthening SSDI to improve the system's processes and outcomes.

a. Provide adequate administrative resources for the Social Security Administration (SSA).

The Social Security Administration (SSA) requires adequate administrative resources to effectively administer the SSDI program.

For many years, SSA did not receive adequate funds for its mandated administrative services. Between FY 2000 and FY 2007, the resulting administrative funding shortfall was more than \$4 billion. We thank this Committee for its efforts to provide SSA with adequate funding for its administrative budget. Between 2008 and 2010, Congress provided SSA with the necessary resources to start meeting its service delivery needs. With this funding, SSA was able to hire thousands of

³ Livermore, G. et al. (2009). Work Activity and Use of Employment Supports Under the Original Ticket to Work Regulations: Characteristics, Employment, and Sources of Support Among Working-Age SSI and DI Beneficiaries, Final Report. http://www.ssa.gov/disabilityresearch/documents/TTW5_2_BeneChar.pdf.

⁴ Social Security Administration (2010). Occupational and Medical-Vocational Claims Review Study, Preliminary Results as of August 30, 2010.

⁵ *Ibid.*

⁶ Statement of Virginia P. Reno, Vice President for Income Security Policy, National Academy of Social Insurance, on Securing the Future of the Social Security Disability Insurance Program, before the Committee on Ways and Means, Social Security Subcommittee, December 11, 2012.

needed new employees. There can be no doubt that this additional staff greatly enhanced SSA program operations.

Unfortunately, SSA's administrative budget (Limitation on Administrative Expenses or LAE) has been inadequate in recent years. SSA has received virtually no increase in its LAE since 2010. In FY 2011, SSA's appropriation was a small decrease from the FY 2010 level and the FY 2012 appropriation was only slightly above the FY 2010 level.

Commissioner Astrue recently testified about the negative effects of cutbacks in SSA's administrative funds for Fiscal Year 2012 on the agency's staffing, services, and ability to maximize its use of information technology.⁷ We urge Congress to provide SSA with adequate resources to carry out all necessary program functions.

b. Extend SSA's Title II demonstration authority.

SSDI beneficiaries face a complex set of rules regarding earnings, and, if concurrently eligible for SSI, assets. Demonstrations allow SSA to test additional ways to help beneficiaries navigate the system and can provide important information about assisting beneficiaries to attempt or to return to work. Currently, SSA has demonstration authority for its Title XVI programs, but demonstration authority for the Title II programs expired in 2005. Congress should extend SSA's Title II demonstration authority.

c. Ensure continuation of the Work Incentive Planning and Assistance (WIPA) and Protection and Advocacy for Beneficiaries of Social Security (PABSS) programs.

The WIPA and PABSS programs, established in 1999, provide critically important employment services that help beneficiaries of Social Security's SSDI and SSI disability programs attain greater economic self-sufficiency.

WIPA grants go to local non-profits and other agencies to support outreach, education, and benefits planning services for SSI and SSDI beneficiaries about work incentives and services for finding, maintaining, and advancing in employment. WIPA grantees inform beneficiaries about the impact that employment will have on their disability income and medical coverage, and address many of the real fears that individuals have about going to work at the risk of losing health coverage.

PABSS provides a wide range of services to SSI and SSDI beneficiaries. This includes information and advice about obtaining vocational rehabilitation and employment services, information and referral services on work incentives, and advocacy or other legal services that a beneficiary needs to secure, maintain, or regain gainful employment.

The continued existence of the WIPA and PABSS programs is under serious threat. Although authorization for both programs expired on September 30, 2011, SSA was able to set aside funding to sustain the PABSS program until September 30, 2012 and the WIPA program until June 30, 2012. The recent expiration of funding for the WIPA program already has resulted in the layoffs of many

⁷ Statement of Michael J. Astrue, Commissioner, Social Security Administration, before the Finance Committee of the U.S. Senate, May 17, 2012.

well-trained employees. The impending expiration of funds for the PABSS program will be a loss of vitally important services to beneficiaries.

The CCD Social Security Task Force supports measures to continue the WIPA and PABSS programs, such as H.R. 6061, the *WIPA and PABSS Continuation of Services Act of 2012*, which would ensure SSA's authority to continue to provide funding for the programs.

d. Improve program navigation and remove barriers to work.

Over the years, the CCD Social Security Task Force has developed a number of proposals to make it easier for beneficiaries to navigate the SSDI system, particularly when attempting work. As we have noted in prior testimony before this Subcommittee, CCD generally supports efforts to improve the disability claims process, including through the use of technology, so long as the changes do not infringe on claimants' rights. SSA has already implemented a number of significant technological improvements that have helped claimants and their representatives and have made the process more efficient for SSA employees.

We strongly recommend that SSA develop a better wage reporting and recording system and promptly adjust benefit payments to reduce overpayments. Many individuals with disabilities are wary of attempting a return to work out of fear that this may give rise to an overpayment when reported earnings are not properly recorded and monthly overpayments are not properly and promptly adjusted.

Additional recommendations for strengthening the SSDI program include the following:

- Establish an earnings offset in the SSDI program. One of the most difficult and enduring barriers to work for SSDI beneficiaries is the sudden termination of cash benefits when someone crosses the substantial gainful activity (SGA) threshold after the trial work period. This affects both the individual's benefits as well as those of any dependent(s). We recommend establishing a \$1 for \$2 earnings offset in SSDI to parallel the provision in the SSI program. An earnings offset would eliminate the "cash cliff" for beneficiaries who are able to work, and would help ensure that individuals are financially better off by earning wages than by not earning. This long-overdue proposal is currently being tested. The disability community has been advocating for this change for decades.
- Provide a "continued attachment" to SSDI and Medicare, as long as a beneficiary's impairments last. Beneficiaries who are sometimes able and other times unable to be employed should have continued attachment to cash and medical benefits that can be activated with a simple and expedited procedure that is as "seamless" as possible. For example, SSA has proposed the Work Incentives Simplification Pilot (WISP). Under the WISP, work would no longer be a reason for terminating SSDI benefits. SSA would continue to pay cash benefits for any month in which earnings were below the established threshold, but would suspend benefits for any month in which earnings were above the threshold. SSA would evaluate whether this pilot simplification reduces the number of improper payments due to work, and allows the agency to redirect those administrative resources to other areas.⁸

⁸ Statement of Carolyn Colvin, Deputy Commissioner for Social Security, before the Committee on Appropriations Subcommittee On Labor, Health and Human Services, Education, and Related Agencies, March 17, 2011. http://www.ssa.gov/legislation/testimony_031711.html.

- Support and strengthen programs designed to allow flexibility for people with disabilities to return to work, including programs authorized under the Ticket to Work and Work Incentives Improvement Act (TWWIIA). These programs offer people with disabilities the options to try different work opportunities without risk of losing their benefits should a return to work be unsuccessful. Providing individuals with disabilities opportunities to work up to their capacity without risking vital income support and health care coverage promotes their independence and self-sufficiency.
- Revise the rules for impairment-related work expenses (IRWE). Under current rules, beneficiaries can deduct from earned income the costs of IRWEs; IRWE deductions are made for SGA determinations. The IRWE deduction can be a significant work incentive by allowing individuals with disabilities to obtain services, medical items, and other assistance that allow them to engage in work activity. CCD proposals for revising IRWE include:
 - Applying the current SSI blindness rule to SSDI disability claimants and beneficiaries to allow the consideration of all work expenses, not only those that are “impairment-related.” Currently, for Title II and SSI disability claimants and beneficiaries, only those work expenses that are “impairment-related” are considered. However, the SSI income counting rules for individuals who qualify based on statutory blindness are more liberal because all work expenses can be deducted, not only those that are “impairment-related.” There is no public policy basis for this continued disparate treatment of people with different significant disabilities.
 - Allowing beneficiaries to include their health insurance premiums as IRWEs. This would recognize the higher costs incurred by workers with disabilities who must pay premiums for the Medicaid Buy-In or for continued Medicare after the termination of free Part A benefits.
- Increase the SGA level for all beneficiaries to be the same as the SGA level for beneficiaries who are blind, and maintain annual indexing of the SGA.

e. Improve opportunities for Disabled Adult Children.

Nearly 1 million Title II beneficiaries qualify as Disabled Adult Children (DAC) and receive an average monthly benefit of about \$700 per month.⁹ A DAC beneficiary is eligible based on a parent’s earnings record and has a severe disability that began prior to age 22. DAC beneficiaries have limited work histories and severe impairments, such as intellectual disabilities, autism, nervous system and sensory disorders, and other significant developmental disabilities.¹⁰ Congress should consider improvements to enhance opportunities for DAC beneficiaries, including:

⁹ 977,026 Disabled Adult Children received benefits averaging \$705.84 as of December, 2011. Table 4. Number and average monthly benefit, by sex and age, December 2011. In Social Security Administration (2012). *Annual Statistical Report on the Social Security Disability Insurance Program, 2011*. http://www.ssa.gov/policy/docs/statcomps/di_asr/2011/sect01b.html#table4.

¹⁰ Table 6. Distribution, by sex and diagnostic group, December 2011. In Social Security Administration (2012). *Annual Statistical Report on the Social Security Disability Insurance Program, 2011*. http://www.ssa.gov/policy/docs/statcomps/di_asr/2011/sect01b.html#table6.

- Eliminating marriage penalties. Currently, a DAC beneficiary loses eligibility if he or she marries, unless the DAC beneficiary marries another DAC beneficiary. This outdated provision poses a significant barrier to marriage, which runs counter to our American value of strengthening families.
- Exempting DAC beneficiaries from the family maximum if they live outside the family home. When a DAC beneficiary draws benefits, the worker's benefits and the benefits of any other dependent(s) are adjusted for the family maximum. While this adjustment may make sense when a DAC beneficiary lives in the family home and shares household expenses, it makes little sense for the increasing number of DAC beneficiaries who do not live with their parents, and poses a significant barrier for DAC beneficiaries who wish to live more independently. It is possible to resolve this by following the precedent established by treatment of a divorced spouse: even though the divorced spouse draws benefits from the retiree's record, the divorced spouse's benefit does not affect the family maximum.

Additionally, Congress should remove work disincentives for young people who would otherwise qualify for DAC benefits in the future at such time that a parent retires, dies, or becomes disabled. Under current law, individuals who meet all other DAC eligibility criteria, but earn above SGA at any time before qualifying for benefits (at the time of a parent's retirement, death, or disability), can never qualify for DAC benefits. This poses a significant work disincentive for people who are severely disabled during childhood and may need the benefits earned for them by their parents. It also stands in stark contrast to the law for already-eligible DAC beneficiaries, which allows re-entitlement to DAC benefits after a 7-year re-entitlement period if the beneficiary's previous entitlement had terminated because of earnings above the SGA level. Congress should establish that individuals otherwise eligible for DAC benefits (i.e. when their parent dies, retires, or becomes disabled) will qualify for those benefits even if they performed work at SGA level at any time during their life. One way to implement this recommendation would be for SSA to allow families to secure "protective filing status" for their eligible children. Families would provide SSA with evidence that their children have disabling conditions prior to age 22 and receive a statement from SSA that, should the person ever need the DAC benefits because of their inability to work, they will qualify. The use of electronic files now facilitates this process and can ensure the availability of records in future years when needed.

3. Securing the Future of SSDI.

The Subcommittee launched this hearing series by emphasizing the importance of SSDI as an earned benefit for individuals with the most significant disabilities, and noting that Congress will need to act to address current financing challenges to secure the future of the program – namely, that in 2016 the Disability Insurance (DI) Trust Fund will, with incoming revenue, only be able to pay about 80% of scheduled benefits.

Reassuringly, at the first hearing in December 2011, Virginia Reno of the National Academy of Social Insurance testified that SSDI "remains affordable and sustainable despite the recent modest increase in prevalence of receipt." Social Security Chief Actuary Steven Goss testified that major demographic shifts, such as the aging of the baby boomers and the historic entry of women into the workforce in the 1970s and 1980s, have been expected for decades and explain most of the recent

SSDI program growth.¹¹ Mr. Goss emphasized that all of these trends are expected to stabilize over the next few years, meaning that the current shortfall in payroll contributions compared to SSDI program costs is also projected to stabilize in the future.

As we are hearing today, a variety of proposals have been put forward to reform SSDI. While some proposals focus on improving the experiences and opportunities of SSDI beneficiaries, some also seek to achieve cost savings, with an eye toward addressing the DI Trust Fund's solvency. Many SSDI reform proposals are in the early stages of development and have yet to be evaluated in terms of their impact on current and future beneficiaries or on the solvency of the DI Trust Fund. In fact, the Congressional Budget Office (CBO) recently reviewed proposals for fundamental reforms to SSDI, such as moving to a partial disability system or refocusing SSDI on rehabilitation and reemployment. The CBO found that such changes are unlikely to produce significant short-term savings that would address DI Trust Fund solvency by 2016 (and may in some cases increase short-term costs) and that "only limited evidence is available on the potential impact of such changes."¹²

The CCD Social Security Task Force believes that any reforms to our Social Security system must be evaluated in terms of their impact on current and future beneficiaries. Any reforms must maintain the current structure based on payroll taxes, preserve Social Security as a social insurance program for everyone who is eligible, guarantee monthly benefits adjusted for inflation, preserve Social Security to meet the needs of people who are eligible now and in the future, and restore Social Security's long-term financial stability.¹³ We believe that any reforms to Social Security's disability programs, including SSDI, should conform to core principles including the following:¹⁴

1. Preserve the basic structure of Social Security's disability programs, including the definition of disability.
2. Efforts should be made to increase employment opportunities and improve employment outcomes for Social Security disability beneficiaries, but those efforts should not be achieved through any tightening of eligibility criteria for cash benefits and/or narrowing of health care benefits.
3. Given that Social Security disability program beneficiaries have already been found unable to perform substantial gainful activity, participation in work or activities to prepare for work should remain voluntary.
4. Eligibility and cash benefits should not be subject to time limits.
5. Fully fund the administrative expenses of the Social Security Administration.

¹¹ Securing the Future of the Social Security Disability Insurance Program. Testimony by Steve Goss, Chief Actuary, Social Security Administration. Before the House Committee on Ways and Means, Subcommittee on Social Security, December 2, 2011.

¹² Congressional Budget Office (2012). Policy Options for the Social Security Disability Insurance program.

¹³ Consortium for Citizens with Disabilities (2011). Social Security Fact Sheet #7 -- A Checklist: Effect Of Proposed Changes On People With Disabilities & Their Families.

http://www.disabilityandsocialsecurity.org/docs/SS_FACTSHT7_F.pdf.

¹⁴ Consortium for Citizens with Disabilities Social Security Task Force (2012). Disability Program Reform Principles. http://www.c-c-d.org/task_forces/social_sec/CCD_Disability_Program_Reform_Principles3-2012.pdf.

For a more detailed discussion see full principles document. A sixth principle relates to the SSI program.

4. Immediate Adjustment to the DI Trust Fund.

With the DI Trust Fund projected to be depleted in 2016, Congress should act expeditiously, as it has done in the past, to reallocate payroll taxes between the DI and OASI programs. For example, both Social Security trust funds would be able to pay full scheduled benefits through 2033 by temporarily raising the 1.8 percent DI share of the 12.4 percent Social Security payroll contribution by 0.8 percent in 2013 and 2014, and then by amounts that gradually shrink to 0.2 percentage points in 2021-2029.¹⁵ Over the years, Congress has reallocated funds between the OASI and DI Trust Funds in both directions to keep the Social Security programs on an even reserve ratio -- six times using a narrow definition of reallocation, and eleven times using a broader definition of reallocation.¹⁶

Reallocation is a sensible administrative adjustment that will maintain the confidence of workers that the DI system that they have built up over the years will remain available for them and their families, if needed. Surveys repeatedly show that Americans value Social Security and are willing to pay for it because of its importance to workers and their families. Reallocation will also allow time for Congress to carefully develop, consider, and evaluate options for assuring the long-term solvency of both the OASI and DI Trust Funds for generations to come.

In closing, thank you for the opportunity to testify. I look forward to answering any questions you may have.

Submitted on behalf of:

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¹⁵ Ruffing, Kathy A. (2012). Social Security Disability Insurance is Vital to Workers with Severe Impairments. Washington, DC: Center on Budget and Policy Priorities.

¹⁶ *Ibid.*