

FUTURE DIRECTIONS IN SOCIAL SECURITY

HEARINGS BEFORE THE SPECIAL COMMITTEE ON AGING UNITED STATES SENATE NINETY-THIRD CONGRESS

SECOND SESSION

PART 6—TWIN FALLS, IDAHO

MAY 16, 1974



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Future Directions in Social Security :

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- Part 2. Washington, D.C., January 22, 1973.
- Part 3. Washington, D.C., January 23, 1973.
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- Part 5. Washington, D.C., July 26, 1973.
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- Part 8. Washington, D.C., July 16, 1974.

(Additional hearings anticipated but not scheduled at time of this printing)

CONTENTS

	Page
Opening statement by Senator Frank Church, chairman.....	471
CHRONOLOGICAL LIST OF WITNESSES	
Taylor, Hon. James W., Ph. D., president, College of Southern Idaho.....	475
Mitchell, Ruth, director, Area Four Planning and Service Task Force on Aging, Hansen, Idaho.....	477
Lindgren, Elsie, Twin Falls, Idaho.....	478
Oslund, Edna Belle, Twin Falls, Idaho.....	479
Burkhart, Howard, Twin Falls, Idaho.....	480
Howard, Mildred, Hansen, Idaho.....	481
Long, Earl, Murtaugh, Idaho.....	483
Reyes, Al (for Juan Trevino), Twin Falls, Idaho.....	484
Moore, Alice, Pocatello, Idaho, and Blenda Jenkins, Basalt, Idaho.....	485
Shambaugh, Guy, Director, Social Security Office, Boise, Idaho.....	489
Carlton, John K., Director, Social Security Office, Twin Falls, Idaho.....	492
Hill, Kenneth, chairman, joint State legislative committee, National Retired Teachers Association/American Association of Retired Persons, Boise, Idaho.....	496
Rebenstorf, Faye, member, joint State legislative committee, National Retired Teachers Association/American Association of Retired Persons, Coeur d'Alene, Idaho.....	499
Evans, Larry F., president, National Council of Senior Citizens, Boise, Idaho.....	507
Overgaard, Wil, deputy director, Idaho Office on Aging, Boise, Idaho.....	512
Mueller, David, research specialist, State Office on Aging, Boise, Idaho.....	513
Hancock, Scott, former SSI-Alert regional director, Pocatello, Idaho.....	155
Smith, Harold, State coordinator of social services, Department of Environmental and Community Services, Boise, Idaho.....	517
APPENDIXES	
Appendix 1. Letters and statements from individuals and organizations:	
Item 1. Letter from Guy R. Shambaugh, District Manager, Social Security Office, Boise, Idaho; to Senator Frank Church, dated June 19, 1974.....	523
Item 2. Letter and statement from C. O. Youngstrom, president, Idaho Federation of Chapters of National Association of Retired Federal Employees; to Senator Frank Church, dated June 7, 1974.....	523
Item 3. Statement of William P. Hartman, executive director, Canyon County Organizations on Aging, Inc., Caldwell, Idaho.....	525
Item 4. Observations on Social Security Administration, submitted by Information and Referral Service, Inc., Boise, Idaho.....	525
Appendix 2. Statements submitted by the hearing audience:	
Anderson, F. Jim, Weiser, Idaho.....	528
Mansfield, Mrs. Frank S., Twin Falls, Idaho.....	528
Holm, Richard J., Cascade, Idaho.....	528
Mitialow, Viola, McCall, Idaho.....	529
Erickson, Bessie B., Twin Falls, Idaho.....	529
Pluth, Connie, Boise, Idaho.....	529
Heaps, Mr. and Mrs. William L., Filer, Idaho.....	529
Grant, Eduna, Jerome, Idaho.....	529
Carter, Clifford J., Nampa, Idaho.....	530
Whistler, Debbie; Hoopes, Carol; Deavila, Mrs. Roy; Fitzgerald, Mrs.; Browning, Eugenia; Belleganté, Ruth; Willson, Terri, Pocatello, Idaho; and Cobio, Kelly B., Riverview, Idaho.....	530
Warner, Mark, Boise, Idaho; Bullock, Mike, Salmon, Idaho; Gall, Cathie; Simison, Diane; Mecham, Lorraine; Wiggins, Linda; Watson, Latisha; Pierce, Lucille; and Reynolds, Imaretta F., Pocatello, Idaho.....	531
Hudson, Ruth P., Idaho Falls, Idaho.....	531

FUTURE DIRECTIONS IN SOCIAL SECURITY

THURSDAY, MAY 16, 1974

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Twin Falls, Idaho.

The committee met, pursuant to notice, in the main auditorium, College of Southern Idaho, Hon. Frank Church, chairman, presiding.

Present: Senator Frank Church.

Also present: William E. Oriol, staff director; David A. Affeldt, chief counsel; Deborah K. Kilmer, professional staff member; John Guy Miller, minority staff director; and Patricia G. Oriol, chief clerk.

OPENING STATEMENT BY SENATOR FRANK CHURCH, CHAIRMAN

Senator CHURCH. The committee will be in order.

It was necessary for me to change my plans yesterday because of important votes in the Senate yesterday afternoon. Even so, I thought I would be here, not only in time to start this meeting when scheduled at 1:30, but also to meet with and address the Kiwanis Club at noon, but the best laid plans went awry in Chicago, and weather kept us in the air for an hour, and we left about 11½ hours late. I missed my connection in Salt Lake City, and I had to get a small plane and come by special charter flight from Salt Lake City, and, believe me, the air currents are strong over those mountains today, and we got buffeted all over the sky trying to get into Twin Falls, but that is why I am late, and being late, I think I should begin at once with the opening statement, and then we will call on our witnesses.

Once again I am in Idaho to open an official hearing of the Senate Committee on Aging.

We will take a written transcript, which will help the committee and the Congress to consider legislative proposals for older Americans.

Our subject today is "Future Directions in Social Security." And I can say that some of the best counsel I have received on this subject has been given to me by the citizens of Idaho I meet along the way—sometimes at my courthouse days, sometimes on the street corner, and sometimes at hearings such as these. Talk turns so often to Social Security during my visits to Idaho simply because so many people are affected by it.

And the first point to be made in that Social Security is more than just a retirement program for the elderly. It is also family

security—providing protection against loss of earnings because of death, disability, or retirement.

SOCIAL SECURITY AFFECTS EVERY FAMILY

In one form or another, Social Security affects the lives of almost every family in the United States.

I don't want to overwhelm you with statistical data, but I think a few key facts about Social Security would illustrate its importance for all Americans.

Today, 30 million persons receive monthly benefits. For the vast majority of elderly persons, Social Security is the economic mainstay.

It accounts for over a half of their income.

It also helps to keep more than 12 million individuals out of poverty.

Without these benefits, most older Americans would not be able to achieve a moderate standard of living.

Social Security is also vitally important right here in Idaho.

In fact, the recently enacted 11 percent increase will provide an additional \$9 million this year for 108,000 Idahoans.

Without this raise many would have slipped further behind in their race with inflation.

Our Social Security system, then, is of vital importance not only to older Americans but to other generations as well. Much depends upon how well it does its job, and this is even more true now since the Congress has added so many new responsibilities to the work of the Social Security Administration.

One of the biggest additions, of course, was Medicare. In 1965, when the Congress enacted this legislation, it was thought that just about all of the paperwork would be done by fiscal intermediaries—the insurance companies and others responsible for processing claims.

But, of course, the local Social Security offices are constantly receiving requests for help on Medicare. At the district office in Boise, I understand that five staff persons are specialists who spend most of their time answering questions about Medicare.

Clearly, Medicare has added significantly to the work load at Social Security offices.

SSA DUTIES INCREASE

But other responsibilities have been added in recent years, as well. President Nixon, at the White House Conference on Aging, said that SSA offices should provide information and referral services on aging. In other words, the SSA offices should be able to help older persons in need of a service or facts about services. Congress has made SSA offices responsible for administering black lung benefits to former miners with respiratory problems. Medicare has been broadened to include kidney dialysis, and so on.

The biggest new responsibility, of course, is the new Supplemental Security Income program, or SSI as it is known. I was one of the supporters of SSI. I believe that the time had come to replace the

inadequate and inequitable old age assistance program, which offered widely varying payments on a State-by-State basis. Not only that, old age assistance was administered through the local welfare office, causing many people to shun that program because they saw no reason to turn to welfare in their old age after avoiding it during all of their earlier years.

SSI was intended to overcome the welfare stigma. It would be administered by the Social Security Administration; and the monthly check would be enclosed with the regular Social Security check. The idea was to help those older Americans—as well as the blind and disabled—who couldn't make it in any other way. Another purpose was to bring benefit levels up to a more adequate level than was generally true under old age assistance.

One of the reasons I supported SSI is because I saw a clear need to help millions of older persons who stayed near or close to the poverty level, no matter how much Congress raised the Social Security benefits.

And yet, I did not want to disrupt one of the fundamental and essential values of our Social Security system: the principle that workers in this country contribute to their own retirement security by making payroll contributions during their years in the labor force. In other words, they are helping to pay for their own Social Security benefits.

SSI is intended to preserve that feature while meeting a direct need. And it is essential that SSI work, and work well. The Senate Committee on Aging has been keeping watch over the early months of SSI, which began in January. I am concerned by reports that some problems have arisen, not only here in Idaho, but elsewhere in the country, and I want to explore those problems here today. I also would like to give credit to those who are working so hard to make SSI work: the Social Security employees who are working after hours and on Saturdays, the volunteers of SSI-Alert, and national and local organizations concerned about aging.

If, however, problems are emerging in SSI, now is the time to face them, while the program is young.

5 MILLION ELDERLY BELOW OR NEAR POVERTY LEVEL

I have another reason for concern about SSI; I believe that it could become the means for ending poverty once and for all among the elderly of this Nation. At this time, perhaps 5 million older persons in the United States are below poverty levels or so close that they might as well be considered so. SSI, if it is improved and made more workable, can be used to help them, while still preserving the essential concepts of our Social Security system.

But only if it is a flexible and compassionate program, and only if people believe in it.

This afternoon's hearing, I want to emphasize, will not be limited to SSI, but will deal with other issues related to Social Security.

Inflation, of course, is very much on our minds. Back in 1972, when I sponsored a 20-percent increase in Social Security, it looked as if we might have at least caught up with rising prices. In that

same year, Congress approved a cost-of-living adjustment mechanism to help Social Security benefits continue to stay at least roughly in line in the race with the cost of living.

But it soon became evident that we couldn't wait until 1975, when the automatic increases were due to begin. We had to enact the two-step, 11 percent increase which is taking effect this year, because in the interim the inflation has become so much worse.

Even so, inflation has not been overcome. Unfortunately, some of the steepest increases have been concentrated in areas where the elderly have their greatest expenditures. Food prices, for example, have jumped by almost 28 percent. Certain home fuel oils have increased by an astounding 73 percent. Just think of it: almost double the amount you were paying during the fall of 1972.

This is a major reason why I supported legislation to roll back home fuel prices by as much as 40 percent. But the White House would not go along with this measure. And we were unable to secure the needed two-thirds vote in Congress to override the veto.

This is another reason why I led the successful fight to block the pay raise for Members of Congress, the Federal judiciary, and top officials of the administration. If we are going to lick inflation, we must show some self-restraint. And there is no better place to start than right at the top in the Federal Government.

Another concern of mine, one which will be discussed in testimony today, is the rising cost of health care and sometimes the unavailability of such care.

The Senate Committee on Aging recently determined that Medicare pays only about 40 percent of all health care costs of older Americans. I say that not to denounce Medicare, but to argue that it should be extended and improved. And my No. 1 priority is Medicare coverage of certain out-of-pocket prescription drugs. We will hear again today about the severe impact that drug costs upon the budget of older persons; it is high time that something be done about them.

LEGISLATION TO IMPROVE HOME HEALTH CARE

I am also hopeful that my legislation to improve home health coverage can soon be enacted into law. Many of the key concepts for that bill were developed at a hearing last year—just like the one we are conducting today—in Coeur d'Alene.

Witnesses at the Coeur d'Alene hearing repeatedly emphasized that many older Americans were placed in hospitals at a much higher public cost, simply because other forms of care were not available.

Yet, if we could just shave 1 day off the Medicare national hospital average, we could produce a savings approaching \$400 million.

Most older Americans also would prefer to remain in their homes, rather than being institutionalized, if appropriate forms of care are available.

I will not at this point give a detailed description of legislation which I have introduced to improve economic security in retirement years. I hope to have that opportunity as the hearing continues.

Let me close by saying that I will make every effort in the next few months to advance a bill of mine to establish the Social Security Administration as an independent agency, outside of the Department of Health, Education, and Welfare. It is essential that SSA, which has been remarkably free of political manipulation, continues to remain so. Those who hold elective office should not be permitted to use the system to promote their candidacy. My bill would prohibit insertion of self-serving statements in the envelope used for Social Security checks.

All in all, Social Security has served us well since its enactment in 1935.

This hearing, and others I have conducted in Washington, will help to assure that it continues its work on behalf of all citizens, young or old, present and future.

I can now save my time and yours by calling our first witness, who is here to give us a few words of welcome. He is the president of the College of Southern Idaho, an outstanding citizen of this valley and I am very pleased to call Dr. James W. Taylor.

Let me say that Dr. Taylor has given us wonderful cooperation in all of the arrangements given for this hearing this afternoon.

Dr. Taylor, we appreciate everything you have done, your staff in the courtesies your college has shown in making these arrangements.

**STATEMENT OF HON. JAMES W. TAYLOR, PH. D., PRESIDENT,
COLLEGE OF SOUTHERN IDAHO**

Dr. TAYLOR. Senator Church, distinguished platform guests, senior citizens, ladies and gentlemen, it is indeed a pleasure for me to welcome all of you to the College of Southern Idaho.

We feel very strongly that this college is a people's college. We have tried to develop the college in such a way that it meets the approval of not only the community college district, but likewise the citizens of this great State.

There are a few things that we have attempted to do at this institution, which I feel has significant value for senior citizens. It is our feeling that we have responsibilities to develop new innovations in curriculum so that learning experiences might be helpful and beneficial to our senior citizens.

In order to do that, we have developed this institution so that it is practically free of physical barriers for the aged, or the infirmed.

We have developed in our curriculum programs that senior citizens can retrieve from our library, where they can study individual studies, where they can make movement in this direction as freely as they would like.

Likewise we have developed physical therapy, and physical activities in our fine gymnasium, with a special room designated for senior citizens to use to the extent that they are capable.

PROUD OF RSVP PROGRAM

In addition, we are quite proud of our local unit of the Retired Senior Volunteer Program. Under this program, we have devised

what we call a gold card, which enables the senior citizens to attend the various activities that occur on campus.

These activities are sponsored by our student association, and they are free to our students, and they are free to our senior citizens.

In addition, we have established tuition-free courses for senior citizens. We have provided work opportunities for the retired people that have special skills, we have included in our monitoring and instructional programs these work opportunities.

Older people that have skills, we have employed them in various facets of the college, and, of course, I guess for one thing that most of you have enjoyed in the last few hours is riding in our golf carts, and I am quite sure some of you that have ridden, are not really infirm, but you are attracted by the wheel, but we wish you well, and we certainly will continue to do all we can for you.

Other things that I think we could and should do for our senior citizens are the things that you or individuals would want this institution to do.

Again, it is my personal privilege and pleasure, Senator Church, to be here, and to welcome your committee, and most especially to welcome the CSI, the Senior Citizens, Inc., of this State.

Thank you. [Applause.]

Senator CHURCH. Thank you very much, Dr. Taylor. I think everybody appreciates the concern that you have shown for the senior citizens of this college campus, and the way you have designed the facilities here.

The ramp, for example, that Dr. Taylor is now using, is an illustration of the way the architects have tried to eliminate barriers, and all it takes is a little understanding of problems that older people do have with steps, and other barriers, and they can be eliminated in the planning of the building, without any additional costs, and this is one of the few campuses, I think, Dr. Taylor, anywhere in the country where this was taken into consideration when a building was planned, and I hope it will serve as a good example for institutions everywhere.

The only thing I wanted to add, Dr. Taylor, I would like to ride with you in one of those golf carts before we are finished.

Our first panel this afternoon—from the Twin Falls area—will give first hand testimony on matters relating to Social Security. I am going to ask them to come forward, as I introduce them to you.

First of all, Mrs. Ruth Mitchell, Kimberly director, area four planning and service task force on aging. She is in the midst of developing an areawide agency for south central Idaho, is a member of the Senior Citizens, Inc., a licensed practical nurse, and takes special interest in the health problems of the elderly.

Mrs. Mitchell, we are very pleased to welcome you this afternoon. [Applause.]

Please be seated.

Our next panelist is Mrs. Elsie Lindgren. She is a RSVP volunteer from Twin Falls, a retired teacher, and is concerned about low-retirement income of many people she knows.

Our next witness is Mrs. Edna Belle Oslund, also a Twin Falls RSVP volunteer. She serves on the Governor's Council on Aging,

and is concerned about SSI limitations relating to property ownership.

The next witness is Howard Burkhart of Twin Falls, also a RSVP volunteer, and a former member, Twin Falls Counsel. Mr. Burkhart is past 72, and he has some thoughts about the retirement test.

Our next panelist is Mrs. Mildred Howard of Hansen, chairman of the board for the Ruth Mitchell Senior Citizens Center, and she is concerned about prescription drug problems.

We also have Earl Long of Murtaugh, who is concerned about disabled persons who cannot receive Medicare, as well as other problems affecting the disabled.

And finally, we have Juan Trevino, of Twin Falls, accompanied by Al Reyes, community specialist of the south-central community action program.

Mrs. Mitchell, I am told by members of the staff you were very helpful in arranging this panel for us. I want to express my appreciation to you, and to others who have been so helpful.

Now, Mrs. Mitchell, would you like to take charge.

STATEMENT OF RUTH MITCHELL, DIRECTOR, AREA FOUR PLANNING AND SERVICE TASK FORCE ON AGING, HANSEN, IDAHO

Mrs. MITCHELL. Mr. Chairman, ladies and gentlemen, I am Mrs. Mitchell. I reside at Hansen. I am director of the area four planning and service task force on aging, vice chairman of the RSVP board of directors, along with others, and I am a licensed practical nurse.

The Area Four Council on Aging represents eight counties of southern Idaho. Our main objective is to provide the needed services and recreation for senior citizens. This morning we announced to the Idaho Office on Aging that we wanted the College of Southern Idaho to be our planning and service agency for area four.

I have been director of ageless senior citizens for 2 years. Prior to that, I worked at Magic Valley Memorial Hospital, and in nursing homes for a good number of years.

During that time, I saw senior citizens in poor physical condition. Naturally, poor physical condition generates poor mental condition. I have seen senior citizens and disabled persons not living, but existing on \$87 a month.

This will not cover the necessities of life, such as clothing, food, shelter, and utilities, let alone medical attention, transportation, or recreation.

Therefore, I feel that Social Security, Medicare, and SSI are inadequate.

I have assisted senior citizens with applications, and in many cases we have had no response for as much as 90 days.

SCREENING CLINIC ESTABLISHED AT CENTER

In our center, we have established a screening clinic for such problems as high blood pressure, ulcers on legs due to poor circulation, questionable lumps, warts, moles, or unusual symptoms.

If any of these conditions are found, we contact the doctors. Throughout our clinic, we have found one skin cancer, two undiag-

nosed diabetics, three extremely elevated blood pressures which were high enough to cause strokes, and one case of tuberculosis.

All are being treated, and are now under control. I could expound for an hour or better on problems that I have seen but I feel that our seniors can tell you their problems much better than I can, so at this time, I would like to turn the microphone over to Mrs. Elsie Lindgren.

Senator CHURCH. I just want to make one comment before we move on with the panel. That is the very thing we are trying to get at with the SSI program, to eliminate these cases you referred to with \$86 a month; nobody can live on \$86 a month anymore in this country. The purpose of SSI is to reach down to these people that are at the bottom of the ladder, so to speak, and supplement their income.

If a person is getting only \$86 a month, and has no other outside income, then we ought to make up the difference between \$86 and \$140 a month, which was to be the minimum for an individual retiree, \$210 for a couple.

Now, that is the national standard. In Idaho, we supplement that—the State supplements it—so that the individual should be receiving at least \$182, and a couple \$234. But if this program works the way it should, we have to eliminate this problem of people struggling to get by for less than \$100 a month, once and for all.

Mrs. LINDGREN. Senator, that is the problem that I would like to discuss.

Senator CHURCH. Good.

STATEMENT OF ELSIE LINDGREN, TWIN FALLS, IDAHO

Mrs. LINDGREN. These people who have reached the age of 80, 90, up to 100 years of age, who had no opportunity to contribute to Social Security, or to any other retirement benefit, and who now must try to get along, it was not their fault that they did not contribute, because there was no Social Security.

I am thinking in terms of my foster mother, who died 2 years ago, on her 100th birthday. She was getting \$44 a month Social Security. Of course, you know what she could do with \$44 in this day and age, and she had been a teacher, but there was no teacher retirement while she was teaching.

Someone made the remark to me the other day, why do we have to increase our payments to Social Security to take care of all those old people.

They would not wish it that way, but there is no choice in the matter. My mother started teaching in Kansas in 1892 for \$25 per month. Her last year of teaching was in 1929, and she got \$65 a month.

Now, you say, why did not you save up something for the future. Well, you know what could be done under those circumstances, and so I do feel that we have to take a more charitable attitude toward those people who would really have contributed if they had the opportunity to do so.

That is why I am so glad to see this new program which you spoke of, Senator, because they worked just as hard, maybe harder, and you can say, well, why were they not taken care of in their homes, and by families, and so on.

PRIDE AMONG OLDER PEOPLE

There is a matter of pride among older people, much as you love the families, and as much as they love you, you hate to be a financial burden to them, if you could be independent and help to contribute to the care, that is a different matter.

Now, my mother was a foster mother, and I cared for her, I tried to make her feel that she was not a burden to me, and she really was not, because she gave me love and understanding, that as a motherless child I had not had, and I was glad to care for her, but think of the thousands of older persons who have nobody to take care of them, and so I hope that we can be at least a little bit enthusiastic about doing something for these elderly people.

Thank you, Senator, for your efforts in this direction.

[Applause.]

Senator CHURCH. I can understand, hearing you speak, why you are a member of the International Platform Organization.

Mrs. LINDGREN. By the way, Senator Church, you and I belong to the same organization.

Senator CHURCH. That is right. Well, let me just make this one comment. You make the case so well, it does not need any addition from me. Many of those people you spoke of who were the teachers, let us say, or working in other ways back in the 1930's, and getting less than \$100, could only contribute on the basis of what they received, and 20 years later the money they put into the system was only a third as valuable. When they begin to receive benefits based on those small contributions, inflation has distorted Social Security, and made it necessary to establish this supplemental program.

If it had not been for inflation, it may never have been necessary, but with the inflation and the purchasing value of the dollar, the people who contributed on the basis of those small salaries back in the 1930's, were getting a pittance, when they began to draw their benefits.

They are the ones I feel are most in need of help.

STATEMENT OF EDNA BELLE OSLUND, TWIN FALLS, IDAHO

Mrs. OSLUND. Thank you. I would like to speak to an inequity that I feel exists, which goes to the Supplemental Security Income program, and my remarks are based on conversation with younger people, that I have tried to explain Supplemental Security Income to.

I do not work in the field with the ones who have needed it. I talked with people who looked forward to caring for their own relatives in the future, and as an example, a husband was paying into Social Security at a low rate. The folks owned a two-bedroom home and a car.

The husband died, the income ceased immediately, and Social Security began. The widow knew very well she must sell her car which was done immediately, she put her house up for sale immediately, and it was sold for \$15,000.

This \$15,000 was safely invested, perhaps not advantageously, but safely invested, and consequently, that is her income; she must live on what she gets from that, and on her Social Security, and she must nibble away at the principal.

Now, then, another couple, may own their own home valued to \$25,000, they may own a car, \$1,200 to \$1,400, they may have available cash, instant cash in the form of a passbook up to \$1,500, and this makes quite a difference between \$15,000 invested, that the lady is having to nibble away at, and I feel that there must be some adjustment made here so that the lady who has her income, which is decreasing, while the value of the house in this age is appreciating, and so that is my problem, Senator Church, and I do feel that it is completely legitimate.

Senator CHURCH. I think it is a legitimate problem also, and I think we will have other examples of problems of this kind.

The SSI program is so young that these things have to be worked out, one of the first purposes of the old SSI hearings was to find out what the problems were. You certainly put your finger on one of the problems.

Mr. Burkhart.

STATEMENT OF HOWARD BURKHART, TWIN FALLS, IDAHO

Mr. BURKHART. Senator Church, I have been thinking about inequities for a long, long time.

I have been connected with income tax since 1937, about the time this program went into effect, and there are a few things that I think that are not equitable.

One of them is that there is certain income that is exempt from Social Security tax, that is just as valuable to the individual, and should be taxed along with the money they earn, while working or operating a business.

If a man has a \$8,000 salary, he pays a Social Security tax on the \$8,000, but he is exempt with regard to interest on any dividends and rents that he receives. All are income and should be included in the Social Security program.

Some say, well, he saved his money, and so on, but personally, I think that is income, and especially in this program, when money is needed very, very badly, it has been acknowledged that we ought to turn to that type of interest, I mean income, for Social Security purposes.

For a man who has a salary of \$8,000, he pays Social Security tax on the \$8,000 and he has \$2,000 or \$3,000 net income from rent, that is income, the same as he reports for Social Security tax purposes, and should be taxed the same as salary.

Senator CHURCH. I say it might even be to his advantage, not only to the advantage of the system, but to his advantage also, because

it would mean that his level of benefits would be increased when the time came for his retirement.

Mr. BURKHART. That is correct.

Senator CHURCH. It is a very interesting suggestion.

Mr. BURKHART. So that would take in interest, dividends, and rents. I do not know whether we would want to consider long-term capital gains or not, that might hit a very tender spot.

Senator CHURCH. Yes.

SOCIAL SECURITY IMPROVEMENTS NEEDED

Mr. BURKHART. But it is still income, and sometimes I think that long-term capital gains is not equitable. Why should a person only pay tax on half of the gain? I feel that something can be done in that respect in order to have more money, in order to do the things that you want to do. Social Security, I think is a wonderful program, and just needs to be improved.

Senator CHURCH. You make a very interesting suggestion.

You know, the Congress considered how to finance the additional benefits inflation has made necessary, and one way of doing this is to increase the rate of tax. We have about reached the highest level of tax that we can impose, and another method has been to increase the base on which the tax is levied. You suggest still another way that we might be able to augment revenues for the system that would neither require increasing the rate nor extending the base, but include other types of income.

Mr. BURKHART. I think it could be done also without possibly increasing rates, it might be to lower rates.

Senator CHURCH. That is one possibility.

Mr. BURKHART. And still have additional incomes that would help to take care of some of the needs relating to the Social Security program.

Senator CHURCH. It certainly is a suggestion, Mr. Burkhardt, we should take it very seriously, and look into it. We appreciate your making it.

Our next witness is Mrs. Howard.

STATEMENT OF MILDRED HOWARD, HANSEN, IDAHO

Mrs. HOWARD. I represent the Ageless Senior Citizens of Hansen, Kimberly, and Murtaugh, and I do believe in Social Security and Medicare, and I think they are one of the greatest things our Government has produced in my lifetime.

It affects every man, woman, and child in America. Sooner or later, all must have Social Security.

I believe in the principle, it was designed to serve the people, the majority of the people. Medicare is a godsend.

There is a minority that does need it, that are not getting it, and this is what I would like to talk about, this minority that does need more for prescription drugs.

There are people, aged 62 or older, who do not have enough quarters to qualify for Social Security. Others are not eligible be-

cause they worked on jobs such as civil service. Without Social Security benefit, there are no Medicare benefits. These people many times are in low income groups, who need medical assistance.

Their income is a few dollars too much to qualify for Medicare assistance, but they have the needs as the persons who hold the Medicare cards.

I worked for civil service, and I do not have enough quarters to qualify for any Social Security benefits.

People who have Social Security and Medicare in low income groups have their problems also. One year ago, the cost of living was much less than today. For instance, here fuel oil was 19 cents a gallon, and now it is 36.3 a gallon, and they tell us another raise is in progress.

Heat for the elderly is a must for health's sake. Cost of staples such as flour, sugar, meat, milk, potatoes, fruit, and vegetables, are at an all-time high. Costs of electricity, water, sewer rents, and so on, are going up.

Doctors' fees, medicines, and hospitalization have increased far beyond the increase in our Social Security income and benefits.

Medicare is nearly useless to some low income people. It takes all they have to purchase their food, shelter, and necessities.

I am speaking of people who have, in many cases, just a few dollars above the amount to qualify for welfare, SSI, and Medicaid. Where will they get the first \$80 of the hospitalization, the first \$60 of the doctor bill, the increase and large percent for the cost of illness of hospitalization and medicine? Medicare does not cover it all. All prescriptions at all times are needed under Medicare.

ASSISTANCE NEEDED FOR MEDICAL CARE

If you cannot get the money, Medicare is useless to you. Only the people in an income bracket who can purchase supplemental insurance to pay for Medicare or people with Medicaid cards, or the persons with enough money who did not need it in the first place that really benefit.

I work regularly with senior citizens. I have acquired the knowledge of these people that are financially in need of Medicare. We are thankful for all Social Security benefits, but we need added legislation to cover people who receive no assistance to Medicare or Medicaid.

We need assistance that will cover all of the people's medical needs. There is an urgent need for payments of prescription drugs for these and many other qualified persons under Medicare.

All one has to do is talk to the county commissioner to find out how many emergency debts are paid each month through their office.

I thank you.

Senator CHURCH. Mrs. Howard, I could not agree with you more, when you say Medicare has been a wonderful program, but the gaps in it are very big. In fact, you have to be pretty sick, and you have to go to a hospital, before you get any benefits from Medicare.

If you need a medical examination, or if you need eyeglasses, or dentures, or a hearing aid, or foot care; none of that is covered by

Medicare. There is also the problem you mentioned as to the deductibles, but in thinking of all the gaps, the worst has to do with the prescription drugs that people have to have, those chronically afflicted in later years, and unless they are hospitalized, Medicare does not cover it.

Mrs. HOWARD. That is correct.

Senator CHURCH. And people on limited income are spending a fourth of their incomes. I know of a case where the person involved had to spend a third of her income regularly just to cover the medicine, and, of course, she just did not have enough to go around, there just was no way for her to cover the other bills. I do have a bill pending in the Congress, and I hope the first improvement we can make in Medicare is to have it extend to the out-of-hospital prescription drugs for people who have afflictions that require regular prescriptions. I think this would be the next step that we could take to improve the Medicare program. [Applause.]

Mrs. HOWARD. It would give these people an extra sum of money to buy other needed items if their prescriptions were cared for, and I know that I have dealings with these people, and that prescription drugs is a very definite need.

Senator CHURCH. I am sure you are right.

Mr. Earl Long.

STATEMENT OF EARL LONG, MURTAUGH, IDAHO

Mr. LONG. The thing I wanted to bring up has been talked about two or three times.

I am totally disabled, and cannot work anymore. I have a heart disease and crippling arthritis.

My wife never paid any money into Social Security, and if she gets sick and had to go to the hospital, I would like to see something done about getting her a little help.

There are others in the same boat, too, and she does not draw any money of any kind from Social Security. I draw a small check from Social Security, but it is not near enough for the two of us to live on. I would like to see something done.

Senator CHURCH. Would your wife mind if I asked you how old she is?

Mr. LONG. She is 56.

Senator CHURCH. She is not eligible for Medicare; has no hospital coverage?

Mr. LONG. No, nothing.

Senator CHURCH. Well, you know, there are several plans for national medical insurance being considered by Congress. There is a plan that has been submitted by the administration, there is a plan being sponsored by Congressman Wilbur Mills and Senator Kennedy, and there are several other variations.

These plans would try to take care of medical disasters, heavy medical expenses for the whole population, and something of this kind is needed today, just to avoid the complete wipeout that many people experience, when somebody in the family falls seriously sick.

I think Congress will enact one plan or another sometime within the next year or so, because it is coming to a head now. The

various plans have been submitted, and the choice will have to be made, but this may reach, at least to some degree, people who like your wife, have no meaningful medical coverage.

Mr. LONG. There are a lot of people like that.

Thank you. [Applause.]

Senator CHURCH. Thank you, Mr. Long.

Mr. REYES, could you introduce Mr. Trevino to us, please.

STATEMENT OF AL REYES (FOR JUAN TREVINO), TWIN FALLS, IDAHO

Mr. REYES. My name is Al Reyes, I am with the South Community Action Group. Mr. Oriol asked me if I could translate, because we have a translation problem; this is Juan Trevino, he is a diabetic, and is disabled at this time. He is 60 years old, and has a medical problem with Medicaid.

It seems that right now the Medicaid is not very effective in this area. About 2 or 3 weeks ago, Mr. Trevino just about died, and due to the fact that he could not change doctors, and the doctor he was seeing would not give him the attention he needed at the time, because he was on this Medicaid, so I tried to go around, and I called the other doctors to see if I could find a different doctor for him, and they would not accept this man, because he was on Medicaid, and, finally, I got one to talk to him, and finally after they talked to him, finally they managed to get the doctor to give him attention that he needed.

Senator CHURCH. Was the problem the fact that the doctor was reluctant to take a Medicaid patient, is that the problem?

Mr. REYES. Doctors do not accept Medicaid. They will not take patients that are on Medicaid.

Senator CHURCH. Then that was the problem, the doctor just did not want to take the Medicaid patient?

Mr. REYES. Yes, and Mr. Trevino does not qualify for Medicare, because I believe there is a waiting time.

Senator CHURCH. We have changed the law to extend the Medicare to those disabled under Social Security, as well as those on retirement, to 65 or over.

People who are totally disabled will soon be able to qualify, but there is a waiting period.

Mr. REYES. There is a waiting period, and it is a very long period, and when you go to the doctor, and you tell him that you have a problem, that I want you to wait for 1 or 2 years before I can pay your bill, the doctor says, he kind of frowns.

If I was a physician, I would probably do the same thing. I talked to Mr. Oriol, and he thought it was important enough to be brought to your attention.

24-MONTH DISABILITY PERIOD FOR MEDICARE

Senator CHURCH. Well, I am glad you did bring it to my attention, and I would like to ask the staff of the committee to take this general problem up with the State administrators of the Medicaid program.

All that I can say is that under the present law, a person must be totally disabled for 24 consecutive months before he becomes eligible for Medicare.

Mr. REYES. This is one of the things that I have questioned about Medicare. It is a good program, but there are a lot of holes in it. It needs to be corrected.

Senator CHURCH. You have to be totally disabled for 24 months before you become eligible, that is a long time to wait. I am glad to have this pointed out. Maybe there is something we can do.

[Applause.]

Now, is there anything that members of the panel would like to bring up that you have not already testified to before we go onto the next panel?

Yes, Mr. Long.

Mr. LONG. You said something about this Medicare for the disabled persons.

Senator CHURCH. Yes.

Mr. LONG. That we still have to wait 24 months for that?

Senator CHURCH. Yes, under the present law. Actually, up until last year Medicare only extended to the retired people 65 years and older, so this change in the law was meant to bring into the program the disabled, but it was done with the provision of the 24-month waiting period, and obviously that can create serious hardships in many cases.

All right. Thank you very much, members of the panel, for your contribution this afternoon.

[Applause.]

I would like to call our next witness, Mrs. Alice Moore of Pocatello. She is the daughter of Mrs. Blenda Jenkins, and I might say for those of you who may not have read in the newspaper that Mrs. Jenkins was declared dead, and waited a long time before the computer could be convinced that she was not dead after all.

She was declared dead by the computer, and we would like to get a little better idea of some of these computer problems that occur in Social Security.

[Applause.]

Mrs. Jenkins, we are happy to see you alive.

Mrs. JENKINS. Thank you.

Senator CHURCH. And also to greet your daughter, Mrs. Moore. Could you just proceed in any way you would like?

STATEMENT OF ALICE MOORE, POCATELLO, IDAHO, AND BLENDA JENKINS, BASALT, IDAHO

Mrs. MOORE. I was going to start like you started. You already told everybody why we are here, and this was how I was going to start, and so I feel I did want to add that I feel like this check was reinstated, namely through the efforts of your office, and also the news media, and I do not think this is really the proper way to go about getting a check reinstated, I think maybe I could question my mother rather informally, and maybe get a better idea as to what happened.

Senator CHURCH. I think it would be helpful if we could have some of the particulars of what your experience was like.

Mrs. MOORE. When did you first realize there was a problem, can you tell us?

Mrs. JENKINS. When I did not get my February check. I had only received one check, and then I thought, well, it will be along, they will send one, or they will notify me why not, and when we did not hear anything, I called the office, and they said your check has been, there has been a mistake, but it will be along in about 2 weeks, and it still did not come.

March came and it did not come, so I called them, and they said yes, they are up there today trying to straighten it out and find out why.

Alice called them, and they said to take your mother to the Social Security office, and don't you leave there without a supplementary check.

We went up there, and they said "it had just been a mix-up, and our computers are out," and they said come back after a while.

We went back, the girl said, well, she said there will be a check in about 2 weeks.

That was in February, in March, so we went back in a day or two, and come to find out, they declared me dead, they said the computer had marked me dead, which was not very nice.

Mrs. MOORE. How did you personally feel about this when they told you this?

Mrs. JENKINS. I felt terrible.

Senator CHURCH. You were kind of in a position of Tom Sawyer, who said, "The reports of my death have been greatly exaggerated."

COMPUTER ERRORS SHOULD BE CHALLENGED

Mrs. JENKINS. I feel like anybody can call into a Social Security office and say somebody is dead, they do not have to verify it, but it should be verified before it was ever sent through the computer. I do not think they should do that.

Senator CHURCH. Do you know in your case how this report came about, did somebody make such a report to the Social Security office?

Mrs. MOORE. This is something they have never told us. They have never accepted any blame except it was the computer's error. This is whose error that it was.

Senator CHURCH. You cannot fire a computer.

Mrs. JENKINS. That is right.

Mrs. MOORE. Anyway, this sort of thing went on until May 1.

Mrs. JENKINS. I got a check on April 18, and then I got two over-payments which I had to turn back, and that in itself is quite confusing. I think there should be a better way of handling something like this.

Senator CHURCH. I do, too. I will agree with you on that.

Mrs. MOORE. I know there are people on Social Security, and they do not have much of an income, and they are alone, what if that would happen to them?

Mrs. JENKINS. Well, I live in a small community, and everybody is willing to help me. If you run out of coal, they help you. The coal

yard will send you coal, and you pay it when you get your money, the light company will carry you, but if that happened in a big city, what will the person do?

Senator CHURCH. You are lucky that you have neighbors who will take care of you.

Mrs. JENKINS. You bet. I do not know what would have happened. I simply do not know, that is why I think something should be done to see that this does not happen to anybody else.

Mrs. MOORE. I have to take a little bit of offense, that I get the attitude that this is one in a million, that this error is just very rare, but it is not very rare.

It is more frequent than people believe. A computer error was made on my brother's check. He waited from November until about March 20, because the computer had made an error on his check.

I also know of a case in Idaho Falls. Miss Owens, she is receiving her check now, but the same thing happened to her, the spelling of the name is wrong, the address is wrong, and right now she is cashing the check where the people know her, but the day might come where somebody might ask for her identification, and I cannot even see after they have gone through all of this, how they can have this many errors on the lady's check, and on her grant right now, so I think that a form should be made available, at least should be publicly displayed in every Social Security office on how to get an emergency check when there is an error that ties up your grant.

EMERGENCY PAYMENT SYSTEM NEEDED

Senator CHURCH. It seems to me what is needed is that when errors occur, and are known to be errors, and they are deep down in the mechanism of the computer system, there ought to be a way, as you suggest, to take care of that on an emergency basis, until the corrections can be worked through the system. People who are on limited Social Security income, frequently cannot wait 2 or 3 or 4 months to have the problem worked out, and there ought to be a way to detour around the computers if there are mistakes that have to be worked out on the system.

Mrs. JENKINS. That is the way I feel about it. [Applause.]

Senator CHURCH. The other thing that I would mention is in line with what you have said, this is not such a rare case, we have lots of these problems.

We do not always have a problem with a person being declared dead, but we have other problems, mistakes are made, an entitlement is established, and then the person will wait months for the first check.

It seems to me that delays are too long although I recognize that the Social Security offices have been heavily burdened with extra duties.

Mrs. MOORE. This is true, and I think before you even talk about adding more programs under the Social Security programs, as they stand right now, that there is going to have to be something seriously done about the present situation.

Another thing I think should be seriously looked into, I have a friend that lives on a very limited income, and she had to call to

Pocatello, and she has had some problems with her Social Security, and she is really confused, and she had to place a long distance call.

She has not been able to even get her information at that time, which means that the Social Security office had to call her back.

Why can't these people that live in these outlying districts have a toll-free number like the Internal Revenue Service does, so that they can call toll-free.

This is not right to have to place two or three calls long distance, long distance calls to people who are just barely living on their income right now.

Senator CHURCH. That is a good suggestion. If IRS does it, perhaps Social Security can do it too.

Mrs. MOORE. I think so. You pay this money in assuming you are going to be taken care of, and you are not going to have any problems, and these people live month to month on this.

I do not think there should be these delays. I think it is morally wrong when there are delays that hold somebody's income up 3 or 4 months.

Senator CHURCH. I certainly agree with you, and I think you have made a good suggestion on the toll-free line. I would like the staff to note that this is something we may pursue in the committee to see what we can do; meanwhile, we will continue to fight the battle with the computers.

COMPUTER CHANGES TAKE TIME

I would like to tell you ladies a story before you leave the witness stand. When this last adjustment in Social Security was before the Congress—the 11 percent adjustment—I was anxious that the whole 11 percent might be made at one time, rather than in two installments. We had been able in the past to make adjustments in Social Security with as little as 3 months notice to the Social Security Administration.

When we looked into it this time, we were told that the system had been completely computerized, and that it was the finest computer system in the world, and that it was all there in Baltimore, and I was invited to come over and see it. I said yes, I would like to see it when I get a chance, but first I would like to make this adjustment in Social Security, and I would like to get it made within a 3-month period, as we have been able to do in the past.

I was told, it was not possible now, because it takes 6 months to program the computers, so in the name of the best computer system in the world, we lose 3 months time, and I think these are things that people wonder about. I think your case will probably do more to correct these problems, and get quicker action from human beings, when human beings have problems, than anything else I know, and I think the publicity given, the fact you brought to us, and the fact we were able to help. I think, will help a lot of people.

Mrs. MOORE. I think that is the only thing that will make it worthwhile as far as I am concerned.

Mrs. JENKINS. It will be worth it if I can do that.

Senator CHURCH. Your case will help a lot of people all over the country.

Thank you very much. [Applause.]

Our next two witnesses are Social Security directors here in Idaho, Guy Shambaugh of Boise, and John K. Carlton of Twin Falls. Gentlemen, I am happy to welcome you here this afternoon. I understand each of you have a prepared statement, and if you would like to proceed with them, fine.

STATEMENT OF GUY SHAMBAUGH,* DIRECTOR, SOCIAL SECURITY OFFICE, BOISE, IDAHO

Mr. SHAMBAUGH. Thank you, Senator Church, ladies and gentlemen. First, let me say I am very happy to have this opportunity to be here today, and I might start off by saying that the Social Security in Boise has been and continues to assist the general public in their efforts to claim any Social Security and/or Supplemental Security Income benefits they may be eligible for. Our office staff was kept fully occupied with only administering the title II Social Security benefits up through 1973.

A substantial workload was added in 1973, and continues with particularly large increases starting January 1974 as all Social Security Offices had the full responsibility of establishing entitlement to a Supplemental Security Income payment to the old age, blind, or totally disabled individuals with limited income.

We, in the Social Security Offices, are happy to be of service to these needy persons in our society. We find it a most challenging experience to help establish their eligibility. We do get some feeling of frustration in our jobs as we find ourselves with too little time to do as thorough interview as is really necessary to fully explain the benefits of the program and achieve full understanding on the part of the applicants for benefits.

TIME INVOLVED IN PREPARING CLAIM

Our experience to date shows a need of approximately 30 minutes on the average to an applicant for Supplemental Security Income benefits. If a person files for disability benefits it requires on an average 45 minutes. After the applications are completed and the individual has left the office there is considerable time involved in preparing the claim for SSI payment in the areas of verifying the resources alleged, reaching a decision and in putting information into the records system of SSA centrally and in program centers so that payment can be made or notice of nonentitlement is sent the applicant.

The increased workload in the Social Security Office is not only in the lengthy interviews necessary but in the increased numbers of individuals making inquiry which in many cases after lengthy discussions are resolved as ineligible without a formal application.

In this connection, the area of Idaho served by our Boise office had during the January-March quarter of 1973, 1,344 claims of all kinds and 2,922 nonclaims or post entitlement receipts while in the same

*See additional statement, appendix 1, item 1, p. 523.

January-March quarter 1974, 1,534 claims and 4,925 nonclaims or post-entitlement actions.

Senator CHURCH. What do you mean by nonclaim or post-entitlement receipts?

Mr. SHAMBAUGH. These would be inquiries of various kinds asking about the program and informally discussing the program, that is, does the person possibly qualify for some type of benefit.

Senator CHURCH. I see.

Mr. SHAMBAUGH. With all of the increased workloads I have discussed above, I need to point out that our office staff has increased only by two in regular employees over the last 1½ years. We now have 21 regular employees in Boise. The extra work is accomplished by use of overtime starting in January of this year. In most cases at least an hour each day and 4 to 8 hours on Saturday are worked by each employee.

This has been pretty much the pattern since the first of the year.

Now, if there are specific questions that we might try to respond to, I would certainly try to do that, Senator.

Senator CHURCH. Mr. Shambaugh, I would like to know how much of this extra work has been due to the establishment of the SSI program, that is to say, determining those that are eligible for the program, and getting started, since the program came into effect in January of this year. I suppose the additional work burden has largely been involved in getting that program underway.

Mr. SHAMBAUGH. Right. It has been mostly that. Actually the claims that we have had, when we talk about claims here, we have had a little, in fact, we have had a few less regular SSI claims in this period, so the increase in claims is strictly due to the SSI applications that have been taken.

Senator CHURCH. Is this a workload that will tend to diminish once the program is established and underway?

WORKLOAD WILL NOT DIMINISH

Mr. SHAMBAUGH. I do not see it will really be diminishing very much, because there are certain aspects of the program that have not been affecting the workload, such as the recommendation area which has to be done in the district office on SSI, which normally went to another agency, and also the area of redeterminations that have to be done at least once a year on people who are on the rolls on SSI. That type of interview, from our experience, shows that these really amount to the same amount of time at least as an initial application, so that we have a substantial workload that we have not even been faced with, which will take up any slack that we might phase out a little later.

Senator CHURCH. What you are telling me then is that we will have to have additional personnel in Social Security if we are going to handle this workload efficiently?

Mr. SHAMBAUGH. This seems to be very obvious to us out in the field.

Senator CHURCH. How many people, since January, are now getting SSI checks—those that have made application—and then had

their applications processed; how many are you actually paying? It is May, the program has been in effect since January. How many supplemental checks are you paying out now through the Boise office?

Mr. SHAMBAUGH. Well, I think we have a figure that would represent the payments made on SSI for the month of March, which would include the cases that were converted from the State rolls. This would be the total, and the figures we have, that would supply for March, shows that Idaho has 6,195 recipients of SSI.

Senator CHURCH. How many of those 6,000 plus recipients were transferred over from old age assistance?

Mr. SHAMBAUGH. The big part of them. I think actually we have added, I am not giving you an exact figure, but I think we have added about 500 that are strictly new additions, since January, but this does not account for all that have been taken, because there are a number of claims pending in the system some place.

They have left our office or other offices, and are pending. There is a substantial backlog in the Baltimore record center and in our payment centers.

Senator CHURCH. Tell me, suppose somebody comes into the Boise office, who is eligible, makes a formal application for Supplemental Security Income payments, is found to be eligible; how long does that person have to wait before he or she receives the first supplemental check on the average?

Mr. SHAMBAUGH. This would be a nondisability, because disability is substantially longer.

Senator CHURCH. This is a nondisability case. I am speaking of a person eligible for SSI supplemental payments, and who makes formal application, eligibility is determined by your office; how long does that person have to wait before he receives the first check?

SSI WAITING PERIOD OF 30 DAYS

Mr. SHAMBAUGH. In theory, it was supposed to be a maximum of 8 to 10 days. It has not happened that way. They have rapidly built up a backlog. I think we are finding it does take 30 days for them to get the check. Certainly, it would be true if they filed in the middle or latter part of the month.

Senator CHURCH. But the waiting period is not exceeding 30 days on the average?

Mr. SHAMBAUGH. Well, I do not think so. Our experience seems to show that is true, but if some little technicality gets involved, it can be longer.

We have a number that are longer, and this would account for the need for emergency payments, which are made. There is a procedure to provide emergency payments to those in dire straits under certain situations, and which we can do on the spot, if it was a true emergency.

Senator CHURCH. These emergency situations do not have to go through Baltimore.

Mr. SHAMBAUGH. If it is a case of eligibility, and there is dire need, we have emergency funds in our office, which we can counter-

sign, so where this allegation is made, we do take steps to provide those.

Part of the problem comes in on others though where they have been set up for payments, and the checks do not come on time, and they have an emergency, then we still have the additional procedure, called one-time only payment, which has been provided for. The U.S. Treasury will not reissue a check in an emergency where there is a check issued, until they can account for a first check. We do have one-time only payments, which are used to bring people up to date when they are in dire straits.

Whether that adequately responds to your question or not, Senator, I do not know.

Senator CHURCH. It has helped.

Mr. Carlton, you have a statement you would like to read at this time?

STATEMENT OF JOHN K. CARLTON, DIRECTOR, SOCIAL SECURITY OFFICE, TWIN FALLS, IDAHO

Mr. CARLTON. Yes. Thank you, Senator.

The purpose of these hearings, as I understand it, is to examine the future of Social Security. Before determining the future it would appear appropriate to look briefly at the past and at the present.

The original Social Security Act, passed by Congress in 1935, contained certain basic principles which have been continually adhered to. These principles, in my opinion, must not be compromised. In essence, the Social Security program provides cash benefits designed to partially replace the income lost when a worker retires, becomes disabled, or dies. The program is work related, does not contain a means test, is contributory and compulsory, and the rights are clearly defined in the law.

Beginning in 1975 the monthly amounts payable, the amount a recipient can earn without penalty, and the taxable wage base, are all tied directly to the cost of living determined by the consumer price index. Thus, the Social Security benefits, as well as the fiscal soundness of the trust funds, are inflation proof.

PRESENT PROGRAM IS FISCALLY SOUND

It is apparent that many needs of the aged are not being completely met at this time, but I do not feel that a major extension of the Social Security program is an appropriate way to meet these needs, particularly if such an extension involved the use of general fund revenues. The vested right of workers contributing to the Social Security trust funds must be maintained. The present program is fiscally sound and is accomplishing what it was intended to accomplish.

Let me present a few figures. Most people are not aware of the economic impact of Social Security payments. It is a fact that in most cities and towns of the United States the monthly Social Security checks mailed out constitute, by far, the largest single source of income available to the community.

As an immediate example, Social Security checks mailed each month to beneficiaries in the eight counties of Magic Valley, total \$2.5 million. When Medicare reimbursements and the new Supplemental Security Income checks are included, the total each month is over \$3 million.

In Twin Falls alone, Social Security payments total \$750,000 every month. When Medicare and Supplemental Security Income payments are included, \$1 million is released to citizens of Twin Falls every month of the year. The impact of this flow of money on the businesses of Twin Falls is obvious.

Of course, these figures, although impressive economically, do not solve the pressing problems of the aged. Although, as I have stated, I feel that Social Security itself is in good shape and fulfilling its purpose, I am not so sanguine concerning Medicare and the Supplemental Security Income program.

I feel that Medicare needs to be rather drastically overhauled. I have particular reference to the need for prescription drugs, hearing aids, eyeglasses, and dental work to be covered under Medicare. Long-term nursing care, both for institutionalized and for those in their own homes, needs to be greatly expanded. There are many approaches to the solution of these problems, including various national health insurance proposals, but I am confident that these suggested coverages could be included in the present Medicare system as it applies to the aged and disabled.

The newly instituted Supplemental Security Income program, which guarantees a minimum income level to the needy aged, blind, and disabled is, as you are aware, administered by the Social Security Administration. This program is financed by general revenues and, although administered by Social Security, is a completely separate program financially. This, I think, is as it should be. We in the Social Security Administration are proud that we were chosen to administer SSI, and we feel that it is working well.

SSI PROGRAM—A PROTOTYPE FOR FUTURE ACTIONS

We have had some problems with computer capability and lack of sufficient staff, but considering the magnitude of taking over a program formally handled by some 1,150 State and local agencies, I think we have been successful.

The SSI program could well be a prototype for future actions of a similar nature. If the future of Social Security includes the administration of other programs aimed at solving the problems of the needy, I have two requests. Give us sufficient staff to handle the work and keep the programs fiscally separate from the present Social Security system.

I will close by saying that regardless of what changes may occur in the future, the fundamental objective of the Social Security Administration will continue to be one of maintaining the highest possible standards of service to the public.

Thank you for the opportunity of presenting this testimony.

[Applause.]

Senator CHURCH. Mr. Carlton, I think your two requests are very reasonable. You have assumed some extra burdens with the SSI

program. I think that, generally, across the country, Social Security has been administered quite well. It was attributed to the record that has been made by Social Security. I do believe with respect to your suggestions for Medicare, improving the Medicare program, I think the gaps you mentioned are the very ones that need to be closed, and one thing that I worry about is that if we go to a national health insurance program of some kind for protection against medical disasters, we must not do this at the expense of Medicare.

I am afraid that there will be some people who will say let us have a national program, and in order to get it, they will want to dilute what Medicare now covers, and I think that would be a grave mistake.

If we go to the medical insurance program nationwide, we must see to it that it does not dilute the medical care program. I, personally, would prefer to see an adequate medical care program for the aged who have the greatest need medically before we start on our nationwide medical insurance program.

Mr. CARLTON. Senator, may I make a couple of comments?

I would like to make one comment to the lady declared dead by the computer. Regardless of what somebody in the Social Security office told her, computers do not make errors, and if she was declared dead by a computer, then somebody pushed the wrong button, and in response to your comment, since the beginning of this year, and our problems with the SSI program, we do have means available in every Social Security office at the present time, of bypassing the computer when it gets plugged up.

Senator CHURCH. That is good to know. I am sure that is necessary.

Mr. CARLTON. Yes, it is, and experiences such as that fine lady's have caused us to develop these programs.

Senator CHURCH. One other point I am glad you made, is that Social Security is fiscally sound. Some of you folks may hear it said from time to time that Social Security is in terrible trouble, that in the next 20 or 30 years the system is going to collapse, that the people who are paying into it have no assurance that they are going to get their benefits when their time comes. If you hear that, do not let it concern you, because the Congress requires a regular audit of Social Security. That is made by outside auditors, competent actuarial experts from private insurance companies. This report is regularly presented to the Congress, and the system is sound, it has always been sound, and we have it certified to us on a regular basis. We are going to keep it sound, so there should never be any worry that when you are old enough to come into your entitlement, that the money will not be there. It will be there.

SOCIAL SECURITY IN NO DANGER OF COLLAPSE

I just wanted to say that, because there are alarmists all the time spreading the word that Social Security is about to collapse in this country, and that is not so.

Mr. Carlton, I have one question for you. As you know, there are final plans underway now to permit the direct deposit of Social

Security benefits in the bank designated by the Social Security beneficiary. This is an optional arrangement.

Do you see any possible problems in this, or do you think that banks might make service charges, anything on the horizon here that we should know about?

Mr. CARLTON. Yes, there are problems with that procedure. The primary problem we find is there are certain reports required of Social Security beneficiaries, having to do with earnings under the retirement test, having to do with their changes of address, especially if they leave the country, having to do with all sorts of things, marriages, divorces, deaths, when the checks are going to a bank, that is the only address we have, and we are unable to get the reports that we find necessary, because the banks obviously do not tell us.

A good example of that, if something goes wrong, and I hate to keep bringing this up with a computer, if for some reason the check is not mailed, the individual does not know this until they get the bank statement the following month, and if we could be informed of the fact immediately, as we would be if the checks were going directly to them, we could do something about it immediately.

Senator CHURCH. I can see where you might have a 30-day delay before you ever get the news of it from the beneficiary.

Mr. CARLTON. Aside from that, certainly we have no objections to direct deposits in a bank.

Mr. SHAMBAUGH. It would seem to solve some problems, and really create a few more, but it would be very helpful in some areas.

Senator CHURCH. Anything else any of you would like to add?

MEDICARE ALLOWABLE CHARGES AND DOCTORS FEES

Mr. SHAMBAUGH. Maybe I should add a comment I get from my staff here in terms of Medicare, and discussing Medicare claims, one of the concerns that a lot of people are expressing is the difference between the allowable charges, and what the doctor charges are.

This seems to be a rather common complaint that is getting a pretty big margin in a number of cases between what is allowable, and what the doctor feels has to be his charge.

Senator CHURCH. I know there is great confusion about this, because as I go to the courthouses and meet with people who have problems, very often this will come up.

Is there a better way that it could be explained, or do you think that we ought to change the program to eliminate this confusion?

Mr. SHAMBAUGH. Well, I wish there were a better way to get better understanding of it.

If you took off your controls, I am sure there would be some real problems created, because as it is now, it is based on the average for the community, for say a year prior, so it does create some problems currently, in trying to adjust to the cost of living.

Senator CHURCH. What percentage of the doctors in Idaho now are taking Medicare on an assignment basis?

Mr. SHAMBAUGH. I believe the last figure I saw would be about 35 percent, I believe, that is about the figure.

Mr. CARLTON. You are a month behind. It is 33 percent.

Senator CHURCH. Is it falling off?

Mr. SHAMBAUGH. Yes, it is.

Senator CHURCH. Just a word of explanation, those doctors that take Medicare patients on an assignment basis agree to accept the fee that Medicare pays for the service, and not to charge the patient anything additional. Only about a third of the doctors in Idaho take Medicare on that basis anymore. The others reserve the right to charge something over what Medicare may determine to be a reasonable figure, and as the gentleman has suggested, that reasonable fee is based on the average fee charged in the community for that particular service. Doctors more and more are reserving the right to establish their own fee, and the patient has to pay anything over what Medicare regards as a reasonable fee for the particular service received.

This causes a lot of confusion. One person who goes to a doctor who take an assignment, and have nothing else extra to pay.

The next person may have a few dollars to pay. The next person receiving the same service may have \$30 or \$40 or \$50 more to pay, depending on the fees doctors charge in each particular case.

I do not know whether I have explained it clearly.

I think every effort should be made to explain that to people, because it continues to cause a great deal of confusion.

Mr. CARLTON. Senator, I would like to make one final comment. I would like to give my personal thanks to those citizens of Magic Valley who responded to our recent call for volunteer workers until what we chose to call Project ALERT, an attempt to find people eligible for the Supplemental Security Income program.

We did have a lot of volunteers, and they did a good job. This project will continue, and I would like to also give thanks to the State Office on Aging, which is helping with the continuation of this project.

Senator CHURCH. Very good.

Thank you very much, gentlemen. [Applause.]

Now, folks, we are going to take a break, and we will be right back. [Whereupon, a short recess was taken.]

AFTER RECESS

Senator CHURCH. The committee will be in order.

Our next witness panel is the National Retired Teachers Association/American Association of Retired Persons, comprised of Kenneth Hill, chairman of the joint State legislative committee, National Retired Teachers Association, Boise, and he is accompanied by Mrs. Faye Rebenstorf, a member of the joint State legislative committee, Coeur d'Alene.

STATEMENT OF KENNETH HILL, CHAIRMAN, JOINT STATE LEGISLATIVE COMMITTEE, NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS, BOISE, IDAHO

Mr. HILL. Thank you, Senator Church, distinguished members of the committee: I am Kenneth L. Hill, chairman of the Idaho joint

State legislative committee of the National Retired Teachers Association/American Association of Retired Persons.

With me today is Mrs. Faye Rebenstorf, who is also a member of the committee.

On behalf of the 26,350 members of the associations in this State, we wish to address ourselves to three legislative issues of importance to the aged: The Social Security retirement test, the treatment of working wives under Social Security, and the retirement income credit of Internal Revenue Code, section 37. We thank the Special Committee on Aging for affording us an opportunity to comment on these matters.

At the present time, the Social Security cash benefit programs are designed to provide protection against the loss of earnings due to retirement, death, or disability. The primary mechanism used to determine whether the necessary loss of earnings has occurred is, of course, the retirement test.

Perhaps no feature of the Social Security system is more controversial. Our organizations recognize that the abolishment of the retirement test would change fundamentally the nature of the cash benefit programs from that of insurance against the loss of earnings to that of an annuity payable at a certain age.

The trouble with this situation is that if we were to undertake this change, it would immediately increase the responsibility of the Federal Government to a considerable amount. If we were to do that, it would make it necessary to call upon the general revenues of the Federal Government in order to carry the program on.

"PENALTIES" FOR WORKING

The general revenue sources are presumed to be equitable to everyone concerned, and we feel the existing program works a hardship on the individuals who have arrived at the magic age of 65, that he is immediately penalized from any opportunity to pursue gainful employment thereafter. There are real penalties.

First of all, you go on paying the Social Security tax. Second, if you earned more than \$2,400, you are immediately losing \$1 for each that you earned, and so you have a 50 percent tax applicable to your lot at that point.

The substance of this restriction causes the man to wonder whether or not it is worthwhile to pursue, and my personal experience has been that those of us who arrive at the magic age of 65, the greatest problem we have is worthwhile employment, worthwhile activity, and all at once there are those who would like to supplement their income, so many obstacles are put in their way, that they finally sit down and die.

When older people sit down, they die.

You have got to stay alive, and this is a direct opposition to the very thing we are trying to do in various programs that are offered to keep the older people busy and occupied. It is a wrong treatment of a situation entirely.

Now, I know full well that if we carry on this program, and extend this other privilege to where it will make the cost prohibitive,

as far as getting it away from the employer and the present worker, so I think there is great doubts as to whether or not we ought to increase the taxes for further expansion of Social Security out of the employer or the employee, and if it is to happen, it will have to come out of general revenue.

I know that we are all a little ill about all of the taxes, but surely that is the more equitable way to raise the money to do this, than it is to put back on the worker.

We object seriously to the fact that this applies only to those who earn wages. If you have a bundle of bonds that high, and you get a great deal of dividends each year, this does not affect your earnings, it is only if you go out and work with your hands.

This is wrong. It should not be that way.

Now, we would like to have something done about that. In one of our meetings the other day, we had a frank discussion of a problem that we would like to call to the attention of the Senator and his people, and I would like to just read this for you, and this is not directed at Social Security as such.

Senator, this thing I am about to read to you does not refer particularly to Social Security, but rather to generally people in the retirement age.

We are pleased to have this opportunity to express our thoughts regarding future direction of Social Security program. We sincerely believe only by viewing social programing for senior citizens in its entirety, can positive recommendations be made.

Over the years, and particularly during the last few years, we have viewed with alarm development of social service delivery systems that makes it extremely difficult for older citizens to determine who are entitled to services, and who are the service providers.

We wonder, is it the purpose of the delivery system to simply conduct surveys, and studies to be filed in various departments of the system.

Our Nation, State, and communities have been surveyed and studied and resurveyed and restudied by Federal agencies, State agencies, nonprofit organizations of every type.

Each agency claims they are authorized and have a specific duty to determine and respond to the needs of the elderly.

Each office is given the opporutnity of coordinating their efforts with other agencies; however, we see little evidence of sincere co-operation to that end.

We recognize and appreciate the efforts of the Congress in Washington to provide solutions to the problems of senior citizens. Unfortunately, many of the departments of Government recognizing the social political appeal of helping to assist the elderly with their problems, have sought authority to share in the general effort.

It is our understanding when legislation is passed affecting senior citizens, each department that can associate itself with the provider, with the provisions of the law, undertakes its own interpretation of the manner in which the department or agency will respond, and then these guidelines were passed on to the related State agencies, that in turn decides how a State agency will plan to carry out the new law, and hence to the local level for ultimate implementation.

A "LABYRINTH" OF AGENCIES

The result has been a labyrinth of interrelated, uncoordinated agencies that have been created, each striving to expand itself.

The intent of Congress is lost in the process. The funds provided for services to people is consumed at agency payrolls, and dissipated in the maze of duplicated service delivery systems.

As citizens, we do not know how this can be solved, but we want respectfully to encourage you and your associates to try some solution.

Now, this is an aside.

Now, I will turn the microphone over to Mrs. Faye Rebenstorf, and she will discuss the third phase of our subject.

STATEMENT OF FAYE REBENSTORF, MEMBER, JOINT STATE LEGISLATIVE COMMITTEE, NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS, COEUR d'ALENE, IDAHO

Mrs. REBENSTORF. Thank you, Mr. Hill.

Senator Church, we are glad to be here today. I will try to keep within the time limit.

The next item which we wish to address ourselves today, Mr. Chairman, is retirement income credit of the Internal Revenue Code, section 37. It is an unfortunate attempt by the Congress to provide fairer tax treatment of different groups of taxpayers which often results in calculations of such complexities that the group for whom the fairer treatment is intended is, to some extent, effectively deprived thereof.

The retirement income credit which was designed to relieve part of the tax burden of aged retired persons living on taxable retirement income, and to help to equalize their tax treatment with that of persons receiving tax-exempt Social Security or railroad retirement benefits is a good example of this.

Notwithstanding the good intentions of the Congress in enacting credit as part of the Internal Revenue Code of 1954, any benefits from it is conditioned upon the aged taxpayer's confronting and successfully completing an intricate series of calculations which are purely mechanical, because he lacks any knowledge of the reasons for them.

If he is at all successful in determining a credit amount, the probabilities are that he will be uncertain as to its correctness.

A description of the steps of the calculation to which the aged taxpayer must proceed, provides ample basis for uncertainty.

Senator CHURCH. Do you know the first time I tried to compute this credit. I was doing it for my mother-in-law, and I said to her, "It is much too complicated for you to work out, I will work it out for you."

I worked out the income tax, and then the credit, and I miscalculated it, about 2 months later we learned from the Internal Revenue Service, she had to pay an extra \$24, I think, on her tax, because I was overly generous in my computation, but it is very confusing, and it is easy to miscalculate.

Mrs. REBENSTORF. I have been a tax practitioner, and sometimes it was even difficult for me, so I can understand why people who try to make out their tax returns, and try to figure out this retirement credit, it is so difficult.

Once having determined the total amount of the "retirement income," the aged taxpayer must then proceed to a maximum amount of retirement income which he may take into account for purposes of computing the credit.

PITFALLS OF SCHEDULE "R"

Now, I could go into all of the facts of computation of retirement for credit, but if I did, everyone here would be as confused as the taxpayers, but I will continue on, and say that there can be little doubt that in the case of an aged taxpayer who does benefit from the retirement income credit, a sense of accomplishment tends to come about when one successfully completes the Schedule R.

For some time now, our organizations have felt that the credit is far too complicated. The taxpayer must fill out Schedule R on a separate page of another 19 possible calculations, in addition to his regular tax schedule.

We estimate that as many as 40 percent of all those eligible either fail to claim it, or else make errors in the computing of it.

Since so many of those that should be benefiting from the credit are not being helped, the need for revision and simplification is obvious. Those living near Internal Revenue Service offices can get some help, but so many of our taxpayers do not live close to those offices, and if you try to get through on a telephone line to the toll-free calling number in Boise, especially during tax time, you know how difficult that can be, so the result of it is they either give up, and thus deny themselves a credit they should be having, or else try and make out their retirement income tax for themselves, and most of the time, as Senator Church says, they will make errors in doing so. They can be very much more simplified than they are now.

Now, expanding further, this probably will be overlapping some of the things that have been already brought out, but I think sometimes overlapping can be beneficial.

It can doubly emphasize important parts of our topics here today, so excuse me if they do seem to be overlapping.

Regarding Social Security and Medicare benefits, of course, our association supports Senator Ribicoff's Senate bill, S. 3154, which offers a comprehensive approach in completing the critical and special health care needs of older and disabled citizens, that is not included in any of the other major health care proposals now before Congress. The measure provides for catastrophic health protection with the least out-of-pocket costs of any known bill, not to exceed \$750 annually, and offers a broader benefit package including urgently needed coverage of unlimited medical expenses, prescription drugs, eyeglasses, hearing aids, dental care, and so forth.

This is only a short summary of Senator Ribicoff's bill.

Congress, I feel, is as far behind on Medicare coverage as they are on retirement income credit.

The Medicare benefits are based on 1970 doctor and hospital bills. We know how those have risen since 1970.

As an example, a personal example, I will cite my own case of last year, my annual physical checkup came to just a little bit over \$100.

The allowable part of that \$100 came to only \$58, \$2 short of the \$60 deductible, which is not equitable at all.

Also, we hope that these and other added benefits in the Social Security program, which would include removal of earnings limitations, 100 percent widows benefits at age 62 instead of age 65.

When the bill was first introduced, the news media made a big splash, news headlines, "Widows to get 100 percent of husband's Social Security."

WIDOWS STILL AT DISADVANTAGE

And then when the bill was finally passed, it went into the final stages, there were a few changes here and there, which included a graduating scale of widows' benefits, if they were not 65 at the time of the death of the husband, they did not get the full amount, just a graduating scale.

A woman cannot help when her husband passes away. Very often her need for Social Security is very urgent, and whether she is 65 or not. I would like to see this amended to drop the age to 62, and made retroactive, to the time the bill became effective.

If it were not made retroactive, it would be too discriminatory.

I am not in favor of adding to payroll taxes, which would place an even greater burden on our children and grandchildren to accomplish these things, but I am in favor of the benefits to come from the general fund, if it cannot come from the Social Security fund, and this can be done by eliminating unnecessary Government spending, such as too much foreign aid—we have been doing this for 30 years now—by closing income tax loopholes of the wealthy class, cutting Government redtape, and eliminating many unnecessary Federal employees at the higher and lower levels of our Government.

This concludes our formal remarks, Mr. Chairman. We appreciate having had the opportunity to present our views. [Applause.]

Senator CHURCH. Thank you. I just want to say two things. Kenneth Hill stressed the inequities of the retirement test, and he makes a perfectly valid case. I think the fact that people who have income from rental property, or dividends from stock, or interest payments coming in, can collect all of their Social Security entitlement, regardless of how large their outside income may be. But, a person who does not have that advantage, and has to work to supplement his retirement income, finds that he is penalized once he earns more than \$2,400 a year. It is discriminatory, and it is discriminatory against the people who need it the most, it often happens that way somehow.

When I first went to the Senate, the retirement income was \$1,200, and we have worked it out to \$2,400, and I have a bill now pending in the Senate that would increase that to \$3,000, which will help.

I would like to see it eliminated entirely, but the cost of eliminating it right now would be too great, and I do not think we have the votes

in the Congress to accomplish the total elimination. If we can increase it to \$3,000, that would be some help to people who do need to supplement their income and are willing to work part time to do it.

Faye, you mentioned the other aspect of this, which is the credit for retirement income on income taxes, and you are quite right, it is much too complicated. I hope we can simplify it, but it is also out of date. It is way out of date.

Mrs. REBENSTORF. Yes, it is.

Senator CHURCH. When it was first put into law in 1954, the idea was that people who are getting Government civil service retirement, or some other retirement other than Social Security, ought to have at least the same tax break that people getting Social Security had. Social Security benefits quite properly are not taxed, but civil service retirement benefits are taxed, and so the idea was to give people an equal break, and give them a certain amount of credit on their retirement income; that we give them comparable tax breaks as those on Social Security.

The trouble is in 1954, \$1,424 computation coming to about \$124 credit, a maximum of \$229, is way out of date. I have a bill in the Senate that will bring this up to date so that the maximum credit would come to \$343 for an individual and more for couples, and this has been adopted in the Senate Finance Committee. I am confident it will be enacted into law.

Mrs. REBENSTORF. I am happy to hear that.

Mr. HILL. One of the things you must experience some today, but some day you must get your bill from your doctor, and try to get it processed through Medicare, and then get it over to your insurance company that underwrites the rest of it, and keep it straight, and then you will be entitled to be President. [Applause.]

I know personally, on behalf of the organizations I represent, I want to thank the good Senator for being here, and he is on our team in Washington, and we have a real supporter in our Senator.

Thank you.

Senator CHURCH. Thank you, Mr. Hill. [Applause.]

The prepared statement of Kenneth L. Hill and Mrs. Faye Rebenstorf of the Idaho joint State legislative committee of the National Retired Teachers Association/American Association of Retired Persons will be inserted in the record at this time.

[The statement referred to follows:]

PREPARED STATEMENT OF KENNETH L. HILL AND MRS. FAYE REBENSTORF OF THE IDAHO JOINT STATE LEGISLATIVE COMMITTEE OF THE NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. Chairman, I am Kenneth L. Hill, chairman of the Idaho joint State legislative committee of the National Retired Teachers Association and the American Association of Retired Persons. With me today is Mrs. Faye Rebenstorf, who is also a member of the committee.

On behalf of the 26,350 members of the associations in this State, we wish to address ourselves to three legislative issues of importance to the aged: The Social Security retirement test, the treatment of working wives under Social Security, and the retirement income credit of Internal Revenue Code, section 87. We thank the Special Committee on Aging for affording us an opportunity to comment on these matters.

I. THE SOCIAL SECURITY RETIREMENT TEST

At the present time, the Social Security cash benefit programs are designed to provide protection against the loss of earnings due to retirement, death, or disability. The primary mechanism used to determine whether the necessary loss of earnings has occurred is, of course, the retirement test.

Perhaps no feature of the Social Security system is more controversial. Our organizations recognize that the abolishment of the retirement test would change fundamentally the nature of the cash benefit programs from that of insurance against the loss of earnings to that of an annuity payable at a certain age.

We recognize that the elimination of the test would entail substantial tax cost consequences for active employees, if the existing mechanisms available for financing the cash benefit programs remain unchanged.

We are aware that the Social Security recipients who are unable or choose not to work, cannot obtain employment or are age 72 and over would not benefit from elimination of the test and indeed may suffer if the cost of the test's elimination reduces the potential revenue which would have otherwise been used for across-the-board benefit increases. Nevertheless, our organizations favor the complete abolishment.

Because we believe that the cash benefit programs must be changed to accommodate the social and economic needs of the people they serve, we cannot ignore their increasing dissatisfaction with the retirement test. That the older worker feels abused by the test is reflected daily in the correspondence received by our organizations. The older worker argues that he should not be deprived of his benefits because he engages in productive employment, particularly in the light of the fact that his nonworking neighbor, with substantial income from stocks and bonds, is receiving his full benefits. To the older worker this is discrimination in favor of the well-to-do and reward the idle living. Since the retirement test penalizes productive labor, the older worker considers it a violation of the work ethic and no amount of argument as to cost or benefit allocation is likely to dissipate this feeling.

Let it be understood that our concern is for fairness and equity. Our purpose is to stimulate an honest dialog about an evolving social institution that is serving this Nation well.

The inequity of the retirement test becomes clear only if one understands that the Social Security system is an intergenerational income transfer program operated through the taxing power of the Federal Government and that it deals only with one type of income—income from labor. This raises the question of fairness in the overall financing scheme. That the earnings test focuses its penalty peculiarly on wages of persons age 65 to 72 reveals what our organizations believe to be the "gross inequity" of the retirement test feature.

If an aged individual is fortunate enough to secure part-time employment, he will pay Social Security taxes of 5.85 percent on all his earnings up to \$13,200 and very likely, Federal income taxes as well. In addition, for every \$2 that he earns in excess of \$2,400, he will lose \$1 of Social Security benefits. This is a 50 percent tax on benefits. It should not be surprising to discover that this combination of taxes and penalties, which promises to leave the older worker with little net improvement in his income situation, is sufficient to discourage most older persons into retirement.

Our organizations object strongly to a retirement test penalty which applies only to workers in the 65 to 72 age category. If it is wrong, as some people argue for older workers both to earn income and to receive Social Security benefits, why does it suddenly become right when a person turns 72?

Those who would retain the retirement test argue that its elimination would be achieved at the expense of wage earners, who would have to pay increased Social Security taxes, and at the expense of the nonworking aged who would have to forego benefit increases they might otherwise receive.

Our organizations believe that the time is rapidly approaching when a wage-earner revolt will force Congress to appropriate general revenues to help finance the Social Security system as was contemplated by those who originally designed it. For many years now, the idea of a three-way sharing of the cost of OASDI seems to have disappeared from the minds of Congressmen and Senators. Perhaps it is time for this idea to reappear. With new sources of revenue to finance Social Security programs, the increased payroll tax and lost benefit arguments with respect to the elimination of the retirement test would lose whatever validity they may have.

II. TREATMENT OF MARRIED WOMEN UNDER SOCIAL SECURITY

Another area of increasing controversy is the treatment of working wives under Social Security. The 1939 Social Security amendments expanded the system to provide benefits for wives of insured workers so that the family unit would have protection related to the wages of the family earner. This dependent's benefit is payable only to a wife who is not entitled to a benefit based upon her own earnings record that is equal to or greater than the benefit to which she is entitled on the basis of her spouse's earnings record. Apparently, it was thought that if a woman could get a higher benefit based upon her own earnings then she could as a wife, she should not be presumed to be a dependent.

Today, many working wives feel that their Social Security contributions have been wasted in situations where they are entitled to receive benefits upon their spouses' earnings that are as high if not higher than those to which they are entitled on the basis of their own earnings. This criticism has become more pronounced in recent years as proportionately more women have been entering the labor force.

The dissatisfaction of working wives who, despite their Social Security contributions, receive no higher benefits than they would have received had they not worked in Social Security covered employment is the result of their non-acceptance of the rationale for paying the wife's benefit only to those who may be presumed to be dependent—that is, not paying those who have earnings records which defeat the presumption of dependency. This rejection of the "dependency" rationale is coupled with a lack of awareness of the advantages that working women have as a result of their eligibility for benefits based on their own earnings records. For example, married women who work usually have disability insurance protection, which is not available to nonworking wives. Should they retire at or after age 62, benefits will be payable to them on the basis of their own earnings records even though their husbands continue to work. Finally, in the event that they become disabled or die, monthly benefits on their earnings records are payable to their children.

Our organizations recognize, however, that neither the dependency rationale nor the expanded insurance protection available to working wives is likely to assuage the growing dissatisfaction with what they perceive to be inequitable treatment in terms Social Security benefit amounts. We believe that the Congress will find it necessary to acknowledge the reality of the working wife by modifying the Social Security system so as to eliminate, to the extent possible, those situations in which a working couple receives less in total old age insurance benefits than another couple with the same total earnings where only the husband worked.

Today, for example, where only the husband worked and had average yearly earnings of \$4,840, the benefits paid at age 65 would be \$3,135.50 to the husband $(\$261.30 \times 12)$ and \$1,567.80 to the wife (50 percent of \$3,135.50) for a total of \$4,703.30. However, if the husband had had average yearly earnings of \$3,048 and the wife had had average yearly earnings of \$1,800 or combined earnings of \$4,840 the husband's benefit would have been \$2,353.20 per year $(\$196.10 \times 12)$ and the wife's would have been \$1,789.20 $(\$149.10 \times 12)$ for a total of \$4,142.40—nearly \$561 less in total benefits!

One might expect that, with a heavily weighted benefit formula, the combination of two benefits, each based on relatively lower earnings, would be at least as large as 150 percent of a benefit based on earnings records equivalent to the combination of the two relatively lower records. As a matter of fact, however, the weighting is not heavy enough to achieve this result.

Our organizations have been informed that for practical purposes it would not be possible to contrive a benefit formula that would preclude the possibility of situations where 150 percent of the benefit at one earnings level would always be less than 200 percent of the benefit at half that earnings level. Any formula which approached this objective would produce a relatively flat benefit system—one which either provided a relatively high minimum or one under which a benefit at the upper earnings level would not be high enough so as to represent a reasonable return for the contributions of higher paid workers.

While it may not be possible to achieve precise benefit equity with respect to everyone, our organizations recommend that the Congress consider seriously the proposal advanced by the 1971 Advisory Council on Social Security to reduce existing inequities with respect to working wives. That proposal would provide benefits for a married working couple equal to those provided now for a couple where only one spouse works and has all the earnings.

Under the council's proposal the earnings of a man and wife in each year would be combined and credited up to the maximum annual earnings creditable for the year. The benefits of the couple would be based on these earnings. In order to qualify for the combination, each would have to be fully insured, would have to be at least age 62, and would have to have applied for benefits. Both the husband and wife would be entitled to a benefit, before any reduction on account of early retirement, equal to 75 percent of the age 65 benefit based on the combined earnings. A widow would get a benefit based on the combined earnings of the couple. The earnings record would be separated on divorce, with each member of the couple receiving benefits as if the earnings records had never been combined.

Our organizations wish to stress that while we are not committed to any particular formula to compute benefits on the basis of combined earnings of a husband and wife, we do believe that in view of the increasing number of wives engaged in gainful employment, some modification should be made with respect to the Social Security system to accommodate more satisfactorily the reality of the working wife.

III. THE RETIREMENT INCOME CREDIT

The last item to which we wish to address ourselves today, Mr. Chairman, is the retirement income credit of Internal Revenue Code, section 37. It is unfortunate that an attempt by the Congress to provide more equitable tax treatment of different groups of taxpayers often results in calculations of such complexity that the group for whom the more equitable treatment is intended is, to some extent, effectively deprived thereof. The retirement income credit, which was designed to relieve part of the tax burden of aged retired persons living on taxable retirement income and to help to equalize their tax treatment with that of persons receiving tax-exempt Social Security or railroad retirement benefits is a good example of this.

Notwithstanding the good intentions of the Congress in enacting the credit as part of the Internal Revenue Code of 1954, any benefit from it is conditioned upon the aged taxpayer's confronting and successfully completing an intricate series of calculations which are purely mechanical because he lacks any knowledge of the reasons for them. If he is at all successful in determining a credit amount, the probabilities are that he will be uncertain as to its correctness.

A description of the steps of the calculation through which the aged taxpayer must proceed provides ample basis for uncertainty. In order to avail himself of the benefit of the retirement income credit, the aged taxpayer must first determine whether he has received earned income in excess of \$600 in each of any 10 calendar years prior to the taxable year in which the credit is being claimed. If eligible, the aged taxpayer must then proceed through a rather intricate set of calculations using supporting Schedule R and transferring the final amount of the credit to which he is entitled to Form 1040.

The amount of the credit may not exceed 15 percent of the amount of the eligible taxpayer "retirement income" up to a specified maximum. The definition of "retirement income" in the case of a person age 65 and older, includes interest, dividends, rents, pension and annuity income, and certain bonds—but only to the extent that such income is included in gross income in computing Federal income tax liability.¹ Since Social Security and railroad retirement benefits are not included in gross income, those benefits are not considered "retirement income" for purposes of the credit computation.

Once having determined the total amount of his "retirement income" the aged taxpayer must then proceed to a determination of the maximum amount of retirement income which he may take into account for purposes of computing the credit. In the case of a single individual, this maximum amount is equal to \$1,524 (\$2,286 for the case of aged married couple filing a joint return) minus the sum of (1) any amount received as a pension or annuity under title II of the Social Security Act or under the Railroad Retirement Acts of 1935 and 1937, (2) in the case of an individual who has not attained the age of 62 before the close of the taxable year but who is deemed to be "retired" and to

¹ Since the focus of the retirement income credit is not primarily age, but rather retirement status, use of the RIC is available to persons under age 65. However, in the case of such persons, "retirement income" consists only of income received as pensions and annuities from a public retirement system. See I.R.C. §37(c)(2).

have "retirement income," any amount of income in excess of \$900 and (3) in the case of an individual who has attained the age of 62, but has not attained the age of 72 before the close of the taxable year, the sum of one-half of the amount of earned income received by the individual in excess of \$1,200 but not in excess of \$1,700 plus the amount of earned income so received in excess of \$1,700. The amount of the aged taxpayer's retirement income credit will be equal to 15 percent of the maximum amount so determined or 15 percent of his actual amount of retirement income, whichever is lower.

From this description of the credit, Mr. Chairman, there can be little doubt that, in the case of an aged taxpayer who does benefit from the retirement income credit, a sense of accomplishment attends the successful completion of Schedule R.

As should be apparent, the computation of the credit is complicated by a number of factors. First, there are its attenuated analogies to Social Security old-age insurance, such as earned income requirement for eligibility purposes and the mechanical earned income test for the purpose of determining retirement status. Second, since the credit is intended for non-Social Security recipients, Social Security income must be subtracted from the maximum amount of "retirement income" which may be taken into account for purposes of computing the credit. This "offset" feature is necessary to deny a double tax benefit to the Social Security recipients. Since the aged taxpayer would generally lack any understanding of these factors, his calculations are generally mechanical and prone to error.

For some time now our organizations have felt that the credit is far too complicated. To claim the RIC the taxpayer must fill out Schedule R—a separate page of another 19 possible calculations (in addition to his regular tax schedule). We estimate that as many as 40 percent of all those eligible for the RIC either fail to claim it or else make errors in computing it. Since so many of those who should be benefitting from the credit are not being helped, the need for revision and simplification is obvious.

As you know, Mr. Chairman, our organizations are supporting the legislation which you introduced to simplify the credit computation and increase the maximum amount of retirement income which may be taken into account from \$1,524 to \$2,500 in the case of a single aged person and from \$2,286 to \$3,750 in the case of an elderly couple. We would, however, have preferred to see the maximum defined as "an amount equal to the average Social Security benefit" rather than as specific dollar figure in order that once the rough equity in the tax treatment of Social Security and non-Social Security recipients was restored, this equity would have been automatically preserved from year-to-year as Social Security benefits increase. Nevertheless, your legislation represents a substantial improvement over the existing situation and we are encouraged as to the prospects for its enactment this year as a result of the action taken by the Senate Committee on Finance in applying your bill as an amendment to H.R. 8217.

This concludes our formal remarks, Mr. Chairman. We appreciate having had this opportunity to present our views. Thank you.

STATEMENT OF POSITION: KENNETH L. HILL, MEMBER OF THE IDAHO JOINT STATE LEGISLATIVE COMMITTEE, NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. Chairman and members of the committee, We are pleased to have this opportunity to express our thoughts regarding the future direction of the Social Security program. We sincerely believe that only by viewing social programming for senior citizens in its entirety can positive recommendations be made.

Over the years, and particularly during these past few years, we have viewed with alarm a development in the social services delivery system that makes it extremely difficult for older Americans to determine who are entitled to be served and who are the service providers.

We wonder, is the purpose of the delivery system to simply conduct surveys and studies to be filed in various departments of the system. Our Nation, States, and communities have been surveyed and studied, resurveyed and restudied by Federal agencies, State agencies and nonprofit organizations of every type. Each agency claims that they are authorized and have the specific duty to determine and respond to the needs of the elderly. Each is also given the responsibility of

coordinating their efforts with other agencies, however we see little evidence of sincere cooperation to that end.

We recognize and appreciate the efforts of the Congress in Washington to provide solutions to the problems of the senior citizens. Unfortunately, many departments of Government recognizing the social and political appeal of helping to assist the elderly with their problems have sought authority to share in the general effort. It is our understanding that when legislation is passed effecting senior citizens each department that can associate itself with the provider provisions of the law, undertakes its own interpretation of the manner in which it (department or agency) will respond. These guide lines are then passed down to related State agencies, that in turn decide how the State agency will plan to carry out the new law, and hence to the local level for ultimate implementation. The result has been that a labyrinth of interrelated, uncoordinated agencies have been created, each striving to expand its influence.

The intent of Congress is lost in the process. The funds provided for service to people is consumed in agency payrolls, and dissipated in the maze of duplicated service delivery systems.

As citizens we do not know how this dilemma can be solved but we want respectfully to encourage your assistance in some solution.

Thank you for allowing us to make this presentation.

Senator CHURCH. Our next witness is Larry F. Evans of the National Council of Senior Citizens, and president of the NCSA club in Boise.

STATEMENT OF LARRY F. EVANS, PRESIDENT, NATIONAL COUNCIL OF SENIOR CITIZENS, BOISE, IDAHO

Mr. EVANS. Mr. Chairman and members of the Senate Special Committee on Aging: My name is Larry Evans. It is a pleasure to be able to present my observations on "Future Directions in Social Security." Being the president of the Boise club of the National Council of Senior Citizens, I have also been designated as speaker for the national office of the National Council of Senior Citizens to speak for the national organization.

While I am affiliated with and work for several other organizations of senior citizens, I have no warrant to represent those groups, although I believe that my suggestions may represent the view of the majority of Idaho's 78,503 senior citizens who had reached the age of 60 in the year 1972.

It is significant to note that nearly \$167 million was contributed to Idaho Social Security recipients in the fiscal year 1972-73; thus aiding in a large measure the economy of the State of Idaho through these contributions which covered all types of Social Security payments.

This State's growing number of people 65 and older is one of the causes of our concern over the future direction of the national Social Security program and how it is to be administered.

In Idaho's population of 774,000 people, 9.7 percent, a figure smaller than the national percentage of 10.3, passed the age of 65 in 1974. Our people are cognizant of the fact that recent improvements in Social Security benefits are due in a large part to the efforts of the National Council of Senior Citizens. And they appreciate the work of the Congress in making it possible that these benefits are available.

Our people realize the excellent work of the Senate Special Committee on Aging and perhaps more than other States because the chairman, Senator Frank Church, is one of our own upon whom we rely as the staunch ally of the Nation's older people.

FAITH IN GOVERNMENT DEPARTMENTS

Because of the sturdy nature of our people we have not lost faith in all departments of our Government but events have caused some shakiness in the minds and thoughts of many at a time when a feeling of security is most paramount to a long and deserved life of enjoyment. Thus we will constantly call upon the Senate Special Committee on Aging for our needs.

When we consider the increases granted in 1973 to be finalized in July of 1974 totaling a 11 percent raise in Social Security benefits and find that the cost of living has spiraled to a high point of wiping out those increases by July of 1974 and another raise in benefits is not scheduled until July of 1975 we can see that the elderly citizen whose living depends almost entirely on Social Security, will be placed in the same position he was in before he received the 11 percent increase in benefits.

Since he must then live for another 11 months before securing the proposed 1975 scheduled increase in his benefits, and with no foreseen possibility of any retroactive payments of similar pass-through the senior citizen must then look with much trepidation upon an uncertain future when he sees himself constantly falling behind in financial security.

The possibility of calling on children or relatives to aid in these unfortunate circumstances or upon welfare is so repugnant to many who have contributed so much to the community and their country, that they choose to go in seclusion and quickly die before their time.

Mr. Chairman, the National Council of Senior Citizens believes that the time has come to consider newer and better ways of administering Social Security. We believe that Social Security benefits are now—and will continue to be—the measure of regard for our older population.

I can speak for the older citizen only and cannot speak for the 22 percent of the 28 million beneficiaries who are younger disabled workers, and their wives and fatherless children and widowed mothers.

Your committee knows and has constantly pointed out that the vast majority of retirees depend upon Social Security for their major source of income: for many, the exclusive source. Your work has brought about legislation to upgrade the benefits of the system, in spite of opposition of the administration.

Our people believe that your committee will continue the good work. Your work and leadership has improved the system as much as 100 percent in many cases.

At the end of 1967 a widow's average benefit was \$156, more than double the \$75 average in former years, while the retired couple's benefits have increased from \$144 to \$273, both receiving benefits.

STILL FAR SHORT OF GOALS

These advances are significant but still fall far short of the income goal set by the White House Conference on Aging. The recommendations, at that time, based on the figures available from the Bureau of

Labor Statistics in their intermediate budget would have cost a couple \$375 a month early in 1970. At the end of 1972 the figure jumped to \$412 a month. In 1973, the aged population living in dwellings or not in an institution, 5.9 million single persons and 4.6 million married persons had total incomes much below the BLS standard.

For those who have been long on the rolls of Social Security, despite increases, benefits now purchase less than it did when they first started to receive benefits. For example, the average couple enrolled in 1950 received benefits that amounted to half the cost of the retired couples monthly budget—that is—\$74.30 in relation to \$149.17. Today, although the budget has been adjusted to allow for tremendous increases in the cost of living, the budget would cost \$12 a month and the same couple would receive a benefit that had been raised to \$179.60. This amount comes to slightly more than two-fifths of the budget amount.

The unreasonably optimistic claims of the administration concerning the living conditions and standards of the elderly in the future are definitely looked upon with much derision when they constantly wake to find living costs higher today than they were yesterday.

Each citizen of the United States has a right to share in the Social Security program. Each citizen has a vital stake in this program and has a right to be assured that it will be administered with integrity and objectivity. It thus appears that the time is at hand when the entire structure should be given a strict and objective review towards the achievement of the goal which each citizen looked forward to when he planned on depending on the major stake of his security being Social Security.

The group which I represent and the leaders of the National Council of Senior Citizens believe that it is now time to administer Social Security under an independent and nonpolitical agency, let the agency be called what it may. The future effectiveness of all the Social Security programs will either lead to a bright and sound future for our country or towards a state of unrest and disintegrating society.

It does not appear likely that effective Federal regulation might be forthcoming to assure that retirees of the future—and especially low wage workers—will receive private pensions. Such a requiring Federal regulation would be so stringent as to be abhorrent to a free people. If all of our retirees of the future are to count on adequate income for their declining years, such an assurance must come from our basic Social Security system.

Under the present plan of Social Security administration, there is opportunity to subvert the system for narrow-minded political advantage. I am in accord with the public who believes that such actions have already been taken with the system. There would be no such opportunity under an independent agency with a continuous and day-to-day review. Policy of the agency and action would not depend on an occasional review and look at the program by the varied bodies responsible for the operation, as now.

Under an independent unit, Social Security could be removed from the consolidated budget and recipients of Social Security checks would

not receive notices announcing that some glorified elected official had caused the raise through generosity—a raise which the recipients were already entitled to.

The American Association of Retired Persons, through their representative, Cyril Brickfield, has testified that AARP is of a similar mind concerning an independent organization to administer the entire Social Security system.

We feel that it will be the view of this committee, after all hearings are finished, that they find these recommendations commendable and in some degree acceptable, that such a board to administer the program in the future, be not unwieldy, but a small board.

With the uncertainty of the future facing tomorrow's retirees, they, along with those of us who are now retired, look expectantly towards Social Security payments being an adequate and sustaining source of living necessities. We cannot now feel that assurance.

The fast moving industrial society created, in a large part, by those who are now retired, has a definite tendency to forget the retired person and relegate him to some forgotten corner where he must enter a new world. For society to reject the experience, talent and ability of this heavy segment of the Nation's population makes for a great loss in our country.

HIGHER INCOME WOULD SPUR VOLUNTEERISM

Thousands of these men and women would be able to gladly use their talent and expertise in community activities so necessary for continued growth. Thousands of these experienced citizens would voluntarily give their services to community and governmental projects if they had an adequate and assured living income. Those who have pensions or other sources of income find those sources being daily lessened in purchasing power and must drawback from entering a volunteer project when the cost of operating an automobile becomes increasingly draining on fixed incomes.

What I am saying is that if the recipient of Social Security had assurance that his monthly check could advance and keep step with the advancing costs of living, he would not hesitate to offer his services to his community when called upon to do so.

This, then, may be looked upon as another reason for your committee, Mr. Chairman, to seriously consider the proposals towards causing the Social Security system to be placed under an independent agency.

A committee member need look no further to find evidence of the truth of my statements than these buildings on the campus of the College of Southern Idaho where the arts, talents, and skills of senior citizens are displayed in the first annual Idaho Senior Citizens Festival of Arts. Yet many seniors refrained from entering because of a shortage of funds.

In the recently completed SSI-Alert program in Idaho, delayed here longer than in other States of the Union, results of the program failed to bring to the rolls some 2,000 citizens whose records show living standards to be far below standard. One of the reasons for failure of this program is the fact that many citizens have lost faith

in "the Government" and refused information or simply could not be interviewed. There is no more urgent need for the entire Social Security program to establish good faith with our citizens and thus render the service envisioned by wise leadership in the Nation's Capitol.

Senior organizations, both national and local, have become shining lights towards the welfare of our retired citizens. Yet much Federal money, our tax money, is being spent in varied Federal programs, established for the purpose of serving the needs of retired people and much of it appears to be wasted through competing agencies who often fail to get the cooperation desired from the seniors, primarily because the senior citizens are not given the opportunity of naming the services most desired. Many seniors feel they should be given the greater voice in establishing services so needed.

TOTAL INCOME BELOW POVERTY LEVEL

The 1970 census showed that 28.3 percent of Idaho's people 65 and over lived in households where the total income of the household was below the poverty level as determined by the U.S. Government. This figure was 2.4 percent higher than the national average, that figure being 26 percent. All of these citizens must be considered as being dependent almost wholly on the Social Security check which they receive. We cannot say that a minority group contributes heavily towards this figure for Idaho's largest minority group, the black population, contributes only 0.1 percent to her population.

Nor can we look forward to much change in the retired population of tomorrow and expect those who retire to be more comfortably secure in income other than that of Social Security. In our agrarian society and state of few industries, pensioners may not increase to a greater degree. Veterans who receive a pension and Social Security often find that if veterans pensions are raised, Social Security checks are cut. But Idaho's senior population is growing. The 1970 census placed Idaho's 65 and older population as ranking 27th in the Nation's growth as against 32d place 10 years earlier. If we add those people 55 and over to those who have already reached 65 we find the elder population as being 133,000 or 29.6 of all people of voting age.

When more than one-fourth of the State's population depend chiefly on their Social Security insurance for their financial backlog and thousands of these receive so little in their benefit checks that they are in the category of the U.S. Government's poverty definition, then the great need to strengthen the general economy of the state and keep many of our citizens off of a degrading welfare could be met by a more adequate goal for those who have labored a lifetime in non-covered labor and I believe that an independent Social Security agency would be more able to look into these needs and establish reasonable programs to meet these needs.

With Medicare sharing in the general revenue as an example of dispensing funds from the Nation's coffers we have already established one plan which might be utilized at a workable method of assuring the country's poorer recipients of Social Security, a better living standard.

SOCIAL SECURITY HELPS ECONOMY

It seems to me that the Social Security program goes a long way towards making a stable economy in the Nation and every safeguard conceivable should be walled around such a program by thorough studies, such as this committee is making today, as well as looking into the programs of other countries with the idea of possibly finding some of their methods as worthy of adoption.

Social Security is certainly a sustaining part of the Nation's financial-life. In this country of so great abundance, we cannot and will not tolerate a shabby treatment of those retired people who have spent a lifetime in bringing about the Nation's greatness.

It is high time that the administration devote time, study, and efforts towards a more stable and reasonable domestic policy. All senior citizens would like to see it begin now.

Mr. Chairman, it has been a privilege to be permitted to express these views before your esteemed committees and I wish to express my sincere thanks, while stressing the needs of a more adequate Social Security insurance plan under an independent agency. [Applause.]

Senator CHURCH. You have given us the benefit of a very comprehensive statement which we appreciate. You have emphasized in your statement your feeling that Social Security ought to operate under an entirely independent agency, and it ought to be protected against political intervention.

I agree with you, and I am sponsoring legislation, as you know, that does have the backing of your organization, as well as the AARP, and we are gaining momentum, and additional support all the time. I think we will one day get it done.

Mr. EVANS. Thank you. [Applause.]

Senator CHURCH. Now, folks, we come to the last scheduled panel this afternoon, and that is a panel of State witnesses, consisting of Wil Overgaard, deputy director, Idaho Office on Aging; David Mueller, research specialist, State Office on Aging; Scott Hancock, former SSI-Alert Regional Director, Pocatello; and Harold Smith, State coordinator of social services, Department of Environmental Community Services, Boise.

**STATEMENT OF WIL OVERGAARD, DEPUTY DIRECTOR, IDAHO
OFFICE ON AGING, BOISE, IDAHO**

Mr. OVERGAARD. Thank you, Senator.

The panel this afternoon is made up of people who are deeply involved in working with the SSI-Alert program which got underway in January and February, in the State of Idaho.

David Mueller is the research specialist for the Idaho Office of Aging and who was designated as the State coordinator for the SSI-Alert program; Scott Hancock is the former SSI-Alert Regional Director of a 17-county area who operated out of Pocatello; and Harold Smith is the State coordinator of social services from the Department of Environmental and Community Services.

I just have a couple of overviews to make. Senator, because I think that the presentations by the panel will be much more significant to your hearings than any observations I might make.

The first is the impact of the SSI. I do not believe we have really yet felt the full impact of the SSI program.

Definitely the impact will be on those people who will be able to receive more income than they were receiving. However, there were some 10,000 elderly in the State who were contacted through the SSI program. One out of 10 are being found to be qualified, which means then that there are 9 out of the 10 that for some reason or another perhaps they were borderline cases, or something was wrong; they did not quite make it. The impact on these people particularly in their attitude towards programs initiated in their behalf, may well be negative in the future.

I believe a great impact will also be on those of us involved in the field of aging, who now have a responsibility to offer these persons contacted an opportunity to participate in community programs, and the services and service delivery systems that are underway and proposed.

What I mean is this: We have an obligation to expand our current programs. More resources will have to be generated in order to take care of the needs of additional people that have been found through the SSI-Alert program in the various communities.

Another factor that we should recognize is that the SSI program permitted the active recruitment of potential eligible persons in the payment system, and, although, we have observed many faults within the Social Security system, we would like to commend the Social Security Administration for allowing us the privilege of actively seeking and looking for potential recipients whereby their incomes could be increased.

I would now like to introduce David Mueller, who, as I stated, was the program person responsible for coordination, on a statewide basis, the SSI-Alert program for Idaho.

STATEMENT OF DAVID MUELLER, RESEARCH SPECIALIST, STATE OFFICE ON AGING, BOISE, IDAHO

MR. MUELLER. Senator, after consideration of the future direction of Social Security, we felt that the SSI-Alert project, as sponsored by the AoA, had been in a unique position to observe the implementation of the SSI program and the system involved.

The Alert set a precedent by providing for active recruitment of participants for an income benefit program. The primary function was to inform the public of the existence of SSI and to enlist volunteer for a campaign to locate and screen potential eligibles.

In relation to these procedures, the following observations were made:

(1) As leads were screened by the SSI-Alert staff and sent to the district offices, a backlog of applicants was created, due to insufficient staff for processing of the referrals.

(2) From the beginning, confusion as to regulations and their interpretation existed at all levels in the delivery system. Many dis-

ability cases involved complex determinations. As such cases appeared the need for further training of SSI Social Security, the disability determination unit, vocational rehabilitation staff, and our own staff on the interrelationship of these agencies and the referral process involved was evident. When a participant enters the system, a path has not been defined or identified that will bring them through the system with all possible referrals.

(3) The means test required for qualifying has become as stigmatic as the system we were trying to avoid. We have taken the social worker out of the system and imposed a paper means test which still requires threatening verifications of personal assets.

(4) The basic flaw of SSI lies in its ineffectiveness to provide purchasing power to the elderly consumer. Since the original legislation in 1972, inflation has eroded its intent. Even with the increase to \$140 for an individual and \$210 for a couple, the actual purchasing power remains at a level less than originally intended in 1972. Further regulations originally considered liberal, such as the \$1,500 cash allotment, may now be restrictive.

SPECIFICS ON PROBLEMS

To be more specific on some of the problem areas, we will cite cases that appeared frequently:

A large number of those screened by the Alert had liquid assets exceeding the amount of \$1,500. Some had the intention of utilizing this sum as a burial fund. Others had a considerable sum in the bank, such as \$10,000, and were living off the interest as their only means of income.

A number of temporary disability cases were brought to our attention where there was a need for immediate payment. There is a 6-month waiting period on the SSI determination.

Assuming the person could not fall back on workman's compensation, and that the State requires a permanent determination, the question arises as to who will cover the person during the interim period until the permanent determination is made.

This problem is of greater significance in light of the susceptibility of the older person to a debilitating injury from accidents.

Several cases have been brought to our attention in which the valuation of a farmer's land exceeds the \$25,000 limit. In assessing the resources this is an asset; however, reluctance to sell one's homestead is understandable.

A large number of applicants screened by the Alert have called concerning the processing of their checks. Several had applied as far back as January and are still waiting. This has been a common problem but significant with respect to the date of original filing.

The question of protective filing date has been based on the district office's interpretation. With the backlog of potential recipients, a standard national policy statement is necessary to assure the retroactive payment to those eligible and located by the Alert.

In all, the Alert was conceived as a massive sales campaign. As such the Administration on Aging was the mechanism to inform

thousands of the SSI program. As the salesmen we are only as good as the product we sell. We are answerable to the consumer. As frustration with the system continues to build, the participants are questioning the Alert as to the product we have sold.

The Alert in Idaho contacted some 10,000 aged, blind, and disabled. We originally projected some 1,000 would be placed on the SSI roles. To date we will be lucky to see 500 actually qualify.

Considering the original SSA projections that some 7,500 people in the State of Idaho will qualify, we can assume that there is a tremendous number of borderline cases. Therefore, as advocates for Idahoans we feel the income floor should be increased significantly.

The means test should be both liberalized to include the large number of borderline cases in need of assistance and simplified to allow the layman to readily determine eligibility.

Thank you. [Applause.]

Mr. OVERGAARD. I would like to now present Mr. Hancock.

STATEMENT OF SCOTT HANCOCK, FORMER SSI-ALERT REGIONAL DIRECTOR, POCA TELLO, IDAHO

Mr. HANCOCK. Thank you very much. As you all know, the Supplemental Security Income program is a new program, a program for the people over 65. I would like to direct myself to the other parts of the program, which is for the blind and disabled, who can be under 65.

We found people in our program that were either blind or disabled, and this would include mental retardation, who were not eligible for various reasons, and I will cite a few.

One example, I was called one day by a woman who had taken a job since her husband had died.

She had never worked before, she was 55 years old. She could not draw her Social Security. She went to work as a maid. On leaving work one day, she fell and broke her hip. She called, and at this time she had been 3 months disabled.

Under the disability standards of Supplemental Security Income, she was not eligible, yet she did not have workman's compensation, and she had a very small amount to live on monthly.

We told the lady of the regulations, and I asked her if her doctor would in fact say it was going to be a continuing disability, then we could get her eligible for Supplemental Security Income.

This is one of the problems that we have run into. Doctors seem hesitant to make disability determinations, and I know this is also true in Social Security.

This lady's doctor would not make a disability determination beyond 5 months, at which time he said he would have to reexamine the bone structure and find out if she was going to be able to work. However, this lady had a prior history of broken bones throughout her life, and a disease that kept them from healing properly, and if she broke the bone many times, her bones took as long as a year and half or longer to heal.

These types of cases are of the type that are very disheartening in the SSI program.

A CALL FOR NEW ELIGIBILITY STANDARDS

I feel and am advocating that the eligibility standards in cases like this be drastically changed.

We found a number of people who are and have been disabled most of their lives, who for one reason or another were with agencies that they were dealing with, and were disqualified.

There are several agencies that were cooperating in the SSI-Alert program. A case we ran into, which to me typifies the lack of knowledge of SSI, and I will talk about what that lack of knowledge of SSI is, and what the problems were with that in a moment.

We discovered a boy who had been receiving SSI payments, his parents called and said that for no apparent reason his payments were cut off. That, this was from a lack of cooperation between two different agencies, and the agencies were blaming each other for the stopping of payments.

I investigated and found out through the State level that this boy was now indeed still eligible, and that he could receive automatic compensation from the State until his payments could be renewed through the computer; however, the people involved refused to do this.

Today, this case, to my knowledge, has not been settled satisfactorily. However, I have learned that he waited the initial month and a half, or whatever it took, to get his payments back, and they did start, but there is an overriding problem.

This boy required a bladder machine each and every month which the State was paying for. They paid the pharmacy bill on this machine. When his payments were stopped, the State also stopped paying for the bladder machine, so as I was saying, this was a critical situation, where the participating agencies had no point in the hassle between them.

He did, through a number of people in the area, get the required attention that he needed; but as I said, there was a clause where he could have received immediate State payments.

LACK OF NATIONAL NEWS COVERAGE

Now, as I said, I will address myself to problems within the SSI program. I think that one of the big problems with Supplemental Security Income, especially the SSI work program, was the lack of national news coverage.

Now, I understand that throughout the Boise Valley, there was a lot of local coverage, but the people throughout the United States were aware that this new program was going to exist.

In the entire SSI project, I saw 2 minute spots on SSI. The people whom we could not reach—you always missed a certain amount—could have been reached through national coverage of television and radio, and in my opinion, a program this broad, and a program to help people, should have been a very important area for national news coverage.

We could have reached a lot more people than we did. We did receive a lot of publicity locally, but another problem with SSI was that people, as Mr. Evans said, were hesitant about a new program.

People are very hesitant about new programs, and a lot of the older Americans feel a lot of programs come along, that are short lived, and are not going to help them.

Through the national news coverage, I think this possibly could have been alleviated a great deal. We did locate a great many people, and we did help a great many people, I think personally that the eligibility standards for SSI are entirely too long in judgment, they take too long.

I was quoted exactly this way, that if a person is over 65, and they are in stringent cases, he can receive an automatic cash payment right on the spot. However, if a person 64 were to go in, obviously disabled to the point of practically no arms and no legs, he would almost have to have one foot in the grave to receive an automatic cash payment, no matter what his background, and no matter what he was living on.

The eligibility judgments are especially hard on disabled people, they take far too long, sometimes as high as 6 months.

People that have been eligible for Social Security, it goes more rapidly; however, if you have not worked a certain number of quarters, no matter how disabled you are, you cannot receive Social Security benefits, so if you have never claimed eligibility, then it is extremely hard, and a long process to be claiming eligibility for Supplemental Security Income, no matter how severe the disability.

Thank you.

Senator CHURCH. Thank you. [Applause.]

STATEMENT OF HAROLD SMITH, STATE COORDINATOR OF SOCIAL SERVICES, DEPARTMENT OF ENVIRONMENTAL AND COMMUNITY SERVICES, BOISE, IDAHO

Mr. SMITH. Senator Church, I will try to be brief. I know it is late, and the people are tired, but I do have a subject that I would like to mention, which has not been really mentioned today, and that is the social service needs of individuals receiving SSI benefits, and particularly the aged; blind, and disabled people in general.

As you know, under title VI of the Social Security Act, Congress authorized to be appropriated matching money to be available to the States to provide social services to SSI recipients. former recipients of SSI or those aged, blind, or disabled persons who potentially will be eligible for SSI benefits. These payments would be available only when the State has submitted and had approved by the Secretary of Health, Education, and Welfare a State plan for providing such services. The provision of these services by the State is not mandatory.

Idaho, through the Department of Environmental and Community Services as the single State agency, has elected to provide these services to SSI recipients and other eligible aged, blind, and disabled persons. A new plan was submitted to Health, Education, and Welfare this past fiscal quarter and was approved on May 6, 1974.

Idaho, through the Department of Environmental and Community Services, is still administering the programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. SSI

has as its aim to provide a basic Federal payment nationwide that will assure that each eligible person will have an income of \$140 now and \$146 beginning in July 1974. The State standard of need for a single individual in Idaho is \$192. Idaho, therefore, is providing an additional payment through its public assistance programs so that the SSI recipient or Social Security beneficiary, is at least assured of an income level equal to the State need standards.

Currently, we are making about 3,800 of these payments in Idaho. About half of these I am told are to Social Security beneficiaries, who are not receiving SSI, as their income is greater than that which would make them eligible for SSI benefits, but not enough to make them eligible for State benefits. The State is now increasing its benefit level for a single person to \$192, because Congress is increasing the amount of the Social Security benefits, and the State wants to pass the increase on to the person receiving assistance in Idaho.

We are concerned that SSI beneficiaries in Idaho are not aware of the services available to them through the Department. We have attempted to arrange for the SSI administration to explain to people applying for benefits the services available to them through the Idaho Department.

SSI does refer these people for money payments, but I am afraid due to the difficulty of processing all of the applications received, and the press of time, that SSI is not able to identify the people who have service needs, and refer them to the Department.

SERVICES IN THE HOME

Some of the more dramatic and successful services are those geared to assist the individual to remain in his or her own home rather than having to be institutionalized, or to return to his or her own home from an institution. These include, along with many other services, arranging for health services, homemaker services, prepared meals, and transportation.

Another valuable service, for example, is that of information and referral whereby we can provide information on any service available in the community and assist the individual in obtaining these services. The Department of Environmental and Community Services stands ready at all times to assist any citizen in this regard.

I am sure these services can be expanded and made more available, but in some way or another, the SSI beneficiaries must be aware of the fact that these services are available.

I will not go on further about these services, except to say that I do hope that the department will be able to improve with the Office of Aging, and other private agencies in the State.

Congress is now considering new legislation in respect to the social service programs. In the meantime the administration is attempting to reduce the Federal money available to States for social services. As Senator Church knows, it was necessary for Congress to suspend, in November 1973, regulations that had been issued by the Department of Health, Education, and Welfare. These regulations would have reduced considerably available Federal assistance to social services. Studies by Congress now are geared to considerations as

to how best to assist the States in providing these services, and we wish you the best of luck Senator Church in your efforts in this behalf.

I would like to also say that with regard to medical assistance, or Medicaid, as it was referred to today, all SSI beneficiaries in Idaho are eligible for medical assistance, and I am afraid that many SSI beneficiaries are still not aware of this.

VERY FEW SSI APPLICATIONS RECEIVED

The department is receiving very few applications from SSI beneficiaries, although the medical assistance program pays the individual's premium for Medicare and pays for all deductibles required.

I hope that Idaho can provide some kind of an informational program that will make people much more aware of these benefits.

Thank you, Senator.

Senator CHURCH. Thank you very much. [Applause.]

I think that you have already contributed to a better understanding of the connection between the social services that are available, and the SSI program.

I hope that members of my staff who are present, and have listened carefully, because we often have occasion to talk to people at the courthouses and elsewhere, and we ought to be mindful, too, of passing on that word to them, whenever possible.

I think that given the lateness of the hour, and the fact I was not able to get started at the planned time this afternoon, that I will not question the panel. I think you have all made an excellent contribution to the record.

I would make this one observation though, and that is in your testimony and in much of the testimony we have heard today, we have been constantly reminded of the underlying problem of inflation, and the way it eats away at all of these programs.

I think that inflation is the big feast, and as much as I want to see those programs work, and as much as I want to see Medicare improved, and the Social Security benefits made adequate; it all is pretty futile if the dollar is deteriorating in value so rapidly that it is not possible to keep up. We have been playing a catchup game with inflation for years now.

THE BIG NEED: A STABLE ECONOMY

Two years ago when I sponsored the 20 percent increase in Social Security, I thought for the first time we are not only going to catch up, but we might get a little improvement in the level of income for the senior citizens of the country. We did get a little improvement for a few months, and then inflation ate it all up, and we have had to have another 11 percent increase, and at the time that 11 percent takes final effect with the 4 percent that come due in July, inflation will have already passed it by. The biggest single thing we could do for the elderly, and also for the rest of the people in this country, including the young people, with young children, and young married couples, is to stabilize the dollar, and to stabilize the economy.

I know that is not an easy thing to do, and no one else seems to have the answer right now.

When you consider back in President Eisenhower's time, prices were stable, there was no appreciable increase in the cost of living, in President Kennedy's time, prices were also very stable. The cost of living increased on the average of only 1.5 percent a year.

In President Johnson's time, the average increase in the cost of living was 3 percent a year.

In President Nixon's first term, the average cost of living went up 6 percent a year, and today, in 1974, the cost of living is going up at a current rate of 14.5 percent a year. Now, inflation is getting out of hand, it is going rampant, and something has to be done about it.

I have seen inflation destroy other countries. I was in China at the end of the second world war. I saw inflation destroy Chiang-Kai shek's government, and usher in the Communist revolution.

After the first world war inflation, runaway inflation destroyed the German republic and opened up the doors of Hitler.

In South America, inflation has destroyed every democratic government. There is not one democratic government south of the border, and in every case these military dictatorships have taken charge in the wake of a terrible inflation.

I would hate to see anything like that happen in the United States, so I think that we must do everything we can to make these programs good and sufficient, but the underlying job we have to address ourselves to in this country if we are ever going to have adequate and satisfactory programs, is to stabilize our economy.

That is the biggest single task today.

Will, I am told that you have something more to say, and before I gavel the meeting to a close, I want to give you a chance to say it.

MR. OVERGAARD. Right at the conclusion of the hearing, the singing, swinging senior citizens from Idaho Falls will again have the honor to entertain us, and we want to also mention that this evening, at 7 o'clock, in this auditorium will be the senior talent show, and not forgetting again tomorrow morning, commencing at 8:55, we start our State conference on aging.

Thank you, Senator.

Senator CHURCH. Thank you.

[VOICE FROM THE FLOOR.] One phase of this big program that has not been mentioned today, and it is very late, and I know you are tired, but could you briefly answer this. There are many senior citizens who have been part of the retired teachers, and there are many who do need further benefits.

Is there any way that this thing can be leveled off, that the people that do need help, does not get that help, and I know that with all of the problems that do exist, that this is something the committee can see as a possibility of leveling it off.

Senator CHURCH. Well, as far as Social Security is concerned, the leveling off on process comes from the size of the income on which the tax is imposed.

In other words, a person earning \$50,000 a year is not paying Social Security on \$50,000, and does not get the benefit based on that \$50,000 income.

MINIMUM INCOME FOR DECENT LIVING

If he paid the Social Security tax on a maximum of \$13,000 a year, which is the present base, \$13,800, so there is a built-in limitation on the amount that is contributed into the system, and the amount that is paid out, and in going back, the purpose of Social Security back in the days of the depression, when it was first set up, the days of Franklin Roosevelt, was to assure everybody that at least a minimum income for a decent living in retirement could come about, not to do more, and in this way we are trying to keep Social Security.

Now, it is true, as you say, for a long, long time those that were drawing the largest benefit seemed to get the best of everything. Everytime we increased Social Security 10 percent or 20 percent, whatever it was, those that were getting the most got the biggest increase, those that were getting the least got the smallest.

I was very concerned about that, and that is the reason I worked so hard to get this SSI program started, because that program at least is addressed to the people at the bottom who need the help the most.

You have a very valid point. All I can say, I am mindful of it, and there are some things which I can do about it.

Are there any other questions now from the floor?

[VOICE FROM THE FLOOR.] That is not correct. The fellow gets 10 percent, the fellow at the bottom of the ladder, he gets only 10 percent just as the fellow at the top of the ladder.

Senator CHURCH. That is exactly the point I tried to make here, that special attention has to be given to the fellow at the bottom of the economic ladder, no question about it.

Now, anybody who has a question, and who has not had time to speak out, and does not wish to speak out, you have this form* available, and we will see that you get a written reply, so do not leave if you have a question that you want a reply to, remember that these forms are available, for your use.

Before we adjourn, would you just stay a few minutes longer to hear the ladies who came to sing a few songs for us all, and they were cut off, and they would like to finish their program, two or three very nice songs. Let us give them a good hand.

We will terminate the hearing at this time.

[Whereupon, the hearing was adjourned at 5:30 p.m.]

*See appendix 2, p. 528.

APPENDIX

Appendix 1

LETTERS AND STATEMENTS FROM INDIVIDUALS AND ORGANIZATIONS

ITEM 1. LETTER FROM GUY R. SHAMBAUGH,* DISTRICT MANAGER, SOCIAL SECURITY OFFICE, BOISE, IDAHO; TO SENATOR FRANK CHURCH, DATED JUNE 19, 1974

DEAR SENATOR CHURCH: I appreciate the invitation to submit additional information and comment for use of your committee's hearings on "Future Directions in Social Security."

The Supplemental Security Income program is still a heavy burden on the Social Security offices because of:

1. Insufficient staff.
2. Inadequate equipment in Baltimore and in the field to handle the massive systems input necessary to set up records and keep them current to effectuate proper payment timely. Because of the limitations in Baltimore, the district and branch offices throughout the country are called on to do much additional work (quite often re-input material correctly introduced once or twice before) to hopefully effectuate more prompt payment to beneficiaries.

I have been told by responsible individuals from the Baltimore complex that rental or purchase of an additional large computer for backup purposes is a necessity and is being recommended.

It is our feeling that regulations (apparently U.S. Treasury) limiting the emergency advance payments possible in the district and branch offices are far too restrictive to meet the urgent needs of many beneficiaries. The present system results in as much as two to three weeks delay in authorized payments being received by recipients. As I know you are well aware of, many of these recipients have no means to purchase necessities during this two to three week period. Additionally, these persons cannot get food stamps without the outlay of some cash.

We feel the emergency funds on hand in the district and branch offices could be more effectively used to meet the urgent needs of entitled individuals if the district managers were given more latitude in authorizing emergency advance payments.

Sincerely yours,

GUY R. SHAMBAUGH, *District Manager.*

ITEM 2. LETTER AND STATEMENT FROM C. O. YOUNGSTROM, PRESIDENT, IDAHO FEDERATION OF CHAPTERS OF NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES; TO SENATOR FRANK CHURCH, DATED JUNE 7, 1974

DEAR SENATOR CHURCH: I am happy to send you my statement on behalf of the Idaho members of the National Association of Retired Federal Employees

*See statement, p. 489.

to be filed with the Committee on Aging as a part of the record of the Twin Falls hearing held in that city May 16th.

Sincerely yours,

C. O. YOUNGSTROM,
Idaho Federation of Chapters of NARFE.

[Enclosure.]

We are pleased that Senator Church, Chairman of the Special Committee on Aging scheduled a public hearing of the Committee in Twin Falls to listen to the problems and concerns of older persons and to secure their recommendations. We are especially pleased that the record remains open to enable us to submit this statement.

Without question the most serious economic problem which confronts retired persons living on relatively fixed incomes is that of inflation. This drain on the resources of those no longer in the labor force who are dependent on the provisions they were able to make during their working years to see them through their period of retirement is devastating and there appears no end in sight. The adverse effects of the inflation we have been experiencing is by no means limited to retired persons on fixed incomes but their situation is particularly acute.

Cost of living adjustments, Social Security benefit increases, Supplementary Security Income and such other measures as this Committee and its members have aided in passing the Congress are most welcome and needed assists for a group of people that deserve attention. They are by no means a complete answer. Policy formulation by both the Congress and the Executive branches must have a foremost concern for dealing with the extremely complex forces that generate inflation that they may be blunted and at the same time avoid the catastrophe of a depression.

There are two measures before the Congress that our Idaho group of NARFE Chapters is interested in supporting and respectfully urges the Committee to examine. Although neither of them corrects the underlying forces causing inflation they both will assist Federal Civil Service retirees to offset the loss of purchasing power of their income.

(1) The first is the proposed updating of the Retirement Income Credit feature of the Federal income tax code. When this Credit was first established by the Congress in 1954 it was done to provide a similar measure of tax relief for Civil Service annuitants and others not enjoying Social Security benefits. Social Security benefits are properly not taxable. Retirement Income Credit affords in a somewhat complicated way a comparable relief for those retired persons who do not receive Social Security payments.

RETIREMENT INCOME CREDIT ADJUSTMENT

There has been no adjustment in the Retirement Income Credit since 1962 although during this 12-year period there have been substantial increases in benefits paid to those receiving Social Security, the latest a deserved 11% increase in 1974. In the interest of equity and justice it would seem entirely appropriate to update the Retirement Income Credit and bring it in line with the original purpose established by the Congress in 1954 and reaffirmed in 1962 when the last updating was adopted.

Senator Church has recognized this need in proposing an amendment to H.R. 8217 which would raise the maximum amounts for computing the Credit. The Idaho members of the National Association of Retired Federal Employees strongly endorses this proposal and wishes to respectfully suggest to the Committee their interest in its final approval. Our analysis of this amendment leads us to the conclusion that it is to be preferred to the measure sponsored by Mr. Broyhill and approved by the House Ways and Means Committee which among other provisions provides that an individual would lose the credit dollar for dollar for adjusted gross income earned over \$7500 and for a joint return, over \$10,000.

(2) The second measure which we would like to call to the Committee's attention is S. 628 which after passage in the Senate was amended in the House to eliminate the reduction in Civil Service annuities required when an annuitant designates a surviving beneficiary to receive a share of the annuity upon the death of the annuitant.

This proposal is a basic change in the Civil Service Retirement System that would constitute a substantial improvement and is a move in the right direction

in the opinion of our Idaho NARFE members. This automatic provision for survivor protection upon the death of the annuitant would be similar to the present automatic protection to survivors when an employee dies in the Federal Service. It would seem justified, therefore, to provide it also to a retired Civil Service employee. This would be accomplished if S. 628 as amended in the House is enacted into law.

We are grateful for this opportunity to submit this statement of the views on these issues for our Idaho NARFE members to the Senate's Special Committee on Aging for their consideration.

ITEM 3. STATEMENT OF WILLIAM P. HARTMAN, EXECUTIVE DIRECTOR, CANYON COUNTY ORGANIZATION ON AGING, INC., CALDWELL, IDAHO

In our existing system of services and cash assistance payments we have created a mass of confusing and all too often restrictive regulations. Just within the last year we have had one federal register published and then abolished regarding service programs for the aged, blind, or disabled under Titles I, X, XIV, and XVI of the Social Security Act. This type of bureaucratic bungling has been referred to as operation mangle, however, I prefer to call it operation strangle, because it has effectively prevented services from ever reaching the people who need them.

In the area of cash assistance payments (SSI) the regulations are confusing to most people and are punitive in nature rather than supportive or preventive. Under SSI the regulations in effect force an individual to be virtually broke to qualify and the process of becoming eligible is often so embarrassing and demeaning that many older Americans refuse to even apply. These people grew up in a period of self-reliance and belief in the goodness of their country. At this point in our nation's history we could use some of that same spirit, however, instead these regulations are effectively destroying that spirit in our older Americans. A specific example of this is the requirements for SSI. A single person must have resources of less than \$1500 which includes cash value in life insurance and savings and investments. They are benevolently allowed to own their own home and one automobile. For a couple the standard is \$2200 in resources. As one can see these kinds of restrictions effectively destroy a person as an individual. True, if an individual were young and able, many would be happy to have these resources, but we're discussing people who are either disabled or too elderly to work and who, even if they desired to work, probably couldn't find much in our youth oriented job market.

These kinds of regulations are obviously not designed to be supportive. In fact it is difficult to determine what the intents are.

Let us recognize that many of these regulations are now out of date, i.e. income guidelines have become punitive rather than supportive or preventive. We can remedy this situations, but the decision making process must begin to include the people who best know the problems, the older Americans themselves and the local employees of SSA, public assistance offices and senior citizen programs. Unfortunately this hasn't been done in the past. The decisions have been reached at the federal level and then handed down to the state and local units of agencies. People themselves then have no choice but to attempt to work with them and around them. We can and must reverse this decision making process, so these programs will then be able to fulfill the functions they are supposed to.

WILLIAM P. HARTMAN,
Executive Director.

ITEM 4. OBSERVATIONS ON SOCIAL SECURITY ADMINISTRATION, SUBMITTED BY INFORMATION AND REFERRAL SERVICE, INC., BOISE, IDAHO

April 29, 1974.

This office has recently worked with a variety of complaints and difficulties concerning the Social Security Administration. These problems have been from individuals with a variety of educational backgrounds, of various age statuses and of a wide range of income levels.

Case No. 1. A widow and retiring teacher, 65 years old, began application for her retirement benefits during the summer of 1973. In December 1973 discovered on her own that she had been given misinformation by the Social Security Administration service person. Her application was incomplete and therefore had not been processed. At that time she made re-application and was promised a check by February. The second application got lost in the processing cycle. When the client complained to a Social Security Administration staff person about the great delays and inefficiencies, the staff person became hostile and rude. The client substantiates that she spoke to more than one SSA staff persons who gave conflicting information, yet SSA places the responsibility for errors on the client. This client received her first Social Security check in mid April 1974, fully nine months from the initial application and five months from when she should have received the first check.

PAYMENTS RECEIVED AFTER ELIGIBILITY EXPIRES

Case No. 2. A widow and school system employee, 56 years old, is eligible for dependent benefits during the three summer months, June, July and August. She received payments during the summer months of 1973, but payments did not stop in September when she returned to work. After many notifications and complaints to the local SSA office, the client was still receiving payments in April 1974. She does not bother to return the checks any longer, nor does she cash them. She asks how often does the SSA tie up money for the ineligible while the eligible sustain long delays in receiving benefits.

Case No. 3. A family with a foster child, age 16, assisted in making application to SSA for the check of the child, who is eligible as the dependent of his disabled father, to come to the foster child and his foster family. The application was made six months ago. The SSA lost the father's statement of permission to change the check, therefore, the child's real mother is still receiving the monthly check which she cannot legally cash. It is returned to SSA each month. The case has not yet been resolved and the foster parents continue to bear a financial burden for which there is an obvious resource.

Case No. 4. Widow, nearly blind, 78 years of age, states that her SS checks have been late starting in January when that check didn't arrive until the end of February. The April check which should have arrived around the 3rd, arrived mid-April. In January, the client borrowed money from a loan company to pay the rent for she feared eviction by her landlord. Recently she again borrowed money for food. She states she'd rather borrow from a loan company than "beg" from Ada County Welfare. She has to pay back an advance from County Welfare anyway, so she prefers paying the loan company with interest and dignity, than "begging" from welfare.

Case No. 5. A 70 year old man, disabled and living in a hotel had applied for SSI, but had not heard from the SS office. He was completely out of food and sought assistance with his problem through the Information and Referral office. The SS office was contacted in his behalf. There was considerable delay while the SS worker searched for his application. She finally checked through the computer to Maryland and it was verified that the client had been approved for benefits. The I & R staff person was asked by SS worker to recontact the client to urge him to go to the SS office for assistance from the emergency fund. He has great difficulty walking, but he did go to SS office to get his emergency check. In following-up with the client, he stated that SS didn't know when he'd start receiving his regular benefit check. In the meantime he's eating very sparingly to get by on the money he has. He has become quite disgruntled and refuses to recontact the SSA.

Case No. 6. A farm wife, age 62 in April 1974, is taking early retirement benefits. She started application procedure in January. She has to show her birth certificate to verify eligibility and through no fault of hers or the SSA, the Bureau of Vital Statistics produced her twin brother's certificate. After she obtained her own certificate, about the 1st of March, the SSA worker said application was not complete until they had written signed statement regarding her lack of earning any salary in 1973. This caused additional delay, but the statement was provided to SS prior to her birthday. Her first check *should* arrive in May.

SADDLED WITH TOO MANY RESPONSIBILITIES

Comments: 1. The pattern of inefficiency, of delays, of rude and abrupt behavior experienced by many beneficiaries clearly indicate the SSA is being sad-

dled with too many responsibilities for which the Administration is not equipped or staffed to handle. The many levels of procedural interpretation and continually changing regulations compound the on-going problems of misinterpretation of regulations to clients, lost applications, mislaid support documents, computer disorders, and loss of temper. Too frequently a call to the SS office results in a two, four or even up to 15 minute wait (a staff person held to test "hold" time before reaching the person with whom one needs to speak). In addition, the pattern of being transferred among several people indicates that confusion exists for the phone receptionist cannot identify a staff person to receive a specified problem. This type of reception is frustrating to professional social service personnel. How must the beneficiary who wants simply to clarify SS status respond to each shuffling of staff and delays in response.

2. *Mandate to provide information and referral.* The regulations made no provision for SS information and referral to cooperate or tie in with existing I & R Service providers, thus a duplication of service was created. The Social Security Administration does not have the funds to staff the I & R component with qualified personnel to provide reliable information, referral and follow-up. Nor has SS sought to contract with other I & R providers for training to produce competent staff. The incomplete and low quality resource files leave the competence of referrals in doubt. Many persons who are referred out of SS eventually find their way to private providers after much wasteful searching and seeking services from various community agencies. This type of transmittal of misinformation confuses the service delivery rather than providing creative linkages for which I & R is intended. An "inside" source at SSA stated that clients are referred to finance and loan companies to meet emergency needs. Clearly, the ethics of this type of referral are questionable and could profoundly compound already existing financial problems. Other Information and Referral directors and managers in several states have indicated this pattern is typical of their state also.

Appendix 2

STATEMENTS SUBMITTED BY THE HEARING AUDIENCE

During the course of the hearing a form was made available by the chairman to those attending who wished to make suggestions and recommendations but were unable to testify because of time limitations. The form read as follows:

If there had been time for everyone to speak at the hearing on "Future Directions in Social Security," in Twin Falls, Idaho, on May 16, 1974, I would have said:

The following replies were received:

F. JIM ANDERSON, WEISER, IDAHO

I would like to see Social Security increased dollar-wise instead of percent-wise.

Give everyone a \$10 or \$20 per month increase instead of a 10% or 20% increase on account of inflation.

The person that gets \$250 a month and gets a 10% increase means \$25 a month increase and the person that gets \$142 means an increase of \$14.20. Everyone has to pay the same amount for a loaf of bread or a slab of bacon.

This change would take some of the increase away from me but it would help the low-income people.

SSI is fine but some of the low income can't come under it; because they might have \$1,500 in the bank that they have saved over the years to buy themselves and not go on the county.

MRS. FRANK S. MANSFIELD, TWIN FALLS, IDAHO

As a member of A.A.R.P., I was a Volunteer for the S.S.I. Alert Program. Here are a few points that have been noted in my calls on the blind, elderly and disabled.

Some of the elderly are reluctant to even discuss the Program, because they feel while they may qualify for an increase, other benefits may be cut. Their low-income housing rent is raised with the S.S. increases. Some pensions are cut or lost entirely. Meanwhile, the cost of living continues to rise and they feel worse off than before.

It is my understand that \$6,000,000 has been spent to find those people eligible for the Supplemental Income, and only 1/10 qualify! It would appear that this is a very costly effort with meager results. Under those circumstances, is a continuation of the Program justified?

RICHARD J. HOLM, CASCADE, IDAHO

Be certain death report is certified to eliminate computer error such as Mrs. Jenkins.

Provide aid for the thoroughly disabled in some fashion so they can exist during present waiting period of 24 months of complete disability. Medicaid paid, home support, meals, clothing, residential, etc. Respect pride of individual and his information.

Put through Ribicoff's bill or a like one and I extend my congratulations on what Senator Church has accomplished in all fields.

VIOLA MITIALOW, MCCALL, IDAHO

We're not getting enough money on our Social Security and it takes all my money for my board and room in nursing home.

BESSIE B. ERICKSON, TWIN FALLS, IDAHO

In Twin Falls, May 16, I had some questions on how we could help those whom we know need it. So many times we can look around in our own neighborhood and help without getting tax monies involved. Each can use their own talents. Why not just give (free) a little of our time to the unfortunate? I am wondering what has happened to the "Mobile Teachers Bill." Some time ago I read that it was in committee? There are many teachers that could be benefitted from it. I know that you are working for the passage of it.

Our non-working neighbor with substantial income from stocks and bonds, interest, and mortgages held, receiving full S.S. benefits is entitled to it. He has contributed his full share for his benefit. Now, as to Mr. Burkhardt's view on the interest of money on savings, monies earned from stocks and bonds, and from rentals, plus interest earned from mortgages, being or having a S.S. tax attached, I am against it, since, again, the elderly pay more than their share.

CONNIE PLUTH, BOISE, IDAHO

Question. What is the status of your bill S.2695 to expand Home Health care benefits under Medicare to include start up monies for Home Health Agencies in rural areas; increase the number of Home Health visits per year to 200 up from 100; and to provide coverage for Homemaker services?

I am particularly interested in coverage for Homemaker services as I am the Director of a private, non-private Homemaker service in Boise in which 80% of our caseload involves the elderly, 2/3 of whom are low-income and unable to pay for services. The Home Health Agency with the Central District Health Department has a purchase of service contract with our agency for "Home Health Aide" services for Medicare (and Veteran) patients. Yet, as you are aware, coverage for such services are limited because they must be physician-ordered and R.N. supervised through a certified Home Health Agency. Yet as you are also probably aware, following testimony from Dr. Ellen Winston, Homemaker and Home Health Aide services do not substantially differ as the general move around the country has been to combine these two paraprofessional components into one role and service.

MR. & MRS. WILLIAM L. HEAPS, FILER, IDAHO

I would like to know why SSI took off our payment when we get a raise in Social Security. I was supposed to get a check from SSI for \$81.40 and get a check for \$69.80 which make it less than I was getting on DPA.

My remark is why can't they do something about the Medicare cards, some way make them of plastic so they can't get worn out. Mr. Heaps card is just about worn out. I'm pretty sure there are a lot of Senior Citizens whose Medicare cards are worn out. I hope something can be done for this cause they spend money on some things that are not worth spending, hope to hear something about this.

Thank you.

EDUNA GRANT, JEROME, IDAHO

The cheap rates on transportation on tours are fine. But how about having discount rates on buses for Senior Citizens?

There are many who have children to visit at distances rather than take tours. I made at least nine trips from here to Washington, D.C. Buses give discount to people on state aid—why not to all Seniors over 65 years? Fare is so high I did not go this year.

I used to get \$66. S.S. check, now I'm up to \$79 by work and percent raise. I live on that and what I saved. I worked for a self employed ex-husband for 15 years. Then by his request was divorced at age 57; reason for my low S.S. check. Before that I was a dairy farmer not covered by S.S. and a widow.

CLIFFORD J. CARTER, NAMPA, IDAHO

In your Twin Falls, state conference on aging May 16 & 17 nothing was said of we the disabled that can't work & supplement our small pensions. We were unlucky that by trying to save for old age, we have over \$2,000 in the bank for emergencies. True social security pays \$250 for burial expenses. The railroad pension gives none. I pay the union 50 cents a month for a \$300 burial fund. Neither the \$250 or the \$300 will in any way pay burial expenses for either of us. Instead of trying to help the retired that can work & supplement his pension or the fellow that works at a low paid job & supplementing his salary, please think of we the disabled, especially those of us that can't work & thus help him or her self. Ten years ago June 4 64 I had to retire after three years of sickness. I can not work, eight years ago my wife also had to retire on disability & can not work either. Thus there are many of us that can't work to supplement his pension & could use help. I lacked 8 years to build my pension to a full pension, my wife 6 years. Retiring disabled only means a smaller pension and more bills.

(1) You (the government) supplement workers on strike, they have a job, so food stamps; we disabled who can't work, no food stamps.

(2) The government supplements those on relief that can work by paying their rent etc. We disabled keep paying taxes, mostly property taxes, but they keep going higher each year.

(3) The government, you educate & find jobs for the healthy on relief, we are disabled & can't, thus forgotten again.

Need I go on, you know of all the help that is given out to all classes of people but again the disabled forgotten.

I tried for years to get the disabled on medicare. In my 65 year they finally passed the bill that was first brought up in May 26 1966 by Rep. John Hansen of the 7th district of Iowa. Bill H.R. 15185. The bill died in limbo. Hansen was defeated that year. The bill finally passed, Thank God, people that needed it can use it now. Now I am trying for help for the disabled. So I am asking you to put this matter one of the first on your agenda. Not all the disabled can't work tis true but the Doctor does know, & a statement from him can tell.

DERBIE WHISLER, CAROL HOOPES, MRS. ROY DEAVILA, MRS. FITZGERALD, EUGENIA BROWNING, RUTH BELLEGANTE, TERRI WILLSON, POCATELLO, IDAHO; AND KELLY B. COBIO, RIVERVIEW, IDAHO

DEAR SIR: Not too long ago I heard about some trouble that a local lady had with the Social Security offices in this area. It seems that due to a "computer error" she was listed as deceased, and was not able to receive her pension for several months. Luckily, she had family and friends who were able to help her until the matter was straightened out. Two things about this story prompted me to write. First, this lady had to appeal to State leaders for help; secondly, she was treated rudely by the Social Security personnel.

We are all taxpayers and voters. I, for one, don't mind paying taxes so much as long as I know that the money is being used properly, to help those it was intended to help. Situations like the one mentioned above show us that we need something done within the system to solve these kinds of problems. Naturally errors are bound to happen sometimes, but why should innocent people have to suffer for an error made by an agency computer or a person in the office?

Perhaps we need some changes in the system, perhaps some kind of allowance to cover these kinds of emergencies. It's imperative that action be taken now, because I, for one, don't look forward to the same thing forty years from now.

MARK WARNER, BOISE, IDAHO; MIKE BULLOCK, SALMON, IDAHO; CATHIE GALL, DIANE SIMISON, LORRAINE MECHAM, LINDA WIGGINS, LATISHA WATSON, LUCILLE PIERCE, IMARETTA F. REYNOLDS, POCATELLO, IDAHO

DEAR SIR: I recently read in the papers about a Mrs. Blenda Jenkins, who got into trouble with the Social Security System, and received no money for several months. Eventually, with the aid of some family members and friends, Mrs. Jenkins was able to get help. In spite of the lucky ending of this story, perhaps not everyone in this country is so fortunate.

We need some help in seeing that this sort of thing won't happen again. The answer is not in an impersonal computer, but in the Social Security System. We need someone to turn to for aid in case of an emergency, and people who are able to help us until the situation can be remedied.

We need to find solutions to these problems now, because sooner or later each of us will be too old or sick to work and will need to depend on others for our living. If we finish the job begun by Mrs. Jenkins, maybe we won't have to face it when we are too old to help it.

RUTH P. HUDSON, IDAHO FALLS, IDAHO

Re: Leona P. Owen.

Due to a computer error, we were told by the Idaho Falls Social Security Office, the above-named person received no checks until after I contacted Senator Frank Church. Letters of which he will have on file are in his office, both in Pocatello and Washington, D.C.

Leona Owen at this date is receiving her checks with two addresses, addressed to L. Owen and with the wrong social security number. This leaves one "holding his breath" waiting for them to stop altogether again.

I wonder if the employees of our Government were faced with such a situation—the ones who are responsible for these errors—would they get on the ball and get this whole mess straightened out. I'll bet they would if their livelihood depended on it.

