

THE 2007 DISABILITY POLICY SEMINAR

NEW CONGRESS, NEW OPPORTUNITIES
THE ARC, AAIDD, AUCD,
UCP AND NACDD

FACT SHEET

SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME

Background

The Supplemental Security Income (SSI) and the Old Age, Survivors, and Disability Insurance (OASDI) programs, along with the related Medicaid and Medicare health care benefits, are the means of survival for millions of individuals with severe disabilities. Under current funding for the Social Security Administration (SSA), people with severe disabilities have experienced long delays and decreased services in accessing these critical benefits. Without adequate appropriations to fund administration for SSA, the situation will deteriorate even more. The OASDI programs, established in Title II of the Social Security Act, are part of the debate over the long-term solvency (75 years) of the Social Security Trust Funds. Congressional action to resolve the funding shortfalls will have a major impact on people with disabilities. While the disability programs provide critical benefits for daily living, there continue to be numerous areas in which the programs need adjustment to ensure that they meet the needs of the people who are intended to be served.

SSA's Administrative Expenses

Social Security benefits are not subject to the annual appropriations process because benefits must be paid to those people who are entitled to them; however, the administrative functions of SSA are funded as SSA's Limitation on Administrative Expenses (LAE) through the annual appropriations process. SSA has a national workforce of about 62,000 people and 1,500 facilities nationwide. The current processing time to establish eligibility for disability benefits averages 88 days, while the processing time for an appeal hearing averages an additional 524 days. Both of these averages are expected to grow in FY 2008 under the President's budget request. The SSA Commissioner has requested funding for SSA's LAE at \$10.4 billion for FY 2008, while the President's official request is only \$9.6 billion. In fact, since FY 2000, the President has requested that Congress fund SSA's LAE at a rate lower than the Commissioner's actual request in every year except FY 2003. Further, in every fiscal year since FY 2000, Congress has appropriated less than both the Commissioner and the President have requested. The result is a shortfall in appropriations for SSA totaling over \$5 billion since FY 2000. Former Commissioner Jo Anne Barnhart has stated that had SSA received appropriations as requested, there would now be no backlog in disability claims at the initial or the hearings level. The people hurt are people with disabilities who file applications for benefits and/or request hearings on denials and who must then wait months or years to receive benefits to which they are entitled, as well as those who become so discouraged with the process that they quit trying.

Efforts to Address Solvency

More than one-third (37 percent) of all Social Security benefit payments are made to over 18.2 million people who are non-retirees, including 6.8 million disabled workers, 1.7 million children of disabled workers, and over 776,000 disabled adult children covered by the survivors, retirement, and disability programs (OASDI). Other non-retirees include non-disabled survivors and dependents. The Title II programs are insurance against poverty and are essential to the protection of people with disabilities, who draw their benefits from all parts of the Trust Funds. Workers earn coverage for themselves and their family members through payment of Social Security taxes during their working years. The insurance protection they receive is targeted to prevent poverty in old age, in case of disability, or where there are dependent survivors after the death of the worker or retiree. Proposals that would partially or fully eliminate the current broad-based sharing of risk (social insurance) and replace it with the risks of private investment (privatization) would be harmful to people with disabilities, because substantial Social Security benefit cuts would be necessary. Beneficiaries would no longer be able to count on a guaranteed amount of benefits adjusted for inflation annually. Privatization would shift the risks of investment from the federal government back to the individual, resulting in a devastating impact on people with disabilities and their families. Many sponsors of proposals to privatize portions of Social Security were not aware of the potential impact of their proposals on people with disabilities.

Improvements Needed to SSI and Social Security Disability Programs

There remain many issues in the SSI and Social Security disability programs which need to be addressed in order to make the programs work better to meet the needs of people with disabilities. These include: increasing the substantial gainful activity (SGA) level for people who are disabled (currently \$900 per month) to the level for people who are blind (currently \$1,500 per month); permanently extending SSI eligibility for refugees and asylees who are disabled or elderly; increasing, and indexing for inflation, the asset limits and income exclusions for SSI; eliminating marriage penalties for people with disabilities; eliminating the two-year waiting period for Medicare; making needed improvements to the Ticket to Work program and other work incentives; establishing a \$1.00 for \$2.00 offset in the Title II OASDI disability programs so that beneficiaries will be better able to work despite severe disability; and addressing policy issues which have a harsh impact on people eligible for Title II benefits as disabled adult children.

Action Taken by Congress and the Administration

The 110th Congress avoided a ten-day closure of SSA offices nationwide with its appropriation for Fiscal Year 2007; however, the amount appropriated was not enough to keep the agency running at current levels or make a dent in the substantial backlog of pending disability claims. The Administration has sent mixed signals of its interest in working in a bipartisan way to address the long-term solvency of the Social Security Trust Funds. The Administration and Congressional Democratic leadership continue to discuss whether bipartisan talks are possible. While some Members are considering improvements to the SSI and Social Security disability programs, the new pay-as-you-go (PAYGO) rules will affect any improvements and make it necessary to find “pay-fors”.

Recommendations

- Congress should appropriate the SSA Commissioner’s full budget request of \$10.4 billion for SSA’s Limitation on Administrative Expenses. Congress should remove SSA’s budget authority from discretionary spending caps. SSA’s LAE would still be subject to the annual appropriations process and Congressional oversight.
- Congress should ensure the solvency of the Social Security Trust Funds by making limited adjustments that spread the costs while preventing privatization of, or depletion of, the Social Security Trust Funds. Congress should carefully assess the possible impact of any Social Security reform proposals on people with disabilities who rely on Title II programs. Congress should request a beneficiary impact statement on every major proposal, or component of a proposal, under serious consideration.
- Congress should address the many areas in which improvements are needed in the SSI and Social Security disability programs.

Relevant Committees

House Ways and Means Committee
Senate Finance Committee
House Budget Committee
Senate Budget Committee
House Appropriations Committee
Senate Appropriations Committee

For more information, please contact The Arc and United Cerebral Palsy Disability Policy Collaboration (202-783-2229), Association of University Centers on Disabilities (301-588-8252), American Association on Intellectual and Developmental Disabilities (202-387-1968), or National Association of Councils on Developmental Disabilities (703-739-4400).

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