

FUTURE DIRECTIONS IN SOCIAL SECURITY

HEARINGS
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SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

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- Part 2. Washington, D.C., January 22, 1973.
- Part 3. Washington, D.C., January 23, 1973.
- Part 4. Washington, D.C., July 25, 1973.
- Part 5. Washington, D.C., July 26, 1973.
- Part 6. Twin Falls, Idaho, May 16, 1974.
- Part 7. Washington, D.C., July 15, 1974.
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FUTURE DIRECTIONS IN SOCIAL SECURITY

MONDAY, JULY 15, 1974

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C.

The committee met, pursuant to notice, at 10 a.m., in room 1318, Dirksen Senate Office Building, Hon. Frank Church, chairman, presiding.

Present: Senators Church, Fong, and Brock.

Also present: David A. Affeldt, chief counsel; Val J. Halamandaris, associate counsel; Deborah Kilmer, professional staff member; John Guy Miller, minority staff director; Robert M. M. Seto, minority counsel; Margaret Fayé, minority staff member; Gerald Strickler, printing assistant; Dorothy McCamman and Herman Brotman, consultants; and Yvonne McCoy and Joan Merrigan, clerks.

OPENING STATEMENT BY SENATOR FRANK CHURCH, CHAIRMAN

Senator CHURCH. The hearing will please come to order.

To continue its hearings on "Future Directions in Social Security," the Committee on Aging will for the next 2 days focus on the new Supplemental Security Income (SSI) program.

SSI, as it is commonly called, is a federally administered program operated through the Social Security Administration. And believe me, it has been a big responsibility. Names of all those who had been on the old-age assistance, blind, and disabled rolls under State welfare programs have been transferred to the computer system in Baltimore. Efforts to make certain that the gold-colored checks are actually received by the eligible beneficiary have been intense and many overtime hours have been logged by Social Security personnel in Baltimore and in district offices all over the country. I would like to extend my personal thanks to these people for their outstanding endeavors. The reputation for service attributed to the Social Security Administration over the years continues to grow.

When Congress enacted the SSI program in 1972, it created for the first time a "guaranteed income" or national floor level for those aged, blind, and disabled in this country. For some States this resulted in a noticeable increase in assistance levels, while in others it fell below prior standards. Built into the law was a mechanism which allowed a State to supplement the Federal benefit to a level equal to or greater than what had been the previous level of assistance. Therefore, a recipient was guaranteed to receive at least the amount of assistance he was receiving in December of 1973. But over the last few months I have observed that to guarantee an income to needy individuals is super-

ficial unless adjustments can be made to assure the individuals of sufficient assistance to combat inflation. I'm glad that the original levels of \$130 and \$195 have been raised to \$146 and \$219, effective this month, but SSI still does not meet everyday needs.

My concern was echoed by several witnesses at a hearing in Idaho. I was told by one witness that "the basic flaw of SSI lies in its ineffectiveness to provide purchasing power to the elderly consumer, since . . . inflation has eroded its intent."

BENEFITS EATEN AWAY BY INFLATION

I couldn't have agreed more with this comment. Over the years, many new programs have been adopted to meet the needs of the elderly. But, unfortunately, the benefits have been eaten away by the near unprecedented inflation during the past few years. For this reason, I have sponsored legislation which would install a cost-of-living adjustment mechanism in the SSI program, identical to the adjustor in the Social Security system.*

Another disturbing factor about this new program which became quite evident to me during our Idaho hearing is the low number of persons enrolled in the program, largely because of restrictive income and assets limitations. I was astonished to find that only 1 out of 10 of those persons reached in my home State were found to be eligible for the program. Because of such limited assets as insurance policies and lifetime savings, many individuals were found to be ineligible for a program of which they were in great need.

Many of the severely restrictive limitations of both the law and regulations governing this new program should be given careful study as to the degree of their restrictiveness and effectiveness in meeting the needs of those blind, disabled, and aged. A program designed to reduce poverty among our needy poor should have greater influence in serving those who qualify under its standards. I supported the SSI program from the start because I felt it was an improvement over the old-age assistance program which often failed on a State-by-State basis to bring the recipients above the poverty level standard of living.

Many elderly failed to utilize old-age assistance because they associated the program with welfare and refused to accept "charity." However, the elderly's trust and familiarity with the Social Security Administration is a major asset of SSI. Hopefully this will overcome the negative connotations of the prior assistance programs.

Even though the new program is administered by the Social Security Administration, I would like to again stress that it is separate and distinct from the social insurance program which has been supported by the payroll tax since its implementation. SSI is financed through general revenue and, as stressed by the Senate Finance Committee's report on SSI, there is no intent to "merge the Supplemental Security Income program with the existing Social Security program." SSI will remain fiscally separate from the Social Security program, as well as having separate applications, checks, and requirements. There has been some misunderstanding and concern that the two may be fused together fiscally. I would like to emphasize that I personally do not want those who have contributed during their working years to their own Social Security benefits to fear that they will be "supporting" those who might qualify for the SSI benefits. The fun-

*Enacted into law as P.L. 93-368, August 7, 1974.

damental focus and standards of the Social Security system have not been disrupted by the placement of the SSI program in the agency administering Social Security. Several Social Security officials in Idaho have emphasized that the SSI program should be fiscally separate from the present Social Security Administration. I am in full agreement with this position.

Another priority request is to provide the Social Security Administration with sufficient staff to meet their added responsibilities. I have heard numerous reports about Social Security employees who must work late hours and weekends to keep up with their increased workload. This disturbs me because such hectic work conditions can seriously impair the efficiency in processing SSI applications. I plan to explore with the administration the effects and needs for additional staff. By all standards, the Social Security Administration—given such demanding new responsibilities—should be given sufficient manpower and funds to meet their needs. It would be damaging to both programs, SSI and social security, to refuse the agency such a reasonable requirement.

As a new program, SSI has already encountered administrative and other problems. During our hearings we will look at some of these problems and hear from knowledgeable witnesses about many of the good and bad points of the program.

Senator Edward Brooke, a member of this committee, could not attend today's hearing because of a previous commitment. However, he has submitted a statement for the record, and, without objection, it will be inserted now.

STATEMENT OF SENATOR EDWARD W. BROOKE

I am pleased to submit this statement to this distinguished committee, to discuss the new Supplemental Security Income program—SSI.

It has been 8 months since the SSI program went into effect. During this period we have been able to observe many positive aspects as well as many deficiencies in the program. I feel that now is an appropriate time to sit back and objectively view the program and most importantly to propose ways of dealing with the problems that have been identified.

It was anticipated that SSI would be a giant step toward improving our systems of aiding the poor. The SSI program created a "guaranteed income" or national floor level for the aged, blind, and disabled—\$146 per month for an individual and \$219 per month for a couple. Previously, the States set their own minimum which resulted in wide variations among the States. Because income limitations as well as various other eligibility rules are more liberal under SSI than they were under the former programs, many more people are eligible for SSI and will have higher benefits under SSI than under the old public assistance programs. The Social Security Administration has estimated that by the end of fiscal year 1975, 5.6 million SSI recipients will be on the rolls. This is approximately 2.6 million more people than were on the State public assistance rolls in December 1973.

In October 1973, the average old age assistance payment was \$78.65 per month; the average aid to the blind payment was \$112.37 per

month; and the average monthly disability payment was \$111.03. During January 1974, the average Federal SSI payment awarded to all SSI beneficiaries was \$88.01. Federal payments to the blind and disabled were substantially higher than those to the aged, with national averages of \$105.04 per month for the blind, and \$106.05 per month for the disabled, as compared with \$75.54 for the aged. These amounts reflect the maximum payment level in effect when the first checks went out in January. Since that time the benefits have been increased twice. It should also be noted that the States were required to make supplementary payments to all December 1973 recipients who received higher payments under the old State administered program, in order to prevent a reduction in income under SSI.

In 26 States, Federal payments to the aged and the blind are higher than the previous OAA and AB payments. The same is true for payments to the disabled in 29 States.

34 STATES PROVIDE OPTIONAL SUPPLEMENTARY PAYMENT

In addition, 34 States are currently providing an optional supplementary payment. The average amount of federally administered State supplementation for all persons receiving such payments was \$70.93 in January. With three exceptions (all in payments to the blind) the average combined Federal and State payments nationwide under SSI are higher than those under the former programs.

This is encouraging news, but unfortunately we find that we cannot be satisfied yet.

On an immediate level many, many SSI recipients suffered when benefit programs were switched to a Federal program.

There was much confusion and too many instances of delayed and late benefit payments. These absent checks were especially tragic because the old and disabled often have no other sources of income. SSI recipients must not be made to suffer further because of bureaucratic delays or computer mistakes. I am cosponsoring S. 3649, the Social Security and SSI Recipients Fairness Act of 1974. This bill provides for the speedy replacements of lost, stolen, or delayed benefit checks and for the reform of the disability insurance appeals process. S. 3649 would provide for the replacement of any check delayed or lost for 72 hours within 24 hours. S. 3649 also provides that any disability appeal more than 110 days old through administrative, not recipient's, failure would be eligible for payment beginning on the 111th day and lasting until the appeal had been acted upon.

But we must look beyond simply correcting present bureaucratic difficulties. Skyrocketing inflation has had an extremely deleterious effect on the elderly. While we may be pleased that most elderly, blind, and disabled are better off now than they were last year, we cannot be pleased that the SSI income levels are below the poverty income levels. SSI benefits should certainly be raised above the poverty threshold. One way to start dealing with this problem is to immediately raise the benefit levels by more than the cost of living and then in the future

to provide automatic cost-of-living increases. I urge immediate enactment of such legislation.

Another very distressing factor about SSI is the low number of people who have come on the SSI rolls since January. In June 1974, 3,583,894 persons were on the rolls. Three million of these people were converted from the State rolls on January 1, 1974. According to the Social Security Administration there are approximately 7 million eligible persons. I believe that some effective means of making potential recipients aware of these benefits must be instituted immediately.

MANY SSI RECIPIENTS RECEIVE LESS INCOME

Another area that has caused significant problems is the calculation of countable income for persons residing in institutions. Under current procedures, the value of support and maintenance in an institution is considered to be unearned income to the individual unless he is paying for it. As a result, numerous SSI recipients now receive less income than before SSI went into effect. In addition, this interpretation has seriously impaired the ability of nonprofit retirement institutions to provide good medical care for needy individuals. I recommend that legislation be enacted which would require that the value of support and maintenance furnished an individual by a nonprofit retirement home be excluded as income for determining eligibility for SSI.

As a result of the enactment of Public Law 93-335, enacted July 8, 1974, SSI recipients in all but five States, including my own State of Massachusetts, are eligible for food stamps until July 1, 1975. At that time, the current provisions of Public Law 93-335 expire and only a portion of the SSI population will be eligible for food stamps. I hope that by the time July 1, 1975, arrives, we will have carefully studied the relationship of the food stamp program to the SSI program and will have come up with an equitable solution.

I am certain that there are many other problem areas in the SSI program. Some of these I have heard about from my constituents, others I will hear about for the first time from some of the able witnesses appearing before this committee. All of these problems are significant. I trust that this committee will carefully study these areas and will recommend corrective legislation.

Senator CHURCH. We will begin today by hearing from a panel of administration witnesses who have responsibility for the implementation of the SSI program and many of its related services.

I would especially like to commend Commissioner Cardwell for his endeavor on behalf of this new program. He has been appointed to his present position in the last year. With the implementation of SSI, you have had considerable influence in directing the program. You are to be complimented for your dedicated efforts. I look forward to your testimony and that of the other administration representatives.

We will begin this morning by hearing from Commissioner Cardwell, and, Commissioner, you might identify your associates on the panel for the record. Each and all of you, we want to give you a cordial welcome.

STATEMENT OF HON. JAMES B. CARDWELL, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION; ACCOMPANIED BY KEITH WEIKEL, SOCIAL AND REHABILITATION SERVICE; JOHN C. YOUNG, COMMISSIONER, COMMUNITY SERVICES ADMINISTRATION, SRS; HON. ARTHUR S. FLEMMING, COMMISSIONER, ADMINISTRATION ON AGING; AND JAMES SPRINGFIELD, DEPUTY ADMINISTRATOR, FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. CARDWELL. Thank you, Mr. Chairman. To my far left is Keith Weikel, who is representing the Social and Rehabilitation Service, to back up my testimony and to talk about interchange between Medicaid and SSI.

To my immediate left is John C. Young, who is the Commissioner of the Community Services Administration, again within the Social and Rehabilitation Service, and he is prepared to back me up when we talk about interchange with social services.

To my immediate right is someone well known to this committee, Dr. Arthur Flemming, Commissioner, Administration on Aging, and to his right is James Springfield, who is Deputy Administrator of the Food and Nutrition Service of the Department of Agriculture, and he is prepared to discuss, to the extent the committee wishes to discuss, the subject of food stamps and SSI.

If you will, I have a prepared statement—it will take about 30 minutes to read. With your indulgence, I will propose to do that.

I would start out by saying though that I think your own statement provides a good background, a good backdrop for the discussion that we would like to entertain this morning.

I want to thank the committee for the opportunity to be here today to talk to you about the Supplemental Security Income program. I know that the members of this committee, as well as the other members of the Congress, are particularly concerned and interested in our progress and the problems we have encountered in SSI after the first 6 months of operations. We have made progress—and we have encountered our share of problems, as might be expected in this initial Federal venture aimed at providing a minimum level of income for the aged, blind, and disabled.

FEDERAL AND STATE PAYMENTS TOTAL \$385 MILLION

A few weeks ago, on July 1, Federal SSI checks were delivered to just over 3.5 million persons. This figure includes about 650,000 newly eligible recipients, as well as the nearly 3 million persons still eligible from among those converted from the State rolls on January 1, 1974. In terms of money, the July payments total some \$385 million in Federal and State funds.

In the first 6 months of the program, our district offices received 1½ million new claims. One million have been fully processed, resulting in payment awards in about two-thirds of the cases and a finding of ineligibility in about one-third. New claims continue to be filed at the rate of over 150,000 per month. Of the half-million cases in process, the majority are disability cases that require medical determination and review in State agencies.

This is where we stand now. Is it where we should be? Where are we going from here? What problems have we encountered, and what problems remain to be solved? These are the questions which, with your permission, I would like to focus on in my testimony today.

In order to answer those questions in an understandable manner, I think it's necessary to provide a brief indication of how the Supplemental Security Income program has evolved since its enactment in October 1972, and what has happened since Federal administration of the program began on January 1, 1974.

Philosophically, SSI started out as a simple, straightforward concept. It was conceived as a more efficient and uniform substitute for the State and locally administered programs of aid to the aged, blind, and disabled, many of which were based on variable, complex and somewhat subjective determinations of what each particular individual's financial needs might be, tampered by willingness or ability to pay for these needs. The concept of the new Federal program was to create a nationally uniform flat grant system which employed simplified, objective tests of eligibility, income, resources, and living arrangements.

From the beginning, the States, at their option, could supplement the Federal minimum income level to take into account higher local costs and particular individualized needs that they wished to recognize. If they chose to have the Federal Government administer their optional supplements, they were, subject to certain limitations, protected from having to spend more than they did under the previous State-administered program.

Senator CHURCH. At this point, may I inquire as to how many States had been making payments of a higher level than those authorized under the SSI program? Of those States, how many avail themselves of the option?

Mr. CARDWELL. About five.

Senator CHURCH. And how many did not?

Mr. CARDWELL. About 14.

Senator CHURCH. So that in those 14 States, the recipients under SSI are now actually receiving less?

Mr. CARDWELL. Oh, no, sir; I misunderstood your question. I thought your question had to do with those States that had benefited from the hold-harmless provision under which they were protected against increased benefit costs because of increased caseloads. I thought that was the question.

HALF OF STATES PAYING AT HIGHER LEVELS

In terms of States that are paying an aggregate level higher than the Federal minimum, I would say about half the States are paying at levels higher than the Federal minimum.

Senator CHURCH. Those that are paying higher than the Federal minimum, how many did avail themselves of the option of supplementing the payment, the Federal payment?

Mr. CARDWELL. Nineteen.

Senator CHURCH. Nineteen. Now, to get to my question, that would mean that there are how many States where SSI recipients were actually getting less than they had previously gotten—

Mr. CARDWELL. There's no State where an individual would receive less than he received under the old program. There are a significant number of States where the payment level—

Senator CHURCH. Because of the same hold-harmless provision of the law?

Mr. CARDWELL. And because of the minimum floor. The minimum floor had the effect of raising benefits for a number of States.

I would suggest at this point, in order to be sure that the data are correct, that we put in the record a summary of which States took advantage of the hold-harmless provision, the total number of States that supplemented an amount which together with the Federal benefit would have increased the payment level above the \$146 and the \$219, and the number of States in which people are being supported only to the Federal base level of \$146 and \$219.

Senator CHURCH. All right, would you submit all of that data, assuming you have the complete picture.*

Senator FONG. Mr. Cardwell, you say in July your payments were \$385 million in Federal and State funds. Now, how do you break that down?

Mr. CARDWELL. It's about three-fourths Federal and one-fourth State.

Senator FONG. Three-fourths Federal would be the minimum paid? That's the Federal minimum?

Mr. CARDWELL. Yes. It's the payment by the Federal Government on behalf of each of the recipients to raise them to the minimum level.

Senator FONG. So regardless of what State he is in, the Federal Government pays a certain amount, is that correct?

Mr. CARDWELL. Yes, sir.

Senator FONG. That is the minimum?

Mr. CARDWELL. Yes, sir.

Senator FONG. The States, they would supplement that over and above that?

Mr. CARDWELL. Yes, sir.

Senator FONG. Up to \$385 million—three-fourths of that came from the Federal Government?

ANNUAL PROJECTED TOTAL OF \$4.6 BILLION

Mr. CARDWELL. Yes, and that projected on an annual basis, that would total about \$4.6 billion a year, and we expect the total cost will go up as the number of beneficiaries goes up in the period ahead.

Just joining me at the table, gentlemen, is Sumner Whittier who is the Director of the Bureau of Supplemental Security Income of the Social Security Administration. He is charged with the general direction of the program from within SSA.

Senator FONG. You anticipate that the Federal payment will be \$4.6 billion?

Mr. CARDWELL. No, sir, that would be the combined payment, projected on the basis of July's payments, which would be \$4.6 billion. At the end of this fiscal year we think the total payment in the aggregate will exceed \$5 billion, of which the Federal Government will be paying

*See appendix 1, p. 627.

something slightly under \$4 billion and the States, slightly over \$1 billion.

Senator FONG. When do you think you will level off?

Mr. CARDWELL. Well, that's been one of the most difficult questions for us to deal with. We started out, if the chairman will permit me to give you a little background about this matter of estimating SSI case-load—I think it is something this committee is interested in—the original estimate was drawn up almost 2 years ago, and it was drawn up from some very tenuous sort of data.

We had good census sources on persons by age, persons by age and income, but the data fail often in quality when we start counting the disabled and relating their income, and when we start trying to count disabled children. The latter have been very difficult to count, based on available information.

Then the matter of assets and other resources also is a complexity, but to make a long story short, an estimate was drawn up at that time and presented to the Congress while it was deliberating and formulating a program, which said there were about 7 million persons in the total population who would be eligible, considering at that time a \$130 individual level, and \$195 couple level, and the estimate also made included a participation rate adjustment, and it said that of that number, probably about 1 million, or 10 percent of the total, would not choose to participate even though they were eligible, partly because the difference would be a marginal difference to their benefit, and partly because they did not want to participate, due possibly, to the fear that some stigma may have carried over from the former welfare programs.

Anyway, the estimate then said there would be a net of 6.3 million people enrolled in the program, given the population as it existed then, the benefit level that was originally proposed, and the income and resource test as had been anticipated.

Three million of those people were already on the State rolls, so the estimate was that over 3 million new people would participate in the program.

As it has turned out, as I just reported, the 3 million persons on the State rolls turned out to be a good estimate, and that's the approximate number we converted, but so far we have only received claims for about 1½ million persons, whereas the original estimate said that by this time, we would have over 3 million new recipients.

PARTICIPATION RATE LOWER THAN ANTICIPATED

We have now revised our participation estimates down, and predict that during this fiscal year we will reach a level of about 5 million-plus participants, but ultimately, the assumption is we would still reach the 6 million-plus.

We have no basis for revising that estimate downward, even though the participation rate is much lower than anticipated.

Senator CHURCH. Let me just ask this question, in line with the Senator's inquiry. Would you anticipate, looking to the future, that with the improvements we have been making in the Social Security program and its enlarged base coverage, and improved benefits that are now being paid, that the number of the very poor who are presently or will

soon withdraw from the Supplemental Security Income program will decline over the years?

Mr. CARDWELL. Over the long term? I think the answer is "Yes." However, we have just recently made an update of the original SSI estimate. You remember, I said it started out with 7 million people in the aggregate.

Given the SSI benefit increases and taking into account social security cash benefit increases during the past 2-year period, there is actually a net increase in the number of SSI eligibles, with the universe moving up to about 7.2 million.

In other words, there would be a net increase of SSI eligibles of about 200,000 persons, but I think your assumption is correct on the long term.

Senator CHURCH. Thank you.

Mr. CARDWELL. With your permission then, I will proceed with my statement. I know the members of the committee are familiar with the details of the SSI program and recognize that I am simplifying to a degree. But, I think, only to a very limited degree.

As we began to better understand its ramifications, however, and as it was changed in its progress toward implementation, SSI came to be anything but simple.

Without going into any kind of elaborate detail, let me just list some of the legislative changes that were enacted in July and December of 1973—halfway through the implementation period and at the last moment before the program became effective:

The States were required to make supplementary payments to all December 1973 recipients who received higher payments under the old State-administered programs, in order to prevent a reduction in income under SSI.

SSI recipients transferred from State rolls who had received payments for "essential persons"—individuals in their home to help care for them—were entitled to increased Federal payment amounts.

SSI benefit levels were increased effective in January. In addition, a Social Security increase was made payable in April, and further SSI and Social Security benefit increases were enacted payable in July 1974. The Social Security increases are pertinent, because, under the law, a person entitled to both Social Security and SSI benefits has his Federal SSI benefit decreased if his Social Security benefit is increased.

PROVISIONS CHANGED FOR AUTOMATIC TRANSITION

Finally, while the original law had provided that persons on State aid to the disabled rolls in December 1973 would be automatically transferred to SSI, these provisions were changed to provide for automatic transition only if an individual had also been on the disabled rolls of the State in a month prior to July 1973.

In addition to, and in part because of these legislative changes, up until nearly the last moment the States were making decisions about the nature of the supplements they wished the Federal Government to administer. The States were faced with many critical decisions about how they wished to participate in a program that was changing and where costs and options were not fully known. Their participation required the enactment of State legislation, and, in some cases, their

legislative cycles were not in phase with the time schedules needed for orderly and coordinated implementation of the SSI program. This added another large element of complexity and uncertainty to the program at a very critical time.

In short, the program became increasingly complicated and was in a state of flux right up until—and, in fact, beyond—the date of implementation.

I don't wish to overdraw the effect of these legislative changes. While, as I have indicated, they greatly complicated the program—particularly since they occurred after we had developed our basic plans for its implementation—they represent only a part of the difficulties. Even without these changes, I think in all candor I must say that we underestimated the difficulties and problems of getting the program up and running smoothly. Given the time available to implement the program, some of these problems were unavoidable. In hindsight, others might have been dealt with more adeptly.

I would like to pause at this point though, and say, to add perspective to my prepared remarks, that I think the Social Security Administration and all those who worked on the program deserve a great deal of credit for what has been accomplished so far. The chairman certainly spoke of this in his remarks.

On the other hand, I want to be perfectly candid and open with this committee about the problems, but I would like to do the latter without in any way impugning the reputation of the agency, and I by all means want to give credit for what has happened so far in terms of everyone's participation.

The essential operational ingredients required to initiate the program on January 1 were to establish an electronic data processing system capable of maintaining and, as need be, making changes to the recipient rolls, to convert the public assistance records covering about 3 million recipients from some 1,350 State and local jurisdictions to this system, to establish a telecommunications system—the so-called SSADARS system—which would allow local SSA offices to query or make changes to the recipient rolls almost instantaneously, and, of course, to be able to use these devices to generate information which the Treasury Department could use to make accurate and timely payments to eligible recipients. These systems had to be capable of handling both Federal SSI benefits and federally administered State supplementary benefits. The basic systems were in place and operational on January 1, but there had not been time to thoroughly test them to correct the "bugs" that are inherent in any new systems of this scope, or to add the refinements which we would have liked to have had in them.

NEW EMPLOYEES IN FIELD OFFICES

At the same time, SSA had to be prepared to accept and process new claims both considerably before, as well as after, January 1, and to have in place the staff necessary to process the various postentitlement changes—ranging from a recipient's change of address to changes in resources, income, or other circumstances affecting basic eligibility or the benefit amount—which might occur after an SSI recipient was initially placed on the benefit rolls. To do this, we added approximately 15,000 people, of which two-thirds were in our field offices.

Senator CHURCH. Where is the other third?

Mr. CARDWELL. The other third would be centered in Baltimore, dealing with the processes of enumeration, assignment of Social Security numbers to both conversion cases and the new eligibles, programming and managing the data processing, and working with Treasury on the actual payment of the checks themselves.

Senator CHURCH. But isn't your system already set up and has that number been reduced?

Mr. CARDWELL. If I had to make a final statement on that at this very moment, I think my answer would probably be no, but I do think the ratio of headquarters to field staff would change and should change as the program settles down.

If anything, we have our greatest workload problems in the field, and if we do find that we will need additional staff for long term, that's where they will be assigned.

This is how we went into January. As might be expected, there were problems—some anticipated, some not. Our error rate in January, in terms of people who for one reason or another did not receive checks or received checks in seriously incorrect amounts, was about 5 or 6 percent. This was partly due to faulty data resulting from the conversion of State recipient rolls, and partly due to problems in our data system. Particularly in the large cities, some people who had been receiving a State public assistance check did not receive an SSI check.

Despite our concern and efforts, this situation did not improve rapidly. We were faced with the simultaneous problems of correcting the deficiencies in our systems, correcting erroneous conversion data, making the payment changes necessary to properly pay at increased SSI and Social Security benefit levels, and making necessary post-entitlement changes.

Our primary efforts were directed toward making proper payments to persons converted from State public assistance rolls. It would be an overstatement to say that we have solved the problem. Over the past 6 months, however, I believe we have been steadily making progress in correcting the conversion base, and the situation will continue to improve.

LARGE BACKLOG OF UNPAID NEW CLAIMS

In the process of straightening out conversion problems, we recognized in April and May that a large backlog of unpaid new claims had built up. The backlog occurred partly because we concentrated on conversion base corrections, not leaving enough "running time" available in the computer systems for regular frequent processing of new claims. The more significant problem with new claims, however, had to do with the fact that several hundred thousand cases were processed at the local SSA district office level and presumed to be payable. However, when submitted for payment processing, these cases did not pass the built-in computer edit checks for a variety of complex reasons—for example, inaccurate information provided by the claimant, information incorrectly introduced into the system by staff at the district office level, and data processing problems centrally.

SSA is working diligently on both of the above major aspects. A special task force made up of skilled and dedicated people has been charged with the task of clearing up this backlog. The group has been

given authority to make changes in the payment process and resolve impediments on the spot.

We expect that, as a result of this action, the vast majority of backlogged new claims awaiting final action will be processed to a payment status within the next month. The most serious problem at this point is a stubborn core of disability claims which, because they often require extensive medical development, unavoidably require lengthy processing time.

Again, I would like to pause with your permission. Many who don't understand the process blame the computer for a lot of our troubles, but we all must realize that without the computer, we couldn't have done any of this, that we are absolutely dependent on mechanized, computerized systems for the execution of this program, and in this volume there is no other choice.

Our objective for the balance of this year is to arrive at final decisions on claims filed by the aged within 30 days. The system is designed to do better. Of course, for new applicants who need an immediate payment, there is a provision of law which enables us to pay a \$100 advance. In addition, our district offices have been instructed to authorize special month-to-month payments outside the regular payment system for the full amount due the person where the case is over 30 days old and the applicant is judged to be eligible.

I don't mean to imply by all of this that the SSI program is now running as we would like it to, smoothly, rapidly, and without problems. It is not. While we're well on our way to "shaking it down" and getting the bugs out of the system, eliminating the backlogs and making proper payments, on time, to everyone who is entitled, it's likely to be a number of months before it is running smoothly.

We've only just begun on some of the big jobs that lie ahead, such as "redetermination" to assure the continuing eligibility and proper payment of those persons who were converted from the State rolls. And there remain a number of problems and issues that have yet to be fully resolved. Some of these can be handled through administrative changes: others, we believe, will require enactment of legislation. Let me touch upon some of the major ones.

REPLACING LOST AND STOLEN CHECKS

One of the serious problems that has concerned us has been the time-consuming procedure for replacing lost or stolen checks. Under normal procedure, when SSI received notice that a check was not received, the local Social Security office would determine whether a check had been issued by making a direct and immediate query of the SSI master computer record. Investigation by the Treasury Department then was required to determine whether a check that had been issued had been negotiated. If the check had not been negotiated, a stop-payment was placed against it. If the check had been negotiated, but the intended recipient or anyone he knew had not endorsed the check, a substitute check was issued by the Treasury Department. These procedures often required several weeks or more. Considering the circumstances of the people affected, this was clearly an unacceptably long delay.

We have now worked out with the Treasury Department a procedure for the expeditious replacement of lost and stolen checks which

is expected to be implemented for the August payment. I want to mention that the Treasury Department has been extremely helpful and cooperative from the beginning.

The law recognizes that income to an individual can be in the form of "in-kind" support and maintenance—that is, room, board, and goods rather than money—and requires that in-kind income be counted. No value is ascribed, however, to services such as medical and social services that cannot be considered income for basic support and maintenance.

The problem that we are working to resolve by a change in operating policies relates to in-kind support and maintenance furnished by certain private residence facilities. Under current operating policy the value of support and maintenance (defined as room and board) in an institution or residence facility is considered to be unearned income to the individual unless he is paying for it out of other income or out of resources that he has.

Although this policy of counting in-kind support and maintenance as income furnished by an institution is consistent with a strict interpretation of how an income maintenance program should work, we recognize that our application of the definition of in-kind income to certain subsidies from institutions has proved to have more severe results than were foreseen. Some States contend that this has created a situation in which some individuals living in private residence facilities could be forced to leave. We are therefore making an intensive review of the problem and we hope very soon to have a solution that can be implemented within the provisions of the existing law.

Other problems, however, require a legislative remedy. One major difficulty which occurred in the early months of program operation has already been eliminated through prompt action on the part of the Congress. I am referring here to the problem of identifying and performing disability determinations for those individuals who had been added to State disability rolls in July 1973 or later.

EMERGENCY LEGISLATION ENACTED

As you will recall, legislation enacted late in 1973 prohibited these individuals from being automatically transferred to the SSI program. They were eligible only if they met the regular SSI standards applicable to new claimants. In order to prevent several hundred thousand persons from having their payments cut off simply because their eligibility status was in doubt, the Congress enacted emergency legislation allowing us to pay benefits to them until a positive determination of their eligibility or ineligibility could be made. At this time, disability determinations have been completed for about half of those persons identified as having first come on State rolls in July–December 1973.

The Congress is now considering legislative remedies to two other SSI problems. If enacted, they would authorize reimbursement of the States for interim assistance provided to SSI applicants, and would provide automatic cost-of-living adjustments to SSI benefit levels.

Many States or localities are making payments of a general assistance type to people who have applied for SSI but have not received SSI payments because an eligibility determination has not yet been

made. This situation is most likely to occur in a case in which a disability determination is necessary.

If, after these interim payments have been made to an individual, he is determined to be entitled to SSI benefits, the States would like SSA to pay them back for their interim payments out of the retroactive SSI benefits due the recipient. This would provide the recipient with all benefits due him while at the same time guaranteeing that the States get their money back. We are prohibited, however, from diverting the benefits from the recipient to his creditor—in this case the State—by a provision of the law prohibiting the assignment of a person's benefits to another.

SSA worked with the American Public Welfare Association to develop a legislative proposal. It would permit us to enter into agreements with States whereby we may, upon an SSI applicant's written authorization, repay a State directly for interim assistance payments advanced to the SSI applicant during the period in which his eligibility under SSI was being determined. As the committee is aware, a provision based upon the one that we developed in conjunction with the American Public Welfare Association has already passed the Senate, first as an amendment to the Renegotiation Act extension bill and, when dropped from that bill, as an amendment to H.R. 8217 (a bill involving import duties), on which final action is pending. The Department will be working with the conferees on that bill to obtain suitable legislation.

An essential step in assuring benefit adequacy in the SSI program, of course, is providing a mechanism for maintaining that adequacy as the cost of living increases.

COST-OF-LIVING ADJUSTMENT PROPOSED

As this committee I'm sure knows, the President, in his fiscal year 1975 budget message in February, announced the administration's intention to propose legislation to provide for cost-of-living adjustments in SSI benefits. In May of this year a legislative proposal to accomplish this objective was formally submitted to the Congress for its consideration.

The administration's proposal would establish in SSI a cost-of-living adjustment mechanism similar to and coordinated with the automatic cost-of-living provisions already in the law for the Social Security cash benefits program; that is, SSI benefit levels would be automatically increased in the future to reflect increases in the Consumer Price Index.

Under the administration's approach to guaranteeing the purchasing power of SSI benefits, the amount of the automatic increase would generally be based on the percentage increase in the monthly average of the Consumer Price Index as measured from the first quarter of 1 year through the first quarter of the following year, with the increase in benefit levels effective with July. The first such increase under the administration's proposal could occur in July 1975, which is the earliest month in which a Social Security automatic benefit increase could be paid. This proposal would resolve, in part, what has been a perennial issue that arises whenever Social Security benefits are increased—namely the problem of decreases in benefits under one program to offset increased benefits under another program.

Without increases in SSI levels when Social Security benefits rise, that is what would happen in the Federal program of SSI just as it did in the former Federal-State assistance programs. Just as important as the fact that when people receive increased Social Security benefits they expect to be better off is the fact that when the cost of living goes up it goes up for all SSI recipients, whether they are Social Security beneficiaries or not.

Even with a Federal SSI cost-of-living adjustment, there remains a problem in those States that supplement the Federal SSI payments. Where State governments supplement voluntarily, they set their levels at amounts above the Federal levels that they think are appropriate within their respective States. If Federal SSI benefit levels are increased, States have the option of passing the increase along by continuing to pay the same supplements on top of the higher Federal levels, or of cutting back their payments by the amount of the Federal increase.

Some view it as a Federal responsibility to make States pass the Federal increase on through the State supplements and to help finance their increased cost of doing so.

STATES URGED TO MAKE DECISIONS

Although we believe that the State share of benefits should be kept up to date with rising costs, we also believe that the States themselves should make the decision to do this. The problems and changes I have just discussed do not, of course, represent a complete inventory of the issues yet remaining in SSI. What I have attempted to do is to highlight most of the major concerns about the program that we have at this time. There will undoubtedly be additional changes or corrections requiring administrative or legislative action which we will identify as we gain more experience with the SSI program. To the extent that further desirable legislative changes are identified over the coming months, we will take action to propose appropriate remedial legislation early in the next session of the Congress.

I should mention at this point an area that needs further study. This concerns the definition of disability in the SSI program. Much of the general public and many State officials seem to believe that the Social Security Administration has, in its own discretion, established criteria and operating policies for determining disability in order to adhere to those established for the Social Security disability insurance program.

The fact is that the law gives us no choice in the matter. We recognize that our definition is more restrictive than definitions as they evolved in many of the former State programs—especially in that they often covered short-term disabilities, while under SSI, disability must be expected to last for at least a year. An evaluation of this problem is underway.

Finally, I would like to briefly summarize the outreach efforts we have made to reach those potential SSI eligibles whom we believe are somewhere out there, but who have not applied. These people are of concern to both us and you. It has, of course, been projected that the SSI program, with its new approach to income maintenance for the aged, blind, and disabled, and its higher levels of benefits than those previously in effect in over half the States, would cover a significantly

larger number of the aged, blind, and disabled than were transferred into SSI from the former Federal-State programs.

There were just over 3 million brought into SSI from the old programs, but we project that about 5.1 million will be receiving Federal SSI benefits by the end of June 1975—less than a year away. However, to date, the new claims caseload originally predicted and anticipated for the SSI program has not materialized.

Thus, we have, from the beginning, made efforts to reach potential eligibles and inform them about the new program. These efforts began long before the January 1 starting date for SSI.

Informational leaflets were distributed, and radio and television announcements were made. We worked very closely with State and county welfare departments and with local and national organizations interested in the aged, blind, and disabled so that they could inform their constituencies.

PROJECT SSI-ALERT STARTED

As the starting date approached, outreach efforts were intensified, and a campaign called SSI-Alert was begun under the sponsorship of Commissioner Arthur Flemming and his Administration on Aging. Commissioner Flemming will present you with the details of what we now refer to as "phase 1" of SSI-Alert.

Now we have gone to "phase 2" of Project SSI-Alert. This represents a continuing effort on our part to locate potential eligibles for SSI and provide them with the opportunity to apply for benefits. Phase 1 was directed toward everyone in a community, using a large number of volunteers including church organizations, local community groups, and so forth, in neighborhood canvassing efforts; the new phase uses a direct mailing system to contact 5.2 million individuals whose Social Security benefits are low enough to indicate possible eligibility for SSI payments. It should be kept in mind that these are leads to help us find who among the 5.2 million might be eligible. The vast majority will not be eligible because they have other income or resources. Some who are found to be eligible will receive only a few dollars of SSI because of their other income.

These leads are now in the hands of the local Social Security offices corresponding with the addresses of the people identified. Since this extra effort will have a tremendous workload impact on already heavily burdened local Social Security offices, 4,000 temporary employees are being employed to process the leads. They will do the necessary clerical work and make telephone and/or personal contacts with the potential eligibles when necessary.

Those prospects who return the lead questionnaire will be contacted and provided with necessary assistance to apply for SSI benefits.

Social Security offices have received their allocations for temporary employees and are presently in the process of recruitment and are working with volunteers to accomplish the project. We hope to have this phase of our SSI outreach efforts completed by September 30, 1974.

Before concluding, let me mention that we are very much aware of and concerned with the interrelationship between SSI and other programs of assistance to the needy. In the interest of brevity in my open-

ing remarks, I would propose not to go into a detailed discussion of these relationships. Rather, with your permission, I would like to submit for the record brief statements on the interaction between SSI and Medicaid and social services.

Keith Weikel, Acting Commissioner of the Medical Services Administration, and Jack Young, Commissioner of the Community Services Administration, are here to answer any specific inquiries that you may have in these areas. The Department of Agriculture is represented here today, and is prepared to address the subject of food stamps.

I don't want to leave this subject, however, without commenting that during the past year we have put a lot of effort into working out linkages between local Social Security offices and State and local welfare service agencies so that proper referrals can be made and people needing services will have easy access to them.

NOTEWORTHY ACCOMPLISHMENTS IN SSI PROGRAM

Again, I appreciate the committee's giving me this opportunity to air some of our views on the SSI program. We will also, of course, be greatly interested in what others testifying here have to say. As I'm sure you all already knew, and as I hope my statement has made clear, our performance in these first 6 months of the new program's operation has been sort of a mixed bag. While certainly not always deserving of rave reviews, I feel strongly that it has also been marked by some definite pluses and noteworthy accomplishments.

I'd like to close by just listing these accomplishments, problems solved, and remaining problems.

Accomplished to date (or soon) : The conversion of over 3 million welfare recipients from the rolls of about 1,350 separate and distinct State or local jurisdictions; the cleaning up and correcting of the data base; the sharp reduction of the backlogs of unpaid claims in process and the continuing improvement in processing times, numbers of applicants receiving prompt decisions, and numbers of approved claims receiving checks quickly; the improvement, increasing reliability, responsiveness and sophistication of our automated data systems.

Problems solved or near solution (with the prompt and concerned cooperation of the Congress) : Disability rollback; replacement of lost or missing checks; reimbursement to the States for interim assistance provided SSI recipients who are awaiting decisions on their claims—or payment of approved claims; and automatic cost-of-living increases in benefit amounts.

The remaining problems include some of a basic nature, such as the treatment of in-kind income, mentioned earlier; the need to further improve our performance in reducing processing times and quickly getting checks into the hands of entitled individuals; and perhaps as important as any, the need for continuing vigilance on our part to: (1) Comply with due process requirements of law in all of our dealings with SSI applicants and beneficiaries, (2) protect confidentiality and respect the right to privacy, and (3) help maintain, above all, the SSI applicant's dignity and self-respect.

Keeping all the foregoing in mind, I agree that this is an opportune time to stop and look at what has happened and where we are going.

However, in my opinion, it is too soon to attempt an evaluation of the new program and its operation.

As we identify changes that seem necessary to make the program work, we will, of course, immediately bring them to the attention of the Congress.

I am confident that when the next occasion arises for my reporting to you on the progress and status of the SSI program, you will hear a more uniformly positive recitation of accomplishment and smoothly efficient performance of our mission in serving the needs of the Nation's poor aged, disabled, and blind.

I thank you, Mr. Chairman.

Senator CHURCH. Thank you very much, Commissioner.

I understand that other members of the panel will be available for responding to questions, but not to make a presentation, is that correct?

Mr. CARDWELL. Yes. Commissioner Flemming is prepared to review in summary form the SSI-Alert program, if you wish him to do so, or we could exchange questions and answers on it, however you would wish to proceed.

Senator CHURCH. Well, I have great respect for Commissioner Flemming, and I would abide by his own judgment in that matter.

Commissioner FLEMMING. Mr. Chairman, I have just a brief statement which I might introduce at that time, and which might constitute a basis for further discussion, if that's agreeable to you.

Senator CHURCH. It will be fine with us.

Mr. Fong, will that be agreeable to you?

Senator FONG. Yes.

STATEMENT OF HON. ARTHUR S. FLEMMING, COMMISSIONER, ADMINISTRATION ON AGING

Commissioner FLEMMING. I appreciate very much having the opportunity of discussing SSI-Alert with the members of this committee.

The objective of the program is to do everything possible to provide the aged, blind, and disabled who are eligible for the Supplemental Security Income program with the opportunity of deciding whether or not they desire to participate in the program.

We also see SSI-Alert as an opportunity to develop a capability for additional outreach programs at the Federal, State, and local levels, which can help to build bridges between older persons and available resources and services.

Public and private organizations have worked together in a significant manner in an effort to achieve the objective of the SSI-Alert program.

The national organizations of older persons designated one of their members to serve on a consortium in each of the areas served by the Social Security district offices.

The members of the consortia were asked to assist in the selection of a project director, in the recruitment of volunteers, and in the development and conduct of the program.

The consortia were organized in the belief that the participation of a large number of older persons in the development of the local programs would contribute to their success.

RED CROSS CHAPTERS PARTICIPATE IN PROJECT SSI-Alert

The American National Red Cross, in response to a request by the Administration on Aging, decided that Red Cross chapters should be given the opportunity to participate in Project SSI-Alert by becoming the lead agencies in working with the consortia in the selection of a project director, in the recruitment and training of volunteers, and in the development and conduct of the program.

Local Red Cross chapters became the lead agencies in 412 out of the 631 Social Security district office areas.

Area agencies on aging became the lead agencies in 49 districts, Community Action agencies in 58 districts, and other community organizations in 112 districts.

State agencies on aging were designated as the statewide lead agencies for their respective States. They were authorized to recruit a staff person to provide overall leadership. They were authorized to approve budgets submitted by the lead agencies within the Social Security districts in their States up to the total amount set aside for each State. They were charged with the responsibility of selecting a lead agency for the Social Security districts within their States where the local Red Cross chapter decided not to participate.

The Social Security Administration related SSI-Alert to their ongoing Outreach program, developed and executed the information program, and provided the volunteers with technical training.

During the approximately 6 months that SSI-Alert has been in operation, tens of thousands of volunteers have participated with the largest number—namely, 55,775—being recorded in the first week of April.

Many methods have been employed by the consortia and the lead agencies to call the Supplemental Security Income program to the attention of potential eligibles—methods which have called for ingenuity, imagination, and resourcefulness.

There has been extensive use of all of the media. Other methods include contacting persons whose names appear on public records, direct mail contacting persons belonging to organizations of older persons, insertion of information in church bulletins and the publications of other organizations, obtaining names from and enlisting the help of persons in community organizations, addressing meetings where older persons were likely to be in attendance, flyers included with utility bills, flyers distributed to persons waiting in line to purchase gasoline, teachers sending SSI brochures home with students, information booths set up in shopping centers, and telephoning and door-to-door canvassing.

At this point in the SSI-Alert program, steps are being taken to provide volunteers with the names and addresses of persons who will have indicated their interest in learning more about the Supplemental Security Income program.

5.2 MILLION PERSONS ELIGIBLE FOR SSI

The Social Security Administration has identified 5.2 million persons from their master beneficiary records, who might be eligible for the Supplemental Security Income program.

A communication is being sent to these persons by the Social Security district offices informing them about the program and giving them two options, one of which is to request that someone contact them personally to discuss the program.

When requests for personal contacts are received, the manager of the Social Security district office will contact the lead agency of SSI-Alert so that the project director, working through the consortium, can determine how much of the workload can be handled by volunteers.

The lead agency within the Social Security district office will develop a budget consistent with the number of persons who have asked to be contacted and will submit it to the State agency on aging.

The State agency has been authorized to approve budgets for this purpose up to 50 percent of the amount utilized for phase 1 of project SSI-Alert.

Local Red Cross chapters are free to decide whether or not they desire to serve as lead agencies for this phase of SSI-Alert. If they do not, State agencies on aging will ordinarily designate the area agency on aging as the lead agency.

Commissioner Cardwell has provided you with information relative to the number of new applications for the Supplemental Security Income program that have been received and processed to date.

It is impossible to identify the number of these new applications that are attributable solely to Project SSI-Alert.

It is clear, however, that the total effort has produced results that have improved life for well over a million persons.

The new effort to be carried out through the Social Security Administration and SSI-Alert will reach many more.

When the Government persists in its efforts to locate those who are, for one reason or another, so isolated from life that they are unaware of resources that are available to them, it is helping to convey a very important message to the aged, blind, and disabled; namely, "We do care."

In addition the involvement in SSI-Alert of national organizations of older persons, of the national American Red Cross, of State agencies on aging, of Federal agencies and of tens of thousands of volunteers is providing us with a capability for outreach in the field of aging on the Federal, State, and local levels which will pay dividends for many years to come as far as the lives of older persons are concerned.

OBJECTIVE: COMPREHENSIVE SERVICES

During the past few months we have been installing, under the Older Americans Act, as amended, a new system designed to achieve the objective of providing coordinated and comprehensive services for older persons at the local level.

Likewise we have been installing a new nationwide nutrition program for older persons.

At the heart of the implementation of these new programs is our ability to conduct effective outreach programs.

By building on the foundation of the SSI-Alert program, State and area agencies on aging will be able to accelerate in a significant

manner the development of outreach programs that will find the older persons who are lost to society and will build bridges between them and available resources and services.

Mr. Chairman, I would like to say this—as you know—I have had the opportunity of working with the Social Security Administration over a considerable period of time, and I would certainly like to join with you in the comments that you've made relative to the way in which the Social Security Administration has tackled its job.

I've always had confidence in Social Security personnel and the way in which they have tackled this assignment has renewed my confidence. As I have worked with them on outreach, I am convinced of the fact that in those who are associated with the Social Security Administration we have a tremendous resource in the outreach area.

Senator CHURCH. Thank you very much, Commissioner Flemming. Now that you are in phase 2 of the SSI outreach program, can you tell us how long this phase 2 effort is scheduled to last?

Commissioner FLEMMING. Well, as Commissioner Cardwell has indicated, the thinking at the present moment is that this assignment should be cleared up or completed by September 30, and we are operating on that basis.

I'm sure that I speak for Commissioner Cardwell when I say that both of us will watch it carefully, and if it isn't actually completed by that time, we'll make some additional plans.

Senator CHURCH. Since phase 2 consists of checking out those beneficiaries whose income is sufficiently low under the Social Security program, to indicate a possible eligibility for SSI, you will have an objective basis for determining whether or not you have completed that effort.

Commissioner FLEMMING. That's right.

Senator CHURCH. But beyond that, you have no further plans, is that correct?

Commissioner FLEMMING. No further specific plans, but again, if after going through this process we still have a feeling that there are some who have not been reached, we will do our best to reach them. And at that time, Mr. Chairman, as far as the Administration on Aging is concerned, it will phase very naturally into the system that has been established under the Older Americans Act because as I indicated in my earlier comments, we are going to be working with at least 375 area agencies on aging during 1975.

These area agencies on aging will be a network for a continuous program of outreach. I'm sure you appreciate that we're just going to have to keep outreach, not only in relation to SSI, but in relation to other resources and services that society has made available to older persons.

MANY ISOLATED PEOPLE UNAWARE OF PROGRAMS

If you could look at some of the case histories that have come out of SSI-Alert, you would realize again that we do have many persons in our society who are so isolated that they're unaware not only of SSI, but unaware of many of the other resources and services that are available. So we'll be prepared to work along with the Social Security Administration as long as it is necessary to work, until we feel that we

have reached all of those isolated persons and told them the story, not only about SSI, but about the other resources and services that are available.

Mr. CARDWELL. Could I comment at that point, Mr. Chairman?

Senator CHURCH. Yes, certainly.

STATEMENT OF HON. JAMES B. CARDWELL—Continued

Mr. CARDWELL. I think there are two other things we might add, but before doing that, I would indicate that, as Commissioner Flemming has suggested, as far as long term continuing outreach is concerned with respect to the aged, we would look to the Administration on Aging to be in the forefront of that overall effort on a continuing basis. However, I would see ourselves as doing two special SSI-oriented outreach steps following phase 2, and I couldn't at this stage tell you exactly when and how we would do them.

We would need, using census samples and the like, we need to make another effort to be sure we have the right estimate of the universe, and we have got to continue to work on that. I'm not satisfied that we know the universe yet.

And I think the other thing that the sample would lend itself to would be the determination of an evaluation of the outreach effort itself. I'm trying to sample the population to see how many of them have heard of the SSI outreach effort, whether it meant anything to them, whether the approach interested them, and whether it encouraged them to come in, or discouraged them from coming into a Social Security office. We need to examine that.

Those are things that we will work on perhaps starting in the winter.

Commissioner FLEMMING. Mr. Chairman, if I could just give you one brief case history which shows the accumulated impact of these outreach efforts. This comes from the report submitted to us by the Red Cross, and it says:

Many people contacted in SSI-Alert had been known to the Red Cross chapter in project FIND, which was carried on a little over a year ago. One woman was remembered whose income was \$75 per month with no other assets. She never ate lunch, her reason being she was not hungry. After she received food stamps, she began eating lunch. She was assisted in applying for SSI, and when she received her first check, she was so happy because the check was the most money she had ever had at any one time in her life.

Now, that's just one case history, which I think does illustrate the cumulative impact of continuous outreach efforts.

Senator CHURCH. Thank you very much, Commissioner Flemming. I do concur with you that one of the most difficult problems we face in connection with any of these programs is making certain that the knowledge of them reaches people that oftentimes are terribly isolated from contact and what's going on.

Senator Tunney has asked me to put a couple of questions to you. I want to put his questions, together with a letter he has written to you, concerning the SSI program, into the record. The letter is dated July 12.

He's asked that a copy of the letter be included in the record.

[The letter follows:]

U.S. SENATE,
SPECIAL COMMITTEE ON AGING,
Washington, D.C., July 12, 1974.

DEAR COMMISSIONER CARDWELL: I am writing to urge that you immediately institute an emergency plan that will ensure that Supplemental Security Income recipients receive their benefits on a regular basis.

Since the inception of the program in January, my offices in Washington and California have been besieged by complaints from aged, blind and disabled persons—some facing eviction, some unable to buy food—that their checks are arriving weeks or months late, or not arriving at all.

In San Diego alone, the Director of the Social Security Office has said there are 880 aged, blind and disabled persons who are not receiving their checks on time. Some have never received their benefits.

These benefits are matters of right and of law for the recipients. With today's crushing inflation, many of them have been forced literally into a battle for survival because of the Social Security Administration's inefficiencies and its failure to systematize the SSI program.

This week, a woman called my San Diego office because she had not received her benefit check. She is 67, has a heart condition, she is penniless and totally without food.

In Los Angeles, a terminal cancer patient had not received a benefit check since April and called my office out of sheer desperation.

It took six calls from my office to the Social Security Office to obtain a forced payment for a couple who had been without benefits since April.

Recipients complain that they cannot get through the switchboards at local Social Security Offices and that when they appear in person, they are often given the bureaucratic shuffle.

I am sure you are aware, Mr. Commissioner, that thousands of elderly, blind and disabled Americans have been reduced to scrounging for food in garbage cans, to shoplifting from supermarkets, to eating dog food for survival.

It is of little solace to these people to hear explanations about computer misprogramming or other excuses by the Social Security Administration.

Simple decency and humanity demand that you immediately develop an emergency plan to systematize the SSI program and get benefit checks to recipients regularly and on time.

Deadlines must be set and met to process claims. Adequate counseling must be offered to both Social Security personnel and applicants and recipients to ensure that errors are not made when information is put on computers.

We are dealing, Mr. Commissioner, not only with the dignity of thousands of elderly, blind and disabled American citizens, but with their very survival.

I urge you to put the Social Security Administration on an around-the-clock basis if necessary to make the program effective and efficient. We cannot tolerate further delays.

I see no reason why a program in operation for more than six months cannot be made to operate satisfactorily by the end of July. I implore you to meet this deadline and urgently request that you outline steps you will take to meet it within one week.

Sincerely,

JOHN V. TUNNEY,
U.S. Senator.

Senator CHURCH. After I put these two questions of Senator Tunney to you, I want to turn to you, Senator Fong, for your questions, and then I will follow with my own.

Senator Tunney has asked me to pose these two questions to you on his behalf.

First, has the Social Security Administration given consideration to the possible use of an ombudsman to provide assistance in resolving claims, or perhaps provide information to applicants?

MISUNDERSTANDING OF HOW OFFICES ARE RUN

Mr. CARDWELL. Well, I think specifically and literally the answer would be no. I was told of that inquiry and haven't had a chance to examine it in my own mind thoroughly, but at this stage, as an interim

response, I would say that I think the question may suggest a misunderstanding of how the SSA district offices are run.

By and large, they are fairly small organizations. I would hope that each and every employee there would see, as his purpose in being there, the recognition of the needs and concern for the claimant. In other words, I don't think there's a need for a special advocate to be centered in each district office, of which there are over 1,100 by the way. I think the ombudsman idea itself, as I understand the question, is not really needed.

Senator CHURCH. But these volunteers that are working with the SSI-Alert program are really, in a sense, ombudsmen.

Mr. CARDWELL. Some are ombudsmen. In the Midwest, particularly, they have taken on that role, but I would say I think the problem that Senator Tunney is probably concerned about would, I hope, work itself out as we gain greater experience on reference and referral to other social service sources, and as we improve our own capacity to respond quickly.

I think the feeling that there needs to be a special advocate will eventually subside. At least, that would be my hope.

Senator CHURCH. Second, Senator Tunney sent you a letter that I have incorporated in the record. I don't know if you've had an opportunity yet—

Mr. CARDWELL. No.

Senator CHURCH. He wants to know whether anything has been done to improve upon the present telephone service to minimize the delays for Social Security beneficiaries or applicants.

Mr. CARDWELL. Well, this is very close to the question you recently asked us in a letter. The agency has, over recent years, been moving more and more toward use of what is called teleservice centers, where particularly in metropolitan regions, a single number would link the telephone inquiry into a central point, and that point would attempt to answer a question. If they couldn't answer it, they would refer the question to the district office for reply. We've been adding a number of teleservice centers fairly steadily each year.

We are having a particularly difficult problem in the Los Angeles area center. Our own monitoring of the centers suggest that people are not getting through—the number of calls exceeds the capacity, and we are at work on that. The broader question of the—

IRS INITIATES PHONE SERVICE

Senator CHURCH. May I just interrupt there. The center you described might very well be useful in a large metropolitan area, but in many parts of the country, in the rural areas of the country, in my own State for example, it's a big State—85,000 square miles—and the population is distributed rather evenly over the State. I don't know for sure, I think we have four Social Security offices in the State, four different districts, possibly five—I'd have to check to be sure—many people have traveled, some have to travel considerable distances to reach these district offices and many of them are on very limited incomes, and in order to telephone the office they have to pay long-distance rates oftentimes, and the Internal Revenue Service which has one district office in the State has attempted to rectify this by establishing a phone number which is available in the local directory throughout the State, and a person may call that number and reach the district

office without the need to pay long-distance rates, and thus establish telephonic communication with the municipal district office.

Would such an arrangement be feasible for Social Security, particularly in these rural States that will not have the benefit of your communication center?

Mr. CARDWELL. I think generally the answer to that should be yes. We've looked at the IRS arrangement, and we think we've been moving generally in the same direction.

We do not advertise or publicize the question of who pays the toll, and I am told, although I haven't examined it personally, that there are some legal restrictions that we would face there. We will examine those in response to your letter, but leaving that aside, we are now providing toll-free service to about 80 percent of the population we serve, and there needs to be a public policy decision as to whether it should be 100 percent.

There happens to be one claimant from the Midwest who calls my home toll free for some purposes.

I do think that we've got to, and I think that we are trying to, facilitate access to Social Security through the use of the telephone. We've concentrated first in the metropolitan areas, and your suggestion is to pay some attention to the more remote areas. I think it's a proper suggestion.

Senator CHURCH. Well, only because in those areas people have longer distances to travel, and the problems they face may be more acute than in metropolitan areas.

Mr. CARDWELL. I think we have decided essentially though that a single national toll-free number would not work well, partly because we are dealing with, when we talk about referral services particularly, regional variations that would be awfully difficult to control centrally. Our general thinking is that we should have central regional numbers that are tailored to the region, which would permit a person to call a single number without worrying as to whether he's getting the right office. That's our long-term objective.

Senator CHURCH. Well, I'm glad that you're looking further into this because I think it would be one avenue by which communications could be improved, as well as the service improved.

Mr. CARDWELL. I would caution that these highly concentrated telephone service arrangements do have their problems, and of the two big problems that we find, one is traffic control.

Traffic control turns out to be a much more difficult problem than we were told in the analyses. I think there is just a natural limit to how much line we can work into one place.

But second, it's the training of our own staff. Bear in mind these are people who are paid largely at clerical salary levels, to answer forthrightly and on the spot what turn out to be some fairly complex questions.

Those two problems so far have plagued us, but we still are encouraged. We think that it is the right answer, and we will stay with it.

SOCIAL SECURITY SYSTEM CALLED "TRANSFER PLAN"

Senator CHURCH. Finally, Senator Tunney has this question for you.

The July 15 edition of U.S. News & World Report described a number of so-called myths with regard to the Social Security program.

For example, the article said, "The system has been 'sold' as a kind of 'social insurance.'" The author of the article later stated, "The fact is quite different. The Social Security system is little more than a transfer plan under which younger workers, through their taxes, pay for the benefits of those in retirement or disabled, or their survivors and dependents."

What would be your response to this charge?

MR. CARDWELL. Well, I would say first that that article by and large is one of the more responsible and more accurate. However, you have put your finger on, I think, one of the inconsistencies, inaccuracies in that article, and the one that shows up in all of the articles, and there are a number appearing these days. It's the allegation that it really isn't an insurance arrangement at all, and that it is an intergeneration transfer system.

The point is, it is both. They are not mutually exclusive, and when people say as a matter of fact, which this writer did, that it's not insurance, what he was saying is it's not an annuity system and that is correct. It is not an annuity system guaranteeing that a person will get back what he puts into the plan. It was never intended to be. But neither do many types of private insurance provide a guaranteed return. If I could use another bit of insurance jargon, Social Security is like a group or casualty insurance arrangement. Just as we have group health insurance or fire insurance on our houses which we may never collect, it's there to insure us against that casualty should it occur, and thus people are treated disproportionately depending on whether or not they experience one of the risks against which the program insures.

Social Security is just that. It's an arrangement in advance, taken to insure a person against lost capacity to make a living, to earn money, loss resulting from his retirement or his death, or his disability.

So I would argue that it's just as wrong to say it's not insurance in that sense, as it would be wrong to say it's not an intergeneration transfer system, because it is that also.

The current workers, under the financing arrangement pay the current costs of those who are retired.

The other reason many writers jump to the conclusion it is not insurance is that they have this image which in itself would be a myth when examined in the commercial insurance field, that all insurance systems are backed up by cash reserves that would be able to permit them to pay off all the policyholders.

FINANCING BACKED BY GOVERNMENT

The financing of this system is backed by the U.S. Government, and I would submit that the day the Social Security program cannot and does not pay its way is the day when private insurance will also be broken down—our whole economic system will be broken down. It's as good as or as strong as one's own confidence in our system of government, in my judgment.

Senator CHURCH. Well, my father was a very conservative man, a very staunch Republican, and he used to say that he always invested in Government bonds because he didn't have much confidence in the economy. He thought that a terrible collapse was always just around the corner, and he figured that the last thing to go would be the

Government, and that, therefore, among poor choices for investment, Government bonds represented the best.

Maybe in this sense Social Security is a safe investment.

Mr. CARDWELL. That I think is correct. It is my feeling generally.

Senator CHURCH. Senator Fong, do you have questions that you would like to ask?

Senator FONG. Yes. Mr. Cardwell, you have been with Social Security for a long time. Let me ask you this question. Who really is providing the Social Security philosophy, or looking into the subject, or really studying it so that we up here on Capitol Hill can get a very comprehensive concept of where we are going, where we are, and what we are doing?

Mr. CARDWELL. I think that is an excellent question. First, I haven't been with Social Security, per se, very long. You've known me for a long time.

Senator FONG. HEW, yes.

Mr. CARDWELL. My earlier time, usually at HEW, but anyway, I happen to think, as someone who's made his life work in Government, that this is a fairly rare program in that regard, in that it has two built-in watchdog mechanisms that are in the law itself, and most Federal programs do not have such prearrangements for evaluation and commentary to the Congress and the public.

The two that I mentioned—there is a requirement in the law that the program be evaluated by a citizens advisory committee every 4 years, and such an advisory council is in place and working at this moment, and is scheduled to have its report—

Senator FONG. Is that sufficient, an advisory council that meets every 4 years when Social Security is such a viable thing that it's changing all the time?

Mr. CARDWELL. Well, I think it is, myself. I think every 4 years is sufficiently frequent.

WRITTEN REPORT ON TRUST FUNDS

The other arrangement is that there is a requirement in the law that the Board of Trustees, made up of the Secretary of the Treasury who is the chairman, and the Secretaries of Labor and HEW must render to the Congress and again to the public as well a written report of the status of and outlook for the trust funds themselves, and that must be done every year. Also, this particular program has had congressional oversight exercised by the Senate Finance Committee and the House Ways and Means Committee.

I think the opportunity for the Congress to keep abreast of the program—its development and the choices—is exceptionally good. I don't know whether or not the full Congress has always taken advantage of those opportunities, but I think the opportunities are there.

This advisory council will deal with most of the major subjects and topics and issues. I could give you a list of them, if you like, that are now before the public. They include the things that you are hearing about and the subject we just talked about. Their reports on these things will be there for people to consider. I think we have some adequate checks and balances myself. I think they should be used—

Senator FONG. Don't you think there should be a separate council, a more permanent council to be working every day on the problems—outside of the administration people who are directly concerned with administration—so as to give it a little bit more outside—

Mr. CARDWELL. Well, I think the practicalities of making that work effectively are at best limited. I'll explain why I think so. I think that the subjects have such great significance to the economy of the country, the sense of well-being of the people, that these kinds of in-depth reviews deserve the best thinking that we can have, and I think it deserves thinking from a cross-section of the public.

My guess is that if we try to establish a standing, permanent organization for that purpose, it would tend to gravitate toward a built-in, perhaps less objective, bureaucratic approach to our very complex problems.

In other words, I think your chance of bringing the best minds is increased if you have a secular approach and if you draw people from outside of the Government rather than establish a Government arrangement for that purpose.

Senator FONG. Now, you've read quite a few articles in various magazines, which seem to be very alarming as to where we are going, when we'll reach there, what the number of people that will be working will be, who will be taking care of the people who are not working.

It was intended some time back that 10 working persons take care of 1 nonworking; then it dropped to 7 to 1. I think it is now 2 to 1 or 3 to 2, or something like that.

Mr. CARDWELL. It's about 3 to 1 at the moment. And 75 years from now, it's predicted to be about 2 to 1.

Senator FONG. Yes, one person drawing Social Security for every three that are working. Now, doesn't that alarm you?

RISING INFLATION RATE WITHIN ECONOMY

Mr. CARDWELL. Well, I think it in a way reflects the dynamics of our society and the role that we've assigned the Government. We are a part of what has been up until this time a rapidly growing population. Now, we have also had an expanding economy, and in recent years we have been experiencing a rising inflation rate within that economy.

The latter point has been heightening congressional interest, and congressional response to it has been to increase the benefit levels, both the current and long term.

A new phenomenon has entered the picture which adds to the complexity and would create the concern that you are asking about, and that is the realization now that if future demographic conditions develop as our current population estimates suggest, we would have a very tight ratio of current workers to current beneficiaries, and on straight demographic projections I wouldn't quarrel with those facts.

However, I would remind everybody that we don't know enough now, and we haven't given enough attention to what a society built around a zero population growth rate would be like, how it would behave economically and socially.

For example, not included in the equation so far is a question that someone might well want to examine: What happens to other depend-

ency concerns? This is a dependency concern, a concern for how we provide for our older citizens and their welfare and well-being.

We also have, at various levels of government, and in the private sector also, other mechanisms to cover the dependency of young people. If the population is now predicted to curb 75 years from hence, dependency requirements of young people will not be as great, while the dependency requirements for older people as a group will be greater.

The behavior of the work force has not been sufficiently analyzed. If the work force has self-limiting features, it may behave quite differently. People could work longer and retire later because of economic incentives.

None of those things have been adequately analyzed, so I would have to say I'm not yet terribly concerned. I think the system is viable. I think the Congress and the public policymakers will have ample opportunity to look at the phenomena of a changing birth rate in the context of a rising inflationary rate, which is what is happening.

Those two things need to be examined and put in perspective. I think there's ample time to do it. I think it can be done. I think we have all the imagination and all the skill it would take to do it.

Senator FONG. All right. If the projection is correct, then three persons working would take care of two retired—do you think that could be done?

Mr. CARDWELL. Under the present arrangement, yes, I think it could be done. I'm not at this stage advocating it. As I said, I'm not sure if it will come to that.

You see, that is a straight, simple projection, and it's the best that one can do given the economic and demographic indexes that we normally make projections with, but I think the thing is really a lot more complex and subtle than that, and I don't really think it will ever come to that.

I don't know whether I answered your question or not.

Senator FONG. It's very difficult for me to see how if they take \$800 from me a year—I think that's what they take at the maximum, for Social Security—and if three of us were working and they took \$2,400 from the three of us, and they paid more than \$2,400 to each person who is retired, how that could be done, and yet you say you think it could be done. Mathematically, it won't work, will it?

TOTAL PAYMENT OF \$1,300 PER WORKER

Mr. CARDWELL. Actually, for the OASDI program, the current maximum deductions on the employee himself are about \$650 this year. In addition, however, there is an employer contribution, so that the total payment to the system would be \$1,300 per worker rather than \$800. But it would be more realistic if we based our calculations on average earnings. This would result in contributions per worker, including the employer contribution, of only about \$600.

However, even at these earnings levels, the contribution income will only be about 1½ percent less than the benefit outgo for 1974. When total income and outgo for the next couple of years are considered, our projections indicate that annual income will exceed annual outgo. Over the long run though, current projections show an actuarial imbalance of close to 3 percent of taxable payroll.

Senator FONG. And they project that in the future years probably every—

Mr. CARDWELL. As I said, I think that's an exaggeration, to sit here today and predict that 75 years from hence there will be a certain ratio of workers to retirees. I think, on the whole, that if those phenomena emerge, others will come in and will have an impact on the value of the money, the style of work, the relationship of the various kinds of dependency.

If anything, we may be flagellating ourselves by looking out that far ahead and using the indicators we have.

I don't want to say there isn't a logical and proper question to be asked at this time. There is. This is the time to deal with the question. As I've said, this advisory council which will be reporting in the late winter, will be giving some suggestions in response to it.

I think the administration itself will probably make some comments on it in the upcoming budget proposals coming before Congress.

Senator FONG. They project that probably a retiree at 65 would get \$2,000 a month or \$2,500 a month. Is that too ridiculous an amount to be thinking about?

Mr. CARDWELL. That all depends on what happens to the cost of living. If that happens, a loaf of bread will cost a lot, too. Our whole value set will have changed.

Senator FONG. How many times did the advisory council meet last year?

Mr. CARDWELL. Well, the advisory council was not convened last year. Under this statute, it should have been appointed in 1973, but this council got a late start. Its reports are due by January 1, 1975, and upon transmission of those reports to the Trustees and the Congress it will disband. The next council is to be appointed in 1977.

Senator FONG. They just meet once a year?

Mr. CARDWELL. They are appointed once every 4 years, and they meet as frequently as they wish, over a period of nearly 2 years.

Senator FONG. And then who does the staff work?

Mr. CARDWELL. This particular council is relying heavily on its own staff, although the Social Security Administration is giving them executive secretary support. They have consulted members of the academic community from outside and others outside more than they have looked inside to the Government.

Prior councils have apparently relied heavily upon Social Security staff advice. We are behaving as participants but they have their own staff, and they are going to develop their own alternatives.

Senator FONG. What kind of appropriation does the council have?

SALARIES AND EXPENSES FINANCED FROM WITHIN

Mr. CARDWELL. Oh, there isn't a specific budget for the advisory council. Their salaries and expenses are financed from within the trust funds. Their administrative expenses are not significant. The whole thing costs less than \$200,000.

Senator FONG. Is it necessary to really have a more viable council to study this problem in more depth, and give it more attention than the council is now doing?

Mr. CARDWELL. I wouldn't want to assume that this council is not viable. It's chaired by the head of a major university, has several very prominent business leaders on it, including an actuary, and three representatives from the union movement. It has six representatives of the general public—including one representative of the interests of the aging, a self-employed person, an economist, and a noted black leader. I wouldn't want to suggest that it's not viable. I think that it is. I would have to see it given a chance to do its work.

Senator FONG. Now, you have taken over 3 million persons from the OAA program from the States. In that respect, how much money do you think that you have relieved the States of having to spend?

Mr. CARDWELL. Well, it's hard to say what the States would have spent. Let's put it this way. The State expenditures in the aggregate are holding at about the pre-SSI level and Federal expenditures are going up.

Some individual States—California and New York, I think would be good examples—have increased their net outlays, but looking across the States in the aggregate, the total expenditures of all the States is holding about steady and the Federal Government has increased by about 50 percent its outlays so far on behalf of this constituency group.

Senator FONG. I see. How much would that be?

Mr. CARDWELL. The pre-SSI costs were over \$3 billion, of which the Federal share was \$2 billion, and the State share was over \$1 billion, roughly. By the end of this fiscal year, we'll be approaching \$5.5 billion, of which the Federal share will be over \$4 billion.

Senator FONG. I see, so the Federal Government has doubled its outlay.

Mr. CARDWELL. Yes, the Federal Government will more than double on behalf of the beneficiary group. The group will have had their benefit levels increased as a result of SSI.

Senator FONG. In the replacement of checks, what has been the experience of Social Security in the number of checks that have been lost or have been misplaced and have to be replaced?

Mr. CARDWELL. Social Security itself runs an experience rate of one-half of 1 percent per month. SSI runs a lot higher. Welfare generally runs a lot higher. We're expecting it to level off at about 2 percent.

Senator FONG. And what percent of that would be because of fraud, people stealing it, people negotiating it when they are not supposed to negotiate it?

Mr. CARDWELL. I don't have in my head any firm statistics to even put them in the record. The Treasury Department from time to time makes analyses of checks that were reported as nonreceipts and which later proved to have been negotiated, either by the recipient, by the payee, by a member of his family, or by close friends. Treasury says the rate is pretty high.

I would be glad to put it in the record, their data on this. I'd have to ask them for it.

[The information follows:]

INFORMATION FURNISHED BY SSA, BASED ON DATA OBTAINED FROM THE DEPARTMENT OF THE TREASURY

Random studies by the Department of the Treasury provide statistics that 40 percent of the nonreceipt claims, where the check has not been returned as undeliverable or for any other reason and has not been negotiated, result in the immediate issuance of a substitute check. In 60 percent of the cases, the original check has been negotiated when the stop payment is to be applied. The 60 percent breaks down to 8 percent being real forgery cases which result in a settlement check and 52 percent were not valid claims in the first place since the beneficiary received and negotiated the original check.

Senator FONG. Is it possible to have a system in which a person negotiating it will be recognized by a picture, by his signature, so that there wouldn't be so much fraud?

Mr. CARDWELL. Well, I guess this is a possibility. A number of States use the system—New York did. I would be very frank with you, though, SSA as an institution would be very concerned about that idea, and our reason is a bit complex, and let me try to explain it.

SOCIAL SECURITY NUMBER IS UNIVERSAL IDENTIFIER

We are concerned institutionally about becoming the great enumerator for the American population. We are more and more gaining that image as the Social Security number becomes more and more popular as a universal identifier, and we think that system would drive us to that at an accelerating rate.

Second, the administrative machinery of operating centrally a whole system of photoidentification for not only more than 3 million SSI recipients, but between 30 and 40 million beneficiaries of SSA's programs would be tremendous, and we think there are other long-term solutions that are much more desirable, not just for that purpose but for the whole purpose of making payments, and that's direct deposits.

If we can move ourselves at a faster rate toward a direct deposit system we will solve that problem, without having gone into personal privacy any more than we're already in.

Senator FONG. In other words, what you mean is sending the money to the bank, and the man draws on it himself.

Mr. CARDWELL. Right. That's my long-term answer to the problem.

Senator FONG. Mr. Cardwell, suppose I came to the Social Security office and I said I am drawing a very small amount of Social Security and I want the Social Security supplement. I have a child who is in school, he's getting a free lunch because of the fact that I'm not able to pay for it. I'm drawing food stamps.

How do you coordinate it? After you have given them the Social Security supplement, do you notify the food stamp people, do you notify the school that you have taken care of the problem, or how is it done?

Mr. CARDWELL. The SSI program does not count food stamps as income and there isn't any accounting of the free lunch. That is, the school lunch program is not considered as an income matter. However, a person's being a participant in food stamps could be affected by his

eligibility for SSI because food stamp eligibility is generally income related for the household. However, in determining SSI eligibility, we start with the question of the person's resources and the amount of his earned or unearned income, including his Social Security benefit.

But, we don't depend on him to tell us all the information in order to determine SSI eligibility. If he otherwise appears to be eligible, his case is then teletyped into Baltimore and the computer checks the Social Security number. If he is receiving the Social Security benefits, \$20 in Social Security benefits is not counted against his SSI eligibility. Anything over that \$20 is deducted from the standard SSI payment amount on a dollar-for-dollar basis, and anything remaining would be paid to him as his SSI benefit. The matter, however, that must be determined locally in the district offices, relates to the man's other sources of earned and unearned income. This then becomes, I'm sorry to say, very complex. I wish it weren't so complex, but we have to go into the question of whether he works, whether he owns a home, whether he owns an automobile, whether he has a bank account, and things of that sort, or whether he has received any other form of State assistance during the period for which his eligibility is being determined.

ELIGIBILITY DETERMINATIONS MADE BY DISTRICT OFFICE

These determinations are done by persons working in the district office, and they do it by asking a series of questions and getting answers of the recipient.

In the early days of January and February, this itself created a lot of confusion because many recipients and spokesmen for them assumed that SSI would eliminate all of this, and there would be an automatic flat grant. All a person had to do was prove that he was 65. But that isn't the case.

Senator FONG. So you have no way by which you can tell that a person, after he has received support through his supplementary program, and say that's sufficient for his support, to see whether he is still drawing food stamps or not. It's up to the food-stamp people to check with that.

Mr. CARDWELL. Well, that would be a matter for State determination, and I would ask the others here to speak to that. They know more about it than I, but we notify the State that we've put the person on the roll, and we tell them every month how much we've paid them, and so the State can, with that information, apply it to their own program. The Social Security part of it we determine mechanically in Baltimore.

Senator FONG. So you work independently of any other programs.

Mr. CARDWELL. Well, no; I don't want to say it that way. We make our own calculations independently and then we would feed back to the State or the county, as the case might be, all the information that they would need to know—what determination we made with respect to that person, the fact that we enrolled him, how much we pay him—and if they have limitations in their own program, they can apply them.

Senator FONG. So, from independent offices they should catch that.

Mr. CARDWELL. Yes, sir. I think that is correct if you mean that the

various offices administering other programs would have access to information about SSI status needed in the administration of their programs.

Senator FONG. Thank you.

Senator CHURCH. Thank you, Senator. Commissioner, in our field hearings we've run across a great deal of testimony about borderline cases. I know this is a problem that has plagued you. In making your determination for eligibility, what is the eligibility period that you examine, what time frame?

Mr. CARDWELL. Well, basically from the time the person first encountered the program. If he was a person identified through outreach, we would start the period whenever he indicated to us his interest in determining whether he was eligible.

If he was a person who came in off the street and filed for benefits, the period would commence the first day of the month in which he filed. We would take into account his assets and resources from that point in time.

Senator CHURCH. Yes; what I'm thinking of, you're trying to determine his assets and his resources—his income—now, over what time period?

EARNED AND UNEARNED INCOME EVALUATED

Mr. CARDWELL. Well, the calculations under the law are made quarterly—a person's assets and earned and unearned income are evaluated on a quarterly basis even though the payments are made on a monthly basis.

Senator CHURCH. Now is it true that if an applicant has more than \$1,500 in a bank account he is considered ineligible?

Mr. CARDWELL. Yes, sir.

Senator CHURCH. And a married couple that has more than \$2,250 as their lifetime savings, they would be considered ineligible?

Mr. CARDWELL. Yes, sir.

Senator CHURCH. And what evaluation do you place on the house and the automobile in making your determination, what evaluation do you place on it?

Mr. CARDWELL. An automobile valued at less than \$1,200 is not counted. With the exception of two States—Alaska and Hawaii—where the level is \$35,000, the house and all of the land associated with the house are excluded from resources if their total value does not exceed \$25,000, based on current market value as determined by local assessment practices.

In January, February, March, and even up into April and May, we tried a policy which split the land, if the house seemed to be on land that was available for agricultural purposes, and we recently changed that to treat all the land as a residence.

But in straight answer to your question, it's a \$25,000 value limit on a home in all the States but two—Hawaii and Alaska—where it is \$35,000.

Senator CHURCH. Does this mean that people with such limited amount of money that represents their savings, such as funeral expenses and that sort of thing, are rendered ineligible but may take the money and give it to their children or someone else and become eligible?

Mr. CARDWELL. By and large, I think the answer to the question is yes. It's a program that has thresholds and people will fall either on the inside or outside of the boundary line.

The former programs that this replaced had the same characteristics. This is one of the inherent difficulties in administering a means-tested program. It shows up in all such programs.

Senator CHURCH. Yes. The Social Security Administration's interpretation of income charity is considered a form of in-kind income, and this has caused residents of private, nonprofit retirement homes to receive less income under SSI than they did under prior welfare programs, or overinterpretation has reduced the private, nonprofit institutions' capacity to care for needy individuals.

Now, it's my understanding, Commissioner, that efforts are being made to correct this interpretation. Could you give us some additional comment?

Mr. CARDWELL. Well, I would like very much to be able to give you an answer today as to what the change in interpretation would be. As with many of the SSI problems, it turns out to be very complex.

INTERPRETATION OF CONGRESSIONAL INTENT

The original idea started with the interpretation of congressional intent which was that income in-kind should and must be recognized on the theory that the purpose of the program was to provide a level of income maintenance that would be financed by a combination of sources, of which the Federal financial source was but one.

It has evolved, as you suggested—Ohio is the State where we had the most difficulty—that both charitable and personal contributions on behalf of individuals were treated as unearned in-kind income and have denied recipients' benefits either entirely or have caused them to be at a lower level than previously prevailed in the old program.

Now, we don't frankly want to see that happen. We don't think that it is logical or sensible or equitable.

Senator CHURCH. You are trying to work this out?

Mr. CARDWELL. Yes, sir, we are working on it, and I would hope that before this committee finishes its deliberations we could have before you our latest thinking on the subject.

Senator CHURCH. Good. I wish you would, as soon as you have a proposal formulated that you think will work, I wish you would inform me.

Mr. Weikel, I have a question for you. In determining Medicaid availability for newly eligible SSI recipients a State, I understand, may opt to use Federal criteria or its own criteria. These different standards have caused some problems. Would you comment on this?

Mr. WEIKEL. While the States do have that option, 34 of the States have chosen to accept the SSI criteria as a determination of their own Medicaid eligibility, and of that number, 8 of the States have chosen to make the eligibility determination themselves. The other 26 have negotiated with the Social Security Administration to make that determination.

I think some of the problems that Mr. Cardwell has pointed out in terms of the implementation of the SSI program certainly had an impact in the determination of the Medicaid eligibility. We certainly do have some interface problems, but it's an area that we're currently working on.

Senator CHURCH. Do you think it's desirable to have uniform standards for newly eligible SSI recipients? In other words, do you think it would be desirable to legislate a uniform standard to determine Medicaid eligibility?

Mr. WEIKEL. Well, I think—

Senator CHURCH. Or make them automatically eligible for Medicaid if they are eligible for SSI?

Mr. WEIKEL. Well, certainly that's one approach approach that could be considered. Under the law, section 209 (b) provides the States with the specific option to use a lower eligibility criterion; that is, the standard they had in effect in January of 1972.

SIXTEEN STATES CHOOSE LOWER ELIGIBILITY CRITERIA

This protected them against the anticipated, very large increase in their Medicaid expenditures, and 16 of the States have chosen to use those lower eligibility criteria.

Senator CHURCH. Now, is it true that in those States where the SSI recipient might or might not be eligible for Medicaid, that those who are not eligible under the State standards would be eligible for Medicare or they would not be if they were less than 65?

Mr. WEIKEL. I don't believe I understand your question.

Senator CHURCH. Well, under the present law, just for the record, would you explain what SSI and what medical care SSI recipients receive if they don't meet the eligibility standards of the States. Does that mean that they get no medical care at all unless they're under 65 and do not have Medicare?

Mr. WEIKEL. That would be correct.

Senator CHURCH. Do you have any recommendations to make with respect to changing the law in this regard to cope with this kind of a gap?

Mr. WEIKEL. Well, I think this is one of the gaps that we have taken into consideration in our national health insurance proposals. We're trying to develop those proposals to eliminate that gap.

Senator CHURCH. Well, the only recommendations you have to make then would be those in connection with a general national health insurance plan, is that right?

Mr. WEIKEL. Well, at this point that is what we have proposed. Of course, elimination of the section 209 (b) option would assure Medicaid coverage of all SSI recipients.

Senator CHURCH. Now, I'm told that Mr. Springfield has a short statement that he would like to present. I think we should do that at this time, and then I'll have a few questions before we continue.

Mr. Springfield?

STATEMENT OF JAMES SPRINGFIELD, DEPUTY ADMINISTRATOR, FOOD AND NUTRITION SERVICE, DEPARTMENT OF AGRICULTURE

Mr. SPRINGFIELD. Thank you, Mr. Chairman. I do have a very brief statement which I would appreciate the chance to read at this time.

Thank you for your invitation to present the Department's views on the eligibility of Supplemental Security Income (SSI) recipients for the food assistance program. Since the needy family commodity dis-

tribution program has been replaced by food stamps virtually throughout the United States, the discussion below will refer only to food stamps.

This matter has been of great concern to us since the enactment of the Federal SSI program in October 1972 which replaced the public assistance programs for the aged, blind, and disabled.

In dealing with the relationship between SSI and food stamp eligibility, it will be instructive to review briefly the legislative history of the impact of the SSI legislation.

The initial legislation enacted in October 1972 was at first proposed as part of H.R. 1 which at that time also included large-scale changes in welfare programs for families. This bill would have replaced food stamps by cash assistance for all welfare recipients. However, the House and Senate could not agree on changes in the family welfare program and so the bill, when signed, had revoked food stamp eligibility only for the aged, blind, and disabled welfare recipients; those receiving aid to families with dependent children payments retain their food stamp eligibility.

CONGRESS CONCERNED WITH INEQUITIES

As the SSI implementation date of January 1, 1974 drew near, Congress became concerned with the inequities inherent in the initial SSI legislation and genuinely attempted to prevent the aged, blind, and disabled from losing benefits to which they were entitled under the old welfare system. Thus Public Law 93-86—Agriculture and Consumer Protection Act—of August 1973 restored eligibility for food stamps to certain SSI recipients to insure that they would not suffer a loss of income under the new Federal program. The legislation requested that eligibility for food assistance would be made on a case-by-case basis.

This would have made it necessary for the States to maintain the records and staff involved in the old public assistance programs for the aged, blind, and disabled in order to make a determination of whether or not a person would be eligible for food stamps, even though that system was no longer in use for any other purpose.

While this amendment represented an attempt to provide more equitable treatment to certain SSI recipients, it would have perpetuated a massively complex eligibility determination process, resulting in high administrative costs and the potential for great abuse. In his statement upon signing Public Law 93-86, the President said that while he was "willing to go along with the restoration of food stamp eligibility, the particular device used in this bill for achieving that end is highly undesirable and must be corrected."

The President's concern over this provision was shared by other Federal and State officials. Thus, in December 1973 the SSI legislation was further amended—Public Law 93-233—for an interim 6-month period ending July 1, 1974—to give the Congress time to work out a permanent solution.

Under the interim agreement, SSI recipients retained eligibility for food stamps except in those States where the Secretary of HEW determined that SSI payments had been adjusted to include the bonus value of food stamps in cash. Five States—New York, Cali-

fornia, Massachusetts, and Wisconsin, for all categories, and Nevada for the aged and blind—indicated that SSI recipients would receive the cash equivalent of the bonus value of food stamps. In all other States, SSI recipients living alone or in households consisting solely of other SSI recipients were eligible for food assistance without regard to their income and resources but simply because of their SSI eligibility. On July 8, the President signed Public Law 93-335 which extended this provision to July 1, 1975.

The Department feels strongly that this interim legislation does not represent a final solution. While it is workable from an administrative standpoint, there are still problems which complicate program administration in those States where SSI recipients cannot be considered household members. In the so-called cash-out States the income and resources of the ineligible SSI recipient cannot be considered in determining the food stamp eligibility of other household members who do not receive SSI. Although it is obvious that moneys provided by the SSI recipient are being used to meet household expenses for the benefit of all members, such moneys cannot be counted as income to the household.

SSI RECIPIENTS ELIGIBLE FOR FOOD ASSISTANCE

As a result, the remaining household members participate with a reduced or no purchase requirement. This is not equitable to other households where all countable income and resources must be taken into account in determining food stamp eligibility. Also, SSI recipients in the non-cash-out States are eligible for food assistance without regard to income or resources.

Although households in which all members are considered in the grant for aid-to-families with dependent children are also eligible for food assistance without regard to income or resources, the Department feels, as a general principle, that the eligibility of all households applying for food stamp benefits should be determined in the same manner; that is, on the basis of income and resources.

This would mean that every household applying for food assistance benefits would be treated in the same way and would be eligible or not eligible based on income from whatever source and resources. This would apply to the current cash-out States also.

The administration has proposed, among other amendments, such legislation with respect to SSI recipients which was introduced in the Senate on July 8 as S. 3726. The Department urges prompt congressional action on this proposal.

Thank you again for giving us an opportunity to present our views on the relationship between SSI and food stamps.

Senator CHURCH. Well now, the enactment of S. 3726, would you support that?

Mr. SPRINGFIELD. Yes.

Senator CHURCH. It would eliminate a great many people who are now eligible for food stamps, would it not?

Mr. SPRINGFIELD. The numbers on that are very difficult to come by. It would probably eliminate some people who are SSI recipients and whose total income exceeds the current eligibility standards for food stamps, but in general it's our feeling, as far as food stamp eligibility.

and participation is concerned, that money is money and that generally on the basis of equity it's fair, that the eligibility for stamps be determined on how much money is available to a household whether they're SSI recipients or AFDC recipients or having income from work.

Senator CHURCH. In order to be eligible for food stamps now, what is the income limitation? Is it \$194 a month?

Mr. SPRINGFIELD. I have those figures somewhere here—currently for the eligibility standards, it varies by household size, and for a one-person household the maximum monthly income for the 48 States and the District of Columbia is \$194, Senator. For two people, it's \$273. This eligibility standard is related to a cost of food and is adjusted semiannually to reflect any change in the cost of food.

Senator CHURCH. So what you're really objecting to is the present law which makes SSI recipients automatically eligible for food stamps.

Mr. SPRINGFIELD. Well, what we have at the moment really is a mixture.

Senator CHURCH. Unless you're dealing in a State that has cashed out.

Mr. SPRINGFIELD. Right. In five States, we have them automatically ineligible, as a category, and in the remaining States they're automatically eligible as a category. Our view generally is that we ought to move toward counting all cash and resources and apply the same to all applicants, regardless of the source of their income.

Senator CHURCH. You approve of the action taken by those States that have cashed out the food stamp program?

SOME FAMILIES ARE WORSE OFF

Mr. SPRINGFIELD. Well, not necessarily. As you may know, that legislation was recently amended because, while people in those States are supposed to be receiving a State supplementary payment which includes the bonus value of food coupons and which, with the SSI payment, should equal the benefits they were receiving prior to the enactment of SSI, there are, in fact, some families who are worse off. This results from the fact that because of the administrative burden in calculating the amount of bonus coupons each individual household received prior to SSI, the State supplement of the cash equivalent of the bonus value of food stamps is set at \$10 for an individual SSI recipient and \$20 for an SSI couple. Undoubtedly, some individual families who had received larger bonuses are worse off.

On the other hand, in the cash-out States, households consisting of SSI recipients and non-SSI recipients get a substantial break insofar as eligibility and the amount required to be paid for food stamps are concerned. The law specifies that SSI recipients cannot be counted as household members, therefore their income and resources cannot be counted for food stamp purposes even though the income is shared in meeting household expenses. Such mixed households get a substantial break because of these inequities. It seems to us that, in principle, categorical cases of eligibility, such as SSI recipients and AFDC recipients as well, should be eliminated and eligibility of all households be determined on the same basis, that is, on the basis of income available to the household.

Senator CHURCH. I have one final question for you, Commissioner. Under the present SSI program, monthly income standards are now

\$146 for an individual and \$219 for a couple. However, these figures are still below the official poverty thresholds which are estimated for 1973 to be about \$180 per month for an aged individual and \$225 for a couple.

Our principal purpose in enacting the SSI program was to try to reach the people most in need, in the hope that we might begin to eliminate poverty in this country among the elderly.

We still seem unable to devise a retirement program that succeeds in abolishing poverty for the elderly of this country, let alone others who live in poverty.

Do you think that we can succeed in doing this? I understand the problem that inflation has imposed on the retirement programs, and our seeming incapacity to deal with inflation is probably the most serious problem facing us domestically today. But, I wonder if you could give us your estimate of what it would cost to establish the eligibility levels for SSI at a point that would in fact lift the income of these people above the poverty level as it's defined in the Federal Government itself. We continue to fall short of this goal, and I think we ought to know what it would cost to achieve the goal.

PROJECTION OF 7.6 MILLION BENEFICIARIES

MR. CARDWELL. Well, my understanding is, using current definitions, that an additional 2.5 million people counted in terms of individual eligibles and couple eligibles would be added to the current SSI roll. In other words, taking the 1975 projection of 5.1 million beneficiaries, we would end up with about 7.6 million, and on that basis, it would increase the cost of the program in 1975, the current fiscal year, by over \$3 billion, \$3.4 billion more, to be exact.

As much as we share your concern about the end objective, the desirability of achieving it, I am not optimistic frankly about our capacity to finance it at this stage given the mounting pressure that is developing on the Federal budget, with the Federal budget being looked to again as one of the economic levers the Government has available to it as a fight against inflation generally. It's a very tough choice always.

SENATOR CHURCH. Well, it's a question of priorities, isn't it? We're being asked to approve \$100 billion for the military this coming year. Altogether, the foreign aid program has gone up 72 percent in the last year. These are tremendous jumps in these areas of Federal spending, being urgently requested by President Nixon.

I suppose it just comes down to what priority we can give how many people, and how much we care about abolishing poverty in this country.

MR. CARDWELL. The priority that we have followed so far, insofar as SSI is concerned, of course, was to improve the base commensurate with the change in cost of living. To reach the poverty level, per se, sad to say, you would require increasing the base.

SENATOR CHURCH. Yes, but it does not do any good to simply establish a mechanism and device to make adjustments based upon an increase in the cost of living.

If you start from a base that's below the poverty line to begin with, you just perpetuate it. You perpetuate the situation. You never catch up. You never succeed in bringing these people above the poverty level.

Well, this is a problem that we have to deal with in both the Congress and the executive branch. I hope that we can devise a system that will finally bring an end to poverty among the elderly in this country.

We're the richest country in the world and if we can't do this—it seems to be a damning thing in our society.

Thank you very much, gentlemen, for your testimony this morning. We'll begin this afternoon at 2:30.

[Whereupon, the hearing was recessed at 12:20 p.m.]

AFTER RECESS

Senator CHURCH. The hearing will please come to order.

Our next witness is Bill Hutton, executive director of the National Council of Senior Citizens. He is accompanied by Irvin Ryan, Lucy Thornburgh, Bea Kersten, and Barbara Marks.

STATEMENT OF WILLIAM R. HUTTON, EXECUTIVE DIRECTOR, NATIONAL COUNCIL OF SENIOR CITIZENS

Mr. HUTTON. I will introduce my fellow witnesses, if I may, sir, in the interest of conserving time, because I know you had a busy morning.

Perhaps I should say that my name is William R. Hutton. I am executive director of the National Council of Senior Citizens.

I have submitted my testimony, Mr. Chairman, and I would like to ask that you include it in the record.* I will spend my time for the next few minutes highlighting some of the testimony which I have introduced and commenting on this morning's testimony. Afterward, I would like to yield the rest of the time to the people I brought in to testify from various States. They are people who have volunteered their time working on this SSI program and I am sure what they have to say will be of great interest to you.

The central question raised in my testimony is a very important one. It is this: Has this administration utilized every resource available to it to promote this Supplemental Security Income program or has it, through the devious genius of administrative redtape, managed to program SSI for failure or at least delay in order to implement SSI at a better, more convenient, budgetary period?

SSI was developed and designed to help those aged, blind, and disabled Americans who find themselves unable to meet the costs of the barest necessities of everyday life without subjecting them to the indignities of past State-based public welfare programs. However, as this morning's testimony indicated, the program thus far has not been an unqualified success.

INEFFECTIVE IMPLEMENTATION OF SSI

I was interested this morning to hear the Commissioner say something to the effect they have not had rave reviews. In letters we have received from an irate public, there has been considerable raving about ineffective implementation of SSI.

*See prepared statement, p. 577.

Well, I can only say, Mr. Chairman, at our office at the National Council of Senior Citizens, we are also receiving an increasing number of letters from our members and other senior citizens who do not understand the differences between the new Social Security-administered SSI program and old-age, survivors, and disability insurance program, properly known simply as Social Security. In the public mind, the difference between these two programs is much more confusing than that between Medicare and Medicaid programs. The problem of confusion of programs must be addressed by Social Security.

However, our testimony deals with the single most important problem to be solved during the balance of this first year and for the next few years, accessibility to SSI. We must deal with the problem of making accessible the benefits of this program to those which Congress has declared eligible. I was very much interested this morning in phase 1 and phase 2, as described by the administration. Whenever we have difficulties with something, we give it a phase number that people can kick around the corridor and then lose. It seems to me if phase 2, for example, includes a mailing to 5,200,000 people whom SSA really considers eligible for SSI, they did not have to wait, given a leadtime of 14 months on the program, the administration did not need to wait until 6 months after implementation to think about that mailing. That kind of mass mailing should have gone out 6 months before implementation.

I want to recall to you, Mr. Chairman, that after the introduction of the Medicare program, we did a very successful Medicare alert, with the full assistance of the Social Security Administration. Thousands of elderly people were hired at a small fee. For example, they earned \$2 an hour, 4 hours a day, working for 3 months. It was premised on older people reaching out to older people. The result was that in a very short time, we were able to sign up 96 percent of the Medicare eligibles for the additional supplemental insurance.

One wonders why that kind of a decision was not made this time.

Senator CHURCH. Is it not true there was about a year's notice to Social Security that this program was coming along?

14 MONTHS LEADTIME

Mr. HUTTON. Fourteen months leadtime, Mr. Chairman.

Senator CHURCH. Your point is after 14 months leadtime and 6 months in the program itself, it has occurred to them in phase 2 to go mailing out to the people who are prima facie prospects for eligibility?

Mr. HUTTON. It would seem to us that if last July, a year ago, that mailing had been sent to 5.2 million potential recipients there would have been ample time for responses. People could have come back and said, "Yes, I think I am eligible. Please, Social Security, get in touch with me, or where should I go to get instructions from you?" Our volunteers would have been giving assistance and we would all have been that much further ahead in implementing SSI.

It does seem to me, if you had designed it in order to save the country money, the administration money, you could not have designed it better. If you designed it for older people who needed money to lose money, you could not have done any better. That is a sad, sad commentary on the administration's understanding of the objectives of the program.

It did seem to me, from listening to the testimony this morning, that how you proceed is all according to where you sit. If you listen to the administration spokesman, they are concerned about money and time. If you think about all of the needy aged, blind, and disabled out there, you have to ask the questions: Why was not outreach done earlier and more effective?

Senator CHURCH. Don't you think that was evident in the closing minutes of this morning's session, when I asked what priority should be given to eliminating poverty among the elderly of this country and the response was, I just do not know when we can get around to that; we have so many budgetary problems.

That means there are a lot of other things getting higher attention.

Mr. HURTON. I was glad you focused on the mounting Defense budget and other budgets. It is always the older people that have to carry the burden and not the business and industry.

Concerned as we are with accessibility to the program, we must be sure to make available a prompt and efficient reconsideration and a hearings and appeals process to those who have been denied benefits because that is a very serious problem. However, focusing once more on accessibility in the preapplication period, problems that are dealt with in the testimony as submitted, include the following:

(1) An outreach program; we think that what we have is too little, too late, we would rather have had too much, too soon; (2) convenient geographical location of Social Security offices; (3) removal of that lingering stigma of welfare; (4) assurance of uniform interpretation of eligibility criteria; and (5) an amendment of faulty criteria.

Outreach is something to which I hope your committee will pay a great deal of attention. An undetermined number of potential SSI recipients do not know the program exists or that it is capable of providing them with the benefits Congress clearly mandated.

The problem created for new eligibles not located as yet or located and not enrolled, is that retroactive benefits are not paid under SSI. The losses that these people incur and have already suffered as a result of late enrollment are gone forever. They are permanent losses.

PROBLEMS OF RURAL AREAS

Regarding the problems of geographic location of Social Security in field offices, well, we heard much this morning on the telephone applications. I would like you to hear problems of rural areas. There is a very real problem of the lingering stigma of welfare still there. There is difficulty in making the program known to potential eligibles. There is the problem of making people comfortable with the idea of SSI.

Many recipients are deterred from seeking benefits because they fear that stigma of welfare. The feeling of potential recipients that SSI is a form of welfare is reinforced in some States supplementing the Federal benefit by the continuation of the requirement that recipients fill out forms in compliance with States' lien laws.

Finally, we turn to the implementation of the program. Members of Congress have charged that this administration has used redtape to keep budgeted funds from getting out to other programs authorized by Congress. I particularly refer to the testimony of Congressman Jim

Ryan's report on the delaying tactics of the clean water program so that only \$17.3 million of the congressionally mandated \$5 billion for the program was spent. He discovered in one program designed to reduce water pollution, that rules and regulations imposed on grant applications cut spending in the first 15 months to only 4 percent of the intended level. It is this kind of thing which frightens us as we look at the possibilities that might exist in this SSI program and matters that get a little closer to home. We read that the Office of Management and Budget plans to save \$3 billion during the next fiscal year by tightening spending. Officials hope to save \$1 billion as fewer people apply for social program aid, according to a statement made by the Director of Office of Management and Budget, Roy L. Ash.

We believe SSI was designed as a great social experiment which would transfer America's weakest citizens to a program designed to preserve their self-respect. If the administration refuses to set into place a properly staffed, well-organized team of administrators, then we the citizens, who cannot hold appointed officials accountable, will be left with the ashes of failure on this program rather than the fires of compassion and human warmth. It was compassion, I believe, that started the program at the beginning.

We want to point out that although the Nixon administration has had more than 1½ years leadtime, Social Security still does not have a complete hearing and appeals system in place and functioning. In fact, it is these and other failures that lead us to speculate that the Nixon administration may have programmed SSI for failure or devastating delay.

Now, I also see that the possible intention of programming a disaster by the administration in its failure to utilize effectively the Social Security system for implementing SSI, is a prime reason for insulating the Social Security system from partisan political issues.

When the Director of OMB and the Secretary of the Treasury tell us gleefully that \$1 billion can be saved on our income assistance programs, we have to come to the terms with ourselves on the need to create a Social Security system freed from the hands of the politicians. Therefore, we support the excellent bill which you have introduced. The only way to guarantee the integrity of Social Security is to remove it from the Department of Health, Education, and Welfare and its political interference.

Senator CHURCH. Without objection, the prepared statement of Mr. Hutton will be inserted into the record.

[The statement of Mr. Hutton follows:]

PREPARED STATEMENT OF WILLIAM R. HUTTON

Mr. Chairman, members of the Special Committee on Aging, my name is William R. Hutton. As executive director of the National Council of Senior Citizens, I am here today to represent the views of our members regarding Supplemental Security Income (SSI). We appreciate the opportunity to participate once again in your hearing on the "Future Directions in Social Security."

We applaud the committee's inclusion of an early assessment of the Supplemental Security Income program. Hopefully, these hearings will not only serve the essential oversight function but will also provide a valuable educational function about the concepts and provisions of SSI.

In our office, we are receiving an increasing number of letters from our members and other senior citizens who do not understand the difference between the new Social Security-administered program of Supplemental Security Income

and the old age, survivors, and disability insurance program, popularly known simply as "Social Security."

In the public's mind the difference between these two programs is much more confusing than between the Medicare and Medicaid programs.

Our membership includes people from all parts of the country and from all walks of life. However, the majority of the members are retired working people. They are the people who have built this country. They have contributed their physical strength through their daily labors. They have contributed their financial share by paying the taxes that have built our schools, our roads and our public institutions. They have contributed to the quality of life in America by adding their moral fiber and compassionate sense of common humanity to the support of programs designed to benefit their less fortunate fellowmen—the aged, the blind, the disabled, and the disadvantaged.

In bringing to your attention some of the problems that have developed in SSI during its first 6 months of implementation, we recognize that we are in the early stages of this program. Yet, for many of those whom Congress intended to benefit, the sands of time have already run out. We specifically draw your attention to the elderly recipient who is not able to wait patiently for the administration to program the technology for performance. However, some of the problems that we at the National Council see, lend themselves to legislative correction and we shall try to identify those as we go along.

In order to better describe program problems, I have invited three members of the National Council of Senior Citizens to add their valuable "grass roots" perspectives.

The three members who are here today are from diverse parts of the country and each is from a State in which SSI is provided just a little differently from the other two.

On my right is Mrs. Lucille Thornburgh, of Knoxville, Tenn. Mrs. Thornburgh is the coordinator of the Knoxville Senior Aides, a program operated by the National Council of Senior Citizens on behalf of the U.S. Department of Labor and has served on both the SSI-Alert program and the current community action program searching out people who are eligible for SSI in Tennessee.

Tennessee has a population of 4,200,000 of which 415,000 are elderly. In January 1974, 89,927 people in the State were receiving SSI. 55,401 are aged, 1,583 blind, and 32,943 disabled. Tennessee does not supplement the Federal benefit levels because they are higher than the previous public assistance levels. Therefore all recipients in Tennessee are completely dependent upon the success or failure of the Federal administration of the program.

Beyond Mrs. Thornburgh and to her right is Mrs. Bea Kersten, program director of the Senior Aides program that NCSC administers in Minneapolis, Minn. Mrs. Kersten is also the AFL-CIO Community Service worker and has had a vast amount of experience with SSI in her State.

Minnesota has a population of 3,900,000, of which 425,000 are elderly. 31,607 SSI recipients were on the rolls in January 1974. Of these 14,594 were aged, 820 blind, and 16,193 disabled. Minnesota supplements the Federal benefit level for both recipients who were formerly on public assistance and were converted to the new program and those who have been since the first of the year.

To my left is Irvin Ryan, member of the executive board of the National Council of Senior Citizens and also a member of the State of Ohio Commission on Aging. Mr. Ryan's work in aging and on the SSI-Alert have given him some intimate views of the new program and its impact on the elderly in his State.

Ohio has a population of 10,800,000 of which more than 1 million are elderly. In January, there were 97,297 SSI recipients in the State. 43,315 are elderly, 2,352 blind, and 51,630 disabled. Ohio has chosen to provide a State supplement to the mandated category of recipients only.

To my extreme left is Mrs. Barbara Marks, deputy director of Legal Resources for the Aged, a program maintained in the Washington headquarters of the National Council of Senior Citizens. The Legal Resources program from its conception in 1968 has located and developed legal services for and conducted research into the legal problems of the elderly in more than 15 States across the country. Mrs. Marks is an attorney, known to this committee for her interest in and knowledge of the SSI program, having testified before you on the matter of preimplementation problems last summer. She is here today as technical adviser to this panel of witnesses.

Before the other witnesses offer their testimony, I would like to make a few general remarks concerning the implementation of SSI particularly as it relates

to older people. These remarks are based on continuing advice and counsel with members of the National Council of Senior Citizens who are working in an official capacity to implement the program and with those members who are recipients or potential recipients of SSI benefits. Social Security Administration statistics show that some 71 percent of those receiving SSI also receive some type of Social Security payment as well. Therefore some of our members, though hard-working and prudent all the years of their working life, find themselves in these days of double digit inflation no longer able to meet the cost of the barest necessities of every day living and must acknowledge their need for assistance in order to keep their independent life and hold on to their right to remain constructive members of our society.

I. THE MOST IMPORTANT PROBLEM BEFORE US

The single most important problem to be solved during the balance of this first year of implementation and for the next few years, is the problem of making accessible the benefits of this program to those whom Congress has declared eligible. Accessibility in the preapplication period includes: (1) outreach, (2) convenient geographic location of Social Security offices, (3) removal of the lingering stigma of welfare, (4) assurance of interpretation of eligibility criteria, and (5) amendment of faulty criteria.

In the post-application period when a denial of eligibility has been made, there must be: (1) a prompt and efficient reconsideration, and (2) an efficient hearings and appeals process.

In order to effectively achieve the goal of maximizing each of the components of accessibility which have been set out, we must have the complete cooperation of the Department of Health, Education, and Welfare, to ensure that adequate funds are sought and expended on the SSI program.

A. PREAPPLICATION ACCESSIBILITY

First and foremost in making SSI available to the aged, blind, and disabled, is a program of dedicated and effective outreach. An undetermined number of potential recipients do not know that the program exists or that it is capable of providing them with benefits. Many persons confuse the SSI program with Social Security and believe that income maintenance is automatically provided to them if their income and resources fall below a certain level. They do not know that access to the program requires a positive effort on their part in order to be enrolled. Or, on the other hand, some believe that they are not eligible because they have not made contributions to the program.

1. Outreach

Outreach efforts have been limited to regular channels of communication, some demonstrations conducted by the Social Security Administration itself, and SSI-Alert conducted by volunteers under the direction of American Red Cross and funded by the Administration on Aging. However, only 12 percent of the eligibles had been placed on the rolls at the end of 3 months of outreach.

In order to enjoy the benefits of the program, individuals must be aware that the program exists and that they may be eligible for it. The problem created for new eligibles not located as yet, or located and not enrolled, is that retroactive benefits are not paid under SSI. The losses that these people incur as a result of late enrollment are permanent.

2. Geographic Location

Another obstacle to accessibility is the geographic location of the Social Security offices. Arguments can be offered that outreach workers or applications by mail will rectify this situation. Mail or phone applications, while acceptable to the Bureau of Supplemental Security Income may be exceedingly difficult methods for an aged, blind or disabled person, especially those elderly who are unable to use the English language with facility. Since huge waves of immigrants arrived on these shores from Middle Europe at the turn of the century, there are thousands of ethnics, especially in urban areas, who may be eligible but who will not come on the rolls because they are trapped forever behind the language barrier.

However, the 1,300 district and branch offices of Social Security are really the entry point to the program for the recipients rather than the U.S. mails and telephones. Social Security located its offices prior to the advent of SSI and without due consideration being given of the location of the target population. Many recipients are located in areas remote from SSA offices. Transportation to the office,

either to apply for, or question the amount of, benefits is often costly or unavoidable.

3. The Lingering Stigma of Welfare

Many recipients are deterred from seeking benefits because they fear that stigma of "welfare" which, attached to public assistance payments, will also apply to SSI benefits. This is true despite the facts that the payments have been redesignated "income maintenance" and the payment checks come through the mail along with Social Security benefit checks.

The feeling of recipients that SSI is a form of welfare is further reinforced in some States that supplement by the continuing requirement that recipients fill out forms in compliance with State relative responsibility and lien laws. Most recipients do not realize that relative responsibility and lien laws apply only to the States' contribution to their benefits or, if they are aware of the fractionalized nature of the law, they balk at having their tiny estates eroded by levy execution later on when their lives expire. These legal remnants of the welfare concept discourage potential recipients from applying for SSI, although Congress created SSI as an income floor which the public willingly provides to its aged, blind and disabled.

This problem may lend itself best to legislative solution to counteract the effect of administration regulations that interpret the silence in the SSI law to permit the States to continue this practice of deterrence to access to the program.¹

4. Lack of Uniform Interpretation of Eligibility Criteria

Eligibility criteria. The access of the recipient to benefits depends on whether the recipient meets the eligibility criteria required by law. The eligibility under SSI, that is, need based on income and resources, are different criteria in amount from those used under the former welfare programs. The benefit level has been standardized.

Formerly, a standard of need was established by each State; the maximum benefit paid was a fixed percentage of that standard. The individual recipient's benefit was based on his own budget, taking into account his special needs. Under that system benefit levels were not uniform. Filing for benefit would have been extremely difficult for recipients if they had not been handled individually by case workers who could fill in the details of individual budgets for the recipients and calculate their benefits for them. Although the case worker has been supplanted by dedicated public servants in Social Security offices, much of the time those officers are neither trained to cope with difficult clients nor skilled in techniques that could make the application process easier for the aged, blind and disabled. Unfortunately, the applicant, disadvantaged as he is, has no access to an advocate to correct diversities in the system that may be imposed on him and is totally dependent on the personnel provided by SSA, most of whom are untrained in social work.

5. Faulty Eligibility Criteria

A serious fault in the eligibility criteria as legislated can be found in the exclusions from resources in determining eligibility. Among the exclusions is a home, which by regulation, can be calculated as its fair market value of \$25,000.

This is a benefit to a low income urban elderly person whose home has increased in value because of soaring property costs. Land, however, is not excluded. Low income rural elderly who have modest homes on acreage which has increased in value because of inflation are denied access to SSI benefits because they are "land poor."

Another area that needs to be reexamined is the disincentive to earning income such as the 50 percent penalty on all earned income above \$65.00 per month. For the 29 percent of the SSI beneficiaries who are not on Social Security, such a drastic limitation on their earnings would discourage them from applying for SSI at all. We need to review the similarities between this criterion of eligibility for SSI and the retirement test which affects the benefit level of a Social Security beneficiary. The former is funded by the general revenues, the latter plays a significant role in the distribution of money from the trust funds. If our social goals are self sufficiency for senior citizens and fostering pride in them of their own independence, this disincentive to entry into the SSI program should be reviewed by Congress in the near future.

¹ 38 FR 21188-21193, subpart T, sec. 416.2003 (g).

B. POSTAPPLICATION DENIAL OF BENEFITS

1. *Process of Applications*

Let us assume for the moment that an individual has located the Social Security office and been advised that his application will be processed.

On January 1, 1974, Social Security projected a universe of 2.8 million newly eligible recipients in addition to the 3 million who had been converted from the former assistance programs and the 200,000 new eligibles enrolled by the implementation date. As of April 1, 1974, those of us who participated in the SSI-Alert were advised that only 350,000² had been enrolled during those 3 months. If such a pace were to continue it would take more than 2 years to locate and process the 2.8 million. At present, there are hundreds of thousands who are waiting to have their applications processed. If these people are not declared eligible they have recourse to two further procedures, reconsideration and hearings and appeals.

2. *Reconsideration*

An applicant who is denied his benefits may seek reconsideration in the district or branch office where he made his initial application. If, after reconsideration, the applicant seeks a further hearing, he must apply for a hearing in another office of Social Security.

3. *The Hearings and Appeals System*

Changes from the former welfare system have been made in the hearings and appeals process under SSI. The process is now under the jurisdiction of the Social Security Administration's Bureau of Hearings and Appeals. Hearings and appeals may be invoked when benefits have been denied, withdrawn or reduced. By law, the constitutional guarantee of due process requires that the right to a benefit, once established, cannot be abolished without notice and a hearing. Adverse rulings may be appealed by the recipient to a court of law.

Administrative remedies include a complex hearing and appeals process, modeled after the Social Security appeals system but with some differences. Hearing examiners do not have to be more than "qualified persons without meeting . . . specified standards for hearing examiners" under certain sections of the law; recipients may be represented by persons other than attorneys; and any findings of fact certified by the Secretary of the Department of Health, Education, and Welfare are not subject to review by a court of law.

In the view of the National Council of Senior Citizens, the introduction of a new hearings and appeals system creates the need for training of professional and paraprofessional personnel in the law, procedures need to be established within the system for orderly processing of claims. Imperfection in procedures as in any new hearings system may be expected to create inequities and undue delay in rendering verdicts. There will be a need to monitor the operation of the hearings and appeals systems so that deficiencies may be corrected soon enough to avoid excessive harm to the recipients. Recipients and persons responsible for their welfare will have to become acquainted with the mechanics of the process so that it can be utilized properly by the people for whom it is designed.

We are quite astonished to learn that with more than a year and a half of lead time, Social Security still does not have a complete hearing and appeals system in place and functioning.

II. THE ADMINISTRATION'S RELUCTANCE

The final question we ask today is the hardest one of all. Has this administration expended every resource available to it to promote SSI or has it through the devious genius of administrative red tape managed to "program" SSI for failure?

Such an idea would not have been one we would have articulated a year ago, but now when we hear Rep. Jim Wright (D., Texas) state that "Redtape is purposely fostered to keep the budgeted money from getting out,"³ we begin to worry about other areas. The Texas Congressman was referring to the fact that within the first year of the clean water program, only \$17.3 million of \$5 billion planned for the program was spent. Wright said that in one program designed to

² Report, "Total Cumulative Applications for SSI, Through April 1974 and Approximate Disposition as of March 31, 1974," Weekly District Office and Social Security Information Provided to Office of Congressman Ogden Reid.

³ Washington Post, July 2, 1974.

reduce water pollution, rules and regulations imposed on grant applications cut spending in the project's first 15 months to 4 percent of the intended level.

Matters get a little closer to home when we read that the Office of Management and Budget plans to save \$2 billion next year by tightening spending for the next fiscal year; officials hope to save \$1 billion as fewer people apply for social program aid,⁴ according to a statement made by the Director of OMB, Roy L. Ash, during a recent news conference.

Such a public posture would have been unthinkable at one time, but now that "contempt" has seemingly become a virtue, we hear public officials flouting the clear intent of Congress. SSI was designed as a great social experiment which would transfer America's weakest citizens to a program designed to preserve their self-respect. If the administration refuses to set into place a properly staffed, well-organized team of administrators, then we, the citizens, who cannot hold appointed officials accountable, will be left with the ashes of failure instead of the fires of compassionate human warmth.

If ever an argument could be offered to persuade this Government to create an independent Social Security system, it would be this one of politicization of that body. When the Director of OMB and the Secretary of the Treasury tell us gleefully that a billion dollars can be saved on our income assistance programs, we have to come to terms with the need to free Social Security from the hands of politicians. Once again the National Council of Senior Citizens respectfully submits to you gentlemen that the only way to guarantee the integrity of Social Security is to remove it from DHEW and let it become an independent agency.

Before concluding, I want to compliment the members of the Senate for approving two very important and urgently needed amendments to SSI.

These amendments, proposed by Senator Russell B. Long (D., Louisiana) on behalf of Senators Walter F. Mondale (D., Minnesota) and Robert Taft, Jr. (R., Ohio) and rejected by the House conferees when attached to the Renegotiation Act Extension (H.R. 14833), are presently on the Senate-version of the international commerce bill (H.R. 8217).

Hopefully, the House will take the lead of the Senate and accept these amendments.

The Mondale amendment provides automatic increases in SSI benefits which would parallel cost-of-living increases for Social Security cash benefit recipients and require States that make supplemental SSI payments to increase their payments accordingly. The Taft amendment would permit the Federal Government to reimburse States and local governments for emergency assistance payments to SSI eligible persons whose applications had not yet been processed. The amount of the emergency assistance payments would then be deducted from the recipient's retroactive SSI payments.

I thank you again for the opportunity to express the views of the National Council of Senior Citizens on this important new program.

Senator CHURCH. Mr. Hutton, would you please introduce your fellow panelists at this time.

Mr. HUTTON. Mr. Chairman, the three witnesses I brought here today are from different parts of the country, each from a State in which SSI is provided just a little differently from the other two.

On my right is Miss Lucille Thornburgh from Knoxville, Tenn. Miss Thornburgh is the coordinator of the Knoxville senior aides, a program operated by the National Council of Senior Citizens on behalf of the U.S. Department of Labor. She has participated in the SSI-Alert, searching out people who are eligible for SSI in Tennessee.

After her, I would like to turn to Mrs. Bea Kersten on her right, who is program director of the senior aides program which is administered in Minneapolis, Minn. She is the AFL-CIO community service worker and has a vast experience with SSI in her State. To my left is Irvin Ryan, who is on the Ohio Commission on Aging and worked on the SSI-Alert. He has been given some intimate views of the program and its impact on the elderly.

⁴ Wall Street Journal, June 28, 1974.

On my extreme left is Mrs. Barbara Marks, an attorney with our legal resources for the aged project. She has testified before this committee in the past. Her interest and knowledge of the SSI program is vast and she has been acting as technical adviser to our panel.

I introduce Lucille Thornburgh of Knoxville, Tenn.

STATEMENT OF LUCILLE THORNBURGH, COORDINATOR, SENIOR AIDES PROGRAM, KNOXVILLE, TENN.

MISS THORNBURGH. Mr. Chairman, members of the Special Committee on Aging, my name is Lucille Thornburgh. As you have heard, I am the coordinator of the senior aides program, sponsored by the National Council of Senior Citizens in Knoxville, Tenn. I am also presently employed by the Knoxville community action program to search out people who are eligible for SSI. You see, we have approximately 415,000 people in Tennessee who are over 65. However, in January of this year, when SSI started up, we had only 55,401 aged on SSI. Our SSI benefit level in Tennessee is the Federal benefit only, \$146 for the single people with no other income and the \$219 for married couples.

As others have and will testify, the elderly are particularly isolated. There is no other group quite so difficult to locate and inform. Many have no contact with social service agencies and are unknown to the standard providers of such services.

A large number do not visit senior citizen centers or other locations that can provide information of particular interest to the elderly. Even attempts to reach the elderly in their home through the media are largely unsuccessful. Small-print newspapers do not emphasize communication to senior citizens. Television spot announcements are quickly spaced, and the details escape the attention of many elder viewers. Thus, any program that is intended to serve senior citizens must include, not just an information source or a public relations campaign, but a viable outreach mechanism to inform potential beneficiaries of available services. Without outreach, SSI and food stamps can serve only those elderly who are already alert to its benefits and cannot reach the uninformed needy for whom Congress intended these programs.

I believe that our experience with SSI in Knoxville proves that this outreach must be personalized and door to door, if it is to be effective.

RED CROSS DEPENDS ON VOLUNTEERS

The Red Cross does not have the facilities to do the job. As you know, they depend a great deal on volunteers, while the community action committee has outreach workers who are a part of their staff and already know where a lot of potential recipients are that otherwise would not be reached.

As community-based organizations, CAA's involve elderly poor in their policymaking and are, therefore, particularly responsive to their special needs. Since community action is a multipurpose agency, outreach for SSI and food stamps also provides an occasion to discuss other services—such as housing, employment, and legal assistance—and, when necessary, furnish transportation to help the senior citizen reach the service agencies.

Community action is well experienced in outreach and referral functions, and is prepared to follow up with these agencies to insure that those who qualify for benefits secure the services. I think that it highly desirable that these various outreach contacts be combined in the single agency capable of providing this broad help. I recommend that further grants for outreach services to the elderly be made immediately, and that community action agencies be among the agencies implementing the contacts.

I personally have been working on enrolling people; and I have assisted some 400, with the help of CAA outreach workers, to file applications for SSI. My territory includes both city people and also the rural Tennessee families.

Not all of them have received SSI, although I felt that all of them were in need. Now I'd like to tell you about a strange thing I have found as I go through the countryside, because I think you could change the law so that people in my State, or in any other State where the inequity exists, will no longer be prevented from receiving assistance when there is a clearcut need.

What I would like to discuss is the exclusion from resources permitted in order for the person to be considered eligible. Now the law states that the Secretary can determine the reasonable value of a home and that amount shall be excluded from the resources of a person who applies. The importance of this exclusion is the eligibility for SSI is determined on the basis of a person's income and his resources.

The Secretary decided that a reasonable value of the home should be set at \$25,000. It was a fair decision and older people who are hanging on for dear life to remain independent in town, can get a little SSI even though they have a family home which is worth up to \$25,000, provided they met all the other criteria.

However, I would like to describe two different couples that I ran across in the Tennessee countryside.

Mr. and Mrs. Orion Ottinger are a married couple, both of whom are 76 years old. The Ottingers' entire income is Mr. Ottinger's World War veteran's pension of \$154 per month.

They live in a very modest house which is surrounded by their 12-acre farm. The entire property is assessed at \$15,000. The entire farm is mostly pastureland that is very "slatey." When the Ottingers were young they raised tobacco and hay there. They never worked at any jobs that paid Social Security although they worked hard on their farm.

The Ottingers applied for SSI, but were denied it. Now you may wonder why they don't just sell the farm, use up the money and then apply again.

First, they would have trouble selling the farm since there is no right-of-way into it. Second, if two people of 76 sold at a sacrifice and moved out of their lifelong home wouldn't that be enough of a shock to make them ill or even kill them? Where would they go where they could maintain themselves in independence and dignity as they have right there on those 12 acres of Tennessee farmland?

RENDERED INELIGIBLE UNDER ADMINISTRATION CRITERIA

Senator CHURCH. Can you tell me why this farm, being only \$15,000 and consisting of only 12 acres, rendered them ineligible under

the administration criteria? You had said earlier that a \$25,000 home—

Miss THORNBURGH. Senator, that is something that I would certainly like to know. Why can a city slicker own the home at \$25,000—which to me a \$25,000 home is a very nice home—and get SSI while this couple out on this little 12-acre farm can't get SSI? Are we going to penalize the people because they have worked and bought a little piece of land?

Suppose they did sell their farm and get the full value? I do not know how they could do it without a right-of-way. If they did sell it and get the \$15,000 for it, where are they going to go then? Two people, 76 years old, could not move into town into one of the low-income highrises. I think the shock would make them ill, if it did not kill them and with \$15,000 in proceeds from the farm they would not be eligible for SSI. Now, where could they go that they could maintain their independence and dignity as they are doing out there on this farm? I think it is very unfair, that their homestead cannot be excluded and yet a city person can own a house up to \$25,000 and not have it counted. For rural people the little farm is as much their home as four brick walls are to a city person.

Now, I would like to tell you of an even worse case of the Parkers who live just outside of Knoxville.

Mrs. Blanche Parker is 66 years old. Mr. Parker, her husband, is 76. He receives \$81.80 in Social Security. She gets \$116.10, for a total of \$197.90. They each have a life insurance policy, hers is \$1,000, his \$500, for a total of \$1,500.

They have a very modest home, the simplest kind of shelter, clean and neat, but just adequate. However, their house is surrounded by the rockiest, hilliest, poorest land you ever saw. The Knox County trustee's office says this farm is assessed at \$3,788. And here again, the farm cannot be excluded because it is not a \$25,000 house.

I cannot think of anything that they could raise on this farm. They have used it at one time for pastureland but they say now the fertilizers they have to put on the poor ground out there would cost more than they would get out of the hay. This is another one of those places where you could not even raise greens, as rocky and hilly as it is.

These are inequities that I would like to see cleared up. I do not feel they were ever intended to be in the law, but I am afraid it will take your work here to get it corrected for these poor rural Americans who never could get here to tell you their problems.

In fact, when Mr. Hutton suggested I join him as a witness this morning, I was reluctant at first. But then I thought, maybe I can tell the story for the SSI people in rural Tennessee and maybe we can all work together to improve our fellow man's lot.

Senator CHURCH. Thank you very much. I am pleased you came to give us this very valuable testimony.

Senator BROCK. I know the territory you are talking about very well and I know the Ottinger case. I do not really understand—I think the Senator from Idaho and I have the same question: What it is in the regulations that precludes the SSI—

Miss THORNBURGH. I do not know either. I want to know. Is it a matter of local interpretation?

Mr. HURTON. Mrs. Marks can answer that.

Mrs. MARKS. Senator, houses are excluded from resources that are counted for eligibility for SSI. Eligibility is based on need. Need is determined by income and resources. A house that the person lives in is excluded as a resource up to the value of \$25,000. However, it is treated literally as a house. Therefore, if you have somebody who owns a farm, that is a resource that is not excluded. I think it is a semantic program.

Senator CHURCH. Let me be sure I understand what you are saying, if I may, Senator, as a followup.

Suppose the person had a house located on a small acreage, say 8 or 10 acres. If it was poor land and if the house and the land together were worth less than \$25,000, still that person would not be eligible, am I correct?

Mrs. MARKS. That is correct.

Senator CHURCH. Though a person living in a city on a small lot with a house that was worth less than \$25,000 would be eligible?

Mrs. MARKS. That is correct, sir.

REGULATIONS DISCRIMINATE AGAINST RURAL PEOPLE

Senator CHURCH. Then the regulations clearly discriminate against rural people by approving different standards to them if they own more than a lot, even though their actual economy position could be inferior to the person owning a house in the city who is declared eligible?

Mrs. MARKS. Absolutely correct. I do not know if the inequity lies in the regulation. It may lie in the language of the law.

Senator CHURCH. We must look very carefully to the law itself to see.

Mrs. MARKS. Yes. Miss Thornburgh wanted to illuminate that point for you gentlemen.

Senator BROCK. I understand Sumner Whittier of SSI is here and I wonder if we could ask him.

Mr. WHITTIER. What they say is correct. What was at the beginning of the program, we quickly discovered that inequity. There were a number of situations in Tennessee and in Alabama and that has changed and if they would reapply, I am sure that they are at this point eligible.

Senator CHURCH. That is good to know because it was apparently a matter that could be corrected by changing the regulations themselves.

Mr. WHITTIER. Yes; it was all changed by regulation. It did have a very severe effect exactly as described and as quickly as we became aware of it, we did change it.

Mr. HUTTON. I would like to ask if they publicized that because Miss Thornburgh said they did not know of it last week and she has operated the outreach program.

Senator CHURCH. I think every effort should be made to make it known that these regulations have been changed, if that is the case. Perhaps these hearings will help publicize this good news.

Miss THORNBURGH. Does the Social Security office in Knoxville know this has been changed?

Mr. WHITTIER. The information has been sent out, but if they do not at this moment, I assure you by 5 o'clock tonight they will.

Senator CHURCH. Good. You have gotten that much.
 Senator BROCK. That will take care of Tennessee anyway.
 Mr. WHITTIER. Yes.
 Mr. HUTTON. May we move to Minneapolis?
 Senator BROCK. I thank you. Go ahead.
 Miss THORNBURGH. Thank you.
 Mr. HUTTON. Mrs. Bea Kersten of Minneapolis.

**STATEMENT OF BEA KERSTEN, DIRECTOR, SENIOR AIDES PROJECT,
 AND AFL-CIO COMMUNITY SERVICES DIRECTOR, GREATER
 MINNEAPOLIS AREA, MINN.**

Mrs. KERSTEN. It is no simple task to follow Bill Hutton and Lucy Thornburgh. I would like to limit my remarks somewhat and yet, I am afraid if I don't stick to my script, I will get carried away.

Mr. Chairman, and distinguished members of the Special Committee on Aging, my name is Mrs. Bea Kersten. As program director of the senior aides project and director of community services activities, AFL-CIO, Greater Minneapolis area, I am pleased indeed, for the opportunity to be here today, to share with you some of the problems, concerns, and experiences in the area of human need, since the advent of the SSI program, January 1, 1974.

On behalf of Minnesotans, the poor elderly: infirm, disabled, blind, the many workers who serve them; and personally, may I congratulate you for addressing yourselves to an early assessment of the degree of effectiveness of the SSI program.

Minnesota now has a population of close to 4 million—one-third residing in the Greater Minneapolis area—of which approximately 425,000 are elderly.

January 1, 1974, saw 29,600 conversions including OAA, AD, and AB from welfare roles to SSI.

There was indeed chaos for a large number of those 29,600 recipients. Information regarding delays and mistakes spread like wildfire which was certainly not conducive to promoting the program.

The SSI-Alert recruitment and training got off to a slow start and was in operation only 3 months. Red Cross, the SSA, and the SSI-Alert directors were disappointed in the response to the call for volunteers. Of the 30 who completed training in Minneapolis, our office alone provided 12. There is no effective information or publicity program on SSI in Minnesota.

To date, according to information given July 12, by the SSA office the Minneapolis office has certified only 2,000 additional persons as eligible for SSI; the figure is approximately 6,000 for the State. I hasten to add, there has been considerable reference recently to SSA and the danger of its funding running out—this worries many seniors.

ONLY 2,000 SSI ELIGIBLES IN MINNEAPOLIS AREA

As one who has worked with people problems for 22 years, and with several hundred volunteers, including 80 senior aides, who work with people and people problems every day—I find it shocking that our system has found only 2,000 SSI eligibles in the Greater Minneapolis area since January 1.

People cannot be expected to respond to something they do not know about, or understand.

The feedback I get, which has been substantiated by many others who work with the elderly poor, the blind and the disabled is:

(1) People are distrustful and fearful of the new Government programs.

(2) They feel being subjected to a means test is demeaning and degrading.

(3) Minneapolis had a lien law which was repealed in the 1972 legislative session; however, too many people still feel the Government will take their home away if they get any kind of financial assistance other than SSA.

(4) Many with minimum SSA say they would rather struggle along than go through all that redtape.

(5) Last, but not least, the \$166 is in reality a miserly amount when one takes into account the double digit inflation.

While the work I'm paid to do is in the urban area—Greater Minneapolis—I do, in fact, have many contacts and handle many referrals from out-State as well as out-of-State.

In the social welfare field there is a high degree of confidentiality. However, two clients who said please use our names, responded as follows—both reside in rural northern Minnesota, in the Bemidji area:

Mrs. Marie Winn:

What I get now, I'm entitled to through Social Security. My husband and I worked for it. This little acreage is all I have, since Dad is gone. I don't want the State to take it away from me. I don't like all that red tape.

Mrs. Edith Jacobson:

I don't know. What I get now, isn't much, but somehow I get by. It ain't easy, with prices going up every day for food and medicine and doctors. But I just don't buy much at the grocery store no more. But I've got enough to bury me and that ain't no business of the Government.

It took a lot of reasoning and taking these people by the hand to get them to apply for SSI—moral support from someone they trusted was the key. Has the Government made provision for adequate staff to do this kind of job? It doesn't appear so.

Only the day before yesterday, I learned that our local SSA office will have a reduction in staff. When and how will they be able to effectively reach the 29,000 leads—SSA recipients with under \$166 per month—with a reduced staff, when they haven't been able to start an effective outreach effort to date?

UNLISTED NUMBERS, UNPUBLISHED LOCATIONS FOR SSI OFFICES

Two SSA satellite offices have been opened. Both in suburban areas. Both still have unlisted numbers and these locations are unpublicized. How meaningful can such unpublicized offices be to people in the area? Why don't they have the staff to man these offices?

May I prevail on you a few minutes longer to cite just two examples of referrals that came to me personally, not long ago.

Mr. X called, just furious, saying he's had severe health problems for some time, but tried to continue working. He'd missed a lot of work in the last 3 or 4 years. In 1973, his prescription drug bill alone was over \$1,200, while his doctor had told him he couldn't work any more in his condition. It wasn't until after January 1, 1974, that his doctor

said, "If you're lucky, you can live 2 more years at the most." That's when he applied for SS disability benefits. The interviewer who took his application said, "If your claim is allowed, you will get your first check August 1."

Someone told him to call me for help. He said, "All our savings are gone, mostly for doctor bills and prescriptions. What are we expected to live on?"

On questioning him, no one had explained SSI at the Social Security office. He wasn't aware of the 5-month, no-benefit provision of OASDI, and once he found out, he did not know where to turn in the interim. I got an SSI application, helped him fill it out and hand delivered it to a key person in the local SSA office. During the interim period, we got help for him through the VA. He was 59 years old.

Another example. A client was referred to me, saying the family had an emergency. This family, too, had sought help. The head of the household had a very sore mouth. He thought it was a tooth needing care. His dentist looked and said he had to go to the hospital. The man had cancer of the mouth. He had 30 cobalt treatments, lost vision in one eye, lost equilibrium, and applied for OASDI. No one explained SSI or suggested application be made. No one referred him or his family to general public assistance. The SSA staff are not social workers. Our office got the ball rolling. The client died 5 days after he was referred to me.

In talking with the SSA director as to why this case was neglected, the response was that it could happen for a number of reasons:

- (1) The staff needs time to "get used" to the new programs.
- (2) There is a shortage of staff.
- (3) "It takes time to assimilate all of the facts, and our workers are not social workers," he said.

We have an excellent welfare department in our county, with sensitive, well-trained social workers and good facilities. One of the problems seems to be the inadequate staffing and budget for Social Security offices. It is almost like what people don't know about they can't ask about or apply for and therefore less money goes out.

I find the annual report which I receive from our local SSA office, documenting the number of beneficiaries by county and for the State, a most helpful statistic. The annual report for 1973 is just now coming out. We usually get it by mid-July.

AVERAGE MONTHLY INCOME OF \$125.42

In Hennepin County there are 70,770 retired worker beneficiaries whose average monthly benefit is \$176.50. There are presently 6,005 disabled beneficiaries whose average disability benefit is \$189.84. They do not give a separate breakdown for four categories; namely: Dependents of retired workers, dependents of disabled workers, survivors of deceased workers, and special age 72 beneficiaries. These four categories in Hennepin County total 120,300. The average monthly income for this group is \$125.42. This is a classic example of the extent of the job that needs to be done in informing SSA recipients of SSI.

In closing, may I say that I feel that the Congress had indeed demonstrated its concern for the problems of the elderly through the Federal legislation which they have passed and which is pending. I hasten to add there are several ingredients missing.

I can't believe that when Congress passed a Social Security increase it was intended to bail out the housing authority. Yet, because of the financial bind ERDA finds itself in, it needs income from rent, and so some of the elderly's SSA increase goes to the housing authority.

The Department of Agriculture gains when seniors have to pay more for food stamps. Seniors pay more when SSA is increased, so part of their increase goes to the Department of Agriculture.

I realize that eligibility for medicaid varies from State to State. However, again what the person must pay, is based on income, and again when seniors receive SSA increases, it was like a "windfall" to the State welfare department. In other words, how much did the seniors have left in terms of additional buying power, to help them out of poverty? The elderly have had experience in managing finances for many years. They see this failure to retain SSA increments, not as a help, but as a "sham" to help other departments of Government.

May I share with you at least a portion of a letter from a dedicated, sensitive civil servant:

(1) I hear rumors that many persons who were determined eligible for aid to disabled by various county welfare departments may not be eligible for SSI benefits. The rather strict SSA disability standards are being used instead of the medical/social history used by Department of Public Welfare. It is my understanding that everyone receiving AD in December 1973, who was not receiving it in June 1973, will have to reestablish eligibility on basis of tough SSA standards.

(2) Many of you are acquainted with senior citizens housing authority developments. Originally, the tenant selection (priority) was based on urgency of housing need due to displacement or substandard conditions. This is . . . sound . . . when the housing authority goes into the "red" then the top priority becomes ability to pay instead of need which is exactly what has happened in Aitkin County. Seems to me this is more than just a slight deviation from original intent of such housing. If you have a senior citizen housing authority in your city or county, you may be interested in their financial condition. Many may be operating in the "black" by only a few hundred thousand dollars but if price of heating fuel goes up 6 cents a gallon they might be in the "red."

"Life is like a journey on a train
With two fellow travelers at each window pane.
I may sit by your side the whole journey
through
or I may sit elsewhere, never knowing you
Should fate deem me to sit by your side.
Let's be pleasant travelers, 'tis so short a
ride."

I'm sorry. I feel too few people have the opportunity to sit, side by side.

Thank you. I would defer any further remarks to the next speaker.

Mr. HUTTON. Mr. Irvin Ryan, from Youngstown, Ohio, would like to introduce his statement in the record, but he will give a couple of highlights.

**STATEMENT OF IRVIN H. RYAN, EXECUTIVE BOARD MEMBER,
NATIONAL COUNCIL OF SENIOR CITIZENS, AND MEMBER, OHIO
COMMISSION ON AGING, YOUNGSTOWN, OHIO**

Mr. RYAN. Mr. Chairman, members of the Special Committee on Aging, my name is Irvin H. Ryan. I am an executive board member of the National Council of Senior Citizens of Washington, D.C., and 1 of the 12 members of the Ohio Commission on Aging, established

by Ohio's Governor, John J. Gilligan, as well as being president of the Northeastern Ohio Senior Citizens Council, which represents over 20,000 retired persons in four counties of our State; namely, Mahoning, Trumbull, Ashtabula, and Columbiana. I have served as director of the Mahoning County SSI-Alert project and am well aware of the failures and faults of this program.

As you know, the Supplemental Security Income program, commonly known as SSI, was designed by Congress to replace the adult welfare programs of aid to the permanently and totally disabled, aid to the blind, and aid to the aged. It was originally set up to assure a minimum income to every aged person who needs it. It was also to provide a similar income floor to our disabled and blind.

Administrative confusion, legislative omissions, and restrictive regulations have subverted the intent of the SSI law and could have left literally thousands of needy people without financial assistance. We are sure Congress did not mean this program to take away the benefits from our people; yet, that is exactly what nearly happened.

EXTENSION OF FOOD STAMP PROGRAM PREVENTS DISASTER

We are extremely grateful that the Congress passed the extension on the food stamp program. We would have had a real disaster in Ohio, because over 100,000 SSI recipients would have been ineligible for food stamps while their equally poor working neighbors who had small earned incomes would have remained eligible. However, that crisis was avoided because you gentlemen extended eligibility for another 12 months. For that, the people of Ohio and other SSI recipients all over the country are extremely grateful.

We must make sure that none of our elderly, blind, or disabled persons are denied their right to obtain cash assistance from the SSI program. I would like to briefly touch upon some of the areas where we feel change is needed.

In our area, we found there was a lack of an emergency assistance program through the Social Security Administration offices to meet the immediate needs of an applicant during the delays in determining eligibility, especially with regard to disability applicants.

We also found many needy people denied benefits under the SSI program solely because of their living arrangements. People who live in the household of another automatically had benefit payments reduced by one-third. Their needs were assumed to be less because of in-kind contributions from those with whom they live. This occurred regardless of the relationship of the persons with whom they live, or the financial status of the persons involved. The result was that people with no legal obligation to provide support to the needy persons and who themselves had little or no income, were assumed to contribute at least one-third of the applicant's subsistence.

One of our applicants was permitted to live in one room of a friend's home because the applicant was unable to work and had no income. His SSI benefits were immediately reduced by one-third because of the kindness of this friend in permitting him to live in the same household, although the friend had only sufficient income to take care of his own food, utilities, and so forth, and could not contribute to the applicant's welfare in any other way except in letting him use a room.

Another applicant, an elderly lady living in her own home but re-

quiring daily personal care, could have received \$24 in SSI to supplement her \$130 a month widow's Social Security check.

But because her son denied his own family to pay \$200 a month to give his mother necessary care, the lady was denied the \$25 SSI supplement. If the son ceases to give her this necessary care, she can receive a paltry \$24 in SSI which would not help her much. The son must deny his own family to do all for her or do nothing so that his mother can get next to nothing on SSI.

Such a policy leads to putting people in long-term care facilities at an increased cost to the Government, in order to get around the inadequate benefit level of SSI. Yet, such people are perfectly able to live in their own home for less than the cost of the long-term care facility.

These people are placed in nursing homes and forced to submit to inhumanities, poor care, and unhappiness at being unnecessarily uprooted from their own homes simply because of the omissions of our Government. There is much that Congress could do to eliminate such absurdities.

Another problem with SSI eligibility is the personal and real property being counted as resources. They were assigned such unrealistic values that our people were "appraised" out of needed money.

Although in my particular county, we found the SSA offices most cooperative in working with us on the SSI program, in other parts of our State we received reports of disinterest, delays, and in some cases, downright refusal to participate.

ATTEMPTING TO LIVE ON \$50-\$56 PER MONTH

In our search for possible eligible applicants for SSI who might not yet have heard of the program, we found pitiful cases where people were attempting to live on incomes as low as \$50-\$56 per month. How it could be called living was beyond the imagination of our investigators.

Many of them either had no families, or their families were in the same pitiful state of public neglect as themselves. Here again, the automatic one-third reduction in benefits was a penalty for living in one another's household even though none of them had enough to buy proper food, health care, and so forth, or merely handle daily necessities.

Although the SSI program as it presently stands is unequal and improperly administered in many ways, we feel it is a much-needed program and could do more to alleviate suffering and neglect of our poorer population if its faults and inequities were corrected.

Surely, as members of the Senate Special Committee on Aging, you realize how imperative it is to correct these problems and make this SSI program effective, as you are all reasonable men with concern for your fellow human beings.

Senator CHURCH. As I understand, if an applicant for SSI assistance lives in a home other than his own, it is assumed that the household is contributing at least a third of his subsistence. Is that correct?

Mr. RYAN. That is correct. However, the household he lives in may be unable to subsist itself.

Senator CHURCH. Thank you.

Senator Brock, do you have any questions?

Senator BROCK. No questions.

Senator CHURCH. Are you finished, Mr. Hutton? Does that complete the panel?

Mr. HUTTON. That completes it, Mr. Chairman. It is all in the record.

Senator CHURCH. We appreciate the testimony very much. We are moving a little late, so thank you for expediting the testimony.

Our next witness is Jacquelyne Jackson, vice chairman, National Caucus on the Black Aged; associate professor of medical sociology, Duke University Medical Center.

**STATEMENT OF JACQUELYNE JACKSON, PH. D., VICE CHAIRMAN,
NATIONAL CAUCUS OF THE BLACK AGED; ASSOCIATE PROFESSOR
OF MEDICAL SOCIOLOGY, DUKE UNIVERSITY MEDICAL CENTER.**

Dr. JACKSON. Senator, our esteemed NCBA chairman, Echart C. Jackson, regrets his involuntary absence from these hearings today, but I am here to testify in his place. I am Jacquelyne Johnson Jackson, vice chairman of the National Caucus on the Black Aged, Inc.—hereafter, NCBA.

NCBA has been appreciative of and impressed by previous efforts of the U.S. Senate Special Committee on Aging to assist elderly persons. We have been even more appreciative of and impressed by this committee's recognition of and concern about these elderly unduly affected by racial discrimination and poverty. Therefore, we welcome and thank you for this opportunity today to testify before you about selected impacts of Public Law 92-608, title XVI—hereafter SSI—upon black elderly, with especial reference to its positive developments and our concerns, the most important of which are set forth below. Although our specific focus is upon black elderly, our assessment of these developments, as well as our concerns and recommendations, are, in all probability, applicable to nonblack elderly and to nonelderly blind and disabled individuals.

NCBA's assessment of SSI has identified at least three positive developments. First and foremost is the legislative establishment nationally of the principle of guaranteed income for indigent elderly, blind, and disabled persons, followed by implementative efforts nationally. Finally, the implementation of that legislative intent has provided some additional and much-needed income for many eligible persons, and as a byproduct, an increasing number of Americans of varying ages have become more aware of the serious income deficits confronting many elderly, blind, and disabled persons within our midst. In some instances, a further byproduct has been increased social services to needy individuals contacted through the SSI-Alert program.

Thus, it should be clearly stated that NCBA wholeheartedly supports the major intent of SSI.

SSI HELPS PERPETUATE POVERTY

Our most overwhelming concern is the fact that the actual monetary amount guaranteed by SSI is deplorably and perhaps inexcusably low, and particularly so when measured by the Federal Government's own poverty standards. In other words, while SSI does provide some income, it merely helps to perpetuate poverty. If our information in-

dicating that the present Federal poverty level for an urban individual is not more than \$2,330 annually, and for farm areas not more than \$1,980 annually, then it is obvious that the current SSI income guarantee is ineffective in eradicating elderly poverty. In the words of our chairman, SSI has "resulted more in 'guaranteed annual poverty' than in 'guaranteed annual income' primarily because of the meager benefits available and the mass of confusion involved in establishing eligibility," which brings me to our second major concern.

Although the Social Security Administration was, or should have been, aware of SSI's passage and inception date of January 1, 1974, implementative efforts by it singularly or in combination with other governmental units appear woefully inadequate as measured by substantial proportions of eligible recipients failing to receive their benefits for 1 or more months since then, and additionally, by many potentially eligible persons yet apparently unaware that they should be recipients. When one considers the relatively high degree of success our country has experienced in such phenomena as military draft registration or polio vaccination, the cynical among us may wonder aloud about differential efforts exerted under such differential circumstances.

A third concern has been the lack of sufficiently released data about both estimates of potentially eligible persons and their approximate residential locations, inasmuch as such data could—when employed properly—be extremely helpful in increasing efforts to enroll potentially eligible beneficiaries so that they could actually become recipients.

A fourth concern related to the immediately preceding two has been that of insufficient moneys appropriated or provided to various groups, principally within States, to assist in SSI-Alert.

A fifth, and final, concern is that of the relationship between SSI and other Federal programs. For example, while we clearly understand that SSI is dissociated from Social Security as that term is commonly used, we do not understand why, SSI is a form of Social Security and should be recognized as such. The present trend toward such dissociation may well lead to invidious labeling of SSI, thereby thwarting further efforts to aid elderly poor. We are also concerned about relationships between SSI and such other programs as those designed to provide employment, food stamps, or housing for the elderly. We believe that, to the extent possible, the Federal Government should refrain from "giving with one hand, and taking away with the other hand."

AGE REQUIREMENT SHOULD BE LOWERED

More specifically, we believe especially that incentives to work should not be curtailed by SSI. This is particularly important inasmuch as a major distinction between the nonpoor and poor aged is that of earnings. We are also concerned about the somewhat arbitrary establishment of 65 years of age as the minimum age of participation for elderly persons, and believe that the age requirement should be lowered to 60 years of age, since that earlier age would help to reduce somewhat present inequities affected by racial discrimination.

We have set forth some recommendations which arose from our assessments of SSI developments and our concerns. Our major recommendations are as follows.

Recommendation No. 1: The minimum guaranteed income for SSI should, by all means, exceed the Federal poverty level threshold, with provisions for adjustment to the cost-of-living index. Preferably, of course, it should even exceed that threshold. Following our recommendation to the 1971 White House Conference on Aging, we still propose a minimum of \$6,000 for a single individual, and \$9,000 for a couple, also with cost-of-living index provisions. We recommend now that Congress amend Public Law 92-608 by raising the minimum guaranteed income above the Federal poverty level thresholds, and provide therein for appropriate cost-of-living index adjustments.

Recommendation No. 2: Inasmuch as SSI implementation should and could be improved, we recommend the development of a massive alert, sufficiently funded by the Federal Government, involving door-to-door canvas and outreach with interpretations of benefits and entitlements presented successfully to potentially eligible persons within the immediate future.

Recommendation No. 2.1: The appropriate Federal agencies should provide necessary and sufficient demographic data helpful in this enterprise.

Recommendation No. 2.2: Elderly persons, including elderly blacks, should be the primary workers involved in such door-to-door canvas and outreach. Even more important, elderly blacks should be utilized more fully in decisionmaking roles related to such a program.

Recommendation No. 2.3: Every effort should be made to involve canvas and outreach workers in contacting potentially eligible persons of any race, sex, or other group. That is, the Federal Government must carry out its responsibility in encouraging providers of services within our society to provide services to all, irrespective of race, sex, and age, and recipients of services must learn to receive services from providers, irrespective of race, sex, and age.

Recommendation No. 3: SSI literature should not indicate that SSI is not Social Security, and all persons employed to work with SSI in any manner should also be instructed to cease from this practice.

Recommendation No. 4: We recommend that Congress lower the minimum age eligibility for the elderly for SSI to 60 years of age, inasmuch as a significant proportion of minority elderly—and especially black females—between the ages of 60 and 64 dwell in dire poverty and a guaranteed, sufficient income, as opposed to labor force employment, will constitute a more practical means of reducing that poverty at this time. In this light as well, we also recommend anew that Congress lower the minimum age eligibility requirements for primary beneficiaries of OASDHI under the Social Security Act for black males so as to reflect extant racial inequities arising from differential life expectancies between black and white males.

AUTOMATIC ELIGIBILITY FOR MEDICARE-MEDICAID BENEFITS

Recommendation No. 5: We recommend that all elderly SSI recipients automatically become eligible for Medicare-Medicaid benefits without paying additional premiums for such coverage and without having such premiums deducted from their monetary entitlements under SSI.

In conclusion, may I reinforce our grave NCBA concern about the increasingly widening income gaps between black and white aged over

the past several decades, emphasize the importance of congressional passage of a meaningful national health insurance program within the immediate future, and urge action now to insure enrollment of all potentially eligible SSI recipients in SSI. In that connection, while we were unable to obtain precise data about black enrollment in SSI during its first 6 months of operation, unofficial data obtained from the Office of Research and Statistics, Social Security Administration for the first 3 months—that is, January 1–March 31, 1974—indicated an enrollment nationally of 452,285 elderly blacks which, according to our best estimates, means that approximately 47 percent of such elderly blacks were not enrolled, and, therefore, not receiving their entitlements, as of March 31, 1974.

We trust that the U.S. Senate Special Committee on Aging will continue in its efforts to upgrade both the quality and quantity of life for our Nation's elderly, with particular emphasis upon income, health, and housing. We also hope you will give particular consideration to our recommendations. If we can be of assistance in these endeavors, we shall be happy to cooperate, and we hope that we will again be able to share with you our assessment of positive developments within and concerns about SSI over its remaining operational life.

Senator CHURCH. Thank you, Dr. Jackson. Tell me, do you believe that the minority groups among the aged, blind, and disabled are faring better under SSI than they were under the previous assistance programs?

Dr. JACKSON. That has to be determined by particular geographical locations, primarily in Northeastern States, that are not without exceptions, in Massachusetts and some seven States. Some are regular and some are not.

Senator CHURCH. If we can reach all of the eligibles and bring them within the program, do you think that in general proposition, they will fare better than they had fared under the previous program?

Dr. JACKSON. We believe, given the better distribution, that the majority will fare better and as we suggested, the minimum income was increased, then they would all fare better under this national program than under the previous programs.

FIRST STEP TOWARD ABOLISHING POVERTY

Senator CHURCH. Well, I agree that the congressional objective established under the SSI was an endeavor to reach the people at the lower end of the scale and hope we could abolish poverty among the elderly and of the blind and disabled, as a first step toward ultimately abolishing poverty everywhere in this country. But here is the case of the people with the greatest need needing help and until we establish the income level at a point above that which the Government itself defines as poverty, we will not achieve that objective.

I would hope that even if budgetary considerations do prevent the Federal Government from taking that step any time soon—judging from the administration's witnesses this morning that seems to be the viewpoint of those who now manage the program—but, possibly to increase the State supplementary assistance might be established more quickly—I do not know. That depends on each State with the decision made in 50 different State legislatures. But, I certainly do agree with

you that the sooner we can establish the income level at a point above that which we ourselves define as poverty, the sooner we can meet the needs of the poor.

Senator Brock, any questions?

Senator Brock. No questions.

Senator Church. Thank you very much, Mrs. Jackson.

We next have a panel of witnesses. I understand that Ralph Abascal will introduce the panel and then, Ralph, you will proceed to take charge of the presentation and I would appreciate it.

**STATEMENT OF RALPH S. ABASCAL, DIRECTOR OF LITIGATION,
SAN FRANCISCO NEIGHBORHOOD LEGAL ASSISTANCE FOUNDATION,
SAN FRANCISCO, CALIF.**

Mr. Abascal. Thank you, Mr. Chairman. My name is Ralph Santiago Abascal. I am director of litigation for the San Francisco Neighborhood Legal Assistance Foundation, San Francisco, Calif. Mr. Chairman, I, my colleagues here and throughout the country, and the millions from the SSI "family" throughout the Nation are deeply indebted to the committee for bringing us together and giving us the opportunity to express our experiences—more appropriately, the experiences that have befallen the millions of aged, blind, and disabled poor throughout the country—and to express some of our conclusions and suggestions which are founded on that experience.

These hearings constitute a recognition of and a sensitivity to the fact that it is by no means too early for Congress to review the decisions that it made in the fall of 1972 and the decisions that HEW has made since then. A very grave danger lies in the attitude that HEW must be given a substantial period of time to "work the bugs" out of the program.

We must recognize that there is more than ample experience upon which many improvements can now be suggested. The lives, the health, and the dignity of millions of the Nation's helpless poor are simply too dear for the Congress to fail to now make a strenuous effort to recognize and act upon these areas of the program which merit immediate modification. It is encouraging to hear that Congressman Mills, during the recent deliberations on Congressman Corman's bill which continued food stamp eligibility for SSI recipients, expressed a willingness to undertake hearings and propose SSI amendments soon after the 94th Congress convenes in January 1975. That is none too soon.

Let me introduce the other members of our panel and describe briefly what each of us will concentrate upon. First, you should note that all of us are employees of legal services programs created by OEO. I will concentrate upon a number of problems in the application process and closely related areas of the administration of the program. Dr. Gary Bickel, the only nonattorney in our quintet, is an economist with the legal action support project of the Bureau of Social Science Research in Washington, D.C. He will discuss perhaps the most critical problem faced by SSI recipients, the adequacy of the benefit levels. Jim Bensfield, of the Washington, D.C. office of the National Senior Citizens Law Center, will elaborate upon the SSI income and resources provisions in both the statute and the regulations. Robert

Brown, director, Legal Services for the Elderly, Syracuse, N.Y., will discuss a critically important aspect of the program, the appeals process. Finally, Mrs. Patricia Butler, senior staff attorney with the national health and environmental law program, Los Angeles, Calif., will discuss aspects of the interrelationship between the SSI and Medicaid programs. Each of us will discuss each of these topics briefly and then submit ourselves to questioning and discussion as a panel. However, the best question is one that is fresh so please do interrupt us if and when our presentation prompts a question.

Probably the most visible SSI problem today involves the application process and the closely related aspect of prompt, regular, and proper payment of benefits to those who have been determined to be eligible.

A very substantial, if not the most substantial, cause of all of these problems can be traced to a HEW decision made in early 1973. The initial plan for implementation of SSI was based upon a 19,000 increase in staff. Shortly after Secretary Weinberger took office, an OMB-HEW decision was made to reduce that figure to 12,000. The results of that decision have been devastating. Let me highlight some of them.

Consider some of the problems faced by new applicants. The first problem is that many people who go to an SSA office to apply are not able to do so, at least in a formal and important sense. They are confronted with what are called "informal denials." Let me describe how this operates by telling you the tale of one of my clients, a 79-year-old Irish spinster.

"INFORMAL DENIAL" AT DISTRICT OFFICE

Ms. W. went to a San Francisco SSA district office to apply for SSI when she first heard of the program in January of this year. During the course of an interview, she was asked if she owned her home or rented. She said that she owned her home. The interviewer then asked what the assessed value was. Ms. W. answered that it was \$7,500. The interview was promptly terminated and Ms. W. was told, orally, that she was not eligible because of excessive property ownership. A written application had never even begun to be taken. This is called an "informal denial" because no written application is taken.

A few days later, Ms. W. tried again at another district office. Again, the initial interview was promptly terminated when the question of real property ownership came up. During the next 3 months, Ms. W. persisted; unavailingly, she went to a local Congressman's office for help; she then also "struck out" at several local "helping agencies"; finally, she was referred to our office by a State assemblyman's office.

Soon after our interview began, we were able to reconstruct what had happened to Ms. W. during her two attempts to apply. As soon as she said that the assessed value of her property was \$7,500, the SSA interviewer's mind shifted to the property evaluation rule: $\text{value} = 4 \times \text{assessed value}$ (that is, $4 \times \$7,500 = \$30,000$). Since the maximum allowable value of a residence is \$25,000, each interviewer went no further. By going just a little further, as we did, they would have discovered that Ms. W. owned a two-story building with two flats and that she rented the entire lower flat as well as two rooms in the upper flat in which she lived. In other words, the value of her

"residence"—part of the upper flat—was clearly under \$15,000 and thus within the limit. (An SSA recipient is allowed to retain rental property, without limit on its value, as long as it brings in a fair return.) Clearly, Ms. W. was eligible. A quick phone call to a local SSA district office was made and within a couple of weeks, her first check arrived. The district office was also profuse with its apologies.

Now, she had persisted for a number of months trying to get on this program and confronting these informal denials in which the first factor which causes ineligibility terminates the interview.

The local office apologized and these apologies were sincere. However, these apologies can in no way replace the several hundred dollars Ms. W. lost in benefits for January, February, March, and April. These benefits were lost because of two rules and SSA's toleration of this practice of "informal denials." The first rule is that an applicant's right to SSI benefit begins only on the first of the month in which a written application is filed. The second rule is that an appeal can be initiated only with respect to a formal, written denial. Hence, these two gross errors made in Ms. W.'s case in January and February cannot be corrected.

9-TO-1 RATIO OF UNAPPEALABLE DENIALS

The case I have just described is not an isolated instance. It happens daily all over the country. Nationally, as of May 29, 1974, "informal denials," that is, unappealable denials, outnumber formal, appealable denials by a 9-to-1 ratio; the actual figures are 101,934 formal denials and 926,340 informal denials. The regional breakdown is as follows:

Regional office	Formal denials	Informal denials	Ratio
Boston.....	4,552	36,340	7.9:1
New York.....	9,648	65,851	6.8:1
Philadelphia.....	8,967	81,964	9.1:1
Atlanta.....	30,291	344,601	11.4:1
Chicago.....	7,743	105,007	13.6:1
Cleveland.....	5,554	51,757	9.3:1
Kansas City.....	4,649	51,242	11.0:1
Dallas.....	12,596	134,233	10.6:1
Denver.....	2,916	20,219	6.9:1
San Francisco.....	12,191	45,858	3.8:1
Seattle.....	1,763	21,097	12.0:1
National.....	101,934	926,340	9.1:1

The ratio of informal to formal denial varies from a low of 3.8:1 in the San Francisco region to a high of 13.6:1 in the Chicago region. The cause of this is simple. Every day each office is flooded with applicants. By May 29, 1974, 3,856,564 people have appeared at or called SSA offices trying to get on SSI.

This is not an isolated instance but we cannot say precisely how frequently this happens, a truly incorrect decision. However, we do have data on how many informal denials there are. They exceed over 1 million. What is even more interesting and important is the ratio of informal denials to formal denials. The total figures for the Nation up until May 29 were 101,934 formal denials. That is where there was a formal written application, 926,000 informal denials, a national ratio of 9 to 1. It varies from region to region but the lowest ratio in the San Francisco region of 3.8 to 1 and in Chicago, it is in excess of 13 denials to 1, no appeal rights, from the incorrect decision to one.

Senator CHURCH. Tell me, in the case of an informal denial, does the Social Security office itself make any record of it?

Mr. ABASCAL. Well, that varies. In some offices, they only note that an informal denial occurred—they don't record the name of the person or any other facts. In some offices, the name and address of the applicant is also kept. I think that serious problems exist within Social Security because they are unable to determine the extent to which there are incorrect decisions in informal denials.

Clearly what they do not keep is a record of the facts which they have drawn out of the applicant up to the time they found the disqualifying factor; so, there is no way for them to determine how frequently errors are made in these millions of cases.

200,000 TO 300,000 INFORMAL DENIALS

Now, they do acknowledge an error rate on completed initial application in excess of 35 to 40 percent. So, taking that same error rate, where there are far more intensive investigation than in the case of informal denials, at least we can talk of perhaps an area of 200,000 to 300,000 people informally denied eligibility with no appeal rights. Many who are turned away keep going back and forth to the district office or the other agencies. If they are eventually determined eligible, they lose the money that they should have been getting from the date they first contacted a district office.

Senator CHURCH. Don't you think most would not be that persistent, once they are told they are ineligible, they assume they are ineligible?

Mr. ABASCAL. Yes, when you take into account other facts—the problem of stigma, physical disability, transportation problems, and so forth, many people would not have been as persistent as she was.

Now, I think that the informal denial process presents one of the serious dilemmas within the program.

Senator CHURCH. How would you correct it?

Mr. ABASCAL. I would eliminate it completely. But to eliminate it completely, we would require a considerable increase in staff. Since SSA began taking applications, nearly 4 million people have inquired.

I think the basic point that I want to make is that they are understaffed and overworked. The claims representatives, those people on the "front lines" taking applications are, simply speaking, overworked and undertrained. In the first 11 months of fiscal year 1974, over 10 million hours of overtime was logged by SSA employees. Based upon the hours worked in May 1974, the present rate of overtime will mean that 14 million overtime hours will be logged in fiscal 1975. These figures are for the entire agency. The overtime on the front lines, that is in the district offices, for fiscal 1974 has jumped nearly fivefold from the previous fiscal year—from 1.2 to 5.2 million hours.

That is over a fivefold increase and it reflects the degree to which they are overworked. With that kind of overwork and with all the other innumerable pressures, confusion and frustration, it is perhaps understandable, but nevertheless inexcusable, that more than 9 out of 10 applications are terminated before an application form is completed. The first factor which seemingly disqualifies an applicant is seized upon as the basis to get on to the next person since each wait-

ing room is full of people who have been waiting for hour after hour. If they would go further in the application process, they would have discovered many other factors. That kind of information is only brought out in a full interview.

Now, other examples and I know this may sound unbelievable, but I have heard of many instances in my area where people apply on the basis of disability and are told at the time they inquire, "You do not look disabled," and are summarily denied. No investigation of their condition is made. They just say, "You do not look disabled," and that's it.

NO INFORMATION ABOUT APPLICANT RETAINED

Perhaps one of the most dramatic examples is the San Francisco woman who is partially paralyzed from gunshot wounds suffered at the hands of the "Zebra" killers. Several times she was informally denied in that cursory manner. Not only can I not tell you how frequently this happens, but what is far worse is that HEW cannot either. HEW has absolutely no way in which they can determine the degree of error in "informal denials" since the only information that is retained is the ultimate conclusion. No information about the applicant is retained.

The practice must stop and it must be stopped either by a congressional directive or by regulation. If a complete application would have been taken from Ms. W., the source of her income would have disclosed the erroneous nature of the initial conclusion. Given the 25-percent error rate that is conceded by HEW to exist in the 1.3 million applications that have been fully processed, I feel safe in estimating that there are at least 100,000-200,000 Ms. W.'s among the 926,000 informal denials.

Turning to those who do file applications, all is not well either. Interminable delays are occurring in processing applications to completion; that is, to the point of putting either a check or a denial notice in the hands of an applicant. Of the cumulative total of 1.7 million applications, 175,000 were pending in the district offices at the end of May. The cumulative total of those formally denied was 102,000. The remaining 1.4 million were found financially eligible. Of these, nearly 200,000 were disability applicants. Only after such an applicant is found financially eligible is the process of determining medical eligibility begun. That leaves 1.2 million that the district offices had determined were ready to be issued a check. If we add that figure to the 3.2 million converted from the State rolls, subtract those who were terminated since December 1973, there should be 4.2 million recipients. (I have seen no SSA data on terminations; I understand SSA uses an estimate of 1.5 percent per month—this coincides with long-term experience in California.) However, the latest data shows only about 3.5 million. What became of the 700,000 which the district offices determined to be eligible? They were rejected by the computers because of district office errors. In early May, the SSA national office discovered that these were accumulating untouched in the district offices.

All district offices were required to take an inventory of all of these computer rejects—it is called the "YY" report—in order to determine not only the total number but also to find out how long they have been sitting around—for example, 0 to 15 days, 15 to 30 days, et

cetera. A committee of the California Legislature has thus far been unsuccessful in its attempts to obtain the initial inventory. What they did discover was that in just the first 2 weeks in June, over 144,000 rejected applications were added to the total. I have been told that, like the slow tortoise on the fast treadmill, they are further behind now than they were in May. Although I have not seen the data, I feel quite confident of the fact that when the computer figures are in, the critically necessary diversion of staff to the computer rejects will have resulted in a considerable lengthening of the initial processing time. What we have basically is a 5-fingered hand trying to plug a 10-hole dike.

Let me give you just another example. Due to an error in computer programming most eligible couples have been receiving a single individual's grant since January—that is, \$140 instead of \$210. Because of an insufficient number of staff and because there are so many other programming and other errors that are considered to be of even greater importance, this error will not be corrected until October of this year. So, for 10 months, two must live as cheaply as one.

INTERIM PAYMENTS FOR PRESUMPTIVE DISABILITY

Consider another example. The law provides for up to 3 months of interim payments to disability applicants on the basis of presumptive disability; that is, before a final decision is made. Again, although I have not seen the data, I am told that less than 2 percent of all disability applicants have received presumptive disability payments. Again, I have only seen some of the data so that I cannot give you a complete breakdown of how long the disability applicant must wait but I have been told by SSA staff that it is very rare for a case to take less than 3 months.

If time only permitted, I could give you many other examples of significant problem areas. Also, if we had more time, I would like to explain what I consider the unfair and unwise effects of several policies embodied in both statutes and regulations. But, even if Congress agreed with my judgments and enacted these changes, today, the Department would have considerable difficulty implementing them.

Let me give you one example and you will see what I mean. A single individual presently receives \$146 per month; a couple receives \$219, that is, \$109.50 each. If a couple separates, they each continue to receive one-half of a couple's grant for the next 6 months. Why? Because the statute declares them to be a couple for 6 months after they separate. True, some separated couples reconcile and resume their marriage. That possibility cannot be predicted with certainty but an individualized investigation can lead to reasonable safe conclusions in most cases. Why each day thousands of such investigations and decisions are made in every State in the AFDC program. But for SSA to follow those practices would impose an even greater burden on a staff that is nearly going under.

I hope that the point I want to leave you with is more than clear: SSA needs more people to do the work. You cannot legislate more staff directly. Nor can you, I fear, affect the problem significantly by your persuasive powers alone. The overall Federal staff reduction goals of Secretary Weinberger and OMB are too explicitly stated for that to happen.

What I think you must do is legislate away the "informal denial" thus giving all who attempt a fair and equal chance to become a recipient and then impose precise time limits regarding final action in the application process to insure that those who are entitled to SSI begin to receive it promptly. For years, HEW required the States to make final decisions on aged and blind applications within 30 days and within 60 days in disability cases. The States learned to live with these limits. So can HEW.

Dr. Bickel has far more current data than I have. I would like to refer to him to bring the committee up to date in respect to the delays of the application process.

**STATEMENT OF GARY W. BICKEL, PH. D., RESEARCH ASSOCIATE,
LEGAL ACTION SUPPORT PROJECT OF BUREAU OF SOCIAL
SCIENCE, INC., WASHINGTON, D.C.**

Dr. BICKEL. Thank you. A few months ago this was a growing critical problem area within the SSI program, reaching crisis proportions. I think that now we need to recognize that, from the overall available data, it appears that the corner has now been turned. It is a matter of being on top of the growing number of applications coming into the Social Security district offices, and they are beginning to process these. It appears that the Social Security Administration is beginning to lick this problem, although it is still of giant proportions.

A few months ago, it appeared that 700,000 to 800,000 applications had piled up within the system. Now, the number of claims pending has been worked down to approximately 500,000 so in an overall sense, it appears that the crisis phase is past, but that it is still a very major problem.

On the basis of these data, I would say that the average processing time must be at least 3 or 4 months, and for many applications considerably longer than that. So while we have here the beginnings of this success story, it is too soon to relax in any sense whatsoever and feel entirely optimistic about it.

Senator CHURCH. If the processing lasts, on the average for 3 or 4 months from the time when the eligibility is determined until the first check is paid, does it relate back to the time of the application?

PAYMENTS FROM MONTH OF APPLICATION

Dr. BICKEL. Yes, it does. Once a person has filed a formal application, then if ultimately found eligible, he is supposed to receive those payments from the month of application. This, of course, is the distinction with those people who are informally denied without ever filing an application, and which is a much larger number than are being formally denied, well over a million as of this point.

Senator CHURCH. Thank you.

Mr. ABASCAL. I think another factor should be considered. To deal with these several hundred thousand applications backing up, they assigned them the highest priority. However, they took staff away from other functions they were performing to do it.

If I could suggest an analogy, we have a dike with 10 holes and we have one hand with 5 fingers trying to plug those 10 holes. It does not work. Shifting too few people from one crisis to another is not the answer.

I do not want to give the impression that SSA's people do not care. I think they are doing a tremendous job with what they have, but they are so woefully understaffed. I will conclude my testimony by saying that I think that the way Congress has to deal with the problems of delay and many of the problems that are rising in the application process is to get more personnel in there.

I do not think you can legislate more staff. I think you can impose reasonable time limits on the agency to act on applications. For years HEW imposed time limits of 30 to 60 days on initial applications, 60 days for disability, 30 days for all others. I certainly think that HEW could itself learn to live with the standards it imposed on the States for many years.

I think by imposing that time standard you would force the agency to hire more personnel. I think you have to do that because Secretary Weinberger indicated one of his major goals was to reduce the number of agency personnel. Further, it has been announced by the President that his goal for the next fiscal year was a reduction of 100,000 Federal employees. I think your persuasive power alone will not convince them to expend the staff in the face of those goals.

Senator CHURCH. Thank you for your testimony.

Mr. ABASCAL. I will ask Mr. Brown to discuss the appeals process.

STATEMENT OF ROBERT N. BROWN, DIRECTOR, CENTER FOR LEGAL SERVICES FOR THE AGING, SYRACUSE UNIVERSITY, SYRACUSE, N.Y.

Mr. BROWN. I think that the appeals process is an important subject because a great number of aged, blind, and disabled individuals will be forced to utilize this process in order to gain eligibility for SSI.

Figures from title II of the Social Security program indicate that something like 45 percent of the cases reviewed are overturned. Similar figures exist for the welfare program. Thus, great numbers of people in those programs are initially told they are not eligible, seek review and are found to be eligible. The means by which the programs review their own decisions is of critical importance.

Let me briefly outline the structure that has been created. The first part of the process is a decision itself, called an initial determination. As Mr. Abascal mentioned there is no time limit imposed on the initial determination step, a fact which results in hardship for applicants whose applications are not acted upon promptly. The Social Security Administration should be required to act promptly on all applications.

THREE FORMS OF RECONSIDERATION

The person who is dissatisfied with the initial determination can appeal and go to what is called reconsideration. Under SSI reconsideration has three forms: Case review, which is a paper review; in formal conference which permits face-to-face contact, but which does not permit the claimant to subpoena any evidence or to cross-examine

witnesses; and finally, formal conference in which subpoena powers and cross-examination are available. There are no time limitations imposed in which the Social Security Administration must make a reconsidered decision. Further, only through this reconsideration stage can a person who has been cut off continue to receive benefits, while he continues to appeal.

If a person still is dissatisfied, he must seek a hearing, which is held before an administrative law judge of the Social Security Administration. The law judge is required to make a decision in nondisability matters within 90 days of the time the hearing is requested. There is no time limitation upon his decision if it is a disability case.

A person who has had an unfavorable decision from the law judge must seek review by the appeals council, an appellate body that sits in Arlington, Va. Once again, no time limitation is imposed upon the action of the appeals council but one is required to go to the appeals council to go to court.

Senator CHURCH. An ordinary appeal taken in Social Security, apart from the SSI, what time limitations exist? None that I am aware of.

Mr. BROWN. None. Since you have raised that question, let me turn to that part of my testimony. There is substantial evidence that the title II appeals system, which Social Security has adopted here, is not working. The data that I have seen indicates it takes the Social Security Administration roughly 50 days to make an initial decision. It then takes them another 60 days—2 more months—from the date a person requests reconsideration, to the time the decision is rendered. It takes another 114 days from the time the person seeks a hearing until the hearing decision is rendered. The person then must go to the appeals council. I do not have any figures on the time it takes for appeals council review. There is a very substantial period of time involved. From the time he applies until the time he gets a hearing decision, it is 228 days under the title II disability program.

Senator CHURCH. You are talking there in averages?

Mr. BROWN. I am using mean figures.

Senator CHURCH. I see.

Mr. BROWN. It is very mean in action.

Senator CHURCH. I tell you, I have talked to lots of people in the courthouse in my State, who come to see me about problems they have with Federal agencies and I cannot think of a single problem that comes up more frequently than the long delays involved in the appeals of various kinds, under Social Security.

Mr. BROWN. I'm not surprised. It is a horrible problem and it is even more serious in SSI than in title II.

Senator CHURCH. I have seen cases where people have waited far longer than your mean figure; some have waited 1 year, 1½ years or more.

Mr. BROWN. I'm sure that's so. Senator Pell of this committee has introduced a bill, S. 3649, which he entitled "The Social Security Recipient Fairness Act of 1974," in which he seeks to impose a limitation upon the time in which the Social Security Administration must make a decision. He would impose a requirement that a decision be made within 110 days of the date of the request for a hearing to the date of the decision. If the Social Security Administration is unable to render a decision within that time, he would have the recipient paid the full amount of the benefits claimed. That person would be entitled to re-

tain those benefits, even if, ultimately he was determined not to be eligible, as an inducement to force the system to work more quickly.

I believe that we should simply eliminate the reconsideration stage altogether. I do not think it adds substantially to the review process. What should be done instead is that a person who is initially determined to be ineligible should be allowed to proceed forthwith to a hearing. The hearing should be held promptly and a decision rendered quickly.

Senator CHURCH. Have you any figures that would indicate how often an initial decision is reversed on reconsideration?

ONE-THIRD OF CASES ARE OVERTURNED

Mr. BROWN. Yes. The figures I have indicate that the initial determination, in one-third of the cases reviewed, is overturned at the reconsideration stage. Further, at the hearing stage, nearly 45 percent of the reconsidered decisions heard by hearing examiners are overturned. The appeals council overturns another 10 percent and judicial review overturns yet another 40 percent. We are talking about a very substantial figure: At least 40 to 50 percent are overturned in the appeals process.

Again, I recommend simply eliminating these stages and imposing absolute time limits during which the Social Security Administration must make a final administrative decision. The time limits that existed under the program of aid for the aged, blind, and disabled provide a stark contrast with the Social Security system. I will read them to you: "Prompt, definitive, and final administrative actions will be taken within 90 days of the date of request for a hearing." This is an absolute cutoff and a person is entitled to continuation of benefits until that hearing decision is rendered.

Senator CHURCH. That quote is from what, the item you just quoted?

Mr. BROWN. I am reading from HEW regulations, 45 CFR, section 205.10.

The SSI statute creating the review process within SSA does not mention reconsideration and appeals council review. It states that the Secretary will provide reasonable notice and opportunity for a hearing to any individual whose claim is denied.

Senator CHURCH. The law itself says that?

Mr. BROWN. Yes, it does. What the SSA has done is impose a review stage before you get to the hearing and a review stage after you leave the hearing. These additions lengthen the appeals process and substantially undercut the rights of appellants.

Senator CHURCH. That conforms to Social Security appeals practice?

Mr. BROWN. That is correct, but I think a better reading of the statute indicates they should not have retained the old system. Instead they should immediately provide a hearing, then access to court.

Senator CHURCH. That is a very good point.

Mr. BROWN. We are short of time but I have a couple of quick points. As SSA is implementing this program, it is not working well. Mr. Abascal filed suit against the SSA because they simply were not giving recipients a constitutionally guaranteed hearing before benefits

were reduced, suspended or terminated. It was necessary to sue the SSA to get them to adhere to this requirement.

Further, the SSI statute, with reference to the appeals process, should be amended. It limits judicial review, foreclosing from judicial review any decisions of the Secretary with respect to a matter of fact. The traditional standard used in judicial review is that the Secretary's findings must be supported by substantial evidence; that is, there has to be some evidence in the record to support the Secretary's finding.

There is no such requirement in the SSI program and I think this opens the door to serious abuses.

I have a written statement for the record and I thank you.

Senator CHURCH. Thank you very much. Without objection, the prepared statement of Mr. Brown will be inserted into the record now. [The prepared statement of Robert N. Brown follows:]

PREPARED STATEMENT OF ROBERT N. BROWN

Mr. Chairman, members of the Committee, I am Robert N. Brown, an assistant professor at the Syracuse University College of Law and Director of the Center for Legal Services for the Aging,¹ a clinical law program in which law students are trained to respond to the legal problems of older persons. I am pleased to have been invited to testify at this hearing on the Supplemental Security Income program (SSI) and I commend the committee for holding these hearings to review this program which is of such importance to millions of aged, blind, and disabled persons who depend for their very existence upon the fairness and integrity of the program and the agencies implementing it. My testimony today will focus on the appeals structure the Social Security Administration (SSA) has adopted to handle appeals involving SSI benefits. Before moving to that topic, however, I shall spend a moment discussing other problems affecting SSI beneficiaries.

Six months have passed since the program went into effect. During this period, it has become apparent that while there are positive aspects to SSI—more individuals are receiving SSI than were receiving assistance under the categorical welfare programs it replaced and recipients in States with very low benefit levels are receiving more than in the past—the system has serious deficiencies which must be rectified if SSI is to be a fair and generous public program in which the Nation can take pride rather than the scandal it appears in jeopardy of becoming.

Numerous problems beset SSI. Benefit levels are too low so that recipients are unable to live decently, a problem that is worsened by the lack of an automatic cost of living adjustment to compensate for the effects of inflation and the absence of a pass-through provision to ensure that public benefit increases reach SSI recipients who also receive other benefits. Inequality among the States continues. Some are markedly more generous than others in the size of the State supplement to the basic SSI grant. In part, this disparity is the product of the hold-harmless formula which limits the Federal contribution to supplemental benefits to the level available in January, 1972.² The treatment of former public assistance recipients, particularly those previously receiving aid to the disabled, is also a problem. Many of these individuals will be unable to meet the strict standard of disability utilized by SSA and will be forced to seek State general assistance benefits which are inadequate.³

Similarly, the treatment of individuals whose disabilities involve alcoholism or drug addiction is troublesome as these individuals are divested of control over their SSI benefits which instead are sent to "representative payees" regardless of the ability of these individuals to care for themselves and regardless of the effect of this deprivation upon rehabilitative efforts.⁴

PROVISION FOR EMERGENCY ASSISTANCE ABSENT

A very serious problem, which has had disastrous consequences during the early, chaotic months of SSI, is the absence of adequate provision for emergency

¹ The Center for Legal Services for the Aging is supported by a grant from the Frederick and Amelia Schimper Foundation.

² P.L. 92-603 § 401.

³ 42 U.S.C. § 1382c(a) (3) (A).

⁴ 42 U.S.C. § 1383(a) (2).

assistance for SSI recipients. At present, emergency assistance is available only at the time of initial application.⁵ Thousands of beneficiaries never received SSI checks, or received checks which were smaller than their entitlements, or checks were lost or stolen, or emergencies, such as fires, arose. The Social Security Administration (SSA) has not been able to respond to these situations and recipients have been forced to turn for help to private charitable organizations and to State agencies which are reluctant to intercede in what they view as a Federal problem, particularly since no Federal funds are available to reimburse them for the costs of such emergency assistance.

Other problems plaguing SSI involve the administration of the program by the Social Security Administration which appears to be staggering under the load imposed by SSI. Regulations implementing SSI were promulgated belatedly. On numerous critical issues no regulations were available until well after January 1, 1974, and on many of these issues there are still no regulations or regulations are in proposed rather than final form. Similarly, instructions were late in arriving at SSA District Offices, so that SSA personnel were poorly equipped to implement SSI and often times incorrect information was (and is) conveyed to recipients. Also, coordination problems have existed between the SSA and local welfare departments which continue to be responsible for providing social services for SSI recipients, and which were responsible for providing vital information concerning former welfare recipients to the SSA.

An administrative problem which has had serious consequences for vast numbers of potential recipients of SSI is the slowness with which eligibility determinations have been made by the SSA. By early April, approximately 1,300,000 persons had applied for SSI benefits. Of this number, about 200,000 had been declared eligible and received payments and about 80,000 applications had been denied. The balance of the applications, in excess of 1 million, either had not been acted upon or had not been paid.⁶ While some delay in acting upon applications during the early months of implementation is understandable, these figures exceed tolerable limits.

The problem of delay in processing applications is one that plagues all public benefit programs, including the categorical welfare programs SSI replaced and the OASDI benefit program (Social Security). Congress responded to these problems by requiring that eligibility determinations be made promptly and by providing vehicles by which an applicant could force prompt action on his application. For example, the legislation governing aid to the aged, blind, or disabled contained the following mandates:

"(a) A State Plan for the aged, blind, and disabled . . . must . . . (4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid or assistance under the plan is denied or *is not acted upon with reasonable promptness*; . . . (8) provide that all individuals wishing to make application for aid or assistance under the plan shall have opportunity to do so, and that *such aid or assistance shall be furnished with reasonable promptness* to all eligible individuals;"⁷ (emphasis added).

HEW regulations implementing these requirements require that eligibility determinations be made within 45 days upon applications for aid to the aged or blind and within 60 days in the case of applications for aid to the disabled,⁸ and reaffirm the right of an applicant to a fair hearing if these limitations are breached.⁹ The legislation creating SSI lacks a similar mandate and contains no vehicle for an applicant to force action on his application. As a result, the SSA is under no obligation to act promptly upon SSI applications and a potential SSI beneficiary whose application isn't acted on is powerless to do anything about it. Congress should rectify this situation by amending 42 U.S.C. § 1383(a)(1) to include a requirement that determinations of eligibility and payments be made promptly and by amending 42 U.S.C. § 1383(c)(1) to include the right of review where a prompt decision has not been rendered or payment has not been made.

SOCIAL SECURITY ADMINISTRATION SYSTEM OF APPEALS

I now come to my principal topic, the system of appeals the Social Security Ad-

⁵ 42 U.S.C. § 1383(a)(4)(A).

⁶ *Supplemental Security Income Program Moves Slowly in First Months*, 8 Clearinghouse Review 22, 1974.

⁷ 42 U.S.C. § 1382, repealed by 92-603, effective January 1, 1974. For the comparable provision governing OASDI determinations, see 42 U.S.C. § 405(c).

⁸ 45 C.F.R. §§ 206.10(a)(3)(i) and (ii).

⁹ 45 C.F.R. § 205.10(a)(5).

ministration has adopted for use in connection with claims for SSI benefits. Briefly, the system works in the following way:

(1) A decision is made regarding eligibility for benefits, either at the time of application, or subsequently, when some event occurs which, in the judgment of the SSA affects eligibility. This decision is called an initial determination.¹⁰ However, some decisions affecting a person's rights to SSI benefits are not defined as initial determinations by the SSA and these decisions cannot be appealed. No time limit is imposed on the SSA in which it must make an initial determination.

(2) A person dissatisfied with a decision that can be appealed (that is, an initial determination) is given 30 days in which to seek review. This first level of review is called reconsideration of which there are three types depending on the nature of the matter reviewed: case review, which is a paper review; informal conference, in which the individual may present witnesses, but not cross examine or subpoena evidence and formal conference, in which cross examination and subpoenas are available.¹¹ There is no time limit within which the SSA must make its reconsidered decision. It is important to know that a presently eligible SSI recipient seeking review of a decision to reduce, suspend, or terminate his SSI benefits is entitled to have them continued only through the reconsideration stage.

(3) If a person still is dissatisfied when the reconsidered decision is rendered, he may ask for a hearing before a SSA administrative law judge who is to decide the case within 90 days of the request for a hearing (unless the matter involves a disability claim, in which case no time limit is imposed).¹² Where the matter reviewed is whether eligibility for SSI should end because a disabled individual has improved medically, review is directly by hearing and reconsideration is skipped.^{12a}

(4) The next step for a person who still believes he has been wronged is review by the SSA Appeals Council, an appellate body which sits in Arlington, Va. The Appeals Council actually reviews very few of the cases brought before it (the rest are denied or dismissed); but one is required to seek Appeals Council review as a prerequisite to seeking judicial review.¹³ While the person asking the Appeals Council to review his case must do so within 30 days of the hearing decision, no limit is placed on the time within which the Appeals Council must act.

(5) The intrepid seeker of justice, whose case has been acted upon by the Appeals Council now seeks judicial review in Federal District Court, and has 60 days in which to do so. However, he is limited to a review of the legality of the SSA's decision, for the administration's determinations of fact are not subject to review by any court.¹⁴

I believe that this complex and cumbersome system (which actually is even more complex than described) is objectionable for the following reasons:

- (1) The system violates the very statute which gives it life.
- (2) The system is so complex that it cannot quickly and competently render justice.
- (3) The system is operated so as to vindicate the SSA rather than to mete out justice.
- (4) The system is vulnerable to abuse because of the lack of full judicial review.

VIOLATION OF THE STATUTE

The statute giving rise to this system of appellate review states:

"(1) The Secretary shall provide reasonable notice and opportunity for a hearing to any individual who is or claims to be an eligible individual . . . and is in disagreement with any determination . . . with respect to eligibility of such individual for benefits or the amount of such individuals' benefits within 30 days after notice of such determination is received.

"(2) Determination on the basis of such hearing, except to the extent the matter in disagreement involves the existence of a disability . . . shall be made within 90 days after the individual requests the hearing . . .

¹⁰ 20 C.F.R. § 416.1403.

¹¹ 20 C.F.R. §§ 416.1417.

¹² 20 C.F.R. §§ 416.1425-1455.

^{12a} 20 C.F.R. § 416.1408.

¹³ 20 C.F.R. §§ 416.1459-1461.

¹⁴ 42 U.S.C. § 1383(c)(3).

"(3) The final determination of the Secretary after a hearing under paragraph (1) shall be subject to judicial review; except that the determination of the Secretary . . . as to any fact shall be final and conclusive and not subject to review by any court."¹⁵

Nothing in this statute or the legislative history suggests a congressional intent to create the multitiered appellate system that has been adopted. In fact, the opposite clearly seems to have been intended: administrative review would consist of a hearing with a decision rendered within 90 days of the date the hearing was requested, such hearing to be followed immediately by judicial review where desired.¹⁶

My conclusion that Congress did not intend there to be a multilevel appellate structure is reinforced by reference to the appellate structure which prevailed in the categorical welfare programs which SSI replaces. Under these programs, States administering such programs were required "to provide . . . an opportunity for a fair hearing . . . to an individual whose claim for aid . . . is denied."¹⁷ The regulations adopted by HEW implementing this requirement added:

"Prompt, definitive, and final administrative action shall be taken within 90 days from the date of the request for a hearing."¹⁸

It seems very likely that 42 U.S.C. § 1383(c) (2) was intended to be a codification of this regulation which was designed to ensure that appeals involving the right to statutory entitlements needed to sustain life would be concluded promptly, a necessary feature of justice in such a context. As I shall explain more fully in a moment, neither finality nor promptness is available under the system adopted.

The appellate structure also violates the statute by foreclosing appellate review of certain decisions affecting benefits. Although the statute states that "the Secretary *shall* provide . . . a hearing to any individual who is . . . in disagreement with any determination . . . with respect to eligibility . . . for benefits,"¹⁹ the Secretary has omitted from the list of initial determinations which may be reviewed, such critical decisions as an individual's entitlement to emergency advances.²⁰

THE SYSTEM IS TOO COMPLEX

The SSI appeals system is patterned after the appeals structure utilized by the SSA for OASDI benefits. Thus, while it may be too early for a careful appraisal of the adequacy of the SSI system, we can make predictions on the basis of the success of the OASDI system in handling appeals arising from that program. Interestingly, it appears that the OASDI system is experiencing considerable difficulty in handling the claims which come before it, and, in fact, has been described as a "system in crisis" in a report prepared for the Administrative Conference of the United States by Professor Robert G. Dixon, now an Assistant Attorney General of the United States.²¹ The report concludes that reconsideration probably should be eliminated so that a claimant whose application is denied can proceed directly to a hearing. The report also offers statistics on the length of time which each stage requires and the reversal rates which occur at each stage:

(1) Initial determination—median time from date of application to date of denial is 52 days.

(2) Reconsideration—median time from date of request for reconsideration to date of decision is 62 days. In addition, in about one third of the cases reconsidered, the initial determination is reversed.

(3) Hearing—median time from date of request for hearing to date of decision is 114 days and nearly 45 percent of the hearings result in reversals of the reconsideration decision.

(4) Appeals Council—no figures are available on the time involved in Appeals Council review but over 10 percent of the cases reviewed are reversed.

(5) Judicial review—again no figures are available as to time, but about 40 percent of the cases reviewed are reversed.²²

¹⁵ 42 U.S.C. § 1383(c).

¹⁶ H.R. 92-231, 92d Congress, 2d Session.

¹⁷ 42 U.S.C. § 1383(c) (4), repealed by P.L. 92-603, effective January 1, 1974.

¹⁸ 45 C.F.R. § 205-10(a) (16).

¹⁹ 42 U.S.C. § 1383(c) (1).

²⁰ 20 C.F.R. § 416.1403(b). See Claims Manual § 18608 for a more complete list.

²¹ Dixon, *The Welfare State and Mass Justice*, 1972 Duke L. Rev. 681 (1972).

²² Dixon, *The Welfare State and Mass Justice: A Warning From the Social Security*

²² *Id.* at 683-700.

Hence, the median time from date of application to date of hearing decision is 228 days. From date of request for reconsideration to date of hearing decision the median time involved is 176 days (assuming a request for a hearing is filed immediately upon receipt of the reconsideration decision). Although these figures involve disability decisions which take longer than nondisability determinations, they provide a stark contrast with the categorical welfare programs where final administrative action is available in 90 days. Elimination of reconsideration and Appeals Council review would bring down the decision time in the OASDI program to nearly this level.

It appears that the delays involved in the SSI program will at least equal those of the OASDI system. I have mentioned the delays already experienced by the SSA in making initial determinations with respect to applications for SSI benefits and the need to remedy this problem by amending 42 U.S.C. § 1382(a)(1) to require that such determinations be made promptly. Reconsiderations under SSI are more complex than under the OASDI system and, therefore, can be expected to consume at least as much time as under OASDI, where all reconsiderations are made on the basis of case reviews. Since under SSI, some reconsiderations involve face to face contact, including the examination of witnesses, further delay in the rendering of reconsidered decisions can be expected.

Hearing and Appeals Council review under SSI are the same as under OASDI and the same delays can be expected, at least with respect to SSI disability cases where no time limit is imposed for a decision, unlike other SSI cases where a hearing decision is to be rendered within 90 days of the date of the hearing. There appears to be no valid reason why a similar limit cannot be imposed upon hearings involving disability matters and 42 U.S.C. § 1383(c)(2) should be so amended.

Shortening these delays is essential to the integrity of the appeal process. This can be accomplished only by elimination of reconsideration which is redundant since *de novo* review is available at hearing and Appeals Council review. I strongly recommend that these changes be made so as to achieve administrative finality with reasonable promptness.

THE PROGRAM OPERATES TO VINDICATE THE SOCIAL SECURITY ADMINISTRATION

Early experience with SSI leads one to conclude that in addition to the deficiencies resulting from the structure of the system, there is a desire on the part of the SSA to make the system work to its advantage rather than to do justice. Thus, the SSA has endeavored to carve exceptions out of the rule that a determination that results in a reduction, suspension, or termination of benefits must be preceded by adequate notice and an opportunity to contest the decision. These exceptions include reductions, suspensions or terminations to correct "a clerical or mechanical error" and reductions, suspensions or terminations which result from information supplied by the recipient where the facts are thought to be complete and not subject to conflicting interpretations. While it is understandable that the SSA would wish to reduce the situations in which it is bound to give advance notice of an intent to reduce, suspend or terminate benefits, no justification can be found for these exceptions. They are subject to abuse and undercut the constitutional principle established by *Goldberg v. Kelly*²³ that a meaningful hearing must be available before public benefits can be reduced, suspended or terminated.

Similarly, the SSA has failed to comply with constitutionally required standards regarding the notice which is necessary before benefits may be reduced or withdrawn. Thus, it was proceeding to reduce or terminate the benefits of SSI recipients with only a brief and incomplete explanation of their rights to contest such a decision. This practice led to the filing of lawsuits, *O'Connor v. Weinberger*²⁴ and *Lyons v. Weinberger*²⁵ in which injunctions were issued against the SSA restraining it from further action to reduce, suspend or terminate SSI benefits without affording the recipient adequate notice of the reasons for the proposed action and an effective opportunity to contest the action. The suits resulted in a change in the form of notice given prior to such actions, but it is not yet clear that the problem has been resolved and more litigation can be expected.

Litigation may also arise as a result of restrictions which have been imposed upon the hearing process. Whereas the expense of transporting a public assistance recipient, his representative, and witnesses to the hearing formerly was

²³ 397 U.S. 254 (1970).

²⁴ C.A. 74-501 (D.D.C. 1974).

²⁵ 74 Civ. 1258 (S.D.N.Y. 1974).

borne by the Federal government,²⁶ the SSA expects the SSI recipient to shoulder these costs.²⁷

THE LIMITATIONS UPON JUDICIAL REVIEW

My final objection to the appeals structure is the decision reflected in 42 U.S.C. § 1383c(3) to foreclose from judicial review the Secretary's findings as to facts. The high reversal rates prevailing in the title II program in which 40 percent of the cases reaching court are reversed indicates that the SSA administrative appeals structure does not resolve all issues satisfactorily. Indeed, the fact that so many cases result in reversals casts grave doubt upon the system's ability to handle SSI appeals.

Under title II, the Secretary's findings of fact are reviewable by courts to the extent that they are unsupported by substantial evidence.²⁸ This does not mean that the courts second guess the Secretary; they simply ensure that there are facts in the record to support his conclusions. A check upon arbitrariness or neglect therefore exists in the title II program (and indeed in most administrative decisionmaking) which is absent from the SSI system. Congress should rectify this omission by empowering the courts to ensure that the Secretary's findings are supported by substantial evidence.

CONCLUSION

For the reasons I have outlined I believe that the SSI appeals structure should be revised drastically:

(1) All decisions affecting benefits should be reviewable and a time limit should be imposed in which initial determinations must be rendered. As to initial applications, this should not exceed the limits prescribed for decisions on applications for aid to the aged, blind and disabled.

(2) Reconsideration and Appeals Council review should be eliminated altogether.

(3) Administrative review should consist solely of a due process hearing which should render a decision within 90 days from the date the hearing was requested.

(4) Judicial review should expressly include the power to review the Secretary's findings of fact to ensure they are supported by substantial evidence.

I am confident that these changes will improve the integrity of the SSI system and I urge their adoption.

Dr. BICKEL, Senator, I was delighted this morning to hear you refer to the importance of the impact of inflation on the situation of elderly people and also the blind and disabled under SSI.

My position is that the Federal standards of support under SSI are too low to assure a minimum level of adequacy in terms of the concept of social subsistence in the United States today, and that we are allowing these standards to erode still further.

The basic SSI standards have been raised twice since they were first enacted in October 1972, a total percentage increase in Federal support standards of 12.3 percent. Over the same period, since the initial standards were first adopted, up to the latest consumer price index, consumer prices generally have risen by more than 15 percent.

If we project on a very conservative basis, that is, assuming that inflation begins to decline so that by the end of the year it is running at an annual rate of 6 percent, which is less than half of its present rate, then by today, by July of this year, consumer prices generally have risen by more than 17 percent since SSI was enacted, while the SSI support standards have been raised by about 12 percent.

On the basis of that same conservative projection of price inflation, by the end of the year, December 1974, the total increase in general

²⁶ 45 C.F.R. § 205.10(b)(4).

²⁷ *Right to Appeal Supplemental Security Income*, DHEW Publication No. (SSA) 74-10281.

²⁸ 28 U.S.C. § 405(g).

consumer prices since the SSI program was first enacted will be approximately 21 percent.

Senator CHURCH. The adjustment has been about 12, you say?

Dr. BICKEL. The total adjustment in SSI standards so far has been 12.3 percent, so that gives some figures for you to work with.

COST-OF-LIVING ADJUSTMENT FOR BENEFICIARIES

Senator CHURCH. You favor writing into the law a cost-of-living adjustment for Social Security beneficiaries?

Dr. BICKEL. Writing into the law a cost-of-living adjustment is the absolute minimum that must be done, mainly because these Federal SSI standards presently for a single person are more than 25 percent below the official poverty line; for a couple, they are nearly 15 percent below.

The poverty line itself is an inadequate level of subsistence support. It should be called a virtually guaranteed dietary deficiency budget. It was based on a standard food budget for pricing developed by the Department of Agriculture, which the Department of Agriculture itself does not recommend as a maintenance budget. It is simply too low. They caution that it should be followed for temporary emergency use only. The USDA does this because their research has shown that people who actually spent that amount for food, the same amount as the cost of the so-called economy budget that the official poverty line was originally based on—for people spending that amount for food, only 10 percent of them were able to achieve a "good" diet, which means that it meets the minimum daily requirements specified by the National Academy of Sciences and the National Research Council as necessary for good nutrition.

The USDA found that more than 50 percent of the people spending at that level for food had "poor" diets, which means that in one or more essential food elements, they were obtaining less than two-thirds of the minimum daily requirements.

So 90 percent of the people actually spending that amount for food, the amount upon which the official poverty line concept was originally based, 90 percent of them were unable to achieve good diets. Now, in the Federal SSI support standards, we have a number which is 25 percent lower still. That is a virtually guaranteed dietary deficiency level of support.

Consequently, I think that the most important overall thing that can be done for the future is to set a national target, a national target of a truly adequate minimum subsistence standard of support for the needy aged, blind and disabled population, and a timetable to move toward this target. This would require an updating of the SSI standards greater than simply keeping up with the cost of living.

If we fail to keep up with the cost of living, a bad situation will grow worse, so that is the minimum that must be done.

Senator CHURCH. I once put my family on a welfare diet for 10 days and myself as well and I know something of what you are saying. It is tough.

We have a rollcall vote to which I must respond or remain ever accountable to the people of my State, so we will recess for a few minutes and I will be back.

AFTER RECESS

Senator CHURCH. The hearing will please continue. Now, who is next on the panel?

Mr. ABASCAL. Jim Bensfield.

Senator CHURCH. Mr. Bensfield, please proceed.

**STATEMENT OF JAMES BENSFIELD, STAFF ATTORNEY, SENIOR
CITIZENS LAW CENTER, WASHINGTON, D.C.**

Mr. BENSFIELD. Senator, I would like to say first of all, that as a staff attorney with the National Senior Citizens' Law Center, I have been in the unique position of having contact with local legal services attorneys throughout the country who have been dealing with the SSI program at the local level and who have been—who have represented SSI recipients and potential SSI recipients. At the conclusion of my written statement, I have attached some letters which I have received from the attorneys which I think, taken together, present a pretty comprehensive picture of the variety of problems encountered at the local level.

At the beginning of my statement, I have summarized some of the more blatant horror stories which have been reported in these letters.

Senator CHURCH. You are submitting this for the record?*

Mr. BENSFIELD. Yes, I am.

Senator CHURCH. And you are just going to highlight it?

Mr. BENSFIELD. Yes, highlight it very briefly.

First of all, I would like to speak to a problem which I think is evidenced by the letters which I have received and referred to and which represents a common theme. It has to do with the inability of the SSI system to make timely and appropriate adjustments in individual cases. I think a lot of the problems you have heard about and will hear about in testimony here are obviously related to the fact that SSI is a new program with a lot of snags in the system. Eventually, many of these problems will no doubt be worked out, but based on my experience, on my contact with how the program has worked, I think it is fair to say that even when the system becomes perfected there will always be a margin of error. It is an enormous and complex system, involving intricate means—test evaluations for millions of people and variations from State to State. There will always be the SSI recipient who is denied benefits or has his grant suspended because of systems errors and I think it is important that there be as many mechanisms as possible available to the Social Security Administration at the local level to cushion the impact of these system errors and to rectify immediately these kinds of problems.

EMERGENCY PAYMENTS SYSTEM

I have been impressed, I might say, with the flexibility and the imagination the administration has shown in this area up to now.

They have expanded the concept of the emergency grant upon initial applications to cover conversion cases; they have made many more one-time payments than initially expected; and they have instituted

*See prepared statement, p. 617.

a new and more expeditious check replacement system. I still think, however, there is room for additions in the law in the sense there should be provisions for making on-the-spot emergency payments to eligible SSI recipients who have not received their checks. Even with the best system, the check replacement procedures will take days and weeks.

There are many cases when the recipient cannot afford to wait that long and as of now, in the law, there is no provision by which these people can receive immediate relief. I think that is a glaring loophole in the program and one that is very easily remedied legislatively.

Senator CHURCH. If you think this can be remedied by legislation, will you do us the favor of offering us some language that would accomplish that?

Mr. BENSFIELD. Fine.

Senator CHURCH. Thank you. The committee would welcome it.

Mr. BENSFIELD. I would like to shift gears right now and mention briefly some of the things already touched on in the other testimony.

In the SSI legislation and in the regulations promulgated thereunder, there are several provisions which I think can be characterized as presumptions in the law, conclusive presumptions, which in many cases seem to work tremendous inequities.

I would like to mention several of these presumptions which have to do with the income and resource provisions of the program.

You have heard from the lady from Tennessee about the resource exclusion for value of the house and, according to Mr. Whittier, apparently one aspect of that problem has been resolved. I still think, however, there is room for improvement in the law in terms of adding some flexibility to the valuation of the house for purposes of excluding the resources.

The fact that there are tremendous regional and interregional discrepancies between the fair market value of housing makes for some rather glaring inequities and I think the system could be loosened up sufficiently to compensate for such discrepancies.

There already is a provision in the law that provides that the fair market value for exclusionary purposes in Hawaii and Alaska is \$35,000 as opposed to \$25,000, so there is some recognition that there are differences.

I think that recognition should be extended and expanded and carried out to its logical conclusion. Like all of the other conclusive presumptions, the housing valuation of a \$25,000 figure is justified by the administration on the grounds that it somehow facilitates the easy administration of the program. But I think the harm done in terms of denying benefits for people who do not make it under the \$25,000 standard because they are just barely over it, or who live in a section of the country where a \$25,000 house means something considerably less than to those in another section, far outweighs the administrative ease that is added by having this provision.

Another presumption: The fact that in evaluating household goods, the recent regulations do not take into consideration that there might be encumbrances on these goods. In other words, household goods are valued at their market value, whether or not a person is making payments on those goods. This seems to me to thwart the purpose of the resource provision.

A person is eligible for SSI if he has a certain amount of resources on the theory that those resources are available to him for support, but when there is an encumbrance on household goods it is ridiculous to think that the person has access to the full market value of those goods. He has access to the value of the goods minus whatever outstanding encumbrances might be on them. I think that a little flexibility in the system would bring it into conformance with the economic realities.

Senator CHURCH. You are speaking of all encumbrances, including mortgages?

Mr. BENSFIELD. It does apply to the housing situation, too, because under the \$25,000 housing situation, that is the fair market value, not the person's equity in the house. This is another situation that can lead to inequities. A person might own a house with a high fair market value and they may owe a lot on it. Somebody else might own a less expensive house outright. One gets benefits and one does not. So you are right in saying that the encumbrance problem does go to the housing aspect.

The third income exclusion involves money received from scholarships and grants. That provision, as it has been interpreted by the Secretary and the regulations, has been limited to include only that portion of the scholarship or grant which is used to pay tuition for fees for educational purposes.

In other words, any other expenses which the SSI recipient will encounter in school, which are related directly to the educational experience and are not expenses which he would have had if he were not in school, are not excluded. So it is possible for somebody to grant a scholarship and his money grant might be somewhat less than somebody else's similarly situated but not in school, so it does not make much sense.

Finally, I will mention the presumption raised in the testimony previously, having to do with the one-third grant reduction for living in a household of another.

It simply does not seem to me to make much sense to reduce a person's grant, especially if he is actually paying for the room and board he is receiving in living in the household of another. I think the one-third grant in reduction could easily be offset in those cases by the amount the person is paying for room and board.

Senator CHURCH. Well, it is a very difficult matter where the person is living with his own relatives and with his own family. I do not know how this should be resolved. It is all that clear to you?

EVALUATION OF IN-KIND SERVICES

Mr. BENSFIELD. It is clear to me that I think the one-third reduction is a reasonable provision in terms of evaluating in-kind services, but I think that when there is a measurable amount involved, when the person is actually paying under some kind of ordinary rental agreement, that could easily—

Senator CHURCH. That becomes very difficult to authenticate in a family situation.

Mr. BENSFIELD. I think it could be done.

Mr. ABASCAL. The States have done it for years. It represents another example of that kind of tradeoff between the efficiency of the administration and the complexities of the situation.

When you are dealing with critical situations, of people in critical need, I think the scale ought to tip to individualizations.

Mr. BENSFIELD. Thank you.

Senator CHURCH. Thank you for your observations. Without objection, your prepared statement will be inserted in the record.

[The prepared statement of James A. Bensfield follows:]

PREPARED STATEMENT OF JAMES A. BENSFIELD

As an attorney employed by the National Senior Citizens Law Center, I have had considerable contact with local legal services attorneys representing SSI recipients and potential SSI recipients in various sections of the country. From my work with these attorneys, I have become familiar with a number of problems in the SSI program. Some of these problems are no doubt attributable to the program's newness and Social Security's failure to work the snags out of its still-developing SSI "system"; others are more permanent in nature and are likely to survive any shakedown period in the program unless remedied by changes in the SSI laws and regulations.

Both kinds of problems, however, have worked hardships on the intended beneficiaries of SSI. Whether an elderly, blind or disabled individual has failed to receive his SSI entitlement due to a systems breakdown, or whether he has been denied eligibility altogether because of a particular presumption in the law which bears little or no relation to his actual economic circumstances, the effect is the same: needy persons are being denied the very means to live which the SSI program was set up to provide them.

Hopefully, the combined testimony of the panel members will touch most of the major problems in both of these categories. I will confine my own remarks to just a few of them. I would like to speak, first, to the general question of the SSI program's current ability to respond to the needs of individual recipients who, for whatever reason, have run afoul of systems problems, and, second, I would like to discuss briefly some features of the income and resources tests in the SSI law and regulations which potentially will result in the denial of benefits to many truly needy individuals.

THE SYSTEM

Anyone who has been involved with the initial phase of the SSI program inevitably has his or her own collection of man versus machine horror stories. From all parts of the country I have received calls and letters from legal services attorneys with clients who have failed to receive their SSI payments on time (or at all), who have received wildly fluctuating payments or drastic reductions without any explanation, or who have had their benefits stopped without notice. Most of these stories share a common theme: Despite exhaustive efforts on the part of the recipient and his attorney, it is usually impossible to receive an adequate explanation of the action taken from local Social Security officials in the district offices or in the regional headquarters. Everyone professes ignorance and impotence in the face of what have become known as "those damn computers in Baltimore."

I have attached at the end of this statement letters from attorneys and paralegal personnel working in legal services programs in Maine, Massachusetts, Georgia, Tennessee, and Washington State.¹ The letters bring home concretely the frustration felt by those who have had to deal with the SSI program on a case-by-case basis. The problems brought out in the letters are many and varied, but a good number of them reflect both the present inability of the SSI system to make accurate and timely adjustments in many individual cases as well as the apparent lack of mechanisms available to local Social Security offices to compensate for this irresponsiveness.

For example: In Boston, Mr. B and his attorney have been trying in vain for months to have Mr. B's name properly added to the master SSI payment rolls

¹ Retained in committee files.

in Baltimore. They have yet to meet with success, despite the fact that the SSA officials in the local district office, the regional office, and in Baltimore acknowledge Mr. B's eligibility to receive regular SSI benefits. When he didn't receive his January check, Mr. B's local district office issued a one time payment (OTP) and assured him that such a procedure would automatically correct the situation and he would begin receiving regular checks in February. He didn't. Neither did he receive timely payments for the months of March, April, May, June or July. In the words of his attorney :

He and I have spent literally hours each month discussing the situation with the District Office. Each month the District Office is forced to go through the time-consuming manual OTP process. The District Office says that the computer refused to respond to instructions to correct the error. As a result Mr. B receives his check as late as the 25th of the month. He has no other income, and has been forced to borrow from friends and relatives, with no certainty as to when he can pay them back.

In other cases, SSI recipients have not been so lucky in finding avenues around systems failures. As reported in a letter from a staff attorney with the Central Massachusetts Legal Services Program :

We have a number of emergency cases in which the local district office is not processing or attempting to rectify computer and administrative mistakes within a reasonable amount of time. Some individuals have waited four or five weeks for one time payments after the local office indicated that they were eligible, but did not have time to query the system for verification, or did not process the request. The greatest reason for the delays appears to be a lack of personnel in the local office to handle the situation of mistakes in the system.

DETERMINATIONS NOT MADE UNDER SSI DISABILITY GUIDELINES

Persons who have applied for disability benefits appear to be especially vulnerable to systems snafus resulting in delays and apparently unjustified denials of benefits. The attached letter from the legal services attorney in Maine refers to several problems which he has experienced in this area. One involved the failure of the system to comply with the terms of Public Law 93-256, which extended the period of presumptive eligibility for certain persons grandfathered into the SSI program. As a result, many individuals in the state were illegally dropped from the payment rolls at the end of March, despite their never having had determinations made under the SSI disability guidelines.

Another case cited in the Maine letter illustrates the lack of coordination between Baltimore and the local SSA offices which is not infrequent in disability cases. In the words of the attorney :

An area physician reported a shocking eligibility denial to this office. An applicant, who had been referred to him by SSA for a consultative examination, received a notice of denied claim the day following his visit with the doctor and before the physician had a chance to submit his report. While the denial letter stated that study of the medical evidence showed the applicant was not disabled within the meaning of the law, this determination was apparently reached on the basis of an empty file. Upon contacting Social Security, the physician was advised that this patient would have to pursue his claim through the slow and lengthy appeals process.

Finally, the attached letter from an attorney with a legal services program in Nashville, Tenn., points out the widespread failure of the present SSI system to generate proper notices to persons who have had their grants terminated or reduced. In speaking of the failure to provide adequate notice and prior hearings in cases where such procedures are clearly constitutionally mandated, this attorney states :

It should be emphasized that local Administration employees have been most cooperative and concerned about this problem, and seem to be doing all that they can to remedy the situation. Unfortunately, there is only a limited amount that they can accomplish, because the checks are issued by computer from Baltimore, and the computer apparently can and does reduce or completely cut off checks without local caseworkers even being aware of the fact. And the computer itself is apparently not programmed to automatically issue notices itself before taking such action.

Aside from my contact with local legal services attorneys who are in daily touch with persons who have SSI problems, I have also had numerous contacts

with the Social Security officials in Baltimore who have been placed in charge of dealing with those problems. It is a pleasure to report that these contacts have evidenced, to me at least, a genuine feeling of concern for the victims of the kinds of systems failures cited above and a commitment to eliminate the flaws in the SSI system as rapidly as the resources of SSA will permit. As one official in the Bureau of Supplemental Security Income aptly put it in a recent meeting: "We might have three million cases to worry about, but for the guy out there waiting for his check, his case is the only one he's got."

My inquiries to Social Security officials in Baltimore on behalf of certain problem cases which have come to my attention—including the case of Mr. B in Boston who has received one time payments seven times because the computer will not or cannot put his claim in payment status—have elicited concerned responses which, if they have not been totally remedial in every case, have at least left me with a keener appreciation of the complexity and enormity of putting together the SSI system.

Given enough time and, perhaps more importantly, enough manpower, SSA will no doubt work many of the kinks out of the program. But in an operation as vast and intricate as SSI, in which a system must be designed to deal with complex means test calculations for several million individuals and with fifty state variations in supplementation, medicaid eligibility criteria and so forth, systems errors will remain in some degree as unfortunate by-products of the program. Social Security must be equipped with—and must utilize—procedures for shortcutting the system when necessary to cushion the impact of these errors on individual recipients.

The Administration has already made imaginative use of the available procedures for doing precisely that. The Secretary's emergency check-issuing authority—presently limited to initial applicants only—was temporarily expanded to include all persons converted to SSI from state programs. Also, the unusually large number of One Time Payments which have been made to date have literally rendered that term a misnomer, and I am told that an expedited check replacement process will be inaugurated around the first of August.

Nevertheless, more flexibility needs to be built into the program. The need is especially acute in the areas of emergency payments and presumptive eligibility.

EMERGENCY PAYMENTS

As mentioned, there is presently no authority in the SSI statutes for making emergency payments to eligible SSI recipients who, for whatever reason, have failed to receive their regular monthly benefits. While the expansion of the One Time Payment and check replacement procedures have in some degree compensated for this lack, these measures are, and will remain, too cumbersome and time-consuming to afford the kind of immediate emergency relief required in many cases. Without the availability of such relief, the recipient is forced to bear the burden of systems mistakes, postal delays, lost or stolen checks and so forth. It simply makes sense to expand the present emergency check issuing authority to include those persons who, unlike even initial applicants, have come to depend on the timely arrival of their monthly SSI benefits.

Any system of making emergency payments is, of course, of little value unless it is used in practice and its existence is made known to potential beneficiaries. Unfortunately, there are presently provisions in the SSI Claims Manual which instruct district office personnel specifically that "a request for emergency advance payment should not be solicited" except "when a bona fide need is indicated." It is submitted that a policy of encouraging rather than discouraging the use of emergency payment procedures would better serve the interests of needy recipients.

Persons seeking SSI benefits based on disability must qualify under both the means test and the SSI disability guidelines. That process currently accounts for one of the most glaring bottlenecks in the whole SSI program. Congress has included provisions in the SSI statute authorizing SSA to make payments to "presumptively eligible" individuals for up to three months while their claims are being processed in the state disability determination units. It appears, however, that the intent of Congress in providing relief to needy and disabled persons while their claims are pending has not been fully carried out in the program. For one thing, the Administration has promulgated severely restrictive guidelines for use in classifying persons as presumptively disabled. For another, there

is currently no provision in the law for reimbursing states who provide benefits to individuals with pending disability claims.

Under SSA regulations, an SSI applicant is entitled to a finding of presumptive disability whenever he can make out a "prima facie" case of disability. An applicant can, in turn, make a prima facie case by evidencing a "readily observable severe impairment," or by submitting "medical or other evidence" of his impairment.

There are problems with both of these procedures. First, SSA has restricted the definition of a "readily observable severe impairment" to cases involving the amputation of two limbs, the amputation of a leg at the hip, and an allegation of total deafness, thereby rendering the concept worthless in the vast majority of cases. (See Claims Manual § 12572(a)) Second, since district offices are not equipped to make disability determinations on the basis of medical evidence, such evidence, even when submitted to support an application for presumptive disability benefits, must be sent to state disability determination units. Since there is presently no time limit in the law for processing these presumptive disability applications, there is a strong possibility that determinations will not take place appreciably faster than the processing of ordinary disability applications. The cumulative effect of SSA's current policy regarding presumptive disability, then, has been to largely dissipate the potential, and intended, benefits of the original statutory provisions.

The presumptive disability problem is further compounded by the lack of any provisions in the law allowing federal reimbursement to states who on their own initiative provide interim general assistance benefits to persons awaiting rulings on their SSI disability applications but who have not qualified for presumptive disability payments. The cost consequences of such a provision would be minimal, since, once a person has been found eligible under the SSI disability guidelines, his benefits are retroactive to the date of application. The amount of those retroactive benefits could simply be reduced by whatever amount the person had received from the states during the pendency of his disability claim. Currently, there is no financial incentive in the law for states to make these payments.

PROCESSING INITIAL APPLICATIONS

Although others on this panel will speak in detail about the pile up of initial SSI applications during the program's first phase, I would simply like to lend my support for the establishment of time limits during which action must be taken on these applications. As you are aware, states administering the previous grant-in-aid programs were required to act on applications within 30 days, or in the case of disability claims, within 90 days. There seems to be no reason why a centralized system like SSI can't work within the same time constraints. Indeed, the imposition of such constraints might expedite the process of perfecting that system.

Regardless of how efficient and well-oiled the hardware in Baltimore eventually becomes, there will remain some features of the SSI program which, unless changed, will result in the denial of benefits to large numbers of deserving individuals. Many of these features can be characterized as "presumptions"—provisions in the law or regulations which, while perhaps contributing in some way to administrative efficiency, are too inflexible to permit justifiable exceptions warranted in particular cases.

An individual, for instance, who is receiving SSI benefits on the basis of disability and who is also an alcoholic or drug addict is *required* to have his benefits paid to a representative payee, regardless of how capable he may be of handling his own affairs.

A marital relationship is presumed to continue for a six-month period, regardless of how final and irrevocable a separation might be, with the result that the partners in the former relationship must subsist on one-half of a couple's grant rather a larger individual's payment.

I would like to devote the remainder of my testimony to briefly describing several inequitable presumptions contained in the income and resources evaluation provisions of the SSI program. This list is neither new nor exhaustive. The items mentioned, however, hold potential for working severe hardships on needy individuals. They also readily lend themselves to legislative remedies, some of which have already been proposed.

VALUE OF THE HOME

Section 1613(a)(1) of the Social Security Act provides that the reasonable value of an SSI recipient's home shall be excluded in calculating his or her resources for determining eligibility.

The regulations issued by the Secretary under this section, however, set an absolute limit on the market value of a house which an individual can own and exclude from his resources for purposes of determining SSI eligibility. That limit is \$25,000 (excluding Alaska and Hawaii, where the limit is a market value of \$25,000).

By failing to allow for the large regional and intraregional variations in the fair market value of housing, and by failing to take into account the tremendous increase in home values over recent years, the arbitrary \$25,000 figure produces some startling inequities. A \$24,000 house in one section of the country might be far more elaborate than a \$26,000 house in another section, yet the owner of the former would be eligible for SSI while the second owner would not.

Furthermore, the \$25,000 figure bears no relation whatsoever to a person's equity in a house. Mr. A's house has a fair market value of \$30,000, but Mr. A is paying on an outstanding loan of \$26,000, making his equity in the house \$4,000. Mr. B's house (which, to add to the disparity, could be located in an area with comparatively lower market values) is worth \$23,000 and is owned outright. Result: B is eligible for SSI, A is ineligible.

Since the use of any set figure for the evaluation of a house in determining resource eligibility will inevitably result in the exclusion of persons with homes whose market value is slightly over the limit, there is a strong argument for eliminating the use of such figures altogether. Short of that, however, there should at the very least be a system for making sure that regional differences are taken into account in the calculation of allowable resource exclusions for homes of SSI recipients.

THE REAL VALUE OF RESOURCES

Under regulations promulgated by the Secretary, household goods owned by SSI recipients are evaluated at market value for purposes of calculating available resources. Again, the regulations take no account of unpaid loan balances or other encumbrances which may exist on such property. The sound principle of requiring persons to make use of alternative resources before becoming eligible for SSI benefits has been thwarted by the very unsound notion that the total value of an encumbered household item is somehow available to such a person.

Equity is the only meaningful measure of the value of household goods for use in the SSI means test. The encumbered portions of such goods are of no use to a potential SSI recipient as an alternative means of support and it should, therefore, be deducted from the market value in evaluating a person's resources.

Section 1612(a)(2)(A) of the Social Security Act provides that when an individual is living in the household of another and is receiving support and maintenance (room and board) in kind, the amount of his SSI grant will be reduced automatically by one-third. While this statutory provision precludes any individual determination of the actual value of the in-kind benefits received, the regulations issued thereunder go a step further. They require that the one-third deduction be made even if the recipient is making payment for his room and board to the person in whose house he is living.

(These regulations mean that a person who lives in a household of another and makes regular payments under an ordinary rental agreement will nevertheless have his SSI grant reduced by one-third. It would seem only fair for the law to include a provision that any such payments made by recipients living in the household of another should go towards offsetting the one-third reduction.

THE SCHOLARSHIP INCOME EXCLUSION

The Social Security Act, in section 1612(b)(7), provides that the amount of a scholarship or grant should be excluded from an individual's income in determining his SSI eligibility. SSA's regulations, however, have honed down this provision by limiting the exclusion to only that portion of a scholarship or grant which is used to pay tuition or fees. The portions used to pay other school-related expenses—books, supplies, and special services for the blind and disabled—are counted as ordinary income available for basic subsistence.

The result of this regulation is that the grant level of the SSI recipient going to school on a scholarship may be less than an otherwise similarly situated per-

son not in school. This could be the case despite the scholarship recipient's use of his grant money for costs clearly related to his education and not previously part of his ordinary living expenses. Again, some flexibility is needed in the law. This particular income exclusion should be expanded to include scholarship money used for verified educational expenses other than tuition and fees.

Mr. ABASCAL. Patricia Butler.

STATEMENT OF PATRICIA BUTLER, STAFF ATTORNEY, NATIONAL ENVIRONMENTAL AND HEALTH LAW CENTER, LOS ANGELES, CALIF.

Mrs. BUTLER. Mr. Chairman, my testimony this afternoon is of a somewhat different character than that which preceded me because of my particular background and experience.*

My remarks this afternoon will involve the relationship between SSI and Medicaid, and particularly, the legislative and administrative problems that the Medicaid program is experiencing now because of an attempt by Congress to conform the Medicaid program to SSI, adopted in the 1972 welfare amendments.

There are four specific kinds of issues I would like to bring to your attention, with recommendations for solving those problems.

The first issue involves a fundamental difficulty with the statute as it now reads, the Medicaid statute of the Social Security Act, which provides medical assistance for the indigent. For the first time since its enactment in 1965, Medicaid does not require States to cover all recipients of public assistance; never before has this been true. I think this development was a tremendous step backward from any concept of social insurance. There are two ways in which this is carried out: The first is that section 1902(f) of the Medicaid statute permits States to exclude some SSI recipients—who are recipients of public assistance—from receiving Medicaid. Sixteen States have chosen this option, as I think the Administrator of SSA testified this morning. In a very peculiar provision, Congress permits those States which chose this particular option to cover only SSI recipients who meet the States' January 1972 Medicaid eligibility standards. That figure was chosen as an arbitrary date in order to keep State Medicaid caseloads from increasing with the assumed increase in SSI caseloads, which would be a problem in the States with low welfare payment levels.

MEDICAL EXPENSES NOT COVERED BY SSI

SSI does not provide any payment for medical expenses—and we all know how expensive medical costs are today. Medicaid is the only way that the poor can receive any medical assistance. But poor SSI recipients in 16 States cannot receive medical care in the same manner as other public assistance recipients in those States.

The 1972 Medicaid amendments also permit States to discriminate between various groups of State-supplemented SSI recipients. States are not required by the Medicaid program to cover everyone under Medicaid to whom they provide State supplementary payments. Not only do States not need to cover these people at all, but they can choose to discriminate between groups. Thus, if a State such as Cali-

*See prepared statement, p. 624.

fornia provides a supplementary payment to the aged, blind, and disabled, the State can provide Medicaid to only the aged who receive this additional payment under Medicaid, excluding coverage of the disabled and blind. At this point, the State implementation of the 1972 Medicaid amendments lags behind even SSA's implementation of SSI. I am not familiar with any States which have discriminated among State supplemental recipients in this way, but the possibility exists in the law, and I have no doubt that this discrimination will occur.

An additional limitation imposed by the Medicaid statute for the first time is an income eligibility ceiling on SSI State supplemental recipients, and this brings me to the second problem I will discuss—the eligibility level ceiling, which is 300 percent of the SSI level (currently \$438). The Federal law sets an absolute ceiling on Medicaid income eligibility of \$438; and although that may sound like a lot of money, it becomes a problem for nursing home recipients because nursing home costs are very high. In Wisconsin, for example, it costs about \$600 a month to support a Medicaid recipient in a nursing home. Previous to the amendments adopted in December of last year, States like Wisconsin established nursing home cost as a "special need" for purposes of welfare eligibility, in order to permit applicants to be eligible for nursing home assistance if their income was below the cost of nursing home services; for instance, the \$600 figure.

Now that the \$48 ceiling is imposed on Medicaid eligibility, persons in all of those States where nursing costs are very high, who previously would have been eligible for Medicaid to cover that nursing home cost, will be ineligible. In a State which provides Medicaid for only the welfare group, such persons needing nursing home care will be completely ineligible for Medicaid, no matter how much of their own funds they expend. This seemingly reasonable ceiling is, in fact, very unfair to poor persons in States which have previously permitted a "special needs" standard for people in nursing homes.

Third, some States are actually cutting back their Medicaid programs, even though the primary intent of this bizarre provision in the Federal law (sec. 1902(f)) was to hold States at the status quo, so they would not have to increase their Medicaid caseloads as a result of SSI.

In fact, some States, with HEW approval, are eliminating from Medicaid certain kinds of persons who were previously covered under Medicaid, and using this provision of the law to justify that reduction.

SOME STATES REFUSING MEDICAID COVERAGE

One example of that situation in persons who were previously receiving aid in a different category—for instance, general relief—but who were also receiving Medicaid in January 1972. The State refuses to continue to cover such persons under Medicaid even though they now receive SSI. The statute seems to prohibit excluding such persons, but some States limit their programs in this manner nonetheless.

Some of these issues may be litigated, but I think either the statute or the legislative history of the statute could be clarified.

Senator CHURCH. It seems to me that you are describing what is turning into a Chinese maze, that the Congress has been more concerned about protecting the State budgets, first the Federal and second the obvious needs of the people who are intended to benefit.

I would think that was the main motive of these changes in the law which hold that the Federal Government should assume greater responsibility, and yet it was done in a way that left some of the people out, many of them in the cold.

Mrs. BUTLER. That is right, and I think there is no question that a lot of inequities have resulted because of the decision to be concerned only with fiscal matters.

My last point is minor; however, I think it forecasts the kind of problems we will be seeing in the future and relates to the discussion my colleagues have presented this afternoon regarding problems of SSA's determinations of eligibility for SSI and Medicaid.

When SSA determines to disapprove a claim, it sends out a notice to SSI applicants, telling them that they are disapproved and that they "may be eligible for Medicaid"—because some States will provide Medicaid to people not eligible for welfare—and that the State Medicaid agency will be in touch with them about their eligibility. State Medicaid agencies do not solicit applications for Medicaid. Furthermore in California where this problem has come to my attention, the State agency said it does not even have the computer capacity to obtain information about disapproved applicants from SSA or to use it in any way to notify people.

This problem should be easily remedied by a better formal agreement between SSA and State agencies, and by making more accurate the notice that SSA provides. But I think a better solution to this whole problem is for SSA to assume responsibility for determining all Medicaid eligibility for both the welfare group for which it now makes eligibility decisions—because these decisions are SSI eligibility decisions—and also for the "medically needy," the nonwelfare group of Medicaid eligibles who are eligible for Medicaid. The eligibility process would be much simpler if SSA would take complete responsibility for it.

As I read the Federal law, that would be perfectly within the arrangements that HEW could make with the States, but HEW refuses to do so under its present regulations.

Senator CHURCH. Thank you very much, your prepared statement will be placed in the record at this point.

[The statement follows:]

PREPARED STATEMENT OF PATRICIA A. BUTLER

Dear Mr. Chairman and Members of the Committee: As a staff attorney with the National Health Law Program for the past four years, I have specialized in Medicaid, and my testimony involves specific problems with the relationship between the SSI and Medicaid programs. I must emphasize that because of the delays in implementation of SSI, which have entailed even greater delays in the implementation of conforming amendments to the Medicaid programs in each state, the problems that I mention are only examples of problems which I believe we will continue to see as states implement Medicaid changes during the next few months.

The four specific problems to which I would like to direct the Committee's attention illustrate issues of the way that Congress wrote the statute and of state implementation and HEW administration of the law.

I. ELIGIBILITY FOR MEDICAID

For the first time since its enactment in 1965, Medicaid does not now require states to cover all recipients of public assistance. The federal law specifically permits states to exclude certain kinds of persons who are receiving public assistance in the form of either SSI or State Supplementation:

A. Section 1902(f) of the Medicaid Act, 42 U.S.C. § 1396a(f), permits states to exclude some aged, blind and disabled recipients of SSI or State Supplementation from Medicaid and to cover only those aged, blind and disabled persons on SSI or State Supplementation who meet the state's January 1, 1972, Medicaid eligibility standards. Sixteen states* have chosen this option. The purpose of this limitation was to hold states harmless from increased Medicaid costs which would be the natural result of increased federal eligibility standards under SSI. (See Sen. Fin. Comm. Rep. No. 92-1230 at 222). Certainly the states have a right to be concerned with an increase in their Medicaid caseloads over which they would have no control. However, Medicaid, in spite of its failings, has been since 1965 the sole means by which welfare recipients and in some cases other groups of low-income persons, could receive free medical assistance. To deny Medicaid to persons who have been defined as poor by virtue of their SSI eligibility is inequitable and illogical. A fairer protection against increased state costs would be to permit states to charge the federal government for the increased share of the costs of these added SSI recipients.

B. Not only may states exclude a large group of SSI recipients from automatic Medicaid coverage, but states may also discriminate between recipients of their State Supplementation programs. The federal law, § 1902a(10)(III), 42 U.S.C. § 1396a(a)(10)(III), permits the states to cover "reasonable groups" of State Supplementation recipients. HEW has interpreted this requirement to mean that the states may exclude from Medicaid coverage State Supplementation recipients who are blind or aged or disabled or various combinations thereof (45 C.F.R. § 248.2(d)). While I have not heard that any states are discriminating among their State Supplementation recipients, the tendency of many states to cut back their Medicaid programs as medical costs increase indicates that states will take advantage of that opportunity in the future if they have not already done so.

II. INCOME CEILINGS

Section 1903f(4)(c) of the Medicaid law, 42 U.S.C. § 1396b(f)(4)(c), sets the ceiling on the income of Medicaid recipients for purposes of Medicaid eligibility at 300% of the federal SSI level which would currently be \$438. While this income level applies to all Medicaid recipients, in practical effect it only has an adverse impact on persons who are institutionalized, primarily persons in nursing homes. Because it is recognized that nursing home costs are often very high and well beyond the traditional welfare eligibility standards for individuals, many states have set a special income eligibility level for nursing home recipients or have calculated the cost of nursing home services into a welfare applicant's budget as a "special need." This eligibility process was especially important in states with Medicaid programs for only the categorically needy (i.e. welfare recipient group) because persons with incomes above the welfare eligibility line but below the level of the monthly cost of nursing home services (which may run as much as \$600 a month) would otherwise never be eligible for Medicaid. Imposing the federal ceiling of \$438 on Medicaid eligibility disqualifies from Medicaid eligibility such nursing home recipients in states where the cost of nursing home care exceeds \$438 a month.

III. STATE CUTBACKS IN ELIGIBILITY

Although the intent of the federal limitation on Medicaid eligibility, § 1902(f), discussed above, was to hold the states harmless from increased Medicaid costs and keep states at approximately their 1972 level of Medicaid eligibility costs, some states have restricted Medicaid eligibility in violation of the intent and express language of the statute, but with the support of HEW. States which covered persons who were receiving Medicaid in January 1972, as members of a different eligibility classification than they currently belong to, now exclude such persons from Medicaid eligibility. For instance, one state where general assistance recipients were eligible for Medicaid in January 1972, refuses to provide Medicaid coverage for a person who was a general assistance recipient receiving Medicaid in January 1972, and who is now an SSI recipient (because the SSI definition of disability is more liberal than that which existed in the state's ATD plan). Similarly a state which provided Medicaid to AFDC families where disabled children were eligible because of their family relationship, but who now are disabled SSI recipients, refuses to provide Medicaid coverage to these children even though they were receiving Medicaid under a different

*Connecticut, Hawaii, Idaho, Illinois, Indiana, Kansas, Maryland, Minnesota, Missouri, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, and Utah.

eligibility category in January 1972. While these two examples describe persons who are not the primary constituency of this Committee, a similar situation could arise with persons who become 65 after January 1972, and are now eligible for SSI, but who were receiving Medicaid for another reason, such as receipt of general assistance, in January of 1972.

IV. COOPERATION BETWEEN SSA AND STATE MEDICAID AGENCIES

It has recently come to our attention that the notice that SSA sends to disapproved SSI applicants misleads those persons into believing that they may be contacted regarding Medicaid eligibility. In a state with a medically needy (i.e. non-welfare group) Medicaid program persons with too much income for SSI may still be eligible for Medicaid. This medical assistance eligibility is obviously of critical importance. Unfortunately, the notice which SSA distributes to disapproved applicants says that "an agency of your state will inform you of your status for medical assistance (Medicaid). You need take no further action." Some state Medicaid agencies claim that SSA does not notify them of these disapproved SSI applicants for them to contact. Even if SSA did notify state agencies, states do not seek Medicaid eligibles and would probably fail to contact them unless they were legally obligated to do so. The notice is misleading because the applicant is under the misimpression that he need take no further steps to apply for Medicaid. The SSA notice should at least inform the applicant that he must apply for Medicaid through his welfare department. A better solution to this problem would be that SSA assume responsibility for making determinations of medically needy eligibility for all disapproved SSI applicants and for all persons who become ineligible for SSI because of increased income or resources, since SSA would already have all the information needed for such decisions. SSA administration of this function would streamline otherwise duplicative applications. Such eligibility decisions are within the scope of the federal law which permits SSA to coordinate with and assume administrative responsibilities of the state Medicaid and welfare agencies, 42 U.S.C. § 1334. HEW's regulations forbid SSA to make these decisions except on behalf of SSI or State Supplementation recipients, 20 C.F.R. § 416.2112. These regulations seem unduly to narrow the scope of eligibility decisions which Congress intended SSA to make.

RECOMMENDATIONS FOR LEGISLATIVE CHANGES

To remedy each of the aforementioned problems I recommend the following solutions:

1. Amend the Medicaid law to cover all recipients of public assistance including all State Supplementation payment recipients.
2. Remove the 300% ceiling on State Supplementation payment income eligibility levels for Medicaid recipients, at least with respect to nursing home patients in states where nursing home costs exceed \$438 per month.
3. Clarify the statute by amendment or legislative history so that if states are permitted to limit Medicaid eligibility (§ 1902(f)), they *must* cover all persons who are eligible for or receiving Medicaid in January 1972, as required by § 1902(f), and cannot cut such persons off of Medicaid.
4. Require SSA to change its SSI disapproval notice to suggest that disapproved SSI applicants in medically needy states apply for Medicaid at their local welfare offices. Alternatively, clarify congressional intent that SSA should make Medicaid eligibility determinations for disapproved SSI applicants and persons who became ineligible for SSI because of increased income or resources.

Thank you very much for the opportunity to appear before the committee.

Senator CHURCH. I thank you who have come here in an expert capacity within your respective fields. Your testimony will be very helpful, particularly as we have a chance to analyze it in written form.

That is frequently the kind of testimony that is most helpful to us when we look for opportunities to change the law. I want to thank you very much for coming; I appreciate very much your attention and your attendance at the hearings.

That concludes the agenda for this afternoon, and we will resume tomorrow morning at 10 o'clock here in this same room.

[Whereupon, the committee recessed at 4:50 p.m.]

APPENDIXES

Appendix 1

SUPPLEMENTAL SECURITY INCOME AND RELATED MATTERS—TABLES SUBMITTED BY HON. JAMES B. CARDWELL, COMMISSIONER, SOCIAL SECURITY ADMINISTRATION

OPTIONAL SUPPLEMENTATION OF SSI AND RELATED MATTERS AS OF MAR. 15, 1974

	Mandatory supplementation	Optional supplementation	Medicaid eligibility		SDX contracts	Hold-harmless protection	Pass along
			Determinations	Standards			
	(1)	(2)	(3a)	(3b)	(4)	(5)	(6)
Alabama.....	S	S	F	SSI	-----	-----	-----
Alaska.....	S	S	S ¹	1/72	Yes.....	-----	-----
Arizona.....	O	S	O	O	Yes.....	-----	-----
Arkansas.....	F	O	F	SSI	-----	-----	(?)
California.....	F	F	F	SSI	-----	Yes.....	-----
Colorado.....	S	S	S	1/72	Yes.....	-----	-----
Connecticut.....	S	S ¹	S	1/72	Yes.....	-----	-----
Delaware.....	F	O ²	F	SSI	-----	-----	-----
District of Columbia.....	F	F	F	SSI	-----	-----	-----
Florida.....	F	S	F	SSI	-----	-----	-----
Georgia.....	F	O	F	SSI	-----	-----	-----
Hawaii.....	F	F	S	1/72	Yes.....	Yes.....	-----
Idaho.....	S	S	S	1/72	Yes.....	-----	Yes.
Illinois.....	F	S	S	1/72	Yes.....	-----	-----
Indiana.....	F	O ³	S	1/72	-----	-----	-----
Iowa.....	F	F ⁴	F	SSI	-----	-----	-----
Kansas.....	F	O	S	1/72	-----	-----	-----
Kentucky.....	S	S	F	SSI	-----	-----	-----
Louisiana.....	F	O	F	SSI	-----	-----	-----
Maine.....	F	O ³	F	SSI	-----	-----	-----
Maryland.....	F	O ²	S	1/72	Yes.....	-----	-----
Massachusetts.....	F	F	S	SSI	-----	Yes.....	-----
Michigan.....	F	F	S ¹	SSI	-----	Yes.....	-----
Minnesota.....	F	O ³	S	1/72	Yes.....	-----	(?)
Mississippi.....	S ¹	O	S	1/72	Yes.....	-----	-----
Missouri.....	S	S	S	1/72	Yes.....	-----	-----
Montana.....	F	O	F	SSI	-----	-----	-----
Nebraska.....	S	S	S	1/72	Yes.....	-----	-----
Nevada.....	F	F	S	SSI	Yes.....	Yes.....	Yes.
New Hampshire.....	S	S	S	1/72	Yes.....	-----	-----
New Jersey.....	F	F	F	SSI	-----	Yes.....	-----
New Mexico.....	S	O	F	SSI	-----	-----	-----
New York.....	F	F	F	SSI	-----	Yes.....	-----
North Carolina.....	S	S	S	1/72	Yes.....	-----	-----
North Dakota.....	F	O	S	1/72	Yes.....	-----	-----
Ohio.....	S	O	S	1/72	Yes.....	-----	-----
Oklahoma.....	S	S	S	1/72	Yes.....	-----	Yes.
Oregon.....	S	S	S	SSI	Yes.....	-----	Yes.
Pennsylvania.....	F	F	F	SSI	-----	-----	-----
Rhode Island.....	F	F	F	SSI	-----	Yes.....	-----
South Carolina.....	F	O	F	SSI	-----	-----	-----
South Dakota.....	F	O	F	SSI	-----	-----	-----
Tennessee.....	F	O	F	SSI	-----	-----	-----
Texas.....	O	O	F	SSI	-----	-----	-----
Utah.....	F	O ³	S	1/72	Yes.....	-----	-----
Vermont.....	S ³	S ³	S	SSI	Yes.....	-----	-----
Virginia.....	S	O ⁶	S	SSI	Yes.....	-----	-----
Washington.....	F	F	S	SSI	-----	Yes.....	Yes.
West Virginia.....	S	O	F	SSI	-----	-----	-----
Wisconsin.....	F	F	F	SSI	-----	Yes.....	-----
Wyoming.....	F	O	F	SSI	-----	-----	-----

NOTES

- Total col. 1: F-31; S-18; O-2.
- Total col. 2: F-13; S-16; O-22.
- Total col. 3a: F-25; S-25; O-1.
- Total col. 3b: SSI-31; 1/72-19; O-1.
- Total col. 4: 22 yes.
- Total col. 5: 10 yes.
- Total col. 6: 5 yes.

- ¹ Federal administration being considered.
- ² Pass-along provision pending in legislature.
- ³ Optional supplement, federally administered, is being considered.
- ⁴ Optional supplement for blind only.
- ⁵ Optional supplement, State-administered, is being considered.

ADMINISTERED STATE SUPPLEMENTATION, JANUARY 1974 AND OLD AGE ASSISTANCE 1973

State	SSI and State supplementation, January 1974						OAA in October 1973		
	Number				Average monthly payment		Number	Average monthly payment	
	Total	Federal SSI payments		State supplementation only	Combined SSI and State supplementation	Federal SSI			State supplementation
		Unduplicated total	With State supplementation						
Total, 51 States	1,865,109	1,690,496	595,705	174,613	\$74.54	\$68.12	1,826,137	\$78.65	
Alabama	101,953						106,667	73.03	
Alaska	1,167						2,042	119.68	
Arizona	11,870						12,724	80.18	
Arkansas	57,213	55,250	26,252	1,963	\$77.49	14.27	56,636	67.95	
California	286,138	184,847	180,076	101,291	146.22	105.58	285,797	111.17	
Colorado	22,986						26,194	78.02	
Connecticut	6,121						6,969	82.87	
Delaware	3,034	2,487	2,198	547	85.37	36.45	2,848	83.72	
District of Columbia	4,706	4,485	2,428	221	96.75	26.02	4,202	96.11	
Florida	71,788	70,767	25,435	1,021	96.28	13.54	67,276	83.02	
Georgia	87,568	84,214	14,637	3,354	79.87	30.10	82,210	58.76	
Hawaii	3,584	3,281	2,880	303	127.66	65.73	3,132	109.26	
Idaho	2,972						3,028	69.98	
Illinois	35,919	33,862	9,253	2,057	78.79	35.86	31,411	72.65	
Indiana	15,320	14,357	3,511	963	70.98	29.90	13,534	56.90	
Iowa	12,163	11,910	9,646	253	91.82	23.32	10,965	68.94	
Kansas	9,616	9,448	1,560	168	75.79	33.51	8,510	61.54	
Kentucky	52,910						51,855	68.19	
Louisiana	104,068	97,998	50,162	6,070	82.97	20.43	102,669	73.47	
Maine	11,885	9,660	6,261	2,225	78.61	40.50	11,720	75.09	
Maryland	12,428	12,022	2,055	406	90.34	50.13	10,041	67.84	
Massachusetts	56,877	37,350	37,148	19,527	126.79	88.10	57,233	112.93	

Michigan	38,704	34,864	31,341	3,840	101.10	71.47	40.40	37,870	76.70
Minnesota	14,594	13,865	3,523	729	79.35	72.51	35.89	12,355	69.88
Mississippi	80,804					74.37		80,747	53.95
Missouri	71,632					70.76		89,227	83.53
Montana	2,862	2,674	702	188	74.82	68.82	39.85	2,528	69.10
Nebraska	6,751					62.65		6,403	65.86
Nevada	3,077	2,253	2,155	824	90.73	60.27	48.13	2,643	76.93
New Hampshire	2,503					56.56		4,377	49.17
New Jersey	22,431	20,713	16,359	1,718	104.86	75.73	43.34	19,345	80.81
New Mexico	8,165					86.37		7,579	57.80
New York	107,095	89,631	85,558	17,464	140.95	82.51	74.75	108,633	108.32
North Carolina	47,180					74.86		30,789	81.46
North Dakota	3,553					72.22		3,751	98.34
Ohio	43,315	41,821	9,543	1,494	77.98	74.18	24.95	43,566	63.70
Oklahoma	52,220					77.21		51,152	67.23
Oregon	7,267					72.42		7,508	84.94
Pennsylvania	44,961	43,692	36,028	1,269	97.86	81.58	22.41	36,686	70.39
Rhode Island	4,086	3,450	2,956	636	90.38	58.30	46.82	3,768	72.46
South Carolina	24,437	24,261	1,075	176	84.01	83.39	23.89	17,507	57.11
South Dakota	3,733	3,606	827	127	77.85	70.87	36.74	3,170	66.48
Tennessee	55,401	55,001	3,345	400	80.83	79.83	23.31	45,508	54.82
Texas	173,745					72.60		170,955	54.40
Utah	2,674	2,538	282	136	81.06	80.50	29.79	2,528	59.36
Vermont	3,243					65.24		3,938	75.43
Virginia	17,744					80.34		13,827	79.35
Washington	17,028	16,112	14,656	916	94.69	69.18	32.18	16,590	75.90
West Virginia	13,252					86.16		11,401	76.83
Wisconsin	19,167	14,975	13,173	4,192	127.48	66.41	83.44	13,074	89.57
Wyoming	1,199	1,089	646	110	71.76	66.96	17.37	1,164	66.44

Source: SSA and NCSS

NUMBER OF RECIPIENTS AND AVERAGE PAYMENT UNDER FEDERAL SSI, JANUARY 1974, AND NUMBER OF RECIPIENTS AND AVERAGE PAYMENT UNDER OAA, OCTOBER 1973, FOR 31 STATES WITH FEDERALLY ADMINISTERED STATE SUPPLEMENTATION

State	Number			Average monthly payment			State rank					
	SSSI and State supplementation, January 1974		Ratio to OAA recipients, October 1973	SSSI and State supplementation, January 1974		Ratio to OAA payment, October 1973	(A)	(B)	(C)	(D)	(E)	(F)
	OAA, October 1973	Total		OAA, October 1973	Amount							
(A)	(B)	(C)	(D)	(E)	(F)	(A)	(B)	(C)	(D)	(E)	(F)	
Total, 31 States.....	1, 115, 119	1, 177, 071	1. 06									
Arkansas.....	56, 636	57, 213	1. 01	\$67. 95	\$77. 49	1. 14	7	6	125	22	27	122
California.....	285, 797	286, 138	1. 00	111. 17	146. 22	1. 32	1	1	28	2	1	19
Delaware.....	2, 848	3, 034	1. 07	83. 72	85. 37	1. 02	27	28	118	7	16	30
District of Columbia.....	4, 202	4, 706	1. 12	96. 11	96. 75	1. 01	23	23	15	5	9	31
Florida.....	67, 276	71, 788	1. 07	83. 02	96. 28	1. 16	5	5	118	8	10	21
Georgia.....	82, 210	87, 568	1. 07	58. 76	79. 87	1. 36	4	4	118	28	21	6
Hawaii.....	3, 132	3, 584	1. 14	109. 26	127. 66	1. 17	26	26	110	3	3	119
Illinois.....	31, 411	35, 919	1. 14	72. 65	78. 79	1. 08	12	12	110	15	23	126

Indiana	13,534	15,320	1.13	56.90	70.98	1.25	16	17	112	30	31	113
Iowa	10,965	12,163	1.11	68.94	91.82	1.33	20	20	16	20	12	17
Kansas	8,510	9,616	1.13	61.54	75.79	1.23	22	22	12	26	28	16
Louisiana	102,669	104,068	1.01	73.47	82.97	1.13	3	3	125	14	18	24
Maine	11,720	11,885	1.01	75.09	78.61	1.05	19	21	125	13	24	29
Maryland	10,041	12,428	1.24	67.84	90.34	1.33	21	19	3	21	15	17
Massachusetts	57,233	56,877	.99	112.93	126.79	1.12	6	7	129	1	5	25
Michigan	37,870	38,704	1.02	76.70	101.10	1.32	10	11	24	11	7	19
Minnesota	12,355	14,594	1.18	69.88	79.35	1.14	18	18	16	18	22	122
Montana	2,528	2,862	1.13	69.10	74.82	1.08	129	29	12	19	29	126
Nevada	2,643	3,077	1.16	76.93	90.73	1.18	28	27	18	10	13	18
New Jersey	19,345	22,431	1.16	80.81	104.86	1.30	13	14	18	9	6	111
New York	108,633	107,095	.99	108.32	140.95	1.30	2	2	129	4	2	111
Ohio	43,566	43,315	.99	63.70	77.98	1.22	9	10	129	25	25	17
Pennsylvania	36,686	44,961	1.23	70.39	97.86	1.39	11	9	4	17	8	4
Rhode Island	3,768	4,086	1.08	72.46	90.38	1.25	24	24	17	16	14	113
South Carolina	17,507	24,437	1.40	57.11	84.01	1.47	14	13	2	29	17	11
South Dakota	3,170	3,733	1.18	66.48	77.85	1.17	25	25	16	23	26	119
Tennessee	45,508	55,401	1.22	54.82	80.83	1.47	8	8	5	31	20	1
Utah	2,528	2,674	1.06	59.36	81.06	1.37	129	30	21	27	19	5
Washington	16,590	17,028	1.03	75.90	94.89	1.25	15	16	122	12	11	113
Wisconsin	13,074	19,167	1.47	89.57	127.48	1.42	17	15	1	6	4	3
Wyoming	1,164	1,199	1.03	66.44	71.76	1.08	31	31	122	24	30	126

¹ Tied in ranking. States with identical quantities receive identical rank number with following rank number(s) skipped to allow for number in tie.

Source: SSA and NCSS.

SSI PAYMENTS, NATIONAL SUMMARY—MARCH 1974

Category	Recipients	Federal	State	Total
Aged.....	1,894,409	\$144,884,140	\$47,193,175	\$192,067,315
Blind.....	73,124	7,580,726	3,093,088	10,673,814
Disabled.....	1,273,567	140,654,822	43,846,762	184,491,584
Total.....	3,241,100	293,119,688	94,133,025	387,232,713

SSI PAYMENTS—TOTAL ALL CATEGORIES—APRIL 1974

	Total number of payments	Total Federal payments	Total State payments	Total Federal and State payments	Total SSI payment	Basic Federal payment	Total State payments
United States.....	3,242,766	\$1,864,096	\$244,216	\$1,134,454	\$367,578,822	\$275,130,089	\$92,448,733
Alabama.....	124,393	124,392	-----	1	10,344,512	10,344,456	56
Alaska.....	2,578	2,578	-----	-----	266,727	266,727	-----
Arizona.....	22,869	22,869	-----	-----	2,271,916	2,271,916	-----
Arkansas.....	73,109	54,457	1,440	17,212	6,420,189	5,749,521	670,678
California.....	515,275	12,493	136,815	365,967	81,592,932	34,046,055	47,546,877
Colorado.....	35,683	35,683	-----	-----	3,036,797	3,036,797	-----
Connecticut.....	17,267	17,267	-----	-----	1,638,341	1,638,341	-----
Delaware.....	5,226	1,696	606	2,924	517,249	393,046	124,203
District of Columbia.....	14,308	10,332	431	3,545	1,644,407	1,537,002	107,405
Florida.....	104,166	91,331	1,188	11,647	11,499,378	10,416,001	1,083,377
Georgia.....	131,716	112,802	3,339	15,575	12,429,113	11,515,763	1,113,350
Hawaii.....	6,618	1,355	423	4,840	935,319	583,925	351,394
Idaho.....	6,423	6,423	-----	-----	545,504	545,504	-----
Illinois.....	124,475	80,850	4,232	39,393	13,450,914	11,799,510	1,651,802
Indiana.....	29,348	23,786	1,497	4,055	2,357,426	2,157,580	199,846
Iowa.....	18,402	15,525	280	2,597	1,563,409	1,420,419	142,990
Kansas.....	17,523	15,079	238	2,206	1,526,942	1,401,006	125,936
Kentucky.....	75,578	75,578	-----	-----	7,566,137	7,566,137	-----
Louisiana.....	130,705	91,135	4,462	35,108	12,741,812	11,098,665	1,643,147
Maine.....	19,668	10,208	2,578	6,882	1,878,658	1,392,174	486,484
Maryland.....	39,374	34,613	681	4,080	4,522,380	4,283,697	238,683
Massachusetts.....	94,037	306	26,520	67,211	12,823,817	5,446,310	7,377,507
Michigan.....	92,634	5,581	6,783	80,270	11,310,470	7,372,397	3,338,073
Minnesota.....	31,142	22,755	1,119	7,268	2,897,127	2,487,441	409,686
Mississippi.....	111,764	111,763	-----	-----	9,561,781	9,561,776	5
Missouri.....	95,950	95,950	-----	-----	7,937,006	7,937,006	-----
Montana.....	6,344	4,912	193	1,229	599,602	554,742	44,860
Nebraska.....	13,248	13,248	-----	-----	1,066,356	1,066,356	-----
Nevada.....	3,255	306	758	2,191	305,938	162,393	143,545
New Hampshire.....	4,031	4,031	-----	-----	284,218	284,218	-----
New Jersey.....	47,129	9,763	3,404	33,962	5,553,798	4,111,419	1,442,379
New Mexico.....	19,378	19,378	-----	-----	1,985,042	1,985,042	-----
New York.....	284,508	9,901	30,077	244,530	45,607,029	27,874,687	17,732,342
North Carolina.....	97,059	97,059	-----	-----	9,039,123	9,039,123	-----
North Dakota.....	5,915	5,915	-----	-----	604,856	504,856	99,999
Ohio.....	97,684	87,870	1,812	8,002	9,936,848	9,472,240	464,608
Oklahoma.....	75,846	75,846	-----	-----	6,793,865	6,793,865	-----
Oregon.....	18,552	18,552	-----	-----	1,725,450	1,725,450	-----
Pennsylvania.....	98,037	6,179	2,021	89,837	10,790,730	9,406,378	1,384,352
Rhode Island.....	10,761	1,257	1,305	8,199	1,108,405	729,135	379,270
South Carolina.....	45,443	43,338	286	1,819	4,478,057	4,289,066	188,991
South Dakota.....	5,951	4,702	146	1,103	535,190	468,979	66,211
Tennessee.....	93,841	89,436	765	5,640	9,241,104	8,744,199	496,905
Texas.....	211,727	211,726	-----	1	16,981,239	16,981,226	13
Utah.....	7,655	6,541	354	760	781,330	721,665	59,665
Vermont.....	6,098	6,098	-----	-----	533,085	533,085	-----
Virginia.....	37,337	37,337	-----	-----	3,522,311	3,522,311	-----
Washington.....	46,270	2,712	1,708	41,850	5,595,451	4,421,613	1,173,838
West Virginia.....	27,513	27,513	-----	-----	2,940,800	2,940,800	-----
Wisconsin.....	36,769	4,257	8,625	23,887	4,200,948	1,956,770	2,244,178
Wyoming.....	2,194	1,402	130	662	187,802	171,719	16,083

SSI PAYMENTS—AGED

April 1974	Total number	Total Federal	Total State	Total Federal and State	Total SSI	Basic Federal	Total State
United States.....	1, 891, 079	1, 179, 107	175, 280	536, 692	\$180, 281, 484	\$132, 495, 003	\$47, 786, 481
Alabama.....	100, 264	100, 263	-----	1	7, 702, 001	7, 701, 945	56
Alaska.....	1, 080	1, 080	-----	-----	85, 335	85, 335	-----
Arizona.....	12, 067	12, 067	-----	-----	1, 015, 644	1, 015, 644	-----
Arkansas.....	56, 054	40, 231	1, 231	14, 592	4, 749, 581	4, 151, 936	597, 645
California.....	281, 000	3, 967	99, 915	177, 118	37, 767, 684	12, 597, 449	25, 170, 236
Colorado.....	21, 934	21, 934	-----	-----	1, 550, 393	1, 550, 393	-----
Connecticut.....	6, 827	6, 827	-----	-----	482, 560	482, 560	-----
Delaware.....	2, 816	365	429	2, 022	234, 882	159, 247	75, 635
District of Columbia.....	4, 515	2, 953	165	1, 397	420, 513	386, 165	34, 349
Florida.....	72, 789	63, 085	716	8, 988	7, 965, 718	7, 002, 054	963, 664
Georgia.....	86, 689	72, 241	2, 342	12, 106	7, 770, 431	6, 821, 529	948, 902
Hawaii.....	3, 617	895	282	2, 440	440, 126	260, 512	179, 615
Idaho.....	3, 093	3, 093	-----	-----	219, 771	219, 771	-----
Illinois.....	37, 204	28, 349	1, 561	7, 294	2, 929, 586	2, 554, 554	375, 032
Indiana.....	16, 444	13, 024	747	2, 673	1, 175, 107	1, 052, 890	122, 217
Iowa.....	13, 099	11, 702	197	1, 200	1, 018, 953	929, 229	89, 724
Kansas.....	9, 937	8, 779	148	1, 010	767, 904	704, 094	63, 810
Kentucky.....	52, 692	52, 692	-----	-----	4, 779, 191	4, 779, 191	-----
Louisiana.....	100, 479	62, 277	4, 139	34, 063	9, 369, 709	7, 781, 984	1, 587, 725
Maine.....	11, 429	5, 196	1, 789	4, 444	897, 105	618, 549	278, 556
Maryland.....	13, 285	11, 235	310	1, 740	1, 196, 504	1, 084, 670	111, 834
Massachusetts.....	59, 981	2, 157	21, 891	37, 933	6, 967, 591	2, 369, 476	4, 598, 115
Michigan.....	39, 194	2, 972	3, 352	32, 870	3, 808, 540	2, 620, 662	1, 187, 878
Minnesota.....	15, 062	11, 897	501	2, 664	1, 153, 098	1, 042, 752	110, 346
Mississippi.....	80, 652	80, 652	-----	-----	6, 222, 836	6, 222, 836	-----
Missouri.....	69, 682	69, 682	-----	-----	5, 155, 693	5, 155, 693	-----
Montana.....	2, 875	2, 311	88	476	202, 952	184, 629	18, 323
Nebraska.....	7, 066	7, 066	-----	-----	460, 593	460, 593	-----
Nevada.....	2, 903	67	725	2, 111	272, 949	138, 325	134, 624
New Hampshire.....	2, 555	2, 555	-----	-----	145, 514	145, 514	-----
New Jersey.....	23, 843	4, 768	2, 134	16, 941	2, 396, 946	1, 690, 390	706, 556
New Mexico.....	8, 597	8, 597	-----	-----	762, 548	762, 548	-----
New York.....	112, 968	5, 316	21, 772	85, 880	14, 404, 388	7, 489, 723	6, 914, 665
North Carolina.....	52, 735	52, 735	-----	-----	3, 962, 534	3, 962, 534	-----
North Dakota.....	3, 771	3, 771	-----	-----	277, 086	277, 086	-----
Ohio.....	43, 632	38, 187	763	4, 682	3, 516, 815	3, 259, 281	257, 534
Oklahoma.....	51, 705	51, 705	-----	-----	4, 159, 549	4, 159, 549	-----
Oregon.....	7, 753	7, 753	-----	-----	536, 121	536, 121	-----
Pennsylvania.....	46, 398	3, 964	771	41, 663	4, 255, 001	3, 676, 076	578, 925
Rhode Island.....	4, 559	413	874	3, 272	349, 176	210, 102	139, 074
South Carolina.....	27, 247	25, 846	139	1, 262	2, 420, 724	2, 264, 282	156, 442
South Dakota.....	3, 837	3, 131	93	613	307, 244	268, 837	38, 407
Tennessee.....	58, 386	54, 044	296	4, 046	5, 126, 403	4, 712, 984	413, 419
Texas.....	174, 707	174, 706	-----	1	13, 252, 007	13, 251, 994	13
Utah.....	2, 812	2, 489	84	239	240, 698	218, 451	22, 247
Vermont.....	3, 322	3, 322	-----	-----	227, 156	227, 156	-----
Virginia.....	21, 442	21, 442	-----	-----	1, 684, 255	1, 684, 255	-----
Washington.....	17, 024	1, 056	999	14, 969	1, 552, 977	1, 135, 311	417, 666
West Virginia.....	14, 478	14, 478	-----	-----	1, 301, 166	1, 301, 166	-----
Wisconsin.....	23, 356	1, 182	6, 749	15, 425	2, 532, 789	1, 049, 795	10, 260
Wyoming.....	1, 223	588	78	557	87, 434	77, 174	10, 260

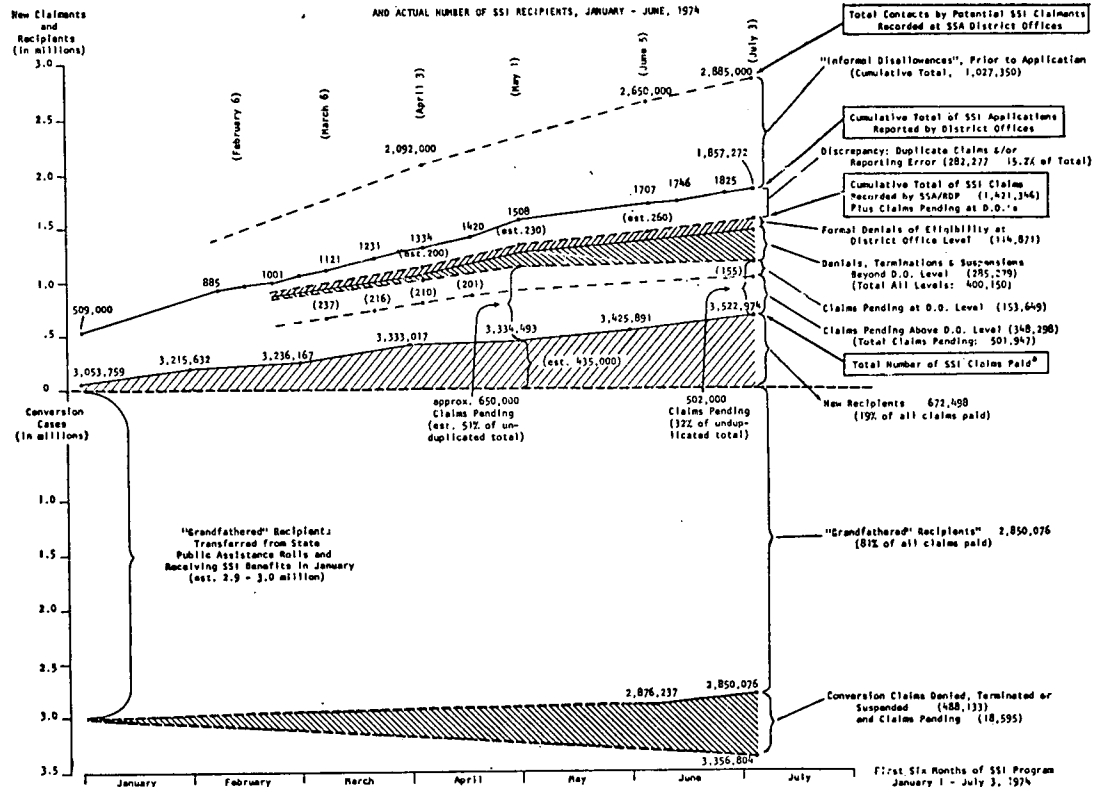
SSI PAYMENTS--BLIND

April 1974	Total number	Total Federal	Total State	Total Federal and State	Total SSI	Basic Federal	Total State
United States.....	72, 678	39, 619	5, 175	27, 884	9, 872, 924	7, 226, 350	2, 646, 574
Alabama.....	1, 966	1, 966			219, 671	219, 671	
Alaska.....	80	80			9, 951	9, 951	
Arizona.....	423	423			48, 779	48, 779	
Arkansas.....	1, 628	1, 238	14	376	188, 944	171, 218	17, 726
California.....	13, 061	414	2, 737	9, 910	2, 544, 088	996, 277	1, 547, 811
Colorado.....	311	311			30, 353	30, 353	
Connecticut.....	205	205			21, 725	21, 725	
Delaware.....	303	36	46	221	36, 086	22, 245	13, 842
District of Columbia.....	186	133	5	48	22, 036	20, 489	1, 548
Florida.....	2, 210	1, 924	30	256	264, 230	249, 339	14, 891
Georgia.....	3, 085	2, 708	56	321	357, 583	339, 826	17, 757
Hawaii.....	100	23	3	74	16, 371	11, 451	4, 921
Idaho.....	90	90			9, 293	9, 293	
Illinois.....	1, 643	1, 017	63	563	205, 650	172, 208	33, 442
Indiana.....	1, 151	851	75	225	124, 501	108, 958	15, 543
Iowa.....	934	92	30	812	103, 842	87, 897	15, 945
Kansas.....	351	271	10	70	39, 811	35, 391	4, 420
Kentucky.....	1, 982	1, 982			271, 760	271, 760	
Louisiana.....	2, 049	1, 854	27	168	253, 710	245, 593	8, 117
Maine.....	273	173	16	84	32, 278	26, 003	6, 275
Maryland.....	431	304	8	119	54, 617	49, 113	5, 504
Massachusetts.....	2, 831	45	904	1, 882	454, 685	171, 726	282, 959
Michigan.....	1, 629	56	94	1, 479	222, 266	167, 843	54, 423
Minnesota.....	769	449	45	275	93, 296	77, 745	15, 551
Mississippi.....	2, 003	2, 003			238, 915	238, 915	
Missouri.....	2, 771	2, 771			252, 271	252, 271	
Montana.....	157	101	8	48	16, 601	14, 318	2, 283
Nebraska.....	230	230			24, 715	24, 715	
Nevada.....	104	5	27	72	15, 484	7, 086	8, 398
New Hampshire.....	179	179			15, 158	15, 158	
New Jersey.....	849	202	57	590	107, 252	80, 334	26, 918
New Mexico.....	394	394			44, 198	44, 198	
New York.....	3, 921	124	285	3, 512	662, 169	414, 083	248, 086
North Carolina.....	4, 112	4, 112			461, 644	461, 644	
North Dakota.....	50	50			5, 899	5, 899	
Ohio.....	2, 292	1, 960	53	279	260, 069	247, 363	12, 706
Oklahoma.....	1, 048	1, 048			126, 161	126, 161	
Oregon.....	598	598			60, 978	60, 978	
Pennsylvania.....	5, 613	101	448	5, 064	674, 261	475, 036	199, 225
Rhode Island.....	158	9	17	132	19, 896	13, 443	6, 453
South Carolina.....	1, 952	1, 720	17	215	226, 075	212, 938	13, 137
South Dakota.....	95	62	2	31	12, 107	9, 865	2, 242
Tennessee.....	1, 591	1, 506	18	67	198, 663	195, 033	3, 630
Texas.....	3, 581	3, 581			410, 890	410, 890	
Utah.....	151	105	11	35	17, 363	14, 943	2, 420
Vermont.....	70	70			7, 074	7, 074	
Virginia.....	1, 277	1, 277			146, 005	146, 005	
Washington.....	425	34	14	377	56, 234	44, 499	11, 735
West Virginia.....	543	543			69, 060	69, 060	
Wisconsin.....	797	169	52	576	115, 121	67, 038	48, 083
Wyoming.....	26	20	3	3	3, 162	2, 571	591

SSI PAYMENTS—DISABLED

April 197 ^r	Total number	Total Federal	Total State	Total Federal and State	Total SSI	Basic Federal	Total State
United States.....	1, 279, 009	6 5, 370	63, 761	569, 878	177, 2, 1	135, 08, 736	2, 015, 678
Alabama.....	22, 163	22, 163			2, 22, 8 1	2, 22, 8 1	
Alaska.....	1, 18	1, 18			171, 3 2	171, 2	
Arizona.....	10, 379	10, 379			1, 207, 9	1, 207, 9	
Arkansas.....	15, 27	12, 988	195	2, 2	1, 81, 675	1, 26, 368	55, 307
California.....	221, 21	8, 112	3, 163	178, 939	1, 281, 160	20, 52, 330	20, 828, 831
Colorado.....	13, 38	13, 38			1, 56, 053	1, 56, 053	
Connecticut.....	10, 235	10, 235			1, 13, 056	1, 13, 056	
Delaware.....	2, 107	1, 295	131	681	2 6, 281	211, 554	34, 728
District of Columbia.....	9, 607	7, 246	261,	2, 100	1, 201, 859	1, 130, 349	71, 511
Florida.....	29, 167	26, 322	442	2, 403	3, 269, 431	3, 164, 608	104, 824
Georgia.....	41, 942	37, 853	941	3, 148	4, 301, 101	4, 154, 409	146, 692
Hawaii.....	2, 901	437	138	2, 326	478, 823	311, 964	166, 860
Idaho.....	3, 240	3, 240			316, 442	316, 442	
Illinois.....	85, 628	5, 484	2, 608	31, 536	10, 315, 679	9, 072, 351	1, 243, 328
Indiana.....	11, 753	9, 921	675	1, 157	1, 057, 819	995, 733	62, 086
Iowa.....	4, 369	3, 731	53	585	440, 615	403, 293	37, 322
Kansas.....	7, 235	6, 029	80	1, 126	719, 228	661, 522	57, 706
Kentucky.....	20, 904	20, 904			2, 515, 187	2, 515, 187	
Louisiana.....	28, 177	27, 004	296	877	3, 118, 394	3, 071, 908	47, 305
Maine.....	7, 966	4, 839	773	2, 354	949, 276	747, 623	201, 653
Maryland.....	25, 658	23, 074	363	2, 221	3, 271, 260	3, 149, 914	121, 346
Massachusetts.....	31, 225	104	3, 725	27, 396	5, 401, 541	2, 905, 108	2, 496, 433
Michigan.....	51, 811	2, 553	3, 337	45, 921	7, 279, 666	5, 183, 893	2, 095, 773
Minnesota.....	15, 311	10, 409	573	4, 329	1, 650, 734	1, 366, 945	283, 789
Mississippi.....	29, 109	29, 108		1	3, 100, 004	3, 099, 999	5
Missouri.....	23, 497	23, 497			2, 529, 042	2, 529, 042	
Montana.....	3, 302	2, 500	97	705	380, 050	355, 796	24, 254
Nebraska.....	5, 952	5, 952			582, 049	581, 049	
Nevada.....	348	234	6	8	17, 505	16, 582	523
New Hampshire.....	1, 297	1, 297			123, 547	123, 547	
New Jersey.....	22, 437	4, 793	1, 213	16, 431	3, 049, 602	2, 340, 696	708, 906
New Mexico.....	10, 387	10, 387			1, 178, 296	1, 178, 296	
New York.....	167, 619	4, 461	8, 020	155, 138	30, 540, 473	19, 970, 881	10, 469, 592
North Carolina.....	40, 212	40, 212			4, 614, 947	4, 614, 947	
North Dakota.....	2, 904	2, 094			221, 873	221, 873	
Ohio.....	51, 760	47, 723	996	3, 041	6, 159, 966	5, 965, 597	194, 3
Oklahoma.....	23, 093	23, 093			2, 508, 156	2, 508, 156	
Oregon.....	10, 201	10, 201			1, 128, 352	1, 128, 352	
Pennsylvania.....	46, 026	2, 114	802	43, 110	5, 861, 469	5, 255, 266	606, 203
Rhode Island.....	6, 044	835	414	4, 695	739, 333	505, 590	233, 743
South Carolina.....	16, 244	15, 772	130	342	1, 831, 858	1, 811, 846	19, 412
South Dakota.....	2, 019	1, 509	51	459	815, 839	190, 277	25, 562
Tennessee.....	33, 864	31, 886	451	1, 527	3, 916, 039	3, 836, 183	79, 856
Texas.....	33, 439	33, 439			3, 318, 343	3, 318, 343	
Utah.....	4, 692	3, 947	259	486	523, 270	488, 272	34, 998
Vermont.....	2, 706	2, 706			298, 856	298, 856	
Virginia.....	14, 618	14, 618			1, 692, 051	1, 692, 051	
Washington.....	28, 821	1, 622	695	26, 504	3, 986, 240	3, 241, 803	744, 437
West Virginia.....	12, 492	12, 492			1, 570, 574	1, 570, 574	
Wisconsin.....	12, 616	2, 906	1, 824	7, 886	1, 553, 039	839, 937	713, 102
Wyoming.....	945	794	49	102	97, 206	91, 974	5, 232

TOTAL CUMULATIVE APPLICATIONS FOR SSI BENEFITS AND THEIR DISPOSITION AS OF JULY 1, 1974
AND ACTUAL NUMBER OF SSI RECIPIENTS, JANUARY - JUNE, 1974



Source: SSA District Office Weekly Reports (DOR) and Bureau of Data Processing summary information.

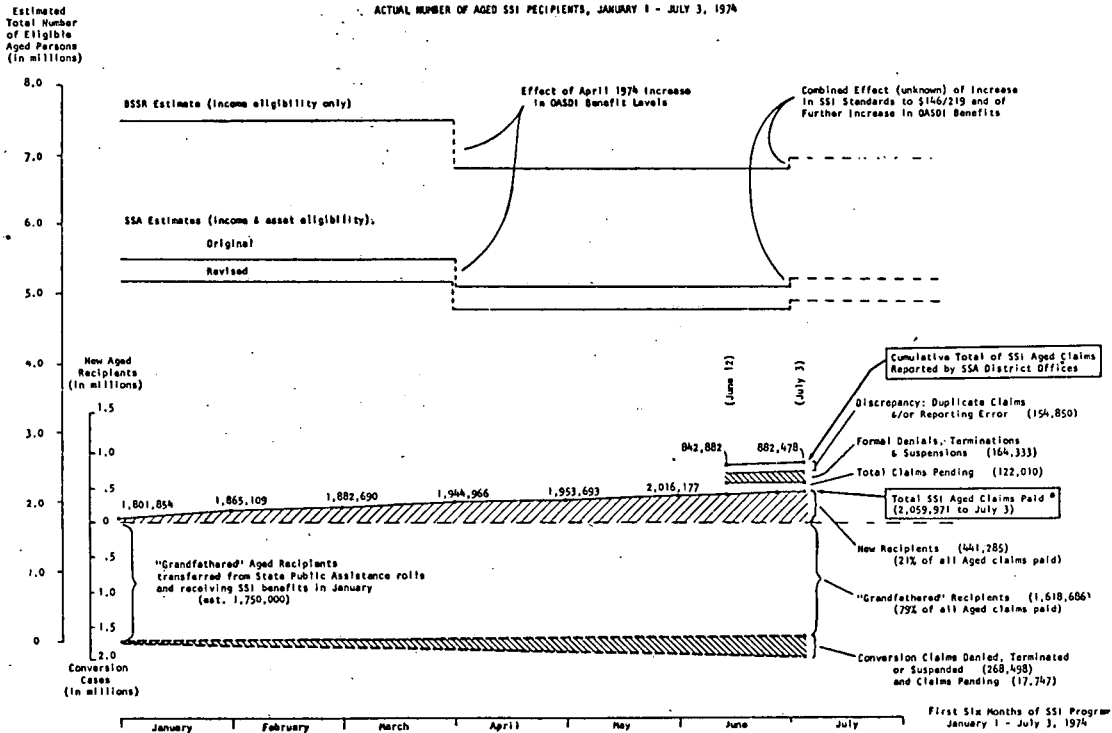
*Excludes recipients of State Supplementary Payments Only in State-administered supplementation programs.

Prepared by Legal Action Support Project
Bureau of Social Science Research
Washington, D. C.

ESTIMATED NUMBER OF AGED PERSONS ELIGIBLE FOR SSI BENEFITS AND/OR STATE SUPPLEMENTARY PAYMENTS

AND

ACTUAL NUMBER OF AGED SSI RECIPIENTS, JANUARY 1 - JULY 3, 1974



Source: SSA District Office Weekly Reports (DOW) and Bureau of Data Processing summary information.
*Excludes recipients of State Supplementary Payments Only in State-administered supplementation programs

Prepared by Legal Action Support Project
Bureau of Social Science Research, Inc.
Washington, D.C.

Appendix 2

STATEMENTS FROM INDIVIDUALS AND ORGANIZATIONS

ITEM 1. STATEMENT OF CHAUNCEY A. ALEXANDER, ACSW, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF SOCIAL WORKERS

This statement is being submitted on behalf of the National Association of Social Workers, the largest organization of professional Social Workers in the world. We represent 60,000 members in 154 chapters located in all fifty states, the District of Columbia, Puerto Rico, the Virgin Islands and Europe. We appreciate the opportunity to present our views on the Supplemental Security Income Program.

NASW members are employed and active in public welfare programs across the country. Our members are engaged in every aspect of social service delivery and hold positions at all levels of planning, administration and delivery of service. We are particularly concerned with problems of the elderly. Our Task Force on Social Work Services to the Aging, composed of authorities in the field, has provided a focal point for membership interest and activity. In addition we are currently conducting a national training program for social service designees and consultants working in long-term care facilities. Our involvement and familiarity with geriatric problems, especially with the provision of assistance to the aged, has led us to follow the SSI program with considerable interest. Members from many of our chapters who are directly engaged in providing both financial and social service assistance to these needy persons have brought to our attention their concerns regarding the operations of the SSI program. We would like to comment on some of the major problems which we have noted during the program's short existence.

SSI and Welfare Reform

The introduction of the Supplemental Security Income Program, 1/1/74, marked a major shift in welfare policy and administration for low-income aged, blind, and disabled persons. The program was clearly intended as an attempted reform of the existing state welfare programs for the above-mentioned groups. Under SSI, the variety of existing state eligibility requirements and levels of income support were replaced with uniform eligibility rules and a federally-determined income floor. It was hoped that uniform eligibility standards and federal administration would result in more equitable, economical and efficient administration of assistance to needy aged persons.

The introduction of SSI increased benefit levels for a substantial number of persons in many states which had previously paid less than the new federally-determined amount. Also, through the program's more liberal eligibility rules, the potential scope of assistance was extended to many persons who had previously been ineligible. In these respects, SSI represents a positive step toward providing greater financial security for our needy aged.

However, despite the spirit and intended effect of the legislation, we find that the program to date has fallen short of its objectives. Many problems have emerged in its operation which run counter to the goals of simplifying welfare administration, guaranteeing recipients an adequate standard of living, and extending aid to many additional low-income persons. Some of these difficulties may be of a temporary nature—such as delays in processing applications and verification of an applicant's disability—and may respond to closer administrative attention, more adequate staffing, staff training and supervision. Others, such as gaps in service delivery, appear to be the part of a general pattern of problems which have emerged during the course of the program's initial six months of operation and which demand serious reappraisal.

Simplifying Welfare Administration

Many of the gains in administrative efficiency which SSI sought, have been offset by states' exercise of their option to administer supplemental benefits and eligibility procedures themselves. Where states have opted to administer supplemental benefits, overlap and division of responsibilities have frequently resulted. In practice this has often led to gaps in the provision of assistance to applicants.

States which have elected to administer their own supplementation program are not bound by federal requirements with respect to eligibility conditions, income exclusions and so on. As a consequence, applicants must go to separate offices and undergo two application processes with different eligibility rules in order to secure assistance. Many eligible individuals are unaware of their option to apply for supplemental benefits. Others must subject themselves to the dual application process in order to learn if they are eligible for additional aid. More is needed beyond the present financial incentives if states are to relinquish administration of the supplemental benefits programs to the Social Security Administration.

Verification procedures used to determine applicant eligibility are much the same as under the old state programs. The only real difference is that SSA personnel now process these. The time involved has resulted in long delays for many SSI applicants with no recourse to other assistance. The lack of emergency assistance procedures, in the case of lost, stolen or undelivered checks has, in particular, caused undue hardship for clients.

Levels of Support

According to a survey conducted by the Congressional Subcommittee on Fiscal Policy (Studies in Public Welfare, Paper No. 10, "The New Supplemental Security Income Program—Impact on Current Benefits and Unresolved Issues," October 7, 1973) it was estimated that SSI would increase cash benefits levels in areas covering about one-third of current recipients of old-age assistance. Consequently, the introduction of SSI would raise the incomes of the poorest recipients of OAA under the old state welfare programs. However, due to the states' option of whether or not to supplement new applicants' benefits, in those states where the payment standards were higher before the introduction of SSI, many new applicants stand to lose. The federally guaranteed payment standard does not lift recipients to or above the low-income level established by the Social Security Administration. NASW believes it is imperative that these persons be assured of income sufficient to meet their needs and lift them from poverty. Benefits for recipients under SSI must be increased accordingly.

Aside from the question of difference between the SSA-defined low-income level and the amount of guarantee, other matters must be addressed. Inflation, for example, hits hardest those living on fixed incomes. SSI recipients in particular cannot make ends meet without appropriate adjustments to insure that inflation does not erode their purchasing power. It also makes little sense, considering that an estimated 70% of all SSI recipients also receive Social Security checks, to reduce their SSI payments in direct proportion to increases in Social Security benefits over \$20.00 a month. If we intend this vulnerable group to have a more adequate standard of living, they should certainly be permitted to retain any benefits which accrue from increases in Social Security.

Extending Assistance to Low-Income Persons

One of the intended objectives of the SSI program was to reach millions of needy low-income persons who were not being served by the old state programs. **We believe much more must be done to reach these individuals.**

At his testimony before the Special Committee on Aging, James B. Cardwell, Commissioner of the Social Security Administration, stated that as of July 1, 1974, 3.6 million elderly persons out of a potentially eligible seven million were receiving SSI checks. His estimates indicated that by July 1, 1975 nearly five million elderly citizens are expected to be on the SSI roles. NASW urges SSA to speed up its efforts to recruit and process these individuals.

We were particularly perplexed by Mr. Cardwell's comment that one million people thought to be eligible will probably never participate in SSI despite efforts to enroll them. We urge that this Committee not permit so many indigent older and disabled Americans to be written off as unreachable. Lack of information about SSI, fear, emotional problems, language and cultural barriers, transiency, and the like should not stand between the doors of SSA offices and individuals in need. If special outreach efforts or demonstration projects are required, the necessary staff, technical assistance and other resources must be made available.

Beyond outreach efforts such as the SSI-Alert, which are in progress, other problem areas must be addressed if needy individuals are to be aided. Of primary concern are the present income and resource tests which constitute major barriers to eligibility. As previously noted, eligibility rules under the SSI program were to be more liberal than those which were in use in many states. The intended effect was to enlarge the universe of eligible persons. Yet certain elements in the design and administration of the program have thwarted this objective. For example, the number of items that must be included in determining an applicant's unearned income render this task so difficult that rules are often not applied uniformly.

Frequently people in similar circumstances have had different decisions made about their applications. For instance, individuals receiving free shelter must have the rental value imputed as unearned income. In one case this caused an individual to be denied eligibility. While in another case, under almost identical circumstances, the individual was determined eligible, although reduction of the rental value of the free shelter reduced his SSI grant substantially.

In other instances, inequities have stemmed from decisions regarding the value of certain resources. In particular, home valuations have varied considerably between rural and urban areas. We have received many reports, from rural areas throughout the country, of needy individuals who have been denied eligibility as a consequence of present treatment of resources under SSI.

Pending Legislation

Many of the issues associated with the new program have already received attention and legislation has been proposed to correct them. The areas in need of rectification, concern primarily some of the glaring administrative snarls which in many cases have caused undue hardships for SSI applicants and recipients. Certain of these legislative proposals are addressed to the adequacy of the benefits available under the SSI program; others to some of the resource test regulations. Among the various substantive proposals to amend SSI in response to problems such as those we have discussed, NASW endorses the following measures:

1. Provision for emergency assistance grants to SSI recipients in the case of lost, stolen, or undelivered checks;
2. Reimbursement to states for home-relief payments to disabled applicants prior to formal determination of their eligibility;
3. Requirement that applications for SSI benefits be acted upon within 30 days in the case of aged and blind individuals, and within 60 days in the case of disabled individuals;
4. Provision for direct payments to drug addicts and alcoholics in certain cases, (i.e., when the chief medical officer of the institution where such an individual is undergoing treatment certifies that payment of such benefits directly to an individual or spouse would be of significant therapeutic value and there is substantial reason to believe that he would not misuse the funds);
5. Authorization for cost of living increases in SSI benefits parallel to cost of living increase provisions of Social Security;
6. Prohibiting reductions in SSI benefits because of Social Security increases;
7. Liberalizing the existing resource test regulations; in particular, taking into account regional variations in determining home value.

We believe these proposed amendments address many of the key shortcomings in the SSI program. They would help eliminate some of the administrative problems that have caused hardship for many SSI recipients, they would help to provide a more adequate level of support and, by liberalizing the resource test, would help to insure that many more low-income persons are reached.

SSI and Social Service Needs

Unfortunately, even with the above-mentioned amendments, the program, contrary to the intent of Congress, would still not fully reach nor effectively serve the targeted population. In particular, the social service needs of this group must be dealt with if they are to be helped efficiently and adequately.

The SSI program was aimed at establishing a uniform income floor without regard to the special needs or circumstances of the target population. There is probably no real question that, consistent with the spirit of the legislation, this type of uniformity was essential if welfare policy and administration were to be simplified. However, cash alone cannot deal effectively with many of

the individual needs of the population in question. As the National Council on Aging perceptively observed a few years ago:

It is important to recognize that the elimination of poverty and its consequence cannot be achieved by money alone. If the income of all the elderly poor were immediately raised above the poverty level, many would soon be obliged to live in poor housing, exist in poor health without medical services, make do with poor transportation facilities or none at all, and have little social contact with family and friends.

It has been suggested that if income were increased sufficiently other programs would not be needed. This is not the case. The national lack of services and facilities in such areas as housing, health and transportation can be met only through government stimulation, support and standard-setting. To expect that the elderly poor will soon be able to supply all their needs, even if their income is raised, is comparable to asking individual families to pay for the cost of education of their children out of their own current incomes. (*Project Find*, National Council on Aging, 1970, p. 146).

Without the provision of supportive services, serious questions arise as to the adequacy and the wisdom of the new program. When important service need go unmet; services which help beneficiaries "attain or retain capability for self-support or self care," recipients are negatively affected.

In our view, the lack of a coordinated system of cash aid and services contributes to the difficulties experienced by the needy aged and disabled. While recognizing the strong case for separating financial assistance and social services, we note that numerous problems and diminished efficiency stem directly from the separate administration of cash and services. SSA personnel carry responsibility for cash assistance while state welfare agencies continue to be responsible for meeting the social service needs of the eligible population. Often clients are not informed of or referred to the appropriate agency. Consequently the service needs of many SSI recipients are unmet or unnecessarily delayed. The lack of appropriate structures such as information/referral, access to transportation, and so on, to insure social service linkages for clients is a critical problem.

The difficulty goes beyond this. As this Committee is aware, Titles I, X, XIV, and XVI were repealed by P.L. 92-603 and replaced by Title VI. States are authorized but not required to provide services to recipients. However, in view of the current ceiling on expenditures, curtailment of services remains a danger—one which would further exacerbate existing problems. Any expansion of services in the foreseeable future appears even more unlikely.

Another concern is the relative absence of services in many rural communities of low population density. In such areas it is often very easy to justify on grounds of economy or administrative efficiency the elimination or centralization of service operations. Yet there are the very areas where services of all types are already sparse and where the county welfare office sometimes represents virtually the only place where people can go for any type of help.

The problem of providing for the service needs of this population goes beyond a mere lack of a good information/referral system. The increase in demand for services, due to an enlarged recipient population, coupled with limitations on state social service funds, is a fundamental difficulty. This problem was identified in *Studies in Public Welfare* (Paper #10), which was prepared for the Subcommittee on Fiscal Policy of the Joint Economic Committee:

"... service funds are limited by the State's allocation under the congressionally authorized ceiling and by Federal regulations, and services to adults will have to compete for funds with services to AFDC families. The anticipated increase in the number of individuals eligible for SSI will increase service needs and costs beyond the bounds of current funding and planning of service programs."

Although state social service departments are responsible for providing services to SSI recipients, without training and adequately staffed SSA offices, the necessary linkages to ensure service provision and continuity are lacking. And as long as states continue to have responsibility for social services, restricted federal dollar support will limit their capacity to maintain an adequate program much less-expand service operations to help meet the needs of millions of our senior citizens.

SSI represents an attempt to deal with the general issue of welfare reform and to insure our Nation's needy aged and disabled citizens a more appropriate standard of living. Insofar as the introduction of SSI has simplified welfare administration, raised payment standards, and extended the availability of assistance, it is a step in the right direction. Yet the introduction of SSI leaves unsolved many problems associated with administering welfare programs and reshaping welfare policy.

We appreciate that a primary thrust of SSI has been the elimination of the excessive individualization that occurred under the former multi-state plan system. However, a national program concerned only with providing basic living expenses will not meet the special service needs of the aged and disabled. Where an elderly person is in need of an essential service, be it transportation to a service agency or a homemaker, that need must not go unmet. Failure to disseminate essential information to clients, unavailability of services in rural areas, and other gaps in continuity of service can defeat the promise of the SSI program. Measures must be taken to ensure that social service needs are provided for an integral component of a comprehensive and responsive program of assistance to the elderly and disabled.

We have addressed ourselves to some of the major problems that have emerged in the SSI program to date. In summary, we urge that in addition to the pending legislative proposals discussed earlier, steps be taken to reevaluate incentives offered to the states to let SSA administer their supplemental programs, that adequate funding be provided for expansion of social services and that linkages be forged between federally administered cash assistance and state-run social services programs. Thank you for affording us the opportunity to present our views on this critical subject.

ITEM 2. STATEMENT OF BERNARD WARACH, EXECUTIVE DIRECTOR OF JEWISH ASSOCIATION FOR SERVICES FOR THE AGED—AN AFFILIATE OF THE FEDERATION OF JEWISH PHILANTHROPIES OF NEW YORK

My name is Bernard Warach, Executive Director of the Jewish Association for Services for the Aged (JASA), a member agency of Federation of Jewish Philanthropies of New York. JASA was established six years ago to develop services and housing which would assist the elderly to remain in the community. To this end JASA has been able to expand its multi-service programs with the help of grants from private foundations and of contracts with the Federal, State and City governments, under Title III of the Older American Act, and Title VI, VII and XVI of the Social Security Act.

In recent months JASA has had an open active individual case load in New York City and Nassau County averaging 5,000 cases (individuals and families over 65 years of age) per month. In addition, JASA serves over 7,000 lunches per month at its Senior Citizen centers. It also houses elderly people in specially constructed low rental apartments—about 700 units in all—with 500 or more under construction. JASA has actively participated in the SSI Alert funded by the New York City Office for the Aging and coordinated by the Community Council of Greater New York. JASA, therefore, has a deep interest and investment in the welfare of elderly people: the needy, dependent and impaired, as well as the healthy and self-sufficient. We want them to remain independent and self-sustaining as long as possible, despite inflation, ill health, loss of relatives and friends, difficulty of access to medical and home care, high rents, and vulnerability to criminal assault.

JASA shared with lawmakers and administrators, as well as colleagues the hope that the Supplementary Security Income program would alleviate some of the serious problems facing older adults. Despite valiant efforts on the part of many individuals, offices and agencies, serious problems still remain almost six months after the inception of the program. Our staff has constantly been required to intervene on behalf of potential recipients and, regrettably, the initial chaotic situation, though somewhat less confused, has become in some areas chronic. Applicants who applied in November and December have still had no word from SSI as to their eligibility. Others had an emergency grant of \$100 once and then nothing more. Others must call several times at the SSA office for their checks each month instead of getting them regularly by mail. The

amount varies monthly and inexplicably, as well as the date the check is ready for pickup.

These technical problems are multiplied by the human problems. Many of our clients are home-bound. They cannot visit SSA offices, or if they can, they cannot wait, nor come back repeatedly, nor find innumerable documents as required. They are often friendless and without families; they live in neighborhoods where the neighbors cannot be found, or perhaps trusted, to help and represent them. SSI is still not geared to doing the home visiting for the face-to-face contact required, so this group is being left to the last.

In addition, many of the most needy are malnourished and confused, caught in the vicious cycle of poor nutrition and ill health. Their problems are aggravated by their inability to prove their eligibility, even with the help of our trained staff. What must be the fate of those who are not fortunate enough to be known to a responsive social agency which knows their entitlements and can serve as advocates for them!

We believe that basically SSI has the potential to be an effective and necessary income maintenance program. In many ways the Social Security administration staff has made valiant efforts to make it operate in a humane organized and dignified manner. But there are basic problems in the provisions of SSI legislation and its administration which frustrate our common goals to ameliorate the personal, social, economic and medical problems of aging.

The conditions which JASA sees as the most serious and fundamental relate to:

- (1) The inadequacy of the basic SSI benefit amount;
- (2) The lack of Social Security increase disregards;
- (3) The loss of food stamp purchasing power;
- (4) The lack of SSI increase "pass-throughs";
- (5) The lack of provision for meeting special needs for high rents and other regionally determined costs;
- (6) The inflexibility of flat grants for people with unusual living costs for special diets, restaurant meals, etc.

These problems which relate to the level of the SSI financial assistance are complicated by these additional *administrative* problems:

- (1) Delayed entry into the SSI system, especially for the home-bound, who make up the highest proportion of JASA's clients;
- (2) Non-receipt of checks by persons accepted for SSI;
- (3) Receipt of checks in incorrect amounts;
- (4) Lack of emergency funds to tide people over the situations created by the first three problems;
- (5) Inadequate and poorly administered linkages to social services provided under state and city auspices.

The population which JASA serves also suffers deeply because of SSI problems associated with temporary or permanent institutionalization in domiciliary care facilities, health-related facilities and nursing homes. New SSI recipients are now barred from admission into quality, voluntary, non-profit domiciliary institutions because the SSI allotments are insufficient to pay the cost of care. These individuals are being forced into inappropriate profit-making domiciliary facilities of inferior quality and service.

In addition, since the inception of SSI, few institutionalized SSI eligible residents have received the spending money of \$20 or \$25 a month to which they were entitled in the past. This allowance was needed for such necessities as small items of clothing, personal incidentals, toilet articles and cigarettes.

In recapitulate, JASA's clients are facing serious problems because of:

- (1) The inadequate level of payments;
- (2) The continuing chaos of administration;
- (3) The lack of provision for redress in emergencies and for special needs;
- (4) The special problems of those who must be institutionalized for a short or long period of time.

We would like to cite a few examples from our case loads:

A 79 year old widower, resident for twenty years in a run-down hotel in the Lower East Side of Manhattan, was "grandfathered" in to SSI with a monthly grant of \$284. He has had five operations for cancer of the skin, and suffers also from arteriosclerosis, diabetes, arthritis and a heart condition. He lost one son in Korea; the other became drug-addicted in Vietnam and has disappeared. His hotel room rent has risen to \$53 a week. He must have a private accessible bathroom because of his medical problems. He is unable to prepare his own meals. He also needs a special diet for his diabetes.

He has to travel frequently to a variety of clinics for treatment. The net of \$54 a month provides him with a daily diet of Sanka and dry cereal for breakfast and a grilled cheese sandwich for lunch and again for supper.

The papers of a widow who is a double amputee were lost in a bureaucratic tangle for months so that she lost her housekeeper service—her very life line in fact, until JASA interceded.

Homebound clients of JASA's who applied last November for SSI have still not been seen by SSA interviewers so that their applications for assistance could be processed. Some of these have been threatened with eviction, and only through our efforts and funds were their emergencies met.

Elderly people whose costs for food are increased by the need to conform not only to medically-prescribed diets, but also to the Jewish religious laws, are severely impoverished by the ever-shrinking dollar, the lack of food stamps and the increasing portion of their budget taken by rising rents and utilities.

In many instances the new individual recipients of SSI grants, receiving \$207 a month under the program, are paying rents which average \$150 and more. There is no place for them to move, even if it were wise. As their nutrition deteriorates, their physical and mental problems multiply.

The voluntary agencies such as JASA have expended substantial philanthropic funds during these past six months to meet emergency needs. But agencies like ours are not funded to make up for the gaps in government aid programs. What is happening, and what will happen to a great extent in the future, as the twin evils of SSI's inflexible low grants and inflation aggravate the living conditions of the elderly more severely, will be accelerated and premature institutionalization at elevated human and taxpayer costs.

JASA, therefore, comes to the Senate Committee on the Aging with a plea to provide improved legislative and administrative capability for SSI, so that the elderly can remain in the community with sufficient funds to maintain their nutrition, their physical and mental health, their safety and well being, and by no means the least, their relative independence.

Among the steps we urge the Congress to take are:

(1) Increase the basic Federal level of SSI grants, allowing for differences in needs on a regional basis at least to the poverty level as determined by the Bureau of Labor Statistics;

(2) Legislate that all Social Security increases, as of January 1, 1974, be disregarded in determining SSI eligibility and payment amounts to SSI beneficiaries;

(3) Legislate a pass-through of federal SSI cost of living increases and hold the states which supplement Federal SSI harmless for so doing;

(4) Legislate eligibility for food stamps to all SSI recipients to help cushion the loss for those who were "grandfathered" in from OAA, and to assist those new recipients who are suffering so severely from the shrunken dollar;

(5) Set up a permanent emergency system for non-receipt of checks, underpayment of grants, lost of stolen checks and interim assistance;

(6) Enable the states to provide some flexibility for unusual living costs and special requirements, without the state having to bear the whole burden of the costs;

(7) Increase and train the staff of local SS offices to expedite entry of eligible applicants into the SSI system, process applications and speed payments—particularly to those unable physically and mentally to negotiate the system (which can mean long lines, demands for vanished documents, repeated trips, and unexplained delays);

(8) Mandate close linkages between SSI and local social services;

(9) Mandate the provision of personal allowances to SSI eligibles, when inmates of institutions.

(10) Reclassify for SSI, payments to residents of non-profit domiciliary institutions according to the type of service rendered.

JASA is most appreciative of the opportunity given to us by the Senate Special Committee on the Aging to report to you on the experience of our clientele under the SSI program in the past six months and our observations as to the improvements that need to be made. I am sure you know that a study undertaken by The Office of the Comptroller General of the United States, pointed out that only 20 cents out of every \$100 revenue sharing funds have been allocated to the elderly, despite the fact that they represent over 10% of the population and 28% of the poor. We need Congress to redress this glaring inequity and disservice to our senior citizens; they deserve better. We count on the actions of the members of this Committee to promote a better existence for these individuals.

**ITEM 3. STATEMENT OF HON. JOSEPH A. D'ELIA, COMMISSIONER,
NASSAU COUNTY (N.Y.) DEPARTMENT OF SOCIAL SERVICES**

Distinguished Members of the Senate Select Committee For the Aging: I appreciate the opportunity to comment on the Federal Supplemental Security Income Program, known as SSI.

For your background, Nassau County is located next to the largest city in the world on Long Island; it has a population of more than 1.5 million compacted into a mere 295 square miles; it has the third highest income level in the nation; its 36,000 plus public financial assistance recipients represent 2.4 percent of its residents; it contains six major pockets of poverty; and it has one of the lowest housing vacancy rates in the country—four-tenths of one percent.

The County, which was once considered the bedroom for New York City, has had an influx of aerospace and electronic industrial developments along with a myriad of suburban shopping centers in the past two decades. The newest trend is to provide office complexes for commercial and other businesses formerly located in Fun City.

My term of office began on the same day that the Federal Government took over the SSI program for the elderly, blind and disabled pursuant to Public Law 92-603 on January 1st, 1974. I was delighted that the first step had been taken toward Federalizing the welfare system, which, I believe, is long overdue.

After months of tedious work by members of the staff of the Nassau County Department of Social Services, the records of our former recipients of Aid to the Blind, Aid to the Disabled and Old Age Assistance were made ready for the Social Security Administration.

There were a series of weekly changes in the method of filling out forms, of coding the transfers, of this and of that, causing bundles of unnecessary red tape and confusion. But more to the point, it brought about a substantial amount of Federal money being spent on overtime charges during the elongated process.

During December of 1973, about 10,000 former AABD cases were transferred to Social Security for "grandfathering" into the SSI program.

Yet, when the first SSI grants were issued there were about 400 cases of our former AABD clients that either failed to receive their checks or received a smaller amount on their check than before—resulting in immediate and critical management problems.

In addition, there were a myriad of cases requiring some crisis intervention because of a sudden emergency for which no Federal monies could be provided. Let me explain:

When the oil burner in the home of an elderly beneficiary gives out, there is no way to provide funds to replace it. This goes for the stove, or the refrigerator, or any other of the other necessary appliances by which people live.

Finally, there were those cases that had applied for Federal assistance and were waiting—sometimes for months—for a determination of eligibility while their daily needs went unmet.

It seems to me that the people who devised the SSI system did a superlative job of creating the appropriate technical language, the properly confusing jargon and seemingly endless rules and regulations. They were able to build in an over-bearing emphasis on the procedural and on straight-jacketed uniformity.

But they forgot about people; they ignored human beings and human lives; they overlooked making the programs fit personal requirements; they didn't remember that people cannot be bent, folded or stapled.

Nassau County, I am proud to say, has unceasingly worked to achieve resolutions to many of the SSI problems, legislatively and administratively, on the Federal and State levels.

At the direction of my County Executive, the Hon. Ralph G. Caso, I met with officials of the Social Security Administration in Baltimore; with executives of the United States Department of Health, Education and Welfare; and with members of the Long Island delegation to Congress as part of a program to correct the inequities of SSI.

It is significant to note that 10 Congressmen from the New York Metropolitan area already have introduced or sponsored corrective legislation in the House of Representatives.

New York State has put into law two important pieces of legislation to help fill in the gaps left in the SSI program. One of these authorizes emergency assistance—under limited circumstances—to SSI beneficiaries. The other provides general assistance—which we call Home Relief—for SSI applicants who are waiting for an eligibility determination from Social Security, a process that has taken up to six months plus so far.

But whatever the State does, it is only a holding action—a stopgap measure to head off or to cut down on suffering until the Federal Government takes its rightful role and responsibility to these people.

What, then, are the changes needed to make SSI a program to serve the complete needs of the blind, disabled and aged?

First, funds must be provided to meet emergency needs of the population served.

The fiscal problems of these recipients do not conform to predetermined calendar dates. Emergencies of the type I mentioned before arise and legitimate needs do result. The present method of meeting SSI emergencies of providing \$100 once during a 12-month period and then only pending the arrival of the first month's grant is grossly inadequate!

Unless the SSI program provides funds for the unpredictable and genuine emergencies, we will have lost the only advance made to date toward a Federal assumption of the national problems of poverty.

Secondly, allotments should adequately meet the day-to-day needs of all SSI beneficiaries.

Rising prices of all commodities in today's inflationary spiral is eroding the purchasing power of SSI recipients, who just cannot keep up. Each grant must reflect a sufficient sum for the basics of living—adequate food, clothing and shelter.

One possible consideration is to permit a Social Security "pass through" whereby dollar increases in regular Social Security benefits are NOT deducted from SSI allowances. This is not a comprehensive solution because the many SSI recipients who do NOT receive basic Social Security would not gain from a "pass through."

In contrast, "pass through" creates economic discrimination by allowing more funds for *some* SSI beneficiaries—those who previously received Social Security payments—but denying the increase to the others.

An alternative would be periodic upgrading of the SSI grants through cost of living adjustments.

This technique will provide a logical progression of additional funds measured by indices already established by local, State or Federal governmental agencies to reflect regional differences in costs.

Thirdly, the Federal definition of disability must be broadened to conform with the one accepted by the Federal Government before passage of H.R. 1. Under the Aid to Disabled program, the Federal Government had approved and funded persons who met the New York State definition of disabled.

The latter recognized disability as a complex concept, progressive and affecting each individual in a different manner. Social factors—such as age, group living, daily activities, employment history, education, literacy, etc.—were used in conjunction with a medical diagnosis to determine disability. This was particularly true in the disability determinations of mental illness, mental retardation, and alcoholism.

As an example, the SSI definition of disability is so narrow as to exclude a mentally retarded individual with an I.Q. of less than 60 because that person is considered able to engage in "substantial, gainful activity."

I cannot vouch for the possibilities of employment for such an individual in other parts of the United States, but he has no chance of finding a "gainful" job in Nassau County, for sure.

Failure to make this re-definition will force increasingly large numbers of persons who truly are disabled back onto the State and local rolls for general public financial assistance, in states where such assistance exists. The financial impact is obvious.

But the moral commitment of the Federal Government is violated when people are rejected for failure to meet the new stringent Federal requirements on disability that were arbitrarily changed with the advent of the SSI system.

Number four, the states which provide monies for general public financial assistance should be reimbursed by the Federal Government for expenditures to clients who are awaiting the protracted processing of their applications.

Under the present system, the retroactive payment is made directly to the SSI beneficiary with the assumption that he will willingly repay the State and local government. We all recognize the huge pitfalls in this.

Finally, there must be marked administrative changes for the Social Security Administration to speed up the processing of applications for SSI and to expedite the method of payments.

Some applications have been pending before Social Security since the program began—more than six months ago. This is inexcusable!

In addition, the SDX tapes to create eligibility for Medical Assistance (Medicaid) have not meshed with the information we have on file. We find them replete with errors and we have been thoroughly frustrated trying to correct them. Unnecessary confusion and a manual system of producing Medicaid ID cards have resulted.

I'm not here to get into the nuts and bolts of how this can be done. But I am suggesting that if it means additional personnel, additional computers, additional whatever, the costs in non-Federal dollars and human agony are to take priority over the apparent economies—if any—that are involved.

Nassau County, for those who are not familiar with it, is just east of New York City on Long Island. The political border between that city and my county does not form a barrier to welfare problems, as you can see.

Translated into dollars and cents, you should know that Nassau County will spend about \$3.52 million as its share of the SSI supplemental costs; \$2.4 million to meet payments for SSI recipients awaiting acceptance by Social Security; and an unestimated amount for emergency needs.

These last two expenditures are totally unnecessary and unwarranted if the SSI program was truly meant to meet people's needs with Federal dollars. Except for its share of the supplement to SSI, there is no legitimate reason why any additional local funds should be spent on SSI recipients!

I have excluded on-going expenditures that pre-date the SSI program. As examples, my County has a Medicaid expenditure of \$60.6 million for SSI recipients alone, and it also will spend about a million dollars in services solely for the aged.

But as I indicated at the outset, the SSI system is—or should be—a totally Federal program. Having assumed the responsibility for an assistance program, the vast resources of the Federal Government must be fully and adequately utilized to meet the needs of the people in the program.

We cannot accept the SSI system because of its overwhelming deficiencies;

We cannot accept it because it does not provide complete basic subsistence;

We cannot accept it because it tells an applicant to wait a month, or two, or six, or more;

We cannot accept it because it does not replace a misdelivered or non-delivered check;

We cannot accept it because it fails to supplement a check delivered in the wrong amount within a reasonable period of time;

We cannot accept any program that is so computerized that it forgets that each number represents a human being in need;

We cannot accept what is happening to people who welcomed the SSI system with hope and instead have found despair; who expected to be helped, but instead are being hurt.

We cannot accept the fact that people who have a right to live out their lives in dignity are instead being humiliated, kept in want and beaten down by bureaucratic rules and regulations.

We cannot accept a transfer of fiscal and administrative responsibility to the Federal Government and, at the same time, deprive people in need.

I implore the United States Senate Select Committee for the Aging to take the leadership in having legislative changes made, as I have listed them. The Committee must forcefully insist that these changes be made NOW.

All the members of this Committee should *demand*, yes, *insist*, that these renovations of the program be made *immediately* to allow these innocent victims of the system to raise up their heads again and live in dignity, even as you and I.

Thank you.

ITEM 4. STATEMENT OF BARBARA KING, CSW, ACSW, SOCIAL SERVICE DEPARTMENT, ROOSEVELT HOSPITAL, NEW YORK CITY

This testimony is prepared in the assumption that one of the goals of public assistance to disabled persons is rehabilitation; and furthermore that a chief goal of rehabilitation is return to the labor market insofar as is possible, and as soon as possible.

1. The way SSI is currently set up and administered vis-a-vis the New York City Department of Welfare is defeating of this goal. When a patient leaves the

hospital after treatment for an illness which was serious enough to require in-hospital care he generally cannot go to work immediately. He is to this extent "disabled". If he also has no financial resources he may qualify as eligible for public assistance. It should be in everyone's best interest to get him the financial assistance for which he is eligible as fast as possible—before he loses his housing for lack of rent or endangers his still precarious health by poor diet, insufficient rest, anxiety, fear, etc.

This does not happen. Since SSI has been in effect, the difficulties of getting eligible, disabled persons financial assistance have been compounded.

Now, the patient leaving the hospital must go first to SSI. Since his need for financial assistance is usually acute, he must go at once, the first day out. He must go in person, even if he has a letter from the hospital counter-signed by the doctor, saying that his disability is temporary, and that he can go to work in 3 months. He must stand in line for hours, often most of the day, in an atmosphere often of noise and confusion. He must do this if he has his leg in a cast, is still convalescing from surgery (if ambulatory) has just completed a course of shock treatment, or other intensive psychiatric in-patient treatment, has just been detoxified from alcohol and barely begun his alcoholism rehabilitation. The purpose of this visit to the SSI office is to get a piece of paper to take to Welfare.

Thus the "disabled" patient, in no matter what physical or mental condition he may be, becomes an "errand boy" between two bureaucratic systems. The next day (since he must be at both offices early in the morning in order to be seen) he must carry his piece of SSI paper to Welfare and go thru the application procedure there.

Our social workers, para-professional and volunteers have been with patients through these ordeals, and find them exhausting. Anyone who has been ill and hospitalized can appreciate the difficulty in persisting with this kind of waiting, frustration and confusion on first being discharged from hospital).

The problem appears to be one of definition of "disability" in relation to employability—the Federal SSI guidelines being somewhat different from those DSS is able to use. That this is a difficult problem and a highly political one hardly needs to be said here. To make the permanently or temporarily disabled patient the "go-between" is not useful. It is irresponsible on the part of both SSI and DSS—and all of us—to continue this. The current system of making every "disabled" patient apply first for SSI, and carry SSI paper to Welfare is a duplication of "public assistance" interviewing time. The current system also compounds the need for every patient to have a knowledgeable advocate or ombudsman to act in his behalf thru this system—a further duplication of time and effort on the part of health and human services personnel—and again therefore a waste of public funds in most instances. There are two other dramatically wasteful possibilities: that the hospital, knowing what the patient must face in order to get himself fed and his rent paid, will keep him a little longer, or that—and this has also happened—the patient's insecure and tentative health may fall rapidly again and his re-hospitalization become necessary.

Question. Can a way be found for the financial assistance application to be taken, and disability determination made while the patient is still in the hospital?

Could SSI and DSS then accept their own responsibility for agreeing on which one of them will be the source of the needed assistance—both emergency, if that need is verified, and on-going—without running the disabled patient around the city and duplicating each others efforts?

An apparently similarly based problem is now being created by SSI's review of ADD cases which were "grandfathered-in" from the Welfare rolls at the start of the SSI program. Many of these persons are now receiving notice that they are not eligible for SSI. Again it is the patient and the taxpayer who are both losers result of the SSI procedures. These persons, whose eligibility for financial assistance is not an issue, are having to re-apply to Welfare.

Question. Could they not simply be transferred back to DSS without lengthy and debilitating reapplications procedures?

Disabled psychiatric patients: Psychiatric patients who are struggling to maintain a tenuous hold on reality, a minimum trust in the good intentions of others, the small amount of confidence in themselves they have been able to muster, are in the worst possible position to be able to sustain long waits in crowded, noisy offices where there is confusion and sometimes short tempers on the part of hard-pressed staff. The inability of SSI to give appropriate emergency assistance, even to persons with clear medical statements from clinic doctors as to their permanent disability, is a great hardship, as it again often means a duplicate applica-

tion to DSS. If there have been clerical errors, lost checks, stolen funds or mismanagement, the difficulties are compounded. That the monies must come from different coffers thru different programs, again, should not be made the problem of the least able and most helpless and defenseless members of the community. The psychiatrically disabled are not only entitled, as other disabled, to appropriate treatment—it is also expedient from the point of view of employment rehabilitation to offer them whatever financial assistance they are eligible for in an atmosphere of encouragement, support, and respect. The current SSI-DSS system does just the opposite: offering needless additional frustration, confusion and anxiety. Again: the problem of verifying facts and questions of employability for psychiatric patients are considerable, and require the most effective professional work possible. The time for coordinated Federal, State, City effort in behalf of these patients is now. To make the patient the carrier of the bureaucratic problems by sending him to make different applications in different places only obfuscates and delays any hope of real solution.

Question. Could not DSS-OCS and IM workers in the SSI centers coordinate and not duplicate their application procedures and be empowered to give immediate funds, through two party rent checks if needed—or a variety of other needed devices?

Disabled Alcoholics

It is by now notorious that the SSI legislation has singled out alcoholics for frankly prejudicial, not to say punitive treatment.

(A) The SSI legislation specifically states that alcoholism is not to be regarded as a primary disability, a position which contradicts all recent medical knowledge and opinion in the field of alcoholism including the position taken by the AMA's House of Delegates, December 1973. I quote in part: "And be it further resolved that the American Medical Association urge all physicians to abstain from using terms of other pathological conditions in place of the diagnosis of Alcoholism when alcoholism is the primary manifested illness—". It is entirely clear that not all alcoholics are disabled, whether or not they are in treatment and in the process of recovery. However some are. Likewise not all psychotic patients, not all diabetics, heart patients, cancer patients, etc., are "disabled". Some are. The criteria for assessing disability in these latter illnesses are clearly spelled out in SSA regulations. The same care and thought on the part of SSA and the State Bureau of Disability Determination should go into the criteria for assessing disability relative to the disease alcoholism. Until this issue is frankly faced and dealt with by the law makers it seems impossible to develop realistic regulations for financial assistance for alcoholics. The diagnosis of alcoholism will continue to be buried under other symptomatic diagnosis such as: cirrhosis, certain heart diseases, peripheral neuropathy and various psychiatric descriptions.

(B) The requirements that alcoholics cannot receive SSI payments directly, but must have a "representative payee" receive checks for them is impractical in the extreme. To say that this whole group of disabled persons with one particular illness (who are eligible for financial assistance) are incapable of managing their own money is to punish an entire group for the (financial) incompetence of a few. One would hardly say that diabetics as a whole are incompetent to manage their money because a few purchase the wrong foods and make themselves ill: or that heart patients should have surrogate managers because some of them drive automobiles when they are ill and shouldn't. Some alcoholism patients are known to have, within the last 3 weeks, received letters from SSA stating that "arrangements must be made to pay your checks to another person in your behalf". Some persons have received such letters who are indeed fully engaged in alcoholism treatment and rehabilitation. Such procedures are in contradictions to treatment efforts which are geared towards restoring hope, self respect, trust, confidence in others and self as well as, often, job functioning.

In addition, those alcoholics who could be regarded as in need of protective monitoring of this sort—the so-called "derelicts"—are least likely to be able to produce competent family or friends to be "representative payees" to care for their money. Thus this requirement, if actually carried out, raises the nightmare of SRO landlords, loan sharks, or other indiginous "bankers" being produced as "representative payees". Such a system would be subject to enormous abuse. The detective work which would be needed in order to monitor it seems incredibly wasteful. The need to which this requirement seemingly was intended to address was met very minimally, but at least more practically, by DSS's old system of two party rent checks. The need would be more appropriately

met by a network of $\frac{3}{4}$ way and half way house arrangements: expanded "shelter" type facilities with appropriate payment and patient allowance arrangements. The "representative payee" requirement could, in the long run be an incredibly expensive "substitute" for an appropriate continuum of care in alcoholism treatment.

(C) The requirement that alcoholics be in treatment continuously in order to receive financial assistance (either SSI or DSS) also singles out a particular category of illness (along with drug addiction) for punitive treatment. To require persons in need of public assistance to be evaluated for employability or participate in established programs is one thing, and seems entirely appropriate, no matter what the illness is which results in "disability". To mandate persons with only a certain illness to be continuously "in treatment" in order to eat and pay rent, no matter what the state or stage of his recovery, is to invite additional complications and confusion. DSS monitoring systems are already trying to concern themselves with what "in treatment" consists of which is essentially a medical matter and must be individual planned for the patient's benefit. Their current attempt at monitoring treatment without obtaining the patient's consent threatens to break confidentiality and override the patient's civil rights.

This treatment requirement also invites trouble in the sense that professionals may well avoid the diagnosis of alcoholism altogether at just this time when there is progress in facing the problem of alcoholism more openly. Another possibility is that treatment programs will have to spend their time being detectives and checkers for DSS and SSI. Treatment people never perform these functions well at best, and to the extent they could be forced to, time would be taken away from the already much too limited therapeutic time available.

The requirement that alcoholics be in treatment should be brought into line with the SSI rehabilitation requirement for other potentially disabling diseases.

SOCIAL SERVICE SHEET

THIS CASE ILLUSTRATES PROBLEMS ARISING AS A RESULT OF LACK OF COORDINATION BETWEEN SSI AND DSS—RESULTING IN EXTREME STRESS ON THE PATIENT

Mrs. C.—a patient at Smithers Rehab. Center

Mrs. C. was determined to be eligible for AD as of 12/31/73. She was an open ADC case to Center.

On the understanding that she would be converted or "grandfathered in" to S.S.I., DSS Center, on 2/7/74 began issuing decreased semi-monthly ADC checks and food stamps. The checks went from \$129.00 semi-monthly to \$115.45. This information was obtained from Mrs. B, Unit 002, DSS Center.

Mrs. P, at the Midtown S.S.A. office (which services Mrs. C's home address) found absolutely no record of case anywhere. She called Mrs. B. to confirm that Mrs. C. was supposed to be known to S.S.I. Mrs. P. said new application for S.S.I. needed to be made.

Since Mrs. C. was hospitalized, S.S.I. agreed to send a field rep. to the Rehab. Center where patient was located, to fill out new application. However, field rep. (Mr. R. 860-6136) had to come from Uptown S.S.A. office because Rehab. Center is in their district. He visited on 3/25/74, made out the application, but did not give Mrs. C. the S.S.I. form letter Welfare needs to issue emergency and HR checks while S.S.I. application is pending. He also called Center to find out patient's budget, but was not given crucial information by DSS that patient was to have been "grandfathered in".

Patient subsequently went back in person to DSS center with detailed explanatory letter from me including verification of S.S.I. application. She waited four hours to be seen and was treated very rudely. When she was seen she was issued (1) a DAB individual information form, (2) a Social Security Title XVI referral to bring back to S.S.I. The purpose of going to DSS Center was to be issued emergency funds and to be put on HR immediately while S.S.I. application was pending. Interviewer would not explain reason for referral, would not phone me or R for verification (at Mrs. C's request). Mrs. C went for help to Mrs. M, Section 999, liaison Unit to S.S.I. at DSS Center, who knew her case from prior conversation with us. She was told merely to return to S.S.I.

I contacted Mr. O, Director of DSS Center. He said case was S.S.I.'s responsibility; that Mrs. C. was to have been "grandfathered in", to S.S.I. on

1/1/74, and that on 1/2/74, copies of the medical determination verifying Mrs. C's eligibility for AD as of 12/31/73 and therefore of her eligibility for being converted to S.S.I., were sent to Albany, to S.S.I. and to Mrs. C. However, S.S.I. and Mrs. C. did not receive this notification.

I contacted Mr. A (Supervisor) of Uptown S.S.A. center where application had already been made through Mr. R, field rep. The purpose was to expedite Mrs. C's return to the center to obtain emergency and retroactive funds to which she was entitled. He claimed that they need from DSS Center, in addition to DAB referral form which indicates AD grant amount, a "D.S. 639" form which DSS did not issue to Mrs. C. Since this procedure was at odds with Mr. O understanding of procedure, I asked Mr. A. to take it up with Mr. O directly, which he did. They agreed that a copy of the 12/31/73 medical determination would be acceptable. Mr. O. gave me the name of his secretary to whom Mrs. C could go to pick up form. Mrs. C was able to get the form but was harassed by clerks in the attempt—which took several hours.

The following day she returned to S.S.I. and was seen by someone with Mr. A help. However, the waiting time and subsequent form completion time was approximately seven hours. Mrs. C was still not issued funds at this time but was promised a check retroactive to January to be issued five days later.

Mrs. C informed me subsequently that she did receive the check from Uptown office. Following this she was also called down to the Midtown office for verification of activity of Uptown office. She was not clear as to why they needed to see her in person and wondered if this could not have been done through contact between the two offices.

In summary, Mrs. C. was called upon repeatedly to carry messages between offices totally inappropriately as well as to return to a Center because of an internal problem, in terms of its own inter-departmental communications. The client was made responsible, on pain of literal starvation for herself and her family, for problems that were strictly bureaucratic and could have been resolved by a few well-directed phone calls by agency people to agency people. She was only able to manage this fiasco because she was intensively supported by a therapeutic milieu for which the state paid \$66 a day.

ITEM 5. STATEMENT OF MARILYN LYTLE, FOOD RESEARCH AND ACTION CENTER, NEW YORK, N.Y.

Mr. Chairman, I would like to thank the Special Committee on Aging for providing this opportunity to set forth the problems relating to the new S.S.I. program. Congressional action is urgently needed to redress a number of these problems to assist those elderly who have been hurt by the transfer to S.S.I.

I will address myself to one very specific issue—food stamp eligibility and "cash-out" for S.S.I. beneficiaries. Congressional history on this issue has been very complex. Several compromises and changes have left many totally confused. Twice in the last eight months S.S.I. beneficiaries have been given a last minute reprieve just as their food stamp eligibility was about to be terminated. At the end of June 1974, many S.S.I. recipients throughout the country received notices that they would be cut off food stamps. Little has been done in some areas to correct that by informing S.S.I. beneficiaries of the passage of P.L. 93-335 which continued food stamp eligibility for one year.

Such semi-annual confusion regarding food stamp eligibility only serves to discourage participation among the elderly. Even now there are measures pending which would deny food stamps to thousands by no longer allowing S.S.I. beneficiaries public assistance household status for food stamp purposes.

To say that spiraling food costs have severely affected those with limited budgets is merely to restate the obvious. I think we all know that the low income elderly, blind and disabled on S.S.I. are among those hardest hit by rising food costs. They are also more likely to have more expensive medically prescribed diets. In view of the hardships inflation has already imposed on these vulnerable Americans, it is incomprehensible to me that lawmakers discuss again and again the possible denial of food stamp benefits or a cash-out. Had the food stamp provisions in P.L. 93-86 gone into effect, many S.S.I. recipients would have been denied food stamps even though their incomes were well below food stamp eligibility guidelines. Another measure, H.R. 3153, would effectively remove thousands of elderly poor from the food stamp program by denying them public

assistance household status. It is essential that those receiving S.S.I. have access to the same assistance in purchasing a nutritionally adequate diet as others. The elderly and disabled receiving S.S.I. must be assured continued food stamp eligibility on a public assistance household basis or the receipt of a true cash-out which I will define below.

The inequities of the so-called "cash-out" scheme under S.S.I. have played havoc with beneficiaries' food budgets in five states. Let me give you an example of what this "cash-out" has meant for thousands. In December, 1973, an elderly widow in New York probably received a \$15 food stamp bonus to help purchase an adequate diet. If she was fortunate, she received a \$10 cash-out in lieu of the \$15 food stamp bonus value when she was transferred to S.S.I. in January. That \$10 figure will remain static although, if food stamps had continued to be available to S.S.I. recipients in New York, she would now be receiving a \$22 food stamp bonus. In other words, the elderly poor and disabled in New York are receiving less than half the amount others with the same income receive to purchase nutritious food simply because New York has chosen the "cash-out" option.

Of course there were thousands in New York, California, Massachusetts, Wisconsin, and Nevada who received no part of the \$10 "cash-out" to compensate for the loss of food stamp benefits but this particular loophole was remedied by the passage of P.L. 93-335. Now, at least, all S.S.I. beneficiaries will in fact receive this meager so called cash-out. There is little excuse for giving the elderly and disabled less than half the assistance others receive to help purchase food in the face of soaring prices. The cash-out statute must be amended so that S.S.I. beneficiaries receive at least the bonus value they would have received if food stamps had continued to be available. A cost of living increase every six months must be built in just as in the food stamp program. The present cash-out is based on an average bonus value in January 1972. Food stamp bonus values have more than doubled for public assistance households in New York since then.

The effect of the present cash-out scheme is to punish S.S.I. recipients in cash-out states for the source of their income. If they received the same amount of money from another source they would get more than double the assistance they now get to help purchase an adequate diet.

I am not suggesting that the food stamp cash-out option be done away with. Actually a true cash-out would be more desirable than the continued use of stamps. Many elderly hesitate to participate because the stamps mark them in the store or they are dissuaded by the red tape involved. The cash-out statute should be amended to require that the "cash-out" included in S.S.I. payments be at least commensurate with current food stamp bonuses and that it increase to match the increases in the food stamp program.

Thank you.

ITEM 6. STATEMENT OF HILARY JO SOHMER, SSI ALERT-ACTION COMMITTEE, THE LEGAL AID SOCIETY OF WESTCHESTER COUNTY, YONKERS BRANCH OFFICE, YONKERS, N.Y.

REPORT OF THE YONKERS S.S.I. ALERT COMMITTEE, FEBRUARY 11, 1974

On 1 January, the Supplemental Security Income Program (SSI), replaced state administered programs of public assistance to the needy in the aged, blind or disabled categories. Recipients of public assistance in those categories were supposed to have been automatically "converted" to the new program. In addition, many people who were not on welfare rolls are eligible to receive S.S.I., because of liberal income and resource exclusions.

The S.S.I. Alert Committee is comprised of representatives from local public and private social services agencies. The committee was originally formed under the auspices of the American Red Cross, to develop an outreach program for persons potentially eligible to receive benefits pursuant to the S.S.I.P. Although this was the goal of our committee, we have found it impossible to restrict ourselves to that primary objective in light of the overwhelming impact of the many crises engendered by the implementation of the new program.

The suffering of many of our blind, disabled and aged neighbors since the start of the new year has been tragic. The following illustrations are typical examples of the experiences of many S.S.I. recipients and applicants.

(a) Mr. W.: After receiving S.S.I. checks for himself and on behalf of his wife and his two disabled adult children, Mr. W. was mugged on the way home

from the bank. Due to his severe injuries, he had to be hospitalized. His family managed to pay the rent, and to obtain food for one week. At that point, they exhausted their small savings, and were destitute. They were told that they were not eligible for any emergency assistance from either the Social Security Administration or the Department of Social Services.

(b) Ms. M.: A 55 year old woman who is mentally disturbed, Ms. M. did not comprehend the meaning of the change from Aid to the Disabled to Supplemental Security Income. Ms. M. spent the monies she received from the S.S.I.P. for basic needs and to settle outstanding debts. By mid-January, Ms. M. was completely destitute. She was ineligible for any form of public assistance.

(c) Ms. N.: A 38 year old woman who is crippled as a result of a birth defect, Ms. N., along with many others, did not receive her S.S.I. check. This check is her sole source of income. She tried to contact the Social Security office by telephone to try to learn the cause of the delay and to find out how to get some funds to tide her over until her check arrived. She was unable to get through, presumably because of the large volume of incoming calls during the first days of the month. She was therefore forced to go to the office to report her hardship. On three separate days in early January, despite inclement weather and her handicap, Ms. N. managed to get to the Social Security office. On each occasion, she waited six to eight hours along with other needy and desperate aged, disabled and blind people. When she was finally seen, she was told that Social Security could not help her; she would have to go to the Department of Social Services. She went to the local D.S.S. office on each of those occasions, but was turned away and told the D.S.S. no longer had any responsibility for her, since she had been "converted" to the S.S.I.P. Ms. N. was not given any relief until a court order issued in the case of *Freedman v. Berman*, Civ. No. 315/74, 11 January, 1974, required D.S.S. to provide for the essential basic needs of the many Westchester County residents in Ms. N.'s predicament.

Our agencies are aware of many people who have experienced precisely the same situations as those faced by the W.s, Ms. M., and Ms. N. These cases are merely some examples of the many tragic hardships encountered by so many of those who are "grandfathered" into the S.S.I.P. from the D.S.S. roles. Newly eligible individuals have also suffered during this shakedown period for the new program. All of our agencies have been overburdened by these crises. We are incapable of dealing adequately with them. It is our belief that these problems will not only continue, but will become more acute with each passing week, to the detriment of the entire community. Furthermore, the agencies represented on the S.S.I. Alert Committee cannot in good conscience pursue the basic objective for which we came together as long as these emergency situations continue to persist.

In attempting to meet the needs of those among our clientele who are in, or should be in the S.S.I.P., we have encountered many different kinds of systemic inefficiencies AND DYSFUNCTIONS. We present the following list of the most pressing and recurring problems. Our list is by no means intended to be all-inclusive.

(1) *Non-receipt of grants*

In January, and again in February, large numbers of S.S.I. recipients did not receive their checks at the beginning of the month. In January, some of these people did eventually receive their checks. Others still have seen no check at all. Some of those who received no January checks did receive February checks. However, some who received January checks have not yet gotten their checks for February. Present S.S.I. recipients are virtually all former clients of the Department of Social Services, (D.S.S.). This is so because the Social Security Administration gave priority to "converting" D.S.S. recipients to S.S.I. Therefore, it is our understanding that few if any new applications for S.S.I. have been processed as of this date.

Thus, it was the very neediest of the aged, blind, and disabled who were deprived of a major, if not exclusive source of income through the non-receipt of S.S.I. checks. There are apparently two separate causes for failure of a check to arrive at the recipient's home. One is labeled "true non-receipt" by the Social Security Administration. This means that a check was in fact issued and mailed out by the Treasury Department for the Social Security Administration. In spite of this, the check was not delivered to the intended recipient. In many cases, this was due to addressing errors. Other cases remain unexplained.

During the first two weeks of January, no procedure existed to expedite duplication of checks in the "true non-receipt" category. This led to much suffering.

Many were rendered completely destitute; unable to pay rent and utility bills or to buy any food. The Social Security office was daily filled to overflowing with long lines of desperate people attempting to report missing checks and obtain some form of interim assistance. These people were bounced back and forth between the Social Security office and the D.S.S. office, without ever obtaining real relief. Many others, who are homebound due to age or infirmity, also had no recourse.

Finally, in mid-January, the Social Security Administration authorized its district offices in Westchester County to obtain duplicate checks for those in the "non-receipt" category within twenty four to forty eight hours. However, this authorization was only for the month of January. In February, the procedure for replacement of a check lost in the mail takes an indefinite period.

The second cause for failure of checks to arrive is called "N.I.F.", or "not in file." This means that the Social Security Administration computers show no records for a supposed recipient. In January, the status of such people could be verified by checking the records of the D.S.S. If verified as a former recipient of public assistance, an Emergency Advance of not more than \$100.00 could be issued, pursuant to 20 C.F.R. § 416. Clearly, this advance cannot cover living expenses for an entire month. In addition, once \$100.00 has been advanced to a person, she or he may not receive any future advances. Thus, those who received the total advance in January, may not receive any advance in February if, once again, no check came. For February, the Social Security Administration has authorized immediate replacement of checks for those in the "N.I.F." category. The checks rewritten will be in the amount of the recipient's entitlement, minus any advance previously made. This will still leave many people with insufficient funds to meet their expenses.

Since this is the second month of no regular check for many people, we can anticipate many eviction proceedings and utilities shut-offs, unless prompt and adequate remedial action is undertaken immediately.

(2) *Emergency Assistance for Adults (E.A.A.)*

Ostensibly responding to the crises created by the implementation of the S.S.I.P., the New York State Department of Social Services has promulgated a regulation establishing a new category of public assistance for S.S.I. recipients. The regulation purports to "meet the emergency needs when such needs cannot be met by the S.S.I. Program.", 18 N.Y.C.R.R. § 397.1(a). The S.S.I. Alert Committee finds the provisions of this regulation to be inadequate and incapable of fulfilling the above articulated purpose.

(a) It specifically excludes granting assistance to those whose "unmet needs are [due] to lost cash, lost or stolen checks, or mismanagement of funds." 18N.Y.C.R.R. § 397.9. This preclusion encompasses virtually all of those desperate and tragic cases our agencies have confronted during the short life of the S.S.I.P.

(b) In the case of an eviction for non-payment of rent, no moving expenses may be provided. 18N.Y.C.R.R. § 397.4(d). This will presumably apply to those who could not pay their rent because their S.S.I. checks never arrived. Furthermore, in general, moving expenses will be allowed only if the move is necessitated by "condemnation, fire, flood or similar catastrophe, health reasons, or a need to be near to health and/or service facilities." 74 ADM-6, 11 January, 1974. This requirement is being narrowly construed. Of seventeen applications for moving expenses during the first two weeks of February, the Yonkers D.S.S. office only approved two.

(c) E.A.A. is available to any recipient only once in every two year period, regardless of need. 18N.Y.C.R.R. § 397.4(e).

(d) No assistance is available pursuant to § 397 to those who have not established a legal residency of a minimum of one year in New York State. 18N.Y.C.R.R. § 397.3(a).

(e) The provision establishes resource and income limitations which are far more restrictive than those in the S.S.I. Program. Compare 18N.Y.C.R.R. § 397.3(c) with 20 C.F.R. § 416, subpart L. Therefore, an S.S.I. recipient who has limited resources as permitted by the S.S.I. guidelines, might, in a crisis situation, be forced to liquidate such resources in order to secure the minimum basic necessities of existence.

(3) *Underbudgeted conversions*

The S.S.I. legislation requires the states to provide mandatory supplementation to those S.S.I. recipients who received public assistance benefits in December,

1973, in amounts greater than the level of assistance provided by the S.S.I.P. P.L.92-603; 20 C.F.R. § 416.2070(a). However, the law also requires that those public assistance recipients who had received a monthly income that was less than the S.S.I. level, should receive the higher level of benefits. 20 C.F.R. § 416.2071.

It is the belief of the S.S.I. Committee that virtually all those in the latter category were converted at the lower level, i.e., the exact amount of their cash grant from the D.S.S. The Yonkers office of the Social Security Administration has no procedure to correct these errors. Furthermore, The Department of Social Services has submitted Change of Status reports on many of its former clients. A good number of these indicate that increased benefits are due S.S.I. recipients. However, we have been informed that the Social Security Administration has instructed the Yonkers office to retain these reports for an indefinite period, rather than process them as they arrive. Finally, none of the disabled children in the caseload of the D.S.S. have thus far been converted into the S.S.I.P. In many instances, this delay is detrimental to the children involved in that they are entitled to increased S.S.I. benefits.

For all of those who are now receiving less than they are entitled to get, the result is an unwarranted continuation of suffering. All of them must attempt to cope with an extremely limited income. Even a miniscule increase in funds could make a profound impact on the quality of the lives they live. We cannot accept administrative, bureaucratic inefficiency as a rationale for the continued deprivation of these people.

(4) New applicants

For the past several months, many of the agencies represented on the S.S.I. Alert Committee have been engaged in a diligent effort to locate potentially eligible persons for the S.S.I.P. We have forwarded to the Social Security Administration over 200 preliminary applications for S.S.I. benefits, as well as leads on still others who might be eligible for grants. Of these, at least 175 were submitted prior to the end of December, 1973. It is our understanding that none of these people have received S.S.I. benefits to date. Nor has there been any indication that benefits will be forthcoming in the immediate future. Most of these applicants are now existing on very marginal incomes, primarily OASDI pensions from the Social Security Administration. In view of the basic purpose of the S.S.I.P., see 20 C.F.R. § 416.110, this protracted waiting period is indefensible.

(5) Needy eligibles who can get no public assistance

Our agencies have all too frequently been faced with the difficult experience of appeals from individuals in need who, for one reason or another, have not been able to receive aid from either the Social Security Administration or the Department of Social Services. Mr. W., whose case is discussed above, is but one illustration of this problem. Each agency represented on the S.S.I. Alert Committee can provide numerous additional cases of this kind. These people are caught in the gaps left by the state and federal legislation implementing the S.S.I.P. These interstices have left both the Social Security Administration and the Department of Social Services without authorization to aid desperately needy people. The private agencies of Yonkers have done as much as they can, within the constraints imposed by extremely tight budgets, to assist these people. An effort has been made to solicit collections of food and funds from our community to alleviate some of the suffering. It has, however, been impossible to provide adequately for all those in this unfortunate circumstance. Many have been turned away hungry. Such a situation is a scandal of major proportions for our society.

(6) Food stamps

Pursuant to P.L. 92-233 (31 December, 1973), a large class of those who were converted from the public assistance rolls of New York State into the S.S.I.P. have been deprived of the bonus value in buying power previously extended to them through authorization to purchase food stamps. Participants in the S.S.I.P. are ineligible for the food stamps program if the state agrees to include the cash bonus of the stamps the recipients could otherwise have purchased in the state supplementation of the basic federal grant. New York State has included \$10.00 in its Optional supplement (which goes to all new applicants and to D.S.S. "convertees" whose public assistance grants were lower than the optional supplementary level). However, all former recipients of public assistance who received D.S.S. grants in amounts greater than the sum of the basic

federal S.S.I. grant, plus state optional supplement, were converted at exactly the level of their D.S.S. cash grants. No account was taken of their previous food stamps authorization. They have therefore lost between \$15.00 and \$20.00 each month in buying power at the supermarket. Although this sum may seem paltry to some, to these recipients, we know that it has meant the difference between going hungry during the last week in January, and having sufficient food supplies to last the entire month. We know of many who are extremely apprehensive as February progresses. They do not know if they will have food during the last week of February.

(6a) *Residency Requirements*

The federal legislation which established the S.S.I.P. authorized the states to impose residency requirements in conjunction with any plan for optional supplementation of the basic federal grant. New York State has elected to provide such supplementation, but has also chosen to condition receipt of this supplement upon a one year period of residence in the state, 1973 Session Laws, Ch. 516 § 1, creating a new § 131-a § 9(a) (3).

This precise issue of the power of states to condition eligibility for public assistance upon a period of prior residency has been litigated many times. The Supreme Court has consistently held that such requirements are unconstitutional. *Shapiro v. Thomson*, 394 US 618; *Gaddis v. Wyman*.

For this reason, as well as on humanitarian grounds, we are distressed at yet another attempt to promulgate a regressive device that should have been finally abandoned long ago. We note that Emergency Assistance for Adults similarly purports to bar aid to those who have not established residency of at least one year's duration (see above). Although our agencies have not yet encountered clients with this problem, it is inevitable that this provision will cause much hardship in time.

(7) *Cost-of-Living Increases*

Many tenants in Yonkers were presented with rent increases of up to 20% in January, 1974. The S.S.I.P. does not take this into consideration. Nor has D.S.S. indicated a willingness to provide for the unavoidably increased expenses of S.S.I. recipients. With the cost of housing continually increasing, and in a community with a vacancy rate of virtually 0%, this is a serious problem. It is compounded by the skyrocketing food prices and upward adjustments in utility rates.

In addition, many special needs of those in the groups now covered by the S.S.I.P. will not be provided for in any manner by either the S.S.I.P., or the D.S.S. These needs include the expense of special diets, moving expenses in most cases, non-medical transportation, etc.

Since the idea of the S.S.I.P. is to provide recipients with an income sufficient to engender financial security, these omissions border on unconscionability.

(8) *Representative Payees*

We recognize that within the categories of persons covered by the S.S.I.P. there are many who, for one reason or another, cannot manage money properly. This incapacity may derive from senility or emotional disturbances, or other disabilities. To meet this problem, the Department of Social Services had a system of restricted voucher payments combined, where appropriate, with supportive counseling and other forms of assistance. 18 NYCRR Part 331.

The SSIP regulations include provision for representative payees to receive grants on behalf of SSI beneficiaries. 20 CFR § 416, Subpart F. The regulations mandate a representative payee for any SSI recipient who is addicted to drugs or alcohol. Social Security Act § 1631(a) (2) ; 20 CFR § 416, 601(a). However, for others who may need a representative payee, the regulations require that an individual be located who can satisfy the stringent qualifications established. We appreciate the rationale of protecting the beneficiary from the dangers inherent to a system which might allow for unscrupulous representative payees. However, it appears to us that not enough thought has been given to meeting the needs of the many SSI recipients who are not addicts and who cannot manage their own financial affairs.

The homebound recipients have not been able to find anyone willing or able to make the attempt to cash their checks for them. Clearly, these people are in desperate straits. Some provision must be made to deal with this situation.

(10) Transportation to Social Security and other offices

For all of those who have jammed the Social Security offices since the new year, the expense in time and money of getting to these offices has been enormous. And it has been borne by those least able to afford it. The paucity of public transportation in Westchester County is well known. And many of those who have had to report in person cannot travel by bus, due to the nature of their handicaps and infirmities. They have been forced to take taxicabs, borrowing money in order to do so. The only alternative to struggling to report to the office in person has been to attempt to get through to the Social Security phone number and request a home visit by the one field worker assigned to the Yonkers office. This is simply inadequate. In the first place, it is often impossible to get through by phone for hours—if not days—at a stretch. Secondly, the one field worker cannot handle the large volume of requests for home visits. This means that many must wait for inordinately long periods for service. Finally, we know that there must be many helpless people in our community who have not received checks, cannot leave their homes, but have no telephones. We fear for the safety and health of these people.

In light of these various problems inherent to the S.S.I.P., the Yonkers S.S.I. Alert Committee makes the following recommendations and proposals concerning the future course of the S.S.I.P. We feel that, at a minimum, if these proposals are not acted upon, the only humane alternative is to abolish the entire system, and return to the previous plan of state administered public assistance to these categories of persons. Although that arrangement was fraught with difficulties, it did not cause the large degree and extent of suffering that the S.S.I.P. has created.

We recommend to :

The City of Yonkers

(1) Explore the possibilities for rent abatements for those whose incomes are fixed by the S.S.I.P.

(2) Appeal to landlords not to initiate eviction proceedings against those who are unable to pay rents, due to non-delivery of S.S.I. benefits.

(3) Create a position of ombudsman. The ombudsman should be able to establish liaison with the Social Security Administration and the Department of Social Services, and all the private agencies serving the residents of Yonkers. He or she should be able to act on behalf of those in need, to prevent the kind of tortuous run-around to which many S.S.I. recipients and applicants have been subjected during January and February, 1974.

(4) Allocate funds to be used to transport S.S.I. recipients and applicants to the Social Security office, the Department of Social Services, or other places. These funds should be used for transportation expenses of S.S.I. recipients when those expenses are not reimbursable through the Medicaid program.

(5) Support the C.A.P. effort to secure donations of food and funds to aid those who are not eligible for any form of public assistance.

(6) Go on record as endorsing all of our recommendations, to Yonkers, as well as to Westchester County, New York State, and the federal government.

Westchester County

(1) All of the above recommendations also apply to Westchester County.

(2) The Westchester County Department of Social Services should reverse its decision not to act as representative payee to its former clients who cannot manage their S.S.I. grants. This should be considered as one component of services to S.S.I. recipients, and therefore still the responsibility of the County Department of Social Services.

(3) Since Medicaid Identification cards are now issued by the County Department of Social Services on a monthly basis, the Department should guarantee that all Medicaid participants will receive their new Identification cards PRIOR to the expiration dates on the old card.

(4) The appeal of the decision in the case of *Freedman v. Derman*, Civ. No. 315/74, should be immediately withdrawn in the interests of justice.

New York State

(1) Pursuant to the authority created by 1973 Session Laws, Chapter 516, § 10, the New York State Department of Social Services should promulgate regulations to provide for the needs of S.S.I. recipients which are unmet by the S.S.I.P. Such special, and/or recurring needs include moving expenses, transportation for non-medical purposes, medically required diets, rent and utilities increases, etc.

(2) The Department of Social Services should immediately rescind 18 N.Y.C.R.R. § 397 (Emergency Assistance for Adults) and promulgate a meaningful system of assistance for those S.S.I. recipients with emergency needs. The operation of the section should be retroactive, so as to cover those who were forced to borrow from friends or relatives in order to survive in January and February.

(3) The legislature should abolish any form of residency requirement now in existence in conjunction with the S.S.I.P.

(4) Any increases in the basic federal grant passed by Congress should be passed along to S.S.I. beneficiaries. New York State should under no circumstances reduce State supplementation when the federal S.S.I. grant is increased.

(5) The food stamps "cash out" plan should be re-examined. If the plan is retained, each S.S.I. recipient should be given an amount equal to the ACTUAL cash bonus in buying power for which that recipient would have been eligible had he or she been able to purchase food stamps.

Federal Government

(1) Cost-of-living increases that will be passed along to the beneficiaries should be built into the S.S.I.P.

(2) With regard to food stamps, P.L. 93-233 should be repealed. Either S.S.I. beneficiaries should have eligibility for food stamps determined on straight financial grounds, exactly as if they were not in the S.S.I.P., or, the actual cash bonus that a recipient would have received under the above option should be included in that recipient's S.S.I. grant.

(3) The Social Security Administration should be required to immediately increase its staff at local offices so that it will no longer be necessary for S.S.I. applicants and recipients to endure lengthy waits at these offices. Priority should be given to assigning fieldworkers to all local offices where they are needed.

(4) All applications, S.S.I. Alert forms, "status change reports" from the Department of Social Services, and similar papers should be processed immediately. If additional staff is needed for this purpose, it should be hired.

(5) Pursuant to § 2070 of 20 C.F.R., all public assistance recipients in New York State who were "converted" to the S.S.I.P. at a level of payment that is lower than the S.S.I. flat grant for New York State should immediately have their grants raised to the proper level. This action should be taken no later than 1 March, 1974, and should be retroactive to 1 January, 1974. No action should be required of recipients in this class in order for them to be budgeted at the proper level. Administrative confusion and defective computers are no excuse for depriving these people of funds to which they are statutorily entitled and without which it is impossible for them to sustain a minimally acceptable standard of living.

(6) The "Not in File" category must be eliminated completely within one month. If it becomes necessary to "borrow" computer time from some other agency, this should be done.

(7) With regard to those in the "true non-receipt" category, the Social Security Administration should correct its addressing errors within one month. It should also provide for a standard procedure for courier service to replace checks not delivered to S.S.I. beneficiaries by the third day of any month, within twenty four hours. This process should be applicable regardless of the reason for the non-receipt.

ITEM 7. STATEMENT SUBMITTED BY JOSEPH BUNZEL, PROFESSOR, STATE UNIVERSITY COLLEGE OF BUFFALO, BUFFALO, N.Y.

Thank you Mr. Chairman for the opportunity to state some basic principles for a rethinking of the future directions of Social Security. Some time ago I wrote a brief reply to an article in *Readers Digest* entitled "Anti-Social Insecurity," which was included in your files. With your permission I would like to quote from that article.

In the April issue of the *Readers Digest*, Mr. Robert J. Meyers, at that time, chief actuary of the Social Security Administration, wrote an article in which he posed the basic question whether or not the United States wants its social security dollar as a basic "floor of protection" or whether it wants "an infinitely expanding and infinitely costly all-purpose umbrella."

He then proceeded to name a fairly large number of persons and organizations who in his opinion are expansionists in that they wish to "boost retirement benefits without letting the public in on the economic consequences."

Because Mr. Meyers names as the only representatives of the academic community myself, apparently on grounds of my statement for the Record for the U.S. Ways and Means Committee (Part 7, Nov. 13, 1969, pg. 2697-2730, inclusive), I feel it incumbent upon myself to clarify the basic question whether in fact persons or organizations who are working for a revision of Social Security ideology should or could be called expansionists.

Mr. Meyers chooses a motley round of strawmen, among them the National Council of Senior Citizens; former Vice-President Hubert H. Humphrey; former Secretary of Health, Education; and Welfare Wilbur H. Cohen; Representative Wilbur H. Gilbert of New York and others who may or may not agree with each other. I myself disagree strongly with the Council's so-called study which in fact is a reworking of Mr. Meyers' own figures and arguments, particularly with regard to earned income after 65.

BASIC FLOOR OF PROTECTION

I believe that Mr. Meyers is historically correct and I said so in a statement that Social Security was initially created to put a basic floor of protection under the elderly destitutes of the thirties. My witnesses of the time, who like Mr. Meyers, are still in Federal Service, spoke about a three-legged milking stool, a comparison which will sound strange to the super-urbanized, megalopolis-reared youth of today; the three legs of the stools being private savings and investments, private retirement plans and insurance, and social security as a supplement or psychologically tolerable substitute to old age pension, or welfare.

I have no disagreements with Mr. Meyers on that account, nor do I disagree with him in the assertion that simple adjustments have brought about some modest increase of benefits, distributed in accordance with contributions. I do disagree with him strongly, however, when he tries to tell us that the fact that individual Americans own about 34 million homes as compared with 12 million is an advantage or constitutes progress. And, I disagree with him strongly when he tries to tell us that life insurance has climbed from 102 billion to 113 billion and personal savings from 3 billion to 40 billion and that this is due to Social Security. My disagreement is mixed with indignation when he indicates that private hospital insurance has increased from 12 million to 170 million from 1940, and this is because of social security.

Social Security had little if anything to do with all this. I also feel that the tripling of home ownership in forty years (and I throw in two million homes for good measure) is well-nigh irrelevant and only indicative of the power of advertising with which real estate interests have been able to convince the American public that their best bed is to be found in the overcrowded, one-family slums of tomorrow.

Airless, waterless, polluted and insecure, without past or future and with the burning desire of the disadvantaged to bow their neck under the joug of past cavemen's dreams, social security cannot be blamed or praised for any of these consequences of unplanned urbanization. Mr. Meyers then concentrates on hospital insurance and on private pension plans about which more later.

In a previous statement for the House Ways and Means Committee, I have submitted some personal credentials; I have taken care to point out that I am far from being a starry-eyed radical; but rather that I grew up in a conservative civil service background and years of executive experience in the insurance business.

It is easy for me to understand, therefore, Mr. Meyers' shock that I and others feel that the piecemeal approach to social security is not good enough any more. Mr. Meyers and many of the legislators are in the uncomfortable position of a boy who at his 24th birthday finds that the suit daddy bought him when he was 14, in spite of all the patches mother put on, just won't wear any more.

I do agree with his quote that the conflict is not a simple battle of numbers but a battle of philosophies. Unfortunately, my so-called fellow expansionists do not see it this way. Again and again I have warned that deep-seated attitudes interconnected with urbanization, under-housing and many other vital problems of our time, cannot be dealt with in terms of 5% or 10% or 15% increases, not even if a sliding benefit scale should be adopted.

My analysis of the Gilbert bill and my proposal indicates that these are approximately 17 years apart. In other words, I feel that we have to start where Mr. Gilbert wishes to be in 17 years. This is not a matter of expansion. This is indeed a matter for attitudinal change.

TAX REBATES FOR LOW AND MIDDLE INCOME GROUPS

Mr. Meyers is appalled that the taxable wage base should be rocketed from \$7,800 to \$100,000 a year. I stopped at \$100,000 only because the number of persons with wages over \$100,000 is relatively small. Today, 1974, I feel there should be no restrictions whatsoever, however, not only wages but all income should be taxed and the lower and middle income groups should receive considerable tax rebates.

The fiction that social security is a contract and not a tax has long been given up. The National Council, on the other hand, is appalled that I wish to exempt all incomes up to \$25,000 a year from losing social security because it is a contract in which the government has engaged with the citizen; it tries to show: a) that it would benefit only a million and a half people if they could earn as much as they wanted or could after age 65 or before age 72, and b) that the \$5,000,000 or so that it would cost be used better to advantage to supplement the miserable pittance of orphans and widows. I cannot admit any value to this argument. If we can afford to wage a far-flung war, go to the moon, bail out railroads and crooked brokers, incompetent bankers, and support three tiers of the most expensive political system the world has ever seen, then surely we can also afford another million and a half for widows and orphans without having to compromise on a completely different plan a modicum of income maintenance if not in pre-retirement then at least in post retirement.

Mr. Meyers parenthetically remarks that a 10% hike in benefits would adequately offset increased living costs written in April 1970 can only be considered an unwilling and unwitting sneer since the base from which the 10% ought to be taken is approximately 65% below par.

The same issues of the *Digest* brings a quip showing a man who earned \$5,000 a year had \$4,941 left to spend after taxes; that same man today has to earn \$14,282 because taxes have chipped away \$2,083 and inflation has drawn off \$7,258.

It may well be true that the Gilbert bill "is the expansionist torch of progress." For me it would only be a shy and timely beginning because the National Council of Senior Citizens and the American Association of Retired Persons have not come to grip with the essential necessities of social security. These essentials are at least thinking of our national attitudes towards age and health, work and play; a corresponding rather to the economics which are necessitated than to their relationships.

In the last 20 years I have attempted in a series of small empirical studies to show in what direction such rethinking should go if we are to maintain a free economy. In 1965, I have pointed to a national malaise which I have called gerontophobia, briefly defined as an unreasonable and irrational hatred and fear of the elderly, expressed in a multitude of ways, by approximately 20% of the sample population.

I have distinguished between medical, legal, and social gerontophobia, and within these areas I have dwelled on such fields as architectural, educational, blue-collar and white-collar gerontophobia.

With great glee I have noted that Professor Alex Comfort, the outstanding British gerontologist, has also coined this word quite independently in 1967, reserving it entirely for the medical profession. The reasons for medical gerontophobia are not far to see. Physicians and especially young physicians are quite unhappy if they cannot show quick dramatic results of their work. The elderly, even the well elderly, do not promise a good return on the intellectual, spiritual and even monetary investment of the physician. A number of older men for a variety of reasons, frequently go into this field, out of guilt feelings, for scientific awards or research grants, but obviously the pediatrician has better chance for fame, success and riches.

TENDER LOVING CARE OF PEOPLE

The geriatric nurse is usually the one who is least informed, the most patient, the one that does least expect results of treatment; instead of assigning the best and most energetic nurse to the geriatric wards, and especially the geriatric wards in mental hospitals, the most routinized are being assigned. Treating each patient as a terminal case before physical and mental deterioration has already started, how much more when a docile hospital population is entrusted to the tender loving care of people on their own way out, by and large neither interested or empathetic with the older patient. Only the event of medical care

with its incommensurate rewards has brought about some change for a short while.

The situation of the nursing homes is one of the greatest scandals this country has ever witnessed. Congressman Pryor has been and is trying to remedy the situation, but one could fill page upon muckraking page with the shame and scandal, and accounts of this festering boil in the body politic. Rarely a day goes by without some elderly persons being killed by fire or smoke from an ill-ventilated or otherwise unsafe building used as a home for the elderly.

Medical gerontophobia has been supported by legal gerontophobia not only and not even mainly in Congress, but in the state houses and townhalls not so much because of ill-will, but because of the great output of legislative activity in this country. Being trained in the common-law tradition, the legislator looks backward for precedent but must as a social planner, look forward to changes and developments.

I have shown elsewhere that all law is caste law and all justice class justice, and that law and justice have little or nothing at all to do with each other. How much more this is true in the case of social security laws that are un-reachable by justice for lack of administrative court procedures, when only the majesty of the court law protects and upholds the social security of the individual and the nation. The ruling caste in the United States is, of course, the business-oriented, white upper-middle class conditioned by its waspish character: basically generous to be sure, but highly paternalistic, still extremely intent on adjustment and conformity with its ideals and values.

Highest among these values are confidence in rationality, belief in education as means of perfectability, and the buttressing of human dignity by a way of life that used to include aging.

With touching regularity, the Judeo-Christian veneration of age is being invoked everytime some obviously gruesome shortcoming has been discovered. By the same token, no real and thorough reform can be expected or attempted unless and until the root cause has been found, described and removed.

These lines are being written at the fifth anniversary of the Older Americans Act and indeed much legislative progress has been made. It is important to indicate, however, that such progress has been made *without* insight and in approximately the same fashion as labor protection laws have been passed to turn possible revolutionary tendencies into evolutionary channels by maintaining the basic structure.

This can only be done with the consensus of the governed and this will become more difficult from decade to decade, even from year to year.

PRIORITIES OUTLINED BY AOA

The priorities of the old and aging, as mentioned in the 12th June-July issue of *Aging*, the official organ of the Administration of Aging, are: strengthening of state agencies/development of more comprehensive state and local programs/use of talent, skills, experience of older Americans in voluntary services and employment activities/inclusion of services for the elderly in the model city programs/improved nutrition and transportation/development of truly multi-purpose senior centers as vehicles for delivery of services and opportunities/an all-out attack on isolation/and finally, development of a national policy on aging. I think it is ironic that first chaos must be created by the so-called federalism before order is even to be thought of.

The recent admirable statement of the President of the New Jersey Council of Senior Citizens in the Hearings before the Senate Committee on Aging goes even further; he wishes to abolish all tax exempt statutes of foundations, of municipal bonds; he overlooks the churches, however. He wishes to eliminate the oil depletion allowance and he develops an interesting scheme based on public exploitation of shale lands. This is just one instance of many in which the so-called expansionists are very much aware indeed of the cost of the programs they advocate and the cost of the dollars, to pay for the ever increasing cost of aging in the United States.

The history of medicare and even more, medicaid, presents good examples. Keeping to the principle of self-insurance, the elderly are expected to carry as much as possible on his own. Four dollars may be little for one and again a great deal for another. The introduction of the term medically indigent does not account for the erosion of the middle class and the uneasy truce between white and blue-collar workers.

Formerly, the greatest advantage of the white collar worker consisted in employment security and status. Also, the white collar worker, by and large, had a higher yearly income than the blue collar worker. Today this is far from true. Blue collar workers are nearing the annual wage. Television and commercial recreation have equalized social status, in fact, the wife of the plumber has a better chance to get a job than the wife of the bookkeeper. Benefits from health and accident insurance policies and brotherhoods of unions are by and large superior to those of teachers and accountants. Only social security remains approximately the same, mainly because it reflects older standards and former values. The Office of Research and Statistics of the Social Security Administration reports for June 18, 1970, that the average medical bill for each person under 65 \$210, and that nearly one half of it came directly out of the individual's pocket. If we added the cost of insurance itself, which is at least under \$100 per year, we find that the average medical bill is paid in full or nearly in full by the person under 65. For the older person, the average medical bill is \$692, with an out-of-pocket outlay of \$163. However, again we would have to add at least the \$50 insurance cost and probably a good deal more. We do not wish to go into the unnecessary details, but the viewpoint of social security to maintain what is euphemistically called fiscal neutrality should be mentioned here. (Robert O. Brunner, Department of Health, Education and Welfare, Research and Statistics Note #8, June 19, 1970.)

The question is, of course, whether trust fund transaction in a unified budget should underscore the fiscal impact of the fiscal program, because obviously social security with its billions of dollars exerts a powerful influence as a total for government budgets.

DEVELOPMENT OF RESPONSIBLE WELFARE POLICY

There is a question that benefits in the last years have been considerable, but so has been the increase in the surplus which is projected to be 14,222 million for the year 1971/1972. The proper management of these considerable amounts is a cause for real anxiety, not for eager expansionists who wish to get their hands on those surpluses but rather for the development of a responsible welfare policy by a government that is authentically responsive to the wishes of the governed.

Social Security belongs in the hands of intelligent businessmen in enlightened social planning out of reach of greedy politicians just as much as niggardly insurance experts.

In order to give a very brief summary of my original proposition, I shall set down in capsule form the main points of a basic policy. It should be taken into account, however, that I had to leave out argumentation and documentation as well as many specific propositions and statistical proof.

Basic Proposals, deviating in some instances greatly from propositions taken by either the Administration on Aging, any of the official or unofficial bodies and/or personalities within and out of Congress partly suggested previously by me.

Raise benefits to a minimum of \$250 a month regardless of contribution if social security is the only major income.

All benefits on sliding scale geared to 1970 standard of living.

Raise contribution to 10% of all incomes from wage earners; 5% from all employers.

Raise contribution base to \$100,000 of earned income, including bonuses, allowing for graduations to profit middle income.

Raise earning limits to \$25,000 for persons between ages 65 and 72.

Some specifics—

Equalize payments of widows and dependents.

Each person, regardless of marital status is entitled upon reaching a given age or in the case of disability upon establishment of eligibility to the full amount (eliminate the necessity for two persons to live with each other without being able to marry in order not to lose their full benefits.)

Attach full, mandatory health insurance to social security system (for that reason the money is needed to abolish medicaid and medicare and replace with womb-to-tomb coverage for all sickness, disability of any description whatsoever (dental, eyeglasses, mental health, etc.)).

If necessary create federal health corps using public health service as anchor and nucleus, take entirely out of the hand of state except purely administratively.

Realize that misuse of a system does not invalidate the system but only speaks against misusers.

Combat gerontophobia by re-education, sensitization and insight therapy.

Since this was written, I have come to the considered opinion that Social Security should not be amended from time to time benefitwise, but has to be rethought completely. While it is true that certain actuarial principles must, of course, be applied, Social Security must be revamped in such a way as to guarantee each person approximately 65% of his earnings before retirement as pension.

This is the goal and it is quite obvious that the present method can lead only in a minority of cases to its achievement. Increase in benefits which are immediately absorbed by inflation elicit only a bitter sneer. Not only is the standard of living index of the Bureau of Labor Statistics a fraud and a disillusion, even the BLS arrived figure of \$5,000 is unrealistic and unobtainable.

BASIC STANDARD OF AMERICAN LIFE

The mistake in the logic is to attempt to patch up a system which has become threadbare throughout the years. Social Security has become, and in fact must become, the basic standard of American life. It must be seen as what it is—a tax which must be staggered progressively with income. Earning limits and limitations of the base must fall. On a given day in the near future all Social Security benefits must be adjusted upward but at the same time the Social Security tax of the person earning \$100,000 must be more than ten times that of the person earning \$10,000.

This can be achieved in one of two ways, either as a vanishing tax credit for the lower and middle income groups (up to \$20,000), or a progressive percentage after \$20,000.

If this does not happen the sociological consequences are only all too clear. There will result complete and total destruction of the already demoralized middle income group, the gross income of which lies between \$10,000 and \$25,000, which at this writing is torn between inflation and recession.

According to the recent testimony of Mr. Ball whose expertise cannot be doubted, the Social Security Administration does not foresee basic changes in its composition. I am deeply touched by the earnestness and goodwill of the committee and each individual member; at the same time I am also convinced that the present system of "improvements" and amendments can only lead to a total disintegration of and disillusion with the Social Security system and with it will effect lethally the body politic.

For many years now, I too have believed that amendments far more radical than the ones which have been approved so far or even suggested might help.

However, a few sore spots and immediate remedial steps that could be taken should be mentioned specifically.

In order to forestall discrimination, the word "age" should be added to title VI of the Civil Rights Act of 1964, title VII of the Civil Rights Act of 1964 as amended by the Equal Employment Opportunity Act of 1972; Executive Order 11246 as amended by 11375; Equal Pay Act of 1963 as amended by the Education Amendment of 1972 (Higher Education Act); title IX of the Education Amendment of 1972 (Higher Education Act); and title VII and title VIII of the Public Health Service Act as amended by the Comprehensive Manpower Act and the Nurse Training Amendment Act of 1971.

The earnings limitation must fall entirely. The computation and enforcement of the piddling amount (estimated even by its enemies at not more than four million dollars per annum) cost at least half of the sums thus saved. Moreover, the human anguish and frustration connected with it would not be worth the difference in any event. This limitation is a leftover of 19th century thinking which is precisely why it must go.

Another leftover is the contributory base which taxes the lower and middle income group out of competition by allowing the upper income group to contribute an infinitesimal amount of its income for a pension which presumably will never be needed (the famous example of the retired millionaire actor comes to mind who in January earns \$25,000 for one performance and thereupon receives throughout the year the highest available Social Security benefits).

The argument that the lower and middle income groups receive a great deal more in benefits as would correspond to their being insured by a private insurance company does not wash. Again it is part and parcel of actuarial 19th century thinking instead of community oriented 21st century philosophy.

GROUP-ORIENTED PHILOSOPHY

We can discern quite clearly this philosophy which is by needs We-oriented instead of I-oriented or to put it another way, group-oriented instead of individual-oriented.

Theoretical excursus. One of the major difficulties for legislatures to legislate in this country, especially in the States and the major and minor civil subdivisions, is the fact that the plurality of legislatures is brought up in the common law which by its very nature is backward looking for precedent and experience. Technological changes, however, have brought about social upheaval of such proportion that planners or as they like to be called futurologists, are needed to be almost endorsed with prophetic vision, whereas it takes at least the precision of a chess playing engineer to envision the social changes which the law must faithfully portray.

It is a basic maxim of jurisprudence to say that law is fixated power, but it is nevertheless a truism that the politician of today and tomorrow must foresee to the best of human ability social power relationships in order to fashion the law accordingly. To leave the individual rules and regulations to local authority leads only to self-seeking anarchy. On the other hand, to try to avoid all possibilities for human greed, to avoid to take advantage of the loopholes is a vain and hopeless undertaking. Only a basically decent society can have a basically decent social fabric which is what your committee specifically aspires to for the elderly.

For decades since the announced enactment of the American Social Security System, it was taken for granted that the benefit level would be a floor of protection; that the elderly would have other sources of income to fall back on. A new economic chart is needed to show that the view is hopelessly outdated because of the inflationary spiral of both wages and prices and the uneven development of the wage structure; the vehement rise of services, the subsidizing structure of agriculture, mining and oil production to name a few. To repeat, our goal must be that every retiree between now and the year 2000 should retire on approximately 65% of his last or highest wage or earning.

This would mean in some instances the benefits would outweigh the contributions by as much as 100-200%; in other instances the benefits would be negligible or non-existent. Subscribing to this notion would, of course, mean to drop even the semblance of actuarial correctness, except inasmuch as these figures can be used to gauge the approximate number of remaining years of the individual elderly person.

At the same time it would mean that the payroll tax as a primary method of financing the social security system need not be maintained any longer or rather that it can show itself undisguisedly as what it has always been—a tax. That it is a regressive tax lies in the nature of the system but can be explained by the fact the Social Security embodies not only one specific insurance case, as for instance, life insurance, but rather a tremendous amount of social services among which health services are preeminent. The simplest though bureaucratically the most difficult way would be to place social security under IRS though not a very desirable solution, but one that is *de facto*.

UNSATISFACTORY PERFORMANCE OF MEDICARE

One of the woundest points of the Social Security system, Medicare, Medicaid as well as all other health maintenance organizations based on private insurance are not salvageable in their present form. The necessary apparatus just simply does not suffice and is too expensive in tremendous outlay of human suffering and money.

There are so many suggestions to remedy the obviously unsatisfactory performance of Medicare and the almost pernicious role of Medicaid as there are patches in our parable. As with so many other new garments these too are actually in worse shape than the old cloak of charitably woven income protection.

I can resist the temptation to add my voice to those who resolutely oppose any kind of health maintenance organization (HMO) that is even faintly depending upon private insurance that means of course the administration bills in all their ramifications. I rather think, however, that a legal way could be found to relieve the companies of their responsibilities to maintain adequate

and secure reserves by adding their billions to the social security fund if it will still exist at the same rates of interest that they could obtain from such ventures as low cost housing, or other permissible enterprises or investments.

Nor do I think physicians should or could or indeed would want to run the Health Maintenance Organizations. Hospital and health administrators who have been educated in the last 20 years or so and have developed into fairly strong guilds with all their advantages and disadvantages, cannot accomplish the task alone. To search for patient representation, as many do, is difficult simply because the patient population does not stay constant. There may be value in a system of ombudsmen but the most important patch of all is the blanket insurance covering anybody for anything under any circumstances and that is usually vetoed with the horrified cry of socialized medicine. It is not in fact either one or the other but again 19th century thinking that prevails and Jethocracy (from Gr. Iathros=physician) and has so far victoriously stood in the way of progress not only in the field of social insurance but also in such areas as drugs, public health, preventative medicine and many others.

Permit me to recommend as worthy of your intensive study though not verbatim adoption of course, the Bodenheimer Plan which is now available in the booklet *Billions for Band-aids*—an analysis of the United States health care system and of its proposals for its reform, (San Francisco Bay Area Chapter, Medical Committee for Human Rights, August, 1972).

Even if not all of its proposals can be implemented at this time, especially not because of the very obvious shortage of doctors and their unwillingness to settle in sparsely populated areas, I am optimist enough to feel that with the present generation of medical, nursing and other students in the allied health fields the plan might have a chance.

The often tested goodwill and decency of the Committee could salvage the most important features—equalization and availability of care to all. Instead of the recent and catastrophic implementation and rule changes of medicare and the tightening of medicaid standards, the imposed niggardliness in its application, the enmeshing of the patient and his family in time and money consuming procedures—with the obvious hope that he will give up and either die or “go away” instead of these we need a broad and generous application and interpretation corresponding to the will of the law giving Congress, not to the whim of the law twisting administration.

HEALTH SYSTEM CONDEMNED TO SLOW STRANGULATION

I am therefore most perturbed by the announcements of the bills prepared by the present administration which would use the obvious weaknesses of Medicare and Medicaid administration to supplant them with a health care system that would bring billions to the insurance companies who would become for all practical purposes federal and state collectors and which would leave the patient in a more hopeless struggle with forms and red tape than before. In line with the well known lack of realism which the administration has shown in the field of welfare, the health system would condemn the population of the United States to a slow strangulation by a cruel and unfeeling bureaucracy.

The sick person is unable to fight alone, or even with some help the ever increasing intentional sloppiness, deliberate delay, the outright refusal of his rights, before he can even get a semblance of help. The medical profession, for instance, is more and more unwilling to put up with the scandalous and probably willful delays of the medicare and social security administration and does not, by and large, accept assignment of its bills. In the new setup under discussion, these individual cases would become the rule with disastrous results.

There are two points in particular that demand your immediate attention. The one concerns the so-called automatic increases of social security; the other, the making of special provisions for persons afflicted with Multiple Sclerosis (MS).

At present, the social security recipient and especially the disabled person is advancing the government between 15% and 25% of his meager and steadily devaluing income without much hope of ever keeping up with inflation.

I realize that it would be difficult to adjust each individual social security benefit every month but it should be at least possible to adjust it twice a year automatically so as to keep the benefits more realistic in proportion to the ever mounting expense of living. After the social security beneficiary has received the much begrudged 11%, he will be at the beginning of the inflation spiral, approximately, August, 1973, thus a full year of dramatic increases behind schedule.

The second suggestion is the singling out of a special group for consideration, along the line of a kidney patient whose dialysis is being included in medicare, I suggest special legislation to protect the victims of Multiple Sclerosis (MS) and his family.

I have indicated previously that I do not share the confidence of many who presumably are convinced that medicaid will pick up the tab. I have included two illustrative stories¹ but you need no hearings to ascertain their general validity. Moreover, those who rationalize that the states will take on the responsibility, but should be aware by now that not more than three or four might do so.

Multiple Sclerosis (MS) is a disease of the nervous system, by no means restricted to the young adult. Its duration is estimated at anywhere from 10 to 20 years, so that onset in middle age guarantees long but increasingly miserable life.

Practically without exception, nursing homes are not equipped to handle Multiple Sclerosis patients; private nursing is prohibitively expensive and only very large families could hope to cope successfully with this disease which generally undermines the morale of both the victim and his environment.

Nobody assumes that all Multiple Sclerosis can be legislated out of hardships but you can legislate Multiple Sclerosis (MS) care into the medicare or any other health program in such a way as to make it possible for family, or in their absence, home or foster home to care for the patient within his framework of his station in life preserving what dignity this truly fiendish condition leaves the patient and his family. Of particular importance would be the role of the companion nurse-homemaker depending on circumstances which is well-high prohibitive to the average small household.

HOME CARE IS DESIRABLE, BENEFICIAL

On the other hand, medical and psychiatric opinion is unanimous that maintenance in the own home is desirable, and beneficial.

These half million seem to me as deserving as the kidney patient. Of course, there are many other situations worthy of special consideration.

There is not the slightest doubt in my mind that medicaid must be extended instead of restricted. Recent social security figures show that the patient pays nearly as much or more dollar amounts in addition to medicare than they did before medicare was enacted.

Some of this can undoubtedly be ascribed to the greed of physicians and paramedical personnel; some of it to general increase of costs; most of it to a cumbersome and most ineffective machinery but basically the fault lies with the deep seated bias of the American people and their representatives against the concept of total care. As long as a variety of essential services is exempt and the principles of ever-increasing co-insurance permeates the system and as long as the patient population is a silent suffering majority, we cannot hope for definite improvements.

Actually, this is a strange phenomenon because the United States more than any other culture that I am familiar with for reasons that I have previously set forth, is in fact a nation of absolutes; thus, it should welcome a once-and-for-all legislation on the principles on which this republic was founded: life, liberty and the pursuit of happiness. It can hardly be argued that total and mandatory insurance will not insure and not serve these goals. In fact I am ready to argue that without such legislation built into the social security framework life would not be worth living, liberty would be a mere shadow and happiness an impossible dream.

ITEM 8. LETTER FROM IRENE C. HEAP, SILVER SPRING, MD.; TO SENATOR FRANK CHURCH, DATED JULY 16, 1974

DEAR SENATOR CHURCH: Please make this letter a part of your hearing on SSI. I copy below the letter I wrote to director which tells all.

JULY 15, 1974.

Re Disability and SSI, 333-10-5878, Irene C. Heap.

Mr. SUMNER G. WHITTIER,

Director, Bureau of SSI, Social Security Administration, Baltimore, Md.

DEAR MR. WHITTIER: I request the name of the incompetent employee who didn't sign his name to SSI denial I received today dated June 14, 1974.

¹ Retained in committee files.

The U.S. House Ways and Means Committee and U.S. Senator J. Glenn Beall have photocopies of medical reports proving my disablement. Read the following reports to your incompetent employee:

Dr. Morris Perry reports, June 10, 1966, December 16, 1966, August 1, 1969.

Neurosurgeon Dr. John Lord report of May 7, 1968, to Attorney Kiley re origin of my brain tumor.

Your employee wrote: "The evidence in your case shows that you do not meet the disability requirements of the law."

My brain has been seen by human eyes and may be seen again, so what is the feeble minded excuse of your employee for robbing and murdering disabled me? I request his name, please.

Thanking you, I am

Sincerely,

Mrs. IRENE C. HEAP.

P.S. Also note the Rx attached to Dr. Perry's report of December 1966—the Rx dated September 1968 for incurable disease I got the following year after brain surgery. 1966 diabetes.

God hasn't restored my vision destroyed by first brain surgery either.

Is my brain tumor recurring?

Until I get disability I have to be my own doctor for my diabetes and I've had to be hospitalized for insulin reaction this year.

Please reply promptly. Thanks.

I suggest herewith a method to help the U.S. disabled and also weed out incompetents, employees of S.S. Administration, as follows:

Simple new bill: Each disabled person, eligible for Social Security at age 62, if they live, who had surgery for any of the following: brain, heart, lung, cancer whose claim has been denied by Social Security Administration should draw immediately disability payments, and the person in Social Security Administration who denied the claim shall have his monthly salary reduced to pay for claim denied.

Some of our money helps pay the salaries of these S.S. Administration incompetents while the U.S. disabled get nothing. I urge prompt reforms.

Also fine all Social Security doctors which is taxpayers waste of money. I had brain surgery April 6, 1965 and S.S.A. sent me to their M.D. May 9, 1974 and he didn't use any diagnostic machines but examined my chest and my back looking for my brain, I presume.

Please reply. Thanking you, I am

Respectfully yours,

Mrs. IRENE C. HEAP.

