

FUTURE DIRECTIONS IN SOCIAL SECURITY

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

—————
PART 8—WASHINGTON, D.C.

—————
JULY 16, 1974



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FUTURE DIRECTIONS IN SOCIAL SECURITY

TUESDAY, JULY 16, 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, Chiles, Percy, and Hansen.

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.

Senator CHURCH. The committee will be in order.

We begin our hearing this morning with a panel consisting of Robert E. O'Donnell, who is the executive director of the New York State-Wide Senior Action Council. Robert Popper, Alice Brophy, and Susan Kinoy. Who has charge here?

Mrs. BROPHY. I do.

Senator CHURCH. All right. Why don't we begin with your presentation, and we'll go on through the formal presentations as quickly as we can; summarize where you can, so that we'll have more time for questions.

Mrs. BROPHY. We will present three pieces of testimony—they will provide a composite picture of what is happening in New York City and New York State.

Senator CHURCH. Fine.

STATEMENT OF ALICE BROPHY, DIRECTOR, NEW YORK CITY OFFICE ON AGING

Mrs. BROPHY. I am Alice Brophy, director of the New York City Office for the Aging, an executive-level advocacy office for our city's 1 million elderly, of whom it is estimated that at least 175,000 are eligible for SSI. I am also chairman of the Urban Elderly Coalition, a nationwide coalition of urban offices for the aging, which represent over 6 million elderly Americans. I am extremely pleased to have been invited to testify on the new Supplemental Security Income program.

The New York City Office for the Aging heartily endorses the enactment of the SSI program, which represents a major congressional initiative on behalf of the elderly comparable to the enactment of the original Social Security Act in 1935. It is certainly time that income maintenance for the elderly be converted from a hopeless fragmentation of systems to one centralized, organized system.

It is certainly time that the stigma of welfare be removed from the concept of aid to the elderly, and that we talk instead—and make policy—in terms of a guaranteed annual income.

Despite the significant progress SSI represents, the program has two basic shortcomings: Inadequate benefit levels and lack of protection against the ravages of inflation.

The White House Conference on Aging in 1971 called for the adoption of the Bureau of Labor Statistics moderate retirement budget as the minimum standard of income adequacy for the elderly. As shown in the attached table, when the August 1972 national BLS retirement budget estimates are updated to reflect subsequent increases in the Consumer Price Index, we find that a retired couple requires \$5,730 to maintain a moderate standard of living.

COMPARISON OF SSI BENEFITS WITH THE COST OF VARIOUS LIVING STANDARDS, URBAN UNITED STATES AND NEW YORK STATE—JULY 1974

	Maximum SSI	Poverty level for persons 65+	Lower BLS budget	Moderate BLS budget
Urban United States:				
Single.....	\$1,752	\$2,330	\$3,137	\$4,527
Couple.....	2,628	2,940	3,971	5,730
New York State:				
Single.....	2,482	2,612	3,517	5,330
Couple.....	3,539	3,296	4,452	6,747

Maximum SSI payments reported for urban United States consist of the Federal payment only. Those for New York State include an additional State payment.

The Census Bureau's nonfarm poverty level and the Bureau of Labor Statistics urban retired couple's budget were adjusted by CPI increases to bring them up-to-date.

To determine the New York State poverty level the national level was adjusted upward by 12.1 percent, which is the degree by which a lower BLS budget in New York exceeds the United States urban average.

Similar to the practice of the Census Bureau in fixing the poverty level for individuals at 79 percent of the level for couples, the Bureau of Labor Statistics budget for an individual has here been estimated as 79 percent of a couple's budget.

Mrs. BROPHY. The present maximum Federal SSI payment of \$2,628 to a couple is substantially below this budget. In fact, it falls below the BLS lower budget level, adjusted for the CPI, of \$3,970. Even more dramatic, Federal SSI payments fall below the Bureau of the Census poverty level—similarly adjusted. Since one-half of the SSI recipient population resides in States that do not supplement this Federal payment level, SSI represents continued abject poverty to millions of aged.

In those States which do provide supplements, the State share does not close the poverty gap. In New York State, which has the fourth highest supplement in the Nation, the combined Federal and State SSI benefits provide an elderly couple with a maximum of \$3,539, which is slightly above the regionally adjusted poverty level but considerably below the regionally adjusted lower and moderate BLS budgets.

In New York City, out of their monthly SSI income of \$295, an elderly couple typically pays a minimum of \$140 for rent, utilities, and telephone service. Transportation costs an additional \$5 per month.

These items would be substantially higher were it not for New York City's rent increase exemption for those living in rent-controlled units and reduced fare programs. Out-of-pocket medical expenses, such as over-the-counter drugs and the additional fee for a doctor whose charge is above the Medicaid reimbursement level, can run another \$10. Clothing, laundry, personal care, and related expenses cost another \$20. This couple is left with \$120—or \$2 per day per person—for food. This assumes that no unexpected expenses are incurred, such as a repair bill for the television or another appliance; when they are, there is hardly much room in our budget calculations for "spending down" to meet them.

"SURVIVAL NEEDS"

These "cold" statistics are exemplified by dramatic incidents in the news media concerning the plight of older people. In New York City, there has been a sharp increase in shoplifting by the elderly to meet survival needs: literally a small can of tuna fish or a single bar of margarine. And with the current system of flat grants, rent rises have in many cases had a devastating effect, putting elderly people in the street with nowhere to turn.

SSI benefit levels must be revised to meet the real base income needs of the elderly poor.

The second basic deficiency of the SSI program is its failure to protect these limited payment levels against rises in the cost of living. Just as provided in the recently amended Social Security procedures, SSI benefits should be automatically adjusted to reflect changes in the Consumer Price Index in order to prevent further erosion of the purchasing power of the poor elderly. Such an automatic mechanism would also correct the ironic inequity whereby those on SSI who also receive Social Security find that Social Security increases merely trigger a decrease in their SSI checks when the SSI benefit levels do not undergo a corresponding cost-of-living increase, and their income remains the same.

Legislation automatically adjusting SSI benefit levels will be incomplete if the increases do not reach all beneficiaries. The recent SSI increase did not benefit the elderly in New York and a number of other States. Instead, New York decreased its supplement by the dollar amount of the Federal increase in order not to go above its harmless level based on 1972 DAB expenditures.

We urge that legislation be enacted to correct this, which would mandate that all States "pass-through" SSI increases. We advocate that the additional costs New York and other States would thus incur be shared by the Federal and State governments. We understand that legislation is presently before Congress which would effect these changes.

In view of the fact that benefit adjustments are based on the Consumer Price Index compiled by the Bureau of Labor Statistics, it must be evaluated as a measure of the true impact of inflation on the elderly.

As you know, the CPI measures the change in prices for a "market basket" of 400 goods and services chosen to reflect the purchasing patterns of urban wage earners and clerical workers, and their families. It is based on data gathered in a Consumer Expenditure Survey conducted every 10 years or so. The last CES, upon which the present CPI

is based, took place in 1960-61. A new CES is currently underway, from which a CPI, based on a revised list of items, will be issued in late 1976 or early 1977.

Items in the index are priced on a periodic basis, usually monthly, in about 18,000 outlets which generally reflect those used by urban wage earners and clerical workers. Even for the specific population which it most accurately represents, the CPI is of limited value as a cost-of-living index, since it only records changes in prices for the fixed group of items it covers. Nor does it take into account changes in expenditure patterns between surveys. It is likely in the interim that the quantity and type of goods purchased have changed, both in response to the introduction of new goods on the market and to relative price changes.

CPI—POOR INFLATION MEASURE FOR ELDERLY

The CPI is a particularly poor index of the impact of the current inflationary spiral on the elderly population. The 1960-61 CES indicates that the elderly spend a greater proportion of their budget than does the general population on food at home, shelter, household expenses, and medical care, and a lesser proportion on education, apparel, transportation, recreation, and luxuries. Even within major components of the index there are substantial differences between older and younger populations. For example, as documented in a recent report by the Community Service Society of New York, the items contained in the medical care component of the index do not reflect the usage pattern of the elderly.

Such services as obstetrical and pediatric care and tonsillectomies are rarely, if ever, required by older people; on the other hand, prescription drugs are a major medical expense for many elderly with chronic conditions, and hospital stays are more frequent and of longer duration.

Second, the recent accelerated rate of inflation has largely been in food costs, housing, and medical care, which are precisely the areas in which the elderly spend a greater proportion of their income than does the average consumer. Furthermore, it is the lower-cost items—those which the elderly buy preponderately—which have risen by the greatest increments. This has been graphically documented by the report of the Panel on Nutrition and Special Groups to the Senate Select Committee on Nutrition and Human Needs. It notes that in March 1974, an economy food plan developed by the U.S. Department of Agriculture rose by 21 percent from the previous year, whereas the liberal food budget rose by only 16.9 percent. While porterhouse steaks increased by 38.2 percent over a period of about 3 years, hamburger increased by 60.3 percent. Whereas butter increased by only 8.9 percent, margarine increased by 63 percent. A change in the price of luxury cuts of meat is of little import to the majority of the elderly, who stopped buying them years ago; it is a rise in the price of staples such as rice and bread that has a deleterious impact.

Third, the stores from which sample prices for the CPI are obtained are those used by more mobile middle-aged wage earners. They are not necessarily frequented by the elderly, who are less likely to travel to distant shopping centers and discount stores. In New York City, our study of the elderly in the poverty areas indicates that most shopping is done in close proximity to the home.

The recent proposal by the Bureau of Labor Statistics to include the elderly and a host of other special populations, rich and poor, in the new CPI would continue to mask the true income needs of the elderly. A separate CPI based on the elderly's buying patterns and the outlets they frequent should be developed as the basis for increases in SSI and Social Security.

BENEFIT INCREASE: TIMELAG OF CONCERN

We are also concerned with the timelag in the present system of providing Social Security benefit adjustments. The earliest possible automatic benefit increase will be in July 1975, and will be based on the percentage increase between the average CPI of the second quarter of 1974 and that of the first quarter of 1975. In subsequent years, increases will still become effective in July, but based on CPI changes from the first quarter of the previous year to the first quarter of the present year. The effect of this formula is that benefit increases range from 4 to 16 months behind the rate of inflation, which is extremely serious in times of rapid price increases.

The optimum remedy would be to use a "preconcurrent index" as recommended before the Senate Select Committee on Nutrition and Human Needs. Benefit levels would be adjusted according to projected cost-of-living rises, so that recipients would be protected when the economic squeeze occurred instead of months too late.

In any case, revisions could certainly be made more frequently than the current annual basis. Under the 1965 amendments to the Civil Service Retirement Act, benefits for about 2 million retired Federal civil servants, including retired Members of Congress, are presently readjusted as frequently as every 6 months. In addition, we should add, that act was further amended in 1969 to provide an additional 1 percent above each benefit increase computed from the CPI, which has the cumulative effect of improving their standard of living, consistent with that of the general population. For, in spite of inflation, most Americans are in fact increasingly better off, thus widening the gap between them and that segment of the population whose purchasing power is maintained at a fixed level.

Given the scope and efficiency with which the Federal Government administers this flexible plan, it certainly seems feasible to extend similar procedures to the Supplemental Security Income program and Social Security.

In summary, we are making the following recommendations:

First and most immediate, SSI benefit levels should be raised to a reasonable floor that will enable the elderly to live in independence and decency.

Second, benefits must be protected against inflation by automatic, periodic cost-of-living adjustments.

Third, such increases must be guaranteed to all recipients in all States, without unfairly burdening certain States.

Fourth, the cost-of-living adjustment should be based on a special CPI designed to reflect the spending patterns of the elderly population.

Fifth, adjustments should be made more frequently, ideally in advance of inflationary rises.

We urge Congress to enact the sweeping changes required to make this major initiative on behalf of the Nation's elderly fulfill its splen-

did promise. Thank you again for the opportunity to present our view to you today.

Senator CHURCH. Thank you very much. I think that your recommendation of a separate cost-of-living index be established for the elderly that reflects their costs is a very good one. I think that we have a tendency to operate on the basis of a standard index that is supposed to cover all elements of the population, and it's true that elderly people have a different kind of budget than working people or young people would have—no question about it. It's an excellent suggestion.

The other thing that you have said that appeals to me is adjusting law in order that the cost-of-living increases can come more quickly to eliminate the lag time. One of the problems is that we're told that this great computer that operates Social Security which is supposed to be the best in the world has increased the length of time necessary to make changes in the checks. I just don't understand that. That is one of our problems.

Perhaps we can reach that problem by making some kind of projection, as you suggest, so that we can eliminate that lengthy drag. The whole idea, after all, was to eliminate the drag because before we had this cost-of-living adjustment written into the law—I was the principal sponsor of the amendment that wrote that provision into the law—you'll remember that sometimes we have to wait a couple of years for the Congress to increase the benefit, and we have thought that this would expedite the matter and make it function, as a matter of law, automatically, and still we don't seem to have quite accomplished that.

I think both of your suggestions are good ones that the committee will certainly give very serious consideration to.

Mrs. BROPHY. Thank you.

Senator CHURCH. Who is next?

Mrs. BROPHY. Mr. Popper. He will present testimony on some of the types of problems that are still confronting us.

Senator CHURCH. Fine.

STATEMENT OF ROBERT L. POPPER, CHAIRMAN, CITIZENS' COMMITTEE ON AGING, COMMUNITY COUNCIL OF GREATER NEW YORK

Mr. POPPER. Senator, my name is Robert L. Popper, and I'm chairman of the Citizens' Committee on Aging and member of the board of directors of the Community Council of Greater New York. I have with me Mrs. Kinoy who's on our staff, and between us we know everything that I'm going to talk about, except that I know 1 percent and she knows 99 percent, so, if you will, turn to her for any greater clarity.

Senator CHURCH. Well, I've observed throughout the years that that's about the normal ratio between the sexes.

Mr. POPPER. I have a great deal of respect for staff, too.

The Citizens' Committee on Aging has been fortunate to run an SSI-Alert in New York City, which was funded by Mrs. Brophy's office under an Older Americans Act and New York State Office for the Aging. In New York City, we signed up and processed 120,000 new applications, and we have thousands more backed up behind that.

Now, having done this, and having had some help from other volun-

tary agencies, we know whereof we're speaking, and we feel terribly concerned. To use a trivial example—I don't know how many of you persuaded a friend to go to a restaurant and then had a terrible meal there—as I said, that's trivial. But we have pushed people into SSI because we thought it was great and we still think it's great. It's a terribly important program because not only is it great for the people now, but it may be the model for future income maintenance programs for other types of citizens. But hard as SSA and our local Department of Social Services have tried, we still have some serious problems that I'm going to discuss.

SSA UNDERSTAFFED

One of them is entry into the SSI system. We had talked with the SSA people before this new program started, and we gave them some idea of the numbers of personnel we thought were going to be needed to meet the great influx of new applicants. I don't want to say anything bad because, you know, I'm a taxpayer and I pay for all of this and I'm very proud of most of it. SSA does awfully well. I take my role as a taxpayer very seriously.

Senator CHURCH. So do I.

Mr. POPPER. The fact is that after 6 months, SSA has processed only 120,000 SSI applications, and we know that there are thousands of "leads forms"—letters of intent—still waiting, and we think that really SSA ought to go out and hire more help. It's as simple as that. And if that were done, a great many of the emergencies that are being mentioned, that I'll be mentioning later, would be eliminated.

You see, the SSA has been accustomed, in large part, to dealing with people who have a little margin of income, people who have either small savings accounts, or had a company pension, or whatnot.

Many of the people that you're dealing with now—as a matter of fact, most of them applying for SSI—have no financial margin at all. Anything that goes wrong is a catastrophe. It isn't a setback where somebody says, "OK, I'll fix that up in a little while." It's a catastrophe, and it's serious. Somebody has got to be responsible. You just can't say to people: "OK, buddy, it's tough. Your check didn't come, you got mugged, your place burned up. Wait until next time."

Inside the plastic SSI shopping bags—kits which we brought—I have a news clipping from the July 6, 1974 *Daily News* that I would like to place in the record.

[The above-mentioned article follows:].

[From the New York Daily News, July 6, 1974]

EVICTED, BEATEN WHITE, 60, FINDS A BLACK FRIEND

(By William Butler)

Evicted from his furnished room because his Social Security check did not arrive and then severely beaten by muggers as he wandered about homeless, Thomas Coggins, 60, was being housed and fed yesterday by a neighbor who lives on a \$70-a-week disability pension.

Coggins, still dazed and in pain, said he had passed out after being beaten by two youths on Route 110 in Huntington Station at 8 p.m., Thursday, and did not regain consciousness until yesterday.

The Social Security office in Melville said later that Coggins' allotment of \$206.85 had been authorized Monday and "should be there today or tomorrow."

TAKEN INTO FURNISHED ROOM

Coggins, who is white, was temporarily taken in by Mrs. Thelma Edwards, a 51-year-old widow, who is black, who lives in a furnished room at 42 W. 11th St., Huntington Station.

The case drew the wrath of Suffolk Legislator Martin Feldman (D-Dix Hills), who represents the district, and whose legislative aide, Alfred Walker, lives on the block.

Feldman protested that the Huntington Home Relief office had refused emergency aid to Coggins because he is on the federal Supplementary Subsistence Income program as a disabled worker. Feldman favors having the county takeover the Home Relief welfare programs now run by the towns in Suffolk.

SHARE HER LAST PIECE OF BREAD

Mrs. Edwards protested, "I don't treat my dog like they are treating this poor man." She added, "I will let him stay here. If I have one piece of bread, I will break it and share it with him until something will be done." She said she has a bed and a studio couch in her furnished room, just enough to give shelter to Coggins.

Coggins had been evicted Monday from a \$100-a-month furnished room at 36 West 11th St., Huntington Station, because he could not pay the rent.

Coggins said he had slept in a bowling alley and behind stores until he was attacked by two black youths Thursday on Route 110 near Depot Ave. "They kept banging me in the head with sticks," he said.

LOST CONSCIOUSNESS IN PARKING LOT

He said he lost consciousness in a parking lot about one-quarter mile away and Mrs. Edwards said she found him on her block about 5:30 a.m. yesterday. He was treated at Huntington Hospital for lacerations of the head, face and arms.

Coggins, who had worked for 20 years in a Huntington drycleaning shop and was declared disabled three years ago, had lived in an all-white rooming house. Mrs. Edwards lives in an all-black rooming house. She said, "We don't know whose hand we are gonna have to lean on before we leave this world."

Mr. POPPER. This illustrates the problem of home relief, which sometimes is not given out to persons who are awaiting entry into SSI. In other words, it is imperative that the entry process be speeded up.

We also want to make sure that more people are signed up for SSI because there are more eligible people who have not yet learned about this program. We noticed in New York that when our Alert stopped, the large numbers of people entering into the system also stopped, and we think this is wrong. There must be a great number of people not yet reached who need and can use SSI.

Emergency funds is our second problem. Our neediest aged, disabled, and blind are being caught in disputes between the Federal, the State, and the city bureaucracies. It is really no fault of our poorest and frailest citizens. This just can't go on. We contend that emergency funds in an income maintenance program is basically a Federal responsibility, but maybe, if you sit down with the cities and the States, you could work out some agreements. At least, somebody ought to be saying to people who happen to be part of the aged, disabled, and blind population, that it's not their fault.

For instance, there's a problem I understand that's terribly technical, but it has to do with a few older people who don't repay loans. This happened in New York City at our Department of Special Services all the time, and New York City often wrote off those loans. They're not frauds. I am speaking on behalf of those older people who are normally confused.

Our people have only one sin, and that's that they've grown old, plus being disabled and blind, and they have no money. That's their sin, and something has got to get done about it. And we do hope that the Congress and you with SSA will remember that these are an unusual type of people, our neediest population, the people SSA is not used to dealing with.

RENT SUBSIDY NEEDED

And our third problem is rent. The national flat grant system is valid only insofar as it provides the minimum needs of its beneficiaries, and the greatest variant in this minimum need is rent.

It's like a yo-yo right now. There is a piece in this morning's *New York Times* that because of oil and other costs, rents are going up. The cost of running apartment houses is going up about 20 percent. Eventually these costs have got to be passed on. Now, a great many SSI people have been "grandfathered" in and are protected providing they don't move. But we have instances of people who are hospitalized, and when they come out in 3 or more months, when they try to find a new apartment, the rent in the new apartment is "way out in left field." And they are forced to pay higher rents and consequently forced to live on \$30 or \$40 or \$50 a month for food.

We think that possibly, until housing scarcities are alleviated, which definitely will not be in my time—maybe in your time, but I doubt it—until that happens, there should be some legislation which is apart from SSI, which would insure that persons over 65 would be subsidized who pay more than 25 percent of their income for rent. Now, there's a precedent for that in the Brooke amendment which takes care of tenants in federally subsidized low-income housing. I think this has really got to come.

The fourth item with which we're asked to deal is services. SSI is a splendid program for those who don't get into all the horrors I have mentioned previously. It is a good income maintenance program, but people are still in need of services.

The main service needed, of course, is Medicaid. Now, in New York State we're lucky. New York State passed legislation so that the person who is eligible for SSI is automatically eligible for Medicaid. We think that Medicaid eligibility for SSI beneficiaries should be a national piece of legislation. A Medicaid card should be included with every award letter. Every community provides other kinds of social services. The availability of such services should be indicated to every older, disabled, or blind person. They should be given pamphlets describing the services when they apply for SSI. And most important, those services should actually be available at Social Security offices so that these frail people don't have to undertake more than a one-stop application.

Now, I just really glanced over our testimony. The testimony is there. It's well written and it's detailed. I thought it was more important if I did one thing, and that's to create a state of mind. We're not now dealing with young people who can correct mistakes and who have powers of rejuvenation and that can do all sorts of things I can't do anymore. We are dealing with a very vulnerable group, and we hope that by talking to you this way we can get into your heart as well as your mind, the needs of these people, and I thank you very much for letting me say it.

Senator CHURCH. Yes, it's a very good summarization of your written statement, and your written statement will appear in the record as though read.

I agree that we must do something about standardizing the kind of medical care that will be given to SSI recipients. They are, after all, the ones who are on the most limited income, and certainly, as far as the disabled and the blind are concerned, they are those that are most handicapped. The States seem to be following different courses with respect to whether or not Medicaid is available to these recipients.

In some States, it's available only to some of these recipients and not others, and we really ought to try and establish a uniform rule so that SSI recipients throughout the country are treated alike.

Now, as far as Medicare or Medicaid is concerned—

Mr. POPPER. I agree.

Senator CHURCH. And your suggestion may be the best, that since these people are the lowest on the ladder and are the most handicapped, that we ought to make certain that they have the Medicaid as distinguished from Medicare.

It needs, I think, the immediate attention of the Congress. Otherwise, we're going to have a regular Chinese puzzle, from State to State.

Mr. POPPER. Yes.

Senator CHURCH. And lots of people falling in the gaps and then getting no medical care whatever which seems to be the case today.

Senator CHILES, do you have any questions?

Senator CHILES. No questions.

Senator CHURCH. Mr. Popper, your prepared statement will be inserted in the record at this point.

[Mr. Popper's prepared statement follows:]

PREPARED STATEMENT OF ROBERT L. POPPER

I am Robert L. Popper, chairman of the Citizens' Committee on Aging and member of the board of directors of the Community Council of Greater New York.

The Community Council is the information and research action center in the welfare and health fields in New York City. Recently, through its Citizens' Committee on Aging, it has had the privilege of sponsoring the SSI-Alert in the city, funded under contract with the New York City Office for the Aging as part of the Older Americans Act program, administered by the New York State Office for the Aging.

We are proud that as of June 12 (in large measure due to the Alert) the Social Security Administration has reported that 120,000 new applications for SSI had been completed in New York City. In addition, the Social Security Administration notes that it has a backlog of thousands of applications which it had not as yet been able to process.

Because of our contact with thousands of aging, blind, and disabled persons and because we urged that they register for this new and most important program, we are most concerned that the SSI program succeeds in offering beneficiaries their maximum entitlements and that the intent of Congress to serve our neediest aging, blind and disabled citizens to be carried out. It is also necessary that SSI work effectively because it may set the pattern for future Federal and State income maintenance and service programs for other categories of our population.

In preparation for the SSI-Alert and as backup to that effort, the Community Council called together representatives of citywide agencies and organizations to

observe various aspects of the SSI program, as well as Medicaid and other services to which SSI beneficiaries are automatically eligible. The council through this mechanism, has observed and reported on the general functioning of the SSI program.

SSI is basically a good and badly needed income maintenance program. The regional SSA office and the Department of Social Services have made a major effort to make the program function as smoothly as possible.

However, there are still a large number of problems which remain unresolved and are creating severe hardships for thousands of our elderly as well as our disabled and blind. They must be eliminated as quickly as possible if we are to make SSI the vital program that Congress intended it to be. The basic problems are:

- (1) Inadequacy of the basic SSI benefit amount.
- (2) Lack of Social Security increase disregards.
- (3) Lack of SSI increase "pass-throughs."
- (4) Delayed entry into the SSI system.
- (5) Nonreceipt of checks by persons already accepted into the SSI program.
- (6) Lack of emergency funds.
- (7) Loss of food stamp purchasing power.
- (8) Increasingly higher rent with no recourse for many SSI beneficiaries.
- (9) Nonreceipt of Medicaid cards—inability to obtain medical services.
- (10) Lack of services such as homemakers and housekeepers.
- (11) SSI payments for congregate care B, voluntary nonhealth care facilities, are inadequate to meet actual costs of such facilities.
- (12) Lack of specific disability criteria for children.
- (13) Alcoholism and drug addiction usually not considered as primary disabilities even if severe enough to render the applicant incapable of substantial gainful employment.
- (14) Third party payees required for almost all alcoholic and addicted persons.

In this statement we shall offer legislative and administrative recommendations concerning the first 10 of the above listed problems. Other groups will talk more specifically about numbers 11 through 14. In our oral testimony emphasis shall be placed on four aspects of SSI as requested by the committee. These are problems relating to: (1) entry into the SSI system; (2) emergency funds; (3) sharply rising rents within a flat grant system; and (4) delivery of services to SSI beneficiaries.

RECOMMENDATIONS

(1) *We recommend that the overall level of SSI be recalculated in order for it to provide an adequate standard of living for every eligible beneficiary.*

This is basic to a decent income maintenance program for our neediest aging persons who during their productive years have helped to build and support this country.

(2) *We recommend that Congress immediately legislate a disregard for cost-of-living increases in Social Security benefits.*

If an aging person receiving Social Security is lucky enough to have an income higher than the SSI eligibility level, then that person will receive the series of cost-of-living increases in Social Security recently authorized by Congress. However, a person receiving SSI benefits has his SSI benefits reduced by the amount that Social Security is increased. If the cost-of-living goes up for SSI beneficiaries as it does for all other aging persons, the SSI beneficiary is left with the same amount of money he received prior to the increase.

(3) *It is recommended that increases in the SSI benefits must also be received by the SSI beneficiary.* (Note: this is separate and apart from increases in the level of Social Security payments.)

It is necessary that Congress authorize additional funds for each State, or an additional "hold harmless" procedure for each State in order that the increases in SSI are passed along to the beneficiary.

(4) *Regarding food stamps—we congratulate Congress for its passage of H.R. 15124. It is urged that President Nixon immediately sign this into law.*

It is not clear however as to whether or not H.R. 15124 provides all SSI beneficiaries in the "cashout" States with this food stamp increase, or if only provides increase to those persons who previously had been registered in the food stamp program.

We urge that Congress make clear that H.R. 15124 applies to all SSI beneficiaries whether or not they had applied for food stamps previously.

In addition, we are in agreement with Mrs. Bernice Bernstein, Director of Region II, HEW who in her testimony at a hearing on SSI in New York State

on June 27, 1974 said, "In recognition of the inequities existing under the current provision, the Administration has decided that the best solution to the food stamp issue would be to base SSI recipients' eligibility for food stamps on the income and resources criteria of the food stamp program." In other words, food stamps should be totally divorced from SSI.

It is therefore suggested that legislation be immediately passed which states that as of June 30, 1975, every person who meets food stamp eligibility criteria, no matter what the source of his income—including SSI—be eligible for food stamps.

(5) *Entry into the SSI System*—it is suggested that the following actions be taken in order to accelerate entry of very needy applicants into the SSI system.

(A) *Our first recommendation is that the Social Security Administration both at the local level and in Baltimore, hire and train extra staff at an even faster rate than it is now doing in order to expedite the entry of eligible applicants into the SSI system, to process the thousands of applications not yet examined, and to see that the initial and accurate payment of SSI funds promptly follow a person's acceptance into the program.*

The critical need for SSI benefits is obvious because of the outpouring of applications. Persons who have taken advantage of this new financial right—especially during this period of inflation—should not be delayed in obtaining benefits. After a program has been in effect for 6 months and an outreach program has been undertaken, it is not acceptable that by June 12, only 120,000 applications in New York City had been processed and that the great piles of "leads forms" have not been followed up and processed. Nor is it understandable why it still takes a minimum of 2 months before a person in New York City receives his or her first check following acceptance into the SSI system. Many of the emergency fund procedures (which we will discuss later) in order to meet the needs of persons with no backlog of savings or financial security upon which to fallback, might be eliminated if the entry process was expedited.

(B) *It is further recommended that Congress mandate loans (if needed), to States which are supplementing SSI in order for the State and localities to pay their share of lump sum payments retroactive to the date of an intent-to-file form to be paid to the beneficiary along with his retroactive Federal moneys.* At the present time, the city of New York reports that no provision has been made for these retroactive expenditures.

(C) *Furthermore, Congress is requested to legislate funds for total repayment to any State for emergency funds or home relief expended after the beneficiary has been deemed eligible for SSI but before the regular SSI checks arrive.*

Commissioner of New York City's Department of Social Services, James Dumpson stated on June 27:

"... the lags in eligibility determination for check assurance in SSI's administration have compounded the expenses of states and localities. In New York State, those SSI applicants who suffer from an inordinately long waiting period turn to home relief for emergency support. The State and locality underwrite the total cost for that interim period. Once the recipient is deemed eligible for SSI, he or she receives a check retroactive to the application date. Although the recipient is, in effect, paid twice, there is no way at the present time for the state and locality to reclaim their outlay."

(D) *We implore the Social Security Administration itself, along with other Federal and local agencies to continue to expand its staff in order that an active outreach program continue which will inform potential beneficiaries about this new program. We urge that special emphasis be given to visiting homebound or hospitalized persons and taking their applications.* It is most significant that in New York City following the termination of the SSI-Alert, the number of new applications throughout the city dropped precipitously. It would be serious if present SSI applications were processed at the cost of new persons coming into the program.

I quote from testimony provided in New York City by the Social Service Staff of St. Luke's Hospital, June 27, 1974:

"Currently, home visits are scheduled rarely and inconsistently from office to office. There is a time lapse of several weeks between contacting the SSA and the actual visit, if one is actually effected.

"It has been practically impossible to initiate an application while a patient is still in the hospital, although discharge plans may hinge on the availability of funds.

"There is a contradiction implicit in a program directed to serve the needs of the infirm aged and the disabled but doesn't create procedures to facilitate the application of such individuals.

"Under the current system, hospital staff are frequently in the position of discharging chronically ill, aged and disabled patients for whom no financial arrangements can be made prior to discharge. This is enormously risky and frequently results in readmissions at further cost to the taxpayer."

(E) *We further recommend that in addition to the "award letter" which is sent to each new SSI beneficiary, an identification card be mailed to each person.* This will assist the beneficiary in check-cashing and will expedite his or her identification for "entry" into other services such as Medicaid or reduced carefare, etc.

(6) *Emergency funds—since SSI is a Federal income maintenance program the Federal Government must be responsible for immediate payment of emergency funds in certain circumstances:*

(1) *Interim assistance for SSI beneficiaries who have not received a check or who have received an incorrectly reduced amount.*

(2) *Interim assistance for SSI applicants whose incomes are above the public assistance level, until their first SSI check is received.*

(3) *Funds to prevent threatened evictions, often due to nonreceipt of SSI checks.*

No longer may the neediest aging, disabled and blind person be caught between the legislative and administrative disputes between the Federal Government and the State. It is our contention that it is a Federal responsibility to provide emergency funds where the check has not been mailed due to computer failure, due to delay in the mail, due to theft from a mailbox, or due to change of address.

These moneys are to be loans to persons who are expected to repay them upon receipt of the duplicate check. It is suggested that the Federal Government ask the locality to advance funds and then repay the localities, or advance funds and the State will be accountable for repayment.

It is appreciated that the Social Security Administration has taken initial steps to attempt to pay emergency funds to beneficiaries whose checks have not arrived or whose check has been written in an incorrect amount, but the procedures are too slow for persons with no reserve whatsoever. It is shocking that a needy person who finally has received his "SSI award letter" should have to be shunted back and forth between slow SSA payment procedures and reluctantly provided State emergency aid.

A few examples follow:

"... Since the turn of the year when SSI was instituted, we have had at least six patients who have required intensive psychiatric and social work treatment, attributable directly to the changes in income maintenance now mandated. In two situations patients required acute care hospitalization plus a longer in-hospital stay, from 2 to 3 weeks for both because they were unable to cope with the psychological stresses involved in SSI and DSS application procedures. In one case, the patient's SSI check was sent to an old address and when not claimed was returned to the Baltimore SSI office. Though the patient made several trips to SSI office to correct the error, he was advised to deal with the DSS office for emergency funds which they refused to supply, nor was he able to receive his SSI checks at his new address. He was advised, after two additional weeks in the hospital, that it would take thirty days for the address to be corrected and thirty additional days for him to receive his first check..."

"... Miss F. C. and Miss T. C., two sisters, have both had numerous psychiatric hospitalizations. Their SSI checks did not come because they were sent to their old address. After several trips to SSA, one check arrived four weeks late and the next month the same process had to be gone through and the check again was three weeks late. In March, no check arrived and one sister was hospitalized because she felt it was being done to her on purpose..."

"... Miss D. had a history of psychiatric hospitalization at the time of the switch over to SSI. In January no check came. She was told by SSA it had gone to Brooklyn. She was given an emergency check of \$100, and sent to the Brooklyn welfare center and Brooklyn SSI to correct the records. In February, no check arrived and she went through the same process, but to no avail. She began to deteriorate and was hospitalized at the end of February, where she remains..."

Testimony of Social Service staff, St. Luke's Hospital on June 27, 1974.

Legislation should be passed whereby general revenue funds be authorized to pay for those few loans which are not repayed (usually because of ignorance—

not because of fraudulent motives). It is almost impossible, for example, to ask an elderly lady after three months to repay \$207 from which she has eked out an existence. After all, the more efficient the SSI system, the less need for emergency procedures.

We agree with a number of court decisions that residual nonrecurring emergencies could be a State responsibility. These nonrecurring grants might include:

(1) *Loss of cash*, upon reasonable proof (present legislation refers only to stolen cash).

(2) Clothing, furniture, food, fuel and shelter (and/or repairs thereto) for reasons other than ". . . fire, flood or other similar catastrophe." Other reasons for replacement should include loss or theft of checks, mismanagement, or loss due to robbery.

(3) *Emergencies* that may have been caused by less than prudent management of personal affairs.

(4) Legitimate emergencies that cannot be approximately foreseen and categorized.

(7) *Rental Housing*—it is strongly recommended that until such time as there is adequate housing, at suitable rents, for all poor aging persons in the United States—that Federal legislation be enacted—separate and apart from the SSI legislation—which would provide a rent subsidy to persons who meet SSI financial eligibility standards and whose rent (following verification by a State department of social services) is more than 25% of his or her total income.

Precedent for this proposal exists in Federal legislation governing rentals for federally sponsored low-income housing projects. (Brooke amendment). It is obvious that this would pertain only to some localities. It is also assumed that this program would require fewer and fewer Federal funds as total SSI benefits increase permitting more persons to both pay rent and to have adequate food and clothing, and as more low-income housing is built and made available to the elderly.

Since rent for SSI beneficiaries in New York City or other major cities is frequently much higher than that in smaller communities, the SSI grant, including the State supplement, at the present time, may allow an aging person only \$30 to \$60 per month for food, clothing and other necessities.

Examples¹:

"A patient was receiving a welfare grant to cover rent and other costs, \$84 up to January 1974. The patient was hospitalized for a lengthy period and had to give up the apartment. On discharge, the only available room was \$35 per week with a monthly rent averaging between \$140 and \$175."

"Now the patient is receiving \$200 from SSI (including State supplement) with no recognition of the increase in rent. Currently, the patient has between \$31 and \$66 available monthly for food, clothes, transportation, etc. That same patient would be guaranteed \$84 above the rent if on welfare, and the State of New York has acknowledged that even that amount was based on a 1971 standard of need. The rent system is now more punitive financially than the old welfare system."

The problem in New York is similar to that in other States. Rents are rising rapidly. Housing and communities are decaying. Aging persons who may presently be covered by rent controls or rent exemptions, are unable to move to better housing precisely because rents are so inflated.

We wish to applaud our city and State at this time because (1) they "grandfathered" in all DAB beneficiaries at the level which included their rent under "welfare"; and (2) the State and city recently determined that city funds shall be used for a rent increase exemption program for aging with limited incomes, including SSI beneficiaries. However, this program does not protect persons who are forced to move—nor, have many SSI beneficiaries been processed as yet into this program. Nor does the program apply to hotels or single room occupancies.

A national flat grant system is valid only if it provides for the minimal needs of all the persons for which it is designed. Benefits must reflect rising costs, and must not force any of our older and most infirm citizens to be reduced to starvation and malnutrition, or to sleeping in the streets and characterized by many as "shopping bag rovers."

(8) *It is essential that the Federal Government mandate HEW to guarantee that every person who applies for SSI is informed of and actively helped to obtain needed social and medical services.*

¹ Testimony of Social Service staff, St. Luke's Hospital, June 27, 1974.

(1) A simple description in writing (in several languages) describing available medical and social services and other programs such as homemakers, housekeepers, consultation on family problems, available nutrition programs, placement in institutions, reduced carfare or rent exemptions, and how and where to apply for such services, must be provided routinely to every SSI applicant.

(2) In the course of the SSI application process, available services and application procedures must be described orally.

(3) Every SSI applicant or beneficiary in need of service must immediately be directed to the appropriate agency and both actively and rapidly assisted in obtaining the promised service.

(4) State department of social service workers must be outstationed at all SSA offices or have space in the same building, in order that an aging, disabled or blind person can be given "one-stop" help, and can be protected from additional physically difficult and nonreimbursed expensive travel. The Department of Social Services worker must, wherever possible, be authorized to provide needed services. If, however, the worker may only refer to another agency, he or she must make a specific appointment for the beneficiary and assist the person to get there.

(9) *It is recommended that Congress enact legislation to guarantee that every SSI beneficiary shall automatically be eligible for Medicaid. (This is now in effect in New York and several other States.)* It is further suggested that every SSI beneficiary be so informed in his "SSI award letter," and told where to obtain a Medicaid card if it does not arrive immediately. *It is suggested that States be financially penalized if they do not inform all SSI beneficiaries of their Medicaid entitlements.*

When persons are older or disabled, they will always have medical problems. Not being able to obtain appropriate care because of lack of funds or lack of a Medicaid card can only make an illness worse—thus leading to much unnecessary suffering and more costly hospitalization or institutionalization. It is therefore the responsibility of Congress to make Medicaid a truly functioning program and to make certain that all SSI beneficiaries receive Medicaid benefits as automatically as they were promised.

We appreciate having had this opportunity to present to this Committee our recommendation for legislative and administrative changes relating to SSI in order that this important program can work as efficiently as possible for our most needy aged, disabled and blind citizens.

The following are a few examples provided by agencies throughout New York City which typify some of the severe hardships which many SSI applicants or beneficiaries are suffering:

(1) Letter from Burden Center for the Aging, Inc., dated March 11, 1974:

"This woman is starving. I can't think that the administration can be so heartless as to red tape her into a hospital or undertaker. She has received only one check for \$39.68 since January 1, 1974 when she was transferred from DSS. She is a true nonreceipt and has filed three nonreceipt of check forms plus the DIIF form (to correct transfer mistakes).

"She needs funds—some funds—any funds—until the correct SSI is figured. Her entire Social Security check goes to the landlord."

(2) Received from the department of social services of the New York City Department of Relocation, dated March 25, 1974:

"Mr. and Mrs. Z were referred to us on March 5, 1974, because they were not paying rent to the city. Our worker found that the Z's had received no money since December 16 when they received the last OASS check. The Z's were weak from lack of nourishing food. They had been living on broth that they made from bare bones thrown away by the butcher. The SSA office had no records for them so new papers were filled out. They were told that they would receive the money they were entitled to but would have to wait for a few weeks. The Bergen DOSS Center turned them away because "there is no emergency money for anybody."

The Church of the Immaculate Conception is now providing some food for the Z's.

In a followup call, we discovered that the Z's did receive a check in April. There are still many cases, however, who have not begun to receive checks or who, although they received correct checks in January, February, or March have not received a check or have received incorrectly reduced amounts in March, April, May, or June.

(3) The Director of a DSS Center called to ask what he should do for a 25-year-old epileptic who lives as a boarder and has been threatened with

eviction because her April check did not arrive. The SSA office would give her no emergency funds until the check was traced. When I offered no solution, he decided to give her DSS funds illegally because he is convinced that her suicide threats are very real.

The United Cerebral Palsy Association, Inc., reported knowing two suicide cases due to nonreceipt of SSI checks.

(4) The Salvation Army in Brooklyn reported on April 23, 1974: "Mrs. F.B.C., a 63-year-old woman, self-supporting until 3 years ago, when, because of hypertension, arteriosclerotic heart disease, and arthritis, she began receiving aid to the disabled from DSS. Was referred by Congresswoman Elizabeth Holtzman. Mrs. C. moved out of the apartment she was sharing with a friend because the friend had asked her to pay the full rent, \$100 a month, as well as do all the cleaning and personal laundry for both of them. Mrs. C., a proud, intelligent but illiterate woman, resented being treated unfairly and, acting on impulse, moved into an apartment for \$145 a month. She then discovered that her furniture had been sold at auction, the Department of Social Services having discontinued paying storage fees, apparently when she was transferred from AD to SSI. She is sleeping on the floor, covered with newspapers and her only blanket.

DSS said it could not issue money for furniture.

(5) We have received endless reports about problems caused by the loss of food stamps, particularly from persons with special medical diets and special diets for religious reasons. Persons experiencing rent, utility and general cost of living increases in addition to loss of food stamps have dangerously had to reduce their food intake.

(6) The SSI check for a severely retarded 53-year-old woman has been delayed for several months. She is cared for by her 55-year-old sister. Also, in the household is a 78-year-old mother who is senile.

The only capable member of the family was placed in the position of trying to find out what happened to the checks. She made several calls to Albany, Manhattan State School and Social Security. She became very upset at the financial strain and threatened to put both the mother and sister in state institutions so as to alleviate the strain.

(7) Ms. R. received two checks from SSI with no problem. In March, she did not get a check. After three visits to SSI, Ms. R. was able to file non-receipt forms, and about ten days later, she received her check. Ms. R. is now going through the same process for her April check. Ms. R.'s checks are apparently going to her old address. She has lived, however, at her current address for two years.

(8) Miss F.'s check arrived on January 1, and she subsequently moved. February 1 check was returned to Treasury and during February, March and April, she received no check, was evicted from her new hotel, made repeated trips to SSA, was told that a replacement check would arrive momentarily. She became more and more hostile and anxious and is on the verge of a breakdown.

Note: Examples 6, 7, and 8 were taken from testimony given at St. Luke's Hospital, June 27, 1974.

Senator CHURCH. Mrs. Kinoy, proceed with your statement.

STATEMENT OF SUSAN KINOY, CITIZENS' COMMITTEE ON AGING, COMMUNITY COUNCIL OF GREATER NEW YORK

Mrs. KINOY. Senator, in this whole question of emergency funds, which we feel is of such crucial importance, we want to say first that we appreciate that the Social Security Administration has started to take steps in providing emergency funds, but they're still coming too slowly. Therefore, what happens is that additional emergency funds must be provided by a locality until the emergency funds from the Federal Government arrive. So the first thing that has to happen is that there has to be a speed-up in the whole system.

And the second specific recommendation that we wish to make, which is on the bottom of page 9 of our testimony, is that we feel that

legislation should be passed whereby general revenue funds be authorized to pay for those few loans which are not repaid. These non-payments are usually because of ignorance and not because of fraudulent motives.

If an old lady or an old man gets \$207 as an emergency fund and 3 months later finally gets the proper SSI check and is told then that he or she is to repay this money, and at this moment this person is unable to repay the money, it's not because this person is cheating. It's because this person literally is unable to do so. And there is no provision, as we understand it, within the SSI funding formula at the moment to lay out extra moneys for these people who are unable to repay. We feel, moreover, that one of the reasons, and the very sad reasons for no funding formula, as Mr. Popper has described is that there has been this ping-pong business—who is going to pay for emergency funds, the State or the Federal Government? It's that nobody wants to pick up on that very small percentage that are not repaying. Therefore, we are making a very specific recommendation, that out of general revenue funds a small pot of money be set aside which can be used in those instances—which are checked by a reliable Government source—where somebody is unable to repay a loan.

Senator CHURCH. Well, isn't it true that anyone who is found eligible for SSI is going to find it exceedingly difficult to reach back and repay for emergency loans?

Mrs. KINOX. Of course.

Senator CHURCH. After all, the very definition of eligibility is one of very stringent income limitations.

Mrs. KINOX. Exactly. But when you go back to the Social Security office, you sign a piece of paper that says, "When my check arrives, I will repay this emergency loan." And people sign this in all good faith, and then sometimes they are unable to do this.

Senator CHURCH. This is a case where the person in question is found to be eligible, is that correct?

Mrs. KINOX. Yes.

Senator CHURCH. It's something that needs to be looked into. I suppose these States treat this differently.

In New York, what is the situation? Does the State put up the money now in these emergency cases?

SOCIAL SECURITY PROVIDES EMERGENCY FUNDS

Mrs. KINOX. Right now, the Federal Government, SSA provides emergency funds. Often it takes 2, 3, 4, 5, 6, 8 weeks until the emergency funds arrive. Therefore, the local Department of Social Services uses its funds in the meantime so someone doesn't starve. In truth the State pays twice. First the State pays for the home relief that's being given, and then has to pay all over again the second time as its share of the SSI benefits because we supplement. So there are two problems involved here. But for the older person, not only is the delay an impossibility, but the persons is shunted between the Federal and the local problem.

Senator CHURCH. It is a problem, it needs a solution, and here again, a uniform method of dealing with the problem would seem to be the desirable answer. I'm not sure that this should be assumed wholly by the Federal Government as I compare the financial condition of the

Federal Government with many of the State governments. The State governments would seem eminent to solve them.

My own State has a sizable surplus now, so I'm not at all sure that we could continue on the assumption that the Federal Government can forever keep taking over from the States because it's all in all more the States' responsibility.

Mrs. KINOY. However, if the Federal Government has assumed responsibility for an income maintenance program, and the check does not arrive just because there's been a mistake in the computer, or somebody's mailbox has been robbed—

Senator CHURCH. That's a Federal mistake.

Mrs. KINOY. That's a Federal responsibility.

Senator CHURCH. Yes, I would agree, but we need to define a uniform way of dealing with this, I should think.

Our next panelist is Rev. Robert E. O'Donnell.

STATEMENT OF REV. ROBERT E. O'DONNELL, EXECUTIVE DIRECTOR, NEW YORK STATE-WIDE SENIOR ACTION COUNCIL

Reverend O'DONNELL. My name is Robert E. O'Donnell and I am executive director of the New York State-Wide Senior Action Council, Inc. State-Wide is a coalition of senior citizen membership organizations throughout New York State and has been actively involved with SSI since spring of 1973. On behalf of State-Wide's new president, Carl Eberhart, of Watertown, N.Y., and our board of directors, representing all 10 White House Conference regions of New York State, I would like to thank you for this opportunity to testify concerning the problems of SSI and also to commend your committee for your continued interest in and support of positive legislation for the almost 2 million senior citizens of New York State and the over 20 million senior citizens of the country.

Although the senior citizens of New York State view SSI as an important, even historic, step in the history of social welfare—as your chairman has stated, "For the first time, a system of direct Federal income maintenance payments at a set national minimum level will be made to the blind, disabled, and aged, administered by the Social Security Administration"—State-Wide sees some fundamental problems with the program. We feel strongly that while supporting the basic principles behind SSI that it is imperative, at this time, to note these important problems in relation to the future direction of Social Security.

NEW YORK SSI PROBLEMS STATEWIDE

Before discussing these individual problems of SSI, we would like to make a brief observation. Frequently we have heard or been told by a legislator that the problems of SSI were limited to New York City and that somehow, the rest of the State and the country were immune to these problems. Let State-Wide make it very clear now that SSI is a statewide problem. Again and again in our meetings with the senior citizens of New York State, whether in the upstate cities of Rochester, Buffalo, or Binghamton or the rural counties such as Jefferson, Steuben, or Schuyler, a key concern was the many problems surrounding the SSI program.

This was highlighted at our State-Wide convention in Kingston, N.Y., in May of this year where a key priority of the delegates was the future direction and planning of SSI. SSI affects all the elderly poor whether they live in New York City, Rochester, Jefferson County, or Penn Yann.

The fundamental problems of the SSI program and the areas of greatest need for future planning as seen by the senior citizens of New York State are as follows:

(1) Administrative problems: Unfortunately, the beginning of the SSI program in New York State was marred by an incredible administrative inability to cope with the transfer of the old DAB recipients and the thousands of new elderly poor recipients throughout the State. The stories of long lines, nonreceipt of checks, incorrect amounts, lack of trained staff, constant need for the elderly recipient to travel long distances repeatedly to fill out new forms are all too true. Hopefully, these problems have been resolved but one must raise the question for the thousands of senior citizens throughout the State who suffered many hardships during this transition period why this period of turmoil and confusion was ever allowed by the various authorities when they were frequently urged during 1973 by many private agencies and advocate councils to consider the special needs of the elderly during a new program.

(2) Inadequate income level: The major flaw of the program is the totally inadequate nationally set minimum income level. The White House Conference of 1971 has set as an income level for all senior citizens the intermediate Bureau of Labor Statistics standards which for a couple in 1972 was nationally \$4,967 and in New York, \$5,880; and for an individual 75 percent. The SSI standards fall far below this mark and have been called by the senior citizens of New York State, "guaranteed poverty." As pointed out in your recent report, the SSI standards are in fact lower than the national poverty lines for 1974.

SSI PLACES ELDERLY IN WORSE POSITION

It is sadly ironic that a Federal program that has been described as offering a design for dignity for the elderly poor and as an option to welfare has resulted in placing the elderly poor in New York State in a worse position than if they have remained on and became part of the former welfare system.

If the senior citizen had remained on welfare, she would have received a significant increase in food stamp benefits in January. Instead, on SSI she receives no food stamps at all and has lost income in the State cash-through policy.

Senator CHURCH. May I ask you at that point if this is not the result of the decision of the State of New York to cash out the food stamps?

Reverend O'DONNELL. Yes, that is true, but we also feel that there has to be more communication on the Federal and the State level.

Senator CHURCH. I mean, the Federal Government as such does not control the decision of the State government.

Reverend O'DONNELL. True. What I'm trying to bring out is the point that in New York State, the welfare of the elderly recipient on SSI, in the program in general, is now worse off than if they remained on the welfare system.

Senator CHURCH. But is that because of the State decision?

Reverend O'DONNELL. True. But senior citizens of my State see SSI as both a Federal and State program and are confused by the constant struggle between the Federal and State. What they see is their need now. If the senior citizen had remained on welfare he would be receiving a 12-percent increase in State benefits. Instead, on SSI he'll receive reduced supplementary payments when the increases in SSI and Social Security go into effect.

If the senior citizen had remained on welfare, their increased rent and utility costs would have been met by the Department of Social Services. Instead, on SSI she has the option to eat or pay her rent and utility.

If the senior citizen had remained on welfare and faced an emergency situation, such as an eviction, fire, or lost cash, then she could have received assistance from the welfare system. Instead, on SSI, she is only entitled to an initial \$100 Federal emergency payment and to very restrictive assistance on a State level.

Steven Brown of the Greater Upstate Law Project in his testimony at the Rochester hearing of the Wemple Committee estimated that in 51 counties in New York State SSI recipients would be better off under the welfare system and after the 12-percent increase in welfare benefits and the Social Security increase a single person living on SSI will be \$42 behind his former welfare payments and a couple even further.

Mrs. Eula Mae Taylor of the Montgomery Senior Citizen Club in Rochester, a SSI recipient, states:

I was better off before SSI . . . more days we go hungry. If we don't go hungry, we can't pay the bills. And we don't get no cut at the grocery store.

Assemblyman Clark C. Wemple, chairman of the Assembly Committee on Social Services, in his opening remarks at the SSI hearing in New York City on June 27, 1974, stated:

The testimony we heard in Rochester and Albany which included statements from a number of actual SSI recipients, some who spoke with tears of frustration in their eyes, confirmed this (negative) characterization and supports the view that a fundamental reassessment of the program is warranted. I am beginning to believe that this program is so deficient in the way it meets its recipients' needs and what it has put them through to secure its benefits that, as several witnesses have already suggested, they were better off with the previous system. Foisting such a program on the aged, blind and disabled is simply inconsistent with the compassionate approach of government to real human needs.

State-Wide feels strongly with your chairman that the SSI program is an important development in social welfare legislation and agrees with him that a key priority must be the increase of the levels to at least an adequate level that would eliminate poverty among the elderly.

EMERGENCY PROCEDURES LACKING

(3) Emergency situations: One of the key areas of concern that surfaced with the New York State experience with the SSI program was the lack of necessary procedures to deal with emergency conditions that might face the elderly. Throughout the State, private agencies found themselves inundated with poor elderly recipients seeking emergency assistance for such problems as lost checks, evictions, fire, undelivered checks. Too often in the Federal and State discussions concerning residual responsibility for SSI recipients, the SSI recipient was seen as a ping-pong ball in a match between the State and the

Federal Government with awesome effects upon both the individual elderly recipient and the future success of the program. Horror stories concerning the unwillingness of both the State and Federal authorities to accept any responsibility for the poor elderly recipient, often bewildered, alone, and confused, can be told by any private agency in the State dealing with the elderly and have unfortunately become part of the SSI lore among the senior citizens themselves.

(4) Food stamps: A further area of concern is the New York State's decision to "cash through" the food stamp program for the elderly as part of the supplementary payment. The devastating toll that inflation has dealt the poor, especially in relation to food costs, was highlighted in Monday, July 8, *New York Times*' editorial entitled, "Hunger in America" that dealt in part with the positive role of the food stamp program. As the editorial pointed out:

Poor people spend a larger percentage of their income for food than does any other group in the economy. Since they already buy the cheapest foods, they can't cushion the impact of inflation by buying cheaper commodities as the non-poor do. And the prices of the foods on which they rely have increased at a substantially more rapid rate than these of higher priced foodstuffs.

The inability of the poor elderly receiving SSI to participate in the food stamp program without sufficient supplementation again places him below those remaining within the welfare system.

RECOMMENDATIONS

I have discussed some of the problems of the SSI program as it is affecting the lives of the senior citizens of New York State. The president and the board of directors of the New York State-Wide Senior Action Council would like to make the following recommendations:

(1) We strongly urge the Senate committee to work to carry out the income recommendations of the White House Conference of 1971. As the Post White House Conference panel on income pointed out, "There is no substitute for income if people are to be free to exercise choice in their style of living."

We urge that the Social Security levels be raised to the intermediate BLS levels, a move that would do much to achieve the dignity of self-decision that is so much discussed. We further recommend with the committee that the income standards for the SSI program should be raised now to a level which can, at long last, eliminate poverty for the elderly. We also recommend that an automatic cost-of-living adjustment mechanism be built into the SSI program to protect the low-income elderly, blind, and disabled prior to the inflationary spiral. Such increases must be accompanied by appropriate safeguard measures.

(2) We further recommend that the resource level for all SSI recipients be raised so that the poor elderly could maintain some sense of security and self-dignity. Frequently, we have found situations where the elderly have faced the following options: Sell what little property, insurance, or personal assets that they have to be eligible for SSI; refuse SSI benefits that they desperately need; or cheat. The elderly poor are proud Americans. The present SSI program forces them to strip themselves of their little share of security and self-dignity to partake of a program heralded to give them the dignity they already had.

(3) We further urge the present application procedure be simplified so that the elderly recipients would not be deprived of the benefits of the program because of their inability to cope with the application process. We further recommend that the present means test be eliminated in favor of an affidavit of need. The means test has become for the elderly an unwarranted invasion of their privacy and self-dignity which is rather an unnecessary carryover from the welfare system if one reviews the income research studies done on the elderly.

(4) We also recommend that the Federal Government set up emergency procedural agreements with the States so that these needs of the elderly poor can be dealt with swiftly and satisfactorily.

(5) We also recommend that the Food Stamp program not only be restored to those SSI recipients that are now not participating but also that it be expanded to take into consideration the incredible inflationary rise in the basic necessities of the elderly. In those States that have "cashed out" their food stamps, we urge that the Federal Government insist that the actual benefits be truly reflected in an increased supplementary payment to the recipient now.

(6) We further recommend that the committee study those situations where elderly recipients are losing one-third of their benefits because they share housing facilities with another recipient. One case in particular points out the shortsightedness of this aspect of the SSI program: Two elderly handicapped gentlemen decided that for mutual help and support they would live together and share homemaking responsibilities. They soon found out that their payments would be cut by one-third if they shared such an arrangement but that they would receive full payment if they lived alone and unable to cope with their own problems.

(7) We further recommend that the SSI-Alert be continued and extended. New York State Assemblyman Andrew Stein, chairman of the temporary State Committee on Living Costs and the Economy estimates in his report, "Analysis of Economic Problems of the Elderly in New York State," that "there are 500,000 elderly living on an annual income of less than \$2,000." We cannot allow the SSI program not to reach out and benefit the hidden elderly poor. We further recommend that such SSI-Alerts involve the senior citizens organizations and clubs across the country and provide employment for the elderly poor in assisting their fellow senior citizens who require economic help.

(8) The board of directors of the New York State-Wide Senior Action Council would like to invite the chairman and this committee to come to New York State and hold special hearings on income and the future directions of Social Security. New York State has the largest concentration of senior citizens in the Nation and unfortunately we do not have representation on this highly respected committee.

The senior citizens of New York State are a highly articulate and knowledgeable body—we invite you to come hear their testimony and recommendations and to see their determination to work for and carry out the recommendations of the White House Conference of 1971. We further pledge our support and the support of those concerned with the well-being of the senior citizens of New York State in your goal to work for the senior citizens of this Nation.

Please keep us informed as to the work of your committee and we promise that we will make your recommendations known through our newspaper, *Senior Action* as well as to all our legislators. I thank you for this opportunity to testify in behalf of the senior citizens of New York State.

Senator CHURCH. Thank you very much for your statement. I certainly do agree with you when you say that the present level of income that is established for SSI recipients falls far short of what's necessary if we're going to eliminate poverty.

I also see this as a most hopeful program that we have enacted, because it's the first program that is directed toward the low-level income people to be administered by Social Security. If we can get the levels corrected, and if we can get adjustments made for inflation to come along soon enough, then I see a pension as a method for eliminating poverty one day, among the elderly, the disabled, and the blind people in this country.

Certainly there is some place we should make our first start toward the elimination of poverty, and if we can't get it done there, we're not going to get it done at all. But, the purpose for these hearings is to determine what the shortcomings of the present program are and see how we can correct them, and your testimony has been most hopeful.

Senator CHILES?

Senator CHILES. I wonder if someone on the panel can tell me whether you have any figures, or whether New York has any figures of how many new people we're talking about that were not on welfare, on the present welfare programs of New York before.

Mr. POPPER. I don't know about the State figure, but in New York City, as of June 30, we had added 120,000 people.

Senator CHILES. That was the 120,000 figure that you gave—that was in New York City?

Mr. POPPER. Yes, sir, that was New York City. I don't know the State.

NEED TO CONTINUE SSI-ALERT PROGRAM

Reverend O'DONNELL. I think this is what we're talking about, the SSI-Alert, the need for continuation of this program is because of the people sitting at this table, the Office of the Aging, the Community Council of Greater New York, and the SSI-Alert program brought in this number of people, the upstate areas, because they lacked SSI-Alert programs except for a few cities. They are not as successful. There are many senior citizens, as I pointed out, the estimate is there are 500,000 senior citizens who might be eligible.

Mr. POPPER. I would hate to tell you which county, but I met the county commissioner of social services in one of our counties, and he said to hell with this. It's just a lot more work to have these old people signed up. So it was really in New York City that between the three of us we made a lovely couple and did quite a fine job.

Senator CHILES. And this 120,000 increase—in your testimony I know that you said that was scratching the surface, that there are more out there—how does that fit in with the number that are presently on this program? Is that 5 percent? Is that 10 percent?

Mrs. KINNOY. That were on it before?

Senator CHILES. The new, yes.

Mrs. BROPHY. There were 70,000 on old age assistance before who were grandfathered in.

Senator CHILES. 70,000?

Mrs. BROPHY. 70,000.

Mr. POPPER. Older people.

Mrs. BROPHY. We're not talking about the disabled and blind, only the aged. We added 120,000 older people through SSI. We had anticipated about 300,000 additional people from New York City.

Senator CHILES. But you have about doubled?

Mrs. BROPHY. Yes, sir.

Senator CHILES. The new people.

Mrs. BROPHY. Yes, sir.

Mrs. KINOY. In addition, sir, we have encouraged, and we know from the Social Security Administration that intent to file forms which they call lead forms have been submitted by the thousands, and the Social Security Administration has not as yet had the manpower nor the time to process these applications, and although there has been a ruling, happily, from the Social Security Administration that if a person is deemed eligible his eligibility will be retroactive to the date on the intent-to-file form, and furthermore we feel that it's shocking that a person may have to wait 3 or 4 months after the lead form has been received in order for him to start obtaining benefits.

Senator CHILES. But we're still talking about 120,000 people that are receiving some benefits now that they didn't receive before, prior to the SSI program.

Mr. POPPER. Quite true.

Senator CHILES. That they were not recipients at all.

Mr. POPPER. Quite true.

Senator CHILES. And that's about double the number that were.

Mr. POPPER. You've got to remember that you're dealing with a generation that didn't believe in accepting charity.

Reverend O'DONNELL. Eleanor Morris has pointed out that many of those hundred thousand have also found out that they were eligible for Social Security benefits.

Mr. POPPER. We found all sorts of people that were eligible for Social Security who didn't know it.

Senator CHURCH. Who didn't know it.

Senator CHILES. Well, I think we also have to take into consideration when we talk about all the problems of SSI, what some of these benefits are, that 120,000 have been identified now and are being called into the system, and weren't getting anything for it before and probably wouldn't be getting anything today if we didn't have the program.

Mr. POPPER. Oh, yes. Oh, yes.

Mrs. KINOY. We are in agreement.

Mr. POPPER. We are not critical at all. We just think we have to do better.

BAD PUBLICITY AFFECTS SSI PROGRAM

Reverend O'DONNELL. I think the concern that we might have is that the publicity surrounding the SSI program and the stories that have been published have been quite negative about long lines, about chaos, about the delays, and we really feel that there should be a continued

intent by the Federal Government to make a very positive alert system throughout this country so that those senior citizens who might be hesitating to apply for this program because of what they see in the paper about heated buses in New York City during the winter months, that they would come in—and Alice Brophy and Susan Kinoy here have been really developing a very positive approach to SSI, and I think it's very needed in upstate New York.

Mr. POPPER. We only criticize it when we come here; we didn't criticize it elsewhere.

Mrs. BROPHY. I think the other point that we should make is that with the assets limitations much higher than it was under welfare, a lot of people became eligible. We think it's great, because having \$1,500 in assets doesn't make you an affluent person in our society today. But under welfare you could only have \$500.

Mrs. KINOY. In addition to what father said about food stamps, we would like to congratulate the Congress for H.R. 15124 that you've just passed, and we certainly hope that it will be signed into law by the President. That shows that you recognize this problem, but in addition, since this is a bill that we understand that is only for 1 year's duration, we would like to agree very strongly with the recommendations of the head of our HEW district, Mrs. Bernstein, who in her testimony in New York State felt that as of June 30, 1975, every single person who meets food stamp eligibility criteria, no matter what the source of his or her income, including SSI, should be eligible for food stamps, and, therefore, food stamps should just be removed from SSI so that anybody who meets the food stamp criteria should get it, and if their income comes from SSI, that's one thing, and if their income comes from something else, they should still be eligible.

Senator CHURCH. That bill, incidentally, has been signed.

Mrs. KINOY. Good, good. That's wonderful.

Senator CHURCH. Miracles keep happening. All right. Thank you very much.

Mr. POPPER. Thank you.

Senator CHURCH. Our next witness is Hon. Martha W. Griffiths of the U.S. House of Representatives.

Mrs. GRIFFITHS. Thank you very much.

Senator CHURCH. Before we begin, let me welcome you to the committee.

Mrs. GRIFFITHS. I would like, if you have no objection, to file a lengthy statement in which I have discussed the major income maintenance programs for the aged and how they fit together, and to confine my remarks to a simpler statement.

Senator CHURCH. Yes; your statement will be included in the record.¹

STATEMENT OF HON. MARTHA W. GRIFFITHS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mrs. GRIFFITHS. Federal expenditures for the aged are scheduled to reach \$76 billion in fiscal year 1975, a staggering amount which should be achieving far more than it is. In my prepared statement, I will discuss in detail several of the largest programs for the aged. In my time now, I will summarize my principal recommendations.

¹ See p. 698.

Recommendation No. 1: Congressional actions should be based on cold facts, not merely warm feelings.—In our efforts to help the aged, we often have acted more on the urge to do good than on the basis of hard facts. Before we act, we should know the characteristics of who will benefit, by how much they will benefit, who will pay, and how much it will cost. Otherwise, we may again—as we have in the past—spend many millions, yet see that only a few dollars trickle down to the persons we intend to aid. The need for objective analysis is acute for two reasons. First, dollars to aid the aged are scarce; we cannot afford to throw them away. Second, most of the aged benefit from more than one program; unless the analysis extends to program interrelationships we will not foresee the true impact of our action.

Let me give an example. A successful amendment added on the House floor to the housing bill, S. 3066, provided that Social Security increases may not be counted to raise public housing rents. Public housing rents are supposed to be related to income, and I find no logic to arbitrarily ignore certain types of income. This amendment could be counterproductive. If it were to become standard practice, it could discourage local housing authorities from taking elderly tenants. Since housing authorities must have operating revenues, they would have to make up deficits by raising rents overall, or only for the nonaged, or seek relief from Federal taxpayers by asking the Department of Housing and Urban Development for extra subsidies.

Finally, consider the inequities involved. There was no provision to ignore veterans' pension, railroad retirement, SSI, or wage increases. Yet some of these other persons in the public housing project may have lower incomes than Social Security beneficiaries. I note that similar amendments have been introduced affecting the Food Stamp and Medicaid programs.

SOCIAL SECURITY MINIMUM RISE LITTLE HELP

Another example is the pressure to raise the Social Security minimum benefit, now \$93.80, on the grounds of helping the poor. But the millions of dollars this would cost would not give one dime to the poorest aged person on Social Security. He already is guaranteed \$72 more a month because of the new Supplemental Security Income program. The way to help him is to boost SSI higher. If, instead, the Social Security minimum were raised \$10 or \$20 or \$30 a month, it would benefit no aged recipient except those who were not poor enough to qualify for SSI. The increased minimum would be largely a windfall for the nonneedy, typically persons receiving other pensions because they spent most of their working years under other retirement systems.

A Fiscal Policy Subcommittee report in 1972 showed that of all married men who were newly retired Social Security beneficiaries receiving the minimum, 52 percent had other public pension income, 6 percent received private pensions, and 4 percent received veterans' cash benefits. Only 3 percent were so poor that they received public assistance.

Senator CHURCH. Don't you agree, I think you said this, that SSI represents the discriminating way to reach the people who really are most in need?

Mrs. GRIFFITHS. Of course.

Senator CHURCH. And therefore, we should improve this program if we want to reach those people.

Mrs. GRIFFITHS. Remove the welfare elements from Social Security and pay the people who have paid in.

Senator CHURCH. Yes.

Mrs. GRIFFITHS. Recommendation No. 2: Benefits for the aged should be delivered in the most efficient form possible.—When the work force and the economy are expanding rapidly, generosity to all groups—including the aged—is relatively painless. Payroll taxes automatically generate extra revenue that can be shared with retired and disabled workers and their families.

For many years rapid growth in productivity and population has made it easy to use Social Security to help many persons who are presumed to be needy, even though they meet no reasonable insurance criteria, without explicitly cutting back on benefits to retired and disabled workers.

The minimum Social Security benefit illustrates this also. A 65-year-old man retiring in July 1974 who qualifies for the minimum benefit will receive \$140.70 monthly for himself and his wife. Assuming they both live 10 years and the benefit is increased annually by 5 percent to offset cost-of-living increases, they will collect a total of over \$21,000. For this, the man could have contributed as little as \$11.50 in total—matched by his employer. Yet this man may be a retired Federal civil servant with an annual pension of \$8,000 also adjusted upward for cost-of-living increases. In this day and age, the minimum benefit for that couple is sheer waste.

Moreover, Social Security has been turned into a family benefit program, and the list of eligible dependents has been steadily lengthened to include even grandchildren, without concomitant requirements that workers with dependents pay larger Social Security taxes or take a reduced benefit themselves. As a result, 40 percent of the 30 million Americans now on the Social Security rolls are not retired or disabled workers.

Finally, benefits have been increased repeatedly in recent years to make them more nearly adequate, and since 1956 they have climbed faster than living costs and even have exceeded productivity increases.

Broadened coverage, more generous benefits for dependents, benefits as large or larger than low covered wages all have made Social Security a more adequate program for some workers, but a less rewarding one for others with higher wages or few dependents. It has proved inefficient and unfair to try to use Social Security as a welfare system without a means test, and it has reduced the capacity of Social Security to pay wage-related benefits. This pattern has been repeated in private pension plans, and in other Federal, State, and local public employee retirement systems.

WORK FORCE RATIO DECLINING

But no longer is the work force expanding faster than the population of ex-workers and their dependents and survivors. Now there are only three workers to pay the benefits of each recipient. This ratio is

falling. By the year 2025 it is expected to shrink another one-third, down to two workers per Social Security beneficiary.

Caring for the aged, who are retiring sooner and living longer, will require far heavier outlays by a relatively smaller work force. The job probably will demand higher Social Security payroll taxes to finance Social Security checks, higher consumer prices to help finance private pension plans, higher Federal, State, and local taxes of various sorts to finance public employee retirement systems and medical care.

The young should, and probably will, demand that we either cut back on benefits for the aged, or else that we distribute them in the most efficient form possible. This will mean more emphasis on need-related benefits rather than on the haphazard distribution of quasi-welfare benefits through Social Security. We must begin now to make Social Security more a wage-replacement program and less a welfare program paying out billions of dollars a year in benefits that have no basis in contributions or former earnings.

I believe that there will be painful retrenchment all around in the next several decades. Some of today's workers may fail to collect the retirement benefits they are counting on. They will be the victims of a shortfall in retirement program financing. If public employee retirement programs continue to grow plusher, it is not inconceivable to me that some programs eventually will have to default on benefits, especially at State and local government levels.

Many large cities already are suffering because of liberal pension promises. More and more State and local governments as well as industry are agreeing to demands for "30 years and out," that is, a full pension, regardless of age, after 30 years employment. Given that the average life expectancy for someone age 65 in 1969 was nearly 80 years, someone entering the labor force at age 18 could qualify for "30 and out" benefits at age 48 and then collect benefits for another 30 years, paid for by taxpayers and consumers. The distributive aspects of such schemes are horrible, since it will be the less well-paid people who will be footing a disproportionate share of the bill.

I believe these schemes require much closer Federal Government regulation than heretofore. If local officials can't take the heat, we must do it for them—although our own record is far from perfect in this regard.

Senator CHURCH. May I just interrupt to ask you this question? Wouldn't you say in this regard that the Federal retirement plan may be equally faulty?

Mrs. GRIFFITHS. It is indeed. As a retiring Congressman, I must say that I think these pensions are altogether too high, but the chances of the Federal Government being able to pay are greater than localities.

For instance, some cities are already going broke. If we hadn't instituted revenue sharing, many of the larger cities would have been in desperate straits. My own city of Detroit is one of them. I urged in the revenue sharing bill that we set up some sort of limited pension.

Recommendation No. 3: SSI must be liberalized.—If retirement systems are reoriented back to a stricter wage-replacement role and away from welfare functions, improvements must be made in the SSI program. I believe that SSI should be raised initially by more than cost-of-living increases, and eventually by cost-of-living changes alone.

SSI ASSET REQUIREMENTS UNFAIR

This will assure that money will be channeled to the neediest. Also, the SSI asset test must be liberalized. Now, some persons with modest Social Security benefits and modest assets have to choose between wiping out their savings and receiving SSI supplementation, on the one hand, and retaining their savings and forfeiting SSI, on the other.

This is unfair. After SSI went into effect last January, one aged widow with a monthly income of \$120, no car, and a modest \$15,000 house was denied SSI because she had \$2,000 in the bank, \$500 over the limit for an individual. She protested that she was being punished because she had saved instead of buying a car or a more expensive house. And she was right. For SSI rules permit recipients to own automobiles and \$25,000 houses, but sharply limit their savings accounts. Congress should liberalize the asset limit for SSI.

Senator CHURCH. I wonder if this problem could be reached if the test were an aggregate test.

Mrs. GRIFFITHS. Yes.

Senator CHURCH. Rather than a particular one.

Mrs. GRIFFITHS. Yes. As a concluding note, I want to urge that our perspectives be broader than the aged. They have special problems, but the needs of many nonaged persons also are acute. We need health insurance; that costs money. Welfare reform and greater aid for the working poor cannot be bought cheaply. The Treasury reserves of the 1950's and early 1960's no longer exist, and hard choices about distributing scarce resources must be made. I urge the Congress to approach these choices with the fullest possible information about the consequences of our actions.

Senator CHURCH. Thank you very much for what I think is a very sobering and highly responsible statement that you have made.

Mrs. GRIFFITHS. Thank you.

Senator CHURCH. I certainly will give it very careful attention. I hope the full committee will.

Mrs. GRIFFITHS. I would like to notify you and the rest of the Senate that there is a bill on which the conference committee is meeting today, H.R. 8217, which holds in it an undesirable change in the hold-harmless provisions of SSI. It would mean that once again the States that have paid the highest benefits to the aged, blind, and disabled in the past would be permitted to raise these sums at the expense of Federal taxpayers.

For eight States, the Federal Government would pay out \$75 million. In the State of California, for instance, assuming a 10-percent boost in the cost of living, the amendment could boost the California guarantee for an aged couple on Social Security, SSI, and State supplement to \$482 per month. That's almost \$5,800 per year, tax-free.

Now, to me, that is a ridiculous waste of money. These States cannot get away with the story that it costs more to live in their State than it costs in others. It isn't true. It does not cost more to live in Milwaukee than in Chicago, and the truth is that there is a greater variation between the big cities and the small towns within States than between the big cities in any part of the country.

Therefore, everybody can begin saving this afternoon on that first \$75 million going to those eight States.

Senator CHURCH. All right. I hope you try to get that message to the conferees.

Mrs. GRIFFITHS. I have. In fact, if it doesn't work, I'm going to get at the President.

Senator CHURCH. Thank you. Thank you very much.
[The prepared statement of Mrs. Griffiths follows:]

PREPARED STATEMENT OF REPRESENTATIVE MARTHA W. GRIFFITHS, OF MICHIGAN

I am pleased to appear before the Committee today to discuss future directions in programs for the aged. This is a subject of direct importance to all Americans, both young and old, and I congratulate the Committee for providing a congressional forum where the issues can be pursued in depth.

These hearings are particularly timely because the social security system has reached a crossroads. Two things have happened that lead me to this conclusion. First, we have a revolutionary new program—supplemental security income, or SSI—providing an income floor for all Americans who are aged, blind, or disabled. Second, the maturing of the social security system, coupled with dramatic changes in the age distribution of the U.S. population, mean that new approaches will be needed to maintain a viable, effective system.

In my testimony today, I will discuss first the long, and growing, laundry list of programs for the aged. Then I will describe how we stretched and diverted the social security program away from the goal of retirement income based on wages. We did this in an attempt to fill some of the gaps in welfare; but social security's quasi-welfare features have proved to be a careless way to help the needy which, at the expense of workers, give windfalls to the nonpoor. I will take up the implications of SSI, a program that should help us strengthen social security and make it more adequate for retirees. Finally, I want to talk about SSI itself. It has some problems, both internally and in its relationship to other programs, that Congress should deal with soon.

ON WHAT ARE THE AGED LIVING?

In addition to their earned¹ and unearned income and private pensions, the aged benefit from a panoply of Federal Government programs which will cost federal taxpayers an estimated \$76 billion in fiscal year 1975, and additional billions to State and local taxpayers. These programs include social security, supplemental security income, veterans' pensions, federal retirement benefits, medicare, medicaid, food stamps, meals on wheels, and subsidized housing units. The tax structure provides additional billions through double exemptions and nontaxation of social security, SSI, and veterans' pensions. States and localities often provide homestead exemptions, tax credits, and free or reduced-price transportation. Even private businesses join in by offering cut-rate meals, theater passes, and transportation.

This is a huge effort, and should be more effective than it is in helping the aged live reasonably. What hinders greater effectiveness? In my judgment there are two reasons: first, programs are designed less efficiently in reaching the poor than they should be and so waste money; and second, workers are demanding—and getting—costly settlements, such as retirement pay after 30 years, which increasingly run counter to the national economic interest.

THE STRETCHING OF SOCIAL SECURITY

Congress designed social security to be a contributory wage-replacement program which would be available to retirees on an earned-right basis. But today the connection between earnings and taxes on the one hand, and benefits on the other, is somewhat tenuous, and the "earned benefit" notion is a mixture of fact and fiction. Social security has become more "social" in several respects,

¹ Earned income is a more important source of income for the aged than is commonly believed. The 1968 Survey of the Aged revealed that earnings accounted for 30 percent of the total income of all the aged in 1967. (See Lenore E. Bixby, "Income of People Aged 65 and Older: Overview from 1968 Survey of the Aged," *Social Security Bulletin*, Vol. 33, No. 4 (April 1970), p. 14.)

It is interesting that many of the aged can and do work when economic necessity requires it. For example, more than one-third of men age 65 and over worked during 1972 and 19 percent worked full time, year round. In 1967 more than half the married men age 72 and over whose other family income was below \$500 worked or looked for work, but only 10 percent did so if their other family income was between \$1,500 and \$3,000.

chiefly because of modifying it to fill gaps in public assistance programs. No federal or federal-State cash assistance program aids needy childless individuals and couples who are neither officially old (age 65) nor totally disabled. Moreover, before the implementation of SSI in January 1974, public assistance programs for the aged, blind, and disabled were State operations. Many State programs restrained applications for welfare by requiring contributions from relatives and liens on property of the poor, and by harsh administration and stringent asset limitations. Welfare's omissions and restrictions placed continual pressure on social security to cover as many workers and dependents as possible and to pay them as much as possible.

Social security's gap-filling features come in several forms. There is, first, the minimum social security benefit, set artificially high on the basis of presumed need; second, dependents' benefits, established without requirement that workers pay extra taxes for them; and, third, the benefit computation formula, which favors low earnings.

Social security's minimum benefit is very high in relation to payroll taxes paid because it is presumed that a person is poor if his lifetime earnings covered by the system are poor. However, the majority of newly retired male beneficiaries of the minimum payment have other pensions and are *not* among the neediest of the aged.² A 65-year-old man retiring in July 1974 who qualifies for the minimum benefit will receive \$140.70 monthly for himself and his wife. Assuming they both live ten years and the benefit is increased annually by 5 percent to offset cost-of-living increases, they will collect a total of over \$21,000. For this, the man could have contributed as little as \$11.50 in total (matched by his employer). Yet this man may be a retired federal civil servant with an annual pension of \$10,000, also adjusted upward for cost-of-living increases.

A second departure from the insurance concept is the inclusion of dependents eligible for benefits without a requirement that workers with dependents pay larger social security taxes or take a reduced benefit themselves. Even before the first old-age insurance check was paid in 1940, the goals of social security were enlarged and it was converted from a worker-only program into a family program by addition of benefits for dependents (wives and children) and survivors (aged widows, young widows with children, and dependent parents).

Over the years additional relatives have been made eligible and age limits have been liberalized. Dependent aged husbands of insured workers were added in 1950; widows aged 62, 1956; children 18-21 who are full-time students, 1965; divorced aged wives, 1965; students up to age 22, 1972; and dependent grandchildren, in 1972.³

Benefit amounts for an aged parent were raised from 50 percent of the worker's primary insurance amount to 75 percent in 1950; for a child, from 50 percent to 75 percent in 1960; for an aged widow, from 75 percent to 82.5 percent in 1961 and to 100 percent in 1972.

Provisions of greater help for greater presumed need—that of a worker with dependents—diluted the program's reward for past work, yielding two markedly different benefit amounts to two workers who paid exactly the same payroll taxes. The presumed need approach has made social security a much more comprehensive form of income maintenance, assuring most American families with dependent children monthly checks from the U.S. Treasury if their breadwinner died or became disabled. Indeed, 40 percent of the 30 million Americans now on the social security rolls are *not* retired or disabled workers, but are instead their wives, widows, surviving divorced wives,⁴ children, parents, and even grandchildren. All of these persons are drawing benefits on the earnings record of their former breadwinner, but their checks are paid with the payroll taxes of *current workers* and their employers. Although social security benefit increases usually are hailed as aid for the aged, this is misleading. One of three social security checks goes to persons under 65 years old, including about three million children.

² Fourteen percent of civil service retirees receive the social security minimum. In a 1971 study entitled *Preliminary Findings from the Survey of New Beneficiaries*, the Social Security Administration reported that of all married men who were newly retired OASI beneficiaries receiving the minimum, 52 percent had public pension income, 6 percent received private pensions, 4 percent received veterans' cash benefits, and only 3 percent were so poor as to be recipients of public assistance.

³ Coverage of dependents is capricious, however. A divorced wife may receive benefits drawn on her former husband's account if they were married 20 years, but not if the marriage ended six months sooner. A needy 62-year-old woman can receive aid on the account of a deceased son who formerly supported her, but her equally needy 62-year-old neighbor cannot receive aid on the account of a deceased sister who formerly supported her.

⁴ Some of the women drawing benefits on their husbands' accounts are also retired or disabled workers whose own accounts would entitle them to lower benefits.

A third welfare aspect of social security is the benefit computation formula, which provides a replacement rate for low earnings that is six times that for the highest earnings covered. Since there is no way to provide adequate earnings-related benefits to persons with a history of inadequate earnings, the benefit schedule has been warped in favor of those with low covered earnings. So, benefits do not differ as much as they would if based primarily on long-run wages and taxes. The law originally provided that the worker who retired after paying the maximum payroll tax over the years was to receive a benefit 8.5 times larger than that received by the worker who paid only the qualifying minimum. In 1950 the ratio dropped to four to one. Today the minimum benefit paid is only 3.2 times the minimum.

The social security benefit schedule for new retirees, as of July 1, 1974, shows that benefits replace a progressively higher proportion of lower average monthly covered wages:

Average monthly covered wage	Portion of average wage replaced ² by—		
	Primary benefit ¹	Primary benefit (percent)	Primary plus wife's benefit (percent)
\$400.....	³ \$259.00	65	97
\$300.....	214.40	71	107
\$200.....	171.40	86	129
\$100.....	120.80	121	181

¹ For exworker with a wife, the benefit and wage-replacement rate each are 50 percent higher.

² Average covered wages are almost always lower than those received shortly before retirement; hence benefits replace a lower proportion of a retiree's most recent wages.

³ Approximately what would be received in July 1974 by a man, age 65, who retired after receiving median covered earnings of about \$600 monthly in 1973.

The most dramatic illustration of the skewing of benefits to those with low covered wages is that a worker can retire with a social security check *larger* than even *recent* earnings. For instance, a person who worked two days a week for 50 weeks a year from 1964-73 at \$2.15 an hour—and who never previously worked in a job covered by social security—would achieve "lifetime" average monthly covered wages of \$143. Such a person could retire after July 1, 1974 at age 65 and collect a monthly social security check of \$147.10, plus \$73.60 for his wife, or a total of \$220.70, more than 50 percent above his covered monthly wage.

Benefits have been increased repeatedly in recent years to make them more adequate, and since 1956 they have climbed faster than living costs and have largely kept pace with productivity increases. In other moves to enhance adequacy of benefits, the minimum benefit paid has been raised relative to other benefits and to increases in the cost of living. In the last decade Congress multiplied the minimum monthly benefit 2½ times, lifting it from \$40.00 to \$93.80, and doubled general social security benefits. These gains far outpaced a 50-percent rise in the cost of living index in the period from December 1963 to December 1973.

Broadened coverage, more generous benefits for dependents, benefits as large or larger than low covered wages all have made social security a more adequate program for some workers, but a less rewarding one for others with higher wages or few dependents. Furthermore, although the welfare features of social security do not help poor persons outside the system, they constitute a windfall for some non-needy persons within it. It has proved inefficient and unfair to try to use social security as a welfare system without a means test, and it has reduced the capacity of social security to pay wage-related benefits. Moreover, despite costly efforts to make them "adequate," social security benefits for many are a poor welfare substitute in money terms and must be supplemented by SSI. Far from being a residual program for the aged, blind, and disabled, public assistance has remained an important supplement to social security benefits. An estimated 70 percent of supplemental security income (SSI) recipients also receive social security checks, and conversely, about 17 percent of all aged social security beneficiaries supplement these benefits with SSI checks. Social security benefits have limited value for these welfare recipients since their welfare payments are reduced one dollar for each dollar of social security benefits over \$20 a month. Thus, the gain to an SSI recipient from having social security benefits is limited to \$20 a month in extra income.

Up to now, social security payments to most beneficiaries and their families have far exceeded the payroll taxes paid by them and their employers. The cost of benefits for each generation of beneficiaries—yesterday's workers, their families and survivors—is paid by today's workers. Because the work force and economy have expanded rapidly, payroll tax collections have risen fast enough to permit retired persons to share fully in the Nation's economic growth and productivity gains. It has been easy to use social security to help many people who are presumed to be needy (even though they meet no reasonable insurance criteria) without explicitly cutting back on benefits to retired and disabled workers.

However, this happy situation cannot endure. No longer is the work force expanding faster than the population of ex-workers and their dependents and survivors. It is estimated that in the coming fiscal year 100 million workers will be paying \$64 billion in payroll taxes to support 30 million social security beneficiaries. That is only slightly more than three workers supporting each beneficiary. The changing age composition of the population projected for the beginning of the 21st century will reduce this already low ratio of payors to payees by almost one-third by the year 2025, when only 2.2 workers are expected to be available to support each social security beneficiary. Not only will there be more retirees for each worker to support, but they will have to be supported longer, because most beneficiaries now go on the social security rolls before age 65,³ and life expectancy is increasing. It will be difficult to keep pace with the law's present commitments for cost-of-living increases without resorting to general revenue taxation, to even greater increases in the wage base on which social security taxes must be paid, or to a higher payroll tax rate. To go further—to continue passing along the fruits of economic growth and productivity gains—eventually will become impossible to finance by the present method. This could require combined employer-employee tax rates as high as 60 percent by the year 2045, compared with 11.7 percent now. Resorting to general revenue financing would shift the burden somewhat but would *not* reduce the heavy cost to taxpayers. Unless social security is reoriented in the very near future, current workers will be fortunate if they collect benefits that even equal combined payroll taxes paid by them and their employers plus interest.

The aging of the population will force a re-evaluation of the proper roles for social security and other public pension programs, on the one hand, and for cash aid based on income, on the other. The goal of adequate income for the aged need not be discarded, but the stress must be on greater efficiency in the use of tax dollars. Pressure to help the needy must be taken off social security. I believe that social security must be reoriented to perform a stricter wage-replacement function.

Furthermore, demographic projections unmistakably rule out any further lowering of the retirement age—in social security, other federal, State, and local public employee retirement plans, and in private pensions. "Thirty and out" provisions are being agreed to at a time when longevity is increasing. Someone 65 today can expect to live up to 80. This means that a worker entering the labor force at 18 could retire at 48 and for another 30 years collect benefits paid for by consumers and taxpayers. We are mortgaging the earnings of the next generation with each such settlement.

Equally important, there must be greater candor about social security and other public retirement programs and about private pensions. Current social security beneficiaries have not been discouraged from the belief that every penny of their checks have been "earned" because of their payroll taxes. Little effort is made to tell workers automatically (say, every year) of their accumulated contributions and retirement benefits to date and future projections, as an aid in their retirement planning. I urge that this be done.

THE NEW SUPPLEMENT SECURITY INCOME PROGRAM— IMPLICATIONS FOR OTHER BENEFIT PROGRAMS

Basic Features of SSI

Last January a huge change was made in the way we aid the aged. The SSI program opened for business, offering a federal income floor to replace the old State welfare programs of old-age assistance, aid to the blind, and aid to the permanently and totally disabled. The basic SSI program is financed entirely from federal funds and administered by the Social Security Administration.

³ Fifty-two percent of men and 67 percent of women retiring in 1972 were under 65.

All SSI eligibility rules, such as limits on assets, or definitions of blindness and disability, are the same nationwide. A recipient with no other counted income receives a payment of \$146 a month, and an eligible couple receives \$219.⁶ These payment levels are supplemented in a number of States, ranging up to \$252 for an individual in Massachusetts and \$440 for a couple in California. The first \$85 a month of earnings plus one-half the remainder is excluded in deducting income from the benefit level. To say it another way, the program taxes earnings above \$85 at a 50-percent rate. A recipient who works can earn as much as \$377 a month and still be eligible. A couple could earn up to \$523. Twenty dollars a month of unearned income such as social security is disregarded. For all SSI recipients with \$20 of other monthly income, the income floors thus are really \$20 higher than the basic guarantee, or \$166 and \$239.

By far the most important feature of SSI is its minimum income guarantee for all the aged, blind and disabled. The minimum social security benefit earlier had served as a federal income floor for part of this group—those with social security coverage. For the others, the State welfare programs placed floors under income, but at widely varying levels and with eligibility conditioned on a variety of State rules. For instance, a destitute aged individual in Mississippi used to collect at most \$75 in monthly cash aid. But in a suburb of New York City, the maximum old age relief check was \$239. The Mississippi beneficiary could not own a house valued at more than \$2,500, but the New York recipient's house had no effect on his eligibility for aid.

SSI represents the first and only commitment of the Federal Government to a guaranteed minimum income for *all* persons in an age group, but another federal program offers cash aid to some of the poor aged (and disabled), namely, the pension program for needy veterans run by the Veterans' Administration. Most SSI and VA pension recipients also receive social security as well. If you view the three programs as a single income maintenance system, SSI and VA pensions are like parallel supplements to social security. Over half the SSI recipients and three-quarters of the pensioners receive their benefits as supplements to social security. Looking only at the aged recipients, these proportions rise to 70 percent and 85 percent, respectively.

Before describing the consequences of these overlaps with social security, though, I shall compare the two supplements for the needy.

The Relationship of SSI and Veterans' Pensions

The Veterans Administration gives over \$2.5 billion a year in aid to more than 1 million needy veterans and their 2 million survivors and dependents.⁷ The VA pension program got underway before the Social Security Act, but even after that act permitted federal aid to State relief programs, reason remained for a program of direct federal aid for low-income aged and disabled veterans. The federal-State programs of relief were run by States on varying terms, and some took three years to even set up an old-age assistance program.⁸ In some States, benefits for the aged, blind, and disabled were too meager or eligibility requirements too harsh to be acceptable to veterans who had nationwide representation and broad public support.

Now that SSI offers a basic federal income floor, however, should we still retain a separate program—with separate offices and separate rules—for needy veterans? SSI has erased most of the old objectionable eligibility restrictions of old-age relief. And its basic benefit level, for an eligible individual is slightly higher than that of the pension program (\$146 versus \$143 monthly) and much more generous for aged couples (\$219 versus \$154 monthly). In many States SSI supplements lift benefits for the single beneficiary well above VA levels.

In some other ways, the veterans' program is less generous than SSI. For example, an aged veteran who earns \$100 a month can receive a VA pension of \$112, but if he qualified for SSI, his benefit would be \$138.50 because of SSI's more liberal treatment of his earnings. Also, in all but five States an SSI recipient automatically is eligible for the minimum food stamp bonus, but a veteran pensioner must qualify on income grounds.

⁶ In enacting SSI on October 17, 1972, Congress said SSI recipients should lose eligibility for food stamps and surplus commodities, but this later was amended. In July 1974 SSI recipients remained eligible for food benefits except in five States that "cashed out" food stamps by giving recipients equivalent benefits in extra cash (a payment incorporated in the supplemental payment levels of those States).

⁷ Technically, VA pensions are for needy veterans with a non-service connected disability. The program presumes that anyone over age 65 is disabled.

⁸ Federal-State welfare payments to the disabled were authorized only in 1950, and Nevada never implemented such aid.

However, in some situations, the veterans' program is more generous than SSI :

1. Assets. SSI law permits recipients to have counted assets no greater than \$1,500 per individual, \$2,250 per couple. Not counted are an automobile, or a house valued at less than \$25,000. Thus, a poor elderly person who owns a house worth \$26,500, or has \$1,550 in the bank, cannot receive SSI; but if he were a veteran or a veteran's survivor, he could draw a pension.

2. Social security. A person living on a social security check of \$200 a month is not eligible for SSI, but if he were a veteran, he could receive a VA pension of \$57.

3. Wives' earnings. The earnings of an aged veteran's working wife are not counted against his pension amount, but a part of the earnings of the wife will be deducted from a couple's SSI check.

4. Dependents. A penniless veteran on pension receives \$3 less per month than the comparable SSI recipient, but if they both have a non-aged, non-disabled dependent, the veteran will receive \$8 more a month.

A person can get both SSI and a VA pension simultaneously, and a few people actually do. In that case, all but \$20 of the pension is deducted from the SSI payment level. This has the effect of giving the dual recipient \$20 more than the basic SSI floor.

In general, SSI tends to favor people in dire poverty; and because the SSI accounting period is quarterly rather than annual, it favors people with substantial but seasonally fluctuating incomes. The VA program tends to favor people kept out of SSI by that program's tougher rules on assets, its failure to cover dependents, and its more restrictive treatment of social security benefits. To consolidate SSI and the VA program would require changes in each. These changes should be made soon, before the huge population of World War II veterans reaches pension age.

SSI and Social Security

Now I want to turn to what I think will be the most far-reaching consequence of SSI, namely, its impact on the social security system. SSI is a basic right to income. In contrast, entitlement to social security benefits hinges on one's past work history, and the payment is in part related to average covered earnings. However, as already indicated, social security's benefit schedule also serves a welfare-type function.

It has been pointed out that it is wasteful to have one program, the social security program, trying to achieve two separate objectives—helping those presumed needy and giving pensions based on the level of prior earnings. The waste comes about because the welfare-type portion of benefits often helps beneficiaries who are not poor.

This inefficient use of funds has led me to believe that social security should stop trying to be a welfare program and stick to being a retirement system. I believe there should be a two-layer system of income support for the aged; first, a welfare layer financed from general revenues and basing payments on income need, and second, an annuity layer financed by workers' taxes and closely related to their prior earnings levels. As long as welfare for the aged was left up to State decisions, a compelling argument could be made for having social security features that departed significantly from the principle of wage-replacement. SSI has removed that argument. SSI has become the welfare layer in a two-layer system. But social security overlaps with it, still skewing its benefits in welfare fashion.

HEW estimates that one out of five of the aged on social security eventually will receive benefits under SSI. People receiving both SSI and social security receive at least \$166 monthly in combined benefits. This \$166 level is only \$20 below the *average* social security retirement check as of July 1974. States which supplement the basic SSI payment are paying even more than the average social security retirement benefit.

Given the huge overlap in the social security and SSI beneficiary groups and the similarity in benefit levels, problems of inequity and inefficiency are becoming even more pronounced. Unless program coordination is improved, interaction between SSI and social security will cause problems for recipients and for the social security system. To illustrate this, let me trace through how SSI will affect four basic aspects of the social security system. These examples deal with four of the most popular legislative proposals on Capitol Hill:

- (1) increasing social security benefits;
- (2) increasing the minimum benefits;
- (3) liberalizing the retirement test; and
- (4) liberalizing provisions for early retirement.

In late April 1974 there were:

(1) 63 bills on the Ways and Means calendar that would increase social security benefits for everyone (most of which had been made moot by enactment of a two-step 11-percent rise, effective in March and June; other bills sought larger benefit rises, ranging up to 50 percent);

(2) 5 bills that would increase the special minimum benefit on the grounds of helping the needy;

(3) 93 bills that proposed liberalizing the retirement test so that beneficiaries can work more without having their benefits reduced; and

(4) 26 bills that called for liberalizing the early retirement provisions, either to let people retire at younger ages, or to lessen the benefit reduction the social security actuary applies to the benefits of persons retiring before age 65.

CHART 1.—EFFECTS OF SOCIAL SECURITY BENEFIT INCREASE

[All figures are monthly]

	Case A	Case B	Case C
A. ACROSS-THE-BOARD INCREASE¹			
Before the increase:			
Social security.....	0	\$100	\$200
SSI.....	\$146	66	0
Total.....	146	166	200
After a 10-percent increase:			
Social security.....	0	110	220
SSI.....	146	56	0
Total.....	146	166	220
B. INCREASE IN THE MINIMUM²			
		Case D	Case E
Before the increase:			
Social security.....		\$90.50	\$90.50
SSI.....		69.50	0
Private income.....		0	500.00
Total.....		160.00	590.50
After a 10-percent increase:			
Social security.....		100.00	100.00
SSI.....		60.00	0
Private income.....		0	500.00
Total.....		160.00	600.00

¹ Under current SSI law, unless SSI is changed concurrently, only case C is better off. If cases A and B received State supplements, those benefits would have to change concurrently, also. When Congress passed a social security increase last December, they raised SSI benefits, too. However, the increases had different effective dates, and only a few States have raised their supplemental payment levels.

² Unless SSI is changed concurrently, only case E is better off. If case D were receiving a State supplement, the State benefit would have to change concurrently, also.

First, let us consider future cost-of-living increases in social security benefits or any other across-the-board increases. As the following example in chart 1 shows, such increases will not help the poorest beneficiaries on SSI (See chart 1.). SSI was designed so that payments are reduced one dollar for each added dollar of unearned income above \$20 a month. Therefore, there is only a flat \$20 bonus under SSI for any social security income an SSI recipient may have. So, for the low-income elderly, raising social security benefits will mean only that SSI will take away what social security gives, with the total income left unchanged.

To avoid this, Congress may raise SSI benefit levels at the same time that social security is increased in order to pass the increase on to SSI recipients. But, unless the States that supplement SSI voluntarily raise their payment levels in conjunction with the congressional action, the roughly one-half of SSI recipients who get a State payment will be no better off. We heard loud complaints last year from people who lost welfare and medicaid benefits after the 20-percent social security increase, or who saw no income gain from that increase because their welfare payments were reduced. This type of complaint will be heard again.

For the second example (chart 2), consider the principle that the more you contribute to the social security trust fund, the more you should benefit from social security after retirement. This will not be true for the several million retirees and widows on SSI. Their social security benefits will be worth only \$20 a month in added income, in spite of what the numbers on their social security check may say (See chart 2). Their monthly social security checks may be for the minimum benefit of \$93.80, or for \$120 or \$165, but the total income from SSI and social security will be the same \$166, only \$20 more than a person who never contributed to social security. In Massachusetts, this levelling effect will apply to individuals with social security benefits as high as \$272; in California, to couples receiving the maximum social security benefits payable anywhere in the Nation.

By contrast, the VA pension program does not relate to social security this way. Under the VA program, a veteran with social security would retain about 40 percent of that benefit, having only 60 percent of it used to reduce the pension.

CHART 2.—NET RETURN TO RETIREES FROM SOCIAL SECURITY BENEFITS

[All figures are monthly]

	Case A	Case B	Case C
Social security.....	0	\$100	\$200
SSI.....	\$146	66	0
Total.....	146	166	200

Note: Case B has a \$20 advantage over case A, so B's social security benefit is worth 20 cents on the dollar. The higher-benefit case (C) has a \$54 advantage, which means that the \$200 benefit is really worth 27 percent of its face value.

This reduction in the worth of social security imperils its popularity. Unless the relationship between SSI and social security is improved, social security will lose supporters.

As a third example of how SSI and social security interact, consider the retirement test used by social security to partially reduce benefits when beneficiaries go to work. Liberalizing the retirement test has long been popular, urged mainly as a measure to let the elderly supplement meager social security benefits with wages. But liberalizing the retirement test will do nothing for the neediest aged on SSI. How much their earnings add to total income is governed not by the social security retirement test but by the lesser amount of earnings disregarded in computing SSI benefits. (See chart 3.) Liberalizing the retirement test may be constructive, but it will not help the neediest beneficiaries. Chart 3 shows this limitation.

CHART 3.—EFFECT OF THE SOCIAL SECURITY RETIREMENT TEST AND THE SSI EARNINGS DISREGARD

[All figures are monthly]

	Case A	Case B	Case C
Cases with no earned income:			
Social security.....	0	\$100	\$200
SSI.....	\$146	66	0
Total.....	146	166	200
Cases earning \$150 a month:			
Earnings.....	150	150	150
Social security.....	0	100	200
SSI.....	114	24	0
Total.....	264	274	350

Note: The social security retirement test ignores the full \$150 of earnings in benefit computation. However, the SSI rule does offset a part of earnings against benefits, so cases A and B gain less from work (\$118 and \$108, respectively) than case C (\$150).

Finally, think about what will happen to the financial penalty imposed by social security for retiring early at age 62. Social security data show that 60 percent of new retirees stop work before age 65, even though they are penalized by an actuarial reduction in their benefits. This proportion is likely to increase

under SSI because there will be a greater number of social security beneficiaries with little to gain from full retirement benefits at age 65 compared to what SSI will offer them. What a low-wage worker loses in social security by retiring early, SSI will make up. Chart 4 illustrates this. (See chart 4.)

CHART 4.—IMPACT OF SSI ON EARLY RETIREMENT DECISIONS

[All figures are monthly]

	Case B		Case C	
	At age 62	At age 65	At age 62	At age 65
Cases retiring at age 65:				
Social security.....	\$160		\$200	
SSI.....	6		0	
Total.....	166		200	
Cases retiring at age 62:				
Social security.....	\$128	\$128	\$160	\$160
SSI.....	0	38	0	6
Total.....	128	166	160	166

Note: If cases B and C retire at age 65, case C has \$34 more in monthly income. But if they retire early, when they reach age 62, case C's advantage has been eliminated. In effect, case B suffers no penalty for early retirement since SSI makes up for the actuarial reductions.

The four legislative favorites that I have discussed essentially are *irrelevant* to people on SSI. The first three measures cannot help them at all. As for the fourth, anyone who expects to be on SSI at age 65 is unlikely to be deterred by early retirement penalties of social security.

These program interactions today are unfair to taxpayers as well as beneficiaries. The welfare role played by social security's minimum benefit, for example, holds down potential SSI expenditures. As a result, workers who pay the regressive social security payroll tax are paying to provide an income floor for the aged that should be financed by the progressive federal income tax. Straightening out the roles of the two programs is likely to require bigger spending on SSI from general revenues, but it should also mean bigger retirement benefits for people paying the payroll tax. When the wage-earner retires, the retirement benefit could replace a higher percentage of wages if social security were freed of the burden of welfare-type provisions.

PROBLEMS WITHIN THE SSI PROGRAM

Major administrative problems for SSI may stem from tolerating some of the old State welfare rules about eligibility and computing benefits. In the State supplemental programs, a State opting to administer its own program can retain the detailed, case-by-case itemized budget approach that we associate with welfare administration. But even if federally administered, HEW permits State supplementary programs to apply some of the most despised eligibility provisions of the old assistance programs—holding liens on a recipient's property, and requiring relatives of a recipient to contribute to his support. HEW plays no role in administering such rules, however.

The basic federal SSI program outlaws liens on property or contributions from relatives. But there are two other federal administrative provisions which, if properly enforced by the Social Security Administration, will add enormously to the administrative burden and must be very unpopular with both actual and would-be recipients. If not properly enforced, these rules will appear arbitrary and capricious and will be equally unpopular. These are the limits on assets and the very broad definition of what is to be counted as "income."⁹

There always have been several drawbacks to using asset limits to determine welfare eligibility. It is sad that an otherwise simplified and improved program like SSI kept this sort of rule. Strict asset limits add to administrative problems,

⁹ For further discussion of these issues see *The New Supplemental Security Income Program—Impact on Current Benefits and Unresolved Issues*, Paper No. 10, prepared for the Subcommittee on Fiscal Policy, Joint Economic Committee (Washington: U.S. Government Printing Office), October 1973.

because monitoring asset inventories is more difficult than keeping track of income, and setting a value on some types of assets—even such a common thing as real estate—can be very difficult.

Worse than the administrative problem are the perverse results of an asset limit. A recipient is rewarded for spending current income on consumption goods and penalized for being thrifty and saving. An applicant who accumulated some property in the past is punished, while an applicant who never saved a penny is benefited. A better solution is needed to give people incentive to save and to avoid the difficult and demeaning administrative job of worrying over whether a person's automobile is too fancy or whether the value of a recipient's house has inflated beyond the program's \$25,000 limit.

The law, and the administrative interpretation of it, seem to go too far in the scope of things to be counted as income. For instance, the rules say that if a person is regularly taken to dinner by a relative, the value of that meal is to be regarded as income of the recipient. If a person receives a gift or award, even if in the form of an article rather than cash, the article's value must be counted as income. How to administer such an income definition boggles the mind. Although \$60 per quarter of irregular or infrequent income is not to be counted, someone has to keep track of who is over the \$60 limit and by how much. SSI's income definition represents a left-over relic from the old welfare system.

Another troubling aspect of SSI is the continued pressure to have federal funds offset State costs if a few States choose to raise their supplemental payments. When SSI was enacted, we provided the States with fiscal protection against cost overruns due to caseload growth. We felt the States deserved this protection against the uncertainties of a major change in very complex statutes. But except for this transitional protection for certain high-payment States, congressional intent under SSI was to offer the same income floor for the aged, blind and disabled regardless of place of residence.

But pressure for more federal sharing in State supplements, especially in the high-payment States, is considerable. I led a poor fight to defeat such a move last year, but Congress confronts this issue again this summer.

Let us examine the primary arguments for continued federal financial involvement in State-supplementary programs. First, it is claimed that people desperately need the money because of increases in the cost of living. There is little doubt that this is true, but the money is most desperately needed where benefits are lowest, not in the several so-called "hold harmless" States, where benefits already are relatively generous. *Offsetting cost-of-living escalation is most effectively accomplished by raising the basic SSI floor.*

Second, it is argued that costs of living are much higher in some States than others. In fact, differences in *standards* of living are much greater than in *costs* of living, and people tend to confuse the two. A recent study showed that at incomes near the poverty level, the widest gap in living costs between any two urban areas was only 8 percent of the poverty income level.²⁰ Poorest persons and families must confine their purchases to basic necessities, and these differ little from one area to another. Further, price differences are greater *within* regions than *between* regions. For example, differences in living costs between the average Southern city and the average Southern nonmetropolitan area are greater than those between the average North Central city and the average Southern city. While we often think of certain northern industrial States as having exceptionally high costs of living, people living in Atlanta, Georgia and Topeka, Kansas actually have higher living costs than several million people in New York, California, Michigan, and Pennsylvania who don't live in the largest cities.

If differences in State supplementary levels bore a consistent and significant relationship to cost-of-living differences, perhaps the grounds for federal help to continue raising them across the board would be stronger. Since this is not the case, federal help largely would serve to further irrational differences among States based on State fiscal capacity.

Third, some people apparently feel that their State legislature will not be generous and automatically pass on the SSI increase. They might be right, but it is unfair to pass the buck to Congress and say, "You do what my legislature will not do, and you pay for some or all of it, too." Social security and SSI increases save most States money. If voters in those States want those funds channelled to the aged, blind, and disabled, they can make their voices heard.

²⁰ See Timothy M. Smeeding, "Cost of Living Differentials at Low-Income Levels," Institute for Research on Poverty Discussion Paper No. 190-74, University of Wisconsin, 1974.

It is always difficult to answer letters from constituents who have been led to expect increases in their incomes because of social security or SSI increases, but find instead that their total incomes are unchanged or only slightly higher because of reduced State supplements or higher rent or food stamp prices. But I fear that we have been less than forthright in such matters. These programs are based on income, and as income rises benefits are reduced—for the aged as for everyone else. Unless we are willing to freeze need-based benefits for all recipients—ever increasing, never decreasing them, regardless of changes in other income—I can see little justification for making exceptions. We should make much greater efforts to help people understand why their benefits change.

In my judgement, SSI should be raised initially by more than cost-of-living increases, and eventually by price changes alone. Raising this cash amount will help needy recipients more than other, piecemeal ventures for the aged such as transportation stamps, housing allowances, extra food stamps, or investment of federal funds in raising State benefits. And, I urge you to remember that these "piecemeal ventures" also are income-related benefits, and if enacted, would only exacerbate the problem of benefit reductions as social security or SSI increases were granted.

CONCLUSION

In closing, let me briefly restate my major points. We have completed a decade of tremendous growth in programs aiding the aged, culminating in the start of the SSI program. The demographic trends suggest the social security system will face a financial crisis about 40 years from now when the post-war babies are all retired and dependent for benefits upon a relatively smaller work force. Thus, our income security system for the aged—both public and private benefits—needs some restructuring.

I suggest that the two programs based on need—SSI and VA pensions—be merged in recognition of the duty the Federal Government has to treat like persons alike. And since recipients of SSI and veterans' pensions generally also are social security beneficiaries as well, I suggest that the relationship between welfare programs and social security be straightened out to resolve the various problems I described. These problems may strike some as insignificant technical quirks, but they trouble constituents deeply, and most of us would like to have solutions for them.

Before these problems of coordination can be dealt with, it seems to me that social security must turn away from its past attempts to provide an adequate income floor for beneficiaries and resolve instead to more consistently—and more generously—replace some of the earnings lost by the retired and disabled. But SSI must be strengthened and enlarged if it is to provide a substitute for the welfare elements of social security. Changes are necessary in SSI benefit levels, and SSI must be better integrated with social security. In particular, SSI should be operated with such dignity and objectivity that applicants and recipients feel comfortable with it. And SSI benefits, now set at \$146 for individuals and \$219 for couples, should be raised, initially by more than cost-of-living increases, and eventually by price changes alone. Increasing the basic cash floor will help needy recipients more than other piecemeal ventures.

As I have illustrated, programs for the aged do not constitute a coordinated system. Thus, small changes in one program can have unfortunate and unintended consequences. The problems are basically structural in nature, but are compounded by the misunderstanding of recipients. Perhaps the most crucial is that SSI recipients see no gain from social security increases unless corresponding increases are granted in SSI. This problem can be solved by coordinating social security and SSI increases.

Another serious problem is that social security benefits and coverage decline in value as welfare benefits are raised. More persons find that their total income is only \$20 more per month than it would have been without social security coverage. Moreover, all social security beneficiaries who qualify for SSI (and have no other income) will have identical total incomes, regardless of the amount of their contributions to social security or the amount of their social security benefit checks.

Since a substantial share of social security beneficiaries now receive amounts greater than employer-employee contributions plus interest, there is some logic to this 100-percent benefit-loss rate. But if social security is reoriented so that benefits more truly are earned, the SSI benefit-loss rate applied to social security income should be reduced at least to 67 percent. This would permit a desirable differentiation between retirees based on their former status as social security contributors.

Senator CHURCH. Our next witness is Hon. Bella Abzug of the U.S. House of Representatives.

Ms. ABZUG. Thank you, Mr. Chairman. I am very thankful for this opportunity to come before you. There are some very pressing matters that I'm involved in with the House simultaneously, and I'm going to give you my testimony, and would seek your indulgence with respect to my time factor.

I would love to answer questions, but it may be that if I get a message I will probably have to leave. If time permits, I will present by statement now. If I should have to leave, I will leave my statement for the record.

Senator CHURCH. That would be perfectly acceptable.

STATEMENT OF HON. BELLA ABZUG, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Ms. ABZUG. Thank you very much. Since early January of this year, my office, like that of every other Member of Congress, has received thousands of letters and telephone calls from anguished elderly, blind, and disabled SSI recipients. It would be easy to blame the administration for all the hardships and indignities which are being borne by all these poor people.

In all seriousness, we must not and cannot take the easy way out. Every Member of Congress must accept the ultimate responsibility for what is happening to more than 3 million of this Nation's poor who were converted from State public assistance to a flat grant payment system under the SSI program.

Seven months of operation of the SSI program have demonstrated that there are serious legislative, administrative, and intergovernmental deficiencies inherent in the present SSI program. These are problems which Congress has a responsibility to remedy. To this end, I have introduced a bill, H.R. 14753, cosponsored by 30 Members of the House, which makes a limited but necessary beginning in the acceptance of that responsibility.

Probably the first, and one of the most striking, problems which became clearly apparent was our failure to provide authority to the Secretary of HEW to make emergency payments to recipients who had not received their monthly payments.

I do not want to dwell upon the very large number of checks that were undelivered, or delivered late, in January. Again, that would be the easy way to justify an amendment broadening the Secretary's emergency check issuance authority. The experience of January was not very typical. Fortunately for many recipients who did not receive their checks when due, the Secretary was able to provide some help by imaginative use of his authority under section 1631(a)(4)(A) of the act. That section provides that the Secretary "may make to any individual initially applying for benefits" an advance of \$100 from the first month's benefit. Under this section, checks are made out in advance in denominations of \$50, \$10, and \$5. It is not necessary to wait for the Treasury Department to issue an individualized check. Thus it takes only a matter of minutes for the local Social Security official to endorse combinations of these checks—called prepositioned checks—to reach the appropriate total for the individual.

In January, the Secretary simply declared that all 3 million people who were automatically converted over to Federal administration

were initial applicants, thus allowing him to make advances under section 1631(a)(4)(A). While this may have been stretching the meaning of that section somewhat, none of us can fault the Secretary for skillful, imaginative, and humane stretching of the law, given the emergency. However, it is obvious that even that generous interpretation of that section cannot be extended beyond initial applicants to ongoing recipients.

EMERGENCY PAYMENTS NOT AUTHORIZED

Once a person begins to receive SSI benefits, it is not possible to characterize him as an initial applicant. Thus if a person, through absolutely no fault of his or her own, does not receive the regular monthly SSI check, the Secretary has absolutely no authority to make an emergency payment.

Section 1 of my bill would provide that authority. Currently, without such authority, innocent recipients are made to bear the burden of agency mistakes, postal service errors, delays and thefts, or whatever. While they wait, they must often go without food and they often face the threat or reality of immediate eviction. If they are fortunate, private welfare agencies, churches, community action programs, and other organizations and individuals may partially assume our responsibility. Enactment of section 1 of my bill will place that responsibility where it belongs. Significantly, Governor Reagan has expressed his support for enactment of similar legislation by Congress; I think this demonstrates the noncontroversial nature of this provision.

Section 2 of my bill seeks to have both the Federal Government and the State maintain their level of assistance in the face of rampant inflation that appears to have become a permanent fixture of our society. It is not necessary to belabor the point that those individuals who must rely on the SSI program are the most vulnerable to inflation.

Each of the subsections of section 2 of my bill is designed to deal with one aspect of the inflation problem. Together, they do nothing more than keep people from becoming worse off; that is, the level of governmental effort is maintained at its initial level. I would hope that someday very soon we can actually increase our level of effort.

Section 2(a) of my bill permits, but does not require, each State to maintain at the very least the level of effort which it had made immediately prior to conversion from the State programs to SSI. When we passed H.R. 1 in October 1972, we permitted the States, in section 401—the so-called hold-harmless section—to maintain the levels of effort they had established on January 1, 1972. If a particular State had a January 1972 grant level for the elderly of, say, \$175 per month, we permitted it to add \$45 to the Federal SSI payment of \$130, so it could maintain its level of effort, and insured the State that if it did so, it would not have annual costs for its elderly poor which exceeded its calendar year 1972 costs.

It was then necessary to use an antecedent date because to do otherwise would be to extend a very tempting invitation to the States to take advantage of the Federal Government. For example, if, in October 1972, we had utilized the December 1973 grant levels as a maintenance of effort/hold-harmless level, it would have been possible for our hypothetical State to increase its grant level to \$500 per month in November of 1973. Thus, by incurring the necessary increased costs

for 2 months, the State could have "bought" a permanent supplemental grant level of \$500 per month for its recipients for just the cost of 2 months grant expenditures. That would have been a literal steal. Such exploitation, sadly, is not merely hypothetical.

However, since January 1, 1974, has come and gone, such exploitation is no longer possible. Because section 401 of H.R. 1 did not recognize any grant increases made by the States after January 1972, any States which made such increases did so for reasons other than attempts to exploit the Federal Treasury.

Thus, section 2(a) of my bill at least provides the States the opportunity to maintain their level of benefits as of December 1973, without putting them to the Damoclean choice of boosting the relative tax burden of its citizens above what we promised would be an upper maximum—that is total calendar year 1972 welfare expenditures—or cutting grant levels.

Many States took the latter choice and I am sorry to say that we are responsible for having caused that. How can any of us justify reducing grants to some helpless old man or woman or some blind or crippled person during the Nation's worst inflationary period? I do not think that any Member of this Congress would consciously desire such a cruel, unfeeling result. I know we had some differences of opinion about that particular section when the original legislation was passed.

AUTOMATIC INCREASES PROPOSED

The next three provisions provide for a comprehensive post-January 1974 maintenance of effort. The first such provision, section 2(b) (1) (i) (1), provides that the Federal benefit levels—presently \$146 and \$219 for individuals and couples, respectively—shall be automatically increased in the future by the same percentage of any increases in title II. Social Security benefits.

Now, I'm aware of the fact that the Senate made an effort to pass various increase provisions which are similar to the ones that are provided in this section of the bill.

I'm also aware of the fact that the House did not agree, and I'm advised that some of these provisions can now be read in H.R. 8217, presently in conference. I don't know what's going to happen to these in conference. I believe that some of the provisions, as I read them, when originally included in the Renegotiation Act, did cover, to some extent, the same remedies provided in section 2 of my proposed bill, that is, various inflationary adjustments, cost-of-living increases, and so on.

Obviously, the Senate agrees that we have to do something that is very, very important, and insuring a full inflationary adjustment for SSI recipients in the States, whether it's a rise in the Consumer Price Index, whether it's adjustments of cost of living, and each of the provisions of the four sections of my bill provide for various aspects of that.

Thus the recently enacted automatic mechanism designed to provide for inflation adjustments in title II would be incorporated into the title XVI program. Such a provision would fulfill the President's request expressed in his budget message to Congress on February 4, 1974. He then said: "I propose automatic cost-of-living increases for

the aged, blind, and disabled beneficiaries of the Supplemental Security Income program." My provision will fulfill this request.

The next section of my bill, section 2(b) (1) (2) is a closely parallel provision. It requires a similar periodic increment in the "mandatory supplemental" benefits provided by section 212, Public Law 93-66, which sought to prevent actual cutbacks to pre-January 1974 recipients. To maintain the spirit of the provision, we must provide for inflationary adjustment to that commitment; my bill will keep that commitment from backtracking.

The final link in this chain is in section 2(b) (2) of my bill. It provides for post-January 1974, inflationary adjustments in the levels of optional State supplementation. It does so by adding the absolute amount of the increases in the Federal SSI benefit levels to a State's section 401 "adjusted payment level"—sometimes called the hold-harmless level. This permits the States to maintain their levels of effort after January 1974. The section also provides a strong encouragement to pass these Federal increases fully to recipients by conditioning Federal payments under title XIX upon the State's willingness actually to pass these benefits on to recipients. Presently, such increases to recipients in States with supplemental benefit levels in excess of the Federal minimums are most likely to result in inaction by the States. Such inaction results in a decrease in a State's supplemental costs; that is, a reduction, not a maintenance of effort.

In the pre-January 1974 condition of things, the State's monthly fiscal share is \$70 multiplied by the caseload. On January 1, 1974, the Federal benefit level went up \$10. Because of present law, the State remains idle and reduces its monthly costs to \$60 multiplied by the caseload. Similarly, on July 1, 1974, the \$6 Federal benefit increase further reduces State costs.

PRESENT LAW ENCOURAGES STATE COMPLACENCY

While present law is intended to benefit recipients by at least allowing them to keep pace with inflation, it creates the very strong likelihood of a reduction of effort by a State. My bill will, over time, maintain a State's level of effort at the fixed level—\$70—of pre-January 1, 1974.

If we, like the President, conclude that the Federal Government should at the very least maintain its level of effort in SSI, it is not too much to require the States to do likewise.

I would also like to point out that this last provision in my bill will not insure a full inflationary adjustment for SSI recipients in States which supplement the Federal payment. For example, if the change in Consumer Price Index from July 1974 to July 1975 is 5 percent—should we be so lucky—the Federal benefits will increase \$7 to \$153. In a State which had a supplemental level of \$200, an increase to \$210—5 percent of \$200 is \$10—would be necessary to keep recipients from backsliding. However, my bill would require only an increase to \$207. The State would be left with the free choice of adjusting its \$54 supplement by 5 percent or \$3.

Section 4 of my bill is a simple provision designed to deal with the delay inherent in making determinations of disability. It provides that the Secretary shall reimburse any State or local government which makes any home relief, sometimes called general assistance payments,

to a disability applicant during the period of time that the application is being processed. It further provides that the Secretary shall consider those payments to an applicant as income and reduce the initial payment by a like amount.

For example, a person who applies on July 1, 1974, and who is determined eligible on September 1, 1974, will receive benefits from the date of application, July 1, 1974. Back benefits will be \$292, 2 times \$146. My bill provides that if the person receives, say, \$100 per month in home relief, that person's back benefits should be reduced to \$92—\$292 minus \$200—and the \$200 recovery should be paid over to the State or local government that paid the home relief. Thus, it can be seen that this provision will not have any cost consequences whatsoever: All it does is include the States and counties to help us by encouraging the provision of home relief to our applicants during the period of application.

Sections 5 and 6 are closely related provisions designed to improve upon the statutory provisions relating to representative payees. Section 1631(a)(2) of the act now imposes an inflexible requirement that any disabled recipients who, in addition to other infirmities, may also suffer from alcoholism or drug addiction must have their SSI payments made to a third person—called a representative payee. That person will manage the recipient's grant and insure that landlords, grocers, et cetera, are paid.

My amendment to this provision would allow the Secretary to lift this requirement when such a recipient is receiving rehabilitation treatment, and when the chief medical officer of the treatment facility certifies in writing the direct payment to the recipient would have therapeutic value to him or her; and that the medical officer certifies that there is a substantial reason to believe that the recipient would not misuse or improperly spend his or her SSI payments. Such authority is necessary to assist rehabilitation facilities in achieving full rehabilitation of their patients.

APPEAL RIGHTS CLARIFIED

Section 6 clarifies an important aspect of SSI recipients' appeal rights with regard to representative payee situations. Although the Secretary is under no compulsion to do so, he has adopted regulations which deny recipients the right to challenge the Secretary's choice of a representative payee.

When we deprive a person of the right to manage his or her own affairs, we should recognize that we are treading upon very sensitive and important rights of personal freedom. An affected recipient may grudgingly accept this deprivation if someone other than the person chosen by the Secretary is the representative payee.

Now, because of the Secretary's regulations, the Secretary's choice cannot be questioned. Such dictatorial power should not exist in such a sensitive area of personal freedom.

Section 7 provides for an important omission from present law. Presently, there is absolutely no period of time within which HEW must act upon an application. As far as the law is concerned, HEW can take 6 months, or even 6 years, to act. HEW's practice up to now has been shocking. From July 1, 1973, when it began accepting applications, to April 4, 1974, 1,333,000 applications were taken. Of those,

79,000 were denied and 200,000 have been put on payment status. The remaining 1,050,000 are doing just that, remaining.

Precisely because most applicants have no other means by which to live, we had, from 1950, imposed a "promptness" requirement on the States under the former grant-in-aid programs.

SPEED-UP URGED ON APPEALS, APPLICATION

Senator CHURCH. May I just say there that we have also received other testimony urging that a time frame be imposed as a matter of law in the processing of applications, as well as the processing of appeals, and this has plagued the whole Social Security system for a long time, apart from SSI. I think that the time has come for Congress to begin to lay down some time requirements that will expedite the process in these cases.

Ms. ABZUG. I'm glad that you feel that way, Senator, because it has been really a very serious problem.

We required the States to act on all applications within 30 days, except for the disability claims which were allowed 60 days. We should require notices of the Social Security Administration. Surely, in light of its more sophisticated manager techniques, including highly sophisticated computer equipment, it should be able to act more swiftly than the States. For years prior to enactment of H.R. 1, HEW Secretaries, Presidential counselors, and the President himself constantly reminded us of the wisdom, necessity, and cost savings of a uniform nationally administered system. If they did not intend a cruel hoax, they certainly can live with the time limits that the States learned to live with.

Section 8 of my bill, I believe, fairly resolves the issue of food stamp eligibility of SSI recipients which has so engaged us for the past 2 years. During that time, we have changed the law four times. What I propose is that we make permanent the State option of cash out or food stamps embodied in Public Law 93-233, section 8.

Further, the cash out amount in section 401 of H.R. 1 is fixed in time back to January 1972. It is the bonus value of food stamps on that date. Because the bonus values are changing due to inflation, we should provide for such changes. Otherwise, recipients in those States which have chosen to retain food stamp eligibility will get increasingly larger benefits while those who opted for the cash out will be locked into the bonus value of the Food Stamp program as of January 1972. This provision will give recipients in both cash-out States and food stamp States equitable amounts of food purchasing power.

When this bill was originally drafted, it contained a provision to guarantee to each SSI recipient residing in a cash-out State that his or her SSI benefit level would reflect the bonus value of food stamps he or she had received while off public assistance. I was pleased to have participated in efforts which resulted in the eventual passage of an amendment to do just that on June 18, 1974. The new law, Public Law 93-335, corrects an error we had made in the mandatory supplementation provisions of Public Law 93-66, guaranteeing all SSI recipients that they would receive the same benefits in the SSI program as they had received in the cash-out States—California, New York, Nevada, Wisconsin, and Massachusetts. These benefits levels will include \$10 for the bonus value of food stamps and further they will receive a

reimbursement for this amount which has been missing from their SSI checks since January 1974.

SEPARATED COUPLES PENALIZED

Section 9 of my bill would amend section 1614(b) of the act to provide that the fact of the continued existence of marital relationship be determined in relationship to the facts of the particular case. Presently, the statute conclusively presumes that a couple who has decided to sever its marital relationship is still living together. When they are living together, each gets a check for 50 percent of a couple's grant. Under present levels, each gets \$109.50. This level is 25 percent less than the combined grants for two individuals.

The gross unfairness of section 1614(b) is that each member of an actually separated couple continues to receive only half of a couple's grant, \$105, instead of an individual's grant, \$140, for a full 6 months from the date of separation.

For 6 months each must live on 25 percent less than a single individual yet his needs are the same as that single individual. I suspect that the provision got into the law at the request of HEW. Such an automatic rule which, in effect, says that a couple is not really separated until they have been apart for at least 6 months makes it much easier for bureaucrats to perform their job. With it, they do not have to make an individual determination of the likelihood of the permanence of the separation.

There are various other aspects of my bill. Provisions in sections 11 to 15 contain some vital, important SSI amendments which were originally proposed by Senator Cranston during the Senate debate on Social Security amendments. They deal with issues which I am sure we will want to consider, but which are not before the committee at this time. The Cranston amendments will make some significant improvements in the SSI program.

I commend the committee and particularly the chairman for sincerity and diligence, and most of all the enormous commitment to the aged, as evidenced by these and other proceedings. It's my hope that these hearings will provide the necessary focus and impetus toward the essential legislative action I have outlined.

I do hope that any questions that I can answer will add to the record, that might be helpful in this direction.

Senator CHURCH. Thank you very much for your testimony. I think it's been very explicit, and you've gone through the various sections of the bill you proposed, and I've followed the testimony carefully. I think I have no questions but I do want to commend you for coming and for giving the committee the benefit of your testimony.

I appreciate that very much, and since you are the last witness this morning, I think we can conclude the hearing now. It will resume this afternoon in this room at 2:30.

Ms. ABZUG. Thank you, Senator.

[Whereupon, the hearing was in recess.]

AFTERNOON SESSION

Senator CHURCH. The committee will be in order.

Our first witness this afternoon is Senator Taft of Ohio. We're happy to welcome you to the committee, Senator.

STATEMENT OF HON. ROBERT TAFT, JR., U.S. SENATOR, STATE OF OHIO

Mr. TAFT. Thank you very much, Senator.

Mr. Chairman and members of the committee, as you are well aware, as Senators we hear more about the Federal programs which develop problems than the programs which are running smoothly. In that context, I have become all too familiar with the SSI program during its first 6 months of operation.

Prior to its inception this year, the SSI program was described as a great step forward in the provision of assistance for a large segment of the Nation's poor. For the first time, our aged, blind, and disabled citizens were to have a uniform income floor which would fulfill their minimum basic needs, despite their limited abilities in many cases to earn a living. The caprices, inadequacies, and inequities of 50 different State public assistance programs for these people were to disappear.

These concepts remain valid and the SSI program remains, potentially, a major step toward a more rational and responsible public assistance program. But in its first 6 months, the program has been limited by too many operating hitches and serious shortcomings:

Recipients must wait too long while their eligibility for SSI is determined, and they are assured of no assistance during this period. Recipients designated as presumptively disabled may receive help for the first 3 months of this period, but this designation has been made only in very limited circumstances—cases of paraplegics, double amputees, or those deaf or obviously blind.

Recipients are not guaranteed protection from the ravages of inflation, which is eroding even the modest benefits now provided.

Recipients remain eligible for food stamps only through interim legislation. A law which would cut off some of them in a discriminatory fashion is scheduled to become effective next June 30.

Because of the bizarre operation of program rules, a recipient cannot live in an institution which regularly charges a fixed rate or furnishes care at a fixed rate exceeding the SSI benefit level, even though he may receive the limited help from charity or another source which is necessary to do so, unless he forfeits the total SSI benefit.

Attempts by charities, relatives, friends or other sources to help support SSI recipients are rendered fruitless by the program's dollar-for-dollar penalty for maintenance and support.

Delivery of benefits is not coordinated with delivery of other Government assistance to promote recipient convenience and to reduce hardship and ignorance of available help. Many of those eligible have not been reached and have not been informed of their eligibility. This has been commented on in the *Washington Post*, in an article this morning.

Hearing rights and other legal rights are inadequate in some respects.

ELIGIBILITY RULES "UNNECESSARILY HARSH"

Some of the rules for determining a recipient's income for the purpose of calculating the benefit level are unnecessarily harsh. There is

no provision for immediate help in hardship cases involving SSI recipients whose checks have been lost, stolen or otherwise not received.

I am pleased that Commissioner Cardwell has now announced some progress in this area, yesterday.

The provision of law which forbids payment of benefits to inmates of public institutions is having a disproportionately large effect upon my own constituents, in Ohio. Several of these problems have received considerable attention already, but others which are crying for solutions have hardly been focused upon. Treatment for SSI purposes of support and maintenance furnished in cash or in kind is a case in point, because it has thrown or could throw many institutions' treatment of welfare recipients totally out of kilter.

The benefit reductions resulting under present SSI rules produce some incredible results when applied to potential SSI recipients living in institutions with fixed charges higher than the SSI benefit level. For example, leaving aside the \$20 per month disregard of income for simplicity's sake, if the institution's charge is \$156, the SSI recipient pays \$146 and perhaps the institution absorbs or a charity pays the difference. However, that \$10 is counted as "unearned income," so that the next month the SSI benefit is reduced to \$136 and the institution has to absorb or the third party pay \$20 instead of \$10. The next month there would be \$20 in unearned income and the SSI benefit would drop to \$126. Thus, the expense of the institution or third party would be increased to \$30, which the institution or third party may or may not be willing or able to pay. The ultimate result of this process would be that the SSI benefit is reduced to zero and either the institution or third party must support the SSI recipient entirely or the recipient leave the institution.

Senator CHURCH. I can think of some Government bureaucracies, Senator, where this formula might be applied with wonderful effect.

Senator TAFT. It would have a great effect in some areas. We might not need a budget system at all.

Senator CHURCH. I have a question to ask at this point. First of all, I am told that the SSA has become aware of this serious deficiency in the program, and is undertaking to find a solution for it. They promised the committee that as soon as they have agreed upon a feasible way of dealing with it, they will revise it, but I think you have stated the problem better than any other witness.

The question I have to ask you is what do you think can be done about SSI recipients who are not in an institution but who may be living with their family, with relatives, in a private home and they also are faced with a problem somewhat similar to this, the problem being, how much allowance is to be made for in-kind services that they are receiving in the home, and it doesn't seem to me to be a situation that can be readily dealt with.

Senator TAFT. Very difficult. I think the chairman has put his finger on what is going to continue to be a most difficult problem. There is, as I understand at the present time, a one-third deduction to take care of that situation, and it's applied pretty much categorically without any adjustment for the particular needs or the ability of the family to pay, or what the true value and service being provided might be.

EQUITABLE FORMULA ELUSIVE

I am afraid that you are going to have to simply try to prescribe in the law general outlines, guidelines, and then leave it up to the administration to interpret further. I think that is about as well as you can do it. I don't think you're going to be able to come up with an equitable mathematical formula.

Senator CHURCH. I doubt very much when we get down as a matter of law, it does represent a serious administrative problem as well.

Senator TAFT. There's no question about it.

Incidentally, I have written to the SSA, making this point that I just made, concerning the examples that I've just given, and the chairman is correct. We understand that they are attempting to come up with proposals to try to remedy the situation, and I am hopeful that they will do so.

The effects of such benefit reductions, I understand also, are for the present—have been limited thus far because they have not been applied to those recipients who were converted from the old welfare program to SSI. However, a potential group of some 180,000 or 200,000 of these people possibly could be affected when the annual redeterminations are made, in addition to those who were not converted or did not previously live in institutions and must have problems now. Thus, we had better act with some dispatch in trying to solve this problem or it is likely to become a lot worse than it has already been.

Mr. Chairman, I am hard pressed to think of any other program rule in the Government which operates in such a bizarre and counterproductive manner. While I am pleased that the Social Security Administration is attempting to attack this problem administratively and I urge that this effort be continued, as I have said, we had better be ready to explore legislative alternatives promptly if an administrative solution is not soon forthcoming.

Unlike "earned" wage or salary income, "unearned" income is deducted dollar-for-dollar from the potential SSI benefit once the income disregard level has been exceeded. This arrangement eliminates any possible role of significance for tax-exempt charities or other third parties, including relatives, in assisting SSI recipients. If the charity or other third party wishes to increase the income of an SSI recipient by \$1 per month and the \$20 income disregard has already been utilized, it must pay him an extra \$147 per month to do so.

Thus, it is fruitless for a charity to help SSI recipients unless it alone can support them at a much higher level than SSI benefits. Any Government-private partnership in support of SSI recipients is eliminated, including arrangements permissible under old welfare law in which the Government would contribute welfare payments to a person's institutional support while a third party would absorb remaining costs.

While this cutoff of additional help for SSI recipients might be more justifiable if SSI benefits alone provided a generous or even a clearly adequate level of support, the provision of \$146 plus the \$20 income disregard per month is simply not enough to justify a Federal policy that further contributions from private sources are to be virtually barred.

SOCIAL SECURITY DISTRICT INTERPRETATIONS VARY

In addition to these specific concerns, various complaints have come to my office involving wide variations among Social Security District Offices in the interpretation of levels of both income in-kind and resources. While individual judgments are involved and some variations will always exist, SSA should provide the training and take other necessary steps to further more equitable administration of these provisions.

As the committee well knows, the first three problems I mentioned at the beginning of my statement recently have been acted upon by the Senate but lack final resolution as yet. The Senate has twice passed my amendment to save hundreds of thousands of SSI recipients from financial catastrophe during the weeks or months necessary to determine their eligibility for SSI. This amendment would allow States and counties to be reimbursed, out of the retroactive SSI payment due to a recipient upon the determination that he is eligible for SSI, for any payments made to him during the waiting period. By assuring the States and counties that they will be reimbursed, it should enable them to extend advances at the SSI benefit level on a widespread basis. From the SSI recipient's standpoint, the result would be the same as if he were determined eligible for SSI immediately.

Protections are included in the amendment to insure that the SSI recipient participates on a voluntary basis and is promptly paid any balance of SSI owed retroactively to him. A 1-year expiration date is included so that while adopting my proposal to provide immediate relief, Congress will continue to evaluate other means of providing this emergency assistance to SSI recipients.

I believe that my amendment is of crucial importance because food bills, medical bills and other necessary living expenses will not wait 2 to 5 months for a government determination. It could help the disabled in particular, whose determinations, tragically, are subject to the longest delays. The amendment is now being considered in the conference on H.R. 8217. I urge committee members to indicate their support for it.

In the same conference, a Mondale amendment is being considered which would allow SSI benefits to increase with the cost of living. I know that this amendment has strong support. While I am not representing a State which is involved in a major way in the issue of the mandatory benefit passthrough, I am confident that Congress can resolve that issue quickly so that SSI recipients can be protected from inflation.

In late June, Congress passed legislation which extended for 12 months the present law for determining eligibility of SSI recipients for food stamps. On the Senate side on June 3 and 4, Senators Cranston, Eagleton, Ribicoff, and I all introduced similar extensions of present law.

PERMANENT ELIGIBILITY LEGISLATION IMPERATIVE

But, while the 12-month extension was extremely important, permanent legislation is still needed because the onerous provisions of Public Law 93-86 are scheduled to become effective next June 30. By man-

dating that only those whose December 1973 combined welfare and bonus value of food stamp levels exceed their present SSI benefit level would remain eligible for food stamps, these provisions would cut off SSI recipients' food stamps in a manner not necessarily based on income; create an administrative monstrosity because of the recipient-by-recipient calculations required; and eliminate food stamps for groups of SSI recipients when SSI benefits increase even if these benefit increases are designed solely to keep pace with the cost of living. We must find a better permanent provision for determining eligibility of SSI recipients for food stamps during the coming year.

While I am vitally interested in resolutions to the other problems I enumerated, I believe that generally they will be covered adequately by other witnesses. I do want to mention again my concern that delivery of benefits be better coordinated with Government assistance programs, because that point may not be covered by others. At the very least information should be available at the same location which assures that SSI recipients will be aware not only of the extent and availability of SSI but also of other Government programs such as public assistance and food stamps.

Where possible, representatives of agencies involved in other types of assistance should be located conveniently near each other. In large Social Security District Offices and wherever else it can be arranged, representatives from other Government programs could and should even be stationed in the same offices.

I would be remiss if I did not discuss the disproportionate effect which the prohibition of SSI payments to inmates of public institutions, unless these institutions meet Medicaid standards, is having upon Ohio. In the first few months, there were many State licensed but privately controlled institutions that had been under the impression that they were being classified as public, and they were receiving different signals from the district and national Social Security offices.

Although this mixup has been cleared up, there are still charges at the State level that the public institutions prohibition is being applied unnecessarily broadly and discretionarily.

Probably the most widespread effect of the provision in Ohio, however, is its elimination from SSI of about 1,500 residents of the 54 of Ohio's 66 county homes which presently do not meet Medicaid standards. Many of these facilities are primarily residential and I believe that serious questions can be raised about applying the public institutions prohibition to them.

While the prohibition is logical when applied to inmates of institutions which it is the clear responsibility of State or local governments to provide, such as prisons, the rationale is less clear with respect to residential facilities which do not have to be provided. The effect of the prohibition in such cases is to force governments which assume the extra burden of providing them either to turn away welfare-level individuals most in need of their services or to meet Medicaid requirements which they would not be forced to meet for the SSI purposes of their residents if they were privately operated.

While the best answer for public medical facilities is certainly to upgrade these facilities to Medicaid standards, Medicaid standards are not necessarily fitting or feasible for primarily residential facilities. Often these facilities have been considered to provide an ade-

quate residence and place of general care for elderly people. In some areas, especially rural ones, the situation is further complicated by the lack of sufficient alternative facilities of this type.

Thus far, I have urged that solutions to this problem be explored at the State level. However, I believe it would be appropriate and helpful for the committee to examine whether the public institutions prohibition is appropriate in these cases.

So many different concerns about SSI have been brought to my attention that this testimony is far from all inclusive. However, I believe that the problems I have outlined are some of the most serious ones which can be addressed by legislation and I am drafting legislation which would deal with them.

COMMITTEE EFFORTS COMMENDED

I commend the committee for its interest in these extremely important matters. I will work with you in any way I can to straighten out some of these initial problems and see to it that the Supplemental Security Income program comes closer to fulfilling its great promise.

I thank the committee, and I would be glad to answer any questions. Senator CHURCH. Senator, I have no questions. Your testimony is very clear, and we are not only glad to have it for the record, but we will examine the recommendations very carefully in connection with any the committee should issue, and we will also welcome any bills that you have introduced along these lines.

Senator TAFT. Thank you very much, Mr. Chairman.

Senator CHURCH. Thank you, Mr. Taft.

Our next witness is Mr. Peter Hughes, who is legislative representative of the American Association of Retired Persons. He is accompanied by James M. Hacking.

Mr. HUGHES. Thank you, Mr. Chairman. We have a rather lengthy prepared statement. Knowing that the committee is pressed for time, I would like to read a summary of that statement, and I respectfully request the full prepared statement be made a part of the record.

Senator CHURCH. Yes, the prepared statement will be made a part of the record.¹

STATEMENT OF PETER HUGHES, LEGISLATIVE REPRESENTATIVE, NATIONAL RETIRED TEACHERS ASSOCIATION/AMERICAN ASSOCIATION OF RETIRED PERSONS, ACCOMPANIED BY JAMES M. HACKING

Mr. HUGHES. Mr. Chairman, I am Peter Hughes, legislative representative of the National Retired Teachers Association and the American Association of Retired Persons, organizations with a combined membership in excess of 7 million persons. Accompanying me this afternoon is James M. Hacking, a member of the legislative staff.

Our organizations welcome this opportunity to appear before the Special Committee on Aging to offer our comments with respect to the administration of the Supplemental Security Income program and our recommendations for its further development.

¹ See appendix, p. 761.

Not only did our organizations actively support the enactment of this program, but we were also enthusiastic participants in the implementing outreach effort. We have been, and we remain, fully committed to the success of this program, for we consider it to be positive evidence of the continuing Federal commitment to the elimination of poverty among our aged, blind, and disabled population.

Once perfected, the SSI program should provide the basic floor of income protection on which may be built an adequate income security structure.

FACTS ABOUT SSI PROGRAM

In contrast to the official optimism expressed with respect to the program's implementation prior to the January 1974 startup date, we feel the facts are these:

(1) As of October 31, 1973—a full year after the enactment of the SSI program—no final administrative regulations had been published.

(2) The conversion process which was to be completed by October 1973 was incomplete at the time of implementation.

(3) On January 1, 1974, only 215,000 newly eligible persons had been added to the SSI rolls over and above those who were the objects of the conversion process carried out with respect to those eligible under the State public assistance programs.

In the opinion of our organizations, the delay in the issuance of regulations was attributable to at least two factors. First, regulations could not be written without some actual picture of what was happening under the old adult category programs; the time it took to compile this information into a coherent presentation meant delay for the promulgation of regulations. Second, the hiatus in leadership at the Social Security Administration resulting from the spring and summer delay in nominating a successor to former Commissioner Robert Ball compounded the SSI implementation problems.

We suggest that the developments at the planning and implementation stages of the SSI program should provide sufficient incentive for congressional action to remove the Social Security Administration from the Department of Health, Education, and Welfare in order to insulate its leadership from the pressures of politics. S. 3143, the bill to accomplish this end, has our strong support.

With respect to the delay in completing the conversion process, our organizations believe that the lack of consistency in the previous grant-in-aid programs forced the Social Security Administration to spend far more time than anticipated sorting out the data given by the States. Moreover, there appears to be some evidence of State "foot dragging" in compiling data to be used in the conversion process and State tardiness in confirming data returned to the Social Security Administration.

Our organizations find it unfortunate that HEW and SSA either failed to recognize or failed to acknowledge honestly the complex realities of the conversion process. The result was disappointment and the frustration of expectations.

The most disturbing of all the implementation problems encountered, however, is that with respect to the new SSI eligibles who are not former adult category recipients. Although the exact size of the new eligible population cannot be conclusively predicted, the figures

developed by the Social Security Administration's Office of Research and Statistics and those developed by the Bureau of Social Science Research, Inc., are substantially above the confirmed data from our early experience under the SSI program.

SLOW START CAUSES INQUIRY

While projecting a potential pool of new eligibles of from 3 to 5 million persons, only 200,000 were actually receiving SSI benefits in January of this year and only 300,000 by the end of March.

Our organizations are forced to inquire as to the reasons for this substantial discrepancy. Could it be that there is a designed slowdown in finding new eligibles? The original planning assumption considered by SSA in late 1972 was that with 15 months leadtime, some 80 percent of newly eligible persons could be identified, contacted, signed up and prepared to begin receiving SSI benefits when the program became effective.

We ask this committee to investigate whether or not this original planning assumption was replaced sometime during 1973 by a planning assumption designed more to protect the administration's budget than to implement the program. Unless immediate attention is given to further outreach efforts, our organizations believe that the SSI program may stabilize at a target level of participation under 50 percent of the estimated eligible pool.

While we can appreciate that the cost of the SSI program is of concern to the administration in general and the Department of Health, Education, and Welfare in particular, we do not believe that attempts should be made to restrain cost through a policy of deliberate procrastination in the enrollment of intended beneficiaries.

Senator CHURCH. May I say at that point, with respect to the public testimony that we received, that it suggests that if there was not intentional foot dragging in implementing this program, there at least was insufficient attention given to the necessity of moving ahead with this implementation during the 14 months leadtime that SSA had under the law. It's only now that they are stressing outreach to get people who should have been contacted months ago.

Mr. HUGHES. Senator, I think our feeling here is that there was intention. The evidence, at least to us and to a lot of our members, indicates deliberate foot dragging. I think whether it was intentional or not is really not the point anymore. The point is that intended recipients are not receiving SSI assistance.

Senator CHURCH. Compared with the way that Medicare is implemented by Social Security, and the very high percentage of eligibles that were blanketed in when that program took effect, this performance is a very poor one.

Mr. HUGHES. I think I would have to agree.

Senator CHURCH. All the testimony bears this out. One of the administration witnesses indicates that every effort is being made to rectify past mistakes in phase 2 of the outreach program, which will be underway soon. It is hoped that many of these people can be contacted and made eligible; but it comes 6 months after the effective date of the program.

Mr. HUGHES. Senator, we have the same assurances, but actions speak louder than words. We will wait to see what the action is.

If I may proceed, we have some recommendations that we would like to offer as a way to improve the SSI program.

Although the Congress, in creating the SSI program, ostensibly intended to minimize some of the more distasteful features of the existing welfare programs for the aged, blind, and disabled, an examination of the SSI statutory structure and implementing regulations indicates that some of the negative features of the earlier programs have been perpetuated.

The SSI program was to provide a guaranteed minimum income for all aged, blind, and disabled persons whose income from other sources is below a stated amount. Moreover, this minimum was to be provided in a manner designed to promote both dignity and independence. Unfortunately, insufficient income is not the only test for SSI benefits. Benefits are also conditioned upon the value of an individual's assets—both real and personal.

ASSETS TEST DEMEANING

Our organizations consider this resource test to be demeaning and at variance with the spirit of the program. The inclusion of this test is hardly what we would call a departure from past practice and its effect is the same as it has always been—to defer individuals from participation by subjecting them to probing questions and placing the onus on the expectant recipient to prove that he is a pauper.

At this point, I would like to add a personal note. I know from my association with you and the members of your committee and your staff that this is of particular importance to older people.

Senator CHURCH. Yes.

Mr. HUGHES. We hear so much about welfare programs, and people driving up in their Cadillacs and standing in line to collect their welfare checks, but I know that you have personal experience and we have personal experience, that with older people this feeling of demeaning the person prevents them from participating in a program such as SSI, because they do not like the connotation of welfare. We feel very strongly about this point.

Features such as the resource test are hardly designed to preserve the dignity of the SSI recipient.

Our organizations urge the repeal of either the resource test of section 1631(e)(1)(B) prohibiting the use of income resource declarations as a means of establishing eligibility for the program. If the true goal of the Congress was to make SSI a program to erase the welfare connotations of the previous grant-in-aid programs, the statute might be amended by inserting language directing the Secretary to make the application process as simple as possible.

While our organizations desire to see the resource test removed or neutralized, we also recognize the lack of congressional enthusiasm for making the availability of SSI assistance easy.

RESOURCE TEST MODIFICATIONS RECOMMENDED

We therefore recommend that the following modifications of the resource test be considered:

First, we urge that the individual's home either be excluded entirely from the resource test or at least be valued in a manner that takes into account regional variations.

Second, we recommend that regulation section 416.1216 governing the exclusion of household goods and personal effects be amended to provide for a declaration by the recipient that he does not have household goods and personal effects of unusual or exceptional value.

Third, with respect to the limitation on valuation of an automobile under section 416.1218(b), our organizations recognize that an SSI level of income hardly permits one to continue payments on an expensive car or even to meet the cost of maintaining a luxury car over time; we therefore recommend redefining the limit at that level at which an individual may continue to maintain a vehicle.

Fourth, our organizations suspect that the limit set for the exclusion of life insurance policies is not high enough and has been a substantial obstacle to elderly participation in the program. As the committee is well aware, it is set at \$1,500. We think that limit should be raised substantially.

Finally, until such time as the resource test is repealed completely, we would urge that resource valuation limitations be cost-indexed in order to prevent SSI recipients from being denied benefits as a result of the inflationary appreciation of property values.

With respect to the income test and the income exclusions, our organizations believe that the income test for eligibility and payment purposes should be cost-indexed in order that SSI benefits will retain their purchasing power over time. We also believe that the exclusion amounts should be indexed to prevent such things as dollar-for-dollar reductions in SSI benefits as a result of OASDI cost-of-living increases.

While the cost-indexing amendment, which was attached to H.R. 8217, would accomplish some of these objectives—cost-indexing the amount used for eligibility and payment purposes and the earned income exclusion amount—and therefore has our support, it would not accomplish all of them.

As an issue tangentially related to SSI payment levels, our organizations must question the regulatory interpretation concerning the one-third reduction in payments for an SSI recipient living in the household of another. In our opinion, the statute does not absolutely require adherence to the one-third reduction regardless of whether the individual is making any payments for support to the person in whose household he is living.

Reducing incomes for those who are contributing support and maintenance within a household conflicts with the availability of full benefits for those who pay for their support and maintenance on the outside. At stake here is the same infringement on the older American's pride that made old age assistance distasteful—an infringement on the pride which compels an older person to contribute his fair share.

Fully recognizing that the SSI program, as presently constructed, is not a purely Federal program, but rather a Federal-State partnership, the issue of State supplementation of the basic Federal benefit raises a number of policy issues which this committee should explore.

Thirty States have raised their adult payment standards since January 1972, the base date for the formula for cost-sharing under the title XVI program. At least 20 of these States at the close of 1973 had payment levels above the basic Federal floor. Consequently, with respect to these, supplementation of the basic SSI grant is required. In order to provide supplementation to all eligible recipients at levels

equivalent to the recent payment standards in these States, approximately half of them will find it necessary to increase their State and local expenditures for adult assistance above calendar year 1972 levels.

HOLD-HARMLESS FORMULA

The "hold-harmless" formula will not protect these latter States against such increases because of the 2-year lag in the base period established for the adjusted payment level. In these States the requirement for mandatory supplementation of individuals converted from the previous grant-in-aid programs has confronted them with the possible necessity of not supplementing all recipients to the payment standards, thus establishing a discriminatory "two-tier" system of income supplements as between mandated and nonmandated recipients—a double standard of supplementary income support within the same State.

There are two possible alternatives which could adjust this discrepancy, either change the base date of the adjusted payment level or cost-index it. Both of these solutions would have the effect of shifting the burden of supplementation cost to the Federal Government.

Our associations recommend the cost-indexing of the adjusted payment level. This method assures continual readjustment of this crucial component of the spending formula.

The failure of the Congress to enact some formula for assuring that the recipient will receive increases in the basic SSI Federal payment in addition to the State supplement, has further compounded the problems in the high payment States.

Under present law, there is no assurance that basic payment increases will be "passed through" to the recipients of State supplementary payments. Indeed, the increased Federal payment may be retained by the State government to prevent it from spending above its hold-harmless level. In the light of the fact that both of the SSI increases enacted to date were not passed on to recipients in eight States, our organizations would urge the Congress to expedite action on the passthrough formula contained in H.R. 8217 and would urge the Members of the Senate to insist on their amendment in the conference committee.

Senator PERCY. Excuse me. I wonder if I can interrupt you at this particular point. I have just had a notice from the floor that the consumer protection bill is being taken up.

Mr. Chairman, if I could just ask a couple of questions before I must go to the floor.

Senator CHURCH. Certainly, please do so, Senator Percy.

Senator PERCY. I wonder how you would propose we clarify the relationship between various income maintenance programs, both public and private, that is, so that we get the most for our dollars.

PROGRAM OVERLAP CREATES PROBLEMS

Now, we have obvious overlaps between basic Social Security benefits, SSI benefits, private pensions, savings, and so forth. Do you have any thought in mind as to how we can coordinate these or clarify the relationship between them?

Mr. HUGHES. I'd like to ask my associate to answer that.

Senator PERCY. Incidentally, can everyone in the room hear our witnesses? Most are shaking their heads no; I think you have to speak right out into those microphones. Thank you.

Mr. HACKING. OK, fine. Part of the problem, Senator, is that too many committees have jurisdiction over too many programs. The Congress enacts bills that are looked at by one single committee, and reviewed fully only within that committee. Consequently, you get overlap, you get one social program frustrating another. The impact of a proposed change in one program or other programs is never looked at by any supercommittee. There's no committee that looks at everything.

On the other hand, there are some ways of getting around this. I think the experience that we have with the pension reform legislation, where it had to go through two committees in each House of the Congress, was very successful and something that should be done more in the future to avoid having programs and bills considered in isolation.

Perhaps this committee, with respect to the aging programs, should assume this overview type of function. This committee should look at a particular bill on its merits and consider its effects on other programs, like the SSI, veterans' pension, and other social programs.

This overview function and the routing of bills through a number of committees is critically needed. I think that is one step to eliminate the problem.

Senator PERCY. Could you comment on what your association would consider to be an effective guaranteed income level for the SSI recipient?

Mr. HUGHES. As a very minimum, the poverty level.

Senator PERCY. Thank you. Lastly, we've had a great deal of newspaper comment on the actuarial deficits that will occur in the old Social Security system.

The Social Security Board of Trustees has reported that the Social Security system is facing a 3-percent-long-range actuarial deficit.

Would you care to comment on your association's reaction to this report? We have a great deal of concern. I've never heard as much adverse comment about the Social Security system as from people who feel that they may be paying in all of their lives and then the trust fund will end up not having enough in it. Will they have to depend on appropriations from general revenues in order to guarantee benefits?

Mr. HUGHES. Senator Percy, our associations are extremely concerned about the charges being made against the Social Security system.

We have some of the same doubts, I must admit. Many of our members who are currently recipients of Social Security write to us and tell us they don't want their children and their grandchildren to be paying in 5.5 percent of their income.

We have grave concerns, and we were pleased that this committee saw fit to start a series of hearings in this Congress on Social Security. You were basically ahead on the major criticisms that have been appearing in the newspapers recently, and we would hope that these hearings would continue and that we really can work for new directions in Social Security.

I think off the top of my head, one of the first things that we would recommend would be a serious consideration of general revenues to finance the system. Mr. Hacking of our staff is our expert on Social

Security, and he may have some further comments to make. However, I would like the opportunity to meet with you or your staff at a later date and discuss this issue more fully.

Senator PERCY. I would welcome that. I would like to set up an appointment with you to discuss this. It's a matter of great urgency, and I noticed that Senator Church joins me in expressing a deep concern about it.

Mr. Chairman, I would like to thank Mr. Hughes and also the National Retired Teachers Association and the American Association of Retired Persons whom I've enjoyed working with tremendously, and they have been of tremendous help to me and my staff.

Mr. Chairman, if I may, I would also like to indicate to Father Charles J. Fahey my deep regret at not being able to stay for his testimony, but I will study it thoroughly. He has been of tremendous help to me, as has the American Association of Homes for the Aging. I know everyone on the staff here recognizes Constance Beaumont, who worked very closely with this staff before leaving my office to join AAHA. We consider her to be one of the truly gifted and dedicated people in this field.

May I also ask the Honorable Edwin F. Flowers, the Commissioner of the Department of Welfare in West Virginia, to stand if he is in the room?

Mr. FLOWERS. Yes.

Senator PERCY. I would like to introduce you to my daughter, Sharon Rockefeller. Although she is interested in the problems of the SSI program, I know she does want me to take her to the floor now to work on the consumer protection bill.

Thank you very much, Mr. Chairman.

Senator CHURCH. Thank you, Senator Percy.

Mr. HUGHES. Should I proceed, Mr. Chairman? I have one page left.

Senator CHURCH. Will you, please.

BASIC PAYMENT SUBSTANDARD

Mr. HUGHES. The final issue upon which our organizations would like to comment this afternoon is the substandard level of the basic payment. We feel it is not too much to ask that aged, blind, and disabled persons be guaranteed income sufficient to lift them from poverty. SSI benefits should provide an income at least equal to the poverty threshold. The limited OASDI benefits and earnings which recipients are permitted to retain should be used to raise them to an income above this level.

We have mentioned before the possibility of defining poverty in such a manner designed to accommodate regional, State, or even intrastate variations. We have also acknowledged that the administrative burden and expense of constructing and maintaining such a flexible definition as the guide for basic SSI payment levels might be prohibitive. Nevertheless, we believe that such a flexible definition should be seriously considered.

In conclusion, Mr. Chairman, once the Federal SSI payment, resource and income-resource exclusion amounts are cost-indexed, and the basic Federal payment is set at not less than the poverty level, a long stride will have been taken toward removing from the poverty

category the substantial numbers of aged, blind, and disabled individuals whose fate has been such a conspicuous blot against this country's record of social progress for the last 30 years. If coupled with a prodigious and continuing effort to bring into the program all those who are potentially eligible for its benefits, this blot may finally be eradicated.

Thank you, Mr. Chairman, and I will be happy to answer any further questions that the committee might have.

Senator HANSEN [presiding]. Thank you very much, Mr. Hughes. I appreciate your kindness and your appearance here today. Let me say that there may be questions that I would like to ask. Regrettably, I had another engagement that precluded my being able to hear your most interesting presentation. If it be agreeable with the other members of the committee, it would be my intention, and perhaps this may already have been announced by the chairman, that this hearing record would remain open for a while in order that we could submit written questions to you, and if I may defer at this moment, let me say, when I have an opportunity to read your full statement, I might very well like to submit some written questions.

Mr. HUGHES. Senator Hansen, our organizations are well aware of your interest in the aging, and we would be more than happy to respond in writing to any questions that you may have.

Senator HANSEN. Thank you very much, Mr. Hughes. I appreciate that.

Let me thank you both, then, again for your appearance here today.

Senator HANSEN. The next witnesses from whom we will hear is the second panel: Robert Greenstein from the Community Nutrition Institute, and the Right Reverend Charles J. Fahey, whom I understand is presently president-elect of the American Association of Homes for the Aged, and Jack Ossofsky, the executive director of the National Council on Aging.

Before hearing from this panel—and I failed to mention him, by no means the least important of the panel members is the Honorable Edwin F. Flowers, the commissioner for the Department of Welfare of West Virginia.

As that panel is coming forward, I would like to submit, in the interest of contributing to instructive discussion and analysis of the Supplementary Security Income program, two manuscripts dealing with administrative and other areas of concern with SSI, and ask that they be printed in the record of these hearings.

The first contains the observations of Mr. Earl F. Crittenden who is district manager of the SSI program in my State of Wyoming. He comes from Cheyenne.

And the second is a letter that I wrote recently to Commissioner Cardwell pertaining to determinations of income in-kind relating to eligibility for SSI payments.

Without objection, they shall be submitted and entered into the record.

[The information follows:]

JULY 10, 1974.

HON. CLIFFORD P. HANSEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HANSEN: This is in reply to your letter in which you requested information on special areas of concern within the Social Security program.

The SSI program does seem to present some anomalies. A stated purpose of federalizing what were three state administered programs was to reduce the amount of "welfare fraud." Actually the legislation contained no specific prohibition against disposition of resources in any manner an individual wishes in order to qualify for SSI payments. The Regulations and/or administrative procedures also contained no instructions to question any sort of arrangement that an SSI applicant may have made in order to reduce his resources to a level that will enable him to qualify for payment. People experienced in the field of public assistance tell me that this is an area in which a significant amount of fraud occurred, or was attempted, during the thirty-five years of state administration.

There are a couple of areas of concern regarding SSI payments based on disability. The law requires application of the definition of disability used for Title II beneficiaries to applicants for SSI disability payments. This definition requires a considerably higher level of severity than that which was applied by most states in the Aid to the Permanently and Totally Disabled program. This definition also requires that disability must be expected to last one full year or the applicant is not found to be disabled. This causes a considerable hardship on individuals with a totally disabling illness or injury which may be expected to last only six or nine months if their income has stopped because of the disability. Their need is frequently as great as it would be if the disability were expected to last a longer period of time. Also, in the SSI disability program there is no minimum age requirement as there was for APTD. This creates such problems as the application of a test of disability that centers around an ability to be gainfully employed to persons only a few weeks of age. It has removed some children from the AFDC rolls with a resultant confusion between state and federal payments to the same household and based on different standards. It would seem more consistent to expect all children eligible for public assistance or other income maintenance payments to continue to have eligibility under the AFDC program and to make SSI disability payments to those whose disability is the reason for their need for income maintenance.

At the present time we are experiencing contact with people with both SSI and SSA eligibility who also receive a monthly supplemental payment from the State. Although the increases in both programs were intended to recognize higher costs of living, many of these people did not get any net increase in their payments as the state supplemental payment was reduced by the amount of the increase in the other payment. These are the people who probably need an increase more than any others because their eligibility is based on having a very low income.

Within the regular social security program I have an added concern. There is considerable growing pressure to eliminate the "retirement test." I am sure the Social Security Administration has to accept the responsibility of a considerable amount of this pressure because it is based on a misunderstanding of the intent and philosophy of the program. Nevertheless it does exist. It is my personal opinion that the retirement test could be modified to operate more equitably if based only on a beneficiary's income. This would remove some of the gross inequities through which many people receive substantial social security benefits on attainment of age sixty-two when there is no change in their earned income and when they were no more retired than they have ever been during their adult working life.

EARL F. CRITTENDEN,
District Manager.

JUNE 21, 1974.

JAMES B. CARDWELL,
Commissioner, Social Security Administration,
Headquarters Building, Baltimore, Md.

DEAR MR. CARDWELL: I am writing to bring to your attention a problem that many homes for the aged and their elderly residents have encountered in connection with the recently implemented Supplemental Security Income program.

The problem, which concerns residents of private, non-profit retirement homes, seems to stem from the Social Security Administration's interpretation of Section 1612(a)(2)(A) of Public Law 92-603. This Section defines income—both earned and unearned—which, as you know, must be considered in the computation of an SSI recipient's allowance.

In defining income, Section 1612(a)(2)(A) states that unearned income includes support and maintenance furnished "in case or kind" to an individual. In computing the amount of case assistance to be granted to residents of private,

non-profit retirement institutions, SSA officials are counting charity or philanthropy as "in-kind" income, thereby reducing the amount of such individuals' SSI payments. This policy has resulted in many individuals' actually receiving less income than before January 11, 1974, when SSI went into effect, and it has also substantially reduced the capacity of non-profit retirement institutions to care for indigent persons. Also, in so far as SSI eligibility determines Medicaid eligibility, many elderly people are losing health benefits as well.

I do not believe that in enacting the Supplemental Security Income program, the Congress intended that an aged person's personal needs allowance should be reduced, or that the capacity of non-profit, charitable institutions to care for indigent persons should be diminished. Unfortunately, this has been the effect of the law as currently administered.

It appears to me that such a policy discourages private, philanthropic and charitable contributions to the aged and to institutions caring for them. Such a policy is unfortunate when we recognize that the principal reason for such massive programs as Social Security exist because of the failure of individuals to adequately care for their families and the needy.

May I suggest that you use every means at your disposal to encourage such private initiative and responsibility. To do otherwise can only result in support of the arguments of those who would force all of our aged persons to become wards of a Federal Welfare, hand-out, system, thus vastly increasing the present scope of Social Security, and aggravating its present serious problems.

Sincerely,

CLIFFORD P. HANSEN,
U.S. Senator.

Senator HANSEN. I'm very pleased, gentlemen, to have you here. I'm not certain who is to be the leadoff witness, but perhaps you have already agreed upon that, and I await your testimony.

Mr. GREENSTEIN. We have not agreed, Senator.

Senator HANSEN. Well, then if there's no objection, we will just take them in order, beginning first with Mr. Greenstein.

Mr. GREENSTEIN. Thank you, Senator. I have a prepared statement which I would like to submit for the record. It's moderately lengthy, and I will try to summarize the high points of it.

Senator HANSEN. Thank you very much. As you know, the statement will be included verbatim in the record,¹ and summarize it as you wish. I'm certain that in the interest of time that will be helpful.

STATEMENT OF ROBERT GREENSTEIN, COMMUNITY NUTRITION INSTITUTE

Mr. GREENSTEIN. Thank you. I'm Robert Greenstein from the Community Nutrition Institute of Washington, D.C., which is a private, nonprofit organization. It has worked since 1970 to combat hunger and malnutrition in the United States, with particular emphasis on expanding the food assistance programs.

What I would like to address here today is the issue of whether recipients of the Supplemental Security Income program should be eligible for food stamps, and in what sort of an arrangement.

As the committee well knows, the Congress just a few weeks ago completed action on a provision that extends present arrangements that make SSI recipients in all but five cash-out States eligible for food stamps for 1 more year. However, this provision is an interim provision. It does expire on June 30, 1975, and the question I would like to address now is, looking toward the future, looking beyond June 30, 1975, What should be the kind of permanent arrangement that is made in the SSI program for dealing with food stamps?

¹ See p. 736.

Well, the one point I would like to emphasize above all others in addressing this issue is that the Food Stamp program is really faring badly, quite badly, in reaching poor aged, blind, and disabled in the SSI program.

FOOD STAMP PROGRAM NOT REACHING POOR

About 14 months ago, HEW Under Secretary Frank Carlucci addressed this issue before the Senate Nutrition Committee and at that point Mr. Carlucci pointed out that perhaps only about 45 percent of the recipients of the State aid programs for the aged, blind, and disabled which were then still in effect were in the Food Stamp or Commodity Distribution program, even though they were automatically eligible for these programs as public assistance recipients.

Today, 6½ months after SSI has begun, there is no evidence that this has changed. In fact, the number of public assistance recipients in the Food Stamp program is 170,000 lower than it was a year ago when Mr. Carlucci spoke, in spite of the fact that 900,000 persons were in counties that switched from commodities to food stamps during this period. In addition, several hundred thousand new persons entered the SSI program, during this period, and most became eligible for food stamps as public assistance recipients. So the first basic fact is that the majority, perhaps a sizable majority, of SSI recipients who are automatically eligible for food stamps are not in the Food Stamp program.

There are several basic reasons why this is true, and I think none of these reasons can be altered without a fundamental overhaul of the Food Stamp program which clearly is not about to happen in the next several years.

One issue is the fact that, to get into the Food Stamp program, people have to go to the food stamp office and buy in. You have to put up lump sums of cash once or twice a month.

The second issue is that many people, especially many of the aged, feel too proud to use food stamps. It's the one public assistance program where you're singled out and publicly identified. People see you using food stamps in the store, and you're publicly identified as a food stamp user, especially in small towns.

Often many people in the town, sometimes nearly everyone in the town, knows who is on food stamps and who isn't.

A third factor is the application maze you have to go through to get into the Food Stamp program. You have to go down to the food stamp office, and often that's a considerable distance in rural areas. Sometimes there is only one food stamp certification point per county. You go to these food stamp offices and once you arrive there, you must complete an application form that is often lengthy and complex. In addition, rent receipts, utility receipts, and other documents are sometimes required. Yet another problem is that often there are very long lines. Recent Senate Nutrition Committee publications document that in some areas of the country people are now starting to line up at 4 a.m. in the morning to wait in line to get their appointments.

We know here in Washington, there are sometimes waits of 8 hours. In Montgomery County, where we wouldn't think there would be that many recipients and long lines, people often have to wait for 1 or 2 days and then come back again, just to see a food stamp certification

worker. And if you don't have the various documents you need, if you're not familiar with the program, sometimes you have to come back a second time.

Aged, blind, and disabled people are the one group for whom the waiting in the line, the collecting of the documents, and the confusion of a complex program is the greatest hardship. It's particularly a problem in rural areas where there isn't a good transportation system.

MANY UNAWARE OF ELIGIBILITY

A final point is that many SSI recipients may simply be unaware that they are eligible for food stamps. These are four fundamental reasons for low food stamp participation by SSI recipients, but there is a fifth very important point that hasn't been addressed too much. I did want to mention it, and that is that, under SSI, what is known as the public assistance withholding option for food stamps no longer exists for SSI recipients.

This is an option that a number of States offer. Under this option, public assistance recipients may have their food stamp purchase price deducted from their welfare check automatically, and the welfare checks and food stamps are sent to them in the mail. Recipients consequently don't have to put up lump sums of cash to buy their food stamps. They don't have to travel to the food stamp office, which could be a long way away, or go to the post office to buy their food stamps.

This option always existed for the recipients of the State aid programs for the aged, blind, and disabled, but it does not exist under SSI. It is possible that this is one factor why the percentage of SSI recipients who are getting food stamps clearly appears to be lower than the percentage of recipients of the State programs for the aged, blind, and disabled who got food stamps 1 year ago, and this is a very important point to keep in mind for the future.

It's for all of these reasons that I really think there is no way that Congress can devise an SSI food stamp kind of option that is not going to leave out the majority of SSI recipients, if Congress is going to go take the food stamp eligibility route.

Right now, food prices are rising and the SSI benefit is below the poverty line. Aged, blind, and disabled people need food assistance. It's my strong feeling that the only way to provide this food aid is through cash or through what is known as a "cash-out approach" to the food stamp/SSI question.

Now, I do want to make a point here very quickly, and that is that I do not support simply any cash-out option. There are a variety of cash-out options—and some of them would be far worse than our present food stamp/SSI arrangement. However, I think the best approach to this question is a fair, equitable cash out that provides a cash out to all SSI recipients in all States.

I do want to emphasize that the cash out must be drawn very carefully and very properly. Last October, the administration proposed a cash-out provision which frankly would have been disastrous. This proposal which went to the Ways and Means Committee last October would have cashed out only recipients in States that had moderate or high State payments in the past, and in addition, would only have cashed out those recipients who were actually in the Food Stamp program in December of 1973, those aged, blind, and disabled persons

who were transferred to SSI who were also getting food stamps, in December of 1973. So what this administration proposal would actually have done would have been to cash out about one-half of the recipients in slightly more than half the States.

Now, clearly this kind of proposal is unacceptable. It is not really a true cash out, and the present food stamp/SSI arrangement is much better than any sort of cashout like that.

What I am suggesting is a cash out that covers all States. In States like Wyoming, for instance, where there is not a State supplement, recipients are now eligible for \$146 a month plus food stamps. Regardless of what the State payment level had been before SSI took effect, if there is a cash out, people in Wyoming should be cashed out.

The cash out must apply to every State, and it must apply to all recipients. Today, there are people who were not in the old State program but who have been in SSI for 6 months and have been getting food stamps. They must be cashed out.

CASH-OUT FORMULA NEEDS UPDATING

One other aspect of the cash out is that the cash-out formula should be updated. The present cash-out formula comes from H.R. 1. As we know, H.R. 1 was enacted nearly 2 years ago, and the bill provides for an average cash out based on January 1972 food stamp bonuses.

Now, food prices have soared since January 1972. The average food stamp bonuses are up somewhat. If Congress enacts a change to a cash out for all SSI recipients, it should stipulate that the cash out is based on an average food stamp bonus as of the month of the conversion from food stamps to cash, not on the January 1972 basis.

That's very important. Otherwise, benefits will be lost.

I would just like to comment briefly on two other proposals for dealing with food stamp/SSI problems. The committee had asked me to briefly address these. One is the administration's current proposal that was submitted, I believe, by Senator Curtis earlier this month. It is a provision which would make SSI recipients eligible for food stamps on a nonpublic assistance basis only. I believe this proposal is unacceptable.

At present, SSI recipients are eligible for food stamps, as were recipients of the old State aid programs in the past, as are AFDC recipients, on what is known as a public assistance basis. That means they're eligible for food stamps without regard to income and resources.

If you switch to a program which makes them eligible on a nonpublic assistance basis, in which you use the USDA income and resource tests which in the past have been applied only to nonwelfare households, if you now apply these to SSI recipients, what happens is that in a number of States you find that the SSI benefit plus the State supplement is above the food stamp income limit that USDA has established for nonwelfare household. As a result, if you were to convert SSI's to this nonpublic assistance basis for determining food stamp eligibility, you would find that in at least 17 States, one or more major categories of SSI recipients would be over this limit because of the State supplement and would therefore become, in many cases, ineligible for food stamps.

SOME FARE WORSE UNDER SSI

As a result, these people would be worse off than before SSI began—for under the State aid programs they got a certain level of income and they were also eligible for food stamps. Now they would in many cases receive the same level of income but lose their food stamp eligibility. They would have the same amount of dollars as back in December of 1973, but they wouldn't have food stamps.

This problem would also affect a small number of SSI recipients in States that are not among the 17, such as, for example, your State, Senator. In many States, there are some people who in the past got "special needs" payments. They had especially great needs, they had particularly high expenses for dealing with their disability, they needed special diets, something of this sort, and the States had given them a special needs payment.

Now the SSI mandatory supplement provision provides that SSI recipients be maintained at least at the payment levels they were receiving in the past under the State aid programs, even if the State is not otherwise supplementing most of its SSI recipients.

What this means is that in many of these States, the majority of States, there are some number of recipients who are being supplemented to a level that is somewhat above the nonpublic assistance food stamp income limit set by USDA, and under the administration's proposal they, too, would lose food stamp eligibility. They, too, would be worse off than they were before SSI took effect, and there are some of these people in nearly every State.

I really don't think this is what the Congress intended. The mandatory supplement provision makes this clear. It doesn't intend for people to be worse off than they were before.

One other quick comment on one other proposal, and that is the food stamp/SSI provision contained in H.R. 3153, a bill that passed the Senate last year. I think this provision that's in H.R. 3153 has the same problems as the administration's proposal.

The provision in H.R. 3153 makes SSI recipients eligible for food stamps, but it doesn't specify whether this should be on a public assistance or nonpublic assistance basis. Since this is not specified in H.R. 3153, this issue would be left up to the USDA to decide through its regulations.

USDA has clearly indicated that it wants to go the nonpublic assistance route, and this is what its regulations would probably do. As a result, enactment of this provision would really be tantamount to enacting the administration proposal.

Once again, many recipients in 17 States, and some recipients in nearly all other States, would lose food stamp eligibility, and would be worse off than before.

There's one additional aspect of H.R. 3153 that's very damaging. It would eliminate the cash-out option in the five current cash-out States. Now if the cash-out option were eliminated in these five States, SSI payments would be cut for every person in these States by \$10 a month, unless the States chose to provide the \$10 a month out of their own money—which is not likely.

If the USDA made these people eligible for food stamps on a nonpublic assistance basis, they would still be over the food stamp income

limit, even after they had lost the \$10 per month. As a result, under this provision, people in New York, California, Nevada, Massachusetts, and Wisconsin, would lose \$10 a month in cash, and in most cases they would get food stamps in return.

Even if the regulations made these people eligible for food stamps on a public assistance basis, over half of them wouldn't come into the Food Stamp program.

That's what the figures have shown. Over half the people in SSI are not in food stamps, so over half of these people would probably lose their \$10 a month and not get anything in return.

There are nearly 1 million SSI recipients in the five cash-out States. I think Congress can imagine the outcry if on July 1, 1975, 1 million aged, blind, and disabled recipients have their welfare checks cut by \$10, and to recoup that benefit must go to already overworked food stamp offices and apply for food stamps, where many might find themselves declared ineligible for food stamps. Finally, we should remember that applying for food stamps is cumbersome, that we're making these people go through two procedural mazes instead of one. I think the answer is a cash out that covers all recipients in all States and uses the cash-out figure based on current food stamp bonuses, not those from January 1972.

Thank you.

Senator HANSEN. Thank you very much, Mr. Greenstein. I did have some questions. But you anticipated each of them, so I shall not ask any at this time.

I observed that there is a live quorum in progress, and I think it's reasonable to anticipate that there will be a rollcall vote coming up. If we have a rollcall, of course I'll have to leave here, in which case I don't know how we might want to proceed.

Possibly, in order that we might continue hearing from those witnesses who have come here, perhaps someone on the staff could carry right on.

[The prepared statement of Mr. Greenstein follows:]

PREPARED STATEMENT OF ROBERT GREENSTEIN

I am Robert Greenstein, from the Community Nutrition Institute in Washington, D.C. The Community Nutrition Institute is a private, non-profit organization that has worked since 1970 to combat hunger and malnutrition in this country through improved and expanded food assistance programs. In recent months, we have been especially involved in efforts to inform recipients of the Supplemental Security Income program of their eligibility for food stamps.

I am here today to discuss what action Congress should take regarding the eligibility of SSI recipients for food stamps after June 30, 1975. (As you all know, the Congress last month passed a measure that extends the food stamp eligibility of SSI recipients in all but five "cash-out" states until June 30, 1975).

In considering possible solutions to the SSI/food stamp question, one basic fact must first be considered: The food stamp program is failing badly to reach aged, blind, and disabled SSI recipients who are eligible for and need federal food aid.

On May 30, 1973, HEW Undersecretary Frank Carlucci told the Senate Select Committee on Nutrition and Human Needs:

"The participation rate for current recipients of the adult assistance program is low. Of the recipients in the three categories—aged, blind, and disabled—18 percent receive commodities and 28 percent participate in the Food Stamp Program, although all are automatically eligible as public assistance recipients."

Today, 6½ months after the beginning of the SSI Program, this situation has not changed. The U.S. Department of Agriculture reports that the number of public assistance recipients receiving food stamps in May, 1974 was 170,000 less

than it had been in May, 1973 when Mr. Carlucci spoke, even though 900,000 persons switched from the commodity program to the food stamp program during this period, and several hundred thousand new persons entered the SSI program.¹

There are several basic reasons why so few of the aged, blind, and disabled use food stamps, and nearly all of these reasons can be altered only by a radical overhaul of the food stamp program—which is not about to happen. These reasons are:

1. Aged, blind and disabled SSI recipients must put up moderately sizeable amounts of their income in lump sums each month to buy food stamps.

2. Many aged, blind, and disabled persons are too proud to use food stamps. Many dislike being publicly labeled as welfare recipients when they use food stamps at grocery stores. This is especially true in small towns, where, often it is common knowledge who is on food stamps.

3. To become certified to receive food stamps in most areas, SSI recipients must go through a lengthy and tiresome procedural maze. They must go to local food stamp offices and wait in line for up to 8 hours. A recent publication by the Senate Nutrition Committee entitled "Food Program Technical Amendments" documents that persons in some cities begin lining up in front of food stamp offices at 5 a.m., and that sometimes persons arriving at 7 a.m. find they are too late and must come back again the next morning. For the aged, blind and disabled, these long waits can pose a serious hardship.

When a food stamp applicant finally gets to see a certification worker, the journey through the maze continues. Applicants must have proof of income, rent and utility receipts, proof of medical expenses, etc. For persons who are not familiar with the intricacies of the food stamp program, this may appear difficult and confusing. Many applicants find they must return home, collect various documents, and come back to the food stamp office on another day, at which time they may have to wait in line again. Some applicants drop out on the way.

Nor is a journey through this maze a "one-time only" experience. Most recipients are certified for food stamps for only three month periods. Each three months they must return again to food stamp offices, again produce documents and receipts, and go through the same inconvenient, tiring, and to some, humiliating procedure.

In addition, there is an additional burden placed on SSI recipients in many rural areas. In a great number of rural counties, there is only one certification point per county and virtually no rural transportation system.

4. Many SSI recipients are not aware of their eligibility for food stamps. As far as we know, Social Security district offices are presently doing little to inform SSI recipients that they are eligible for food stamps or to refer recipients to local food stamp offices. I will return to this matter in a few minutes.

In addition to these four reasons, let me add a fifth very important point: it is now considerably harder for some persons who are SSI recipients to enroll and remain in the food stamp program than it was when these same people were enrolled in state aid programs before SSI began. This is because what is known as the "public assistance withholding" method of distributing food stamps is no longer available to SSI recipients. In the past, a number of states allowed aged, blind, and disabled persons the option of having their food stamp purchase prices withheld from their welfare checks, with their food stamps then being sent to them in the mail. Under SSI, however, this practice has ended. SSI recipients must now travel to food stamp issuance points to buy their stamps. In some banks and post offices selling food stamps, recipients must stand in special "food stamp lines." In addition, recipients must now be able to put their hands on the substantial lump sums of cash necessary to purchase the stamps. For many aged, blind, and disabled who do not get around easily and are not comfortable carrying large sums of cash, the loss of the "public assistance withholding" option may represent a substantial burden, and may operate as a strong disincentive to join or to remain in the food stamp program.

THE CASH-OUT ALTERNATIVE

I have recited these facts to emphasize that although SSI recipients are eligible for food assistance and need this assistance to enable them to purchase nutritionally adequate diets, food stamps are not the way to provide this

¹ These factors should have more than balanced out the several hundred thousand SSI recipients who were cashed-out of the food stamp program.

assistance. The only way to provide this assistance is through cash. If we continue to use food stamps rather than cash for this population group, we will continue to fail to reach the majority of this group with any food benefit at all.

I thus strongly favor replacing food stamp eligibility for SSI recipients with a cash-out that will reach all SSI recipients. Such a cash-out would have three distinct advantages:

1. It would no longer leave out the majority of recipients presently receiving no food benefit.
2. It would entail that recipients undergo certification and recertification for only one program instead of two.
3. The administrative overhead would be lower.

Let me hasten to add, however, that I definitely do not favor any cash-out proposal. Some cash-out proposals that have been offered would be disastrous, and far worse than our present SSI/food stamp arrangement. Continued food stamp eligibility is a superior option unless the cash-out provisions are drawn properly and carefully so that all SSI recipients realize true benefits.

Let me give an example why such great caution must be taken in handling various cash-out plans. Last October, the Nixon Administration offered a cash-out amendment that would have ended food stamp eligibility for all SSI's, but would have provided cash only to those SSI recipients who (1) resided in states that had a medium or high level state welfare payment before SSI began, and (2) had actually received food stamps in December, 1973. In other words, this amendment would have cashed out less than half of the recipients in only slightly more than half of the states. And since those recipients who were cashed out would die or become otherwise ineligible over time, while no new SSI recipients would be eligible for the cash-out, after a number of years virtually no SSI recipients would have either cash or stamps.

Cash-out proposals such as this must surely be rejected. No cash-out plan can be considered acceptable if it does not cover all SSI recipients who are eligible for food stamps, and if it does not include new and future SSI recipients as well as "transferred" recipients. Moreover, recipients in states without state supplements—who are now receiving \$146 a month and are also eligible for food stamps—should be cashed out just as recipients in states with state supplements should be.

In addition, the formula for determining the dollar amount of the cash-out benefit should be revised because the present formula is sadly out of date. The present formula is based on an average food stamp bonus back in January, 1972, before the recent food price surge. This formula provides a cash-out of \$10 a month to individuals and \$20 a month to couples. Today, SSI recipients qualify for food stamp bonuses of \$10 to \$16 or more for individuals depending upon the level of their state supplement, if any, and the number and size of deductions to which they may be entitled. For couples, the bonus range is \$20 to \$26 or more. Therefore, the value of the cash-out should be refigured, and should be based on average food stamp bonuses at the time of the conversion from food stamps to cash rather than on January, 1972 data.

An alternative method for updating the amount of the cash-out payment would be to allow cash-out levels to vary from state to state, according to the size of the average food stamp bonus in each state. In states like Mississippi, Louisiana, and Arkansas, for example, individual SSI recipients currently qualify for at least a \$16 food stamp bonus and their cash-out could be at least \$16.

One further aspect of the cash-out—if a cash-out is implemented, the cash-out benefit should not be permitted to remain stagnant over time if food and other costs continue to rise sharply. This issue could be resolved simply and equitably by requiring that the entire SSI cash payment (including state supplements) be regularly adjusted to keep pace with inflation.

COMMENTS ON OTHER SSI/FOOD STAMP PROPOSALS

I would now like to turn my attention to two other proposals for dealing with the food stamp/SSI question—the proposal submitted by the Administration and the proposal contained in the Senate version of H.R. 3153, which was approved by the Senate last year.

The Administration's current proposal—to make SSI recipients eligible for food stamps on a non-public assistance basis—must be rejected. It is perhaps as faulty as the very limited cash-out proposed by the Administration last October. The proposal is unacceptable because:

1. The proposal fails to help the majority of SSI recipients who, although eligible for food stamps, are not in the food stamp program.

2. Non-public assistance application forms for food stamps are generally far longer and more complicated (up to 8 pages) than public assistance application forms.

3. *Most important:* The proposal would terminate food stamp eligibility—while giving no cash in return—for at least several hundred thousand SSI recipients who currently receive food stamps. These recipients are people whose combined federal and state SSI payments place them above the food stamp income limits which have been set by USDA and have been applied up until now only to non-public assistance households (these limits are now \$194 a month for individuals, \$273 a month for couples). At present, SSI recipients in all non-cash-out states are eligible for food stamps—as are AFDC recipients—without regard to their level of income and resources.

At present, there are at least 17 states where SSI payments to one or more major categories of recipients amount to more than the food stamp income limits for non-public assistance households. These include a number of the most populous states in the country. If the Administration's proposal passes, many people in these states will be worse off than before SSI took effect last January. They will be getting the same amount of cash as before, but will have lost food stamp eligibility.

In addition, in many of the remaining states, there are small to moderate numbers of additional SSI recipients who would lose food stamp eligibility, and be worse off than before SSI took effect, if the Administration proposal is adopted. These are people who in the past received "special needs" payments from their states, in addition to the basic state welfare benefit. The special needs payments were made because of high rent costs, the need for special equipment because of physical disabilities, or other needs of aged, blind and disabled persons that could not be met by the state's basic welfare payment. Today, these special needs payments are in effect being continued in the form of mandatory state supplements. And these supplements place the income of some of these former "special needs" recipients in many states above the USDA food stamp income limits. Consequently, some of these people, too, may lose food stamp eligibility and be worse off than before under the Administration proposal.

I do not believe that that is what the Congress intends—to lower the benefits of large numbers of aged, blind and disabled persons because of the introduction of the SSI program. When one remembers that many of the elderly need special diets that cost more than a conventional diet, and that food prices are continuing to rise, I think it becomes clear that this is not the time to take food stamp benefits away from several hundred thousand elderly poor and give them no cash in return.

H.R. 3153

The SSI/food stamp provision in H.R. 3153 is subject to much of the same criticism as the Administration's proposal. H.R. 3153 would make SSI recipients eligible for SSI, but fails to specify whether they should be eligible on a public assistance or non-public assistance basis. This crucial determination would, therefore, be left up to USDA. Since USDA's preference on this issue has now been made clear, it is likely that USDA would write regulations to enforce H.R. 3153 that would make SSI recipients eligible for food stamps only on a non-public assistance basis. Hence, enacting the food stamp provision of H.R. 3153 could well be tantamount to enacting the Administration's proposal.

In addition, H.R. 3153 would end the cash-out option in the five cash-out states after June 30, 1975. In these states, recipients would lose \$10 a month in cash (unless the States chose to provide the \$10 a month out of their own money). But in most cases, the recipients would not get food stamp eligibility instead because they would be above USDA's food stamp income limits for non-public assistance households. They would lose \$10 a month and get nothing in return, and be worse off than before SSI started.

Even if USDA interpreted H.R. 3153 to allow SSI recipients to continue to be eligible for food stamps on a public assistance basis, over half of the recipients in these five states would still get nothing in return for their lost \$10 because they would not enroll and stay in the food stamp program.

H.R. 3153 could thus be nothing short of disastrous for the nearly one million SSI recipients in New York, California, Massachusetts, Wisconsin, and Nevada. Members of this committee can imagine the volume of protest that will result if on July 1 next year, nearly one million people have their SSI checks cut back by \$10.

(I might add that H.R. 15124 signed into law last week, gives about 90,000 recipients in New York and California their full \$10 monthly cash-out for the

first time. It is hardly the time to turn around and take their \$10 away less than one year later, and to tell these people to join the long lines at overburdened food stamp offices if they wish to continue receiving a benefit).

THE PRESENT SSI/FOOD STAMP ARRANGEMENT

As a final note on this topic, let me say that if a complete cash-out, covering all SSI recipients, is not enacted, I would favor an indefinite continuation of the SSI/food stamp arrangement that has been in effect since January 1.² SSI recipients in all states now have either food stamp eligibility or a cash-out. This is far preferable to either H.R. 3153 or the Administration's bill. Nevertheless, a true cash-out, covering all recipients and all states, is by far the best, fairest, most equitable solution.

NOTIFICATION OF FOOD STAMP ELIGIBILITY

There is one other matter I would like to discuss. This is the question of notifying SSI recipients in all but the five cash-out states that they are and will be eligible for food stamps at least until June 30.

In past years, state and local welfare offices generally told recipients of state aid programs for the aged, blind and disabled of their food stamp eligibility. Since January 1, however, it appears that the Social Security Administration has done little to refer SSI recipients to food stamp offices. In addition, USDA had not developed any food stamp outreach materials aimed at SSI recipients, and state and county welfare departments have done very little outreach on this matter.³ Yet new SSI recipients, who were not enrolled in the old state welfare programs and may not have heard about food stamps in the past, need to be informed that they are now eligible for food stamps.

For this reason, we at the Community Nutrition Institute this winter designed a flyer for recipients and an instruction sheet for outreach workers—at our own expense and as a public service—to inform SSI recipients of their eligibility for food stamps. The flyer and instruction sheet were approved by USDA, and were prepared for use in the SSI Alert, so that "Alert" volunteers could distribute the flyers across the country along with other material on SSI.

Officials of the Administration on Aging (AoA) initially indicated interest in printing enough fliers so that 1,000 could be sent to each SSI Alert, and so that the flyers could also be sent to Title VII elderly funding programs. I am sorry to report, however, that AoA did not follow through adequately on this issue, apparently for budgetary reasons. Only 63,000 flyers were printed—100 for each SSI Alert and only 2 for each elderly nutrition program. As a result, many persons contacted in recent months by the SSI Alert, and nearly all Title VII participants, have probably never received the flyer. I hope this matter can be reopened. I believe that the cost of printing the flyers is less than \$1,000 for each 100,000 printed.

The issue has become particularly important in the past few weeks because the Social Security Administration has, at long last, agreed to distribute flyers on food stamps through its Social Security district offices, if another agency will do the printing (SSA says it is legally prohibited from paying for the printing, itself). The SSA district offices are clearly the single most important mechanism for letting SSI recipients know about food stamps. Recipients and new applicants come in contact with these offices to a considerable degree. So we must find a way to get ample quantities of informative food stamp materials to the SSA district offices as soon as possible.

To date, no government agency has expressed any eagerness to print these materials. One USDA official told me earlier this month that USDA has not considered any action in this area. The official said that the most USDA would probably consider would be to supply SSA with some of its basic food stamp

² One modification that could improve the present arrangement would be a provision allowing any state now with food stamp eligibility to decide to switch to the cash-out at any time. In addition, it would be desirable to update the cashout formula so that it reflects current average food stamp bonuses, not those in use in January 1972.

³ State and county welfare departments have done little food stamp outreach of any sort. In January, 1971, Congress enacted a provision requiring states to undertake effective food stamp outreach, and directing USDA to reimburse states for 62.5 percent of state and county outreach costs. In all of fiscal 1973, however, USDA's share of state and local outreach costs for the entire country came to only \$80,000. Over 30 states failed to spend a penny of federal funds for outreach, a factor in part due to USDA regulations that discourage major outreach activity. This situation remained largely unchanged through FY 1974.

information sheets. However, these sheets are complex and full of information not applicable to most SSI recipients, and more important, they are not geared to the specific situation of SSI recipients in relation to food stamps.

Even if USDA supplied these materials in sufficient quantity, which seems unlikely, they would probably not be terribly useful. Moreover, it would probably take several months for USDA to take even this limited action.

I would therefore like to ask this Committee, which has shown itself a leading advocate for the aged, to do what it can to see that some agency prints an effective flyer immediately and in sufficient quantity for SSA to use. We at the Community Nutrition Institute will be pleased to help in this matter in any way we can. We believe that if effective materials are sent to the SSA district offices, and if these offices give the materials to SSI recipients and begin systematically to refer recipients to food stamp offices, thousands of SSI recipients will actually enroll in the food stamp program for the first time.

PROPER NOTIFICATION OF CHANGES IN THE SSI PROGRAM.

One final note: one matter that has been disturbing about the SSI program, and about the SSI/food stamp issue, has been the failure on several occasions to give recipients adequate, advance explanations of impending changes. Last month, for example, a number of states notified SSI recipients that their food stamp benefits would expire on June 30. It is true that after Congress passed H.R. 15124, recipients in these states were sent their July "authorization-to-purchase" cards for food stamps. However, these people were, in general, not sent any explanation that their eligibility for food stamps had been continued for at least one more year. I am sure there are confused SSI recipients in a number of these states. Some small number may even fail to use their July ATP card, or fail to come to food stamp offices for recertification when their current certification period ends, out of the belief that their eligibility for the program has indeed ended.

In the future, we must find better ways, in all aspects of the SSI program, to inform people of what is happening or about to happen to them because of changes in government policy. The several million aged, blind, and disabled persons in this program deserve at least this much.

Senator HANSEN. May we next hear from the Right Reverend Charles J. Fahey.

STATEMENT OF MSGR. CHARLES J. FAHEY, PRESIDENT-ELECT, AMERICAN ASSOCIATION OF HOMES FOR THE AGING

Mr. FAHEY. Yes. I am Rev. Msgr. Charles Fahey, and I will paraphrase the statement* that I have, but I do hope the brevity of my remarks will in no way be construed to minimize the importance of the particular technical area that I bring to your attention.

It is an area that has already been brought to your attention by a number of witnesses and we are grateful to see that others other than we who are involved in the institutional field have noted this.

I refer to section 1612(a)(2)(A). This section stipulates that in-cash or in-kind elements that are available to the persons will be taken into account for the eligibility of the SSI recipient.

The net effect of the way this is being interpreted is to develop the inequitable situation whereby the charitable contribution represented in the various homes for the aged throughout the United States, is actually rendering many aged persons ineligible for SSI benefits, and of course, also for the Medicaid tag-along that goes with this in so many States. The present interpretation of the Social Security Administration is creating an injustice in regard to income and actually denying potential recipients the freedom to choose a philanthropic home. It creates a disincentive for the private philanthropist to actually

*See prepared statement, p. 742.

be involved in the donation of cash to support these facilities, a disincentive to the development of these facilities, and an incentive to the development of proprietary facilities throughout the United States.

PRESENT LAW UNCLEAR

Inasmuch as the law is somewhat ambiguous in this area, and it is our understanding that a more liberal interpretation of the law could be developed through regulation, one more in tune with the intent of the Congress, we hope that the kind of advocacy that the Committee on Aging has already undertaken will be continued with the Social Security Administration, toward administrative relief in this regard. Hopefully, it will be retroactive to January 1 of this year.

Our statement is much more lengthy and gives a number of particularly gruesome results that we feel are unintended. You're all nice people in the Congress, and we know that you wouldn't want to effect this injustice on our elderly people, and we'll leave it with that.

Senator HANSEN. Thank you very much for an excellent statement, Father Fahey. As was earlier announced, your full statement will be included in the record, and we may very well have some questions to submit in writing.

Thank you immensely.

[The prepared statement of Father Fahey follows:]

PREPARED STATEMENT OF MSGR. CHARLES J. FAHEY

Mr. Chairman and Members of the Committee, my name is the Reverend Monsignor Charles Fahey. I am director of Catholic Charities of the Diocese of Syracuse, New York and president-elect of the American Association of Homes for the Aging. In behalf of the American Association of Homes for the Aging, I am pleased to have the opportunity to appear before you today as a member of this panel to discuss the Supplemental Security Income program.

As the witness for the national association representing non-profit homes for the aging, I wish to focus my remarks concerning the SSI program on a problem that many of our member institutions and their elderly residents have experienced since the programs' inception—a problem affecting particularly those elderly residing in non-profit, private retirement homes.

The problem in question stems directly from the Social Security Administration's interpretation of Section 1612(a)(2)(A) of Public Law 92-603. This Section defines income—both earned and unearned—which must be considered in computing an SSI recipient's benefit.

In defining income, Section 1612(a)(2)(A) states that unearned income includes support and maintenance furnished "in cash or kind" to an individual. In computing the amount of cash assistance to be granted to those residing in private, non-profit retirement institutions, SSA officials are counting charity and philanthropy as "in kind" income, the result being a reduction in such individuals' SSI payments. Simply stated, the difference between the cost per month per resident for room, board, and services and the amount the resident actually pays is to be considered as outside, unearned income for the purposes of computing SSI benefits.

Mr. Chairman, there can be no question that a recipient's income received directly or regularly from relatives, retirement, pensions, and so forth should be considered when determining the amount of cash assistance an individual should receive.

However, to consider indirect funds contributed as charity or philanthropy to the facility as a whole and which help to improve housing, food, and medical services to indigent older persons seems unreasonable. In fact, this policy has resulted in many individuals actually receiving *less* income than before January 1, 1974, when SSI went into effect, and it has substantially reduced the capacity of non-profit retirement institutions to care for these needy people.

Furthermore, as SSI eligibility affects Medicaid eligibility, many elderly are also losing health benefits as well.

To illustrate, let us take as an example a non-profit home for the aging whose actual cost of providing services is approximately \$300 per month per person. Prior to January 1, 1974, the indigent residents of this institution were receiving \$133 per month in public assistance payments. These payments were going directly to the public aid recipients who would retain \$20 for personal spending and then turn over the balance, or \$113, to the institution as their contribution toward their room, board, and services.

The difference between the cost per month of maintaining such individuals and their contribution—\$300 less \$113—is \$187. Because this amount exceeds the SSI standard of need, or \$146 per month, the person previously receiving \$133 in public assistance now receives nothing, not even a personal needs allowance. Moreover, the capacity of the non-profit retirement institution to care for the poor aged is substantially inhibited.

I cannot overstate to you the critical nature of this problem. All that is necessary is for you to read some of the letters concerning the Supplemental Security Income program that have been received by our association over the past months.

California, our largest state with 169 member facilities, has been extremely hard hit as a result of SSA's interpretation of unearned income. Howard Washburn, president of Pacific Homes, aptly describes the severity of the situation in a letter to Sumner Whittier, director of SSI. Mr. Washburn states, "Why residents of non-profit retirement homes should be singled out for this treatment is beyond comprehension. If the cost of residential care in a non-profit home exceeds the maximum permitted under the state's implementation of SSI, as it does in most homes, all SSI payments will be lost to the indigent resident and his income will be reduced to Social Security only. The home then will be faced with either subsidizing the entire difference between Social Security payments and the cost of care, or requiring the indigent resident to leave the home. While most homes would subsidize rather than eject a resident, they would be forced by financial realities to greatly reduce the number of indigent residents they admit or close their doors."

Mr. Paul Rosenthal of the Jewish Home for the Aged of Los Angeles echoes the thoughts expressed by Howard Washburn. "Remove the government support as interpreted in Section 6070B of the SSI Handbook," says Mr. Rosenthal, "and most (homes) will have to cease operations due to lack of funds. This unrealistic reduction of operating funds cannot be replaced by the community, who now are supporting to the maximum of their ability. In fact, such restriction of funds must either force the non-profit home to reduce services . . . or force the non-profit home to close its doors."

These are two examples, Mr. Chairman, which explicitly illustrate the adverse affects being felt by those elderly residing in non-profit, private retirement homes, and in turn, by the homes themselves as a result of counting charity or philanthropy as "in kind" income. I could go on—letters from Pennsylvania, Texas, New York, and many other states express the same concern felt by our member homes.

We believe that in enacting the Supplemental Security Income program, the Congress did not intend that an aged person's personal needs allowance should be reduced or that the capacity of non-profit, charitable institutions to care for indigent persons should be diminished. Unfortunately, this has been the effect of the law as currently administered.

Given the fact that the present policy is having a disastrous effect upon non-profit homes for the aging and the indigent elderly they seek to serve, the American Association of Homes for the Aging has requested a less restrictive interpretation of Section 1612 on a retroactive basis, so that the losses which have already been incurred since January can be restored. We solicit your support, Mr. Chairman, and the support of the members of the Committee toward this objective.

Mr. Chairman, I very much appreciate this opportunity to testify before you. At this time I welcome any questions that you or Members of the Committee might have.

Thank you.

Senator HANSEN. Next we will hear from Mr. Ossofsky, the executive director of the National Council on the Aging.

**STATEMENT OF JACK OSSOFSKY, EXECUTIVE DIRECTOR,
NATIONAL COUNCIL ON AGING**

Mr. OSSOFSKY. Thank you very much, Senator.

We have submitted a statement for the record,* and I will try to be brief in summarizing some of its highlights.

May I say at the outset that I have had the privilege of hearing this afternoon the excellent testimony of a sister organization in the field, the National Association of Retired Persons. I would just like to underscore our concurrence in the major points that they made.

We may differ on nuisance here and there, but the basic thrust of their testimony here today regarding the inadequacies and the problems of SSI have our general concurrence and we certainly want to be publicly noted as supporting that effort.

We've been asked to put our emphasis this afternoon on the relationship between social services and SSI. More accurately, the lack of relationship between social services previously provided these recipients of old-age assistance when they were operated by the States, and what has happened since the SSI program became a Federal operation.

We had several hopes in the achievement of SSI. One was that the States would use the resources that were previously allocated to processing claims to provide needed services, and that this would mean that those persons who are now receiving SSI benefits would be in a position to see their human needs and social needs met beyond cash payments by a more extensive program as outlined, for example, by title VI of the Social Security Act.

That act, just to remind us, mandates some very specific services including those for the elderly—information and referral, protective services, supportive services, homemaker services, in addition to services to enable people to remain in their own homes or return to their own homes.

The fact of the matter is that as the program became operative under the Social Security Administration and as people went to the local Social Security offices to apply for SSI benefits, it soon became evident that there was no clearcut relationship between the provision of the cash benefits that people were entitled to and the other social services they needed.

For the past 25 years our agency has emphasized the need to improve the economic status of older people. We have, however, emphasized that cash is not enough, that even if people were suddenly to receive an adequate minimum income, it would not mean that all of their human needs and social service needs would be adequately taken care of.

ADEQUATE EMERGENCY ASSISTANCE LACKING

Specifically, in addition to the fact that there is no organized relationship between providing social services and other special needs, there is also a lack in the SSI program of adequate emergency assistance provisions to meet special needs, and of a discontinuity of referral and delivery of the human services that I spoke of earlier.

We spell out some specific examples of this in our testimony—I won't take the time to do that now. However, we do recommend that

*See p. 746.

legislation be enacted authorizing the Secretary of HEW to provide a permanent mechanism for ongoing emergency assistance as often as is needed.

Even today, when the Department has permitted an emergency payment in cases where the first check has been delayed, if there is a change in the check or a holdup in the check, indeed, a holdup where the check's been robbed, the State offices are not, in most instances, in a position to meet that need. They don't know these people. And the Social Security office has no provisions for meeting that emergency.

Second, there are the special needs. There's got to be some mechanism that takes into account a person's need for a new overcoat, or a person's problem with a stove or a refrigerator that doesn't work, or when someone needs suddenly new medication, or something of that sort. None of these emergency needs are now provided by the basic SSI approach. These are human issues that get exceedingly important in the day-to-day lives of older people, who are the vulnerable group that we are talking of here.

We ask therefore that provisions of special needs be mandated, whether on the Federal or State levels, to insure clearcut responsibility and accountability for the delivery of these services.

What needs to be developed is a very significant linkage between the Federal income maintenance program, administered by the Social Security Administration, and the social service programs that by and large need to be more vigorously administered by the State social service departments.

Let me emphasize that we're dealing with two groups of clients here—those people who are enrolled in the program who were previously old-age assistance recipients and therefore know how to go about getting aid and those people who have never been signed up with SSI, with no past history of the welfare department. Our experience shows, and we have some documentary evidence which is included in the testimony, that no specific approach for those needs is being made in Social Security offices across the country. Yes, there are examples where these needs are being met. Yes, there are forms that have been provided to make those referrals, but no comprehensive system of integrated social services and human needs programs have been developed in this program.

It seems logical to us that one agency needs to be designated to document the necessary particulars and information and that this information should be shared with other agencies that could provide the service.

Let me summarize one or two other brief points.

IN-DEPTH COUNSELING NEEDED

An adequate information and referral service needs to include in-depth counseling to determine needs, personal contact to insure proper referral to client service deliverers, and finally, some followup to make sure that a person who has been referred to an agency gets through the door of that particular agency, and indeed, is well received.

We strongly recommend that in each Social Security office a person be given the responsibility and be trained to handle the program of information referral and community needs.

This situation could very well be dealt with by outstationing people from a social service office at the county or State organizations. Another plan would be adequate funding for title IX of the Older Americans Act, to train and employ older persons who, our experiences have shown under the title IX program, work well in doing information referral and followup work.

Indeed, if we put adequate resources into title IX of the Older Americans Act, place people in Social Security offices throughout the country, give them special training, we might very well coalesce several programs and meet some significant needs, not the least of which is putting some money into the pockets of people who might not otherwise need to apply for SSI benefits.

There are many weaknesses in the SSI program, some of which have been referred to in other aspects of the hearings. At the very least, we've got to do something to be sure that when increases in Social Security take place that those people who are receiving SSI benefits do not suddenly find themselves in a worse position and lose benefits.

There has been reference made to the business of protecting those people in the instance of cashing out of food stamps.

One last item. We received a letter not long ago from an older person living in New York City who brought to our attention something that I'm sure was not intended by the Senate when it enacted the SSI program. This refers to the fact that when an older person is hospitalized or institutionalized for a period of 30 days or more, the SSI payment is reduced to \$25 for that month.

What this causes to happen for a person who may be institutionalized for several months—and I must say SSI has interpreted the law as liberally as possible within the current regulations—is the loss of money that the person needs while in an institution—not only for out-of-pocket expenses, for cigarettes or what have you, but also to pay the rent on an apartment to be able to return to after being institutionalized which a person may very well lose, because adequate resources have not been provided during the time of institutionalization.

Now, I can understand the logic or the apparent logic of reducing a payment on the assumption that food and other such expenses are being met while the person is institutionalized. However, the net result of this is to end up worsening the circumstances of the older person because we again have looked at the provision of these benefits in a way of dealing with judiciary and fiscal matters, rather than in the human surface matters that this really relates to.

Thank you very much, Senator.

Senator HANSEN. Thank you very much, Mr. Ossofsky. We appreciate your presentation.

[The prepared statement of Mr. Ossofsky follows:]

PREPARED STATEMENT OF JACK OSSOFSKY

Mr. Chairman, distinguished Members of the Senate Special Committee on Aging and fellow panelists. My name is Jack Ossofsky. I am Executive Director of the National Council on the Aging (NCOA), a private nonprofit organization which for the past twenty-four years has provided continuing leadership and training to public and private agencies at the national, state, and local levels in the field of aging. We have been a national resource for planning, information, and service in the many areas—such as nutrition, education and employment—affecting the lives of our nation's elderly population.

The National Council on the Aging welcomes this opportunity to appear before this Committee and convey the experiences of our membership and staff with the Supplemental Security Income (SSI) Program and Alert. NCOA recognizes that there are a number of serious problems relating to the level of income benefits provided under this program and to the process of enrolling eligible recipients. We understand, however, that other hearings have concentrated on these matters and, as requested, our observations and recommendations will focus on the relationship between SSI and social services.

NCOA has long supported changes in the Social Security program which would bring all elderly persons under the coverage of its social insurance system and end, once and for all, the inequities of Old Age Assistance (OAA). There was a need for uniform national eligibility requirements and a Federal "income floor" to eliminate the most glaring weaknesses of the old system. We, therefore, welcomed the passage of the 1972 Amendments to the Social Security Act which—besides making improvements in the retirement, survivor, disability and health insurance programs—established the SSI program.

We realized, however, that the federalization of the Old Age Assistance program was a complex process dependent for success on systematic preparation and cooperation by the Social Security Administration (SSA), the Administration on Aging (AoA), the Social Rehabilitation Service (SRS), the states' Departments of Social Services (DSS) and the private sector. "Operation: Medicare Alert", which NCOA conceived and administered in 1965, demonstrated that without an extensive and well-coordinated outreach effort, millions of isolated elderly poor in both urban and rural areas would never be aware of their eligibility for benefits under the new federal program. Therefore, during the months between passage and the effective date of the SSI program, NCOA encouraged the development of a similar outreach effort to inform an estimated 6 million individuals of their eligibility for benefits.

In April of this year, NCOA held regional meetings in New York, Des Moines, New Orleans and Los Angeles, during which a forum was provided for local consortia participants to discuss mutual problems and solutions with SSI officials. Drawing from this and other experiences of our members and staff in the field, we wish to take this opportunity to voice our continued full support for the basic concepts on which the SSI program is based, our disappointment in the minimal impact of the Alert and our concern over the lack of a coordinated relationship between SSI and social services.

It has long been NCOA's contention that an adequate income maintenance program would not alone meet the full needs of America's elderly poor. One of the major conclusions of Project FIND (a research and service program to locate America's elderly poor and identify their needs conducted by NCOA in the late 60's) was:

... that the elimination of poverty and its consequences 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.

We fear that SSI recipients may find themselves faced with such a dilemma. It is necessary that the elderly poor be made aware of, and provided with, essential human services. Unfortunately, this has not been the case.

Under Title VI of the Social Security Act the states are mandated to provide the following services; information and referral, protective, supportive and homemaker. In addition, services to enable persons to remain in or to return to their homes or communities must be provided. The relationship between the SSI program and these services, provided by state DSS to individuals at the local level, has never been adequately defined, nor uniformly interpreted at the local level. As a result, recipients are confused, often intimidated and, once again, left with unmet needs; the programs designed to serve them remain filled with gaps and duplications.

Until the basic issue is resolved, millions of elderly, disabled and blind persons will be faced with unnecessary hardships. The fundamental problems associated with the availability and delivery of social services to SSI recipients are:

The lack of adequate emergency assistance.

The absence of provisions to meet special needs.

The discontinuity in the referral to and the delivery of human services created by the conversion from OAA to SSI.

The problem causing the most immediate and often severe hardship for those already chronically disadvantaged was the failure to provide for emergency

situations or special needs under the SSI program. We therefore welcomed HEW's liberal interpretation of Section 1631(a)(4)(A) of the Act which allowed 3 million persons "grandfathered" into the new system to be eligible as "initial applicants" for emergency funds. However, it is important to point out to this Committee that the emergency provision can *only* be used when a person files for the first time; it does not cover the individual who has been getting his checks and then, all of a sudden, doesn't receive one—be it lost, stolen or misdirected. An undelivered check or a check arriving weeks late (oftentimes with an incorrect payment reduction) can result in severe anguish for those depending on that check for day-to-day survival. These people are faced with eviction or even potential starvation.

We recommend that legislation be enacted authorizing the Secretary of HEW to provide a permanent mechanism for on-going emergency assistance, as often as needed, effective within twenty-four hours of a recipient's application for such aid.

In addition to a lack of emergency assistance, special needs of SSI recipients are no longer being met under the federal program. What happens now if a recipient breaks or loses his eyeglasses, has his room/apartment burglarized, has a refrigerator, stove, furnace or hot water heater which needs replacement or major repairs? Who now insures that eviction and utility cut-offs will not result from emergency hospitalization? None of these, nor other special emergency needs, are provided for under SSI.

It is necessary that the provision of such special needs be mandated, whether on the federal level (SSA and SRS) or the state level (DSS), ensuring clear-cut responsibility and accountability.

The major long-range problem related to the delivery of supportive services to SSI recipients is the lack of any adequate linkage between the federal income-maintenance program administered by SSA and the continuing responsibility of the state DSS to provide social services. Under the old system, when an individual applied for Old Age Assistance, a determination was also made of his supportive service needs and appropriate referral to available community resources provided. As this Committee is aware, there are two types of elderly: blind and disabled claimants for SSI benefits: those who previously received Old Age Assistance and concurrently were informed of available human services and those new recipients aware only of income benefits.

Since SSA is mandated to provide only income support, the potential new recipient applying for SSI no longer receives counseling on service needs nor referral to appropriate existing resources. As a result, the elderly, blind and disabled must find out about services on their own. If they are lucky enough to locate the appropriate agency, they are still forced to go from office to office in order to receive those services. As you know from your hearings on transportation and mobility, the elderly and the disabled find it very difficult to travel from one agency to another. For the most part they will have to fill out forms and answer personal questions during the intake interviews at each agency. It is a demeaning process indeed and oftentimes results in the older person "giving up" in frustration and despair. Not only is the present system offensive, duplicative, inconvenient and often intimidating, but it is also inevitable that many elderly get lost in the shuffle.

It seems logical to NCOA that one agency be designated to document the necessary particulars and the information then utilized by all agencies.

The following report from our Philadelphia regional office demonstrates the single-minded attitude of SSA and the resulting hardship to the older person:

Mrs. M. B., an 80-year-old woman went with her daughter to apply for SSI. At the SSA office, she was only told how much her monthly check would be from the federal government. No mention was made of the State Supplement. Mrs. M. B. has diabetes and glaucoma, requiring daily insulin injections. Her daughter, having heard something about medical benefits, asked about such assistance. The claims representative replied that SSA has nothing to do with medicine or medical benefits. He did not bother to tell her that she would receive Medicaid automatically as part of the SSI package.

Mrs. M. B. was not referred to the Department of Social Services.

Mrs. M. B.'s problem was fortunately solved through the intervention and assistance of the Philadelphia Corporation for the Aging, conducting the local SSI Alert program. But what would have happened to her had her daughter not been aware of the Alert or of her mother's eligibility for "some sort of medical assistance"?

A social service referral form has been made available to SSA offices, but has not resulted in adequate referral to DSS. Even if this form is correctly completed and sent to a county welfare office, there is no follow-up procedure to insure that the individual ever receives the required service.

At a briefing session on the new SSI program in the Philadelphia region, the SSA district office manager was asked how this social service referral form was used. He replied, "If a person *asks* them about services, they will make a referral, or if a person appears to be in 'dire need' the referral will be made."

What happens then to the older person who does not know enough to "ask"; and how, indeed, does a clerk define "dire need"?

An adequate information and referral system should incorporate the following procedures:

Indepth counseling to determine needs.

Personal contact to insure proper referral of client to service deliverer.

Follow-up with both client and DSS to ascertain whether required service was delivered.

It is essential that the initial intake application for income benefits and a determination of social service needs be made in one office. Our overall contacts with those who serve the elderly, as well as with the elderly themselves, clearly indicate the need for a clearinghouse of public assistance programs. Only in this way can accurate and definite information be obtained. During the SSI Alert, many such information and referral problems were handled through the SSI Hotline workers, but in most communities this resource no longer exists.

To remedy this situation, we strongly recommend that a person trained in determining needs and knowledgeable in available community resources staff each local SSA office. This placement can be accomplished by outstationing staff from the county welfare office in SSA offices. Yet another solution or supplementary plan would be the hiring and training of older people themselves to serve in this capacity—under an expanded Title IX program.

This fragmentation of service delivery has long been a problem in our social welfare system for the elderly. In NCOA's final report on Project FIND published in 1969, it was recommended "that the Social Security offices become the one central point of referral for persons with problems of financial aid and medical assistance under both Social Security and public welfare. Sharing office space [SSA and DSS] could be a step in this direction." The implementation of the SSI program presents us with an ideal opportunity to finally respond to this long-standing, and oft demonstrated, service need.

In concluding this point, I should like to emphasize to this Committee that a major objective of federalizing Old Age Assistance was to enhance the capacity of state DSS to provide human services. By eliminating from their functions the time-consuming process of determining income eligibility, county welfare agencies could, theoretically, devote full time to service delivery. Our contacts in the field indicate that in reality this has not occurred.

What then has been happening? To what extent are the services mandated under Title VI made available and utilized? Are caseworkers in county welfare offices indeed devoting more time to adult services or have they been reassigned to other program areas? And, perhaps the most important question of all—how are the states allocating the money saved from conversion to SSI? It would seem only just that this money be funneled into the enhancement of adult services.

As we stated at the outset of our remarks, we are aware that there are other fundamental deficiencies in SSI, which must be corrected if Congressional intent is to be realized:

There is a need for automatic cost-of-living increases in Federal and state SSI benefits. Such increases should be tied to raises in Social Security benefits and recipients protected against corresponding reduction in state supplements and benefits from other programs.

The food stamp and commodity surplus eligibility of SSI recipients should be made permanent and recipients guaranteed against lost benefits due to "cashing out".

Important first steps have been taken by the Congress to provide income through the SSI program and to provide social services through Title VI of the Social Security Act to the nation's elderly, disabled and blind. We would hope that the weaknesses in the SSI program would receive the immediate attention of the Congress; that the regulations governing Title VI services be continued

beyond December of this year; and that strong linkages between these two programs be developed and federally mandated. If not, the total impact of both programs will be dissipated.

We appreciate having had this opportunity to present to this Committee our recommendations for legislative and administrative changes relating to SSI in our continuing mutual efforts to guarantee a quality lifestyle for all older persons. Thank you.

Senator HANSEN. Next we will hear from Commissioner Flowers of the department of welfare, from the State of West Virginia.

Mr. Flowers, we're very pleased to have you here.

Mr. FLOWERS. Thank you, Senator, and as the anchorman in this panel, I'll attempt to be as brief as possible and speed to a conclusion here right away.

I have a rather brief statement. I will attempt to summarize it.

Senator HANSEN. Fine. Your entire prepared statement, without objection, will appear in the record.*

**STATEMENT OF HON. EDWIN F. FLOWERS, COMMISSIONER,
DEPARTMENT OF WELFARE, WEST VIRGINIA**

Mr. FLOWERS. In my judgment, the SSI program in its implementation and administration has not resulted in either an efficient or responsive system for helping economically the older citizens of this country.

I think its main deficiency has been reliance upon an overcentralized system that requires everything to go to one national office. I realize we cannot turn the clock back, but I do feel that we can achieve what older people are entitled to expect if we would do one of two things.

I strongly suggest that the program could be more effectively administered by certain of the States under contract with the Social Security Administration, and short of this, I think the Social Security Administration itself would achieve a great effectiveness and responsibility to the people that it's supposed to serve by delegating to regional offices the ability to meet these needs locally.

I think there are certain policy changes that just demand a change and amendment, and one of these is that we must avoid trying to have a "fail-safe" system by which every conceivable cross-check is made before help is delivered.

The help must be accessible to the people that need it or else it's of little use.

I feel that food stamps should continue to be made available on the same basis, to SSI recipients, as any other American, and his privilege of having the stamps mailed to him as we are doing in West Virginia, should be offered by the Federal Government.

If this were done, there would be no excuse for more than one eligibility determination, and if there is reluctance on the part of some States to extend this benefit to their people, we would suggest, if they had tried it as we had, they would have liked it, and as far as the difficulties about individuals having hangups about using the stamps, we think that some of us worry more about that than hungry people do. When my wife goes to the store, she receives stamps. Some other wives go to the store and use stamps.

*See p. 751.

COMMONSENSE ELIGIBILITY REQUIREMENTS

I think there's certain commonsense eligibility requirements that could very easily and very simply be written into the program, and should be done right away.

One of these is with respect to the property requirements about an individual's homestead. He should not be required to commercialize his property in order to be eligible for help.

In addition, in the area of disability we have a grave gap that exists now between the new Federal program and what the States have been providing. We do not have realistic disability standards written into the SSI program at the present time, and I've commented on this more extensively in my text than what I will right now.

A second area, however, that I would hasten to call to the committee's attention would be that of a spouse of an eligible SSI recipient. Formerly, these individuals were helped if they were in an assistance household, but as I point out in my written statement, a 63-year-old spouse is considered nothing as far as economic help is concerned, and what is even more tragic, there is no medical assistance available for this individual unless she would happen to be blind or disabled and thereby separately qualified.

In short, I strongly recommend to the committee a new pattern of administration for this program and a more rational set of policy standards.

Otherwise, I think the objections that have been heard thus far by the committee, and what will be inevitably an evermounting bureaucratic chaos, is going to be translated into further serious, and in some cases, tragic deprivation for the unfortunate people that we all desire to serve.

Mr. AFFELDT [now presiding]. Thank you, Commissioner Flowers. Your prepared statement will be placed in the record at this point.

PREPARED STATEMENT OF EDWIN F. FLOWERS

My name is Edwin F. Flowers. I am Commissioner of the West Virginia Department of Welfare, 1900 Washington Street, East, Charleston, West Virginia. The West Virginia Department of Welfare formerly had responsibility for money payments to the categorically eligible aged, blind and disabled which were converted to the Supplemental Security Income Program on January 1, 1974. It presently has responsibility for a State administered system of money grants to the family categories (AFDC) including unemployed fathers, statewide administration of the Federal Food Stamp Program and a program of social services as well as administration of the Title XIX Medicaid Program extending benefits to all categorical recipients of welfare aid, medically needy low income persons and SSI beneficiaries.

The Supplemental Security Income Program has been a boon to many people. I would in no way want to minimize its importance in reducing the incidence of economic poverty or in making additional government benefits available to a great number of people. However, neither is it my intention to deal in generalities nor take comfort in sizable gross statistics when for more than six months we have had to make excuses for the system to the people it was designed to serve. That the new system is not living up to its billing is an understatement. The representations made and the arguments advanced for its enactment simply have neither been fulfilled fully in practice nor, in my judgment, do they appear likely to be fulfilled in the foreseeable future. In addition, there can be no dispute that this program has been one of a very substantial magnitude to implement. Neither is there question that the multitude of amendments and adjustments desperately made in the legislation has, in some instances, aggravated rather than relieved the complexity of the problems.

However, in the judgment of this State Administrator, the implementation and administration of the Supplementary Security Income Program has not resulted in either an efficient nor a responsive system to meet the economic needs of our older citizens.

In the huckstering of the program, a great deal was made of the supposed efficiency of the Social Security System. My own judgment is that we confused the "efficiency" with the "humanity" of the system. The presumed efficiency of the Social Security Administration overlooked the fact that retirees or survivors whose lifetime personal and earning record was already on file with the system, waited weeks to receive benefits. To the contention that this Nation's elderly, blind and disabled recipients could not endure the painfully slow functioning of such a system came the response that \$100 would be available in an emergency to meet the needs of an applicant. This ignored the fact that \$100 scarcely meets the absolutely minimum needs of any applicant for three weeks and there was no indication whatsoever the new system could respond in that length of time. It further overlooked the more important fact that, unlike wage earning retirees and survivors of annuitants, the SSI applicant was destitute usually the day he came to apply for aid if indeed he had not waited for weeks in destitution before application was made. The typical applicant of benefits under State programs for the aged, blind and disabled did not ask for help in advance of when he needed it or even on the day when he needed it but generally he made application long after the need had arisen having held onto a hope that dependency upon a public system of support would not be necessary.

I do not speak with an impractical longing for a kind of program administration not attainable in reality. I speak of our own ministering to the needs of aged, blind and disabled in a State of 1,744,000 people where twenty-seven field offices were able to take immediate action upon receipt of an application for aid and, through the use of computer terminals, cause a check to be written at our Central Office and mailed within twenty-four hours to a recipient. This system had been in operation since 1970 and still serves our family category of welfare recipients in this fashion.

Of course, the Social Security Administration can "out-computer" anything the State of West Virginia has, but I suggest in the administration of their automatic data system, the Social Security System, including the Supplemental Security Income Program, has vastly over-centralized the input of data to one point making the output inefficiently and unresponsively slow and cumbersome. Indeed, their system might be aptly characterized as having "constipated computers." This over-centralization has perhaps resulted from a penchant for a "fail safe" system where so much automated cross checking would be done that an ineligible recipient could never slip through. While none of us except the system to be responsive to the point of recklessness where the integrity of the recipients as a group is suspect, I would suggest that since by far most applicants are honest, the new system would hurt less people if it sent checks first and let the computer tapes fraternize later.

We built our system of mandatory supplemental aid and medicaid eligibility on the promise of a prompt transfer of computer tapes to the State concerning eligible SSI recipients. Not only is the determination of eligibility and transmission of the first check delayed, but when the taped information arrives it is usually in error due to a change of circumstances or other causes.

For example, some cases appear one month on the list but are omitted the next month even though they are still receiving an SSI check. In other cases we find they have received checks for several months and not appeared on a computer tape by which we can issue a medical card.

The efficiency of the former system has been lost in another respect. Our aged, blind and disabled recipients had the option in West Virginia of authorizing the deduction from their assistance check for the cost of food stamps.

This spared them the expense and inconvenience of a separate trip to purchase their food stamps at a welfare office or bank. The stamps were available at their mail boxes rather than at the County seat. Sixty-five percent of all eligible adult recipients used the "check off" system. By withdrawing this service under the Federal system, participation in the program has dropped by 10.1%, from 15,455 households to 13,893.

About the termination of mail issuance the daughter of an aged SSI recipient in Kanawha County, West Virginia, said "you finally did one thing right and now you have stopped that." The result is that we have taken away an important service from a needy segment of society which has also been hurt the most by inflation.

Not only has the supplemental Security System been wrongly presumed as being efficient, but its efficiency is now marred by the States being forced to duplicate the service of economic support to this critical category of persons. In this age when helping agencies are rightfully faced with the question of how much help they really deliver to the poor, we should not put ourselves in the position or posture of duplicating each other's efforts. I was one who was personally convinced that the economic support of aged, blind and disabled persons should and could be borne by the Federal Government. That, not only, is not being done, but the trend has been established toward the reinstatement of state programs for essential economic aid in order that human needs may be adequately met. This is particularly true in the aid to the disabled category.

Thus, we have both the State and Federal Governments expending resources needed by poor people on mechanisms for the delivery of those benefits to them.

I have already commented upon the time delay from the point of application to the receipt of help. The delay seems to be taken as tolerable and normal by an organization (Social Security) which relies upon retroactive benefits to achieve in justice what it lacks in responsiveness. While it is commendably fair that applicants be paid from the point of application this ignores the fact that forced starvation is not remedied by deferred but accelerated consumption.

Our State Commission on Aging reports that their referrals to the Social Security Administration have experienced an average of three months' delay between time of application and receipt of the first check.

Contributing to the unresponsiveness of the system is its inaccessibility to many persons. Whereas State benefits were available through offices in all of our fifty-five counties, SSI applicants are served by only fifteen offices. Itinerant visits to additional localities in the State do not correspond with the unscheduled and unplanned poverty experienced by most potential applicants.

I would like to point to three major obstacles which confront individuals who by common sense, non-technical standards of eligibility are now excluded from the system.

The first obstacle is the property limitation regulations which count land adjacent to an applicant's dwelling as part of his assets and not as part of his homestead exemption. This land frequently is assessed or valued by some optimistic evaluator as worth in excess of the \$1,500 statutory maximum. While some regions do appear to interpret the homestead as including all land adjacent to the dwelling if the composite value is less than \$25,000, this interpretation does not appear to be universally shared by all Social Security District Offices. In a rural State such as West Virginia this interpretation has had a worse effect than the lien laws which we had long ago abandoned and which were condemned by the SSI statute.

The second obstacle is an unrealistic qualification level of help for the disabled. This is one of the most personally disappointing revelations of the new SSI system.

The interpretation of the Title XVI standards which must be applied prospectively by the Social Security Administration and retroactively to all recipients who came into a State system after July 1, 1974, will mean that many persons considered qualified for aid by the States will now not be helped. While it is recognized that perhaps as a standard the Congress could not take the most generous interpretation of the fifty State welfare jurisdictions, I submit that the qualifications being used under Title XVI are totally unrealistic in several respects and compel the creation of a supplemental state system for the Federal Supplementary Security Income System. If that sounds confusing to those of us who are in the program, think of what it must sound like to a person who has been determined by his physician to be disabled and certified by his banker to be penniless.

This disparity results from both matters of regulation and attitude of administration. Specifically, since 1970, West Virginia had afforded categorical aid to the disabled where the prospective disability period was six months or more. The Federal standard of prospective disability is one year, meaning that the disability must virtually be permanent or else it will not be federally attended. A further specific qualification has to do with the intelligence quotient where in West Virginia we felt that the I.Q. level of 65 was distressingly rigorous as a level above which self-support could be presumed. The Federal presumptive level of disability is an I.Q. of 49. While we would, of course, hope that a maximum number of those with less than average I.Q. could be self-supporting and educable, deprivation from federally supported programs does not lead us to a realization of that hope.

In administering the State categorical disability program prior to SSI, we found our approval rate of applicants to be approximately 70%. The SSI approval rate is estimated to be 35 to 40% and very few applicants are approved presumptively by a District Office. Our field staff approved on the average about 40% of all applicants on a presumptive basis, considering the social and medical data available while further documentation was secured. The experience gained from this approach did not accelerate and expand an ever-growing case load. The disabled case load at the time of conversion was within 2½% of its level of three years earlier.

Thus, to maintain even the minimal program of support to the disabled which West Virginia had prior to January 1, 1974, we will be compelled to implement a new State category of assistance to the disabled to complement elusive federal categorical help under SSI. If the goal of the new Federal program was to eliminate or reduce federal support to this former category of state recipient or to shift this burden to state and local governments, then that result will be achieved.

A third obstacle in the qualifications for the new program has to do with what was called in our State program "the essential person provision." Under the new Federal program each person in the household must qualify separately in order to be included in the Federal grant. This is contrasted to the practice of many States including West Virginia where the spouse of an eligible recipient was included in the grant. This means that a 65-year old SSI recipient who is married to a 63-year old spouse, will be expected to live on a grant payment of \$146 which has been declared an adequate amount for just one person unless that spouse is blind or disabled. Under the State program, this situation would have called for a grant payment to a household of two persons. While the effect is slightly ameliorated by the Federal food stamp benefits which are progressively generous to larger household units and those with lower household income, the more substantial loss is the medical benefits which are no longer available to the spouse. Thus, those spouses of persons declared eligible for full federal support, are deprived of both cash assistance to allow them to continue to live with their SSI recipient spouse and the medical support which is so vital to every person in an assisted household.

CONCLUSION

I would like to conclude with the following observations. The first deals with administration, the second with operation.

First, despite the problems discussed above I realize that we cannot "turn back the clock" in this matter. However, I would strongly suggest that the program could more effectively be administered by states under contract with the Social Security Administration. In federalizing aid to the aged, blind and disabled, impressive statistics can be marshaled to show significant strides being made to reduce the incidence of poverty in America. But given the same increases in resources and federal encouragement for improvements and standardization in State systems, a more efficient and responsive system not only was possible but was in fact being realized in many places.

Failing a contractual decentralization of administration to the States, a genuinely regional system of federal administration should be substituted for the present over-centralization.

My second observation concerns the actual operation of the program. A variety of needed policy changes must be instituted before the goals of the program can be met, irregardless of who administers it.

To be specific, the elderly, blind and disabled poor need help promptly. Precious weeks, days and even hours of their lives should not be sacrificed to achieve a "fail safe" system of aid. Help should be accessible by the adequacy of offices where decisions can be made and help delivered close to the site of the need. Food stamps should continue to be made available on the same economic basis for SSI recipients as any other American and his privilege of having the stamps mailed to him should be offered by the Federal Government. Common sense eligibility requirements should prevail and we should not disqualify a person because he has not commercialized the property in which he resides. The expectation of self-support must be more realistic in both standards of disability and qualifying the spouse for cash assistance and medical benefits.

In short, I am strongly recommending a new pattern of administration for the program and a more rational set of policy standards. Otherwise, we shall be faced with ever-mounting bureaucratic chaos which in practice is translated into serious and in some cases tragic deprivation for the unfortunate people whom we desire to help.

Mr. AFFELDT. Commissioner, I would like to congratulate you and the other witnesses for making very powerful presentations.

Now, I would like to submit some questions on behalf of Senator Church, and I'll start with Commissioner Flowers.

The first question is this. The law on regulations governing SSI gives very little incentive to the States to supplement the Federal payment.

From the States' viewpoint, how could this incentive be incorporated into the law to encourage them to make supplementary payments?

Mr. FLOWERS. Sir, I don't think that the States will be very much encouraged to supplement until some of the gaps in helping people initially are met.

For instance, I think it is a much greater concern to my colleagues and State administrators that people are waiting 3 months to get their help initially, more so than getting additional money to those that are already in the program.

Second, we are more concerned that disabled people which we formerly could help under our State assistance, are not going to be helped under the new system, and I think until some of these gaps are met, until the system becomes responsive to meeting the economic needs, and as Mr. Ossofsky has so well stated, the social service needs, then I don't think we'll get much attention to further improvement by State supplementation.

Mr. AFFELDT. Second, we've heard a great deal of criticism with regard to the fair market value limitation concerning a home for an SSI recipient.

Now, it's \$25,000. Would you have any suggestions for improving this particular aspect of SSI?

HOMESTEAD EXEMPTIONS VARY

Mr. FLOWERS. I think a matter of interpretation would help in this regard. I don't quarrel as much with the \$25,000 limitation, as I do the policy in some districts, at least, of excluding all except the lawn around the home as part of that \$25,000 homestead.

In other words, what is happening in some districts is that if a person lives on a small parcel of land, maybe 3, 5, 6 acres, only the lawn is considered as part of his exempt homestead, and the rest of the property is valued commercially.

In other instances, in other Southern States, we have an aggravation of this where virtually worthless property is excluded from the homestead exemption. I think a matter of policy interpretation that was uniform throughout the country which preserved intact to the individual the property adjacent and contiguous with his residence would help relieve this disqualifying factor that's presently being experienced by many people.

Mr. AFFELDT. Let me pose this question to all four panel members.

Do you think it might be desirable to have varying fair market value rates to take into account the substantial difference in the cost of living with regard to the various regions of the United States? For example, a house in Washington, D.C. or New York State would be valued at a substantially higher level than perhaps some small midwestern community. This, of course, can have very dramatic impact on SSI recipients.

Who wants to proceed first?

Mr. FLOWERS. Let me just continue and respond to that. I think it's very difficult—we know that there are certain regional variations in the cost of some items, but even within my own State we have such vast differences in property valuations.

For instance, the community of Charleston, W. Va., where the State capital is, property there is atrociously high, and I understand compares with the Washington, D.C. area, for instance, while in other parts of our State we do not experience such inflated values so even within very confined geographic regions I think you get wide variations, and we need to remember that one of the reasons for the federalization was to get some standardization so that there wouldn't be the disparity in eligibility criteria from one community and one State to another.

We had 50 different standards before. Now, I think we need to be very careful in trying to achieve what would be equity among all regions of the country, that we not find ourselves with such disparate systems in the future.

Mr. FAHEY. I think the fundamental public policy issue that's involved in this is that we should have a basic floor that is equitable. The floor should be of such a nature that it would be reflected in the different standards of living throughout the United States.

Mr. AFFELDT. Mr. Greenstein, do you want to answer that question?

Mr. GREENSTEIN. No, thank you.

Mr. AFFELDT. Jack Ossofsky?

Mr. OSSOFSKY. No, I concur with Mr. Flowers.

Mr. AFFELDT. Let me just read this into the hearing record. This is for your benefit, Mr. Flowers.

Senator Randolph regrets that he cannot be present to greet you and to hear your testimony, but he sends his best wishes.

Mr. FLOWERS. Thank you.

Mr. AFFELDT. John, do you want to ask any questions?

Mr. MILLER. No questions.

Mr. AFFELDT. This question is directed to Jack Ossofsky.

COORDINATION WITH SOCIAL SERVICES CONFUSED

Since there's been considerable confusion about the coordination of services within the SSI program, because SSI is administered at the Federal level and the States are responsible for providing social services, do you believe that the title VI social services program could be coordinated with SSI in a workable fashion?

That's point 1. If so, how can this be accomplished?

Mr. OSSOFSKY. The answer to the first question is yes, and as a minimum, it's possible to even work out, it seems to me, a modus operandi where there were outstation Social Security office representatives of the local welfare department and county welfare department.

That won't necessarily solve the problem, but if there were a working relationship of that sort, it would be possible for the referrals to be made at one time.

Second, it's possible to take a more aggressive position about referrals that come to the attention of the Social Security offices. We have a number of instances referred to us, some referred to in the testimony, in which there simply was no attempt to make the referral

even though someone came in and asked for help, and it seems to me that it's a question of motivating the staff and also having an adequate amount of staff to take care of the sensitivity toward the human surface aspect.

Back in 1969 or so, when we did the original Project FIND report, based on a survey of some 50,000 older poor people, we pointed out at that time that a step to a unified system of approach would be to see to it that there was coordination between the welfare departments and the Social Security offices, with the hope of establishing one referral point in a community where a person could come and have a well stocked service center, get his cash benefits and also get his referrals to the appropriate agency.

That doesn't mean that all of the social workers have to be housed in a Social Security office, but let's stop forcing the older people to go shopping, and create at least one stop where they know they can come for information and assistance, with some followup.

Certainly it's possible to be done if we want to do it.

The other thing that seems to me needs to be done is to see that the title VI regulations are enforced—that we take some aggressive steps to see that the services that are mandated are indeed being offered and provided. This is not necessarily the case across the country. At a minimum, we've got to see that these services are made available, and second, that people are informed about them.

It may very well be that the growth of area agencies on aging and information referral services being developed by the Administration on Aging will help in this regard. However, most of those agencies are still in the formative stage.

The Social Security offices, on the other hand, are there.

One of the reasons so many of us were anxious to see the SSI program created and administered through Social Security was because the Social Security office had a very positive connotation in the eyes of older people. It was a place to turn for assistance, for a benefit, for a right to work title, not for a handout, with none of the denigrating connotations that we referred to earlier.

Well, if indeed we were to maintain that kind of approach and see to it that services are provided with a similar kind of positive view, that people are entitled to benefits, because those benefits have been legislated, then I think people would turn to the Social Security office which offers a variety of social service in the community which it ought to serve.

STATES WITHDREW FUNDS

Let me just add one other point. In the testimony itself, I refer to the fact that we had hoped that when SSI was created the States would not pull back the funds that they had invested in the past in old age assistance, would indeed supplement SSI where needed, and would enhance the social service program. This is not taking place by and large across the country. The States are saving that money.

There is evidence that in many of the States the departments of social services with less people there, are giving fewer services. Once and for all, we've got to begin looking at people's needs in our country, particularly the needs of the economically, socially, and physically frail, and do something to treat people with a sense of equity and justice.

We put a lot of emphasis in our country on the concept of independence. We run some programs that emphasize the independent living of older people, but the fact remains that at certain points in people's lives they may become dependent. That's not a crime. That's a reality of our society, and we ought to see to it that people get what they need to help them overcome that hurdle, without adding a sense that they're doing something terrible, losing faith, losing self-esteem by getting the help they need.

Can't we reach out to the people in need to give them the help they're entitled to, and develop a mechanism that systematizes and coordinates all of the efforts at one time. I think we can if we have the will to do so.

Mr. AFFELDT. In the fall of 1972, the Revenue Sharing Act was passed, and there were about nine categories set aside for priority funding among the localities. One was social services for the elderly and the poor.

Now, we've had a little over a year of experience with revenue sharing. In your judgment, how would you say the elderly have fared under revenue sharing?

This is directed to Jack Ossosky.

Mr. OSSOSKY. All of the evidence indicates that less than 1 percent of revenue sharing is going to the elderly. Now, it may very well be that the elderly are benefiting from the strengthening of police departments that is taking place, from the new paddy wagons that are being purchased. Some of them may even be riding on the new roads that are being built with revenue sharing, but the fact remains that categorically, they are receiving only a fraction of what they're entitled to.

Very little is being done, for example, in other categories of revenue sharing that could very well serve the elderly. There is very little evidence that the other categories are being interpreted in such a way that the new services or facilities specifically include the elderly.

NCOA undertook a study of revenue sharing and we've done our best to encourage community groups to put heat on the local governmental bodies, to alert them to their responsibility in this regard.

We have also produced a technical monograph which, I must say, has been very well received, describing how revenue sharing has been used in a number of communities. I'll be happy to submit a copy of that publication for the record, if you would like to have it.*

Mr. AFFELDT. Yes, we would.

REVENUE SHARING NOT UTILIZED

Mr. OSSOSKY. There appears to be no significant utilization of revenue sharing to enhance social services for the elderly or the poor.

Now, the mixing of the elderly and the poor in one category, shows perhaps some sensitivity on the part of some legislators. However, when it gets down to the local scene, "them what has gets, and the elderly what ain't got, don't get."

Mr. AFFELDT. Father Fahey, this is a question that we have from Senator Church.

*Retained in committee files.

Can you explain how SSI has affected certain residents of private, nonprofit retirement homes? How has the implementation of SSI affected recipients who reside in other forms of housing such as public housing?

Mr. FAHEY. The Federal Council on Aging has responsibility to study interrelatedness of one benefit to another. It's just an extremely difficult problem that we have to come to grips with as a Nation, to integrate eligibility criteria for various programs properly.

Mr. GREENSTEIN. Could I just add one other quick point in reference to what I talked about earlier, and that was I did want to indicate my sense that if the Congress is not willing to enact a cash out along the lines that we discussed earlier, and is interested in retaining food stamp eligibility for SSI recipients, then my sense would be that the best route to go would be to make the present provision permanent; the present provision that's been extended for 1 more year indicates that in all States SSI recipients are either eligible for food stamps or are eligible for a cash out. I don't really think there are many complaints with the present provisions other than the problems that we talked about namely, that a lot of people who are eligible for food stamps are not enrolled in the program. So if the Congress wants to retain food stamp eligibility for SSI recipients, I feel the best route would be to make the present arrangement permanent, although I think the cash out is still the ideal solution.

Mr. MILLER. If you extended the current provision, would you leave open the option for States to cash out at any time if they desired to?

Mr. GREENSTEIN. Yes, I have a little note on this in my testimony. I think the two technical changes I would make are, I would reopen cash-out options so that a State could decide at any time to cash out, and this involves a lot of decisions in terms of adjusted payment levels and so forth. The State's going to look at its own interests in this matter, but I think that if we're going to keep food stamp eligibility, then the option should be left open so that the State can at any time decide to switch to the cash-out route.

Additionally, I think that the dollar value of the cash out should be changed so that instead of having the cash out based on the average food stamp bonus as of January 1972, we have either of two things—we have either a food stamp cash out based on the current average bonus level, or, if we're going to have just a small number of States doing the cash out, that we have a provision whereby there is simple calculation at the time that each State that chooses to cash out goes to the cash out. This would be a simple calculation to determine the average food stamp bonus for which SSI recipients in a particular State qualify as of the month that that State converts from food stamps to a cash out.

INEQUITIES IN CASH-OUT PROGRAM

Mr. MILLER. Wouldn't that lead to the kind of inequities and create some of the problems that we haven't really resolved—I mean as a contrast to a once-and-for-all cash-out program such as you have recommended?

Mr. GREENSTEIN. It's the same issue again, of simplification versus complexity, but I'm not sure the complexities necessarily are inequi-

ties. The reason I'm suggesting this is that it seems to me that if you're not going to update the cash-out formula—it's now based on January 1972 food stamp bonuses—then you've got an inequity. The inequity results from the fact that SSI recipients in States that do not have high State supplements are entitled to food stamp bonuses that are greater than the 10 currently provided by the cash out, and there's an inequity to those people if they lose a \$16 food stamp bonus—perhaps \$20 or \$25, if they have deductions—to get a cash out that's only \$10.

Mr. MILLER. I understand that, but as I understood your suggestion a few moments ago, it would be optional to the State at almost anytime which would tend to perpetuate that.

Mr. GREENSTEIN. I don't think that a State option itself leads to an inequity. The food stamp/SSI provision which was originally passed last December and which is now still in effect, basically froze the cash-out option. Under the original H.R. 1, there was a cash-out option and I really don't think giving a State that option is an inequity.

The inequity in the original bill—H.R. 1—was that the State had that option but didn't have to take it. If a State didn't adopt this cash-out option, the people didn't get any food stamps either. They got nothing. That was the problem in the original bill.

Mr. MILLER. Perhaps I'm still misunderstanding the point you're making. Under the option you're speaking about, the State could opt for the cash out next year at an appropriate level. Another State could opt out 5 years later, at another level.

Mr. GREENSTEIN. I see. That's a good point. There's a point I made in my written testimony that addresses that. The question is if you cash out food stamps and you only cash them out at \$10 or some other figure, and in the meantime food stamp bonuses continue to rise as food prices rise, isn't it inequitable to people who are cashed out at an earlier point in time because they're left at the level they were cashed out at several years ago.

I think the answer to that question is to have a regular cost-of-living adjustment for the entire SSI payment, including State supplements and including a cash out. If you had a regular cost-of-living adjustment, I think that would settle this issue and there wouldn't be an inequity.

In New York, the current SSI payment level for single persons living individually is \$207 a month. That includes a \$10 cash out, but if that \$207 a month were adjusted every 6 months or every year according to increases in the Consumer Price Index or some other appropriate index, which after all covers food as well as other items, then that whole amount would increase, and I think that would deal with this issue and eliminate the inequities. If this procedure were adopted, the cash-out payment would not remain static while food prices and food stamp bonuses rose.

Mr. AFFELDT. Thank you.

With that, we will adjourn subject to the call of the Chair. Thank you very much.

[Whereupon the hearing was adjourned at 4 p.m.]

APPENDICES

Appendix 1

ADDITIONAL MATERIAL FROM WITNESSES

PREPARED STATEMENT OF THE NATIONAL RETIRED TEACHERS ASSOCIATION AND THE AMERICAN ASSOCIATION OF RETIRED PERSONS*

INTRODUCTION

Fundamental to the legislative program of our organizations, the National Retired Teachers Association and the American Association of Retired Persons, is the belief that the various programs of income maintenance and income replacement must be structured and regulated so as to assure that the highest standard of living experienced by aged or disabled persons in the years immediately prior to retirement, death of spouse or disability will be continued and maintained. In order to achieve our organizations' goal, the various components of the existing income structure must be perfected.

At the present time, this structure includes the Supplemental Security Income Program, intended to provide every aged, blind and disabled person with a basic floor of income protection, the earnings replacement and annuity programs such as Old Age, Survivors and Disability Insurance, civil service and railroad retirement, supplemental private pension programs, income from productive labor and programs and preferences designed to prevent substantial reductions in income as a result of income and property taxes and health care expenses. The focus of attention of this Prepared Statement is the SSI income maintenance program.

Our organizations actively supported and promoted the October 1972 enactment of the Supplemental Security Income program and consider it to be positive evidence of the continuing federal commitment to the elimination of poverty among our aged, blind and disabled population. We also feel that the program illustrates a general agreement in this country as to the desirability of a multi-level approach to income security for these groups. Once perfected, our organizations believe that the SSI program will provide the basic floor of income protection on which may be built an adequate income structure.

Our organizations vigorously supported the use of general revenues to finance this income redistribution program and the establishment of federal eligibility standards to eliminate inequitable eligibility variations from state to state under the old state programs of Old Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled, and Aid to the Aged, Blind and Disabled. We also supported the elimination of property liens and "relative responsibility" provisions and the exclusion of the individual's home, care, personal effects, household good and furnishings in determining whether an individual is in need of the income maintenance protection of the SSI program. We believed that provisions such as these would protect the personal dignity of the future SSI recipients.

Now that the Supplemental Security Income program has been operational for six months, and having participated fully in the implementation efforts, our organizations have come to recognize that the SSI program is in need of further perfection—both with respect to its administration and its statutory features. We believe that the program, contrary to the intent of Congress, is failing to provide cash assistance to millions of potentially eligible individuals. We are dissatisfied with certain elements of the statutory income and resource tests which seriously compromise the dignity of the aged, blind and disabled poor. We are

*See statement, p. 721.

even more dissatisfied with what we consider to be overly restrictive regulatory interpretations. Finally, we are dismayed that the Congress has still failed to guarantee, through this SSI program, an income floor of not less than the poverty threshold. While we are encouraged by the action taken by the Senate on June 27 to amend the SSI program to cost-index the income floor that is guaranteed, and to assure that cost-of-living increases will be passed through to SSI recipients, cost-indexing will merely preserve the purchasing power of the existing benefit levels which our organizations assert are inadequate. It should not be too much to ask that the aged, blind and disabled poor be guaranteed an income sufficient to lift them from poverty.

IMPLEMENTATION

What Has Caused the Delays?

Appearing before the Senate Finance Committee last June, Secretary of Health, Education and Welfare, Casper Weinberger, defending his Department's role in implementing the SSI program, proclaimed:

... May I emphasize that the planning stage is over. Right now, the Social Security Administration is working with state and county welfare agencies throughout the Nation on an all-out, urgent basis. The law requires that we complete the highly complex administrative responsibility of implementing the new program by next January, and we will.

An equally confident tone was expressed by Acting Commissioner of Social Security, Arthur Hess, in the August 14, 1973 Commissioner's Bulletin:

... We have begun to take claims from persons who will be newly eligible next January. Our current thinking is that the receipt of these claims, (called "make ready" claims) will peak in the October-December quarter. We expect to take about 3.75 million of these claims this fiscal year so that (counting the conversion cases) we will have an estimated 6.2 million recipients on the SSI rolls by June 30, 1974.

Contrast this expressed optimism with the facts:

1. As of October 31, 1973—a full year after the enactment of the SSI program—no final administrative regulations had been published;
2. The conversion process which was to be completed by October, 1973, was incomplete at the time of the implementation of the program;
3. On January 1, only 215,000 additional persons had been added to rolls over and above the approximately 3 million persons eligible for state public assistance payments in December 1973.

Our Associations do not wish to dwell at length on the apparent discrepancies between the official forecasts on the implementation of the SSI program and the actual implementation; however, the facts raise a particularly important question—what has caused the delays?

Regulations

As of October 31, 1973—a full year after the enactment of the SSI program—no final administrative regulations had been published, while five of twenty-one reserved subparts had been published as proposed rules. To date, several of the reserved subparts are still regulated through interim rules.

A number of factors have been identified as having a bearing on the slowness of the administrative rule-making process. One which deserves special mention is the stark realization that when Congress enacted this program, few had knowledge of the complexities in the tangled administration of Old Age Assistance, Aid to the Blind and Aid to the Permanently and Totally Disabled throughout the 52 states administering the grants-in-aid programs. Regulations could not be written without some factual picture of what was happening under the old programs, and it took some time to compile this information into a coherent presentation.

At the same time, however, the lengthy delay in choosing a permanent Commissioner for the Social Security Administration during the Spring and Summer of last year further compounded the implementation of SSI. Although Acting Commissioner Hess did all within his power during his interim leadership of the Social Security Administration, many critical decisions were delayed during the crucial planning stage until a permanent Commissioner could be chosen. Furthermore, the change in leadership in the Social Security Administration and in the Department of Health, Education and Welfare during this "tooling up" stage delayed decisions until a full understanding of the program was established by the new appointees in line with their other responsibilities.

At this point, our Associations wish to emphasize that we do not want to lay the blame for delay in implementation of SSI on any one person or any one

agency. Rather, we suggest that the developments at the planning and implementation stages of the SSI program add substantial evidence for Congressional action to remove the Social Security Administration from the Department of Health, Education and Welfare and to insulate its leadership from the pressures of politics as proposed in S. 3143.

Conversion

The magnitude of the transfer process converting previous recipients to the new program can only be appreciated now that it is completed. Our Associations wish to commend the Social Security Administration for a "job well done." It is easy to point to a number of newspaper articles documenting individuals who did not receive checks or to underscore the problems of one state or another; however, on the whole, the conversion process was adequately administered.

Should this Committee find question in the conversion process, we would suggest that the lack of consistency in the previous grant-in-aid programs forced the Social Security Administration to spend a great deal more time than previously thought necessary in sorting out the data given by the states. Furthermore, in spite of the wholehearted cooperation by the American Public Welfare Association and the tremendous assistance of this group's SSI Transition Committees, there has been some evidence of state "foot dragging" in compiling data to be used in the conversion process and slowness in confirming data returned from the Social Security Administration.

With the conversion process completed, and with praise to the many that made this enormous task a reality, our Associations would only offer this constructive advice to HEW and SSA spokesmen, that in the future, they be willing to tell the whole truth about the complicated process of conversion rather than broadly brush the predictions of accomplishment and then be embarrassed by the few reported failures.

New Eligibles

Although the exact size of the population eligible for Supplemental Security Income grants cannot be predicted with precision, the two most used forecasts, i.e. figures developed by the SSA Office of Research and Statistics, and figures developed by the Bureau of Social Science Research, Inc. are substantially above the confirmed data from our early experience under the Supplemental Security Income program.

The SSA Office of Research and Statistics has estimated the total eligible population for basic federal SSI grants up to the \$140-210 standard to be 6.2 million prior to the April, 1974 increase in Social Security benefits, and 6 million after the April increase. These estimates were developed from 1971 data for a nationwide sample of households—taking from the Current Population Survey of the U.S. Bureau of the Census—projected forward to a 1974 basis. The alternative estimate developed by the Legal Action support project of the Bureau of Social Science Research utilized the income data of aged persons reported in the 1970 general population census, by state, projected forward to the end of 1973. This estimate forecasts the total number of persons eligible for basic federal SSI benefits at the \$140/210 level to be 8.4 million (prior to the April 1974 Social Security increase) and thus comparable to the SSA estimate of 6.2 million. In both studies, the total number of persons potentially eligible for state supplementation only was estimated at about 1.1 million nationwide.

Preliminary data released by the Division of Supplemental Security Studies of the SSA Office of Research and Statistics indicate:

Over 3.2 million people received Supplemental Security Income benefits during January 1974. Of these, 1.9 million (58 percent) were awarded benefits on the basis of age—65 years or older—and just under 1.3 million (40 percent) because of disability. The 72,000 awards based on blindness represented only 2 percent of the total. Of those eligible for benefits, approximately 3 million had been state public assistance beneficiaries, while the rest represented new awards under the SSI program.

The total number of SSI payments had risen from 3,215,632 at the end of January to 3,236,000 in February and to 3,333,000 by the end of March—a three-month increase of 117,000. If the number of converted cases remained the same from January through March (the normal attrition rate is estimated by SSA to be about one percent per month), then the number of newly-eligible persons actually receiving SSI benefits grew from something over 200,000 in January to about 300,000 by the end of March.

Contrast the payment data with the information concerning applicants. As of mid-April, it appeared that as many as 800,000 new applicants had been found

eligible for SSI benefits but had yet to receive their first check. By the first week of April, SSA district offices had been contacted by over two million persons, of whom some 758,000 were advised before filing applications that they were not eligible for SSI benefits, so-called "informal disallowances." The total number of formal applications reported by April 3rd was 1,333,644 of which 72,615 had resulted in denials of eligibility at the district office level and 210,442 were listed as "claims pending". Although the figures on claims denied is subject to error, as some of these could be changed on appeal, it appears that some 1.05 million new applicants had been found eligible for SSI benefits by the beginning of April.

There are a number of issues which this Committee should consider concerning the apparent difficulty in carrying through the processing of new applicants.

Foremost is determining the status of eligibility for individuals identified through Project SSI Alert. As you know, regulations specify that "payment of SSI benefits will be made for the month of application and each subsequent month thereafter" when eligibility is finally established. (Subpart E, Section 416.501, Federal Register for March 4, 1974). Although a change has been made in the SSI-Alert form, many of the persons in the backlog of applications were identified through Project-SSI Alert Form SSA-9738 which encouraged the respondent to believe that he had made his initial SSI application by answering the questions. However, the undated and unsigned form appears not to meet the criteria of a formal application, even though the SSI-Alert volunteer was instructed to terminate his interview with the following words: "You do not have to do anything now. Someone from the Social Security Office will get in touch with you (or your spouse) about an application." Our Associations feel the SSI-Alert form should be used as the basis for determining date of eligibility.

A second question which merits Congressional consideration is the problem of financial liability for payments made by a number of states during the application process. Present law does not provide for reimbursing the states for interim payments even though the state payment would have been unnecessary if the SSI claim had been processed sooner. The lack of a viable emergency assistance program is a tragic shortcoming of the new Supplemental Security Income program. The Social Security Administration has made the argument that state and local governments should administer any program of emergency advances. However, these governments are understandably reluctant to do so since they cannot be assured of being reimbursed for their outlay. Our Associations believe the proposal advanced by the American Public Welfare Association to allow the federal government to reimburse state and local governments for emergency assistance payments to an SSI recipient by deducting those payments from the recipient's retroactive SSI payment is an equitable arrangement, especially in light of the voluntary basis of the program and the requirement for speedy payment to the individual of his remaining retroactive benefits. We endorse the Senate amendment on this issue in H.R. 8217.

Out-Reach

These immediate problems of ambiguity and long delays in processing the new SSI applications are presumably temporary ones. A larger question is the extent and effectiveness of out-reach efforts that will be maintained in the near future.

As a major participant in Project SSI Alert, our Associations evaluate this effort as falling short of its intended goals. Now that Project SSI Alert has entered Phase Two and voluntarism has given way to temporary employees, we can only hope that the spirit of cooperation between the Administration on Aging and the Social Security Administration has strengthened and that the planning and implementation of Phase Two is more organized than the effort in Phase One.

Five months after the implementation of the SSI program and nearly twenty months after the enactment of P.L. 92-603, the Social Security Administration in May was releasing a list of some 5.2 million names from their Master Beneficiary Record to the district offices as leads for potential SSI eligibles. This often-mentioned "leads project" had been promised for some time and was originally proposed as the basis for the Phase One SSI Alert.

By mid-June, our Associations estimate that Project-SSI Alert had phased out in just about 90 percent of the 631 target localities, and the consortia had dissolved. Given the instructions introducing Phase Two, with the District Office Manager being in a position to state the number of volunteers needed—he could opt for using no volunteers at all or using only temporary help, the net effect of this new phase is to close down the volunteer participation established under Phase One. We might add, there has been expressed dissatisfaction on the part

of many of our volunteers because of the delays in implementing the project and the apparent lack of interest on the part of the Social Security Administration in the use of volunteers.

We are forced to ask if there is a designed slow-down in finding new eligibles—responsibility for which can be placed not only at the federal level but also on the states. The original planning assumption considered by SSA in late 1972 was that, with 15 months lead time, some 80 percent of all newly eligible persons would be identified, contacted, signed up and ready to begin receiving SSI benefits when the program became effective.

We ask this Committee to investigate whether or not this original planning assumption was replaced some time during 1973 by the planning assumption that many eligible persons will be “phased in” to the SSI program only gradually over a 2½ year period. Dr. Bickel of the Bureau of Social Science Research maintains this planning change has been made—if so, this is a serious breach of the Congressional intent in establishing new Title XVI and immediate steps must be taken to insure compliance with the law. Bickel further maintains that the changed SSA planning assumption implies a participation rate reached by July 1976 of 85 percent or less depending on the attrition rate among “grandfathered” recipients and on the size of the total eligible population at that time.

On these assumptions, the total number of SSI recipients projected for June 30, 1974 is 4.3 million out of a total eligible population estimated by SSA to number 6.0 million at that time. Our evidence indicates that Bickel’s charges are documented by the status of the program at this point in time. Applications for new eligibles have leveled off, nearing the attrition level for aged SSI recipients with growth only in the disabled segment. Without immediate attention to future outreach activities, we caution this Committee that the SSI program might stabilize at a target level of participation under 50 percent of estimated eligibles.

SUPPLEMENTAL SECURITY INCOME

A Major Departure?

The logic behind the SSI program was to develop an income maintenance system designed to promote dignity and independence. In the words of the Senate Finance Committee reporting the legislation, H.R. 1 makes:

... a major departure from the traditional concept of public assistance as it now applies to the aged, blind and disabled. Building on the present Social Security program, it . . . [creates] a new federal program administered by the Social Security Administration, designed to provide a positive assurance that the Nation’s aged, blind and disabled people . . . [will] no longer have to subsist on below-poverty-level incomes. (Senate Report No. 92-1230, 92nd Cong. 2nd sess.)

The impetus for initiating a national income security program grew out of the increasing dissatisfaction with the administrative complexities, funding problems and variable treatment of individuals depending upon what state they lived in—all inherent problems of the federal-state-local grant-in-aid programs of the Social Security Act of 1935.

Although the intent of Congress in creating the SSI program was to minimize some of the more distasteful features of existing welfare programs for the aged, blind and disabled, an examination of the legislation and regulations indicate that some of the administrative problems of the earlier programs have been brought over to the SSI program. As Paper Number 10 issued by the Subcommittee on Fiscal Policy of the Joint Economic Committee points out:

Informational material about the SSI program emphasizes that there is a basic difference in approach between the SSI program and traditional welfare programs. A contrast is made between the welfare concept of determining individual needs and the SSI concept of comparing income to basic benefit levels . . . The difference between SSI and OAA is more methodological than conceptual. Whether shelter costs are considered as paid, or imputed income from free or nominal shelter cost is deducted from a standard payment level, the results are similar.

Eligibility

There are three basic aspects of eligibility. First, does the applicant meet the basic condition of age, blindness, or disability? Second, what are the applicant’s assets; that is, what is the value of the real and personal property which he owns? Third, how much income does he have?

It is important to note, these three basic eligibility conditions are a part of SSI legislation. The Social Security Administration cannot be castigated for

promulgating regulations which conform to the letter of the law, even if the effect of these regulations would be to pervert the spirit of the program.

1. *Age*.—Under SSI, old age sets in at age 65, as it has since 1935 for assistance purposes. What this means for practical purposes, is that a determination of blindness or disability is not needed when a person is 65 years old or older. The definition of blindness and disability are the same as the definitions used in the Social Security disability insurance program. SSI's statutory definition of blindness is similar to the one used in the Aid to the Blind program, but the definition of disability is somewhat different causing a case-by-case review.

Our Associations' main concern with the construction of this first test of eligibility were partially solved by P.L. 93-66 providing consideration of the spouse of an eligible individual if the spouse is an "essential person" to the eligible recipient. However, we would point out that the provision for coverage of "essential persons" is tied to the coverage under the previous grant-in-aid programs with no incentives for the states to provide such coverage to new eligibles and/or for the states which did not have an "essential persons" provision under the previous programs to provide such eligibility.

The fact that payments to essential persons requires a case-by-case approach which runs counter to the long-run objectives of the SSI program must be reconciled. Our Associations believe that given the substandard payment level of the basic federal income floor there must be every consideration given to the special needs of the recipient. Although we support the long run goal of the program, we urge a pragmatic approach on this issue to humanize the program to take into account the serious income needs of our nation's aged and disabled.

2. *Resources*.—The impression is often given that the SSI program will provide a guaranteed minimum income to all aged, blind and disabled persons whose income from other sources is below a specified amount. This is extremely misleading since SSI benefits are available only to those persons whose assets—real and personal property owned by him—are below a specified value.

Our Associations find it disturbing that the Congressional mandate was steeped in the rhetoric of the "pauper's oath," and equally upsetting that the regulations conform to the law reflecting this adherence to the "welfare myth".

This demeaning means test—a traditional device in need-based assistance programs as a way of defining need—is hardly a departure from the past. The theory is that a person with non-essential assets which can be converted to cash should use up these assets before turning to the welfare program. The practice is to deter individuals from participation by subjecting them to probing questions and placing the onus on the prospective recipient to prove he is a pauper—hardly a program designed for dignity.

Our Associations would urge repeal of Section 1631(e)(1)(B) prohibiting the use of income and resource declaration as a means of establishing eligibility. If the true goal of the Congress was to make Supplemental Security Income a program to erase the welfare connotations of the previous grants-in-aid programs, the statute might be amended by inserting language directing the Secretary to make the application procedure as simple as possible. Unfortunately, there appears to be little enthusiasm in either chamber of the Congress to make the availability of assistance easy.

In the absence of a firm Congressional commitment to make the program performance toward dignity as straight forward as the rhetoric, let us review briefly the regulations of Subpart I—Resources and Exclusions which conform to Section 1613(a)(1)—(a)(6) of the Act.

Our Associations are most concerned about the valuation of the home as established by § 416.1212. It is our understanding that a number of approaches to establish the reasonable value of a home were studied. Unfortunately, it appears as if the most stringent of these was adopted. The precedent of establishing a home valuation in the SSI program is most important because it is a new hindrance to helping older people. In the previous Old Age Assistance Program, only about one-third of the states set a value limit on the home in which the recipient lives in determining the value of allowable resources. Eighteen states had provisions for recovery of assistance payments through liens on property or claims against the estate of deceased recipients but imposed no home value limit; eight states set value limits on the home property and also had recovery provisions; and most importantly, 17 states had neither type of regulation in respect to home ownership. Judging from the fact that in 1970, 28 percent of Old Age Assistance recipients owned their home—23 percent without mortgage—we are speaking of a sizeable population affected by the valuation provision.

A recent Bureau of Labor Statistics study points out that during the 20 years between 1952 and 1972, the cost of home ownership went up 91.7 percent. Reports indicate that houses in Levittown, New York—the original low-cost housing area—which cost \$6,900 in 1948 are now selling as high as \$40,000. In Miami, Florida, homes which cost \$16,400 in June 1966 cost \$42,100 in January 1973. Reports are similar in most all metropolitan communities. The National Association of Home Builders reports that in the decade 1960–1970, the total inventory of houses increased by 10.3 million (although 6.2 million units were lost to bulldozers, fire, and neglect) while during the same period, there was a 38 percent increase in the formation of households. When these facts are taken into consideration, we are forced to ask how the figures in § 412.1212(a) were calculated.

We strongly oppose the home valuation provision on four grounds: (1) a national value limit may represent a modest dwelling in one area but an imposing residence in another, (2) property values vary depending on market conditions, location, basis for evaluation and other judgmental decisions which themselves are subject to variations, and (3) arbitrary limits hurt those with home values marginally above the limit, and (4) arbitrary limits are static and unchanging in light of dynamic economic activities. Evidence shows that the necessary expenses of home ownership are directly related to home value. If the individual cannot maintain the home, then it is his decision that will change his living arrangement and not the forced disposition of excessive resources.

Although our Associations would recommend the exclusion from resources of an individual's home, we will continue to support even the modest change offered the Senate version of H.R. 3153 to take into account regional valuations in determining home value. We would urge the members of this Committee to use their influence to persuade the House of Representatives to sit down and reconcile the differences between the House version and Senate version of this legislation.

We are equally concerned with § 416.1216 providing for exclusion of household goods and personal effects. Market value is hardly reflective of household goods and personal effects. For instance, how would you value the grandfather clock which was handmade two centuries ago and has been passed on from generation to generation? Wouldn't this priceless heirloom be above the established limit if market value was used to calculate conversion to cash? Although the grandfather clock is an isolated example, most older persons have items in their homes which would have a higher cash value when determined by the market mechanism than if the value were to be set by the individual. Use of market value without considering encumbrances seems to reflect concern over the appearance of affluence rather than a realistic appraisal of excess resources which could be used for living expenses.

The complete regulation concerning the valuation of personal effects is subject to considerable variations in judgment and is likely to be applied only in situations brought to the attention of the Department. To administer such a provision would be costly, and, needless to say, of questionable benefit in relation to cost. We recommend amending § 416.1216 to provide an oral declaration by the recipient that they do not have household goods and personal effects of unusual or exceptional value. Such a declaration, in light of all other prerequisites for aid under the SSI program, should be taken at face value and not contested.

The limitation on valuation of the automobile provided for in § 416.1218(b) would receive the same harsh judgment as the two sections cited above if it were not for the clause "an automobile will be totally excluded if it is used for employment or for the individual's medical treatment of a specific or regular medical problem". Even with this provision, we are constrained to ask why a car value should be set at an arbitrary dollar amount? The dollar amount might be understandable if it were set at the retail market value of a Cadillac—because the provision in the law was only placed therein in response to the rhetoric concerning luxury cars—but, set at the present limit, there appears to be no rationale. Although this regulation is less restrictive than current regulations in most states, it still imposes a demeaning test upon recipients which is not necessary. An SSI level income would hardly permit one to continue payments on an expensive car, or even to meet the cost of keeping such a luxury car running and in good repair. Our Associations recommend redefining the limit at that level which an individual can continue to maintain the vehicle.

Finally, although § 416.1230 appears to be the most liberal of the interpretations of the arbitrary standard prescribed in the law for exclusion of life insur-

ance policies, we must voice objection to the provision and hope that Congress will recognize the folly of such arbitrary low limits. On this latter point, preliminary data collected through our Associations' involvement in Project-SSI Alert indicates that the low limit set by the Congress in determining the asset value of life insurance policies may well be the number one obstacle to elderly participation in the program. Hard data on denials is not available at this time. We would urge this Committee to encourage the SSA to undertake an analysis of resource determinations precluding an applicant's participation in the program. The hard data might confirm our suspicion that older persons will cling to the little amounts set aside for burial expense and sacrifice a few dollars gained under SSI.

As mentioned above, our Associations strongly feel that if the Congress wanted a true departure from past grant-in-aid programs, it would never had passed resource limitations as part of the initial legislation. Our optimum goal is the repeal of this means test on resources which forces the poor to be poorer. Knowing that there are less than a majority in Congress, who would favor repeal, we would ask at a minimum, that the resource limitations be tied at least to a cost-of-living index that would automatically adjust the established dollar limits on resources to reflect the value gained through inflation.

3. *Income.*—If the applicant passes the first two tests—being blind, disabled or aged and having few assets or resources—the third crucial test is income.

SSI legislation is specific about the income level which defines eligibility and what income is to be ignored. An eligible individual is defined as one whose countable income is at a rate of no more than \$1,752 a year. A couple is eligible if both are either aged, blind or disabled if their combined countable income is at a rate of no more than \$2,628 a year.

Nationally uniform income exclusions replace the variety of exclusions under previous programs. There is an exclusion of the first \$20 of income from any source, or \$240 per year. During the writing of the SSI legislation, it was generally agreed that this income exclusion would work to the betterment of the individual who was also receiving Social Security. It was estimated that about two-thirds of the individuals converted from the previous programs to the SSI program would benefit from this income exclusion.

Given the huge overlap in the Social Security and SSI beneficiary groups, the question must be raised: What should be done to better coordinate the two programs?

First, let us consider the impact of cost-of-living increases in Social Security benefits such as those enacted in December 1973 and those which will be forthcoming in the new automatic adjustment placed into the OASDI program by P.L. 92-603. Congress must understand that unless some provision is enacted to adjust the \$20 income exclusion under SSI to provide for the "pass through" of the Social Security increase, the poorest beneficiaries on SSI will not be assisted. The SSI program has been designed by law so that payments are reduced one dollar for each added dollar of income about \$20 a month. Raising Social Security benefits to reflect the cost-of-living will mean for the low-income elderly, blind or disabled, that SSI will take away what Social Security gives, with the total income left unchanged.

The suggested remedy—changing the SSI payment level—has already been adopted by the Senate as of June 27, as an amendment to H.R. 8217, however, we must emphasize that to raise SSI benefit levels at the same time that Social Security is increased and/or to enact an automatic cost-of-living adjustment to the SSI program—both measures endorsed by our Associations—the Congress must also consider the problem discussed below of making sure in the high payment states that the benefit is at least "passed through" to the recipient and not absorbed by the state to minimize the assistance costs.

Knowing that the issue of "pass-through" has evoked a bitter reaction within the Congress, our Associations would recommend passage of a measure subjecting the \$20 income exclusion to an automatic cost-of-living feature and thereby circumventing the issue of who pays for the increased supplement in the higher payment states.

Our recommendation concerning the first \$73 per month exclusion of earned income under the SSI program would be to subject this amount also to an automatic escalator geared to the cost-of-living. This would answer the impact of inflation upon the blind and disabled and those elderly who continue to work as part of survival. The amendment to H.R. 8217 on this issue has our support.

At this point, we wish to share with the committee a few of our observations concerning the regulations set forth by subpart K, implementing Section 1612 of the Act.

It has come to our attention from a number of homes for the aged in several states, that the Social Security Administration has ruled that when a person resides in a private retirement home affiliated with a church or private non-profit organization, and has some or all of the cost of board and room paid for him by others, the dollar value of that support, or charity must be counted as unearned income.

In defining income, Section 1612 (a) (2) (A) states that unearned income includes support and maintenance furnished "in cash or kind" to an individual. In computing the amount of cash assistance to be granted to residents of private, non-profit retirement institutions, SSA officials are counting charity or philanthropy as "in kind" income, thereby reducing the amount of such individual's SSI payment. This policy has resulted in many individuals actually receiving less income than before January 1, 1974 and it has also substantially reduced the capacity of non-profit retirement institutions to care for indigent persons. Also, insofar as SSI eligibility determines Medicaid eligibility, many elderly people are losing health benefits as well under this interpretation.

Our Associations cannot believe that the Congress meant for charitable contributions in-kind to be used as countable income. It is noteworthy that the interpretation being placed on this outside "in kind" income applies only to persons residing in non-profit, private retirement homes, and not to commercial homes.

It is our understanding that the Social Security Administration is re-examining the interpretation which they have given this section. We would urge the members of this Committee to express an interest in this issue as we believe that in enacting the SSI program, the Congress did not intend that an aged person's personal needs allowance should be reduced, or that the capacity of non-profit, charitable institutions to care for indigent persons should be diminished.

Furthermore, we would urge the members of this Committee to seek legislative remedy to this situation should the Social Security Administration fail to change its position on this issue.

Furthermore, we would urge the members of this Committee to seek legislative remedy to this situation should the Social Security Administration fail to change its position on this issue.

Our Associations question the interpretation given in the regulations concerning the one-third reduction in payment for a recipient living in the household of another individual. In particular, Section 1612(a)(2)(A) of the Social Security Act of 1972 (P.L. 92-603) does not appear to mandate the regulation as proposed in § 416.1125(d) to reduce payment under the program regardless of whether the individual is making any payment for support and maintenance to the person in whose household he is living. State practices under the current program are somewhat comparable but are more likely to take into consideration the actual financial arrangements of the recipient. Some states have a low payment standard, but not as much as one-third lower, when there are other persons in the home; or, when needs are itemized, the recipient's payment includes his share of the cost of common household expenses if he is expected to contribute toward household maintenance. Reference is made to the one-third reduction in both the House and Senate Reports, and both appear to include the concept offered in § 416.1125(d): however, we fear that for the 20 percent of Old Age Assistance recipients who live in another person's household, this provision will be a step away from dignity and independence and not a step toward a true federal minimum income floor. Reducing incomes for those who are contributing to their own support and maintenance within a household conflicts with the provision of full aid for those who pay for their support and maintenance outside another person's household (subsection e). At stake in this provision is the same older American pride which made Old Age Assistance distasteful: the proudfness which compels older persons to contribute their share. We urge that this section be reconsidered to provide for individual determination until such time as the basic authority can be amended. Although individualized determination is administratively difficult, and the optimum would be to reduce this process to the absolute minimum, other sections of the regulations require this individualized effort. Arbitrary rules to avoid the complexity of individualized determination fail to provide the human compassion and understanding which is necessary to maximize the choice of living arrangements available to SSI recipients.

We would urge the Senate to press for final action on Section 130(a) of H.R. 3153 as passed by the Senate to provide for an alternate determination of income in case of an individual living in the home of another person.

Although P.L. 92-603 required the accounting of prizes and awards, proceeds of life insurance policies, gifts, support and alimony, and inheritances as unearned income, our Associations share several of the observations of the Subcommittee on Fiscal Policy that the regulations tend to restrict rather than liberalize the interpretation of the law. In particular, we do not see the rationale for different treatment of inheritances, prizes or awards, and gifts. Noncash inherited property is considered a resource when received; noncash prizes, awards and gifts are considered as income when received and resources again in the next quarter; prizes and awards are income whether or not convertible to cash. If strictly enforced, defining prizes, awards and gifts as income prevents recipients from improving their living conditions and might be a deterrent to friends, relatives and community groups from giving gifts to these persons on holidays. The Thanksgiving turkey basket for the needy is hardly income, nor do we see the festive decoration of a Christmas tree as income; however, the rules if applied would count both of these against recipients. We would favor the adoption of a general rule which treats all such irregular, one-time receipt of cash or inkind items as resources rather than income; however, in lieu of the statute requiring the accounting of these items as unearned income, we would favor clarification of non-cash versus cash receipts of occasional income to exclude nonconvertible items.

STATE-FEDERAL RELATIONSHIP

Speaking before the Virginia League of Social Service Executives last Fall, Irving Engleman of the American Public Welfare Association asserted:

The Supplemental Security Income program has been referred to in various misleading terms as the "takeover of the adult categories," "the replacement of the adult categories," "the federalization of the adult categories," etc.—the implication of those characterizations being that somehow, come January 1, 1974, there would be no more state and local responsibility of any kind with respect to aged, blind and disabled persons, and that somehow the Feds, specifically the Social Security Administration, had a lot of push-buttons in Baltimore and Washington which would take over and replace everything that states and local structures over a period of many years have been trying to develop in terms of welfare services (not limited to social services) for ABD persons.

Continuing on a point which is essential to discussions concerning SSI, Engleman declared: "The reality is that the SSI program is not, certainly now, a complete takeover or complete federalization in any way of the complex structure of financial assistance and related services for ABD individuals."

In our prepared statement to this Committee last Summer, prefacing our views on Future Directions in Social Security, we pointed out that in enacting the Supplemental Security Income Program, Congress sought to build upon the existing three-level approach to income security—first level being Social Security, a universally available system of publically-administered retirement, survivors, disability and health insurance protection, contributory in nature and wage-related—the second level consisting of savings, private retirement systems and other benefit programs growing out of one's employment—the third, a public program of assistance for those who, taking all income into account, still do not have an income sufficient to meet their minimum needs. It was on this third level that Congress built the Supplemental Security Income Program.

SSI is steeped in the federal principle, that both the federal government and the states have a responsibility to those who do not have an income sufficient to meet their minimum needs. Thus, the Congress in enacting the law, clearly contemplated a partnership in which the basic SSI benefit would be an income floor which each state could build upon in various ways. This point is essential to an understanding of the SSI program, inasmuch as many of the pitfalls in the implementation can be traced back to the statutory provisions.

Supplementation

For many states, the federal floor set in the SSI program is one that goes beyond and is above the prevailing level of income maintenance payments of recipients of the previous grant-in-aid programs in those states. For most states, however, the prevailing level under the previous programs for most or many recipients was above the federal level. These states would be encouraged to supplement the federal payment.

Originally, state supplementation was entirely optional. Every state could make a decision to supplement or not to supplement, how much, what kinds, how

it would administer the supplementation, and so forth. The important inducement offered to higher payment states to undertake such supplementation—assumption of costs above the calendar year 1972, state expenditure level, i.e. the “hold harmless limit”.

By early Summer of 1973, it had become apparent that the incentive offered by the original act to state government for undertaking supplementation of the SSI basic grant was insufficient in many states to achieve the desired supplementation. A survey of state welfare departments and legislative leaders conducted by the American Public Welfare Association in May and June of 1973 found 15 states definitely intending no supplementation of SSI and a large group in which supplementation plans were uncertain.

Congress, recognizing the possibilities that a number of states planned to maximize their potential savings under the SSI program by providing no supplementation of the federal minimum payment, enacted P.L. 93-66 mandating the full supplementation necessary to prevent income reductions below the June 1973 payment levels for all persons actually receiving adult-category assistance payments in December 1973. Thus, in effect, all previous recipients were grandfathered into the program at a payment level pegged to the previous standard in effect in the state where they lived. Beyond that, any supplementation of new eligibles coming on the roles after January 1 remains optional with each state.

The issue of state supplementation of the basic federal SSI benefit raises a number of policy issues which this Committee should explore.

Dr. Bickel in his study offers a simplified explanation of the federal-state cost sharing formula, i.e. the “hold harmless” formula, which is pertinent to our discussion:

... It might be said that the states are provided with protection against “horizontal” sources of cost increases in SSI supplementation programs but not against “vertical” sources while for the federal government, the reverse is true. That is, beyond their “hold harmless limit” of expenditures, the states are finally protected against expansion of costs resulting from the immediate enlargement of the recipient group under the relatively liberal new SSI eligibility criteria and from future growth of the recipient population (what might be termed “horizontal” expansion). The federal government, by contrast, is liable without limit for cost expansion attributable to growing recipient population, but is strictly protected against the “vertical” cost expansion caused by any future increases in state standards of income support—with the one exception of the state’s option to increase the supplementation standards through the “cashing out” of recipients’ food stamp bonus values.

What Bickel is getting at is the fact that Congress has established within the SSI program a seed that could cause the stagnation of payment levels at a sub-standard level and one which certainly can cause the lowering of the average income support standards in a number of higher paying states.

Over thirty states have raised their adult payment standards since January 1972, the base date of the formula for cost-sharing within the Title XVI program. At least twenty of these states had at the close of 1973 a payment level above the basic federal floor of the SSI program. In all these latter states, supplementation of the basic SSI grant will be required. In order to provide supplementation to all eligible recipients at levels equivalent to the recent assistance payment standards in these states, approximately half of them will find it necessary to increase their state and local expenditures for adult assistance above calendar year 1972 levels.

The hold harmless formula will not protect these latter states against such increases, owing to the two-year lag in the base period established for the Adjusted Payment level. In these states, the requirement for mandatory supplementation of individuals converted from the previous grants-in-aid programs has confronted them with the possible necessity of not supplementing all recipients to the payment standard, thus establishing a discriminatory “two tier” system of income supplementation as between their mandated and non-mandated recipients—double standard of supplementary income support within the same state.

There are two possible alternatives which should adjust this discrepancy, either change the base date of the Adjusted Payment level or make the Adjusted Payment level subject to a cost-of-living index. Both of these solutions have the effect of shifting a burden of the supplementation costs to the federal government.

If the base period for calculating the Adjusted Payment level were updated from January to December of 1972, the issue would be resolved for the present

moment. However, this remedy provides little long-range assurance that the issue of future supplemental raises of benefits would be shared. The solution which our Associations would recommend is the second option, tying the Adjusted Payment level to an automatic cost-of-living index, thus assuring continual adjustment of this component of the spending formula.

The failure of the Congress to provide some formula for assuring the recipient would receive increases in the basic SSI federal floor in addition to the state supplement, has further compounded the program in high payment states.

Under present law, there is no assurance that these increases will be "passed through" to the recipient of the federal-state supplementation payment. Instead, the increased federal payment may be retained by the state government to prevent it from spending above its hold harmless level. Congressional debate in both the House and Senate would indicate that a strict "pass through" formula with the cost being absorbed by the federal government, would tend to keep wide variations in payment levels and is unacceptable to a majority of each Chamber.

Recent Senate consideration of a formula to share costs for the "pass through" shows this formula more acceptable. In light of the fact that both of the SSI increases enacted to date—one which took effect January 1 and one which took effect July 1—were not passed on to recipients in eight states, our Associations would urge the Congress to expedite action on a "pass through" formula. Our concern is that the recipient receive the cost-of-living increases in benefit. Without the modification forcing the "pass through" of benefits, the SSI program will work toward a standardizing of basic public income support in our nation at a totally inadequate and substandard level. We would therefore urge the members of this Committee to support enactment of a shared federal-state liability for "pass through" provisions as suggested in the bill introduced by Senators Mondale and Humphrey. We are pleased to note its attachment as an amendment to H.R. 8217 with the support of Finance Committee Chairman Russell Long.

Beyond the pass-through provision which our organizations support, this Committee might also consider the advisability of requiring the states to cost-index the supplementary payments being made to SSI recipients—at least for those recipients with respect to whom supplementation was required as a result of Public Law 93-66. It is not enough to be concerned with the total number of dollars in SSI payments; purchasing power preservation is also a crucial factor. Even if the federal SSI payment were cost-indexed, as that payment would be if H.R. 8217 were enacted, and even if cost-of-living adjustments with respect to the federal payment were passed through for the purposes of state supplementation, the purchasing power of the state payment would remain subject to the effects of inflation.

SSI—AN ADEQUATE INCOME?

Recognizing the quality studies of this Committee concerning the corrosive effect of inflation on the purchasing power of the elderly, there is no need for our Associations to dwell on the impact. Suffice it to say that the 10.2 percent increase in the cost-of-living during the past year has caused all Americans to suffer, but those who suffer most are the aged poor, the blind and the disabled who must eke out an existence on fixed incomes which do not grow as the economy expands.

Payment Levels

In our statement before this Committee last summer, we emphasized that it is the feeling of our Associations that the income floor guaranteed by the Supplemental Security Income program should be pegged at or above the poverty level. This position was discussed during our Legislative Council meeting to formulate our 1974 Legislative Objectives and State Guidelines, and, we would like to share with you at this point the recommendations adopted by this policy arm of our Associations, composed of voluntary experts reflecting the views of our membership:

(23) We urge that Supplemental Security Income for the Aged, Blind and Disabled provide eligible persons with an annual benefit amount not less than the low-income level established by the Social Security Administration.

(24) We urge that, for purposes of establishing the low-income level to which the amount of SSI benefits should be related, a low-income index be established that takes into account variations in the cost of living not only between urban and rural areas, but also between states and regions within states.

(25) We urge that SSI benefits and the income and resource exclusion amounts be increased automatically to reflect increases in cost of living.

These recommendations are clear—the annual income floor provided by the SSI program is substandard and will remain substandard until the Congress acts. We feel that it is not too much to ask that elderly, blind and disabled persons be guaranteed an income sufficient to lift them from poverty. SSI benefits should provide an income at least equal to the “poverty threshold” and the limited Social Security benefits and earnings which recipients are permitted to retain should be used to raise them to an income above this level.

An immediate step which the Senate has recognized and which is again being considered is to provide for an automatic cost-of-living increase in the SSI program to accompany such increases under the Social Security program. As we have pointed out elsewhere in this testimony, such an increase cannot be guaranteed to the individual recipient without adequate provision for “pass through” in the program. At the same time, as we point out below, the Congress should consider the impact of the cost-of-living adjustment on other social programs and make certain that no recipient is denied needed services because of the marginal increase in income. What we are asking might be the impossible, but it is the necessary, and that is for the Congress to give some thought to the total picture of assistance programs and not to continue the makeshift “change-one-change-another” approach which has been practiced for decades making our domestic programs a patchwork of inconsistencies and bureaucratic contradictions.

The one lesson which we should have all learned from the implementation of the Supplemental Security Income Program is that you cannot change the income maintenance aspects of assistance without a corresponding change in the service programs. We refer members of this Committee to testimony which we have delivered in the past for further reference to the stance of our Association. But, what is needed immediately is passage of S. 3588 which assures that the elderly do not lose other essential benefits—food stamps, Medicaid, public housing and veteran’s pensions—when their income rises due to a social security or SSI increase.

Once the federal SSI payment and the income and resource exclusion amounts are cost-indexed, we would urge that the federal payment guarantee to the SSI recipient at least a poverty-level income. The cost-indexing will assure that this position is maintained.

Certainly, there are many impediments to achieving this goal. Cost is a problem. The appropriate index to be used for the purpose of cost-indexing is another. Despite these problems, however, constant pressure must continue to be applied in order that the incremental and perfecting changes will be made in the program.

CONCLUSION

An increased effort must be made to assure that all aged, blind and disabled persons potentially eligible for benefits under the SSI program must be brought into the program to receive the benefits to which they are entitled. While the removal of the SSI resource test would be desirable, liberalization of resource test regulations and the cost-indexing of resource test amounts and exclusions would be acceptable. The income exclusions should likewise be insulated against inflation.

With respect to the federal SSI payment, the amount should be set at a level not less than the poverty threshold as that term is currently defined. As a compliment, the federal SSI payment should be cost-indexed to preserve the purchasing power of SSI benefits over time. Finally, in order to preclude cost-of-living increases in the federal SSI payment from inuring to the benefit of those states which are supplementing that basic payment, those states should at least be required to pass-through such increases.

Appendix 2

LETTERS AND STATEMENTS SUBMITTED BY ORGANIZATIONS AND INDIVIDUALS

ITEM 1. LETTER FROM RUTH R. HOUGHTON, MARICOPA COUNTY LEGAL AID SOCIETY, PHOENIX, ARIZ.; TO SENATOR FRANK CHURCH, DATED JULY 12, 1974

DEAR SENATOR CHURCH: Since I cannot attend your Committee's hearings on July 15 and 16, please permit me to submit some information about S.S.I. problems in Arizona for the Committee's consideration.

A program which was described as beginning of guaranteed minimum income for needy adults has turned out to be nothing more than a federally administered welfare program—but one that is lacking the immediate remedies that were available when adult public assistance categories were administered locally.

The safeguards put into the law by the Congress to minimize hardships during the conversion period have been made inoperative by administrative regulations handed by Secretary Weinberger. Allow me to cite some examples:

Presumptive Eligibility—Our local Social Security Administration officials, following instructions from Washington, will not "presume" an applicant to be disabled if he has two limbs missing—he must have three limbs missing, or have two limbs missing and be deaf to qualify as a "presumptively eligible person".

Emergency Assistance—Emergency payments require 8 working days to process.

Payment is authorized by the local Social Security office, which then:
Sends the authorization to San Francisco for approval, which then:
Sends approval to the Treasury office in Birmingham, Alabama, which then:
Mails an emergency check to the recipient—if there are no problems with approval, personnel, or computer.

Redeterminations—Arizona transferred 24,000 individuals over to S.S.I. in January 1974. These persons were "grandfathered" into the program under rules existing in the State Plan prior to the changeover. However, their continuing eligibility is being evaluated under Social Security Administration rules, which in many instances are more restrictive—especially for the disabled. For example, an unemployable disabled widow could qualify for assistance payments under A.P.T.D. The same woman cannot qualify as a disabled widow for S.S.A. or S.S.I. if her usual occupation has been that of housewife in her own home, and if she can keep her own house without the aid of a paid housekeeper. Such a person now is thrown on local relief rolls with no federal participation in her maintenance.

Work Load and Staffing—Between January 1, 1974 and April 1, 1974, 6,788 new S.S.I. applications were taken in Arizona. Between now and June 1975, Social Security representatives must redetermine eligibility of the 24,000 persons transferred, in addition to that of the new applicants who have been approved for S.S.I.

The increased work must be handled *without an increase in staff*. There is a freeze on hiring within the Social Security Administration in Arizona. As positions become vacant through transfer or resignation, they cannot be filled. Arizona has 14 less Social Security positions now than it had at the time of the conversion to S.S.I. in January. *However*, the permanent staff can work unlimited overtime with time and one-half pay!! This seems a questionable way to operate an agency and to serve the public.

Hearings and Appeals—Suspensions of S.S.I. payments without prior notice were occurring in large numbers until a Federal District Court ordered the Secretary of H.E.W. to stop the practice. Now, however, notice of suspension is being given verbally in many instances, although initiation of an appeal is not possible without a written document to verify the suspension.

The first local, Maricopa County hearing on an S.S.I. case was held on July 8, even though many requests for hearings have been filed since the law went into effect in January. Secretary Weinberger is taking the position that the case law which grew up around categorical aid programs does not apply to S.S.I. The delay in scheduling hearings appears to deliberate and part of a policy designed to prevent the establishment of precedents.

Since H.E.W. specifically refuses to pay costs of transportation, independent medical evaluations, or legal services to S.S.I. appellants, a crushing work load has fallen on legal aid attorneys, who are ill-prepared to undertake the extremely complex medical-legal problems involved in disability cases. Because Social Security Disability cases are "fee generating" legal aid attorneys are not permitted to accept them. Legal aid attorneys are therefore inexperienced in that area of practice.

I believe that Congress intended to improve the situation of our country's needy aged, blind, and disabled adults when it enacted the Social Security Amendments of 1972. I hope that you and your committee will examine the policies and practices being followed in the administration of the Supplemental Security Income program to assure that the intent of the Congress be carried out.

ITEM 2. LETTER FROM MISHEL PIASTRO, JR., CHAIRMAN, CALIFORNIA COMMISSION ON AGING, SACRAMENTO, CALIF.; TO SENATOR FRANK CHURCH, DATED JULY 17, 1974

DEAR SENATOR CHURCH: On behalf of the California Commission on Aging, which under state law has vested in it the responsibility for advocacy on behalf of California's senior citizens, I would like to make the following remarks for inclusion in the record of the hearings the Committee is holding on the Supplemental Security Income program.

Of major concern is the serious understaffing of Social Security Offices in the state. With the increase in workload resulting from SSI applications, local district offices have been unable to make timely eligibility determinations. Referrals from SSI-Alert projects in some areas will not be handled for several months. In addition, persons making application must wait several hours in some offices or return at a later time, due to the unavailability of staff to assist them. This is especially difficult for the elderly, blind and disabled who have transportation problems and physical conditions which make such waits and delays a serious hardship. Increased staffing of hard-hit offices would be an important step in correcting the situation which affects thousands of applicants.

The SSI-Alert program has received extensive publicity for its efforts to locate potentially eligible recipients. For future programs of this type we would recommend that reliance not be placed on volunteer efforts, but on outreach workers who are paid by the responsible government agency. SSI-Alert in California experienced serious difficulties because of the inability of projects to obtain and sustain volunteer activity at an effective level. In addition, the timing of SSI-Alert caused serious problems; the projects got underway at the beginning of this year when Social Security offices were being overwhelmed by SSI inquiries and applications as well as by problems raised by the transfer of responsibility for adult aid from the state to the federal government. Referring more applicants to Social Security district offices, when they were unable to handle the workloads imposed by assumption of the SSI program, created hardships for everyone involved. In Los Angeles recently, one district office estimated that it would be six to nine months before they would be able to process SSI-Alert referrals.

Legislative action to require eligibility determination and check issuance within sixty days from the initial written application would ensure that applicants receive benefits within a reasonable length of time. Applicants are permitted a one-time-only emergency advance payment of \$100 in certain instances. Thus, if determination procedures are lengthy, the potential recipient must simply go without after the \$100 advance.

The Commission would also strongly support legislation to pass on Social Security cost of living increases to SSI recipients who also receive Social Security. As I am sure you are aware, Social Security increases are not being realized by SSI recipients. We would also recommend that a cost of living increase tied to the consumer price index be included in the Supplemental Security

Income program and that such cost of living increases be passed on by states with state supplements. Both of these changes would help make SSI a viable income for the poor, blind, disabled, and elderly.

The \$25,000 limit on the fair market value of a home used in determining eligibility for SSI is of concern to us. Inflation has revalued modest homes in many areas into the over \$25,000 bracket. Therefore, low-income elderly persons whose income levels and other resources would qualify them for SSI find themselves ineligible. Raising the limit on allowable home value would alleviate this problem. California now places no limit on home value, but SSI applicants who would, except for the value of their home, qualify for benefits must go to their local county welfare office to apply for them.

Loss of an SSI check, either through theft, mailing error, or personal loss, creates a hardship for the SSI recipient. At the present time, if a recipient fails to receive his check or loses it, the district Social Security office must refer the problem for further investigation to Birmingham, Alabama where the check was issued. This procedure may result in a delay of three weeks or longer. We would propose that an affidavit signed by the SSI recipient be sufficient to re-lease a duplicate check, eliminating the long delays and accompanying hardship.

Categories of presumptive disability are extremely narrow due to stringent federal interpretations. A person may be declared presumptively disabled only if he is missing two limbs, one leg to the hip, or is totally deaf. If one is not presumptively disabled, the process of getting SSI benefits due to disability is extremely long. Expansion of presumptive disability categories would assist the disabled to get benefits within a reasonable length of time.

The Social Security Administration regards couples who hold themselves out to the community as man and wife, to be married for purposes of determining benefits. When such a couple separates, SSA continues to give them couples benefits for six months after separation rather than changing to single persons benefits immediately. This results in two unlivable incomes for the persons involved. In California, couples benefits are \$440 while single persons benefits are \$235. Recognizing separations when they take place or within a month from that time would provide the individuals affected with the means to maintain themselves separately.

We will look forward to improvements in the SSI program as an outcome of your hearings and would appreciate receiving a copy of the final transcripts.

ITEM 3. LETTER FROM MARGARET H. JACKS, DIRECTOR, DIVISION OF AGING, DIVISION OF HEALTH AND REHABILITATIVE SERVICES, TALLAHASSEE, FLA.; TO SENATOR FRANK CHURCH, DATED JULY 10, 1974

DEAR SENATOR CHURCH: This report is being submitted in answer to the request from Mr. James J. O'Malley, Deputy Director of the New York State Executive Department Office for the Aging. The report consists of a statement on Florida's experience with Phase I of the S.S.I. Alert.

Our projects didn't begin on any one date, and although the beginning date had been set at January 1, 1974 it wasn't until February 21 that S.S.I. Alert funds were actually in the hands of the two American Red Cross Divisions, involving fourteen Chapters' S.S.I. Alert Projects. In areas where Red Cross did not accept Plan A responsibility, where we had no Area-wide Agencies on Aging, Division of Family Services, Department of Health and Rehabilitative Services, was able to get to work March 1. The progress of S.S.I. Alert projects was no better, in every case than the willingness and ability of each District Office of Social Security Administration to cooperate with the local S.S.I. project director. In several cases (which can be documented, if necessary) the S.S.A. District Manager seemed to think the S.S.I. Alert a nuisance, an interruption of their usual routine and a confounding of their already confused state due to the overwhelming task of conversion to S.S.I. rolls. Naturally, this situation was reflected in training of volunteers which was mandated as a S.S.A. duty, combined with some input from American Red Cross. In some few areas, S.S.A. did such an inadequate training job, that, after the initial training session, the S.S.I. Alert project took on subsequent training sessions rather than have the S.S.A. do an inadequate job. Naturally, I am mentioning, first, the exceptions to the rule which was adequate cooperation from S.S.A. In a very few areas there was actually *enthusiastic* cooperation on the part of S.S.A.

The whole area of transfer or "conversion" from State Old Age Assistance to S.S.I. was a nightmare! It seemed as if S.S.A. was trying to do a job requiring the most sophisticated computers while using an abacus and the fingers of two hands. I have been told by several S.S.A. District managers that there are daily problems with conversions and new referrals (through the efforts of S.S.I. Alert) without even considering what will happen when the volume of new referrals appears as a result of the mail-out to individuals on print-out lists, finally released in June. This last fact is scandalous, to say the least! While the S.S.A. argued back and forth since March as far as we know, with the Commission on Aging about the legality, date and manner of release of the print-out, potential recipients were telephoning, walking, limping, riding, rowing (where no other transportation was available) to the S.S.A. offices to try to get information, after having been contacted by out-reach workers in S.S.I. Alert. No firm assurances rewarded them. On the contrary, along came the news that Food Stamps for S.S.I. recipients would be denied by June 30 unless the laws were changed. When this fact was learned, in some areas, it became impossible to get volunteers to go out to find possible S.S.I. eligibles—this was the volunteer's way of expressing dismay at the Food Stamp situation. All S.S.I. Alert projects and consortium organizations sent cards, telegrams, and letters and were glad to see the necessary legislation passed at the eleventh hour. The fact that we do not *now know*, and may never know how many potential clients resulted in determined eligibles does not make the volunteers involved happy with having participated. Even in the small matter of recognition certificates for volunteers (poor reward, indeed for service well-informed!) the S.S.I. Alert national organization failed to keep its promise, and, in Florida we had make-shift certificates from American Red Cross and Division of Family Services in their respective jurisdictions.

I am firmly convinced that the people of this state would have been better served if the whole effort to find S.S.I. eligibles had been administered through the S.S.A., with the aid of the Division of Family Services, both of which organizations had prior knowledge of clients likely to be eligible for S.S.I. benefits, especially if the granted funds could have been applied to temporary employees' salaries and logistic support in each District office.

In spite of what may seem to be too negative a report, there were several important positives that emerged from the Florida S.S.I. Alert experience. In large part, the experience of working with consortium organizations was an education for project directors and a great help in publicizing the program and becoming accepted by hard-to-reach possible eligibles. In one area, a local N.A.R.F.E. retiree received a state award for his tireless work in the S.S.I. Alert. I believe the Florida image of the American Red Cross was enhanced by the quality of involvement of the Chapters. I know, first-hand, that the South Florida Division of American Red Cross administered and performed in an exemplary fashion, producing large numbers of referrals in a large, diverse, bi-cultural area and performing with efficiency, economy, and initiative. This division deserves special praises. In the same area of acknowledgement. Region IV, Administration on Aging, Health, Education & Welfare, Atlanta, deserves special thanks for cooperation and help.

ITEM 4. LETTER FROM JAMES A. BAX, DIRECTOR, DEPARTMENT OF ENVIRONMENTAL AND COMMUNITY SERVICES, BOISE, IDAHO; TO SENATOR FRANK CHURCH, DATED JUNE 19, 1974

DEAR SENATOR CHURCH: I would like to offer the following summary of the problems our Department has had with the Bureau of Supplemental Security Income since the SSI program's inception. I am including several statements made by SSI recipients in Idaho regarding their personal problems with this program.

Initially, our Department signed a State Data Exchange (SDX) agreement with the Bureau. We were to be supplied with daily updates from SSI's computer center, and with computer printouts noting SSI changes affecting our own state supplement. The BSSI has failed to uphold its part of the agreement. We are not receiving daily information and much of the information we do receive is erroneous requiring extra staff time to correct it.

An additional concern is the Bureau's failure to respond to the needs of Idaho's Supplemental Security Income recipients by making timely and accurate payments. At this date we are still experiencing cases of reduced, inaccurate, or non-existent payments due those who have been eligible since January.

Our staff has spent more time straightening out BSSI's mistakes and explaining payment errors to the aged, blind, and disabled, than it was when Idaho administered the program itself.

It is our contention that the Bureau of Supplemental Security Income knew months in advance of the January, 1974 starting date, that the program would not be operational at that time. A delay of even six months would have allowed another transaction from state to federal administration and probably prevented the sort of hardships that Idaho's aged, blind, and disabled have had to endure. The following examples of payment error caused by the Bureau of Supplemental Security Income are taken from discussions with SSI recipients. The recipients will, of course, remain anonymous.

1. Mr. A was grandfathered into the SSI program in January. At that time he had an essential person living in his household who was included on his public assistance grant. SSI did not know how to program a grant with an essential person, even though they are included in the program, and Mr. A did not get a check for three months.

2. Mr. B's wife was receiving a Social Security benefit on the account of her disabled father. The benefit continued after her marriage to Mr. B. His Supplemental Security Income check has fluctuated widely from month to month because SSI cannot decide how to treat his wife's Social Security Income. He gets a check one month, then the following month SSI decides that he's not eligible. The next month he receives a much reduced check. This has caused a hardship on the family as they never know from month to month what income will be available.

3. Mr. and Mrs. C received several SSI checks. Then SSI decided that they had been overpaid (due to an SSI error). SSI then recouped the overpayment from future checks, so the couple received a much reduced payment. This same situation has happened to many recipients and is grossly unfair, since SSI committed the original error. If SSI must recoup payments when it has erred, it should not be done by automatically reducing future checks with no regard for the recipient's unmet needs.

4. Mrs. D separated from her husband in late December. Under SSI regulations, a separated couple are not treated as individuals until six months has passed. Mrs. D has no income but her husband received a pension. Half of the income from the pension was deemed to Mrs. D, who actually had no access to it. Thus, she received less than \$50.00 from SSI while the expense of her single living situation greatly exceeded her income.

These are just a few examples of the problems generated from the Bureau of Supplemental Security Income which affect the people of Idaho. I am looking forward to learning the results of your hearings and I am certain that Idaho's concerns will be well represented.

ITEM 5. LETTER FROM CECIL D. ANDRUS, GOVERNOR, STATE OF IDAHO, BOISE; TO SENATOR FRANK CHURCH, DATED JULY 8, 1974

DEAR SENATOR CHURCH: I would like to take this opportunity to comment upon the Supplemental Security Income Program and its effect upon Idaho's citizens.

When the Idaho Department of Health and Welfare signed a State Data Exchange (SDX) agreement with the Bureau of Supplemental Security Income, it was to be supplied with up-to-date data on payment amounts and other changes which would affect Idaho's supplementation of SSI. This data has not been received with the regularity and accuracy promised by BSSI. Much staff time has been consumed in adjusting erroneous payments and in explaining SSI errors to Idaho's disabled, blind, and elderly.

The SSI program did not appear to be geared to serving the public when it was implemented in January of 1974. This was a source of hardship for many Idaho citizens.

The following are some actual instances wherein SSI has failed to function on behalf of Idaho citizens. These examples are presented for your use in upcoming hearings.

1. In one field office of the Department of Health and Welfare, over twenty SSI applications are still pending from April of 1974. SSI does not let the Agency know when a case has been approved, so a representative of our Department of Health and Welfare must call weekly or more frequently to check on approvals and rejections.

2. There have been numerous cases in which eligible individuals have not received checks for up to three months.

3. One individual should have been grandfathered into the SSI program but did not receive a check until our Eligibility Examiner submitted a second Conversion Date Record (CDR) to SSI.

4. Another lady applied for SSI on 11-28-73. Her eligibility for SSI was not determined until 6-25-74. She did receive a retroactive payment of approximately \$800.00 but that went to repay loans she had been living on for seven months while SSI determined her eligibility.

5. The above lady's case is by no means unique. Consider the following time-lags:

<i>Application date</i>	<i>Determination date</i>
January 29, 1974	June 25, 1974
January 29, 1974	June 7, 1974
December 13, 1973	June 10, 1974
January, 1974	May 20, 1974
January, 1974	June 7, 1974

These gross delays certainly indicate a problem within the Disability Determination Unit of the Bureau of Supplemental Security Income.

6. SSI has not developed a capacity for responsiveness to the needs of its clientele. One individual did not receive her check at the usual time. She requested an emergency payment and received it—three weeks later. The emergency was, by then, much more acute.

7. In another case a gentleman had an illness which could be corrected by surgery. He applied for a temporary disability benefit. By the time approval came through, he was back at work without the benefit of Medicaid to help with his many medical bills.

8. The case of three widows came to our Department of Health and Welfare's attention. They were entitled to SSI benefits. Unfortunately, their names were deleted from the payments lists at the same time as those of their respective deceased husbands. This resulted in problems for the ladies when they had to get their checks reinstated.

These are just a few examples of the delays and errors caused by the Bureau of Supplemental Security Income in the operation of its program in Idaho. I will be interested in hearing the results of your efforts in this matter on behalf of our state and its people.

ITEM 6. LETTER FROM JOHN FOLTZ, SSI-ALERT COORDINATOR, HEALTH AND SOCIAL REHABILITATION SERVICES ADMINISTRATION, DIVISION OF HUMAN SERVICES, STATE OF LOUISIANA; TO SENATOR FRANK CHURCH, DATED JULY 12, 1974

DEAR SENATOR CHURCH: Generally speaking, the program in Louisiana was successful. We have eight districts, and the volunteer program in all of these was handled through the Red Cross offices. They worked with the same district Social Security offices. Both organizations were most cooperative.

Statistically, I believe Louisiana was estimated to produce 24,000 "new" people eligible for SSI benefits. About 34,000 new applications were received with at least 20,000 being put on the rolls in addition to the 129,000 "converted" from State assistance.

Louisiana was already pretty well saturated with old age recipients, but we found a big field among the disabled, mentally and physically, under 19 years of age.

The most successful areas were the ones who early organized a consortium of various agencies and organizations for the elderly, and kept it active with monthly meetings and participation. The least success was obtained in areas where there was no cooperation, even jealousy, between agencies and groups, and weak organization.

The ridiculous part is that there was a "Phase II" after the "Alert." There is no good reason why these two efforts could not have been combined and months ago. Somebody at the federal level goofed in planning.

To begin with, they set the Red Cross effort up for six months beginning 1/1/74, but only sent us enough money to fund them for 90 days. Before 3/31/74 the Red Cross asked us for additional time and funds to complete the job. We

relayed the request to the Federal Regional office. They never could get a definite answer from Washington until finally a letter was received by us advising Model Project funds available and urging that part be used for SSI Alert.

We immediately notified the Red Cross and asked for new budgets and time required. Requests were in for additional time from six weeks to ninety days. Then the Federal Regional office called and said don't count on our money—might not be available after all! Fortunately, some Red Cross offices had a surplus from the first ninety days, and we were able to spread this around.

Then Phase II was announced, and we were told to include at least 50% of our original funds in the Model Project funds for SSI; that the Social Security would send out letters to a "lead list" and they would need the Red Cross volunteers to follow up. The Red Cross quite properly advised their program was phased out.

We made arrangements for other "outreach" workers. Following instructions from Washington, we contacted the Social Security offices to let us know when the volunteers were needed. They advised they would not now be needed as the Federal government had authorized the SSA temporary help to work on the lead list!

The SSI Alert program has been very helpful to the elderly in our state. First, the financial benefits for the people now receiving the much needed checks. Secondly, because of the publicity not only from the media but by word of mouth, many more people in the state are now aware of and concerned with the problems of the elderly. This makes their position more tolerable and also means more support for our various programs for the aged.

ITEM 7. LETTER FROM GWEN M. BEDFORD, PRESIDENT, SENIOR CITIZENS COUNCIL OF GREATER PHOENIX AREA, PHOENIX, ARIZ.; TO SENATOR FRANK CHURCH, DATED JULY 13, 1974

DEAR SENATOR CHURCH: We understand that your Committee is holding Hearings on the operation of the SSI program. From our viewpoint, the major problem areas are the following:

1. The income provided under the program leaves many eligibles far below what has been defined as the poverty level by the Federal Government;

2. Arizona passed legislation in May 1974 providing some minimal medical and other survival assistance supplementing SSI; however, a bill which provided for the use of the federal poverty level in needs determination for welfare recipients (introduced by the House Minority Leader) died in Committee; the State is just not doing its job in supplementation; and

3. Delays and/or foul-ups in payments are all too common—the result of the heavy workload of the Social Security Administration.

On paper, the shift to the Federal level to effect uniformity in assistance payments was and still is a good, sound idea. Arizona, however, is a non-people-oriented state and has a long history of: (1) making believe that welfare problems do not exist; (2) appropriating money for welfare programs and then taking steps to insure the reversion of "the surplus" to the General Fund at the end of the fiscal year; and, (3) computing needs determination on a base that makes even an approach up to the poverty level impossible. In contrast to other states which provide decent supplementation for SSI recipients, the shift to the Federal level has provided the power sources with an excuse for maintaining the status quo. Even with our gain of Medicaid after an 8-year holdout, we face a long uphill fight to get our indigent and low-income elderly up to subsistence in assistance for other than medical needs.

Assigning SSI to the Social Security Administration may have seemed logical when the SSI legislation was drafted, but it has certainly turned out to be a bad decision from a practical standpoint. We have watched some of the Social Security people here (with help from the Arizona Dept. of Economic Security) make heroic efforts, but the load is just too much added to the burden they already had.

Moreover, the SSI Alert fell more or less flat on its face in areas of high population density, again, despite the valiant efforts of many people, including the many senior volunteers who participated. In such areas, the job was just too big for the provisions for its execution and there are still eligibles among the isolated elderly who are in dire need and have not applied.

When people are on their uppers for cash to survive on, delays and lack of information on sources of help are not simply an inconvenience. More often than not, they are a matter of life and death.

As we are sure you are doing, this whole "system" must be reexamined in terms of: (1) the realities of life in areas where people-needs have the lowest of priorities; (2) effective provisions for locating eligibles in concentrated populations; and, (3) shifting program administration from the current overload conditions to a setup that is consistent with sound management and effective service patterns.

ITEM 8. LETTER FROM VINCENT A. MARCHISELLI, BRONX, N.Y.; TO SENATOR FRANK CHURCH, DATED JULY 16, 1974

SENATOR CHURCH: I wish to submit the following testimony in the hope of influencing the future direction of Supplemental Security Income:

The Federal Government has provided cost of living increases twice since January 1974 to the aged, the blind and the disabled. Each time, the New York State Department of Social Services in defiance of the law's intent has decreased by a like sum—a total of \$16—its SSI payments to the aged, blind and disabled.

New York State's Department of Social Services has done this without any clear directive from either the legislature or from the governor who have allowed a civil body without any legislative power to legislate against the interests of the helpless.

There is a second problem: SSI, which in part was enacted to simplify welfare program administration, is now so thoroughly complicated that almost nobody in my State understands the program, and that includes most of the people who administer it. On the other hand the few administrators who do understand it seem dedicated to seeing the new program fail.

Although I understand it is not your committee's purpose to write new SSI legislation, I urge Congress, by whatever means required, to compel the State of New York and other recalcitrant states to pass along all the cost of living increases that the Federal Government provides. I would make any new law retroactive, to include the two increases denied by New York's Department of Social Services.

If Congress does not revise the law immediately, the problem of survival for the aged and infirmed will become catastrophic. That is no exaggeration, not when so many people today are compelled to eat dog and cat food or literally starve.

If the Congress cannot—or will not—act to make New York State conform to the spirit of the SSI law, I promise that if I am elected to the New York State Assembly, my first legislative proposal will be to remedy my state's deliberate and cynical abuses of the Federal law.

But by then—several months away—it may be too late.

I hope this submission will encourage early action by both Houses of Congress.

ITEM 9. LETTER FROM ROBERT B. ROBINSON, DIRECTOR, DIVISION OF SERVICES FOR THE AGING, STATE OF COLORADO, DENVER; TO SENATOR FRANK CHURCH, DATED JULY 12, 1974

DEAR SENATOR CHURCH: I have been informed you will be conducting hearings on the Supplemental Security Income Program during this month. Though I will be unable to attend in person, I would like to make a few comments on the SSI Program as it was implemented in Colorado.

At the beginning of the year there were delays in the receipt of checks by recipients. Because of this, the Colorado Department of Social Services had to make payments in some counties which could be considered excessive as they totaled nearly a million dollars.

On occasion Colorado has had problems similar to those in the State of Texas whereby errors in information were received in Colorado on the tapes which were sent from the Central Social Security Office in Baltimore.

Though these problems have been critical, our greatest difficulty has been in establishing the disability determination by the Social Security Administration as far as it affects the Medicaid eligibility of individuals. During this excessive

length of time while the eligibility is being determined, there is no way that needed services can be provided the individual. This has created undue hardships and is not in accord with good service delivery concepts.

Another problem has occurred when the State turns over information to the Social Security Administration about a claim, and the claim is denied. In this case, when an appeal is filed the State has to obtain from the Social Security Administration the necessary information to adequately prepare for the appeal.

This problem has been compounded by the confidentiality of information regulations established in the Social Security Act. We recognize the need for such confidentiality, but at the same time without proper information a proper appeal cannot be prepared.

In our State in particular there appears to have been some difficulty in transferring the Needy Disabled from the State's AND program to the SSI Program. This has been caused because of differences in qualification between the two programs, particularly the length of time required for a person to be considered eligible under the SSI Program and of course the different concepts of individual decision makers as to what is and is not a disabling factor. Another difficulty has been created when a recipient moves from one State or within the State, and his checks are not forwarded by the Post Office but are sent to Alabama and there is frequently an undue delay in the return of the check to the proper individual.

When this was a State responsibility, the local Post Office knew where the person had moved to, or the local County Department of Social Services was able to send the check directly to the recipient with no delay.

The State of Colorado, as of July 1, was supplementing the SSI income up to \$171.00 per month. Because of Colorado sending a separate check, this has created some problems for older persons as they do not understand why they get one from Social Security early in the month, and one from the State later in the month. Though this has not been ideal, it has been helpful to older persons and it gives them an opportunity to maintain a higher standard than if all they received was the SSI income. It has created an administrative problem in coordination between federal, state and local levels of Government.

There are other problems, and some difficulties, however most of these are minor and will be resolved shortly.

The State Department has a good working relationship with the Regional and local Social Security offices, and is receiving information and technical assistance from them.

In our estimation the SSI Alert program was not as effective as it could have been, but that was primarily because of the rapidity with which the program was requested to be implemented and the failure on the part of local organizations to provide an effective consortium at the Regional (in-State Region) levels. Hopefully in the future when such programs are designed at the National level, someone from the local level will be involved so that there will be complete agreement as to just how much support they can expect from local organizations.

If we can be of further assistance to you, please let me know.

ITEM 10. LETTER FROM RICHARD MICHAUD, DIRECTOR, BUREAU OF MAINE'S ELDERLY, DEPARTMENT OF HEALTH AND WELFARE, STATE OF MAINE, AUGUSTA; TO SENATOR FRANK CHURCH, DATED JULY 12, 1974

DEAR SENATOR CHURCH: Attached, for your information, is a summary report of deficiencies in the Supplemental Security Income Program.

We sincerely hope that through your Committee hearings, corrective measures will be adopted to improve the administrative and delivery systems of SSI.

In addition to the summary report, we hope . . . indeed, urge . . . legislation that would allow for a "pass through" on all cost of living increases. It is difficult enough for the aged, blind, and disabled to live on a fixed income in this time of rampant inflation, soaring costs, and medical bills that keep rising. It seems an injustice to grant a cost of living raise in Social Security and then take the same amount away from SSI. Not only that, but in the loss of Medicaid. Without Medicaid, the financial loss to these people is staggering.

We strongly believe in the benefits of SSI. It responds specifically to those that need it the most. However, there has to be some changes made, if it is to work effectively.

[Enclosure]

SUMMARY REPORT

We have attempted, in this summary, to give a factual and honest report on the major problems facing the new applicant and recipient of SSI. It should be noted that the cooperation between this office and the *local* branches of the SSA has been excellent. We know they have worked overtime, night after night, and even on Saturdays to catch up with their workload.

But with all their efforts to get new people on the program and to correct the records of people already on, somewhere along the line the information is not "plugged in", or it is slowed down, or it seemingly never gets used. It is in this area that we are concerned.

The following are our findings:

1. For many people, the delay in receiving a response on whether or not they qualify for SSI, is exasperating. Weeks go by, sometimes months, before they know definitely the status of their application. Somehow, the process must be speeded up.

2. Even after the applicant has been notified that he has qualified for SSI, it sometimes takes months before he receives his first check.

3. While legitimate reductions have been made due to a change in living habits, disability determinations, other income, etc.—SSI checks received suddenly show a reduction with no apparent reason or explanation. Efforts made by local officials of SSA to correct the mistake seem to go nowhere. Errors and delays keep occurring with the same people. Meanwhile, as new applicants are added to the program, the problem multiplies.

4. Quite often, when a reduction in payment is about to take place, a "Notice of Change" form is sent to the SSI recipient (Form # SSA8151). This form is also used for notification of increases in payments. The wording on the form reads, "We have received information that affects your payments (or those of the individual named above, on whose behalf you applied to receive payments). Based on this information, we are taking the following actions:"

But the reason for the reduction is rarely given!

Consequently, the phones start ringing, people flood the offices of SSA, letters are written to find out "why". At the same time, a multitude of others who are sick and old stay at home, not knowing what to do.

It would simplify matters if a reason for the reductions was given. This would make it easier for the person receiving SSI benefits to contest the reduction if he had documentation and he felt that the reduction was in error.

5. Errors are being made that result in some people receiving two checks, both in the same amount. The extra checks are not for back payments and here again we find people bewildered and confused. This causes another trip to the Social Security Office, which is a hardship for some people, and results in the workload being backed-up even more.

6. Another problem involves people who receive word that they are no longer eligible for SSI. In many cases, this is not true. The problem is that sometimes this is part of a mechanical action to correct the file of the recipient. One individual may be in the computer with more than one claims number. To get the superfluous number off the file, a *closing has to take place* and the recipient receives information that he is no longer eligible. *He has no way of knowing that a proper account is still open.*

ITEM 11. LETTER FROM HARRY F. WALKER, PRESIDENT, NATIONAL ASSOCIATION OF STATE UNITS ON AGING; TO SENATOR FRANK CHURCH, DATED JULY 24, 1974

Dear Senator Church: Thank you for inviting the National Association of State Units on Aging to submit testimony to your Committee on the subject of administrative and programmatic aspects of the Supplemental Security Income Program. I have been in contact with all the States and my following written statement is a compilation of responses received to date from 21 States.

While it is not my desire to repeat what has already been recorded by the Special Committee on Aging (in report No. 93-846, printed May, 1974), I do want to state that the major problem areas as stated (beginning on page 21 of that

report) remain the major areas commented upon by the individual States. These areas are: (1) Administrative; (2) Food Stamp Program (which has been taken care of for one year as of July 1st, thankfully); (3) Medicaid; and (4) Ancillary Services.

I will elaborate in detail:

(1) *Administrative*—While a few States expressed positive working relationships with the Red Cross, most of the States experienced difficulties with Red Cross being chosen as the funded organization to implement SSI Alert. Many units on aging felt that other groups within their States that were more directly tied into the elderly communities should have been the lead agency. Other comments regarding Red Cross indicated that too little actual door-to-door outreach was done, with major outreach emphasis from Red Cross being placed on telephone contacts. Many of the elderly do not have telephones and a large portion of those who do would have responded to the initial communication more comfortably if there had been personal contact.

Questions were raised as to why intensive mail-outs did not occur last summer and fall 1973 by the Social Security Administration to potentially eligible persons.

A number of States had received complaints regarding personnel in Social Security offices who interviewed SSI clients. Many showed a lack of interest, a sensitivity toward the older person, and a lack of knowledge of resources available for referral. For many rural elderly, lack of transportation to the SSA office was a problem.

Many comments were received regarding the difficulties encountered in becoming qualified as disabled. Specifics were reported as being "fuzzy in some instances and the length of time for having a disability prior to being qualified for SSI as being too long. Again, many people felt the home property limit of \$25,000 and assets limited to \$1,500 should be raised or eliminated. Other questionable areas of qualification include the "essential person" split, and "private sector institutions" having to deduct in-kind from individual amounts of benefits.

While some States had consortiums that worked beautifully, others reported it as "a great idea . . . on paper" but not operational within their States. The use of volunteers delayed the Alert Program, too. There was a large turnover in volunteers, discouraged by unpleasant weather and gasoline shortage during the major thrust of Alert. Better results might have been achieved if volunteers had been provided a nominal fee. Recipients having a temporary need for institutionalization, i.e., a person going into a hospital for care exceeding 30 days, have no provisions for maintaining the homes the patients are planning to return to. Many SSI recipients during the first six months of 1974 suffered emergency situations without any relief due either to their not being told emergency assistance was available while waiting for the first check, or in some States, once they became a SSI recipient, the State no longer felt responsible for emergency hardships that might occur.

The backlog in processing applications and the computer mistakes have been spread throughout all States. One State described the frustration felt by all of us stating, "It seemed as if SSA was trying to do a job requiring the most sophisticated computers while using an abacus and the fingers of two hands."

(3) *Medicaid*—Most States were pleased with the cooperation between SSI and Medicaid eligibility. However, there is considerable concern with the fact that when the Social Security cost-of-living increases raise some individuals' incomes, they will be above the prescribed SSI maximum and will lose Medicaid benefits. Many elderly have already experienced difficulties with losing Medicaid upon receiving SSI—thus reducing rather than increasing their financial security.

(4) *Ancillary Services*—The complexity of eligibility rules for the variety of service programs coupled with the rising inflation now occurring makes it difficult to accurately know if the older people have more purchasing power with SSI and exactly how much more.

Appeals and Hearings

A few States have had experience in the appeals and hearings procedures. Many applicants are not told the details of this process and even when told, the legalistic requirements tend to discourage the applicant from proceeding. We suggest simplified hearing procedures be implemented.

I would like to reaffirm the comments made earlier by the Idaho Office on Aging to Your Committee regarding SSI. As stated in their testimony, the long term impact on the elderly as a result of the panacea implied by SSI and the frustra-

tions actually experienced by the elderly as they tried to obtain this panacea may well have created negative attitudes towards programs initiated in their behalf in the future.

While we have emphasized the problems encountered in implementing this new program, the positive should also be a part of our testimony. For those elderly who are now receiving their SSI check monthly, surely none can question that in the majority of cases they are financially better off than before. Also, the self concept has been raised because the benefits are coming from the Social Security Office instead of a check from the local welfare department. In our testimony we have tried to highlight areas that need improvement, but it should be said that for a great many older persons in the United States, SSI has been an answer to their prayers.

We have been asked by representatives from Puerto Rico and the Virgin Islands to urge that reconsideration be given to providing SSI benefits for their elderly United States citizens.*

Again, thank you for this opportunity on behalf of all the State Units on Aging to express our views on the Supplemental Security Income Program.

[Enclosure]

GOVERNMENT OF AMERICAN SAMOA,
OFFICE ON AGING,
Pago Pago, American Samoa, August 7, 1974.

DEAR MR. WALKER: I have read a copy of testimony you sent to States Units on Aging, previously submitted in behalf of NASUA to Senator Frank Church on the subject of SSI implementation. I am also concerned on this subject. You mentioned that representatives of Puerto Rico and Virgin Islands urge that it be given their elderly SSI benefits. Perhaps they are eligible because of their United States citizenship status.

Let me turn your attention to American Samoa, a United States' territory. Its inhabitants are considered United States' nationals, rather of being citizens. We also have programs for the aged. I have made inquiries to the Social Security Office here in American Samoa to consider our elderly eligible for SSI benefits. I might be wrong by saying that every Federally funded program, there shall be no discrimination to people regardless of their identities. The answer I received from our local SSA Office is that American Samoa is not covered under this program. This tells me that the elderly are not eligible to apply, and if this is the case, then someone is depriving others' rights under the laws of Federally funded programs. Some questions then should be asked as to why were U.S. territories, including American Samoa, excluded from the application of SSI programs, its eligibility and what was the rationale behind it, if there was any.

I would appreciate your presenting the concern I have regarding the application of the program (SSI) and its eligibility to Senator Frank Church. I urge that reconsideration be given in providing SSI benefits to our older American Samoans.

Sincerely,

PENEI MACFEELY,
Project Manager, Program on Aging.

ITEM 12. STATEMENT OF FRANK RODIO, JR., PLANNING AIDE, CAMDEN COUNTY, N.J., DEPARTMENT OF PLANNING

Mr. Chairman and Distinguished Members of the United States Senate Special Committee on Aging: Who are "The New Forgotten Americans"? They comprise some 28 million "senior citizens" over age 65 and a staggering 3% or 13,390,000 persons comprising the U.S.A.'s handicapped population. New Jersey has a senior citizen population of 1,120,000 and a handicapped population of some 900,000. I reside in Camden County which has a senior citizen population of 65,000 together with 100 senior citizens' clubs and some 5,000 persons comprising the handicapped population.

I have diabetes and cerebral palsy, the latter being classified as "neurologically impaired"—one of the 11 special education categories recognized by New Jersey. I am only 25 years of age, but I feel I have a "vested interest" in the current deliberations being conducted by your committee.

*See enclosure.

The United States had a 1972 per capita income of \$4,400 and a 1971 gross national product estimate of \$1,050 billion. United States vital statistics include birthrate being 17.3 per 1,000 of population and deathrate being 9.3.

United States life expectancy is 70.2 years. Health statistics are 122.4 patients per hospital bed, 596.7 patients per physician, and infant mortality rate is 19.2 per 1,000 births. New Jersey ranks 5th in the nation in per capita income of \$4,811.

New Jersey has a 15.2 birthrate per 1,000, an infant mortality rate of 20 per 1,000, 144 physicians per 1,000; 63 dentists per 100,000 people, a 7.1 per 1,000 people acceptable hospital beds with the state annual expenditures per capita for health and hospitals being \$38.40.

Under the present health care system currently operating in the United States, the average working man cannot afford to get sick or even retire. That is not what the drafters of the original social security legislation intended. They did not even favor a "cradle to the grave" health care retirement system approach as is practiced in Scandinavia, the United Kingdom, Uruguay and Western Europe.

"The New Forgotten Americans" face the combined problems of a "transportation tyranny" coupled with an apparent policy of "benign neglect" adopted by all governmental levels towards their problems and their problems are real. I speak from personal experiences, being one of them.

Several of the 1972 legislative victories for "The New Forgotten Americans" had potentially far reaching implications for America's largest "minority group." They first sounded very appealing—a new federal income supplement program to replace the state administered Old Age Assistance program beginning in 1974.

This has not been the panacea for "The New Forgotten Americans" that its drafters had intended. I applied for Supplemental Security Income (SSI) on November 26, 1973. The paperwork and travel alone to and from the Federal Social Security office can be discouraging to the aged, blind and disabled.

It takes months before the first SSI check reaches you. For five years after graduating from business school in 1969 I could not find suitable employment. Finally on February 19, 1974 I started steady work at the Camden County, New Jersey Planning Department at a salary just above federal poverty level subsistence. What happened? Because the Camden County Planning Department "hired the handicapped" (me), I was penalized. My SSI check was taken away from me. I request that you gentlemen correct the inequities in existing law.

ITEM 13. LETTER FROM MILDRED KRASNOW, EXECUTIVE DIRECTOR, BERGEN COUNTY OFFICE ON AGING, HACKENSACK, N.J.; TO MR. W. E. ORIOL, STAFF DIRECTOR, COMMITTEE ON AGING, DATED JULY 25, 1974

DEAR MR. ORIOL: I was just rereading the address you gave at the meeting of The New Jersey Association of Office on Aging Directors and Administrators last month, and was reminded that you were to hold hearings on SSI during the week of July 15.

Since you asked for the directors' points of view, I would like to comment that in Bergen we find that the valuation limit of \$25,000 on a senior citizen's home is completely unrealistic and is in many cases the major obstacle to older persons receiving SSI and Medicaid benefits.

In addition, when title to the property is held in the names of both husband and wife, should one of them be confined to a nursing home, because the home may be assessed, for example, at \$50,000 there is no possibility for SSI or Medicaid assistance. The value of the jointly-owned property cannot be divided between the two, which would permit the applicant to list the home at under \$25,000. Therefore, in order to qualify for help, the spouse must sell the property, find other living quarters at Bergen's exorbitant rents, use up his resources to keep his mate at approximately \$1,000 a month in the nursing home, and when all his resources are depleted, apply for SSI himself. This, of course, is demoralizing and frightening.

Incidentally, we will be working with the Social Security Administration to screen SSI applicants and will employ a few Spanish-speaking persons to assist because of the language barrier.

According to the U.S. Bureau of Labor Statistics, Bergen is in the highest cost-of-living area in the country. What might be helpful in another section of the United States does not help us. I hope that through the U.S. Senate Special Committee on Aging, modifications of the present SSI regulations will be made.

ITEM 14. LETTER FROM WILLIAM M. NUSSBAUM, PRESIDENT, NEW YORK AND NEW JERSEY COUNCIL OF SOCIAL SECURITY DISTRICT OFFICE EMPLOYEES, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL-CIO; TO SENATOR FRANK CHURCH

Mr. Chairman and Members of the Senate Special Committee on Aging, as the exclusive representative of the 3600 non-management employees of the Social Security Administrations Bureau of District Office Operations in the New York Region, comprising the states of New York and New Jersey, we believe we can provide accurate factual and detailed insight to the problems experienced, not only by the employees we represent but also the public they service. We will endeavor to limit our testimony to the areas of planning, manpower and legislative changes that would tend to increase efficiency and service with prompt payment of benefits to the public.

Planning and Legislative changes—At best we can say that the planning by Congress, DHEW and SSA prior to passage of Social Security Amendments since 1965 and the Supplemental Security Income program of 1972 has been inadequate. A review of the number of man-hours of overtime worked, the turnover of employees within the Administration and the growing amount of criticism from the general public over the nine year period will bear this out.

Presently more than 9 out of every 10 Americans are covered by the Social Security Act, one of every eight Americans receive Social Security benefits monthly and approximately 3.5 million Americans receive Supplemental Security Income benefits monthly. If a program of this magnitude is allowed to break down, as it appears is happening, the economy of America will obviously suffer.

The Supplemental Security Income (SSI) Program was designed to transfer aged, blind and disabled individuals in low income and resource levels from state, county and municipally administered programs to Federal programs administered by the Social Security Administration. One of the primary reasons advanced by the Nixon Administration for such a need for welfare reform was the need for fiscal responsibility nationally and the amount of monies paid out to individuals who did not meet the requirements for payment—payment allegedly made illegally. To correct this aspect of administration, the Federal law requires face to face interviews of all individuals now filing for SSI benefits. To the best of our knowledge, no one realized how time-consuming a task this requirement of the law would be in terms of man-hours. The law further provides for such an interview every 12 months to redetermine if the individual still meets necessary income and resource requirements to continue to receive benefits. For the Committee's benefit, we estimate it takes 7 man-hours for the initial processing of an aged SSI claim and 13 man-hours for the initial processing of a blind or disabled SSI claim. We estimate it takes 9 man-hours for the processing of an aged SSI redetermination and 16 man-hours for the processing of a blind or disabled SSI redetermination.

Why does it take so long to process these claims? Many factors contribute to this time-consuming claims processing: complexity of the SSI law, lack of sufficient and adequately trained personnel, computer programming deficiencies, poor direction and policy making by management at the Bureau, Administration, and Department levels, and the educational levels of the individuals the SSI program is directed to service.

The law should be amended to increase the allowable amount of resources from \$1500.00 to \$2500.00, increase the amount of the maximum monthly benefit from \$146.00 to \$200.00 and by the addition of a provision in the law stating that an individual entitled to Medicaid the month prior to the month of a Social Security Amendment benefit increase will continue to be entitled to Medicaid, even though their SSI cash payment may be terminated due to the SSA increase. All of the above changes will achieve a less complicated SSI program for our members to administer and a more humane program providing a basic income level for aged, blind, and disabled Americans.

Manpower—The lack of sufficient personnel to effectively and efficiently administer the SSA and SSI programs is best illustrated by the agencies excessive utilization of overtime—even MANDATORY overtime—in an effort to meet the needs of the public. IN addition to overtime, the Social Security Administration has employed and continues to employ "temporary employees"—some for 3 or 4 years now—as well as part-time employees and employees paid under special programs such as the Retired Citizens Volunteer Program under ACTION. None of these categories of employees are charged against the permanent ceiling of the Social Security Administration. The practice of using temporary em-

ployees denies them the pay and benefits they rightfully deserve for doing the same job as career Federal employees.

Mandatory overtime, in the Social Security Administration or any other agency, amounts to involuntary servitude and appears to be a violation of our members' Constitutional rights. We believe that overtime should be voluntary and used sparingly since overtime is more costly to the taxpayer than hiring career Federal employees. All other categories of employees should be eliminated completely and the employees should be converted to career Federal employees or the position should be eliminated. Temporary and part-time employees have been more costly over the period of time SSA has utilized them than career Federal employees would have been over the same period of time. Collectively these categories of employees have a higher turnover rate, require more man-hours per employee in training and do not have as high a regard for their own work performance as do career Federal employees. It is time Congress, OMB, DHEW, and SSA realized that there is no substitute for a well-trained stable Federal workforce in numbers sufficient to properly administer the laws established by Congress.

The SSI program became law October 31, 1972. Prior to its passage however, many task forces studied the proposed legislation, met with state, county and municipal officials and based on their results the law was passed.

SSA and DHEW knew by September 1972 that the law would pass. They should have had prepared or been in a position to prepare policy, training materials, recruit additional staff, formulate applications and all of the other requirements necessary to administer this new law.

In retrospect what actually occurred was disastrous, DHEW, SSA or a combination of both did not begin to hire an appreciable amount of additional personnel to meet the administrative needs of the 1972 SSA amendments or the new SSI program until September 1973—almost one year from passage of this legislation. In a belated effort to have the maximum amount of staff available for the January 1, 1974 transfer of beneficiaries from the State rolls to the Federal rolls, SSA cut the number of weeks training new employees would receive by one to three weeks. This decision resulted in poorly trained employees unable to function properly thus requiring substantial assistance from supervisory personnel, and journeymen non-supervisory personnel, which further slowed down service to the public.

The training material utilized by SSA to train new employees has not been updated since 1972. As a result of antiquated training material, training instructors are forced to improvise and update the material on their own as best they can resulting in poor utilization of training time and important areas of the SSA and SSI laws being overlooked or hastily covered. Copies of important policy decisions known as claims transmittals have often been limited to one copy per office and in some cases never received causing inconsistent implementation delayed payment, incorrect payment or non-payment of benefits unnecessarily.

In January 1974 the lack of manpower, employee training, training materials, and planning at various bureaucratic levels resulted in non-payment of SSI benefits to thousands and thousands of low-income aged, blind and disabled Americans. Under the pressures of economic and personal frustration, violence erupted in many Social Security offices in New York City requiring the use of Federal Marshals to quell these outbursts of angry beneficiaries. Violence to a lesser degree broke out in other offices in the states of New York and New Jersey requiring the use of over 100 guards to maintain a safe environment for SSA employees, our members, and the public.

We could go on and on and sight many problems DHEW and SSA have experienced which have resulted in a lack of proper administration to the needs of the public. We believe this is not necessary.

We implore the Committee to reflect on our testimony when considering the present and future economic needs of the American people and the effective, efficient administration of the Social Security and Supplemental Security Income Programs, in meeting these needs. We humbly suggest as part of the legislative process, the Senate Finance Committee and your Committee invite us to submit more detailed testimony for your consideration and deliberation in the future.

Thank you for providing us with this opportunity to address your Committee in an effort to improve the administration of the government our membership services—their fellow Americans.

ITEM 15. LETTER FROM REV. EDWARD J. WALSH, EXECUTIVE SECRETARY, COMMISSION ON SOCIAL JUSTICE OF THE DIOCESE OF CAMDEN, N.J.; TO SENATOR HARRISON WILLIAMS, DATED JULY 11, 1974

DEAR SENATOR WILLIAMS: I submit the following written statement to the Special Committee on Aging in relationship to the Supplemental Security Income (SSI) recipients' eligibility for food stamps.

"The value of food stamps can make the difference between adequate nutrition and slow starvation for many of the elderly poor of our country. For example, a widow whose only income totals \$190.00 (paying rent and utilities of \$100.00) leaving only \$90.00 for food and clothing purchases, food stamps have been a blessing for these people.

With food costs rising about 1.2% per month, the elderly poor are simply undergoing slow starvation. We are all proud of our parents, who pay their bills, pay taxes or rent, and go without eating rather than be delinquent or owe people money.

The energy crisis has had a greater impact on the elderly because they have been depending on pensions or some other fixed income, but utility costs have gone up but not the pension.

I believe you will all agree that the elderly poor look upon the moral responsibility of paying their bills to keep a roof over their heads and cut down on buying food for themselves; the result is, they all become prone to disease, and we will have another problem.

Today, the elderly are looking to our Federal Government for leadership in providing food programs. Now is the time to show the people who made this such a great country to live in that we have not forgotten them.

Let us not all forget the many sacrifices they made during the depression, let us not make them go through those days again in the 70's. Some day with God's help, we all will be elderly."

ITEM 16. LETTER FROM PAUL M. PETRUCCELLI, INDEPENDENT STUDY GROUP, BAY SHORE, N.Y.; TO SENATOR FRANK CHURCH, DATED AUGUST 8, 1974

DEAR SENATOR CHURCH: It has come to our attention that the Special Committee is currently undertaking an examination of the Supplemental Security Income Program and its implications for the aged, blind and disabled of our nation who require such assistance.

In January of 1974, as the SSI Program was being introduced, we issued a press release in which we attempted to highlight what we felt to be the major inequities inherent in this program. At the time, regrettably, there was minimal reaction locally to the criticisms which were set forth in our statement. As the indignities and hardships suffered by SSI recipients have subsequently come to light, considerable attention has now focused upon this issue.

While you are, by now, surely conversant with the provisions of the SSI Program, we nevertheless have taken the liberty of enclosing a copy of our earlier statement for your review. We would be most grateful if both that statement and the comments which follow could be made a part of the Special Committee's official record of its inquiry into the matter of SSI.

Several rather basic conclusions can be drawn at this juncture. First, it has been quite clear to us that, in formulating the SSI Program, the Congress failed to first familiarize itself with the assistance programs which were replaced by SSI. The concept of a flat grant which embodies no provision for special or emergency needs is completely at odds with the precedents established under the Federal assistance categories of Aid to the Blind, Aid to the Disabled and Old Age Assistance. In that regard, it would not be inaccurate to observe that the eligible aged, blind and disabled were effectively disenfranchised in that various types of assistance once offered to them were summarily withdrawn without explanation or justification.

Furthermore, there was a definite element of misrepresentation in the introduction of the SSI Program to the American public. Essentially, we were told that there would be no effective loss of benefits or reduction of assistance levels. This basic deception was couched in the emotionally appealing notion that SSI recipients would be free of the "welfare stigma".

Our experience with the SSI Program to date demonstrates that, in fact, recipients of SSI are subjected to hardships and indignities of a magnitude never before witnessed in relation to the contemporary provision of public assistance. The reasons for this development are, to us, quite clear.

The needs of individuals who must depend upon such assistance demand, by their very nature, a delivery system which is intimately responsive to the daily changes in the circumstances of those individuals. With many admitted limitations, the mechanism through which we deliver public assistance (or, if you will, "welfare") is capable of such responsiveness. The entire concept of a local social services/public assistance agency addresses a simple and irrefutable reality: social and financial problems are, in most instances, inseparably interwoven and must be approached in an integrated fashion. Indeed, our very ability to deal with social problems is predicated upon our ability to promptly command the issuance of financial assistance. That capability is totally absent in the SSI Program and the situation is further frustrated by the fact that social services are provided by a separate local agency with no direct input into the Social Security mechanism.

The above observations lead unavoidably to two major conclusions which we wish to set forth in the form of recommendations for legislative change:

(1) After a careful review of the provisions of the former Federal categories of Aid to the Blind, Aid to the Disabled and Old Age Assistance, legislation should be introduced which will impart to the SSI Program those same provisions. Particular attention should be paid to those provisions which allow for the issuance of various forms of emergency financial assistance and the ability to respond to various instances of "special needs".

(2) Since the Social Security bureaucracy was never designed to be intimately responsive to changes in the living circumstances of its clients, and since currently existing public assistance/social service agencies (i.e., local welfare departments) are specifically structured to be intimately responsive to such changes, it is absolutely essential that the responsibility for the administration and delivery of financial assistance under the SSI Program be delegated to the agencies which currently deliver other forms of public assistance under the aegis of the Department of Health, Education and Welfare.

There is no reason why simple accounting procedures cannot be utilized to charge all assistance issued under the SSI designation to the appropriate Federal accounts. Since both SSA and HEW operate under the authority of the Social Security Act of 1934, the sharing of SSI responsibility as described should pose minimal problems.

We are grateful for your attention to our comments and we are, of course, prepared to further articulate our position in this matter if you should express further interest in this area.

ITEM 17. LETTER FROM MARY YANKAUER, NEW YORK, N.Y.; TO SENATOR FRANK CHURCH, DATED JULY 15, 1974

Re: SSI

Dear Senator Church: I should like to be able to compliment our government on the SSI program and to write in a positive vein about it. However, the troubles are so many and the hardships inflicted by this program so heavy that all I can write about is what has happened, here in New York City—in Yorkville. There are a number of general criticisms, i.e., the level of income, \$226.85 (spendable dollars) is far too low; the flat grant basis is wholly inadequate given the rents and gas and electricity and phone costs here; if food stamps were allowed, many of the elderly couldn't afford to buy them.

Rents in New York City are subject to vacancy decontrol. If a person is forced out—and many are because of luxury building—there is no place to go. Decontrolled, old, unreconditioned apartments, some on the fifth or sixth floor, if available, rent at about \$175-\$190/month. New apartments—\$250 for one small room and kitchen. Public housing is as scarce as hens' teeth. 5,000 applicants for 160 apartments at 70th Street and First Avenue (Lenox Hill sponsored elderly apartments); 10,000 for 300+ in Ruppert—next year. Rent controls guarantee 7½% increases.

Electricity and gas are averaging between \$12-\$18/month. Budget phones start at \$5+/month.

It takes a minimum of three months to get into the system. After that you take your chances on getting checks and when gotten they very likely are wrong.

Staff was utterly unprepared for the flood of applicants and for various snafus that occurred. They have not yet—seven months later—dug out from under. Non-receipt of checks is common. Issuance of substitutes is an impossible task and once in the system no emergency checks are issued.

No pass throughs were authorized by Federal or State orders. SSI recipients have never seen the cost-of-living increases.

Medicaid cards (issued monthly in New York) are not sent. Emergency letters must be individually requested. Tapes are sent from Baltimore to Albany, split up and sent to various offices. New York cashed in food stamps and included \$10 in state supplement. However, many of the OAA cases were grandfathered in at amounts well over \$196/month total income. These people lost all their food stamp benefits.

Food costs have jumped tremendously. Low salt dietetic, low residue, low fat and other diets cost money to maintain. Not only is \$226.85 spendable total income much too low, but the lack of pass-through is just another unfair blow.

It costs a great deal to maintain a patient in a nursing home. Our elderly on such very restricted incomes have little choice—starve and pay rent or get evicted and eat. In either case, the blow to their self-respect is a killer quite literally.

Other difficulties that have come up are lack of emergency funds for things like stolen cash (muggings/robberies), unforeseen expenses—moving, replacement clothing, increases in cleaning costs. Lack of homemaking help is a whole topic. Under OAA a check could be issued jointly to client and landlord. This is no longer possible.

What Social Security never considered adequately was the utter helplessness of many elderly. Old, sick, language problems—governmentese as well as English—the need for one-to-one treatment and an adequate computer system are all devastating factors. The need to assign separate Social Security numbers for those on B or D cards also delayed matters.

In this Center we have been fortunate. The offices we deal with are sympathetic and try their best to help. They are flooded and lack of trained staff causes unwarranted delays. We have been lucky—we can fill out and document applications and so our elderly do not have to wait and wait and wait at the Social Security offices.

I have tried to summarize some of our cases—ones that have been corrected and those still waiting.

Mrs. E. M.—Filed SSI in 8/73. Received only \$46-\$49/month, far below the State limits of \$226.85. Correspondence and phone calls to no avail. (Should be getting \$100+.)

Mr. and Mrs. T.—Mr., over 65 and disabled; she 64 and disabled. Grandfathered in from OAA. SSI and Medicaid stopped in March; don't recognize essential person (husband and wife). She never applied for Social Security disability; receives wife's benefit. His benefits too high for SSI. Lives with another person! Applying for disability on her own.

Mrs. H.—Filed in 7/73. As of 5/74, never received. 5/28/74, check to be delivered. Actually received 6/6/74. July 5th no check. Called Social Security office to be checked out.

Mrs. E. M.—Filed for Social Security in August. January to date receiving less than half of what she should. SSI inputted, ignoring State amount. Requests for correction made in February, April, July. July check still wrong.

Attached hereto are copies of some of our more serious case summaries*

ITEM 18. LETTER FROM DR. ISADORE ROSSMAN, MEDICAL DIRECTOR, HOME CARE AND EXTENDED SERVICES DEPARTMENT, MONTEFIORE HOSPITAL AND MEDICAL CENTER, BRONX, N.Y.; TO SENATOR FRANK CHURCH, DATED JULY 9, 1974

COST COMPARISONS

Our After Care Program was set up originally through a grant from the Regional Medical Program. When this funding abruptly ended, we shifted to the billing of Medicaid/Medicare and where it was possible other insurance or funding agencies. In actuality, this meant dropping some patients from the After

*Retained in committee files.

Care Program who had no third party reimbursement. As matters stand, billing which is appropriate for one agency may not be available from another to the hospital, Medicare does not; however by pooling our reimbursements, we are able to take care of a variable mix of Medicare and Medicaid patients with an occasional patient in other categories carried along despite inadequate reimbursement.

The daily cost of our Home Care program over the years, as a rule of thumb, has been approximately 1/10 that of the hospital. When the Montefiore Hospital Medical Center (MHMC) day was \$100.00, our Home Care day was approximately \$10.00, and both of these figures have doubled over the last decade. Because of a merging of funding from all our sources—Home Care, After Care and Nursing Home Care, it is impossible to break down costs in an exact way for an isolated program. The doctor who is on call during the day as well as the doctor who takes calls from 11 p.m. to 7 a.m. handles emergencies arising on all three of our patient care programs. This has manifest advantages from an economy point of view. Other Home Care Programs with which I am familiar currently cite cost figures of approximately \$20.00 per patient day. Our After Care Program patient day is approximately \$23.00 and the Geriatric Day Hospital Program approximately \$25.00 a patient day. If one were to generalize, it would appear that these various alternatives to institutional care run roughly at about the same level of costing, always presuming that a reasonable range of services are delivered.

(a) Both cut down on expensive hospital days.

(b) Both represent needed and desirable extensions for medical care.

(c) Both will cut down on the great drift into nursing homes with all of the costs and drawbacks of that institution.

As to limitations on coverage, this has been a moot point even among Home Care programs over the years. At MHMC, we have taken the position that as long as the patient needs home care, and can benefit by it, then he should be given it. There are other programs which have established a time limit, as for example a 90 day limit following which the patient has to be discharged from the program. There are many clear-cut instances where the patient's need for home care on the 91st day is as obvious, if not more so, than it was on the first day. I do not think that a hard and fast time limit should be established provided that a review of the need for home care is done periodically in much the same manner as we certify the need for hospitalization under Medicare. I think it is obvious that to withdraw home care, thereby forcing the patient into a nursing home, is not sound fiscal policy, to say nothing of the distress it may cause the patient and family.

On the other hand, if a patient improves, there must come a point at which home care should be withdrawn. This sort of review has been customarily done by a team on our program, and I see no reason why this review concept should not work out satisfactorily on a national level.

ITEM 19. LETTER FROM MYRON MAYER, COMMUNITY SERVICE SOCIETY OF NEW YORK; TO SENATOR FRANK CHURCH, DATED JULY 29, 1974

DEAR SENATOR CHURCH: The Community Service Society of New York is a voluntary, non-sectarian social welfare agency that has been concerned with and for the impoverished of New York City throughout its more than 125 year history. Our organization has been deeply involved in study and program activities related to the Supplemental Security Income program since its enactment by Congress in the Autumn of 1972.

The Society's active involvement has been in three major areas: 1) participation in the SSI Alert information; 2) the Administration of an emergency financial assistance program to meet the urgent needs of elderly persons who were either already on the SSI rolls or who were new applicants and, 3) efforts to bring about needed changes in policies and legislation affecting the SSI population. We have opposed recently enacted state legislation that fails to protect the health, welfare and safety of its citizens who also are eligible for Federal and State supplemental income, and we are firmly committed to the retention of residual responsibility by states. At the same time, we are equally committed to improvement of the SSI program and the proper assumption of responsibility by the Federal Government of payments statutorily their responsibility.

Therefore, on the basis of our experiences, we are pleased to submit our views for improvement of the SSI programs as part of the record of the hearings on "Future Directions in Social Security."

[Enclosure]

COMMUNITY SERVICE SOCIETY OF NEW YORK

The transition to the Supplemental Security Income Program represented a radical change in the approach to rendering financial assistance in New York State. By exercising the provisions for optional additional state payments and Federal administration of them, New York State moved *from* a system wherein budgets were individually computed to reflect the specific needs of the recipient to a system of a guaranteed level of income or flat-grant approach. The separation of income maintenance functions from social service functions was further intensified as a result of the differentiation of responsibility for each area between the Federal and State administrative bodies. While these changes represent in part the fundamental reforms inherent in SSI, such precipitous change in the method and administration of the former categorical assistance programs replaced by SSI contributed substantially to the confusion and hardship experienced by many New York SSI beneficiaries. Examples of the problems encountered in the transition stages of implementing the new program have been attested to by witnesses from New York State who appeared before the Special Committee on Aging during these hearings and have been inserted from time to time in the Congressional Record by members of the New York Congressional Delegation, obviating the need to recount them here. Suffice it to say that we deplore the undue hardship imposed on New York State aged and disabled poor due to malfunctions of the new system and bureaucratic responses that serve only to shift the onus of responsibility from one level of government to another but fail to respond to the recipient's urgent need.

We do not take issue with the fundamental concept of Supplemental Security Income. Indeed, we welcome the basic reforms the program offers and consider it a significant step forward in the development of an income maintenance system as part of this country's social security program. However, even short experience with the new program indicates areas requiring Federal action. These areas include both remedial provisions to correct deficiencies in the operational aspects of the system as well as new provisions to improve the program itself so that the full potential of income maintenance through supplemental security income is realized. We urge the Congress to give prompt consideration to legislation appropriate to these ends.

REIMBURSEMENT TO STATES FOR INTERIM ASSISTANCE PAYMENTS

By far the most frequently encountered problem in New York State during the transition period resulted from the failure of the SSI system to process applications and/or correct errors within periods of time that are reasonable for and consistent with characteristics of the SSI population. While current law provides for a one-time advance payment of up to \$100 against the applicant's benefit in cases of emergency financial need, the provision is inadequate to the problems inherent in a huge computerized system of assistance payments. Such a limited provision assumes rapid, error-free processing of an application as well as the existence of a cushion of resources from which an applicant can draw in the event of delivery system delays. Of course, both assumptions are erroneous. Computer systems are not infallible, and a large proportion of SSI applicants or beneficiaries are actually destitute and totally reliant on the public assistance system. There is need for recognition within the Congress and the SSI program that, unlike Social Security Insurance Benefits, SSI payments represent replacement of public assistance payments and, for many, their only source of income. Delays of even a week or two can have deleterious effects on the health and well-being of the eligible recipient.

The Taft amendment currently pending in the Congress would permit the Social Security Administration, upon authorization by the applicant, to withhold from his first SSI check an amount sufficient to reimburse the State for any interim payments it may have made to him in lieu of SSI benefits for which he was eligible but which had not yet been processed. We believe this would encourage States to provide immediate relief for persons whose applications are caught somewhere in the system since it would assure reimbursement of monies expended locally because of Federal delays. However, the amendment, as proposed

is a temporary measure that only deals with delays related to an individual's initial entry into the SSI program during the first 18 months of the program. It does not provide for delays or errors that occur after an application is processed and payment begun. When this kind of delay occurs, and it most assuredly does, the dependent recipient is in the situation of holding "I.O.U.'s" from the Federal Government but is without income to meet regular living expenses. There is no more reason to believe that local public assistance offices will respond to the needs generated by these delays without assurance of reimbursement than they did to initial payments delay. We believe the provision should recognize the need for a permanent mechanism of reimbursement to the States for advancing of SSI benefits not received regardless of when the delay occurs.

EMERGENCY ASSISTANCE PROGRAM

Separate from the need for "interim assistance" mechanisms, which are confined to monies already awarded an applicant or beneficiary but not received, there is also need for a Federal Emergency Assistance Program for SSI beneficiaries. In this respect, "emergency assistance" is defined as payments for non-recurring situations such as security deposits and broker fees should a change in housing be required, or payments to stop utility cutoffs or to forestall evictions, as well as catastrophic situations such as burn-outs, muggings and so-forth. Again, Congress must be mindful that SSI is a replacement for the income maintenance function of State public assistance programs and that the population it serves has little or no margin for out-of-the-ordinary expenses. While it is true that the States are in no way prohibited from establishing such Emergency Assistance Programs under the existing SSI legislation, there is nothing to encourage them to enact measures that reflect the principles of reform inherent in SSI.

For example, Emergency Assistance measures enacted by the New York Legislature for persons eligible for SSI are so narrowly defined as to exclude fully 94% of the requests for emergency assistance examined in a random survey of 200 of the eligible SSI applicant/beneficiaries who turned to Community Service Society for aid during the first two months of the program. While some of these needs could have been met by public agencies had the Taft amendment relating to "interim assistance" been in force, not all could have been so satisfied. An obvious need for a back-up program exists.

In the interests of equity and uniformity, emergency assistance payments must be Federally mandated. In the absence of a Federal program, states are free to establish programs or not, and to establish programs for which eligibility requirements effectively abridge the advantages of uniform eligibility under SSI. Again, using the newly enacted New York State Emergency Assistance for Adults legislation as an example, a SSI recipient in need of a lump-sum emergency payment does not qualify on the basis of his SSI eligibility, but must qualify under State articulated general assistance eligibility requirements. These requirements negate the protections of the Federal program and provide recovery provisions through liens against real property. Also, they require the conversion of Federally-excluded personal property to cash to meet emergency needs before assistance is granted, and they limit applications for assistance of a like-kind to once in 12 months—as if emergencies can be planned.

To correct this situation, we recommend expansion of the Supplemental Security Income Program to include a program of Federal Emergency Payments to accommodate emergency needs of a non-recurring nature for SSI beneficiaries and to assure uniform eligibility and access to such assistance throughout the nation.

COST-OF-LIVING ADJUSTMENTS

A third area which we believe requires prompt Federal action is with respect to provisions for automatic cost-of-living adjustments to SSI. The amendment reported on July 17, by the Conference Committee, provides that Federal SSI benefits are to be increased by the same percentage and at the same time as social security benefits, whenever there is an automatic cost-of-living increase in social security benefits. The purpose of this provision, protection against deterioration of purchasing power in view of the rapid increase of inflation is self-evident. Yet the amendment falls short of guaranteeing the benefits of the provision to recipients. Obviously, if there is to be any substance to the theory justifying the inclusion of cost-of-living adjustments, those adjustments must be realized by the recipient. Since inflation is not resolvable at the level of state

government nor can its causes be laid at that door, the guarantee against its ravages for those with least opportunity to change their economic state—the aged and permanently disabled—of necessity falls to the Federal government. We believe that increases justified as cost-of-living increases must be prescribed in such a way as to assure that all SSI beneficiaries, including those in states providing additional payments, do not suffer deterioration of purchasing power in the face of significantly measurable inflation.

However, we believe the Congress not only must assure that total benefits, regardless of source, are inflation-proof but it must concurrently act to improve the basic payment level. The Federal SSI base reflects no apparent measure of adequacy, but rather, simply the median payment level of state programs in effect at the time of the enactment of SSI.

In setting income goals, the 1971 White House Conference on Aging called for "a supplementary payment system based on an income test to bring incomes up to the level of the "intermediate" budget as defined annually by the Bureau of Labor Statistics, financed entirely from Federal Government general revenues." However, the current Federal levels (which already include two cost-of-living increases) of \$1,752 for individuals and \$2,618 for couples fall *below* the BLS's 1973 *lower* level budget by \$88 and \$732 respectively for urban aged recipients. Cost-of-living increases, whether triggered automatically or by deliberate Congressional action, serve only to maintain this relative level on a continuing basis.

We believe that in addition to cost-of-living adjustments, Congress must commit the Federal Government to improvement of the basic level of SSI payments. We recommend that Congress adopt a 5 year schedule of annual incremental increases of given dollar amounts to the basic payment level to meet the goal of adequate income for all aged and disabled persons by the year 1980.

ITEM 20. STATEMENT OF ALFRED B. DEL BELLO, COUNTY EXECUTIVE, COUNTY OF WESTCHESTER, WHITE PLAINS, N.Y., JULY 29, 1974

Mr. Chairman and members of the Committee. My name is Alfred Del Bello. I am County Executive of Westchester County, New York, a suburban county of approximately 900,000 people, including the cities of Yonkers, New Rochelle, Mount Vernon and White Plains. I am appearing today to describe briefly the impact of the Supplemental Security Income Program upon the people and government of my county; to make two suggestions for revision of the program; and to bring to your attention other SSI problems encountered by county government.

I do so not only as a County Executive but as a member of the National Association of Counties, an organization of approximately 2,000 counties. I have recently been designated, by President Stanley Smoot, as Chairman of NACo's Committee on Urban Affairs. I believe it is important for your Committee and the entire Congress to pay closer attention to the problems and potentials of County government, and to measure the impact of federal legislation on local government. While the National Association of Counties has no detailed position on SSI, the impact of the program upon counties has been significant, as I will discuss later in my statement.

In Westchester County there are 141,000 senior citizens, and approximately 9,500 SSI recipients, the majority of which are senior citizens. We project an increase to 16,000 recipients by the end of this year. Of the 9,500 now on SSI, 2,500 are those who would not accept welfare, but who now receive SSI benefits. This is to the credit of the SSI program, and vindicates the underlying policy decision by the Congress to institute a federalized Social Security related welfare system.

I would first like to focus your attention upon the impact of an inadequate benefit level. Obviously a flat national ceiling for welfare payments will adversely affect recipients in areas with a relatively high cost of living, such as Westchester. Current benefit levels cannot adequately maintain the health and safety of our recipients, especially as they exacerbate existing social problems such as our chronic housing shortage. I realize this is a problem peculiar to the more affluent sections of the country and therefore do not propose sweeping changes in the structure of SSI. I do however, suggest a remedy that is consistent with the policy underlying SSI, the establishment of a national welfare ceiling and discouragement of welfare shopping. Rather than peg benefit levels to auto-

matic cost of living increases, either on a regional or national basis, I propose that the cost-price index used to compute SSI benefits be brought up to date, and that the resulting increase in benefits be passed along directly to the recipient. I understand that the CPI now being used dates back to 1972, which, in the face of double digit inflation results in a level of benefits that is unacceptable by any standard. Regular updating of the CPI to reflect the real cost of living will permit SSI benefits to reach an adequate level while remaining consistent with the goal of a reasonable nationwide federal ceiling. Although this will have the same result as an automatic pegging of benefits to the Federal CPI, it will preserve the integrity of a separate SSI program. Rather than go into detail now, I submit this to you for analysis and will be happy to have my staff cooperate in this effort.

My second point deals with a one-third reduction of Federal benefits and in my state, a more than two-thirds reduction of state benefits for SSI recipients who live in the household of other persons and who receive in kind services from those persons.

In Westchester this provision reduces benefits from a maximum of \$206.85 to \$110.85. Especially in the case of the handicapped, this requirement creates an incentive for institutionalizing SSI recipients. This reduction in benefits for those who cannot physically maintain their own household may leave them no recourse but institutionalization, no matter what their wishes or needs. Certainly this was not the Congressional intent and I urge repeal of the one-third reduction. I have recently created an Office of the Handicapped in our County Government and hope to be able to document this observation more closely in the future, but I believe it to be accurate not only for the handicapped but for senior citizens, and certain blind recipients in Westchester.

There are other severe problems faced by SSI recipients which are suitable for Congressional action. These include a better definition of SSI eligibility for those who are disabled, provision for emergency needs, deduction of social security benefits from SSI payments, and food stamps problems. Rather than go into detail with respect to these problems, I would refer to what I understand has been the testimony of other witnesses.

There also exist many problems on the state level including a pattern of states passing the costs of the program to the country. I shall not raise these with you today except to note that to a great degree they vitiate the progress made by the SSI program. I believe that most of these also have been called to your attention.

Finally as a county official, I wish to call to your attention burdens placed on county government as an incidental result of the SSI program.

For example, Westchester County was required under court order to make emergency grants to SSI recipients as a result of the Social Security Administration's inability to replace lost or stolen checks. This is an example of a County being forced to remedy failures of the Federal Government.

Additionally, by law the county provides all support services required by SSI recipients, a sizable cost mandated on the county.

I might note another effect of the low benefit levels on counties like Westchester. Where there is a severe housing shortage such as exists in Westchester, these low benefit levels create a market for seriously deteriorated and dilapidated housing, inferior to any other housing available, and especially dangerous for the vulnerable blind, aged, and handicapped recipient. We believe that SSI recipients are thus worse off than other welfare recipients. Surely this was not one of the planned outcomes of the program, but it seems to be an unanticipated and serious side effect which now must be confronted by the county without any aid from the State or Federal governments.

I again urge this Committee to include in its recommendations, recognition of the significant accomplishments and problems of County government. Speaking as a member of the National Association of Counties, I would alert this Committee and the entire Congress of the need to consider more closely the points of view of the operational and service delivery level of government so that we can develop with you the priorities and programs most needed by our people. NACo will continue to press our point of view on a wide range of issues.

I will be active in my state to insure more efficient administration on the County level and greater sensitivity to County government and the needs of the recipient on the state level. I applaud the general aims of SSI. It remains with Congress to sensitize the process on the Federal level, and to make such specific changes as I have offered and have apparently become necessary to preserve the underlying thrust of a federalized welfare level.

ITEM 21. LETTER FROM IRMA MINGES, ADMINISTRATOR, SSI-ALERT PROGRAM, NEW YORK STATE EXECUTIVE DEPARTMENT, OFFICE FOR THE AGING; TO SENATOR FRANK CHURCH, DATED JULY 31, 1974

DEAR SENATOR CHURCH: In accordance with your letter of June 3rd to Mrs. Rhea M. Eckel Clark, Director of the New York State Office for the Aging, we are submitting the enclosed statement for incorporation in the record of the Hearing on SSI which your Committee conducted this month.

[Enclosure]

STATEMENT OF SSI PROBLEMS SUBMITTED BY STANLEY I. HAYES, SR., CHAIRMAN, TEMPORARY COMMITTEE TO MONITOR SSI, NEW YORK STATE OFFICE FOR THE AGING

In April of this year, the Director of the New York State Office for the Aging appointed a committee to advise the Office about major issues relating to SSI, and to suggest corrective administrative and legislative actions needed to realize the intent of Congress to provide economic security with dignity when it enacted the program.

Thirteen members representing all regions of New York State have deliberated with eight resource persons in monthly all-day sessions starting in April. The Committee also conducted a statewide survey, the findings of which confirmed the evidence of Committee members, the State Office on Aging and other statewide organizations of priority problems.

A brief questionnaire was sent in May to a selected list of key agencies and groups with immediate knowledge of problems encountered by SSI applicants and recipients. Since the problems in New York City were well documented, our survey emphasized upstate counties and rural areas. Of the total of 166 returns, only 18 were from New York City. Responses gave conclusive evidence that problems in rural counties differ from urban areas only in terms of numbers, not in types of problems or the human suffering which these have created for our older citizens.

Four classes or organizations participated as follows: 43 local Departments of Social Services; 50 agencies serving only the elderly, including voluntary agencies and County Offices for the Aging; 51 other concerned community organizations such as councils of agencies; 13 hospitals.

Since each class of agency has a different mandate and function, differences in focus on problems and view of prevalence were evident in their responses. Nevertheless, the problem recognized as most prevalent by each class was, "*Non-receipt of SSI check, underpayment or delays*". Responses from the most rural areas documented the impartiality of the computer in making people destitute. Although the volume of such errors has decreased, those who continue to be affected suffer no less acutely: in many instances their desperation deepens with each passing month. Other problems such as stolen checks of course are equally serious.

Recommendation.—Immediate legislation is needed to prevent destitution due to computer errors. The Social Security Administration should provide emergency assistance to replace undelivered or delayed SSI checks or to correct underpayments due to computer errors, change of address, theft of checks, etc.

In addition to the foregoing, each class of respondents in our survey recognized a second problem as being of essentially equal prevalence. One of these concerns "*Difficulty in applying or ascertaining eligibility for SSI.*" While lack of clarity in definitions of disability and delays in medical evaluation continue to be major problems, there is improvement in the application process for the elderly. Understaffing in many of the local Social Security Offices, continues, however, as do delays in processing of applications and visits to the homebound for application interviews. Absence of a full-time Social Security Office in many rural counties creates hardship in terms of travel or toll calls. We are gratified that a recent policy change no longer considers homestead land a liquid asset as many needy applicants with meager homes on more than one acre of land were rejected. However, provisions concerning applicants "living with others" need liberalization as they tend to penalize both the applicant and the family whose care prevents needless and costly institutionalization in many instances. Misinterpretation of "in kind" contributions is also reported as causing erroneous rejections of applicants living with others but paying for rent and food.

Recommendations.—The Social Security Administration should hire additional staff both for interviewing and for processing of applications, and establish full-

time local offices where needed. In addition, definitions and income levels for "living with others" should be liberalized.

Another problem which survey findings indicated to be of almost equal weight is *inadequacy of the SSI payments to meet living expenses*, particularly when high rent is involved. We are deeply concerned that the United States Congress: (1) has not provided for regional variations in cost of living, (2) has failed to enable those States which supplement the basic Federal payment to pass along to SSI clients the cost of living increases in both the Federal payment and in Social Security cash benefits, (3) has not provided for Federal sharing of the mandatory supplement for those "grandfathered" into SSI from public assistance, (4) did not provide federal funds for the recently mandated food stamp bonus, and possible future increases in the bonus value, for the "cash-out" States. Our Committee is particularly distressed (as are thousands of elderly persons affected) about the inequity to the poorest of Social Security recipients who failed to receive the cost of living benefit increase while those fortunate enough to have income above the SSI level are enjoying such increases.

Many disabled and elderly New Yorkers have suffered critical hardship—in some instances catastrophe—because of the inflexibility of the flat grant SSI program. This caused some witnesses testifying last month at Hearings of the Standing Committee on Social Services of the New York State Assembly to call for a return to public assistance. While we would oppose such a backward step, our Committee must underscore that hunger, evictions and other dire emergencies have resulted from the changeover and continue to arise in the face of alarming rent increases and other escalating costs of basic necessities.

Undoubtedly New York is not the only State with striking variations in rent levels, the highest occurring in the suburban counties which surround New York City. Yet even the most rural of the State's regions indicated a concern in our survey about inadequacy of SSI for high rent clients. We would call attention to how little an average or median rent figure means if individuals are to avoid evictions for nonpayment of rent in absence of any available housing of modest cost. For example, the median monthly rent allowance for disabled, aged and blind individuals under public assistance as of December 1, 1973 in New York City was \$84. Yet this median of \$84 represents a range from \$1 to more than \$240, with more than one-third of these individuals receiving between \$100 and over \$240 for monthly rent at that time.

Recommendations.—To ease the hardship resulting from rigid and inadequate payment levels, (1) we urge legislation to correct the inequities when some SSI clients fail to benefit from cost of living increases authorized by Congress. This might mean restructuring the SSI program to assure that the entire SSI population benefits equally. (2) Additionally, we propose a Federal program of protection against increased housing costs when such costs exceed 25% of the maximum SSI payment. Such housing allowance, specifically excluded from SSI as income, would provide a measure of flexibility in an otherwise rigid program and safeguard against evictions during a nationwide shortage of low income housing. (3) We further urge Federal reimbursement to enable States to advance loans for all legitimate emergency needs which may arise with individual SSI recipients for varied reasons.

The other "high prevalence" problem throughout the State concerns *difficulties and delays in establishing or maintaining Medicaid eligibility*, due to problems with the Data Exchange System. Even those determined to be eligible suffer interruption in medical services because Identification Cards, reissued monthly, are delayed. In addition, a change in Federal regulation now denies Medicaid to "essential persons" including spouses, unless they can meet Medicaid eligibility requirements individually.

Recommendations.—Emergency interim procedures should be instituted until the Data Exchange System functions properly, to prevent delays or interruption in Medicaid services. Medicaid coverage for "essential persons" caring for an SSI recipient should be automatic.

Another major problem documented by our survey is widespread difficulties in achieving effective linkage between the Social Security offices and local Departments of Social Services. This was foreseen by the New York State Office which last year contracted with the New York State Department of Social Services to conduct a project to develop adequate linkages for the delivery of social services to SSI clients. This includes a training program for Social Security Administration staff on referral techniques, preparation of information and referral resource material, and a demonstration in outstationing service workers from local Social Service Districts in District Social Security Offices to supplement referral activi-

ties of the latter. Meanwhile evidence indicates that the information and referral function is not currently being performed in Social Security offices and SSI clients are not routinely being informed of the availability of services.

A final problem in our survey was "Inability to Handle Own Funds—Mentally Impaired." Although our respondents did not check "many" as being involved, 107 of the 166 respondents did indicate this to be a known problem. This of course relates to the Disabled as well as the elderly who mismanage funds due to mental retardation or impairment. It is a significant issue requiring solution since the former "two party payment" system with accompanying services under the Department of Social Services was lost in the transfer. Although the Social Security Administration provides for a Representative Payee, the procedures involved make it difficult to arrange.

Our survey also asked respondents to list other organizations which were sufficiently concerned about SSI problems to hold meetings on the subject. The first 113 respondents listed over 250 such meetings, some listing five or more local groups. Included was a wide range and variety of actively concerned community organizations throughout the State.

ITEM 22. LETTER FROM JOE L. MARTINEZ, STATE COORDINATOR, SSI-ALERT PROJECT, STATE OF NEW MEXICO, COMMISSION ON AGING, SANTA FE, N. MEX.; TO SENATOR FRANK CHURCH, DATED JULY 15, 1974

DEAR SENATOR CHURCH: We are pleased to have the opportunity to submit statements relative to the Supplemental Security Income (SSI) Program in New Mexico and, more specifically, Project SSI Alert.

In spite of certain difficulties which are enumerated, Project SSI Alert may be said to be successful in New Mexico both administratively and programmatically.

Because of the limited capability of the majority of Red Cross Chapters in the state, only five chapters in five counties of our 32 elected to accept the lead role for implementation in specific SSA districts. This had the effect of placing greater responsibility on these chapters in terms of geographic coverage since only one other agency (Home Education Livelihood Program or "Help", an OEO project) outside of Red Cross agreed to assume leadership for the program in its area. This immediately suggested that time and distance factors in relation to the remote and sparsely populated rural communities would have a limiting effect. More local contact was necessary.

The price of gasoline and the reduced speed limit provided for a limitation of capabilities in terms of having maximum mobility. Thus, a time loss was experienced in recruitment and training of an immediate volunteer force large enough to achieve maximum penetration in each of the several counties during the project period. However, New Mexico did have state-wide coverage.

Initial funding, as you will recall, was for only a 90-day project period (January-March 31, 1974). We submitted a supplemental application for additional funds and an extension of the project period through June 30, 1974, or until project completion. The application was approved, but it took considerable time for the funds to be made available. As a result, momentum which had been achieved or was under way, was slowed down or lost to a considerable extent.

Interest also was reduced. This could have been avoided if the funding and project period would have been for six months at least, as originally anticipated by the Administration on Aging.

The terminology "*Supplemental Security Income*" created problems in that this program was confused with "*Social Security*" *per se*. The misconception that benefits from the new public assistance program for Supplemental Security Income was one and the same as earned and shared Social Security benefits was a deterring factor in getting some people interested in applying for different or new benefits under SSI. Some people believed that they were already getting SSI benefits, or that they need not apply or reapply. This necessitated extra effort on the part of Red Cross volunteers (and SSA personnel) in emphasizing SSI as a completely new federal program to replace Old Age Assistance, and Aid to the Blind and Disabled. Consideration should be given at the Congressional level to change the terminology and simply call it the *Supplemental Income Program*.

The SSI Alert Project was carried out with quite a lot of enthusiasm by all concerned in the State Agency and cooperating Red Cross Chapters. Without a

doubt Project SSI Alert was a worthwhile effort because it positively affects the welfare of many old, blind, and disabled persons in New Mexico, although we do not have specific data as to how many.

Thank you for the opportunity to give your Committee some of our observations.

**ITEM 23. STATEMENT OF DAVID C. CROWLEY, EXECUTIVE DIRECTOR,
OHIO COMMISSION ON AGING, DEPARTMENT OF PUBLIC WELFARE,
MENTAL HEALTH AND MENTAL RETARDATION**

We in the State of Ohio are aware that the Supplemental Security Income program as implemented in January, 1974 represents a very real gain for thousands of needy Ohioans and we congratulate the Congress on its success. However, we would be lax in our obligations to Ohio's poor if we did not take this opportunity to enumerate some of the more serious deficiencies in the program.

MAJOR PROBLEM AREAS

1. *The Lack of an Emergency Assistance Program Through the Social Security Offices to Meet Immediate Needs.*

Unmet emergent needs have reached epidemic proportions in Ohio. In Franklin County (Columbus, Ohio) alone, some 1400+ people who applied for emergency assistance in January were refused cash assistance by both SSA and the County Welfare Department.

Under the former adult public assistance programs, needy persons whose disability applications were pending could receive interim assistance from the County Welfare Department. Such assistance was fifty percent Federally funded. This program was abolished by PL 92-603 (SSI). The SSA will issue emergency assistance to applicants only if the person is determined eligible at the time of application. Disabled applicants must be either paraplegic, double amputees, deaf or obviously blind in order to receive an immediate cash payment of up to \$100. Obviously, most people do not meet these criteria. Ohio's County Welfare Departments can issue emergency assistance or General Relief (GR), but it is funded entirely out of state and county funds.

2. *The Delays in Determining Eligibility for Programs, Especially for Disability.*

a. Disability determinations are taking three to six months. Applicants are relying on state and county assistance which is then considered as income to them when SSA determines retroactive benefits. The total of state assistance received is deducted from retroactive SSI payments.

b. Disability "roll back" cases add to the delay. The requirement that some former APTD recipients be found eligible in accordance with Title II guidelines has created a backlog in the Disability Determination Unit.

c. The twelve month duration requirement for disability makes it difficult to establish mental disability. Release from an institution can be construed (and has been) as an improved condition resulting in denial of benefits.

3. *Processing Delays.*—There are processing delays in actually issuing checks and an unwillingness of SSA officials to employ available alternatives when routine procedures fail. SSA representatives are unable to inform eligible applicants when to expect the first check. When checks fail to arrive as scheduled, recipients are not aware that SSA can authorize a retroactive payment and bypass the computer operation. Too frequently, unless the client has specifically requested a retroactive one-time payment, the service is not offered. At best, this procedure requires five days before the check is received. This delay creates an additional burden for local welfare departments and other service agencies.

4. *The Denial or Reduction of Benefits to Applicants Based Solely on Their Living Arrangements.*

a. *One-third reduction for living in another's household.* People who live in the household of another automatically have financial eligibility and/or payment reduced by $\frac{1}{3}$. Their needs are assumed to be less because of in-kind contributions from those with whom they live. This occurs regardless of the relationship of the persons involved or the financial status of such persons. The result is that people with no legal obligation to provide support to the needy persons and who may themselves have little or no income are assumed to contribute at least $\frac{1}{3}$ of his or her subsistence.

b. *Married couples who live apart.*—SSA requires that married couples either obtain a legal separation or be physically separated for six months before

authorizing separate payments to eligible couples. This creates an undue hardship on persons who obviously can't afford legal assistance. It also offers the opportunity for the payee spouse to refuse support to the other party.

c. Definition of "Institution" and "Public Institution" to Exclude Many Protective Living Arrangements.

People living in public institutions not certified for medicaid or medicare payments are not eligible for SSI payments. An institution has been defined in regulation as a group living situation wherein four (4) or more people unrelated to the operator are provided with any remedial care or service in addition to room and board. Therefore, protective living arrangements for physically and mentally disabled persons who do not require full nursing care are considered institutions. Homes for the retarded have been particularly affected as they historically have depended on Federal assistance payments to residents for a major portion of their operating funds. These homes are not in any valid sense institutions. They are, in fact, established as alternatives to institutions and nursing homes for individuals who need some service or supervision but do not need constant medical or custodial care.

Further, if private facilities are under contract to public agencies for the provision of services to certain persons who can't otherwise afford services, SSA has ruled that they may be found to be "public".

d. Prohibiting SSI Payments to Residents of Certain Public Institutions.—

This prohibition has created a hardship for residents of certain county-operated facilities in Ohio, many of which provide the only protective living arrangements available in the community. The denial of SSI benefits to these residents is contrary to the purpose of PL 22-603, that is, to provide a minimum income for needy adults, by denying individuals the right to choose a residence that meets their needs.

5. "Deeming of Income" and Putting an Unrealistic Cash Value on In-Kind Services so as to Reduce Grants.

The difference between the payment an individual makes to a private "institution" and the actual cost of care is considered (deemed) as income to the recipient and is subtracted from his grant. This begins an infinite subtraction process that results in a zero award. This process is selectively applied to residents of private rest homes and other philanthropic institutions.

If this process were used in all such situations, even residents of public housing would be affected because they don't pay the full cost of occupancy. The procedure is, however, being used as a means of enforcing standards on facilities that don't meet medicaid certification standards. It is our feeling that such actions contravene the intent of PL 92-603; that is, to provide a minimum income to needy aged, blind and disabled. While we recognize the need to regulate and enforce standards on institutions we question the propriety of using an income maintenance program to do this. The recipient is the one who suffers most from this policy.

6. Designating Certain Personal Property and Real Property as Resources, Assigning Unrealistic Values to Same and, thus, "Appraising" People Out of Needed Benefits.

SSA regulations permit recipients to own a house and real property of a value not to exceed \$25,000. Regulations further provide that homestead land in excess of one acre, if not income-producing, will be countable as a liquid resource. Such resources cannot exceed \$1500 in total value. Frequently, elderly people own small "farms" or homesteads in excess of one acre which are neither income-producing nor marketable. This is particularly acute in Ohio's Appalachian counties where land is inaccessible and cannot be profitably cultivated. Even an appraised value as low as fifty dollars an acre on one hundred acres makes people ineligible. In Meigs County, Ohio, alone, forty percent of the SSI-Alert referrals processed were denied on the basis of the potential market value of land, even though the land represented no immediate income to the applicants and in most cases was untillable and fit only for hunting or fishing. The net effect of this regulation has been to create an artificial market benefiting only the land speculators and unjustly depriving many individuals of SSI benefits. Elderly residents are faced with selling family homesteads to live, if a buyer can be found.

Personal possessions of elderly applicants are inventoried and assigned "antique" value, again appraising people out of eligibility. More importantly such practices demean the dignity and independence of applicants.

*7. Differences in Eligibility Standards for Medicaid and Food Stamps Lead to Confusion as to Who's Eligible.—*Requirement for separate applications for these programs effectively disenfranchises eligible people who are unaware of the programs or unable to make application.

8. *Rights and Hearings.*—SSA fails to provide applicants with a full explanation of rights and entitlements under SSI. SSA relies on printed pamphlets which are lacking in detail and frequently beyond the ability of the applicant to comprehend. Pressures of time and caseload frequently cause claims representatives to be lax in explaining specific decisions or eligibility criteria to applicants.

Hearing procedures proposed by SSA require considerable sophistication on the part of the applicant. Requirements for written statements of material evidence prior to hearing, written notice of intent and other such legalistic requirements practically guarantee that hearings will be kept to a minimum.

RECOMMENDATIONS

Having enumerated what we consider to be major problem areas, we feel obligated to suggest some changes. It is important to realize that some of these recommendations could be achieved through regulatory changes. However, it is our experience that, unless Congress indicates a preference for a particular interpretation, SSA remains intransigent with regard to rule changes. Witness the reluctance with which SSA finally agreed to participate with the Administration on Aging in an outreach effort to publicize the program to potential eligibles. In view of this reluctance, we have suggested some legislative alternatives to essential problems of regulation.

1. *Emergency Assistance Program Administered by SSA.*
 - a. Avoid shuffling applicants from one agency to another.
 - b. Alleviate the frustration of SSA staff at being unable to immediately assist people.
 - c. Avoid the management problems inherent in reimbursing states for assistance given. For Ohio's position on current proposals to this effect.
2. *Provide for Expanded Presumptive Disability and Liberalize Disability Criteria.*
 - a. Presumptive eligibility similar to that used in previous APTD programs permits large numbers of eligible persons to be put on payment rolls immediately.
 - b. Liberalized disability criteria should take into account both the unpredictable nature on mental disabilities and the socio-economic factors affecting employment of particularly middle-aged low-income laborers.
3. *Require Immediate Cash Payment be Issued Whenever Check Fails to Reach Eligible Recipient.*
4. *Living Arrangements.*
 - a. Eliminate the automatic one-third reduction.
 - b. Make separate payments to couples based on individual's eligibility regardless of marital status. Provide immediate adjustment of payment levels when physical separation is reported.
 - c. Exclude specific residential facilities and group homes from the definition of institution.
 - d. Revoke the prohibition on payments to residents of public institutions.
5. *In-Kind and State-Local Support.*—Exclude in-kind from countable income when provided by a residence facility and exclude vendor payments from governmental entities to residence facilities from countable income.
6. *Require the Secretary to Allow More Flexibility in Determining Value of Resources.*—Specifically require that consideration be made of available market, tax appraised value based on current use, equity, and current income-producing value when assessing land values. Provide that no one be denied benefits simply because homestead land can't be sold.
7. *Medicaid.*—Extend medicaid to all SSI recipients by Federal mandate. Provide fiscal incentive to states by putting increased expenditures under some "hold harmless" level relative to previous expenditures for adult welfare programs or by increasing Federal reimbursement rate.
8. *Hearings.*—Outline simplified hearing procedures similar to those used in public assistance programs.
9. *Advocacy.*—Require that SSA establish an internal advocacy system and make available in district offices space for client advocate groups or individuals to operate.

ITEM 24. LETTER FROM ANDREW J. BIEMILLER, DIRECTOR, DEPARTMENT OF LEGISLATION, AFL-CIO, WASHINGTON, D.C.; TO SENATOR FRANK CHURCH, DATED AUGUST 9, 1974

DEAR MR. CHAIRMAN: I am writing this letter to express the viewpoint of the AFL-CIO on the new Supplemental Security Income Program (SSI) and re-

spectfully request that it be made a part of the record of the SSI hearings of the Senate Special Committee on Aging.

For many years the AFL-CIO supported changes which would remove the inequities of the federal-state programs for the aged, blind and disabled. There had long been a need for uniform, national eligibility requirements and a federal income floor to eliminate poverty among these groups. The AFL-CIO, therefore, supported and welcomed the establishment of the SSI program. We are aware that federalization of these programs was a complex process and that the legislation was only a step forward and a foundation on which to develop a fully adequate program. The AFL-CIO holds this view still. Our criticisms are made constructively in the hope that process of development will be pursued. It would not be possible to outline in a letter all the AFL-CIO suggestions for improving the program. We would, however, like to direct the attention of your Committee to those we feel deserve priority.

OUTREACH

The single most important problem needing resolution is to enable those who are eligible to receive benefits. Although the exact size of the newly eligible population cannot be precisely stated, no reputable estimate, including that of the Social Security Administration itself, is less than approximately 3 million people and some run as high as 6 million. Yet, only a little more than 300,000 persons, a mere 5 to 10 percent of this potential group, were actually receiving benefits in April of this year. Though no one expected all newly eligible recipients to be receiving benefits at the present time, it is clear that something is seriously wrong with the outreach program when such a small number of the potential total is receiving benefits. The Social Security Administration had a lead time of 15 months before the program began and an additional 7 months since the program started. There is no reason that a large majority of newly eligibles should not now be receiving SSI benefits. This sad performance raises the question whether there has not been a deliberate policy designed to protect the Administration budget at the expense of poor aged, blind and disabled people. Unless the Administration is prodded into greater efforts, there is a good possibility that the program will stabilize with only a fraction of those newly eligible participating.

COST-OF-LIVING ESCALATOR

Basic SSI benefit levels are much too low and recipients are unable to live decently on them. This problem has been greatly aggravated by rapidly rising living costs and the absence of any provision to compensate for the effects of inflation. This is a particular problem in states that supplement the basic Federal SSI payment. Recipients in many of these States have seen social security benefits increase 11 percent and SSI Federal payments 12 percent without seeing any change in their income because their supplementary SSI payments have been reduced as their social security and basic SSI payments have risen. This is grossly unfair in a period of double digit inflation.

The recent amendment which Congress added to H.R. 8217 does resolve the problem as far as the basic Federal benefit is concerned but does not insure cost of living increases in those states that supplement the basic Federal minimum. Not only should there be automatic increases in the Federal SSI benefits to parallel increases for social security cash benefit recipients but provision should be made to insure that states that make supplemental SSI payments will also increase their payments to reflect increases in living costs.

INADEQUATE FEDERAL PAYMENT LEVEL

The income floor represented by the Federal payment level should be increased to at least the poverty level. It is a reasonable objective to guarantee the elderly, blind and disabled persons sufficient income to lift them from poverty. Those who suffer the most among the aged, blind and disabled are those that have incomes below the poverty line and a cost of living escalator cannot resolve their problem. They are locked into a desperate struggle to make an inadequate income cover high priced food, fuel and other necessities. Little wonder they are bitter and feel they are forgotten Americans. A full and just resolution of the economic problems of the aged, blind and disabled requires that the basic Federal program guarantee an income at or above the poverty level.

You and the Committee are to be commended for the initiative you have taken to call to public and congressional attention the problems developing in the SSI program. The hearings held by your Committee will do much to insure that the

program's tremendous potential will be achieved. Once again, the Senate Special Committee on Aging has demonstrated a leadership and concern that has made it a major force in behalf of the well being of elderly people.

ITEM 25. LETTER FROM WILEY M. CRITTENDEN, JR., PRESIDENT, AMERICAN NURSING HOME ASSOCIATION, WASHINGTON, D.C.; TO SENATOR FRANK CHURCH, DATED JULY 16, 1974

DEAR SENATOR CHURCH: This is in response to your letter of June 14, 1974 requesting written testimony from the American Nursing Home Association on the Supplemental Security Income Program (SSI).

The American Nursing Home Association represents over 7,400 long-term care facilities across the nation containing almost 566,000 patient care beds. The Association has a significant and continuing interest in the SSI Program as many of the patients and residents in long-term care facilities are potential or actual recipients of benefits under the new Federal program of financial assistance to the aged, blind and disabled.

During the first few months of the SSI Program, individuals were experiencing long delays in the receipt of benefits. For the recipients, the problems associated with delays are clear. The Association has been informed by the Social Security Administration's Bureau of Supplemental Security Income, which administers the SSI Program, that they are undertaking every effort to expedite the determination and payment process. However, after almost eight months of operation, many individuals still encounter what appear to be long and unwarranted delays resulting in unnecessary inconvenience and in some cases, severe hardship. The Association is not in a position to offer any solutions that would be designed to rectify this situation. We do know, however, that the Social Security Administration continues to work diligently to solve this problem, but in the meantime we have requested that SSA make every effort to insure that no potential recipient needlessly suffers during the determination of eligibility and actual payment process.

Another problem associated with the SSI Program concerns the determination or eligibility for coverage under the Title XIX Medicaid program. As a result of the double eligibility determination process, another delay is created with its accompanying uncertainty resulting in the possible postponement of required medical care. The Association recommends that the eligibility for Medicaid be determined at the same time as eligibility for SSI benefits. We believe this joint determination will result in significant savings of time and resources.

A number of States have been terminating payment under Title XIX for care provided in intermediate care facilities for SSI recipients where the State deems that such care is unnecessary. These States are under the assumption that by terminating Medicaid payments and transferring the patient to a non-Title XIX residential care facility, the State will save significant amounts of its funds as the State would not be contributing to the cost of care under the Title XIX program. The individual must then pay for their care with SSI benefits. The resident suffers in that the SSI payment (including state supplemental payment when appropriate) is not sufficient to provide the high quality attention in a safe and pleasant surrounding as the individuals require and deserve. While current law contains prohibitions against States using the SSI program to finance care in uncertified facilities, the prohibition necessarily turns on the question of whether or not the patient's needs qualify him for intermediate care under the Title XIX program. Hence, an overly restrictive application of the level of care definition can result in displacement of individuals into non-Title XIX facilities. The Association recommends that the Department develop an effective method of insuring that individuals who require intermediate care are not arbitrarily disqualified from the Medicaid coverage to which they are entitled.

Additionally, because of the flat payment system there is no method by which such payments can be related to cost differentials between various types and locations of facilities. In many instances, the provider is forced to absorb any difference between the amount the resident can afford to pay for the actual cost of providing the care of services.

There is one provision in the SSI legislation which the Association strongly believes must be revised. The legislation provides that after 30 calendar days, a SSI recipient who is in a long-term care facility where Title XIX is paying over 50% of the cost of their care will have their SSI benefits reduced to a \$25.00 per-

sonal needs allowance to cover incidental costs during their stay in the facility. This provision encourages further institutionalization in that the recipient may not be able to continue their rent or mortgage payments as a result of their reduced benefits during their institutionalization. The program makes no allowance for non-institutionally related expenses and may cause an unnecessary disruption of home life for single individuals. This provision also has a significant impact on married couples in that the program does not make any allowance for the support of the non-eligible spouse of an eligible individual who is institutionalized. The Association recommends that the Social Security Administration be given a greater degree of flexibility in determining when and by how much an individual's SSI payment should be reduced during institutionalization.

The SSI legislation provides that an inmate of a public institution shall not be eligible for SSI benefits. The Social Security Administration has interpreted "inmate" and "public institution" to include residents of residential care facilities which are owned by local governmental bodies. Such institutions are not "public institutions" in a real sense and the residents are certainly not "inmates". This strict interpretation may place a severe financial burden on both the local government and the resident. With the significantly reduced income, the facility is placed in the position of seeking revenue from the local government to make up any deficits or closing down resulting in hardship for all its residents. The Association requests that a government owned non-Title XIX facility not be included in the definition of "public institution" and that their residents be deemed eligible for SSI benefits.

The Association is pleased to note Senator Mondale's amendment to H.R. 8217 that is designed to provide for an automatic cost-of-living increase in the basic Federal SSI payment and the State supplemental payments. We believe that such a provision is absolutely necessary to safeguard recipients against inflation.

I am grateful for this opportunity to make our views known to the Committee, and hope that these comments are helpful to you as you seek solutions in this problem area. Be assured that ANHA stands ready to assist the Committee in achieving necessary corrective measures to insure that the aims of the SSI program are fulfilled.

