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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Diana:

Attached are four documents.

1. Follow-up actions regarding improving enforcement of Section 508 of the Rehabilitation Act.

2. RSA comments on the SSA Alternative Parrticipants Program.

3. Comments on proposed changes in the PASS program.

4. RSA comments on hearing before the Senate Special Committee on Aging. (Please note that these comments have not received departmental or OMB clearance yet, and should not be distributed.)

Thanks,

Howard Moses

Good stuff on VR/RSA views - Testimony

Diana:

Could you fax me a copy of the sign-in sheet for the participants in the first meeting on enforcement of the Section 508 provisions.

According to my notes, decisions reached at the meeting included:

1. Agreement that the NIDRR/GSA Section 508 Guidelines need to be put into regulatory language that includes clear, concise specifications for vendors and a certification process that provides purchasing agencies with proof that the specifications will be met. The regulations will then be cited as an appendix to the OMB A130 Circular.

2. Agreement that Domestic Policy Council staff will convene an interagency drafting team to develop and publish the NPRM by October 1. Core drafting team membership will include OMB technology standards unit, OMB procurement division, GSA technology procurement, GSA Technology Access Program, and ED/NIDRR and ED/OGC representatives. Additional units of the three lead agencies may need to be represented.

The drafting team should also appropriately involve technology industry representatives (Sun Industries, etc.) and disability groups and experts (Trace, AFB, etc.) at various stages of the regulatory development process. The team should also be in constant communications with the Access Advisory Group on the Telecommunications Act. DOJ/ADA Division's active participation with the team should be at their discretion, though such participation was strongly encouraged.

3. Agreement that the issue of better compliance with Section 508 should be a part of the President's July 26 ADA message -- probably in the context of making the nation's new advances in technology (including educational technology) accessible to all.

4. Agreement that specific efforts need to be made to use government technology trade publications and other media to convey to agency technology and procurement specialists throughout the Federal government (and State government as Assistive Technology Act grantees) that compliance with Section 508 will be enforced.

5. Discussion -- but no agreement -- that we also use the Vice President's possible participation in a July/August event in Houston as another public event to convey the 508 initiative. The Houston event is to highlight a project that makes public access to the Internet by low income and underserved populations possible. It is still uncertain as to the VP's participation in the Texas event.

Next steps:

I have asked that Kate Seelman (Director, National Institute on Disability and Rehabilitation Research) lead the Education Department's technical involvement in the development of the regulations.

Representatives for the drafting team from the Department of Education will be Carol Cohen (NIDRR), Greg March (Office of the Assistant Secretary/OSERS), and Jeff Rosen (Office of the General Counsel).

If at all possible, the first meeting of the drafting team should occur no later than the week of July 15 IF WE ARE TO MEET THE OCTOBER 1 TARGET DATE ON THE NPRM. Domestic Policy Council staff should determine whether Cabinet Affairs or the various White House Liaisons from the participating agencies on the drafting team be advised of the initiative.

I would suggest that you and Liz Savage lead the discussion as to the language for the President's ADA message regarding this issue. Kate Seelman, Susan Brummel and I can help with the technical aspects of the language -- however I doubt that the language will get any more technical than the materials I handed out explaining Section 508 at the first meeting.

Diana, could you lead getting a better understanding of the Houston event and the VP's participation. We should probably explore other event opportunities.

Please let me know if I can assist in any way in keeping this initiative moving.

Howard Moses
205-5465

SSA ALTERNATIVE PARTICIPANTS DISCUSSION POINTS

April 4, 1996

Current Situation

On February 9, 1996, the Social Security Administration issued a presolicitation announcement for the purpose of recruiting alternative participants to provide rehabilitation services to SSA disability beneficiaries and SSI recipients. This announcement also indicates that a formal solicitation and request for proposal (RFP) for alternative participants will be issued in early April, 1996. As currently proposed, the alternative participants will be required to meet the following conditions.

- The State VR Agency (SA) has first chance to accept any or all referrals. If no action is taken within four months after the month of referral, SSA may refer the case to an alternative participant.
- Alternative participants are required to have procedures and safeguards similar to those of the SA, including state plans, IWRP's, case file requirements, and presumably client choice protections.
- Reimbursement rules will be the same as for SA's. Alternative providers will need to pay for all costs up front. It is not clear how much the alternative providers will be allowed to charge for indirect costs and counseling and guidance services.
- Rules for determining success and/or eligibility for reimbursement will likely remain the same as they are now. Clients will have to complete the trial work period before reimbursement is made.
- It is not clear whether alternative providers will be eligible for forward funding, although SSA staff have indicated that they believe they could forward fund alternative participants according to the same standards that such funding is provided to state agencies.

Discussion points regarding the effects of alternative participant programs under the current operating rules

- SA's may lose reimbursement revenue.

  This might occur because the agency is not making decisions fast enough and clients are referred to another provider. Alternative participants might also use up a significant share of the available reimbursement funds, leaving less for SA's.

  limited?

- State DD and mental health agencies who have their own state or federal funds to provide vocational services may be alternative participants. Large sheltered workshops with product or contract income may also be able to risk the up-front

costs. Private for profit and private non-profit vendors not associated with DD or mental health systems would be unlikely to participate because of the financial risk.

Could this be a precedent for directly funding rehabilitation services to specific disability groups or agencies rather than operating a system for all persons with disabilities?

- How should RSA and/or the SA's respond to this program initiative on the part of SSA?

- What steps should RSA and/or SA's take with regard to the basic need of SSA to refer more clients and get more positive results?

Potential future changes in alternative participant programs and the possible effect on SA's.

- SSA may be considering removal of the SA right of first choice relative to serving beneficiaries and recipients. The state agency would compete as just another vendor among many.

  In this scenario, the most likely to succeed group of persons might be claimed by alternative providers, leaving SA's with their statutory obligation to work with the most difficult cases for which reimbursement may be least likely.

- SSA is considering a number of way to change the reimbursement system to encourage the participation of more alternative providers. These include partial up-front payments for completion of benchmarks such as initial evaluation, job placement for 60 days and so on. Another proposal recommends payment for success of a percentage of the savings to the trust fund, allowing a vendor to potentially receive considerably more reimbursement than actual costs.

- Think tank sessions are being held under various auspices to consider the matters of alternative participants, reimbursement schemes, and disincentives to return to work.

  These changes would make it much more likely that the private for profit rehabilitation service providers would enter the alternative participant arena. The profit motive would again encourage selecting the youngest and least difficult cases in order to maximize reimbursements.

- SSA may be moving toward a more managed care, cost containment philosophy, perhaps somewhat similar to that of worker's compensation agencies. The philosophies of SSA and RSA/SA's may come to differ with regard to client choice, serving the most severely disabled, and limits SSA might try to impose

on rehabilitation provider actions stemming from the goal of saving money for the Trust Fund as opposed to meeting the needs of persons with disabilities.

Conclusions, Questions and Recommendations

- A major question related to either the current or future structure of the alternative participant model is the impact a successful demonstration of such a service delivery structure would have on the SA's. Especially in the expanded scenario with many provider options and possibly with the addition of a client voucher feature, the person with a disability would be maximally empowered to choose a service provider. This type of option was considered in a January conference sponsored by the World Institute on Disability. Active participants included Susan Daniels from SSA and Monroe Berkowitz.

- A second issue is the potential move of SSA toward a more aggressive, managed care, benefits termination philosophy and the potential for even greater philosophical contrasts between the two rehabilitation systems.

- How should RSA and/or the SA's attempt to track and/or be involved in the developments at SSA in regard to alternative providers?

Possible actions might include the following.

- RSA might ask to be included in the selection of alternative participants as responses to the RFP are reviewed.

- The RFP itself should be analyzed for comparability to the RSA/SA requirements for things such as client protections, assurances and so on, and a response prepared if the RFP contains features which substantially alter the "level playing field" between the SA's and the alternative participants.

- RSA may also want to get ahead of the curve by asking to be included in the process by which SSA develops policy and legislative initiatives related to the rehabilitation program.

pretty weak

PLAN FOR ACHIEVING SELF-SUPPORT (PASS)

DISCUSSION POINTS

April 4, 1996

Current Situation

On February 28, 1996, GAO released a report on the PASS program entitled, "PASS Program: SSA Work Incentive For Disabled Beneficiaries Poorly Managed." On the same day, SSA announced several changes to the administration of the PASS Program. The announced changes include:

- A recommitment to the goals of self sufficiency, individual responsibility, and less reliance on the SSI Program, including a rewriting of PASS operational instructions to clarify and reinforce this emphasis.
- Effective immediately all PASS plans will be reviewed and approved by a cadre of trained vocational specialists in Baltimore, rather than being approved by the staff in field offices.
- The period between PASS Plan reviews has been shortened from 18 months to 12 months. At the time of the next review, PASS Plans will be reviewed to make sure they meet the improved standards.
- SSA is developing a legislative initiative that will eliminate the currently allowable use of PASS Plan income exclusions to establish SSI eligibility.

History

SSA had been conducting internal studies of changes in the PASS Program prior to the GAO study. Referring to an August 10, 1995 meeting, an internal SSA document outlined in an action memorandum 13 recommendations for changes to the PASS Program. These recommendations include:

- Restrict PASS eligibility to persons already eligible for SSI.
- Approve only expenses which are at additional cost to the individual and needed to reach the vocational goal.
- Approve only costs related to starting a job or business, but not ongoing costs.
- Require evaluation of the least costly alternative to provision of a needed service, i.e., transportation.
- Limit approved goals to entry level positions.
- Do not approve a new PASS without evidence of inability to obtain employment in the original goal.
- Refocus the evaluation process to emphasize intermediate steps and how goals will be accomplished.
- Develop a national form for PASS Plans.

- Develop checklists to assist in PASS Plan evaluation.
- Provide workload "credit" for reviewing a PASS Plan.
- Develop a cadre of consultants to help claims representatives write PASS Plans.
- Develop a supporting management information system.
- Disallow fees within the PASS Plan that would be paid to third parties for monitoring.

Discussion

It seems clear that the four changes mentioned in the Current Situation section relate to the points mentioned in the action memorandum.

- Many of the points included in the History section have been approved and are scheduled for implementation in the revision of the PASS policies and procedures. Only the disallowance of fees for third party PASS plan writers is not scheduled for implementation.
- SSA has contacted RSA to inform RSA. of the plans for changes in the PASS Program.
- The GAO study release may have accelerated the timetable for implementation. or provided the external support for making the changes.

Taken together, the points listed above raise questions about the impact of PASS Program changes on supported employment.

- Eliminating use of PASS Plans for ongoing expenses may eliminate the required source of funds for extended support for persons with disabilities who are not eligible for DD or mental health funding.
- Indefinite continuation of successive PASS Plans would be eliminated unless the vocational objective has changed or the plan failed.
- The elimnination of establishing medicaid eligibility through use of PASS plan income exclusions will affect the population of persons with psychiatric disabilities in that prescription medication necessary for community and vocational functioning will not be available through medicaid, a significant disincentive to maintenance of employment.
- The net effect of the these changes is to negate the use of PASS Plans in ways originally sponsored and encouraged by SSA, particularly as vehicles for provision of extended support and as a vehicle for establishing medicaid eligibility.

Comment

When reading the PASS regulations that have been in effect since at least 1990, it seems clear that most of the above changes are consistent with the intent of the PASS Program. It is likely that the intent of the PASS Program was to achieve self-support as implied in the program name, not to achieve a goal of long-term continuous dependence on SSI support for vocational expenses and resource acquisitions.

Nevertheless, SSA has encouraged the use of the PASS Program for long-term support and the abrupt change could have a significant negative impact of supported employment providers, persons with disabilities who use PASS Plans, and those state VR agencies who most heavily participate in supported employment.

Some states, such as Oregon, Colorado, and South Dakota, have developed statewide strategies for funding comunity vocational services based on SSA work incentives. These states and ohters like them will suffer most heavily from these changes. Some states report that the extensive use of PASS plans has only become extensive in the latst two years or so, and that the recent growth in use of PASS plans may not be evident in the most recent VR statistics.

REPORT FOR THE RECORD

HEARING OF THE U. S. SENATE SPECIAL COMMITTEE ON AGING

STRANDED ON DISABILITY:
FEDERAL PROGRAMS FAILING DISABLED WORKERS

JUNE 5, 1996

The Rehabilitation Services Administration (RSA) has worked with the Social Security Administration (SSA) for over thirty years to assist persons with disabilities who also received benefits from the Social Security Disability Insurance Program (SSDI) or from the Supplemental Security Income (SSI) program to return to work. Over this thirty year period, the eighty-two State Vocational Rehabilitation Agencies (SVRA's) funded by RSA have responded to SSA referrals, solicited beneficiary participation, and delivered vocational rehabilitation services in an almost infinite variety of ways. Based on this experience, RSA and the SVRA's believe they have some insight into the issues and problems of achieving return to work outcomes in the environment created by the SSA disability programs.

THE CURRENT SSA/RSA VOCATIONAL REHABILITATION PROCESS

In simplified form, the SSA/RSA vocational rehabilitation process has operated as follows. The person with a disability applies for benefits at a local SSA office. After meeting requirements including a minimum period of disability, the claim is sent to an SSA funded but State (often State VR) operated Disability Determinations Services (DDS) office for initial determination of eligibility for disability payments. Around the time of the disability determination decision, the DDS refers both persons allowed and denied disability benefits to the SVRA based on a set of criteria for referral. The DDS notifies the beneficiary by letter that a VR referral has been made and the SVRA attempts to contact the beneficiary to offer rehabilitation services.

If the beneficiary responds to SVRA contacts and wishes to apply for services, an individual rehabilitation plan of services including a specific vocational goal is developed with the agreement and informed choice of the beneficiary. Services are provided according to the individual plan until the vocational goal is reached, the plan of services is amended or the beneficiary chooses not to participate further.

Since March of 1994, SSA has the authority to refer any person who has not been accepted for services by the SVRA within four months of referral by SSA to an alternative provider of rehabilitation services. This process is just being developed.

From the RSA program perspective, persons with disabilities may choose any vocational outcome and level of work and income they desire as long as the outcome is reasonably within their ability to achieve. Employment outcomes are considered

successful if the person maintains the outcome for sixty days and the person with the disability and the employer are satisfied.

From the SSA perspective, the SVRA is reimbursed for an employment outcome only if the person completes a nine month trial work period and earns an amount that exceeds the level of Substantial Gainful Activity (currently $960 per month for persons with visual impairments and $500 per month for persons with all other disabilities). True success in SSA terms occurs at the end of an extended period of eligibility (about two years) when the person is no longer able to return to the benefit rolls.

ISSUES AND PROBLEMS IN THE VOCATIONAL REHABILITATION PROCESS

The most general "problem" in the process is the small number of persons leaving the SSA disability rolls each year as a result of return to work efforts. About 1,000,000 persons are allowed SSA disability benefits each year. The SVRA's receive reimbursement for returning to work about 6,200 persons per year after the nine month trial work period. Of those, about 3,000 per year leave the rolls at the end of the two year extended eligibility period. These numbers are low.

However, to simply report these results as "less than one-half of one percent leave the rolls through return to work" implies that the system has failed where it should have succeeded with the remaining 99.5 percent. Further, it does not illuminate the factors involved in creating such a low rate of benefit termination due to return to work.

Disability Program Disincentives and Administrative Barriers

RSA believes that the disincentives inherent in the SSA disability program structure are the most significant barrier to return to work. These include:

- loss of medical insurance and particularly loss of Medicaid coverage with its unique benefits related to long-term care;
- loss of cash support (which in addition to the actual SSDI or SSI payment could include additional earnings up to certain limits without loss of the total benefit package, and which in some cases may include unreported income);
- loss of other benefits such as housing subsidies or food stamps;
- fear that the benefits seemingly hard won through a lengthy application process could be removed forever if the individual proves capable of some work;
- fear that the work outcome will not be sufficient to replace benefits lost; and
- the possibility that the physical and emotional effort required for some persons with severe disabilities to perform the daily activities to prepare for and get to work may be so great as to offset the perceived benefit of higher income.

RSA also believes that SSA disability program administrative decisions, procedure and structure contributes to the low number of return to work outcomes in significant ways, including:

- lack of personal contact with the beneficiary regarding rehabilitation referral;
- lack of explanation to beneficiaries of the benefit eligibility protections and work incentives available; and
- lack of SSA support of SVRA's when working with beneficiaries who SVRA staff believe could be returned to work and who refuse to apply for vocational rehabilitation services, who choose outcomes that would result in retention of benefits, or who leave rehabilitation programs or jobs prior to the termination of benefits without good cause.

RSA also recognizes that its own program statutes, regulations, procedures and decisions have features that are at variance with the SSA goal of benefit termination, including:

- operating under rules that emphasize voluntary participation, joint plan development with the person with a disability, and respect for the informed choices of the individual;
- allowing for the individual to choose from a range of employment and wage outcomes that would not meet the Substantial Gainful Activity (SGA) earnings requirements for termination of SSA benefits:
- allowing for choice of a wide range of rehabilitation services and vocational goals which may not be the cheapest or fastest way to meet the SGA earnings level but which are consistent with the interests, abilities and choices of the individual; and
- rules that do not allow for long-term provision of needed daily living or vocational support after return to work.

Disability program disincentives and the SSA and RSA administrative structure issues combine to produce a number of problems during the vocational rehabilitation process.

Referral Issues

SSA believes that up to 300, 000 of the 1,000,000 persons allowed disability benefits each year should be referred for rehabilitation and return to work services. Currently about 80,000 of this group are referred by SSA each year. SSA believes this is because the referral criteria agreements made between the SVRA's and the State DDS offices are unduly restrictive. According to SSA, these restrictive agreements occur because the SVRA's believe that SSA referrals are too severely disabled, not motivated because of the benefits disincentives, and may require more services and cost more to rehabilitate than other persons.

RSA believes that there are three major factors in SVRA practices with regard to SSA referrals. Most important is that high numbers of persons were referred who did not want to participate in vocational rehabilitation services. In one agency, only 6 out of every 100 SSA referrals were willing to complete an application and only four out of 100 were willing to begin a rehabilitation plan. Reasons for lack of interest included beneficiary beliefs that they were too disabled to work, desire to maintain SSA disability

benefits, lack of understanding of work incentives, and lack of understanding that they might risk losing benefits if they did not participate in vocational rehabilitation efforts.

Many SVRA's at some time in the last thirty years attempted to emphasize outreach to SSA referrals. When persons who appeared to be good prospects for rehabilitation chose not to apply, the SVRA reported this decision to SSA in accordance with SSA statutory requirements with the expectation that SSA would contact the beneficiary, let them know that they risked benefit suspension or termination according to SSA statutes, and if the refusal persisted, apply statutory sanctions. According to SSA, no one has ever had benefits terminated or suspended because they refused to apply for vocational rehabilitation services. Since 1965, only about 100 persons have been sanctioned and all of these were situations where persons withdrew after beginning a rehabilitation plan. Simply put, if the person refused to apply for vocational rehabilitation services, SSA did nothing about it, which discouraged SVRA 's from pursuing outreach programs.

An administrative letter issued in 1990 in response to another SVRA initiative finally determined that refusal to apply for rehabilitation services was an "actionable" issue. SSA states that the problem since 1990 has been that the SVRA's just don't report refusals to apply any mo re. However, the SVRA's in Georgia and Idaho have complained about the lack of support they have received from SSA Regional Offices (where such refusals are to be reported) in 1996.

The second referral issue for SVRA's was the referral of persons who were inappropriate candidates for vocational rehabilitation services. These included persons who were institutionalized. still under active medical treatment, or for whom adequate support services were not available in the community. Because of recent advances in assistive technology, community support and accessibility, and the continuing impact of the ADA, many persons in the latter category are certainly being provided rehabilitation services now.

The third referral barrier was that many persons denied disability benefits and referred for vocational rehabilitation services by SSA were still involved in SSA processes to receive disability awards. Again, refusal to apply for rehabilitation services was the overwhelming response.

Rehabilitation Planning and Vocational Outcomes

RSA program rules allow for individual choice in vocational goals and in services to the extent that the choices are achievable and in accordance with SVRA policy. In the absence of SSA policy and support for requiring beneficiaries to make choices that lead to outcomes where earnings are sufficient to result in benefit termination, some SSA beneficiaries may choose to design a rehabilitation program that maximizes employment skills but work only enough to maximize earnings while retaining benefits

SVRA's rehabilitate by RSA standards about 48,000 SSA disability program

beneficiaries per year. Of those, only 6,200 (12.9%) make enough money for nine months to qualify for reimbursement from SSA. Most of the 39,000 beneficiaries who do not qualify for SSA reimbursement do not qualify based on earnings. Further, about 3,200 of the 6,200 persons who qualify for reimbursement do not leave the rolls at the end of the two year extended eligibility period. SSA reports a significant number leave work and return to the rolls just prior to the end of medicaid eligibility.

By contrast, preliminary data show that persons with severe disabilities who are not SSA disability program beneficiaries appear to make twice the earnings (SSA $118.11, non SSA $237.32 weekly) and to exceed the SGA requirements for benefit termination at approximately five times the rate of SSA beneficiaries (SSA 12.9%, non SSA 62%). RSA believes that a substantial fraction of these differences are accounted for by informed choices by persons with severe disabilities to maintain their SSA benefits. These differences maintain in spite of preliminary data showing that the SVRA's work hard with SSA recipients who want services. Fewer SSA recipients who apply are closed prior to successful rehabilitation outcome. SSA recipients receive more services at greater cost. And, contrary to SSA and GAO information, SSA beneficiaries receive more training services, job referrals and job placement assistance than do non SSA beneficiaries.

How could the current SSA/RSA Vocational Rehabilitation Program be Improved?

- Change the disincentive structure, particularly with regard to medical insurance and long-term assistance for personal assistance and supports for independent living along the lines of the testimony heard in the June 5, 1996 Hearing.

- Require SSA to support SVRA's by requiring beneficiaries to participate in vocational rehabilitation programs and to achieve SGA earnings levels where possible. Hopefully the need to require participation will be less as disincentives are replaced by incentives.?

amazed

- Require the national use of a standard, fairly broad criteria for selection of beneficiaries for referral by SSA to SVRA's.

- Require a personal contact by SSA with each referral to explain the requirements for participation and the work incentives available prior to or concurrently with referral to the SVRA.

- Require a personal contact by the SVRA with each beneficiary to explain the vocational rehabilitation process and the vocational rehabilitation services available to them.

- Require some level of ongoing communication between SSA and SVRA's as the rehabilitation process continues.

- Provide funding either through SSA or SVRA's to provide contact with

beneficiaries through the trial work period and the extended eligibility period to explain concerns about changes in benefit eligibility.

Comments on Privatization of SSA Vocational Rehabilitation Program Proposals

RSA believes that disincentives and lack of SSA administration support for SVRA efforts have been the primary causes of the low rate of benefits terminations due to return to work outcomes. RSA believes that if the program were reformed as indicated above, the purposes of the SSA and RSA could be met without the need to create an additional structure.

- Changes in the SSA benefit structure must be made regardless of who provides rehabilitation services.

- SSA must decide to support the vendor by requiring participation regardless of who provides rehabilitation services.

Without the two changes above, the private sector would do well to look at the high overhead for relatively few reimbursable results achieved by the state agencies. Will private vendors spend the staff time to go through 100 referrals to find four who will participate? Private worker's compensation vendors in particular are used to working in an environment where administrative benefit termination is either a real possibility for non-cooperation or is the result of the rehabilitation services vendor's evaluation without an actual return to work. Worker's compensation rehabilitation services providers may then be able to show benefit to the worker's compensation system without the active cooperation of the person with a disability and without an actual return to work. SSA has not administered its vocational rehabilitation programs in this fashion to date.

- The NASI proposal and the Return to Work Group proposal do not consider how costly services will be provided.

For example, some of the work-related assistive devices demonstrated in the hearing cost over $10,000. If the average return on a successful outcome is $10,000 to $26,000, does this mean that a private provider might not offer costly services? Or would offer them to only those beneficiaries whose net return to the vendor would be enough to cover the costs, but not to others? These proposals need to address these issues or clearly identify themselves as immediate job placement service proposals with limited alternative choices.

- The Return to Work Group identifies the SVRA as a source of funds for payment for costly services.

Given that the consumer has deposited his return to work ticket with the private vendor who would receive the reimbursement, would the SVRA also be reimbursed, creating additional costs to SSA? Would the SVRA have to subsidize a competitor for SSA business because it is a public entity? Is the private vendor on the hook for all

rehabilitation expenses because they had accepted the return to work ticket?

- Consumer choice of vendor is a point made by these proposals.

This appears to be a choice of first vendor. How can the individual make a choice to go to another vendor if the relationship deteriorates? Are there subsequent vendor choices? If so, who repays the first vendor for costs incurred? And what if the consumer needs the services of several vendors? no one

- What about consumer choice of vocational goal and vocational services?

What are the consumer entitlements as regards choice in these areas, given that the initial costs are presumably coming from the pockets of the private sector vendor?

- What about due process both for beneficiaries and for vendors?

SSA has said it does not want these issues clogging its own internal appeals processes and currently proposes buying these services from existing protection and advocacy services. However, after providing mediation services, how does an advocacy service force a private vendor to spend its own money? Or require a beneficiary to take a job? Or handle a vendor dispute when the vendor has expended its own funds and SSA will not support the vendor by requiring participation or benefit suspension, thereby making the vendor recovery of the expended funds and any profit impossible?

- There is always the cost of administration to consider.

Whether this is hidden as contracted services, payments to private agency staff who act as alternative participant network administrators or network coordinators, or in actual SSA agency staff positions, there will be an additional administrative cost to the SSA and the public.

RSA continues to develop information about SSA beneficiary rehabilitation outcomes from its various data bases. RSA will also continue to study the various proposals for SSA rehabilitation program restructuring, and will gather information about ways in which SVRA's have pursued initiatives with the SSA beneficiary population. RSA and the SVRA's would appreciate the opportunity to provide our information to your Committee.

– inclusion – org labor
– wkrs comp
DOL better?
VR → ILC's
ILC's more
– vouchers, indep living
– more incentives
VR opinion
VR → Chamber of Comm.
Drop emt link
Time-limited bens!

Pick 5–7 Marca ideas
– more appts? – Debbie Kaplan

-DOL Disabtnit, 219-8927

Richard Douglas, ? - DOL! - Call Lancaster * (ask him re word Q - of E ??)

alexandra Kielty
ETA
219-8502

(Steph P)

Read binder, call GM, VR *

NASI Panel - Reno, Mashaw
+ WAM asked

Priv sector - vouchers
- notch; DTC

* Meet w/ 2 DOL

Mashaw - 20 yrs

Def dis always Q'd ⇒ smokescreen - don't want 1 size fits all

Remedies aren't cash - health, assistive, ADA (subst for costly)

55 progs, all w/ diff defs - OK

~~wtg~~ - SSDI
5 vars - SSI
$

CR
Apfel
Lew?
Tyson
CEA

DPC ?
OMB
NEC
CEA ?
(on JBA level?

Mashaw, Reno
West

Tradeoffs - time limit
bens
∴ what did they rec?

1/2 denials never wk again
Neg inc tax

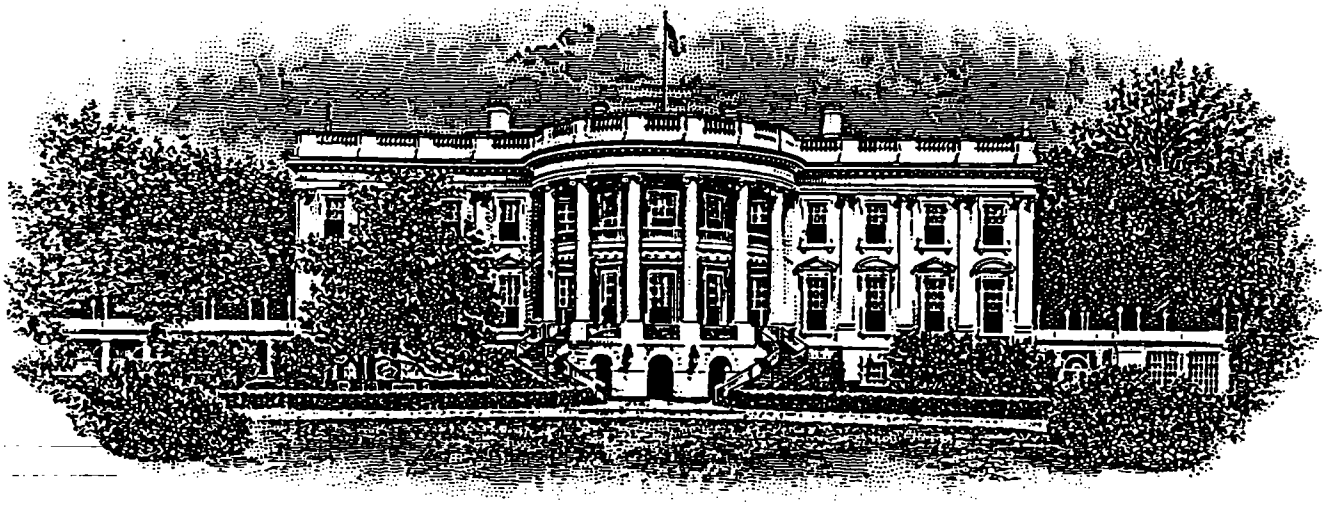
Not just 1 mtg - set up process

Declare wk grps done; a failure?? Not entirely
What did they accompl.

How to incl PWD?

Pers asstc tax credit (vs. DTC ??)

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: _____

FAX NUMBER: _____

TELEPHONE NUMBER: _____

FROM: _____

TELEPHONE NUMBER: _____

PAGES (INCLUDING COVER): _

COMMENTS: _____

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FAX TO:	Todd Stern	6-2027
	Diana Fortuna	
	Victoria Radd	6-1213
	William White	6-6218
	Carol Rasco	6-2878
FROM:	**Jeremy Ben-Ami**	**6-5584**
PAGES:	3 total	

What Do We Mean by Work Disability?

Work disability is distinct from *impairment*.

Work disability occurs when an impairment, together with the person's other abilities, the demands of work and the broader environment, make him or her unable to perform the tasks of work.

Work disability involves four elements:

- a person's physical or mental *impairment*;
- his or her other *capacities* or limitations;
- the *tasks* of work; and
- the broader *environment* in which he or she lives and works.

Source: Disability Policy Panel, National Academy of Social Insurance

Remedies may address any of the four elements that together produce *work disability*:

Element	Potential remedies
Impairment	Health care may prevent or remedy the disabling consequences of an impairment. Personal assistance services can compensate for the consequences of some impairments.
Aptitude, skills, knowledge, abilities and age	Education, training, vocational rehabilitation.
Tasks of work	Job accommodations, job restructuring, assistive equipment.
Broader environment	(ADA) Public access, accommodation, transportation, telecommunications, nondiscrimination.

Source: Disability Policy Panel, National Academy of Social Insurance

Definitions of Disability for Remedies

Program or law	Purpose of definition	Definition
Civil rights protection		
Americans with Disabilities Act	To determine who is protected by the nondiscrimination and public accommodation provisions of ADA.	**Coverage for non-discrimination protection.** Individual with a physical or mental impairment that substantially limits one or more major life activity; a record of such an impairment; or being regarded as having such an impairment.
Eligibility for rehabilitation services		
Vocational rehabilitation (VR) -- public program	To determine who is eligible to receive VR services.	**Service needs.** Individual with a physical or mental disability that is a significant impediment to employment, and requires VR services to prepare for, enter, engage in or retain gainful employment.
Insurer-financed VR	To determine who among LTDI recipients might be offered employer-financed VR services	**Cost/benefit for insurer.** Employer- or insurer-financed VR services are at the discretion of the employer/insurer and are provided based on cost recovery potential of the employee's to return to work.
Eligibility for long-term care services		
Medicaid (institutional care)	To determine who is eligible for Medicaid-financed institutional care, or community-based alternatives.	**ADL limitations.** Needs assistance with ADLs or medical assessment of need for institutional care. Depends on the state plan.

Abbreviations: ADA = Americans with Disabilities Act; LTDI = private long-term disability insurance; ADLs = activities of daily living; VR = vocational rehabilitation.

Defining Eligibility for Remedies

Definitions of eligibility for remedies vary, depending on the nature of the remedy.

- *Need for assistance with activities of daily living* (ADLs) is appropriate for determining eligibility for publicly-financed services that assist with ADLs.

- *Need for and likely benefit from vocational services* is appropriate for determining eligibility for publicly-financed VR.

- Defining *all who are at risk of discrimination* is appropriate for determining coverage of civil rights protections.

A single "one-size-fits-all" definition -- for the purpose of eligibility for services or income support -- is neither necessary nor desirable.

The Purpose of Income Support

Income support is not a *remedy* for work disability.

It eases the consequence: loss of income from work. The purpose is to enable the *worker to meet basic daily living expenses while unable to work.*

Earnings-replacement income may be provided:

(1) while remedies are tried; and

(2) when remedies are not effective or appropriate.

Source: Disability Policy Panel, National Academy of Social Insurance

Sources of Earnings Replacement for Work Disability

Sources of *earnings replacement* for work disability include:

- Short-term sickness and disability benefits
- Workers' compensation
- Private long-term disability benefits
- Disability-retirement provisions of pension plans
- *Social Security disability insurance*

Movement from defined benefit to defined contribution

Supplemental Security Income (SSI) provides a basic minimum income when all other sources falls below the basic minimum.

Defining Eligibility for Earnings Replacement Benefits

All definitions of disability for earnings replacement benefits are based on *inability to work.*

Definitions differ in the range of jobs that must be considered in determining *inability to work.*

- Temporary disability benefits use "inability to do own job"
- Private LTDI may use "inability to do own occupation"
- Disability retirement pensions for older workers may use "occupational" test.
- Social Security DI is the most strict: "inability to do any job that exists in the national economy, after taking account of the person's age, education and work experience."

Definition of Disability for Earnings Replacement Benefits

Program or law	Purpose of definition	Definition
Replacement of prior earnings		
Disability insurance (OASDI)	Eligibility for benefits to partially replace past earnings.	**Inability to work.** Inability to engage in SGA because of a medically determinable physical or mental impairment expected to last 12 months, of such severity that the person cannot, after considering age, education, and work experience, do previous work or other work that exists in the national economy.
Private long-term disability insurance	Contractual entitlement to benefits to partially replace past earnings.	**Own occupation, or any occupation.** Often, for first 2 years, inability to do own occupation. Then inability to do any suitable occupation.
Private temporary disability insurance	Contractual entitlement to benefits to temporarily replace earnings.	**Own job.** Inability to perform own job.
U.S. Civil Service disability	Federal employees' entitlement to disability pension.	**Occupational.** Because of disease or injury, unable to render useful and efficient service in the employee's current position or in a vacant position in the same agency at the same pay level for which the individual is qualified for reassignment.
Railroad retirement disability annuity	Railroad workers' entitlement to monthly annuity based on disability.	Regular disability (same as OASDI). **Occupational.** For workers with 20 years of service and current connection with railroad job, test of inability to perform the worker's regular railroad job.

Abbreviations: OASDI = Old-age survivors, and disability insurance, SGA = substantial gainful activity.

Should the SSDI/SSI Definition Be Changed?

1. Assuming no change in program purposes

   Possible Directions:

   -- more "functional"

   -- more "medical"

   -- Adjustments to SGA, waiting period, vocational factors

2. Assuming change in program purposes

   Examples:

   -- Cover temporary or partial disability

   -- Better integrate with services and return to work efforts

Functional Approaches

Examples:

- Eliminate clinically determinable medical condition test
- Eliminate "listings" presumption
- Multi-disciplinary evaluation model (Nagi)

in listings presumed to be unable to work
- A shorthand

- 9 professionals - expensive

Expensive to eliminate medical approach
Medical also makes more political sgt.

Medical Approaches

Examples:

- Use *only* the listings
- Physician certification/examination – expensive
- "Compensation" model – Wkrs Comp, veterans – but different – Employer or US responsible for impairment

Wld Elim educ, prior wk experience

Medical prof. not incl'd in team approach needed

Adjusting Other Criteria

- SGA
- Waiting period
- Age, education, work experience

Shifting Program Focus

- Temporary benefits -- "time limit" the current benefit
- Teporary benefits -- the private insurer or German model
- Partial benefits -- compensation model

more seamless - UnU h.c.
- SI
- VocRehab
- if unsuccessful, retry - Germ + Sweden hv much rights (but spend 3x more)
- if all else fails, but pension

We hv all these; but don't put them tog.
Hard to do w/o costing more
"Seamless"

Areas of Continuing Concern

- Consistency of listings
- Currency of listings
- Currency of SGA
- Empirical basis for role of vocational factors in the grid regulations

Cash Benefits Determinations and the ADA

1. How should the ADA affect cash benefit determinations?

2. How should cash benefit status affect ADA remedies?

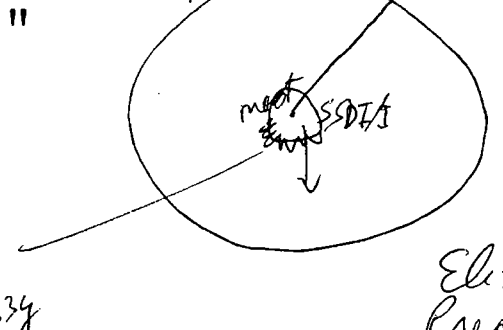
Should Cash Benefit Adjudication Explicitly Consider ADA Effects?

- Is the ADA already factored into the SSDI/SSI definition?
- Should claimants be required to demonstrate attempts to achieve accommodation?

look at real world effect
Don't req indiv to exhaust ADA remedies
prior to

Does Application for or Receipt of Cash Benefits Negate Application of ADA?

1. The slam dunk case for "no"
   - The ADA and SGA
2. The subtler case for "no"
   - Averages v. individuals
   - Supporting the purposes of both statutes
3. The misuse of "estoppel"



July 3, 1996

SOCIAL SECURITY

TO:
MARCA BRISTO, NCD
SPEED DAVIS, NCD
RICK DOUGLAS, DOL
DIANA FORTUNA, DPC
JUDY HEUMANN, OSERS
ANDY IMPARATO, EEOC
JOHN LANCASTER, PCEPD
JANET LOONEY, OMB
PAUL MILLER, EEOC
HOWARD MOSES, OSERS
STEPHANIE POWERS, DOL
LIZ SAVAGE, DOL
JANE WEST
BOB WILLIAMS, ADD
MICHAEL WINTER, DOT
JOHN WODATCH, DOJ

FROM:
SUSAN M. DANIELS, Ph.D.
ASSOCIATE COMMISSIONER FOR DISABILITY

RE:
ADA ESTOPPEL MEETING
WEDNESDAY, JULY 24, 1996
10:00 a.m. - 12:00 Noon

LOCATION:
Architectural & Transportation Barriers
Compliance Board
1331 F Street, N.W.
10th Floor Conference Room
(Right Down the Hall from National Council
on Disability)
Washington, DC

You are invited to attend an important policy discussion of an emerging legal issue that places the ADA and the Social Security definition of disability at odds with one another.

At the heart of this issue is whether application for, and/or receipt of cash benefits for a work disability under Social Security should bar a person with a disability from filing a discrimination claim under the Americans with Disabilities Act.

Professor Jerry Mashaw, Yale University Sterling Professor of Law and Chair of the Disability Panel of the National Academy of Social Insurance, will be assisting us in the development of an analytical process to examine emerging policy implications of this critical issue.

To RSVP by July 19, please call April Waugh of my staff, (410) 965-8046. I hope that you can join us.

Withdrawal/Redaction Marker
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Sign-In Sheet; RE: Personally Identifiable Information [partial] (1 page)	00/00/0000	b(6)

COLLECTION:
Clinton Presidential Records
Domestic Policy Council
Diana Fortuna
OA/Box Number: 12025

FOLDER TITLE:
Disabled Work Incentive Development [Folder 3] [1]

2007-0143-F
db4496

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
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RR. Document will be reviewed upon request.

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b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Sign-In Sheets

SS# [001]

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Speed Davis	NCD	(202-[redacted]
Janet Looney	OMB	(202) 395-7767

Fri @ 1 - Treas. + SSA - McGill
Here

→ HCFA - no more progress on wdwk.
Need to contact them
- easier to talk from specific HCFA proposal

Don
-VR DTC - freestdg can pay for wdlf w/ cliff
$3/7yrs - orig proposal

VR - Perf. based reimb.
+ Compete

Reauth

Hrgs on VR Reauth
Thurs 10/29 - not part of budget

1. How do benes phaseout for moderate y?
2. How do incentive progs wk?
3. VR - which SSI/SSDI people does it serve

Matt Vaeth
5 - 33 85

SEPTEMBER 1, 1995

NOTE TO: NATIONAL DISABILITY POLICY REVIEW PANEL
EMPLOYMENT OF WORKING AGE ADULTS WORK GROUP:

Kathleen Bond, ASPE, HHS
Dennis Duffy, VA
Eddie Espinosa, PCEPD
Nancy Eustis, ASPE, HHS
Diana Fortuna, DPC
Michael Grant, OPM
Judy Heumann, ED/OSERS
Susan Hill, HCFA
Andy Imparato, EEOC
Tom Kane, CEA
Ruth Katz, ASPE, HHS
John Lancaster, PCEPD
Jeff Levi, ONAPD
Janet Looney, OMB
Paul Miller, EEOC
Howard Moses, ED/OSERS
Josephine Nieves, DOL
Stephanie Powers, DOL
Armando Rodriguez, OPM
Fred Schroeder, OSERS
Bob Williams, HHS/ADD

FROM: Susan M. Daniels, Ph.D.
Associate Commissioner for Disability/SSA
Convener, Employment of Working Age Adults Work Group

RE: FINAL DRAFT WHITE HOUSE REPORT

Attached, at long last, is the final draft of the Report. I'd like to ask you for your review and one last round of comments before we submit this to The National Disability Policy Review Panel. Please take time over the next two weeks to carefully review and comment on this Report.

.....ACTION.....ACTION.....ACTION.....
Please submit your final comments, in writing, no later than Friday, September 15, to our consultant, Jane West at --
4425 Walsh Street
Chevy Chase, MD 20815
(301) 718-0979 phone
(301) 718-0980 FAX

After we incorporate your final comments, we will be working with Diana Fortuna at the White House Domestic Policy Council as to how to proceed.

Again, thank you for your many months of hard work on this important report. Enjoy the rest of your summer.

P.S.
If you have questions, please call Jane West (301) 718-0979, Marie Strahan, (410) 965-5774 or April Waugh, (410) 965-8046.

Rec 6
Rec IX-2

9/1/95 DRAFT

IF YOU THINK THE SYSTEM IS WORKING, ASK SOMEONE WHO ISN'T

A REPORT TO THE WHITE HOUSE DOMESTIC POLICY COUNCIL
NATIONAL DISABILITY POLICY REVIEW PANEL

from

THE EMPLOYMENT OF WORKING AGE ADULTS WORK GROUP

Susan M. Daniels Ph.D., Convener
Associate Commissioner for Disability
Social Security Administration

SEPTEMBER 1995

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"DRAFT"

PREFACE

In October, 1994, Alice Rivlin, Director, Office of Management and Budget and Carol Rasco, Director, White House Domestic Policy Council, initiated a White House National Disability Policy Review Panel and designated Clinton appointees from Federal agencies as participants. The purpose of the Review was to analyze current policies and programs affecting people with disabilities throughout the Federal government and develop recommendations for a more coordinated approach to national disability policy.

Four work groups were formed from the National Disability Policy Review Panel to address the following specific policy concerns: Accommodations, Transition, Children, and Employment.

The Employment Work Group was directed to focus on the problems associated with the chronic unemployment and underemployment of working age adults with disabilities, to review current Federal programs, to develop policy options, and to make recommendations for improving the employment status of people with disabilities. Members of the Employment Work Group were:

Council of Economic Advisors: David Levine
Department of Education, Office of Special Education and Rehabilitative Services: Judith Heumann, Howard Moses, Fred Schroeder
Department of Health and Human Services: Bob Williams, Ruth Katz, Nancy Eustis
Department of Labor: Stephanie Powers, Bill Burrell
Domestic Policy Council: Diana Fortuna, Lynn Margherio
Equal Employment Opportunity Commission: Paul Miller, Andy Imparato
Health Care Financing Administration: Susan Hill
Office of National AIDS Policy: Jeff Levi, Brenda Kunkel
Office of Personnel Management: Michael Grant, Marilyn Thornton, Armando Rodriguez
President's Committee on Employment of People with Disabilities: Rick Douglas, Eddie Espinoza, Mary Kay Rubin
Social Security Administration: Susan Daniels, Marie Strahan, April Waugh, Jane West
Veterans Affairs: Dennis Duffy

The Workgroup met from January to May 1995. In addition to extensive review of current programs, the Workgroup consulted with disability policy experts, analysts and researchers from a wide range of Federal agencies and other organizations, including the National Academy of Social Insurance, the National Institute on Disability and Rehabilitation Research and the AFL-CIO.

The Workgroup also hosted a meeting of approximately 50 national advocacy organizations and individuals with disabilities to discuss current policy issues under review.

"DRAFT"

INTRODUCTION

By just about any measure, people with disabilities partake less of the American dream than the population as a whole. Despite progress in some areas, they remain less employed, less educated and poorer than other Americans. The number of people with disabilities on Federal income support programs (SSI and SSDI) who by definition are not working, has increased significantly in the last decade. The number working has remained consistently low.

At the same time, many individuals with disabilities who currently are not working report that they would prefer to work. Those who work are less likely to be poor than those who do not work. Data show that many individuals who are determined by the Social Security Administration to have severe work disabilities, are, in fact, working at least some portion of time. Because of technological advancements, anti-discrimination efforts, rehabilitation and job placement initiatives, people with disabilities who were once considered incapable of employment, are now working.

Even when people with disabilities do work, their jobs are often low paying with no employee benefits and little opportunity for promotion. With low-paying jobs, little access to benefits such as health insurance and extra costs for meeting disability-related needs (e.g. a blind person paying for a reader), it is understandable that many pursue Federal income support which brings with it a guarantee of health insurance. However, Federal expenditures for income support and health insurance for people with more severe disabilities are growing dramatically and are unlikely to be sustainable. Currently over 95% of Federal spending for people with disabilities is in the areas of SSI, SSDI, Veterans benefits, Medicaid and Medicare. Special education and vocational rehabilitation constitute less than 5% of Federal spending on people with disabilities.

This report attempts to articulate the current status of people with disabilities in relation to employment, obstacles people with disabilities face in seeking and securing employment and Federal policies that influence the employment of people with disabilities. Policy changes are recommended.

"DRAFT"

SUMMARY OF FINDINGS AND RECOMMENDATIONS

FINDING 1: People with disabilities are significantly less employed than people without disabilities and have been over many years; and, when people with disabilities do work they are disproportionately adversely affected by changes in the economy and the labor market.

FINDING 2: Many people with disabilities who are not working can work (with appropriate accommodations and supports) and want to work.

FINDING 3: People with disabilities report the following reasons why they are not employed: lack of access to health care; loss of income from benefits when returning to work; lack of support services, particularly long term support services; and employment discrimination.

FINDING 4: While employers report many positive experiences with their employees with disabilities, they continue to encounter significant barriers to employing people with disabilities.

FINDING 5: People with disabilities are a vastly diverse group with a myriad of employment related needs.

FINDING 6: Too frequently, youth with disabilities do not move toward independence during their years of transition from school to the adult world.

FINDING 7: The unemployment and underemployment status of people with disabilities has not been considered in the nation's overall employment policy and goals.

FINDING 8: The Federal government has played, and continues to play a crucial role in the lives of people with disabilities.

FINDING 9: The number of people with disabilities receiving SSI and SSDI has increased dramatically in the last decade, resulting in significant increases in Federal expenditures and, ironically, trapping many in lifetimes of poverty. The program is not individualized and offers only a "one size fits all" benefit.

FINDING 10: Mainstream employment and training programs are not funded as the primary vehicle for providing employment and training services for people with disabilities and thus may have limited ability to

impact the high rates of unemployment for this group.

FINDING 11: Targeted vocational training and rehabilitation/ return-to-work programs for people with disabilities do not have the resources to serve all individuals who seek services; and, confusion exists between mainstream programs and targeted programs regarding their roles in the delivery of services.

FINDING 12: In disability related programs the decision-makers are service providers and program administrators, not customers.

FINDING 13: For millions of Americans with disabilities, pursuing employment is an irrational act because Federal income maintenance programs operate in conflict with Federal employment and training programs; and, work does not pay enough to overcome the loss of in-kind benefits such as health care, food stamps, subsidized housing, and/or cash benefits.

FINDING 14: The structure, regulations, and administration of Federal employment programs for people with disabilities focus on processes, not outcomes.

FINDING 15: The Federal government could do more to promote the hiring of persons with disabilities by Federal agencies.

FINDING 16: Federal employment and rehabilitation programs lack an early intervention focus and are ineffective in assisting workers to maintain employment after the onset of disability.

FINDING 17: Despite Federal efforts to enforce anti-discrimination statutes, people with disabilities continue to face discrimination in employment and related areas such as housing, education and transportation.

FINDING 18: Federal data collection, reporting, linking and analysis of statistics about people with disabilities is inadequate in both population-based surveys and administrative data sets.

"DRAFT"

RECOMMENDATION I:	EXTEND HEALTH SECURITY TO WORKERS WITH DISABILITIES
RECOMMENDATION II:	ESTABLISH TAX CREDITS FOR WORKERS WITH DISABILITIES
RECOMMENDATION III:	CREATE A RETURN TO WORK SYSTEM FOR SSI AND SSDI BENEFICIARIES
RECOMMENDATION IV:	REVITALIZE FEDERAL EMPLOYMENT AND TRAINING SERVICES
RECOMMENDATION V:	PROMOTE IMPLEMENTATION OF THE AMERICANS WITH DISABILITIES ACT
RECOMMENDATION VI:	PROVIDE HIRING INCENTIVES AND MAKE EMPLOYERS PARTNERS WITH THE FEDERAL GOVERNMENT
RECOMMENDATION VII:	CREATE A MODEL FEDERAL WORKFORCE
RECOMMENDATION VIII:	IMPROVE DATA AND RESEARCH FOR ANALYSIS AND NATIONAL POLICY DEVELOPMENT
RECOMMENDATION IX	CONTINUE STUDY AND ANALYSIS

"DRAFT"

FINDINGS

FINDING 1: **People with disabilities are significantly less employed than people without disabilities and have been over many years; and, when people with disabilities do work they are disproportionately adversely affected by changes in the economy and the labor market.**

Depending on the definitions used of "work" and of "disability," between 55% and 77% of people with disabilities are not working. One calculation indicates that of the 15.6 million people who report having a work disability, 10.2 million, or 65.5% are not in the labor force while only 19.7% of working-age people without disabilities are not participating in the labor force (CPS 1993). A Louis Harris survey of 1000 people with disabilities administered in 1986 found that 66% of those surveyed were not employed. In 1994 the same survey found 68% not employed.

When people with disabilities do work, it is often part time, at entry level, low-paying jobs and without benefits. One survey found that 60.8% of those with a work disability who were employed were working irregularly or part time compared to 36.7% without a work disability (CPS 1990). Of individuals with disabilities who were working, only 18.2% were working full time, while 60.6% of people without disabilities were working full time (CPS 1988). People with disabilities who work full time have a 12.3% poverty rate compared to a 2.65% poverty rate of those without disabilities who work full time (CPS 1993).

Poverty may be considered both a cause and a result of unemployment among individuals with disabilities. According to the Harris Poll, people with disabilities have lower incomes than people without disabilities. Fifty-nine percent of people with disabilities live in households with total incomes of $25,000 or less, compared to 37 percent of those without disabilities. Only 10 percent have household incomes of $50,000 compared to 22 percent of people without disabilities.

Factors such as type and severity of disability, sex, race and education level have an impact on employment prospects. The likelihood of a person with a disability not working is increased if the individual has a severe disability, is not well educated, is a woman and/or is an African American. One study found that while the employment rate for persons with no disability was 80.5%, the rate was 27.6% for those with a severe functional limitation (McNeil 1993).

As a group, people with disabilities are affected by labor market trends in the same manner as people without disabilities; however, the impact is of a different proportion. In general, when the economy improves people with disabilities experience a modest improvement in their economic well-being, though less than

those without disabilities. When the economy takes a downturn, people with disabilities are more adversely affected than the general population. For example, while the labor force participation of men decreased 3% between the early 70's and the mid 80's, it decreased 15% for men with disabilities. The labor force participation rate of women with disabilities increased 30% during this period, however this was only 83% as fast as the growth among women without disabilities (Yelin 1991).

FINDING 2: Many people with disabilities who are not working can work (with appropriate accommodations and supports) and want to work.

There is convincing evidence that people with disabilities who are not working want to work and can work. At any one time, approximately 55,000 people with disabilities receiving SSI benefits (those who have been determined to have severe work disabilities) report earnings from some work. In 1993, approximately 300,000 SSDI recipients reported earnings from work (SSA 1994). Of the 1000 individuals interviewed in the 1994 Lou Harris survey of people with disabilities, 79% who were not working reported that they wanted to work.

Advances in technology have enhanced the employability of many individuals with disabilities who previously may have been considered unemployable. Augmentative communication devices that enable individuals without speech to talk, computers than enable individuals without fine motor control to write, assistive listening devices that enable individuals who are hard of hearing to hear within the average range, and, telecommunications relay services that enable people who are deaf to talk on the phone all enhance the employability of people with very significant disabilities. Ongoing advances in technology are likely to continue this trend so long as products developed are available and affordable, and new technologies are accessible.

FINDING 3: People with disabilities report the following major reasons why they are not employed: lack of access to health care; loss of income from benefits when returning to work; lack of support services, particularly long term support services; and employment discrimination.

A 1994 Louis Harris & Associates Survey of 1000 people with disabilities found that 31% cited concern that they would lose benefits or health insurance as a key reason why they were not working, or not working full time. A 1993 Bureau of the Census analysis of SIPP data revealed that only 48 percent of individuals with severe disabilities have private health insurance; 36 percent are covered by Medicare or Medicaid and 16 percent lack any type of health insurance coverage. In a 1993 series of conference calls with disability leaders across the

country conducted by the President's Committee on Employment of People with Disabilities, lack of access to private health insurance was cited as the number one reason for the high rate of unemployment of individuals with disabilities. Many are unable to access adequate health insurance through employment because of high risk factors, pre-existing condition rules and underwriting practices.

There are many reports of applicants (and family members) who refrain from work and strive to prove an inability to work in order to gain access to critical health coverage. Large numbers of individuals with disabilities find that the only access to secure and affordable health care is through the SSA disability route of proving inability to work.

Many people with disabilities experience great difficulty in adapting to the traditional world of work with prescribed work hours and inflexible work environment rules. For instance, people who have recurring or cyclical health problems such as those with cancer, mental illness, multiple sclerosis and AIDS, often require flexible work situations which will enable them to meet their intermittent health needs. This has been described as a lack of "fit" between the work rhythm and the disability rhythm. (Yelin)

Other major barriers to employment reported by people with disabilities include:

-lack of affordable, accessible and consumer-controlled personal assistance services and technology-related assistive devices;
-inadequate education, work-study programs and school to work transition programs;
-disincentives in Federal programs such as Social Security, Medicaid and Medicare, and other State or private assistance programs;
-fear of losing health care and cash benefits and not being able to re-establish eligibility in a timely manner;
-inadequate accessible transportation;
-critical lack of affordable, accessible housing.

Discrimination against people with disabilities is another cause of unemployment. In the 1994 Harris poll, thirty percent of adults with disabilities reported having encountered job discrimination due to their disability, a 5% increase since 1986 when the survey was first conducted. Types of job discrimination cited include refusal of a job (63%); refusal to be interviewed (32%);, less responsibility than co-workers (33%) and refusal of job promotion (29%). Thirty-three percent of individuals with

disabilities who do work report that they have encountered unfavorable attitudes in the workplace, primarily from supervisors and co-workers.

People with disabilities as a group do not appear to be well aware of their civil rights and how to exercise them. The 1994 Harris Poll found that only 40% of those surveyed were aware of the Americans With Disabilities Act.

FINDING 4: While employers report many positive experiences with their employees with disabilities, they continue to encounter significant barriers to employing people with disabilities.

A 1987 Lou Harris survey of employers found that 88% of employers gave employees with disabilities a good or excellent rating on their overall job performance. Nearly all were reported as performing their jobs as well or better than other employees in similar jobs. Most managers reported that employees with disabilities work as hard or harder than employees without disabilities and are as punctual and reliable. Eighty percent of department heads and line managers reported that employees with disabilities were no harder to supervise than employees without disabilities and three fourths of managers said that the average cost of employing a person with a disability is about the same as the cost of employing a person without a disability. Most managers said the cost of making accommodations for employees with disabilities is minimal and it rarely drives the cost of employment above the average range of costs for all employees.

A recent case study of Sears, Roebuck and Co. (Blanck 1994) found that 97% of accommodations at Sears involved little or no cost. The average cost of 436 accommodations between 1978 and 1992 was $121.00. Even some accommodations which may be considered "expensive" must be considered in the context of the difference between working and not working. For an expenditure of $2974.00 in technology and alterations to the work space, Sears employee Tony Norris went from being an employee who could not perform his job to an employee who handles 4000 "help-desk" phone calls per month. Tony has been a tax-paying employee with Sears for almost 25 years.

In recent meetings with members of the Workgroup, representatives of national business organizations reported little difficulty in working with the ADA and its requirements. However, they noted that having a "third party," such as a non-profit organization, available to provide support services to an employee with a disability and consultation services for the employer was particularly useful for them.

Despite these positive experiences, employers are not hiring people with disabilities in significant numbers. In the 1987 Harris Survey, only 43% of EEO officers indicated that their company hired an employee with a disability in the past year. Large companies and companies with Federal contracts were the companies most likely to hire people with disabilities according to the Survey.

Companies that had not hired people with disabilities noted the lack of qualified applicants as the most important reason. Few companies noted that they had established a policy or program to hire people with disabilities. Managers generally displayed a low level of consciousness toward people with disabilities as a group and three-fourths of the managers reported feeling that people with disabilities often encountered discrimination from employers. It should be noted that the Survey predates the ADA.

Additional concerns expressed by business leaders include fear of increased costs for health insurance, workers' compensation, accommodations, concern about liability for safety of the employee with a disability and co-workers, fear of litigation under the ADA, discomfort interacting with people with disabilities in the workplace by both employers and co-workers and confusion about overlap and potential conflicts between Federal employment laws, such as the Family Medical Leave Act, the ADA and the Occupational Health and Safety Act.

FINDING 5: People with disabilities are a vastly diverse group with a myriad of employment related needs.

As a group, people with physical and mental disabilities have impairments that range from very mild to totally debilitating. Frequently people with significant disabilities experience multiple functional limitations and may require long-term support services such as personal assistance services on an on-going basis. Individuals who develop a severe physical impairment in mid-life as a result of a degenerative condition or accident are likely to have very different needs than an individual born with a significant mental impairment. Those born with a disability will typically access a complex system of medical/clinical, early childhood and special education services before work is considered. In contrast, adult onset may present a situation where there is a rich work history but a drastic change in life functioning coupled with a myriad of new and complex medical, therapeutic and service systems to maneuver.

Other factors, such as age, education level, geographic location, race and socio-economic status, also play an important role in an individual's employment related needs. For example, those with significant resources are likely to receive a better education and thus be better qualified for a good job than those with disabilities who are poor. Family configuration is also

significant. Family members may provide essential support that would not otherwise be available which could enable an individual to work.

The special circumstances of the disability itself combined with numerous other factors, such as access to rehabilitation or employment services and the degree of societal and physical accessibility, present a very diverse set of needs that requires highly individualized employment services and supports to yield successful outcomes.

FINDING 6: Too frequently, youth with disabilities do not move toward independence during their years of transition from school to the adult world.

Students with disabilities too frequently drop out of high school and/or have difficulty entering the world of work or post-secondary education and training. As one observer has noted, they are often "all dressed up with no where to go." In 1988, the Social Security Disability Advisory Council registered concern that special education graduates often left school for one form or another of dependency.

There has been a significant increase in the number of young people coming on to the disability benefit rolls in the last 5 years, which will likely continue in the next 5 years. Between 1989 and 1993, the number of SSDI beneficiaries under the age of 30 increased 43%. An additional increase of 57% is projected by 1998. The younger an individual is when he/she becomes a beneficiary, the longer he/she is likely to stay on the rolls. For example, a 9 year old entering the SSI rolls is likely to stay on the rolls about 27 years, whereas a 50 year old will stay about 6.5 years.

Each year, about 400,000 young people with disabilities finish their formal schooling. Only 45.7% of those who exit the education system do so through receipt of a diploma that is identical to those awarded to non-disabled students. Twenty one percent of students with disabilities go on to attend college, compared to 65.2% of others and 39% have dropped out before completion. Half of youths with non-severe disabilities obtain full-time competitive jobs after high school while about 30% of those with severe disabilities do so. In FY 1992, the Federal-State vocational rehabilitation agencies successfully closed cases of about 58,000 youth with disabilities aged 14 - 25. These individuals are less than 15% of young people leaving school in any one year and about 30% of all individuals rehabilitated by State Vocational Rehabilitation agencies. Only 88% of that 15% were working in competitive employment at closure.

FINDING 7: The unemployment and underemployment status of people with disabilities has not been considered in the nation's overall employment policy and goals.

A review of existing Federal employment policies reveals that there has been almost no national attempt to reduce the unemployment rate of people with disabilities through mainstream economic, worker investment, or tax policies. Much of what has occurred over the years has been the earmarking of Federal dollars for medical treatment, special education, and rehabilitation --typically occurring outside of mainstream labor market activities.

National employment policies in the past have proffered goals of "full employment", coupled with a myriad of training, job placement, education, employment services, and unemployment benefits to unemployed, underemployed, and disadvantaged Americans. However, people with disabilities have never been routinely considered in large scale investment plans for training, education, and employment for the general workforce.

Current forecasts hold that the strong economic activity witnessed in the 1994 expansion will continue through 1995. The 3.5 million new jobs created in the private sector in 1994 caused the unemployment rate to decrease from 6.7 percent to 5.4 percent over the course of the year. Further, the rate of capacity utilization in manufacturing climbed to 85 percent in December 1994, the highest level in 6 years. The current economic surge is expected to yield a leveling of the annual unemployment rate at around 5.8 percent into the year 2000. Up to 8 million jobs are expected to be created over a 4-year period. In light of the projected growth and job demand trends, President Clinton's emphasis is on increases in investment in human capital to improve skills and overall education levels of the workforce to meet the anticipated labor demand.

President Clinton's workforce development initiative articulates a commitment to invest in America's most valuable resource, its people. It recognizes that while all should have equal access to opportunities, all cannot be guaranteed equal experiences and successes. Much of an individual's success in the labor market of the new global economy will depend on his/her ability to be competitive and have marketable skills. This premise has major implications for people with disabilities in relation to job opportunities and the quality of education and training which they receive.

Disability is poorly understood and communicated in the Nation's larger employment policy agenda. For example, welfare and other public programs often refer to recipients as "able bodied" and thus able to work. Such a statement implies that all recipients

with disabilities are unable to work. This is simply not the case. Moreover, some recipients with disabilities may be unable to work for reasons other than the disability such as lack of training or access to health insurance.

As the economy moves ahead, participation in a lifelong learning agenda and skill improvement will make a difference in whether American workers are left behind or will succeed. Re-tooling the current Federal employment and training system will also be a critical factor in helping all Americans succeed. It is not clear how people with disabilities will be included in the Nation's workforce development agenda, as most Federal disability policy and programs do not reflect these priorities nor do they intertwine with mainstream workforce preparation.

FINDING 8: The Federal government has played, and continues to play, a crucial role in the lives of people with disabilities.

Over the course of the last 50 years, the Federal government has enacted and administered legislation that now serves as a policy and program infrastructure for people with disabilities. The Federal role has evolved to include multiple programs and services such as rehabilitation and special education, income maintenance and health insurance, protection and advocacy, independent living, professional training and research and demonstration. Since the 1970's the Federal government has played an increasingly vigorous role in assuring civil rights and access to all aspects of society for people with disabilities. In many instances, the Federal government has stepped in to provide a voice for people who, because of their institutionalization and/or the severity of their disabilities, were unable to make their voices heard. Considered all together, these programs and policies have established both a floor of opportunity for people with disabilities and a critical safety net for survival of those who are most vulnerable.

With the enactment of the landmark Americans with Disabilities Act (ADA) in 1990, Federal disability policy moved into a bold new era, setting a standard for inclusion and participation of people with disabilities in the mainstream of American life. The ground-breaking assumption of the ADA, reflecting the evolution of disability rights thinking as well as medical and technological breakthroughs, is that people with disabilities should be empowered, rather than "cared for."

One can only wonder what the status of people with disabilities might be in 1995 had there not been such a forceful and proactive Federal presence in the last 5 decades. Would people with disabilities still be routinely warehoused in institutions? Would they still be denied access to public education? Would

they routinely go without access to health care? Would they have gone without the liberating benefits of assistive technology and rehabilitation engineering?

FINDING 9: **The number of people with disabilities receiving SSI and SSDI has increased dramatically in the last decade, resulting in significant increases in federal expenditures and, ironically, trapping many in lifetimes of poverty. The program is not individualized and offers only a "one size fits all" benefit.**

Between 1990 and 1995, Federal expenditures for SSI and SSDI increased from $35.2 billion to $63.4 billion. During the same period the number of beneficiaries grew from 7.1 million to 10.2 million. Since 1984, Federal expenditures for working age adults (18 to 64 years of age) increased dramatically from $21.7 billion to 48.3 billion and the numbers on the rolls increased from 4.2 million to 6.2 million. Social Security Administration projections indicate that, if no changes are made in the current programs, expenditures will reach $142 billion and beneficiaries will be 14.9 million by 2005. The reasons for the growth in the roles are multiple, including changing demographic trends, changing economic conditions and changes in program rules and administration. As the baby boom cohort continues to age, a further bulge in the rolls is projected. (See Appendix III, Social Security and Medicaid/Medicare Charts)

While SSI and SSDI provide critical cash support for recipients, without which many would face total financial devastation, they also create a poverty trap. In September 1993, the average Federal payment under SSI for a single person with a disability was $382 per month, or $4584 per year. Many beneficiaries receive state supplements, but large numbers do not and others may receive only a few dollars. In 1992 the average payment for a person with a disability on SSDI was $541 per month, or $7692 per year. While other sources of income may be available to those receiving these benefits, such as income of other household members, the level of benefit is clearly subsistence and well below the poverty level. When people are dependent on such benefits for income, they are usually poor. With less than 0.5% of beneficiaries leaving the rolls to return to work, many are facing years and even decades of poverty.

In both Social Security programs, cash benefits are not individualized either by amount or duration according to individual needs or goals. Rather, the "one size fits all" approach is taken. This approach has been criticized as too rigid given the diverse population and the variety of return-to-work service needs of people on the SSI and SSDI rolls. On the other hand, many argue that the SSDI program is simply an

insurance program with payment dependent on what the beneficiary paid into the system. Therefore the cash benefit should not take needs or goals of the individual into consideration.

FINDING 10: Mainstream employment and training programs are not funded as the primary vehicle for providing employment and training services for people with disabilities and thus may have limited ability to impact the high rates of unemployment for this group.

In view of the fact that over seven million individuals with disabilities are dependent on Federal income maintenance programs and virtually never leave the rolls to return to work, it is reasonable to conclude that Federal employment and training programs are not experiencing widespread success with people with significant disabilities. The 1994 Lou Harris poll of 1000 individuals with disabilities reported the employed adults with disabilities are much more likely to have found their jobs through personal contacts (52%) than through structured services. Five percent reported that mainstream employment services assisted them in finding a job.

While it may be true that there is less emphasis in mainstream programs than in targeted disability programs on service provision for this chronically unemployed population, program data reveal that mainstream programs do acknowledge their responsibility and obligation to serve this population.

Department of Labor Programs

A review of program data from Department of Labor (DOL) programs reveals that significant numbers of people with disabilities do receive services. The DOL Unemployment Insurance (UI) program was the only one unable to provide data on people with disabilities, as it not does not disaggregate data by characteristics such as disability.

However, SSA survey data indicate that one-half of SSDI applicants seek unemployment benefits before filing for disability benefits. To establish eligibility for unemployment compensation benefits, an individual must assert that they did not stop working due to disability. This assertion of the capacity for work by the individual often serves to delay application for vocational rehabilitation/return-to-work services for over a year until entitlement to unemployment benefits are exhausted. It also serves to erode some of the protections under the ADA by extending the period of separation between the employer and the employee. The likelihood of employer accommodations undoubtedly diminishes as the period of separation grows.

The United States Employment Service offices at the state level impact the most people with disabilities in terms of services provided. In 1994, 468,136 people with disabilities were registered with these offices. Of that number, 330,528 received services (95,491 found jobs; 147,724 received assessment services; 80,427 were referred to support services; and 75,962 received job counseling).

Disabled veterans are also served through the Employment Services program. Last year, 201,007 disabled veterans applied for services and 57,563 found jobs. The following employment-related services were provided: 24,312 received counseling; 16,633 were referred to skills training; 3,232 were referred to educational services; and 66,275 were referred to other support services (e.g. vocational rehabilitation, benefits counseling, welfare, and shelters).

The largest DOL employment and training effort is the Job Training Partnership Act (JTPA) which serves disadvantaged adults and youth as well as dislocated workers. In Program Year 1993 (July 1993 to June 1994), the JTPA program was funded at $2.7 billion and provided some type of service (including summer youth programs) to 1,210,545 persons with approximately 170,000 obtaining permanent employment. Approximately 15% or 60,254 of those terminating from these programs nationwide had disabilities, out of a total of 407,915 persons with disabilities served. It should be noted that while the proportion of those served with disabilities nationwide is about 15%, many local programs provide services to a larger proportion of persons with disabilities.

Beyond DOL's mainstream programs, JTPA offers targeted services for specific groups of people with disabilities. For example, in the Job Corps residential program, students with disabilities represented 2% of the enrollers in FY 1993. Of these 140 youth, 22% completed the two-year training program and 83% of those obtained employment. (The majority were still in training at the end of the reporting period.) The Job Corps youth program has also designated three centers to serve youth with severe disabilities and six other centers provide services to students with hearing and visual impairments. An annual survey is conducted to determine status and needs of students with disabilities and outcome data are tracked just as they are for all students.

JTPA fund's nine targeted programs for people with disabilities which served 6,690 participants during the first two quarters of FY '95 and placed a total of 3,003 in employment. These grant programs provide customized training and outreach services, job development, job placement and assistance through national organizations that have special expertise in addressing disability issues.

Additionally, JTPA operates a program also designed specifically for veterans -- Title IV, Part C (JTPA, IV-C). Currently there are fourteen grants totaling $7,400,000 for the period July 1, 1994 through June 30, 1995 that targets services to Vietnam Era veterans and Recently Separated and Service Connected Disabled Veterans. This program will provide employment and training services to a subgroup of 434 disabled veterans of which 60%, or 260 people, are expected to obtain employment.

DOL participant tracking data can provide information on a variety of outcomes, including follow-up data and comparisons between those trainees with disabilities and those without. Data are available in the aggregate at the national, state, and local Service Delivery Area (SDA) level. While the data show that many people with disabilities have been served through traditional labor exchange and training efforts, what remains unclear is whether high levels of national unemployment and/or underemployment for this group exist partly because of lack of service from or access to the mainstream system.

The experience of the mainstream employment and training system is that there is a reluctance on the part of some proponents of targeted disability programs to work with mainstream systems due to a number of factors including the belief that staff of mainstream programs lack the expertise to adequately serve individuals with disabilities and the desire to "hold on to" people with disabilities as "their" clientele. Staff from mainstream programs have reported feeling that staff of targeted programs do not want them to be successful with clients with disabilities. For if they were successful, the rationale for specialized programs, and jobs in specialized service systems, would be weakened. These frictions present barriers to collaboration and true coordination between the two systems. This lack of collaboration and coordination, accompanied by minimal resources in the mainstream system, contributes greatly to the diminished presence of people with disabilities in the labor force and poor outcomes in relation to work effort as compared to the general population.

Department of Education Programs

The Department of Education administers the Perkins Vocational and Applied Technology Education Act. The Act provides for vocational education services for the general population in need of services, including secondary students in pre-vocational courses, young adults beginning careers and adults who need retraining to adapt to changing technological and labor market conditions. Funds may also be used for professional development activities for teachers working with vocational students. Even though the program requires that all members of special populations, including individuals with "handicaps" be given equal access, states use different definitions of "vocational

education student" therefore preventing a national aggregation of data on those with disabilities who are served. Furthermore, there appears to be no data on employment outcomes. The budget for fiscal year 1995 was $1.1 billion.

Joint Labor and Education School to Work Program

The School-to-Work Opportunities Act of 1994 provides venture capital to states and localities to assist them in establishing a framework for transitioning all students, including youth with disabilities from school to work and to careers in high-skill, high-wage jobs. The School-to-Work initiative is jointly administered by the Departments of Education and Labor and is authorized for five years.

During the last year, grants totaling $78 million were awarded to states and localities for the purposes of designing and implementing systems that emphasize high standards, instruction that integrates work and school, effective linkages between secondary and post-secondary schools and initiatives that serve as a catalyst for bringing business, the private sector and educators together.

To date, approximately 22,000 students have been served through the initiative, involving 8,000 businesses and 1,000 schools. Specific information on the participation of students with disabilities is not yet available.

(See Appendix B, Mainstream Programs.)

FINDING 11: Targeted vocational training and rehabilitation/ return-to-work programs for people with disabilities do not have the resources to serve all individuals who seek services; and, confusion exists between mainstream programs and targeted programs regarding their roles in the delivery of services.

Like the generic employment and training programs, targeted programs for people with disabilities appear to have limited impact on the employment level of people with disabilities or on return to work for social security beneficiaries. The 1994 Harris Poll of people with disabilities reported that only 4% of those who were employed found their jobs through special programs for people with disabilities.

The Federal government has responded to the unique needs of people with disabilities by creating a number of programs designed to address specific areas of need such as special education, employment, health, housing, advocacy, income support, rehabilitation, veterans' benefits etc. Currently, the government administers over 50 Federal acts and programs for

individuals with disabilities. While there is some overlap, the programs utilize many different definitions of "disability" and have unique program eligibility requirements. (See Appendix V, Program Eligibility- Definitions)

Specialized (or targeted) employment services programs for working age adults with disabilities are funded at a little under $3.0 billion and serve approximately 1,000,000 individuals per year. These programs report that over 200,000 individuals are placed into employment each year. It should be noted that the above data have the following characteristics:

-the numbers served (approximately 1,000,000) include those who have applied for services and have been determined eligible but are placed on a waiting list;
-the average length of a rehabilitation program is 22 months so the numbers served and the numbers placed are different groups of individuals;
-the number placed in employment, for the most part, represents a duplicated count of those job placed by a number of Federal programs including the Federal State Vocational Rehabilitation Program, Supported Employment, Projects With Industry, Job Corp, Vocational Education, JTPA, Veterans, Employment Services and the SSA VR program;
-the number placed does not necessarily mean that the individual has left the Federal cash benefit rolls -- many of those placed in employment remain on the rolls due to placement into low wage and part-time jobs (see SSA VR below).

The continuation of targeted programs has had an unintended effect on services to individuals with disabilities by mainstream programs. Reports from mainstream programs indicate that there is an assumption that targeted disability programs have the unique expertise to address the needs of individuals with disabilities, and that the targeted programs have sufficient resources to meet those needs. However, targeted disability programs such as Vocational Rehabilitation and Supported Employment are typically funded at levels adequate to serve only those individuals with the most significant (or severe) disabilities. Because of the large number of referrals and applicants for services and limited resources, targeted programs have been required to implement priorities for service delivery and to establish waiting lists.

Such demand creates tension between programs and a situation where the large majority of people with disabilities who are eligible for one or both programs do not receive services from either. Targeted disability programs contend that mainstream programs are required by Section 504 and the ADA to provide equal access to services for individuals with disabilities and that

integration should be the over-arching public policy goal. At the same time, mainstream programs contend that individuals with disabilities require specialized services and supports and that their staffs are not trained, nor is the program equipped with the resources, to work with this population. It is reasonable to assume that a vast number of the approximately 10 to 15 million adults who report a work disability fall into a service delivery gap between mainstream programs and targeted programs when they seek assistance. It is also reasonable to assume that this situation contributes to the high rate of unemployment for this population.

Federal-State Vocational Rehabilitation Program (VR)

One of the oldest targeted programs is the State Vocational Rehabilitation (VR) Services Program which began in 1920 as a return-to-work program for people with physical disabilities. The mandate for the program has expanded over the years, so that today the VR Program is the primary employment services program for adults with physical and/or mental disabilities. In addition, recent Amendments to the Rehabilitation Act have required State VR agencies to provide for the individual's choice of services and service providers, to focus on careers, not just entry-level jobs, and to presume that most individuals with disabilities are employable. These new requirements have placed added stresses on a system already overburdened. Because resources are not sufficient to serve all who apply, the program is required by law to give priority for services to individuals with the most severe disabilities. As a result, State VR agencies are serving increasingly a more severely disabled population. Current data show that the caseloads in State VR agencies consist of approximately 75 percent individuals with severe disabilities.

The Rehabilitation Act of 1973, as amended, authorizes other specialized programs that promote the employment of individuals with disabilities. Separate programs are authorized for supported employment, transition services leading to employment, projects that involve business and industry, projects specific to certain populations (i.e., Migrants, American Indians), and other special projects and demonstrations.

The Rehabilitation Act, like many other Federal programs, also requires coordination among the various Federal, State and local agencies that impact services to individuals with disabilities. The purposes of this coordination are to maximize resources available to individuals with disabilities and to reduce duplication of programs and services.

School to Work Transition Program

In addition to the generic school-to-work program, the Office of Special Education Programs administers a targeted transition program for students with disabilities. Coordination with the generic transition program is mandated.

Supported Employment

Supported employment programs are currently funded from three Federal entities -- Rehabilitation Services Administration, Administration on Developmental Disabilities, and the Social Security Administration. Each defines supported employment differently, follows different policies, and sets different goals. Coordination and collaboration is required among these programs.

Social Security's Vocational Rehabilitation Program

The Social Security Administration refers over 150,000 persons on SSDI\SSI to State VR agencies for services every year. As in other programs, the Social Security Act requires referral of beneficiaries who may benefit from VR and program coordination with the State VR programs. In 1992, approximately 21 percent (40,809 out of a total of 191,707) of all individuals employed as a result of VR services were recipients of SSDI and/or SSI. However, SSA reports that only about 6,500 individuals become employed and actually leave the beneficiary rolls in any given year. VR counselors report that in many cases they will assist individuals with more severe disabilities who apply for rehabilitation services to apply for and obtain cash benefits and the accompanying medical benefits from SSI and SSDI because of the obvious needs of their client.

While coordination and collaboration are mandated for many of these federal programs, little is known about the extent to which such coordination and collaboration actually take place and if they do what impact they have on service delivery or outcomes of service provision.

(See Appendix B, Targeted Disability Programs)

FINDING 12: In disability-related programs the decision-makers are service providers and program administrators, not customers.

Limited direct involvement of people with disabilities in national policy development has adversely affected national disability policy. People who are part of the population that is affected by policy have a personal understanding that is rarely

available to professional policy makers. In addition, they have a high stake in developing policy that will produce desired outcomes.

Public programs that serve people with disabilities offer little in the way of decision making to those who are served. While policies and procedures in some programs provide for people with disabilities to participate in decision making, such as the development of the individualized rehabilitation plan in VR, the choices are limited and control is ultimately in the hands of the staff of the program.

FINDING 13: For millions of Americans with disabilities, pursuing employment is an irrational act because Federal income maintenance programs operate in conflict with Federal employment and training programs, and work does not pay enough to overcome the loss of in-kind benefits such as health care, Food Stamps, subsidized housing and/or cash benefits.

Ed and Monroe Berkowitz articulate this notion succinctly in their 1989 publication:

> "(T)he American disability system consists of a social security track, complete with medical care and limited rehabilitation services, a public assistance track, also with medical care and rehabilitation services, a work injury track, special tracks for veterans and a private sector track. In addition, laws that alter minimum standards of employment, that set aside money or jobs, and that attempt to guarantee employment also characterize the American disability system. One cannot help but note that part of the system subsidizes retirement and encourages withdrawal from the labor force; while another part explicitly seeks to encourage the entry of the handicapped into the labor force." (Berkowitz & Berkowitz, 1989, p.1227)

Discordant Federal employment related policies have fostered contradictory messages in employment related practices and programs.

Good intentions prompted decisions by Federal legislators, agency officials and program planners that appeared, at first glance, to establish exemplary programs designed to meet specific needs. Unknowingly decision makers set program against program, duplicated efforts, and otherwise established policies and goals that confuse even astute students of disability policy. Today many Federal programs work at cross purposes with the stated goals of the ADA. The complex array of policies and programs is

so confusing that most advocates and policy analysts have chosen to specialize in one or two particular program(s), rarely attempting to examine the overall picture.

The most striking conflict is the contradiction between Federal programs that encourage people with disabilities to work and those which require them to prove that they cannot work. As noted earlier, people with disabilities who seek Social Security Disability benefits and accompanying essential health security, must demonstrate that they are not capable of gainful employment. And yet, many of the individuals who are determined eligible for cash benefits are immediately referred by Social Security to the State VR system for rehabilitation and return to work services. This occurs even though the medical condition which made them eligible for SSI or SSDI cash benefits has not changed.

It is also confusing to policy-makers and consumers that the same individual with a severe disability could simultaneously apply for State VR services and SSI/SSDI disability benefits and be determined eligible for both. An individual with a severe disability could be told by the State-Federal VR program he/she has employment potential and is eligible for vocational rehabilitation services; on the other hand, he/she could be told by the State Disability Determination Service (operated in most states by the same State VR entity) that because of the presence of a particular disability (for instance, blindness) he/she cannot work and is therefore eligible for cash benefits.

Even more damaging is the effect of SSA policies that suggest to SSI and SSDI beneficiaries that they should be careful about demonstrating any capacity for gainful employment because it can disqualify them for benefits. As was noted earlier, potential loss of cash benefits and medical care remain the greatest disincentives to employment.

SSA also administers a number of statutory programs that are described as work incentives. Some of these are the trial work period, benefit offsets, impairment related work expenses exclusions, blind work incentives exclusions, extended Medicaid and Medicare under 1619-A and B, plans for achieving self-support, and the extended period of eligibility. Despite the continued expansion of work incentive provisions over the past ten years, there has been no noticeable change in the numbers of persons leaving the rolls to return to work during this time. There appears to be no correlation between the numbers who use the work incentives and the numbers leaving the benefit rolls to return to work. In other words, beneficiaries appear to utilize the incentives to work more, but only so long as they do not jeopardize their place on the rolls. Furthermore, there has been extensive criticism from beneficiaries and SSA employees about the complexity and confusion in the work incentive provisions. They are too complex for beneficiaries to understand and to use

and too confusing for SSA to administer. Even though the work incentives are intended to address the fears and smooth the transition from the disability beneficiary rolls to work, they do not fully eliminate the risk of losing health care or losing large amounts in cash benefits.

Those who do risk return to work must also overcome daily accommodation and access obstacles. Recognizing that people with disabilities also face significant physical, attitudinal, and discrimination barriers to employment in addition to the disincentives in the system, perhaps it is not surprising that less than .2% of SSA disability beneficiaries leave the benefit rolls to go to work.

Alone, each of the Federal programs has a positive public policy goal but when accessed by the same individual with a disability, they send an incoherent, illogical and confusing message. The loss of in-kind and cash benefits from social security coupled with potential loss of other Federal and State benefits such as AFDC, subsidized housing, and Food Stamps, creates insurmountable barriers to return to work. The individual is faced with the possibility of losing all security with no assurance of replacing it for the long term. At the same time, he/she faces the same uncertainty that other workers face of being laid off, or losing benefits as a company seeks to cut costs in order to remain competitive. However, for the individual with a significant disability, the losses are more difficult to overcome, particularly the loss of health care which is usually irreplaceable and can be life threatening.

Lack of resources, confusion among Federal policies and goals, Federal and State programs that work at cross-purposes with the same population, and evidence of little actual coordination and collaboration among programs contribute to the consistently low employment level of people with disabilities. In defining a national policy on employment for people with disabilities these problems are barriers that must be addressed in order to design a system that produces real employment outcomes for this population.

FINDING 14: The structure, regulations and administration of Federal employment programs for people with disabilities focus on processes, not outcomes.

Over $120 billion Federal dollars are spent on disability related programs each year, and those expenditures are rising steadily. As was stated earlier, the vast majority of Federal expenditures are for programs that maintain people with disabilities in a dependent posture, unemployed and underemployed with minimal financial resources. In contrast only about $3 billion is targeted to rehabilitation and employment-related services for people with disabilities.

One striking fact about Federal expenditures for working age adults with disabilities is that many important questions about the results of these programs have not been answered. For instance, why are rehabilitation and training services in Department of Education and Department of Labor programs paid for on a fee for service basis and not on the basis of employment outcomes. In contrast, Social Security's rehabilitation program pays only if there is an employment outcome. None of the programs require long-term follow-up to determine if employment is maintained for an extended period of time. Success in most programs is based only on a 60 day follow-up to determine if the individual is still employed.

Many of the questions about what kinds of results the nation might want have not even been asked. Serious public policy questions relating to disability programs and expenditures stem from this lack of attention to basic questions about what the over-arching goal of Federal disability expenditures for working age adults with disabilities should be and about how to measure the attainment of those goals.

FINDING 15: The Federal government could do more to promote the hiring of persons with disabilities.

Within the Federal government, the Office of Management and Budget (OMB) has the authority to approve special hiring programs that are exempt from full-time equivalency (FTE) ceilings including, among others, hiring programs for persons with disabilities and hiring personal assistants, readers, interpreters, etc., to accommodate employees with disabilities. Historically, exemptions served as incentives to agencies and enhanced the Federal employment of persons with disabilities. In 1994, OMB rescinded ceiling exemptions and presently, all hiring of persons with disabilities and related appointments under Schedules A and B is counted against an agency's FTE ceiling.

Currently private sector employers benefit from tax incentives that encourage the employment of persons with disabilities. Federal sector employers have no comparable incentives. The Federal Government, while achieving reduction targets by eliminating incentives, may lose its momentum toward achieving a workforce that reflects the face of America through the elimination of such exemptions.

The Federal government could do more to promote the employment of individuals with disabilities, especially individuals with severe disabilities. Federal managers under-utilize the government-wide reinvention laboratory known as Project ABLE (Able Beneficiaries' Link to Employers). Project ABLE provides Federal managers with a computerized list of "registrants" with disabilities who are

currently receiving SSI or SSDI and have expressed an interest in working for the Federal government. They can be hired on a non-competitive basis.

FINDING 16: Federal employment and rehabilitation programs lack an early intervention focus and are not effective in assisting workers to maintain employment after the onset of disability.

By most estimates well over half of people with disabilities become disabled as adults. The circumstances under which they become disabled are significant in determining the services they receive or the system of services they will access. Some promote staying at work while others encourage leaving work. For example, if an individual sustains a disability as a result of an injury at work, he/she may enter the State workers' compensation system. This system may be oriented toward "percentage compensation" or payoff more than return to work. In contrast, if an individual sustains an injury from an automobile accident, the individual will likely be entitled to compensation for medical care, which may or may not have a rehabilitation and return to work emphasis.

Many examinations of the SSA disability programs have noted the lack of intervention at the onset of disability, or at a point deterioration begins because of disability, and the negative impact on continued employment. Social Security programs require that the individual wait for at least five months after onset of disability (which means that the individual is unemployed for at least five months) before application for benefits is allowed. Likewise, State Vocational Rehabilitation requires that the individual be "employable." While these systems may screen out people who are less significantly disabled than others, they also presents major disincentives for job retention, provide incentives for employers and insurers to shift costs to the Federal government, and do almost nothing to prevent job loss.

Private and public rehabilitation professionals agree that the most cost-effective employment programs are those that prevent the individual who becomes disabled from leaving his/her employment in the first place. Other countries have demonstrated the efficacy of early intervention. For example, in Israel, an early intervention program yielded an outcome of 56% of those completing rehabilitation maintaining employment.

Numerous projects and studies in this country by insurers and private rehabilitation companies indicate that when accommodations are provided to retain a person on the job, the outcome is extended employment and cost savings to the employer.

FINDING 17: Despite Federal efforts to enforce anti-discrimination statutes, people with disabilities

continue to face discrimination in employment and related areas such as housing, education and transportation.

At the time the Americans With Disabilities Act was enacted in 1990, Congress found that people with disabilities had experienced systemic discrimination in such areas as employment, education, job training, housing, transportation, communications, public accommodations and government services.

The ADA alone has resulted in private sector discrimination charges being filed with the Equal Employment Opportunity Commission (EEOC) of approximately 45,000 complaints as of June, 1995. The EEOC has found that discrimination against people with disabilities in the workplace continues to be widespread. Since the effective date of the ADA, the Department of Justice has received over 6,000 complaints relating to discrimination by government entities and public accommodations. People with disabilities continue to experience discrimination.

FINDING 18: Federal data collection, reporting, linking and analysis of statistics about people with disabilities is inadequate in both population-based surveys and administrative data sets.

A 1995 report listed 39 national disability data bases (Disability Data for Disability Policy: Availability, Access and Analysis, HHS, OASPE). Despite the number of data bases, problems are persistent. At the national level, data systems are largely decentralized and significant gaps are evident. Disability measures are often not included in ongoing national data collection systems. Federal statistical reports often do not tabulate findings by disability along with other standard demographic variables such as race and income. Administrative data -- for example Medicare, Medicaid and Social Security -- is frequently difficult to link with survey data. Data sources include either special surveys on disability or the addition of disability questions on non-disability surveys.

Many data sources tell us that most working age citizens with disabilities are not working. However, "not working" does not necessarily mean "unemployed." According to the Department of Labor's Bureau of Labor Statistics, being unemployed means "not having a job and actively seeking work." It is unknown how many working age adults with disabilities are actually in this category versus those who have given up on work and would now be categorized as "discouraged workers."

The Census Bureau collects information monthly for the Department of Labor's Bureau of Labor Statistics about the nation's employment rate through the Current Population Survey (CPS). People with disabilities are not specifically examined in the

monthly CPS as are other special groups, such as women, the elderly and racial minorities. Questions about the employment of people with disabilities are asked by CPS only once a year, in the March supplement. The results of the March Supplement do not receive the same attention as the regular monthly data and are not released in a timely manner. Therefore, the information is not easily accessible to the public, to policy-makers, or to consumers and the nation's costs of unemployment of this group are virtually ignored.

Administrative data from programs such as Vocational Education, School-to--Work and Department of Labor employment and training programs, offer information on services provided, but rarely on program outcomes (e.g. employment). In addition, these programs do not collect information about the number of people with severe disabilities served. There is no data collected on the quality or length of employment when it is an outcome. This lack of outcome data makes it difficult to determine the effectiveness of these programs.

At this time, the most comprehensive national survey on disability ever undertaken in this country is underway -- the 1994/95 Disability Survey which is a Supplement to the National Health Interview Survey. About 240,000 people in the civilian non-institutionalized population are being interviewed. In addition, 40,000 respondents will be re-interviewed in Phase II of the study. Information from the survey can be linked to administrative disability records at SSA and Medicare at HCFA. Final results should be available by 1997. This survey is designed to address many policy relevant concerns including "Why is employment among persons with disabilities so low and why do some people with the same disabilities work while others do not?" While this survey will provide much needed information at one point in time, it is not scheduled to be repeated.

RECOMMENDATIONS

The primary goal of these recommendations is to increase the participation of people with disabilities in the American workforce. A review of the mission, goals, and principles articulated in a number of current and relevant national policy documents led to the adoption of guiding principles for this set of recommendations. The documents reviewed include the Rehabilitation Act of 1973, as amended, the Americans With Disabilities Act, the GI Bill for American Workers, National Performance Review II, and the President's 1995 State of the Union Address. The guiding principles for the recommendations are taken from recurring themes in these current policy documents. The specific recommendations follow the principles.

Guiding Principles

- **Maximize Employment** -- All mainstream and specialized Federal programs should promote independence, self-determination, choice, empowerment, economic self-sufficiency, inclusion and full integration into all aspects of society for people with disabilities.

- **Consolidate Overlapping Authorities** -- Current grant programs should be restructured to consolidate overlapping authorities and funding streams and to improve effectiveness and efficiency in the delivery of services.

- **Serve Customer's Needs** -- Programs should be designed to serve the customers needs first, to maximize customer choice and to move programs to the individual and away from government. Participation of customers in the development, implementation and evaluation of programs is essential to success.

- **Improve Accountability** -- Shared accountability should be encouraged so that the Federal government, States, local communities, the private sector and the individual are responsible for identifying and working toward desired outcomes. Measurable program goals should be identified.

- **Reward Performance** -- Programs should be structured, managed and evaluated on the basis of measurable results. Programs with high or improved performance should be rewarded.

- **Access to Services** -- Individuals with disabilities must have access to public training and employment services and the necessary supports and accommodations to enable them to participate in those programs.

- **Provide a Full Range of Services** -- Programs must have the flexibility to provide for a full array of employment, training, higher education, rehabilitation and support services.
- **Provide Individualized Services** -- Programs must provide individualized services that are consistent with the strengths, resources, priorities, concerns, choices, abilities and capabilities of the individual with a disability. Staff must have the expertise to evaluate the needs of the individual and assess other factors that relate to job readiness and employment.

- **Empower Citizens With Disabilities To Make Informed Choices** -- Individuals with disabilities must have the information and supports necessary to make informed choices about services, service providers, and career opportunities; and

they must be afforded an impartial review of denials of service or other service decisions made on their behalf.

- **Encourage Privatization and Competition** -- Federal and State programs should increase the use of private providers of rehabilitation, employment and training, education, and job placement services, and all Federal employment programs should encourage true partnerships between public and private providers and employers. Privatization and competition improve quality and should be encouraged.

RECOMMENDATION I: Extend Health Security To Workers with Disabilities

The greatest barrier to employment of adults with disabilities is the lack of access to health care insurance. People with disabilities who are receiving SSI or SSDI face a loss of health care coverage if they pursue employment. Pre-existing condition rules and experience rating automatically exclude many from health insurance coverage, thus making working a major health risk. Unless and until this issue is dealt with in national policy, the overall rate of employment for adults with disabilities will not improve. This is one of the primary factors contributing to the recent unparalleled growth in cash benefit programs. (Lewin paper)

The government must provide for the continuation of free or low cost health care coverage for beneficiaries who pursue work. This is the most critical component of the recommendations and it is essential in terms of encouraging return to work.

There are many ways to design a program so that working adults have access to health insurance. For instance, the Federal government could provide insurance subsidies, develop buy-in programs for Medicaid and Medicare for individual and family coverage, extend premium-free hospitalization insurance to workers with disabilities, expand funding for home and community-based services, eliminate pre-existing condition rules so that individuals are able to purchase health care coverage and/or, subsidize employers for extraordinary costs of coverage, require that employers share in the cost of public coverage (equal to their private coverage cost for other employees). The Federal government could choose one plan or take action to make all of these options available.

Cost Analysis

There is no projected additional cost coverage for the continuation of health insurance coverage for current SSI and SSDI beneficiaries upon return to work as these individuals otherwise would not leave the rolls anyway. Buy-in programs and employer share programs would minimize potential costs In

whatever form, extending medical coverage for current beneficiaries would still create a savings for the Federal government because individuals would leave the SSA benefit rolls to go to work.

There is no cost information about expanding access to Medicaid/Medicare to all working age Americans with disabilities. Neither is there cost information regarding the elimination of pre-existing condition rules.

Action Steps:

RECOMMENDATION II: Establish Tax Credits for Workers With Severe Disabilities

All workers with severe disabilities, regardless of SSI, or SSDI beneficiary status, should be eligible for a workers tax credit to offset the costs of living and working with a disability. It is expensive to live with a severe disability, and even more expensive to work with a severe disability. On-going lifetime costs for a variety of specialized services and/or equipment that enable individuals with severe disabilities to work may include items such as expensive medications, regular doctor visits with specialists, repeat surgeries and hospitalization, adaptive equipment, wheelchairs, scooters, augmentative communication devices, interpreter services, readers for the blind and daily personal assistance services.

Disability tax credits should be designed to "make work pay." For people with disabilities receiving cash benefits, there is a strong financial incentive not to work because they cannot replace cash benefits with earned income. The current statutory work incentive programs in Social Security even though used by many, are not effective in moving people off the benefit rolls and back to work. They should be replaced by phasing in a variety of disability tax credits for wage earners with disabilities. The key appeal of an earnings based tax credit is that one cannot benefit from it unless one earns income from work. The disability tax credit would be designed to truly smooth the transition to work and to gradually replace cash and in-kind benefits with real wages. The individual or family would not face tax liability or excessive loss of cash or in-kind benefits by choosing to work. Design of the disability tax credit requires in depth review and analysis of the current SGA rules, review of the effect of in-kind services and benefits such as Food Stamps, subsidized housing, AFDC, and review of the varied relevant rules in States. Tax credits may be similar to the Earned Income Tax Credit for low earners. Initially the tax credit could be limited to SSI and SSDI beneficiaries, gradually expanding it to other workers with severe disabilities. Additional tax credits for other disability related expenditures, such as personal assistance services for workers who need

attendant care to enable them to prepare for work or perform work, should be considered.

One operational drawback with a disability tax credit is that individuals lose their disability payments and related benefits when they begin working and do not receive the compensating disability earned income tax credit until after the close of the calendar year. Although the existing earned income tax credit has provision for employers to pay tax credits directly to low income workers, asking employers to advance the tax credits has the potential of discouraging employers from employing individuals with the right to tax credits.

Instead of asking the employer to advance the disability earned income tax credit, provision should be made for the employer not to withhold the employee share of FICA taxes or Federal income tax withholdings. Moreover, if a disability earned income tax credit is set at a level to compensate for all categories of benefits lost, (e.g., housing, food stamps, energy assistance), it may be desirable to pay the employer's share of the FICA tax directly to the employee. In any event, employers would not be asked to make payments to employees that exceed the employer's salary and tax liability. At the same time, however, employees would be receiving inflated "take home" pay checks in recognition of their eligibility for a disability earned income tax credit.

To facilitate employer verification of individuals eligible for a disability earned income tax credit, SSA would maintain a central directory of eligible individuals that would be accessible by all SSA field office and teleservice (800 number) personnel.

Cost Analysis:

There would be no additional Federal cost for a disabled workers' tax credits when applied to those currently receiving SSI or SSDI. At worst, it would subsidize people currently on the rolls if they returned to work at the same cost as the current benefit amount instead of paying benefits to someone for not working. At best the subsidy would still permit overall Federal savings but it would not create a cliff effect or an economic trap for the individual or the family. Application of the disabled workers' tax credit to a broader group of workers with disabilities requires further cost analysis.

Personal assistance services tax credits may require further study but estimates for these services are low. The 1993 National Health Care proposals projected minimal costs for this type of credit.

Action Steps:

RECOMMENDATION III: CREATE A RETURN TO WORK SYSTEM FOR SOCIAL SECURITY DISABILITY BENEFICIARIES

It is recommended that the Federal government develop and implement a Social Security Return To Work System (SSA RTW). The SSA RTW System would be designed specifically for beneficiaries of the SSI and SSDI disability programs. It would empower beneficiaries to choose their own return-to-work services and, in conjunction with the disability tax credit and the assurance of health insurance, and phase out subsidies as income rises. The diversity of the SSI and SSDI beneficiary population necessitates maximum flexibility and individualized rehabilitation and employment services. The System would be designed to promote both and, at the same time, reward private and public providers for real employment outcomes.

There are two components of the SSA RTW proposals that build on the health security and disability tax components outlined in Recommendations #1 and #2.

First, the SSA RTW System would maximize customer choice and control and promote competition among the private and public sector rehabilitation service providers. Such competition would be accomplished by providing all current SSI and SSDI beneficiaries with a "ticket" for employment and rehabilitation services. The beneficiary would decide when and how to use his or her ticket. The ticket could be deposited with any authorized service provider that the beneficiary chooses, but it would have no value to the provider unless and until the individual leaves the Social Security disability rolls to return to work. The provider would then be paid a percentage of the Federal savings based on that individuals projected benefit.

Second, the SSA RTW system would support and promote the transition to employment for youth with disabilities. Young people would no longer be eligible for disability retirement benefits, but based on a needs test similar to that used in the Department of Education's Pell Grant program, would apply for a Transition Stipend. In addition to the stipend, the program would provide a vocational assessment and career guidance to all 18 to 25 year olds. The assessment would focus on employment potential and ability, not inability. A special fund for one-time, expensive accommodations, adaptations or assistive technology, and access to an independent advocate to provide information and support to the individual in making career choices and securing appropriate services would also be provided.

Perhaps the most important aspect of the Transition Stipend program is the message it sends to young people and their families that there is an expectation of work and that

individuals and families must make an effort to prepare a young person with a disability for the world of work, not for a life of dependency.

Cost Analysis

The ticket for consumer controlled and market driven employment and rehabilitation services would not create additional cost. Providers are not paid until savings begin.

There are no additional costs projected for implementing a transition program targeted for youth beneficiaries. Up front assessments, accommodations and protection and advocacy services would be paid for by savings realized through means testing the benefit on the basis of parent or household income (similar to PELL grant program for college youth).

The National Academy of Social Insurance is developing a cost proposal for offering a tax credit (i.e. the Disabled Workers Credit) to the general population of workers with disabilities. Their information should be available soon.

Personal Assistance Services tax credits may require further study but estimates for these services are low. The 1993 National Health Care proposals projected minimal costs for this type of service nationwide.

Action Steps:

1. The Social Security Administration's Office of Disability and the National Academy of Social Insurance' Disability Panel, should continue their analysis of an SSA RTW system.

2. The Social Security Administration, the Domestic Policy Council, or the Office of Management and Budget could jointly or separately develop and introduce the proposed SSA RTW System for the next legislative session.

3. SSA, Department of Education's OSERS, School to work programs, the Department of Labor's Employment & Training Programs, HCFA and IRS should undertake the assessments of how the SSA RTW system proposal would effect their operations and programs.

4. Other Federal departments and their offices should be directed to review and analyze the projected costs of implementation of the System, primarily the Health Care Financing Administration, HHS and the Internal Revenue Service at the Department of Treasury.

Recommendation IV: REVITALIZE FEDERAL EMPLOYMENT TRAINING SERVICES

1. Promote Seamless State Service Systems

The Federal Departments of Education and Labor should closely coordinate National Performance Review activities and any legislative proposals to alter the current systems of employment and training and vocational rehabilitation. The State VR Services program should not be parallel or separate from efforts to consolidate mainstream employment and training programs. The VR program must be an integral part of any attempt to create "seamless services" and consolidate State employment and training programs.

The VR Performance Partnerships discussed later in this section should aggressively promote common intake for employment and training related services through joint or coordinated State one-stops systems or State systems that provide for multiple points of entry.

People with disabilities would significantly benefit from a distinct program of vocational rehabilitation coordinated with, and integrated into, the one-stop model. A closer relationship between one-stop efforts and VR should be established through required written cooperative agreements or other administrative arrangements between State VR and the State consolidated job training programs. Cooperative agreements should be flexible enough to allow local communities to replicate the model to meet local needs.

Similarly, all Federal programs providing employment and training related services should have easy access to Labor Market Information Data Bases and other employment related resources currently operated by State employment security offices.

The personnel development and training authorities of the Rehabilitation Act and similar authorities in the workforce development programs at the Department of Labor should be coordinated to ensure appropriate and qualified personnel to serve individuals with disabilities within the proposed State "one-stop" seamless service systems.

Issues of disability and unemployment are the same issues that mainstream employment and training programs are trying to address. The only difference is that the unemployment problems of this population are more extreme than in any other group. Many argue that unemployed working age adults with disabilities should be viewed as a special needs sub-population of the larger population of unemployed citizens. People with disabilities should be an integral part of the nation's overall workforce

development plan with specific attention paid to their needs, as is paid to the needs of other minority groups.

Furthermore all Federal programs should actively work to debunk the myths about people with disabilities and include that in the Nation's larger economic agenda. Some specific recommendations:

> Welfare, general assistance, AFDC, and employment services and other public programs should stop referring to recipients as "able bodied" and thus able to work. This implies that all people with disabilities have an inability to work. As a result, many do not receive employment and training services in these mainstream programs.
>
> The presence of a physical or mental impairment is not the right focus question. All programs should look at the need for assistive technology, environmental and communication
>
> barriers, education level, training, long-term services and supports, and medical care as factors relating to unemployment of adults with disabilities.

2. More Focused Eligibility Requirements and Expanded Use of Mainstream Services

The State VR program should focus only on serving those individuals with severe disabilities whose needs for specialized services is great. Existing eligibility criteria under the VR program should be revised to serve only those individuals with severe disabilities whose functional limitations require multiple services over an extended period of time.

This recommendation was arrived at after taking a close look at the current budgetary and policy environment: consolidation of job training programs is likely; current State VR resources are not sufficient to serve all eligible individuals (estimated by GAO in 1989 at over 7 million); significant increases in Federal resources or State match monies are unlikely; and, to redirect more resources to direct services is also unlikely.

It is in the nation's best interest to enhance employment and training programs for individuals receiving SSI or SSDI, who, by definition, are individuals with severe disabilities. Even though all SSDI and SSI disability beneficiaries are automatically eligible for State VR services, they make up less than 25 percent of the persons receiving services through the State VR systems. Only a fraction of the seven million current beneficiaries leave the rolls to return to work as a result of VR services (less than 7,000 in 1994). Yet, the State VR program reported that over 200,000 individuals with disabilities were closed as successful rehabilitations in employment in 1994. It

is in the nations best interest to focus our employment and training resources on this population.

Finally, over the past twenty years Congress has repeatedly directed State rehabilitation agencies to serve persons with the most severe disabilities first. In view of this policy and the long standing requirements in Sections 504 of the Rehabilitation Act and the recent requirement in the ADA for all public programs to provide equal access to services, it is expected that the vast majority of unemployed adults with disabilities with less significant need for services can be appropriately served through the consolidated mainstream employment and training programs.

3. Establish Performance Partnerships for State Vocational Rehabilitation Services Funded Under the Rehabilitation Act

In the National Performance Review II, the Clinton Administration encouraged the use of performance partnerships with States and localities as one of the vehicles that the Federal government can use to pursue areas of national interest. Such partnerships offer an alternative to the categorical programs now going to State and local governments and to block grant approaches that combine funds without specific accountability for results.

Performance partnerships are designed to consolidate funding streams, eliminate overlapping authorities, create incentives, and reduce micromanagement and paperwork. They move programs away from process measures and focus on successful outcomes while empowering States and communities to make their own decisions about how to address their needs.

The nature of the existing Federal-State relationship in the State VR Services program makes it a natural candidate for performance partnerships. Partnerships will allow States the flexibility to meet the needs of their citizens with disabilities while holding the State accountable for outcomes -- e.g., the number of individuals placed into competitive employment.

The State plan for vocational rehabilitation services described in Section 101(a) of the current Rehabilitation Act should be replaced with a new section that authorizes streamlined and outcome driven performance partnership agreements between the Federal government and States -- agreements that also afford States dramatically expanded flexibility in administering the VR program.

The Federal partner will, in conjunction with States, local providers, and consumers, develop individual State performance agreements that specify the goals and objectives, program performance measures, performance targets (benchmark), and the timeframes for achieving outcomes.

Performance partnerships should:

- promote multiple approaches to meeting national objectives,
- allow Federally funded activities to be fully integrated with State, local and provider activities for workforce development, and
- allow flexibility so that State and local institutional forces and incentives achieve the desired results.

The key characteristics for the design and implementation of performance partnerships include:

- **Consolidation**

  Every effort should be made to merge funding streams which now force grantees to wastefully isolate administrative costs and service delivery to one program from another. Current VR grant programs would be restructured to consolidate several employment-related programs into one. The following programs should be consolidated and administered by the State VR agency:

  - State VR Services Program (except Section 130)
  - In-Service Training for State VR Personnel
  - VR Services for Migratory Agricultural and Seasonal Farmworkers with Disabilities
  - Supported Employment Services for Individuals with Severe Disabilities

  Other authorities under the current law that require national leadership could be consolidated. Appropriate authorities for demonstrations and training under Titles III and VIII of the Rehabilitation Act should be consolidated while others could be eliminated. The following existing service project authorities could be eliminated, with the funding redirected to support projects of national significance:

  - Special Projects and Demonstration for Individuals with Disabilities (Section 311(a))
  - Special Projects and Demonstration - Transition Services for Youth with Disabilities (Section 311(b))
  - Special Projects and Demonstration - Supported Employment (Section 311(c))
  - Demonstration Activities (Section 802)

  The current authority of State VR agencies to perform similar demonstration and development activities under other auspices of the Rehabilitation Act should be emphasized.

- **Increased Flexibility**

  Performance partnerships should be flexible to accommodate different program strategies with different State and local partners. Partnerships should provide for multi-year funding and should promote multiple approaches to meeting established national objectives, that is, putting people with severe disabilities to work.

  Partnerships should eliminate prescriptive and burdensome requirements that constrain States in the administration of the program and promote multiple approaches to local problems, while at the same time, outlining basic strategies and protections. For instance, agreements should require States to maintain an identifiable Statewide program of services with due process protections and emphasis on expedited eligibility. Another example would be to replace the current detailed service plan with a new, simplified approach that retains the vital features of consumer participation and choice.

- **Improved Accountability, Measuring Performance and Performance Incentives**

  Accountability should focus on State outputs and outcomes rather than inputs or process. National program standards should be in place and measurable indicators of overall agency performance should be jointly developed and agreed upon by the Federal government and the State VR agency. The Federal partner should be prepared to respond to State performance problems by providing timely technical assistance and guidance.

  Partnerships should be structured, managed and evaluated on the basis of results. Again, outcomes not process are the principle criteria for measuring the success of a program. Partners must establish data systems to define and assess results and improvements and reporting and monitoring should focus on results not inputs.

  Measures of performance indicators should include an appropriate mix of progress toward national program goals (e.g., the number placed into competitive employment) and continuous improvement activities to enhance both the quality of State programs and the results achieved by the programs. Examples of national performance indicators might include:

  - -numbers served
  - -numbers placed in jobs
  - -levels of wages
  - -job retention and income over time

-client satisfaction with services
-employment outcomes

At the same time, State partners should be recognized and rewarded for success -- both high performance and improved performance -- and should be rewarded for achieving ambitious, rather than readily-attainable performance targets. Some portion of the program funds should be available for incentive payments for States that make improvement. High performing States and localities could also be rewarded with additional flexibility, reduced matching requirements, less frequent monitoring, or extended performance agreements.

Similarly, disincentives should include reduced flexibility such as requirements to shift funds into practices successfully used by other States, requiring additional commitments of State or local resources, or reducing or eliminating Federal funding.

- **Shift in Locus of Decision-Making and Administrative Simplification/Savings**

During negotiations of partnership agreements, the partners should decide what should be accomplished, leaving the how to the States and localities. States must have the flexibility to set local benchmark that are consistent with national program goals.

Partnerships should permit customers -- individuals with disabilities -- to shape programs to better match their individual needs, by giving them voice, choice and the means to integrate services from multiple providers. The current provisions of the Act that relate to informed choice should be enhanced and should include specific proposals targeted at the utilization of vouchers. This would permit front-line, community based service providers to have greater flexibility and responsibility for service design, delivery, and results.

The Federal partner should reduce regulations and other paperwork and reporting burdens and streamline Federal programs where possible. States should also streamline procedures to enable more integrated service delivery with less overhead. Partnership agreements should resemble performance contracts rather than the traditional State plan or grant agreement.

One example of streamlining through partnership agreements at the Federal level would be to decrease duplication of the disability determination process. Serious efforts should

begin immediately between the Social Security Administration and the Rehabilitation Services Administration to establish common eligibility procedures or, at a minimum, common disability determination units. Currently, both State level agencies determine disability eligibility based on ability (or inability) to work. In over half of the States, both units are operated by the State VR agency, but they are separate and distinct units. Combining these units at the State level would allow additional administrative flexibility and savings and decrease the Federal administrative costs for operating both eligibility systems.

o **Implementation Strategies**

Implementation of the partnerships should be phased in, beginning initially with self-selected or volunteer State and local partners and completed over a five year period. Partnership proposals should accommodate different degrees of devolution between Federal and various State and local

governments priority should be given to states seeking to consolidate the VR intake process, and the social security disability determination process

Cost Analysis:

Action Steps

1. The following items require legislative proposals that may be developed at the Department level or through the Domestic Policy Council:

   -focused eligibility in the VR program
   -performance partnerships with State VR agencies consolidating authorities and expanding flexibility

2. The Departments of Labor and Education should enter into formal agreements and require their respective State systems (or partners) to enter into local agreements to incorporate rehabilitation and a full array of services to individuals with disabilities into the "one-stop" model.

3. The Departments of Labor and Education should enter into formal agreements regarding joint personnel training for direct services personnel in the State systems.

RECOMMENDATION V: PROMOTE IMPLEMENTATION OF THE AMERICANS WITH DISABILITIES ACT

ADA implementation should be promoted by the Federal government in a number of ways. The Federal government plays a critical enforcement role, carried out primarily by the EEOC and the Department of Justice's Civil Rights Division, and the Dept. of Labor's Office of Federal Contract Compliance (OFCCP). The Federal Government also promotes ADA implementation through outreach, technical assistance, advocacy, research, and public relations activities. The President's Committee on Employment of People with Disabilities, the National Council on Disability, the Department of Education, the Department of Transportation, the Architecture and Transportation Barriers Compliance Board and the Administration on Developmental Disabilities

EEOC has recently implemented changes in its charge processing system designed to eliminate its 100,000 case pending inventory and to prioritize cases pursuant to national and local enforcement plans. These changes are intended to enable the agency to use its limited resources to achieve the maximum impact in combatting discrimination in the workplace. EEOC is also incorporating alternative dispute resolution in its charge process with the hope of resolving some meritorious cases expeditiously. President Clinton requested a significant increase in EEOC's budget from the Congress, which, if delivered by the Congress, would enable the agency to more aggressively and effectively enforce all of its statutes, including the ADA.

The following recommendations will enhance ADA implementation: 1) use the SSA mailing list to educate people regarding their rights under the ADA; 2) explore enforcement partnerships between EEOC and other entities such as employers, protection and advocacy agencies, and state and local fair employment practices agencies; 3) conduct a public awareness campaign; and 4) certify employers who administer their own alternative dispute resolution programs which a complainant may chose to utilize in an effort to avoid the necessity of filing a charge with the EEOC.

The partnership concept is one that he EEOC, OFCCP and DOJ are all pursuing with the encouragement of the White House. The goal of voluntary compliance, which is at the heart of many of the groups suggestions, is worthwhile. A critical component of encouraging and facilitating voluntary compliance with the ADA is educating workers and employers about the requirements of the law. The Presidents Committee's Job Accommodations Network, whose workload is expanding exponentially, is doing an excellent job in meeting the needs of employers for technical assistance. The government should continue to explore ways to promote voluntary compliance and educate workers and potential workers

about their rights under the ADA. At the same time, the federal government must maintain a credible enforcement arm to address violations when voluntary compliance is not achieved.

Cost Analysis

Some additional costs for mailing notices through SSA to consumers for educational purposes.

Additional costs for implementing a new charge process and expanding the use of ADR (requested in President's budget).

Action Steps

1. EEOC to develop guidelines and issue guidance or regulations on the use of ADR methods to resolve issues under the ADA.

2. EEOC to develop ADA alternative dispute resolution certification process for employers.

3. EEOC to pursue formal partnerships with large employers, State Protection and Advocacy Systems and State and local fair employment practices agencies.

RECOMMENDATION VI: PROVIDE HIRING INCENTIVES AND MAKE EMPLOYERS PARTNERS WITH THE FEDERAL GOVERNMENT

ADA implementation in the workplace will not be a success without the active participation of employers. Promoting employers as partners, offering tax incentives to employers, and expanding technical assistance efforts would further enhance partnerships with employers.

Four current tax incentives were discussed by this work group:

1. The Disabled Access Credit which provides tax credits for access expenditures for up to $5,000 for small businesses;

2. The architectural and transportation barrier removal deduction which provides for an annual $15,000 tax deduction for "making a facility or public transportation vehicle . . .accessible and usable by individuals with disabilities;"

3. Reimbursement under the Jobs Training Partnership Act, which allows employers to be reimbursed for up to 50% of the first six months wages for each eligible employee; and

4. The sheltered workshop provision which allows employers operating workshops to pay their employees less than minimum wage.

The work group recommends that the Federal government expand the technical assistance and promotion of the first three incentives rather than create new ones, and eliminate the last program. Consumers and advocates have openly argued against sheltered work because it stigmatizes individuals with disabilities in the workplace.

With expanded technical assistance, more resources could be put into technical assistance for small businesses, who may not be as sophisticated in their understanding of the requirements of the ADA or in the possible tax incentives already available. It is suggested that the Small Business Administration be a part of the outreach and technical assistance to these employers.

Representatives of national employer groups have generously offered to conduct surveys and focus groups to assist the Federal sector to identify specific barriers and develop incentives, in a streamlined government system, that would cause employers to hire people with disabilities without fear or anxiety. This could be organized through the Presidents Committee on Employment of People With Disabilities.

Concerns about increased worker's compensation insurance premiums could be overcome for some by extending Federal Worker's Compensation coverage to individuals who go to work and leave the Social Security disability rolls. Relative to the number of Federal workers, the increase in the number of individuals protected by Federal Worker's Compensation would be inconsequential. Moreover, Federal Worker's Compensation benefits for individuals with disabilities could be set at the prevailing State benefit rates, which are typically less than the Federal Worker's Compensation benefit rate.

To avoid complexities in payroll and accounting that could serve as a disincentive for employers, employers should be exempted from paying any of the cost of Federal Worker's Compensation coverage for employees with disabilities. If needed, the Social Security Disability Insurance Trust Fund and Supplemental Security Income disability funds could be used to purchase the Federal Worker's Compensation coverage for individuals who go to work and leave the Social Security disability rolls.

Employers are reluctant to add individuals with disabilities to their group health insurance policies because premiums are typically based on the utilization of services by members of the group and the effect of high utilization by a single individual can substantially impact the premiums of a small health insurance group. To ensure employers and insurers that individuals with disabilities will not increase their cost of health insurance, private health insurers could be indemnified against above-average health insurance utilization and costs. Whenever the health insurance claims of an individual with a disability

exceeds the group average, the difference between the actual utilization and the group's average utilization could be claimed by the health insurer.

Medicare intermediaries and carriers could be employed to process these claims from insurers for above average utilization. The Medicare Trust Fund could be compensated annually, when other inter-fund adjustments are made. The net effect of this proposal would be to provide individuals with disabilities exactly the same benefits as other employees, while indemnifying the employer and insurer against any adverse economic consequences.

To further encourage employers to employ and promote individuals with disabilities, the business expense allowed for employee salaries on Federal tax returns could be inflated by a small percentage for salaries paid to employees with disabilities. For example, with a 5 percent inflation factor, an employer who paid an employee with a disability $20,000 in salary would be allowed to deduct $21,000 in salary expense. Although this inflation factor would create only a small economic benefit to employers, it could provide sufficient incentive for employers to hire an individual with a disability when viewed in conjunction with other provisions that remove employer disincentives.

An "employee with a disability" would be defined as an individual with a disability who left the SSA disability rolls for work. SSA could provide IRS annually with the Social Security numbers of all individuals satisfying the definition of an employee with a disability to facilitate IRS oversight of this expense deduction.

Cost Analysis

- no information -

Action Items

1. Domestic Policy Council should direct all employment and training programs to require local entities to pursue formal relationships with employers.

2. PCEPD should establish an employers panel to conduct focus group/surveys of members on fears and anxiety about hiring people with disabilities as well as reconsiderations on overviewing them.

3. Federal agencies (SSA, SBA, DOL, Department of Justice/EEOC) should expand technical assistance and cost out proposals to address hiring fears and voluntary compliance with the ADA.

RECOMMENDATION VII: CREATE A MODEL FEDERAL WORKFORCE

1) Project ABLE, a data base that lists job ready individuals with disabilities should be expanded. This expansion will have a government-wide impact but it will not require changes in legislation, regulations or directives. It merely provides agencies an automated tool by which they can fill vacancies with qualified individuals with disabilities.

2) The Office of Management and Budget should amend its directives pertaining to Full-Time Equivalent (FTE) ceilings. OMB had previously approved FTE ceiling exempt status for hiring programs involving, among others, persons with disabilities. Historically, such exemptions were incentives to Federal agencies and enhanced the employment of persons with disabilities. This exemption served as a stimulus and provided wider and more frequent employment opportunities to this population. In fiscal year 1994, OMB rescinded FTE ceiling exemptions. Presently, all hiring of persons with disabilities and related appointments under Schedule A (personal assistants, sign language interpreters, readers) and B (mentally restored individuals) count against an agency's FTE ceiling.

By granting Federal agencies FTE ceiling exempt status when hiring persons with disabilities, their personal assistants, readers, interpreters, and mentally retarded individuals, selecting officials will have greater motivation to fill positions with persons with disabilities. This change will not only benefit persons with disabilities by providing employment opportunities, but will also provide additional human resources to agencies strapped to cut their FTE work force.

Although the Administration's position is that exemptions should not be granted, it is recommended that the Administration re-evaluate this position in relation to employing individuals with disabilities.

3) Section 8(a) of the Small Business Act should be amended to add individuals with significant disabilities to the list of groups who are presumed to be socially or economically disadvantaged for the purpose of qualifying for a preference for Federal contracts as a small business owner.

Cost Analysis

no information

Action Steps:

1. OMB should amend the directive pertaining to FTE ceilings.

2. SSA and OPM expand Project ABLE.

3. A Legislative proposal from the White House or the Small Business Administration should be developed to amend Section 8(a) to include small businesses whose owners are individuals with significant disabilities to be presumed socially or economically disadvantaged.

RECOMMENDATION VIII: IMPROVE DATA AND RESEARCH FOR ANALYSIS AND NATIONAL POLICY DEVELOPMENT

Throughout the course of the National Disability Policy Review Employment Workgroup members were constantly reminded of the limitations and problems with data collection, research and analysis for this particular effort and for the working age disabled adult population as a whole. The following specific recommendations were developed as a result of the discussions of the Employment Workgroup. These are critical needs for data collection and reporting if the Administration is to play a effective leadership role in national policy making for citizens with disabilities.

1. Create a subcommittee on employment under the Interagency Committee on Disability Research chaired by the Director of the National Institute on Disability Rehabilitation Research. This Subcommittee could convene representatives from all relevant Federal agencies regularly to examine and coordinate research related to the employment of people with disabilities. Their analysis and recommendations could be included in the committee's annual report to the President and Congress.

2. Collect data on the employment of people with disabilities every month, rather than only in March, as part of the Current Population Survey. Report results widely in the media.

   In addition, current population surveys should review the way they define or ask questions about work disability. The current survey reports disability only in the context of limiting work or unemployment. What about people with significant disabilities who work full time? It would be useful to have information about what is enabling them to work full-time.

3. Develop common (or comparable) definitions and data items so that data from surveys of various disabled populations or sub populations can be compared.

4. Develop two sets of questions: 1) a detailed set of questions that obtains in-depth data on a topic for comprehensive analysis, and 2) a brief set of questions that obtains basic data for co-variant analysis.

5. Link surveys and analysis to other data sets and administrative records while maintaining confidentiality and privacy, giving special attention to confidentiality and privacy concerns of the cognitively impaired and mentally ill.

6. Develop sampling frames and techniques for producing estimates for specific groups with small numbers of persons (spinal cord injured, visually impaired, those with mental illness, etc.).

7. Develop data for subgroups of the population e.g., specific minority groups, rural/urban populations, youth, etc.

8. Develop longitudinal data for the entire population of working age adults with disabilities, working and non-working.

9. Track the flow of individuals with disabilities through the veterans, rehabilitation, training, employment, health, social welfare, housing, cash entitlement, etc. Federal (and state) programs. In current data collection efforts for employment and training programs there are extensive examples of duplicated counts in terms of intake, numbers served, and numbers placed into employment. Many of the programs have different definitions for disability yet they serve the same people and are encouraged to use a variety of resources. The Federal government should track individuals through all Federal programs to help determine real actual Federal costs, the real investment needed to achieve employment for an individual with a disability and long term outcomes. All programs are reporting piecemeal services for this population.

10. Current and accurate information on labor force participation of people with disabilities should be available to enable effective government-wide planning and policy-making.

Cost Analysis

no information

Action Steps

1. Relevant agencies in HHS, D of ED, Labor, and SSA should pursue these recommendations by requesting support and additional resources and allocating staff time and effort to these tasks.

RECOMMENDATION IX: CONTINUE STUDY AND ANALYSIS

The following items were suggested as recommendations by work group members, however, there has been no cost or administrative analysis and there is too little information about these suggestions, to include them as formal recommendations. At the same time, it was determined that they have merit and warrant further study.

1. Analysis of the possible effect of experience rating SSDI with large employers whereby employers' SSDI contributions would be reduced if their rates of work-related disability is low is suggested. Such a practice may provide increased incentives to prevent injuries and maintain injured workers on the job.

2. Explore closer coordination of cash benefits and return-to-work programs between Social Security disability programs and the Department of Labor's Unemployment Insurance programs. About one out of every six SSA disability insurance applicants receives unemployment insurance (UI) benefits immediately prior to filing for disability benefits. Many exhaust their UI before filing for disability.

   To receive UI benefits individuals must respond that they are not precluded from working due to their health. Accordingly, individuals who apply for UI do not concurrently file for disability benefits or seek vocational rehabilitation services. They also do not seek employer accommodations. If UI were modified so that it paid benefits whether or not an individual had to stop working because of a medical condition, individuals could be counselled to get the appropriate employment and rehabilitation supports as soon as possible after the termination of their employment.

   For those individuals subsequently determined to be disabled by SSA, much of the UI benefits could be repaid from the beneficiary's retroactive disability benefits. In effect, for any month disability benefits are due and UI benefits were paid, the UI system would be reimbursed. Early intervention is a key factor in keeping individuals employed and returning them to employment. Better coordination between UI and SSA offices can only serve to improve support for individuals with disabilities and to reduce outlays under both programs.

3. Conduct a cost analysis and feasibility study of implementing a Work First System for Social Security applicants. The Work First System would apply to new applicants only, starting with younger applicants (similar

in age to the proposed Transition stipend for youth and phase up to 45 or 50. It would replace medical assessment with one jointly funded vocational assessment (funded by VR, Special Education, Vocational Education, SSA, DOL, VA, etc.). Benefits would be provided on a time-limited basis and on condition that individual participate in rehabilitation and return-to-work services.

It would be designed to replace SSA's current medical improvement standard with a standard based on removal of barriers to work. The government would provide performance based RTW vouchers that pay longer than the period of the benefit (because of time limit) to motivate rehabilitation providers to help people stay at work.

At first glance, the Work First System would appear to result in substantial savings to the general and trust funds because of time limited benefits. However, no cost analysis has been performed on the jointly funded vocational assessment or the potential costs of performance based vouchers that would pay longer than initial benefit. Work first would require new legislation and extensive coordination with a joint program focus.

4. Over the next year, pursue collaboration and development of Federal interagency policy that provides for a one disability determination process and look into a common vocational assessment for all Federal offices and programs. Primarily VR, SSI, and SSDI programs (eventually IRS, HCFA, etc.) Review possible use by State and private entities like workers compensation and private insurance.

5. Research the feasibility of charging private and State systems for the disability determination since many of them use this system for their determinations.

6. Develop outcome based performance standards for Disabled Veterans Rehabilitation Programs.

7. Compare the Veterans Rehabilitation Program's success and outcomes with mainstream employment and training programs and vocational rehabilitation programs. Veterans programs continue medical and cash benefits to veterans who return to work, two items that are cited as great work disincentives to the SSI and SSDI beneficiary population.

8. Study the feasibility of establishing a national panel with representatives from State workers compensation, employment security, welfare and general assistance programs, private long term disability insurance systems, organized labor, consumers, and Federal officials to analyze other private and public systems and their impact on the growth of Federal

disability benefit programs and make recommendations for changes in public policy. Topics of examination should include:

- o cost shifting from private insurance to States and from States to Social Security disability programs
- o cost shifting from workers compensation systems to Social Security disability programs
- o cost shifting from general unemployment benefits to disability benefits
- o cost shifting from general assistance and welfare programs to public disability rolls
- o feasibility of an integrated private, State, and Federal system that maximizes cost containment and promotes return to work and rehabilitation

- o a possible expansion (mandate?) of private long-term disability insurance

9. Analyze the feasibility of providing incentives and supports for employers and State systems to prevent disabilities, to retain workers with disabilities or workers that become disabled in their jobs as well as other early intervention strategies. Reward States, employers and insurers for early intervention and prevention activities that produce good outcomes (reduce the dependance on Federal entitlement programs) There is no cost analysis for this recommendation. Two options are to fund a demonstration or create a cap for the program in early years to test feasibility and improve effectiveness.

10. Analyze the factors that enable, facilitate and promote the full employment of people with severe disabilities by studying the cohort identified by material data sets (or other means) who are fully employed.

11. Determine model practices utilized by employers who are successful in a)employing people with disabilities over a large period of time and b)retaining workers on the job after they become disabled. Determine factors that employer-related enable such success.

10/4/95

Daniels, Stiglitz, Munnell, Kane

AE Group

AM: is 50% too low

SD: Medical improvement std; not elig de novo

Another 50% cld be elig for SSI/DI

$160 – MA/MC + SSI + SSDI

Need subsidy – now income subsidy

Mass - Commonhealth

14-16 m – do you hv some D

7-8 m – ⇒ not wkg, or working less as a result

SD: ⇒ small woodwork

Prop don't include time ltd reviews

Woodwk – req 3-4 yrs on rolls before elig.
Won't sign on for 40% replacement rate

20% die w/in 5 yrs.

Household income for SSI

DRAFT WORKPLAN

August:

- o Develop finite list of alternatives being considered
- o SSA to answer Treasury questions on tax credit
- o Better detail/comfort level on "ticket" to rehab services, including better estimates of how SSA clients would respond to work incentives

September:

- o HCFA to develop a detailed health care proposal
- o Flesh out any new options
- o Preliminary review of options for Voc Rehab reauthorization with Department, in context of education/training strategy

October:

- o Narrow options in meeting with major principals

November:

- o Make decisions

December:

- o Feel out key congressional staff on Voc Rehab, Social Security

DISABILITY PROGRAMS REVIEW

Monday, July 11, 1994
10:30 a.m. to 12:30 p.m.

Human Resources Division

Income Maintenance Branch and Education Branch

DISABILITY PROGRAMS REVIEW
July 11, 1994
10:30 a.m. to 12:30 p.m.

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Clinton Presidential Records
Digital Records Marker

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This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Disability Review

Divider Title: _____

DISABILITY PROGRAMS REVIEW
July 11, 1994
10:30 a.m. to 12:30 p.m.

I. Summary

- Disability is hard to measure - in large part because it is so difficult to define. Most attempts to collect data on the number of individuals with disabilities living in this country have relied on self reporting techniques, but because the collections have used slightly different questions to elicit information on disability, the number of individuals, and the reasons for disability, vary from one report to the other.

- Over 35 Federal programs serve individuals with disabilities, providing cash benefits, medical and social services, and education, rehabilitation services and training in excess of $175 billion in FY 1994.

- Due to changes over the last 15 years in economic conditions, program structure, and management practices, the SSI/DI disability rolls continue to increase.

- Cash benefit programs are not integrated with programs that provide services that might reduce the need for benefits.

- Issues to guide action:

  -- clarify Federal and State responsibilities towards individuals with disabilities;

  -- consider aligning definitions of disability and eligibility criteria to minimize duplication and overlap of benefits and services, and maximize administrative efficiency;

  -- structure program interrelationships to provide packages of cash benefits and services to best meet the needs of program participants;

  -- focus on outcomes of individuals served; and

  -- identify eventual savings that can be achieved across the range of programs by virtue of more carefully structured and targeted services.

- Policy options:

  Short-term:

  -- OMB could establish an interagency taskforce, led either by OMB or jointly by Education and HHS, to review programs serving individuals with disabilities.

  -- BRD should conduct a Governmentwide data collection (BDR) on Federal funding of programs serving individuals with disabilities.

- Policy options:

  Long-term:

  Explore changes to eligibility requirements

  -- Consider changes to childhood disability benefit levels and definitions of disability

  -- Consider changes to mental disability definitions

  Review multiple program benefit payment ceilings on public disability benefits

  -- Consider veterans' compensation in determining social security disability payments

  -- Eliminate provisions allowing State workers compensation to be offset for some States

  Review disparity between initial benefits in DI and OASI for older applicants

  -- Consider making the initial DI benefit consistent with early retirement benefit

II. Background and Context

- Disability is hard to measure - in large part because it is so difficult to define. Most attempts to collect data on the number of individuals with disabilities living in this country have relied on self reporting techniques, but because the collections have used slightly different questions to elicit information on disability, the number of individuals, and the reasons for disability, vary from one report to the other.

- The 1990 census identified 16.4 million persons between the ages of 16 and 64 as having a disability. For the purposes of the census, those included in this category reported either a work disability (12.8 million), a mobility limitation (3.5 million), and/or a self-care limitation (5.4 million).

- 1989 data from the National Health Interview survey, a continuous survey of the civilian, non-institutionalized U.S. population, reported that one in seven Americans -- 34.2 million people -- had an activity limitation. Of those 34.2 million, 10.1 million people were unable to perform their major activity; 13.2 million were limited in the kind or amount of major activity they could perform; and 10.9 million were limited in non-major activities. For every category of disability, as annual household income rose, the incidence of disability declined. Whites were more likely to have a limitation in a nonmajor activity, while blacks were more likely to be unable to perform their major activity than whites. People in rural areas had higher rates of activity limitation than people in metropolitan areas.

- Major programs serving individuals with disabilities are identified in the table on page 4C. Cash benefits comprise the largest component of assistance, approximately 49%. Medical benefits make up 34%, with the remainder delivered through a wide range of other programs, including vocational rehabilitation, education and training, disability-related research, and other health-related services.

Table 1: Prevalence of activity limitation, 1989

	All persons		Limited in activity		Limited in nonmajor activity		Limited in amount or kind of major activity		Unable to perform major activity	
	1000's	%	1000's	%	1000's	%	1000's	%	1000's	%
All persons	243,532	100.0	34,218	14.1	10,920	4.5	13,246	5.4	10,052	4.1
Sex										
Male	118,009	100.0	16,117	13.7	4,720	4.0	5,917	5.0	5,480	4.6
Female	125,523	100.0	18,101	14.4	6,200	4.9	7,329	5.8	4,572	3.6
Age										
Under 18	64,003	100.0	3,405	5.3	978	1.5	2,075	3.2	353	0.6
18–44	104,196	100.0	9,418	9.0	2,823	2.7	3,899	3.7	2,696	2.6
45–64	46,114	100.0	10,215	22.2	2,600	5.6	3,564	7.7	4,051	8.8
65–69	9,903	100.0	3,653	36.9	766	7.7	1,330	13.4	1,557	15.7
70 and over	19,316	100.0	7,527	39.0	3,753	19.4	2,378	12.3	1,395	7.2
Race										
White	205,312	100.0	29,084	14.2	9,655	4.7	11,366	5.5	8,063	3.9
Black	29,891	100.0	4,441	14.9	1,077	3.6	1,594	5.3	1,770	5.9
Other (inc. unknown)	8,329	100.0	693	8.3	188	2.3	286	3.4	219	2.6
Household income										
Under $10,000	26,185	100.0	7,014	26.8	1,941	7.4	2,523	9.6	2,550	9.7
$10,000–19,999	41,040	100.0	7,972	19.4	2,461	6.0	3,013	7.3	2,498	6.1
$20,000–34,999	56,718	100.0	6,728	11.9	2,232	3.9	2,804	4.9	1,692	3.0
$35,000 or more	80,203	100.0	6,559	8.2	2,440	3.0	2,740	3.4	1,378	1.7
Geographic region										
Northeast	48,930	100.0	6,425	13.1	2,212	4.5	2,379	4.9	1,834	3.7
Midwest	59,540	100.0	8,141	13.7	2,591	4.4	3,308	5.6	2,242	3.8
South	83,148	100.0	12,661	15.2	3,900	4.7	4,877	5.9	3,885	4.7
West	51,913	100.0	6,991	13.5	2,218	4.3	2,682	5.2	2,091	4.0
Place of residence										
Metropolitan areas	189,860	100.0	25,301	13.3	8,141	4.3	9,807	5.2	7,353	3.9
Central city	74,410	100.0	10,883	14.6	3,368	4.5	4,049	5.4	3,465	4.7
Not central city	115,450	100.0	14,418	12.5	4,773	4.1	5,758	5.0	3,888	3.4
Rural areas	53,672	100.0	8,917	16.6	2,779	5.2	3,439	6.4	2,699	5.0

Figure 1: Activity limitation by age and gender, 1989

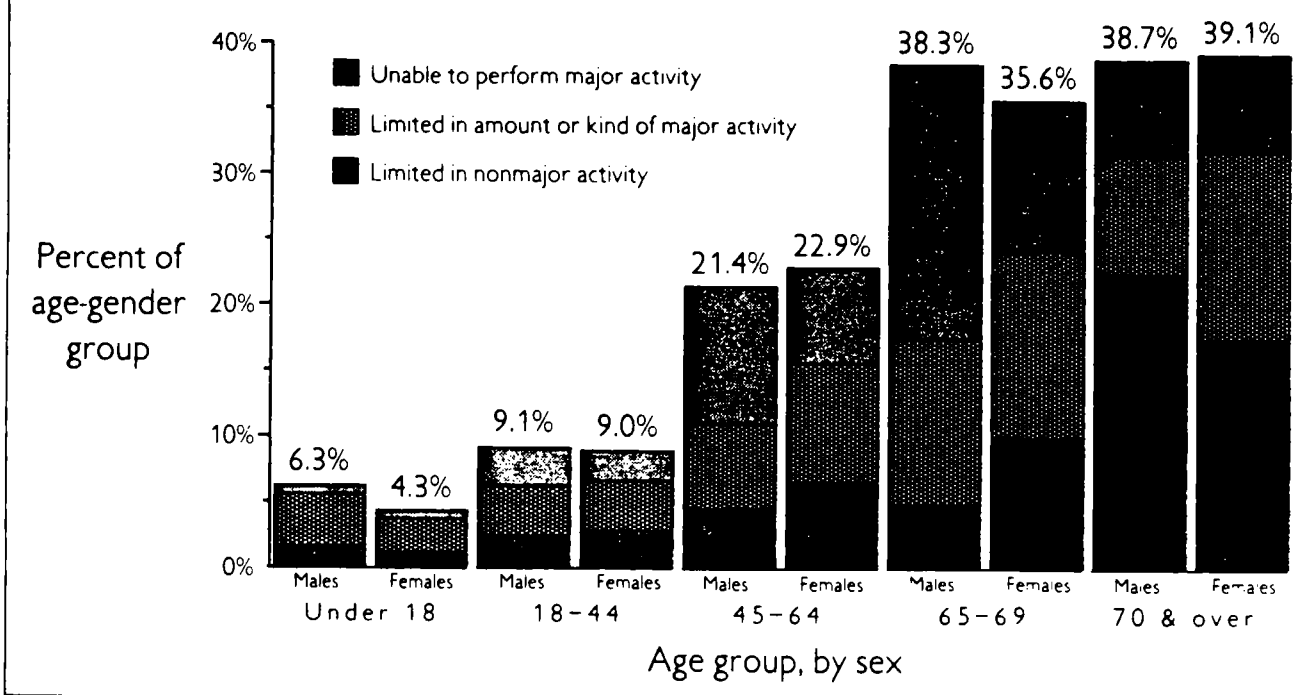
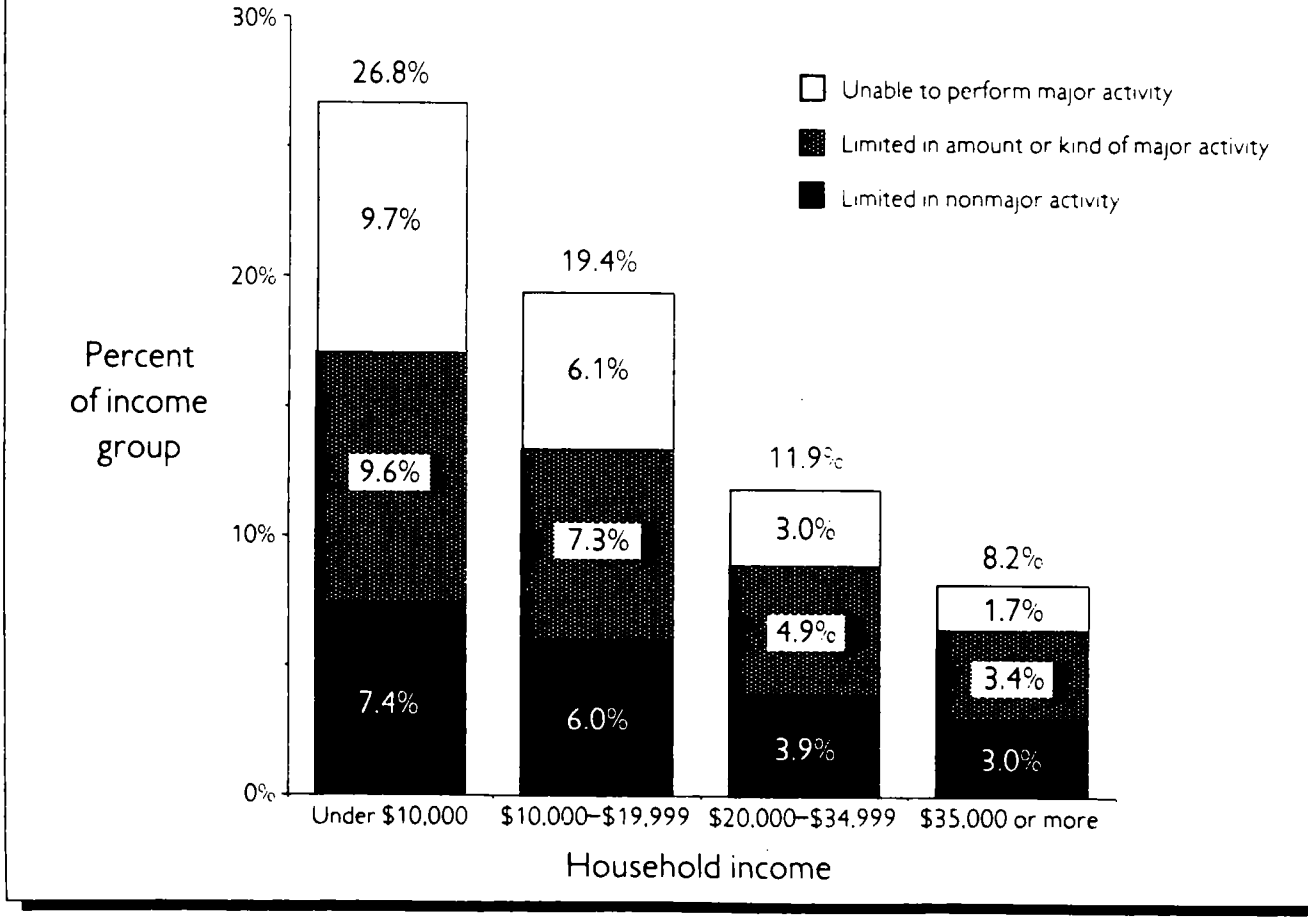


Figure 2: Activity limitation by household income, 1989



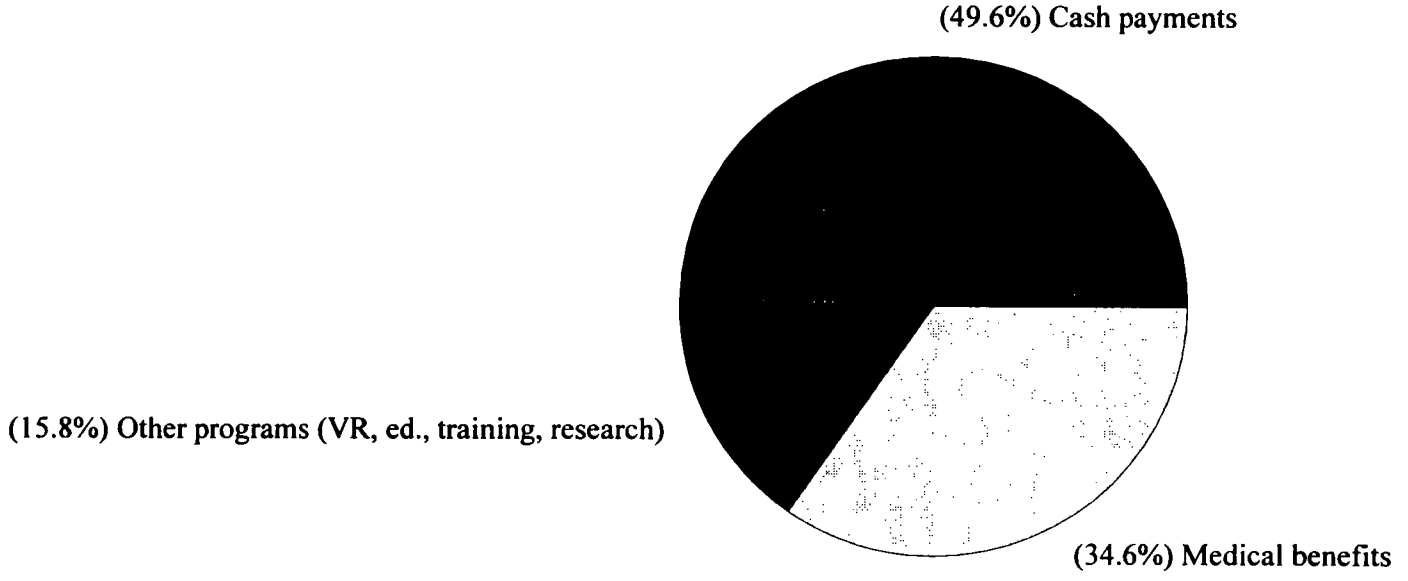
Federal Assistance to Individuals with Disabilities
FY 1994 estimates

Program title	beneficiaries	funding (millions)
Cash benefits		
Civil Service Retirement System Disability	267,871	3,645.00 1/
Federal Employee Retirement System Disability	6,530	42.00 1/
Military Disability Retirement	127,163	1,500.00 1/
Military Disability Separation	11,079	146.47 2/
Veterans Compensation (includes survivors)	2,512,000	13,300.00 3/
Veterans Pensions (includes survivors)	895,000	3,400.00 3/
SSA/DI	3,600,000	36,730.00 3/
SSA/SSI	4,300,000	24,844.00 3/
Federal Employees Compensation Act Benefits	236,000	1,940.00 2/
Black Lung Disability Benefits (DOL)	88,000	567.44 2/
Black Lung Disability Benefits (HHS)	160,751	776.00 2/
subtotal, cash payments		**86,890.91**
Medical benefits		
VA Medical benefits	2,800,000	15,600.00 3/
Medicaid (Blind/disabled beneficiaries)	5,600,000	26,300.00 5/
HCFA/Medicare	4,100,000	18,700.00 5/
subtotal, medical benefits		**60,600.00**
Other programs (VR, education and training)		
Veterans Vocational Rehabilitation & counseling	44,700	253.00 3/
Education Vocational Rehabilitation	942,000	2,298.00 3/
Special Institutions (APHB, NTID, Gallaudet)		126.00 3/
Special Education	5,000,000	3,109.00 3/
President's Committee on Employment of People with Disabilities		4.32 3/
Labor OFCCP		56.44 3/
National Council on Disability		1.69 3/
Archtectural and Transportation Barriers Compliance		3.35 3/
Committee for Purchase from People who are Blind or Severely Disabled		1.69 3/
Food and Drug Administration		934.00 4/
Health Resources and Services Administration		2,937.00 4/
Indian Health Service		2,120.00 4/
Centers for Disease Control		2,081.00 4/
National Institutes of Health		10,947.00 4/
Substance Abuse and Mental Health Services Admin.		2,150.00 4/
Agency for Health Care and Policy Research		154.00 4/
Office of the Assistant Secretary for Health		68.00 4/
Administration on Aging		327.00 3/
Administration on Developmental Disabilities		115.00 3/
Headstart (10 percent setaside for disability)		33.25 3/
subtotal, other programs		**27,719.74**
TOTAL		**175,210.64**

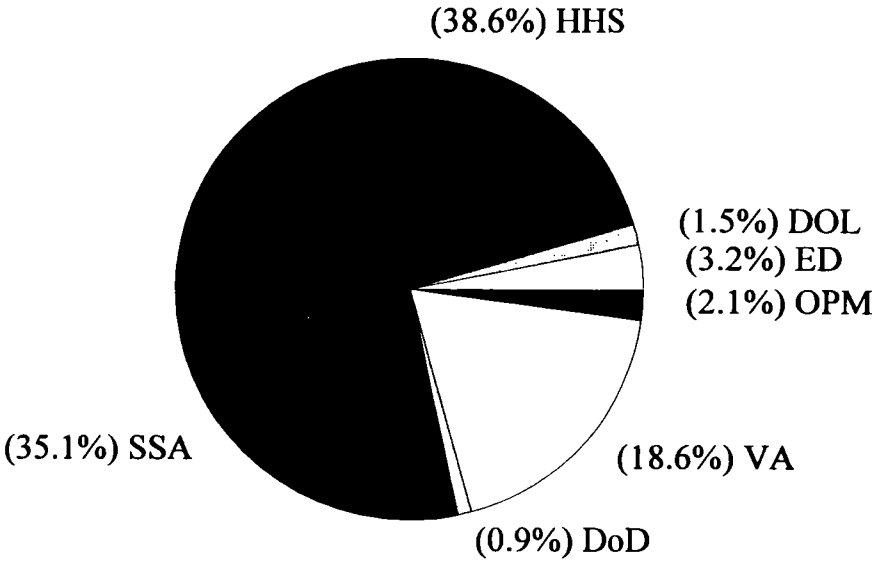
Notes: Estimates may include resources expended on individuals without disabilities.
1/ Estimates based on numbers of beneficiaries and benefits paid in FY 1993.
2/ Estimates for FY 1994 as reflected in the FY 1995 Budget.
3/ Estimates reflect the FY 1994 appropriation.
4/ Estimates reflect FY 1994 program level (provided by HHS).
5/ Estimates reflect FY 1994 benefits (provided by HHS).

4C

Federal Assistance to Individuals with Disabilities
FY 1994 estimates
Total dollars = $175 billion



Major Agencies Providing Assistance to Disabled
FY 1994 estimates = $175 billion



o Hill interest focused because of:

-- Special Ed reauthorization: The Individuals with Disabilities Education Act (IDEA) authorizes "special education" programs for children with disabilities from birth through age 21. There are three State formula grant programs, and 14 discretionary grant programs (total FY 1994 BA: $3.1 billion). All programs under the Act are scheduled to expire at the end of FY 1995. Education has identified four "overriding goals and principles" to guide its thinking:

-- focus IDEA on improving outcomes
-- focus special education resources on teaching and learning
-- improve working relationships between parents and schools
-- enhance capacity of the education system to help children with disabilities achieve high standards.

ED does not expect to have a legislative proposal to the Hill until this winter. Congress is expected to take up the reauthorization at that time. (See appendix for a description of programs authorized under IDEA, and a description of students served.)

-- DI and SSI issues:

The Social Security Disability Insurance (DI) program provides benefits to workers who become disabled, and dependent members of their families. Workers are considered disabled if they have a severe physical or mental impairment or combination of impairments that prevent them from engaging in substantial gainful activity (SGA) for at least 12 months, or can be expected to result in death. A person is considered to be engaging in SGA if he or she is actually earning $500 a month or more (net of impairment-related work expenses). After 24 months of DI benefits, the worker is automatically enrolled in Medicare.

The Supplemental Security Income program (SSI) pays monthly cash benefits to people who have limited income and resources and are age 65 or older, blind, or disabled, and uses essentially the same definition of disability as the DI program. The main difference between the SSI and DI definitions of disability is that, under SSI, children, as well as adults, are individually entitled to benefits because of disability or blindness. SSI recipients are usually eligible for Medicaid, food stamps and other social services.

- **DI Insolvency** -- The balance of the Disability Insurance (DI) Trust Fund is expected to decline steadily from $9.0 billion at the end of 1993 until the fund is exhausted in 1995, unless corrective legislation is enacted.

  Presently employees and employers each pay a Social Security payroll tax of 7.65 percent on earnings up to a specified ceiling Self employed individuals pay both the employer and employee share. Of the 7.65 percent, 1.45 percent is allocated to the Hospital Insurance Trust Fund, 5.6 percent is allocated to the OASI Trust Fund, and 0.6 percent is allocated to the Disability Insurance Trust Fund (Self Employment taxes are similarly allocated). The OASDI Board of Trustees has recommended a reallocation of contribution rates between the OASI and DI Trust Funds to remedy the expected financial shortfall in the DI Trust Fund.

  The House version of the Social Security Domestic Worker ("Nanny Tax") Bills (H.R. 4278 and S. 1231) presently in Conference proposes a reallocation of the contribution rates. H.R. 4278 proposes raising the DI allocation 0.34 percent to 0.94 percent, with the additional allocation coming from the OASI portion of the FICA tax (which would remain at a total of 7.65% for employers and employees).

- **Drug Addicts and Alcoholics (DA&A)** -- Changes in eligibility and benefits for disabled persons who are drug addicts and alcoholics have been proposed in the House and the Senate in the SSA independent agency bills (H.R. 4277 and S. 1360).

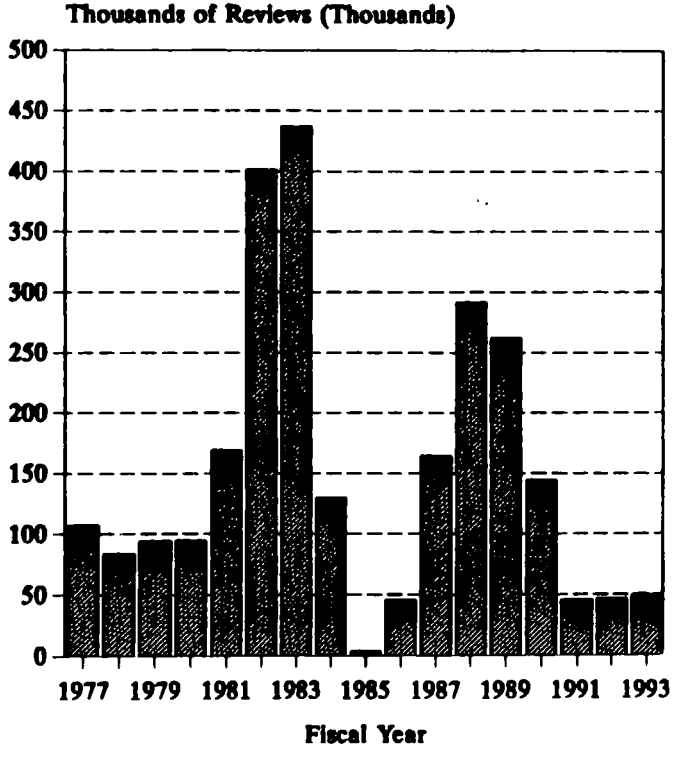
  The House and Senate propose to: require DI payments for DA&A beneficiaries be paid to a representative payee; condition payment of DI to DA&A beneficiaries on treatment; and terminate DI and SSI benefits for individuals whose drug addiction or alcoholism is a contributing factor material to the determination of their disability after three years. The House version would begin counting the three years from the date of eligibility, while the Senate would only count those time periods when the recipient was in treatment. Also, in the House version, termination would include the loss of medical benefits (Medicare and Medicaid), while the Senate would continue medical coverage after the three years. The administration supports changes to DA&A benefits and will work with the conferees to develop the final policy.

- **Backlogs** -- The increasing number of applications in recent years have left the State Disability Determination Services (DDSs) unable to keep pace with their workloads. Between 1988 and 1992, SSI and DI applications pending at the DDSs rose from 323,000 to 725,000 causing claimants to wait 50 percent longer, or three months instead of two, for an eligibility decision. Congress enacted $540 million in investments for FY 1994 to improve processing and decrease backlogs.

- **Continuing Disability Reviews (CDRs)** -- By law, the SSA is expected to review periodically a beneficiary's disability case in order to determine if the beneficiary remains eligible for benefits. Other situations warranting a continuing disability review are: voluntary reports from beneficiaries indicating medical improvement; posting of substantial earnings; or a report of medical improvement from a vocational rehabilitation agency.

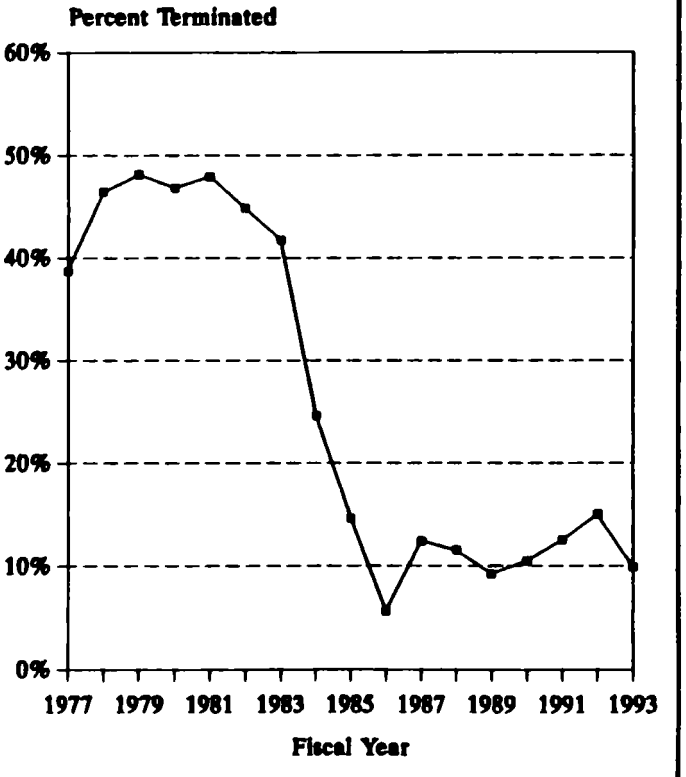
  In recent years, as the number of initial claims has risen, the number of CDRs performed by SSA has dropped dramatically. SSA claims they have been put in the position of trading of resources between processing initial claims or performing CDRs. By not performing required CDRs in the DI program in 1990-93, SSA estimates a net cost of $1.4 billion to the DI Trust Fund, projected through 1997.

CHART 7. Number of Continuing Disability Reviews Conducted* 1977-1993



*Does not include SSI-only cases.
Source: Congressional Research Service with data from SSA.

CHART 8. Continuing Disability Reviews Resulting in Benefit Termination*



*Does not include SSI-only cases.
Source: Congressional Research Service with data from SSA.

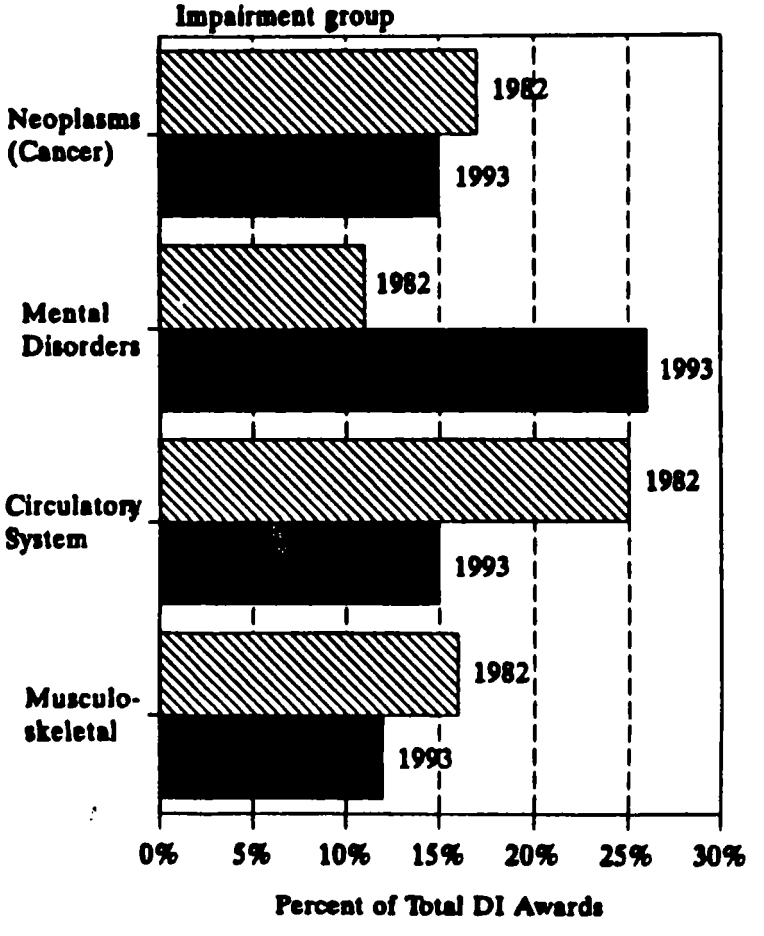
III. Problems with the Current Programs

- Change in the demographics of the client populations -- from the orthopedically disabled, who have had prior successful work experiences, to mentally disabled and mentally ill, with limited or no successful work experience is reflected in the causes of DI awards and in the low rehabilitation rates in ED VR program (see appendix for description of VR program and client characteristics).

- Tremendous overlap of programs, with varying array of cash benefits and eligibility for services, but inconsistent definitions of disability and eligibility criteria. Poor data collection, and little coordination between programs, leaves us with little information about who is being served, what services or benefits they are receiving, and how they are faring.

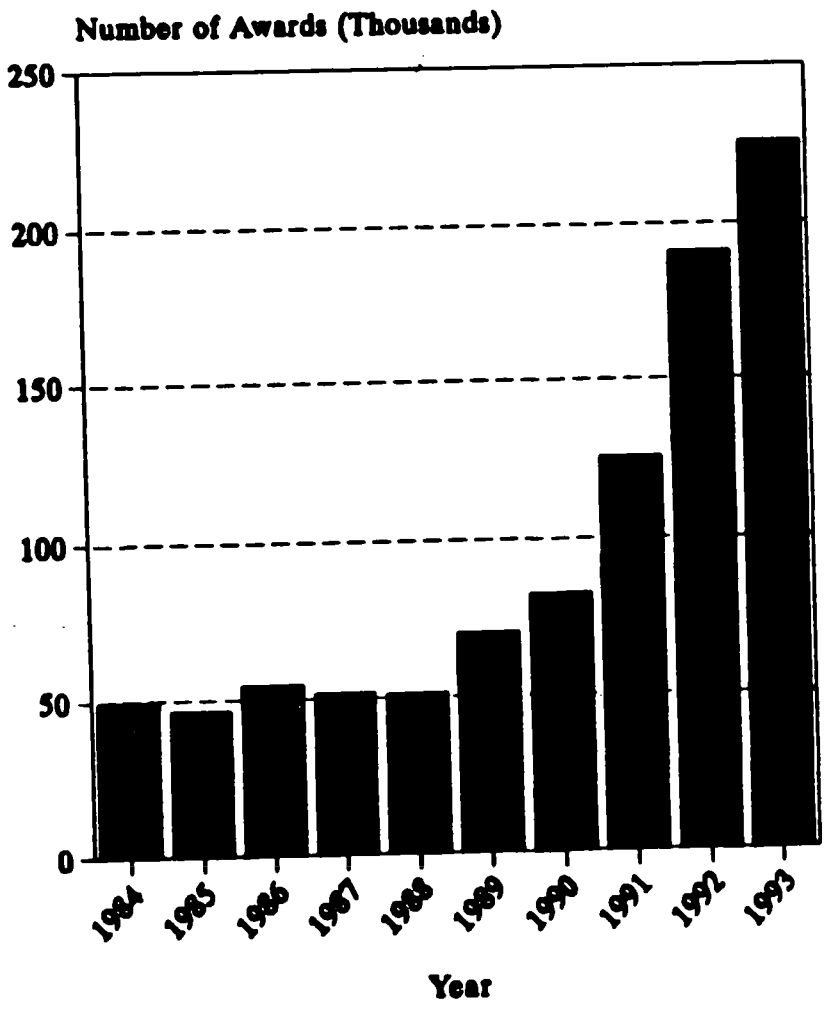
- The number of children identified as having disabilities continues to increase (in Special Education, due to increases in numbers of preschoolers being served, and increases in numbers of children prenatally exposed to drugs and alcohol; in SSI increases due to a change in the definition of childhood disability), but long term labor market experiences and opportunities for independent living for them is far less favorable than for their nondisabled peers.

CHART 4. Largest Causes of DI Awards 1982 and 1993



Source: Congressional Research Service with data from SSA.

CHART 3. SSI-Disability Awards for Children 1984-1993



Source: Congressional Research Service with data from SSA.

- Increasing numbers are coming on to the disability rolls, both adults and children. SSI blind and disabled and DI together grew from 4.9 million people in 1985 to 7.3 million people in 1993, an increase of 49 percent. Benefit payments grew from $25 billion in 1985 to $52 billion in 1993, or 108 percent (55% in constant dollars). Estimated 1994 expenditures: $21 billion for SSI and $38 billion for DI.

- Precise reasons for the increase are not known; those frequently cited by SSA and others are:

  - The poor performance of the economy during the 1990-91 recession

  - An increase in children's claims as a result of the 1990 Supreme Court ruling that SSI regulations for evaluating impairments were inconsistent with the standard in the Social Security Act

    - The act provides that a child will be considered disabled if he or she has an impairment of comparable severity to one that would render an adult disabled. Adults are evaluated on the basis of a five-step criteria, the fifth of which is vocational ability. The courts determined that children should have an equivalent fifth step, which has been defined as ability to function in an age-appropriate manner.

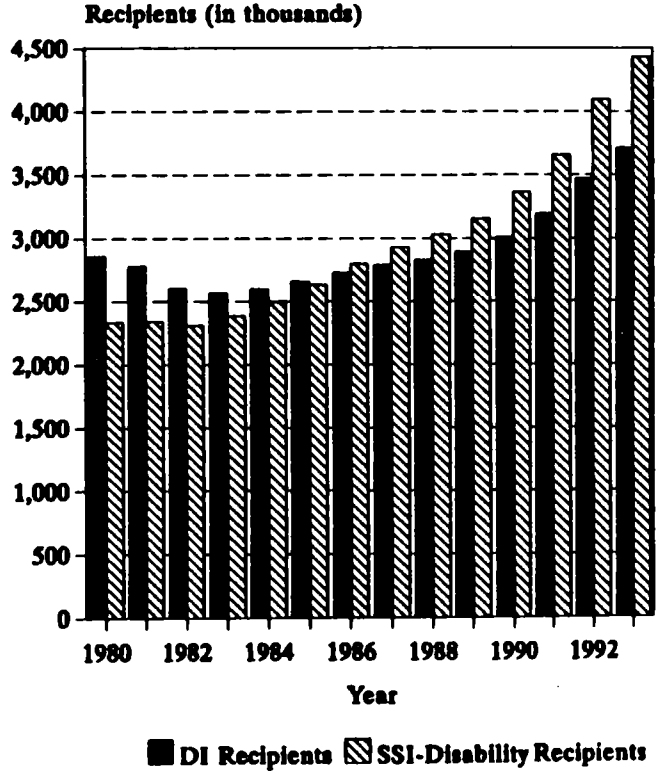
  - Changes in program rules, particularly in the mid-1980s to the criteria for determining mental impairment disabilities

    - According to early '80s court cases and GAO reports, many mentally impaired DI recipients were being dropped from the rolls under faulty guidelines or with insufficient psychiatric consultation.

    - An issue raised by courts and mental health advocates was that criteria failed to evaluate whether claimants could function in a competitive work setting; the shift from more objective physical/medical criteria to more subjective criteria related to ability to function has expanded the rolls.

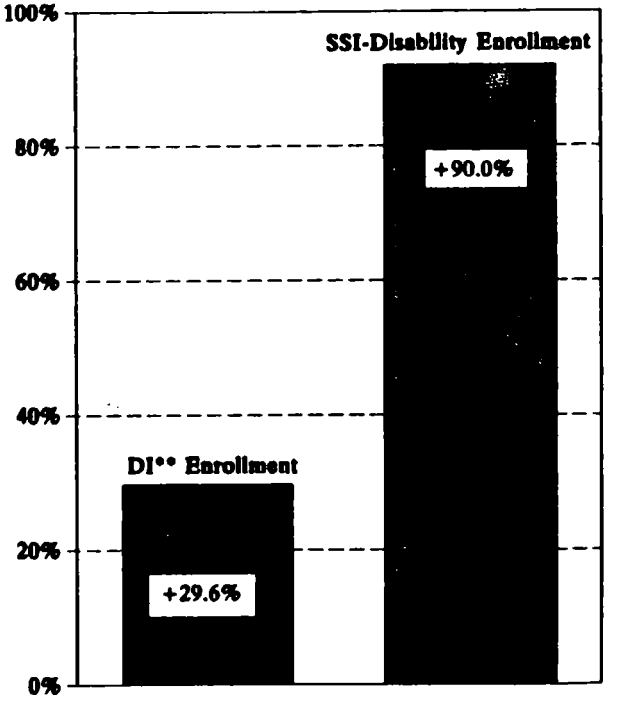
  - SSA outreach programs and actions taken by State and local governments to raise awareness of SSI among potentially eligible populations.

CHART 5. DI* and SSI-Disability Enrollment 1980-1993



*Disabled workers only.
**To November 1993 for DI; to September 1993 for SSI.
Source: Congressional Research Service with data from SSA.

CHART 6. Change in DI and SSI-Disability Enrollment 1980-1993*



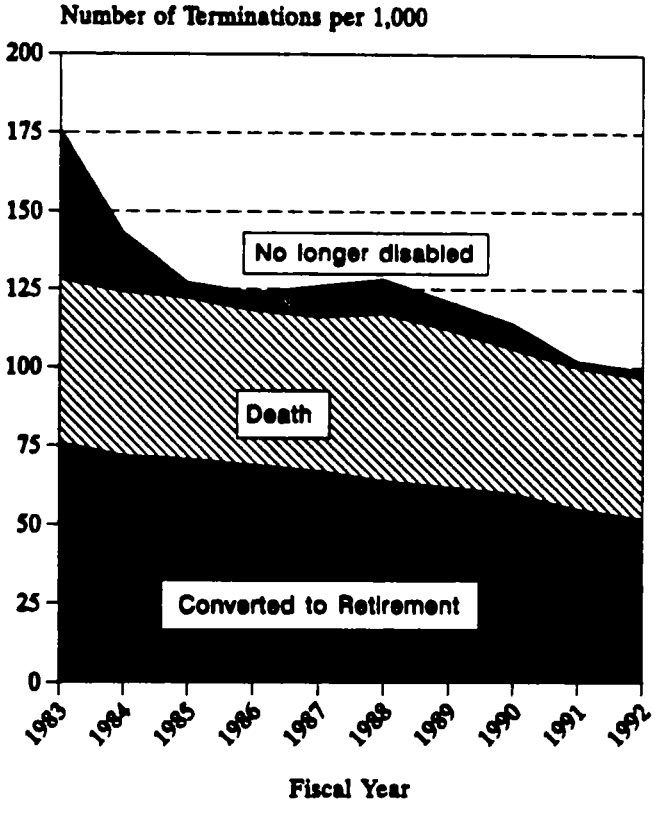
*To November 1993 for DI; to September 1993 for SSI.
**Disabled workers only.
Source: Congressional Research Service with data from SSA.

- In 1992, failure to meet medical criteria or return to work accounted for only 1.75% of DI terminations. Only 0.6% left the SSI rolls because they were no longer disabled. The primary reasons for leaving the DI rolls are conversion to retirement benefits and death; the primary reasons for leaving the SSI rolls are excess income and death.

- Loss of cash benefits (and perceived threat of loss of medical benefits) act as built-in disincentives for achieving independence and voluntarily leaving the rolls

- Less than one-half of one percent of SSI/DI recipients leave due to vocational rehabilitation, which does not appear to be very effective.

CHART 9. Recent DI Terminations per 1,000 Recipients by Basis of Termination



Source: Congressional Research Service with data from SSA.

TABLE 32. Number of SSI-Disability Recipients Whose Cases Were Closed by Reason, 1992 and 1993

Reason for closure	1992		1993	
	Disabled adults	Disabled children	Disabled adults	Disabled children
Total number	556,900	84,300	599,000	100,900
Total percent	100.0	100.0	100.0	100.0
Excess income	53.6	62.3	54.8	49.1
Death	19.6	5.2	19.3	5.6
In Medicaid institution	3.8	1.3	2.9	0.6
Whereabouts unknown	5.3	5.2	6.2	8.7
Excess resources	3.8	4.4	3.3	8.9
Presumptive payments end	1.6	4.6	1.1	4.3
Lack representative payee	2.8	8.5	3.1	11.0
In public institution	4.4	2.1	4.3	4.2
Fail to furnish report	0.4	0.8	0.5	1.4
Outside the United States	0.6	0.7	1.0	0.7
Record composition change	1.0	1.2	1.0	1.8
No longer disabled	0.6	0.5	0.5	0.7
Other	2.5	3.1	2.1	3.3

NOTE: Percentages may not add to 100 percent because of rounding.

Source: SSA, SSI 1-Percent Sample File, Mar. 1994.

IV. Questions and concerns to guide action

-- What should be the Federal and State responsibilities towards individuals with disabilities? Is it the Federal responsibility to provide assistance (cash and services) to individuals to help them become independent and productive members of society?

-- Should the definitions of disability and eligibility criteria across programs be aligned? Would this minimize duplication and overlap of benefits and services, and maximize administrative efficiency? What would be the costs and impact on participation?

-- Is there a need to structure program interrelationships to provide packages of cash benefits and services? Would this approach meet the needs of program participants? How do we determine the appropriate nature, scope, and duration of assistance?

-- Would it be better to focus on outcomes of individuals served, instead of measuring just the number of individuals served, or the amount of services provided, by discrete programs? How effective are services?

-- Could we explore eventual savings across range of programs by virtue of more carefully structured and targeted services? Can we eliminate duplication and overlap of assistance, promote independence and self-sufficiency and reduce income support requirements.

V. Short-Term Policy Options

Option 1: OMB could establish an interagency taskforce, led either by OMB or jointly by Education and HHS, to review programs serving individuals with disabilities and answer the following questions:

-- What is the Federal responsibility for people with disabilities? What is the rationale for assuming responsibility (e.g., insurance, indemnity, need)? Does the scope and nature of the responsibility differ based on age (children vs. adults?)

-- How are we meeting those responsibilities? What is the current array of programs? What services/benefits are they providing? How delivered? To whom? What are the gaps and overlaps?

-- What do we know about how recipients are doing? What data are we currently collecting, and what do we need?

-- What changes are needed to program purposes, and to program structure to better meet Federal responsibilities? Are we currently targeting the correct individuals? Are we providing the correct array of services and benefits?

-- Should we revise statutes and regulations to align definitions of disability? How can we make sense of eligibility criteria for various programs, to minimize overlap and duplication of services and benefits, and ease administration and assessment of program performance and participant outcomes?

-- Should we move program focus towards participant outcomes?

-- Should we develop a legislative strategy to integrate cash benefit programs with service programs to promote beneficiary independence and self sufficiency and reduce the need for benefits?

Option 2: BRD should conduct a Governmentwide data collection (BDR) on Federal funding of programs serving individuals with disabilities.

VI. Options Already Under Consideration in Congress

Option 1:

-- Childhood Disability Commission -- the SSA independent agency bill (H.R. 4277, S. 1668) calls for a Commission on the Evaluation of Disability in Children. Under both the House and Senate versions, the Secretary of HHS would be required to appoint a 9 to 15-member Commission. Under the House version, the Commission would, in consultation with the National Academy of Sciences, conduct a study on the effect of the current SSI definition of disability as it applies to children under the age of 18 and their receipt of services, including the appropriateness of an alternative definition. The Commission would also examine the feasibility of prorating Zebley lump sum retroactive benefits or holding them in trust; the extent to which SSA can involve private organizations to increase social services, education, and vocational instruction aimed at promoting independence and the ability to engage in SGA; and methods to increase the extent to which benefits are used to help a child achieve independence and DGA. The report would be submitted in November, 1995.

In the Senate bill, the study would examine whether the need by families for assistance in meeting high medical costs for children with disabilities, regardless of SSI eligibility, might be met through expanded Federal health assistance programs, and other issues the Secretary deems appropriate. The report would be due September 1, 1995.

Option 2:

-- Drug addicts and alcoholics (DA&A) -- Both the Senate and House have included proposals to reform the DA&A component of the disability program in their independent agency bills. It is unclear which version will be taken in conference. Each proposal would place time limits on benefits to addicts, assuming treatment was made available.

VII. Possible Long-Term Policy Options

Long-term options have not been fully specified or costed at this time. They are presented to begin discussion of whether and how the Administration might want to approach the high costs of the major cash benefit disability programs. Once a direction is clarified, additional work can be focused.

OPTION 1: EXPLORE CHANGES TO ELIGIBILITY REQUIREMENTS

(Note: SSA/HHS have several studies underway which should help to identify and analyze disability program participant dynamics. This information will be critical in the development of any new definitions of disability. This information is expected to be available over the next several years.)

CHILDHOOD DISABILITY BENEFIT LEVELS AND DEFINITIONS OF DISABILITY

Of the 4.3 million SSI-disability recipients, over 700,000 are children; benefits to these children are approximately $4.6 billion annually

What is an appropriate level of benefits for children?

Option 1A: No SSI cash, i.e., limit entitlement to Medicaid coverage and coverage under non-SSI welfare programs (e.g., AFDC and food stamps)

Option 1B: Deem more of parents' resources to the child

Option 1C: Provide different benefit levels for different types of impairments

OPTION 1: EXPLORE CHANGES TO ELIGIBILITY REQUIREMENTS (continued)

Emphasize recipient self-sufficiency

Option 1D: Target services -- rather than cash, provide vouchers for specific services or make payments directly to service providers

Option 1E: Time limits -- place time limits on entitlement for impairments that have a reasonable probability of improvement with maturity, such as learning disorders or low birth weight

Placing time limits on certain disabilities, with the opportunity for the beneficiary to file a new claim, would put the burden on the beneficiary rather than the agency; given the backlogs in CDRs, the burden on the agency leads to beneficiaries who may no longer be qualified continuing to receive benefits.

Revise childhood disability listings -- seek legislation to amend the childhood disability requirements

Current regulations provide for significant weight to be given to the observations of parents and teachers in determining whether an impairment is disabling.

Option 1F: Changes in regulation or law would move determination in the direction of more objective medical evaluation of trained psychologists.

OPTION 1: EXPLORE CHANGES TO ELIGIBILITY REQUIREMENTS (continued)

CONSIDER CHANGES TO MENTAL DISABILITY DEFINITIONS

Major growth in the DI and SSI programs is attributable to changes in the mid-1980s to the definitions of mental disability and the requirements for performing CDRs

Of the 5.2 million people in the DI program in 1993, 1.1 million had a mental disorder diagnosis and were receiving approximately $7.3 billion; of the 4.4 million disabled people in the SSI program, 1.7 million had a mental disorder diagnosis and were receiving approximately $5.7 billion

Over 26% of DI awards in 1993 were for mental disorders, up from 11% in 1982; SSI awards in 1993 based on mental disorders were 55% of total awards, up from 30% in 1975

While these changes reflected, in part, a growing acceptance and understanding of the disabling effects of mental impairments, it may be timely to ask whether current laws and regulations go too far

Option 1G: As with childhood disability, consider changes to definitions and methods of proof of mental disability in DI and SSI programs; for example, shift back to more objective physical/medical criteria from subjective criteria related to ability to function

OPTION 2: REVIEW MULTIPLE PROGRAM BENEFIT PAYMENT CEILINGS

People with disabilities may qualify for cash payments from more than one source; Sources may include DI, veterans compensation, workers compensation, SSI

When Social Security beneficiaries are eligible for multiple disability benefits, ceiling arrangements limit combined public disability payments to 80% of the worker's average earnings before becoming disabled

CONSIDER VETERANS COMPENSATION IN DETERMINING SOCIAL SECURITY DISABILITY PAYMENTS

Veterans compensation for disabilities are not included when applying the ceiling

Option 2A: Make veterans compensation consistent with other disability programs in ceiling calculation

CBO estimates 5-year savings of $150 million if this provision were applied to veterans newly awarded compensation and $590 million if applied retroactively to all veterans receiving compensation

ELIMINATE PROVISIONS ALLOWING WORKER'S COMPENSATION TO BE OFFSET FOR SOME STATES

In most instances, Social Security benefits are offset for recipients of state workers compensation whose combined benefits exceed the ceiling; however, for 15 states and Puerto Rico, state workers compensation gets the offset -- when the law providing for the ceiling was passed, these states were already offsetting State worker's compensation against Social Security disability benefits and were grandfathered

Option 2B: Change law to establish a consistent offset nationwide

Social Security estimates that 5-year savings if this provision were effective for new entitlement would total $130 million; if it were effective retroactively, 5-year savings would total $340 million

(States affected by changing the reverse offset provision include: California, Colorado, Florida, Hawaii, Louisiana, Minnesota, Montana, New Jersey, New York, Nevada, North Dakota, Ohio, Oregon, Puerto Rico, Washington, and Wisconsin)

OPTION 3: REVIEW DISPARITY BETWEEN INITIAL BENEFITS IN DI AND OASI FOR OLDER APPLICANTS

CONSIDER MAKING THE INITIAL DI BENEFIT CONSISTENT WITH EARLY RETIREMENT BENEFIT

Under current law, a retiree at age 62 receives an OASI benefit which is 80% of what a new disability recipient would receive

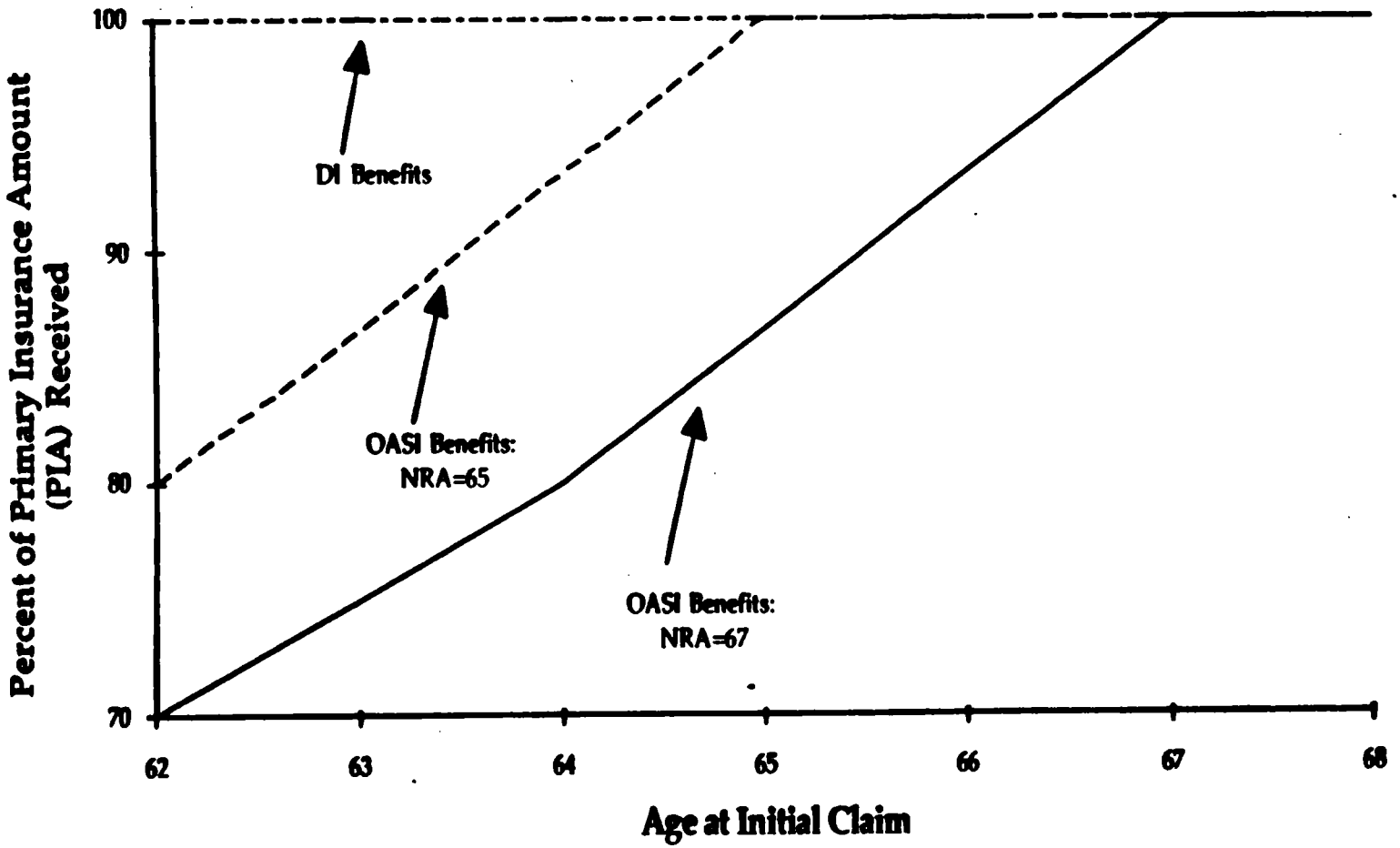
When the normal retirement age increases from 65 to 67, the percent received by a retiree at 62 will decrease to 70% of what a new disability recipient will receive

Roughly 20 % of disability awards go to individuals age 60 and over; the larger the inequity between retirement benefits and disability benefits, the greater the incentive to claim disability

Option 3A: Rep. Pickle's proposal -- apply 20% actuarial reduction factor used now for early retirements to all disability recipients. A rough staff estimate indicates that this proposal would generate $7.5 billion in savings in the year 2000 alone (the first year that the Pickle proposal would be in effect). As a result of this proposal, the long-range (75-year) actuarial balance of the OASDI trust funds would increase by 0.22% of taxable payroll.

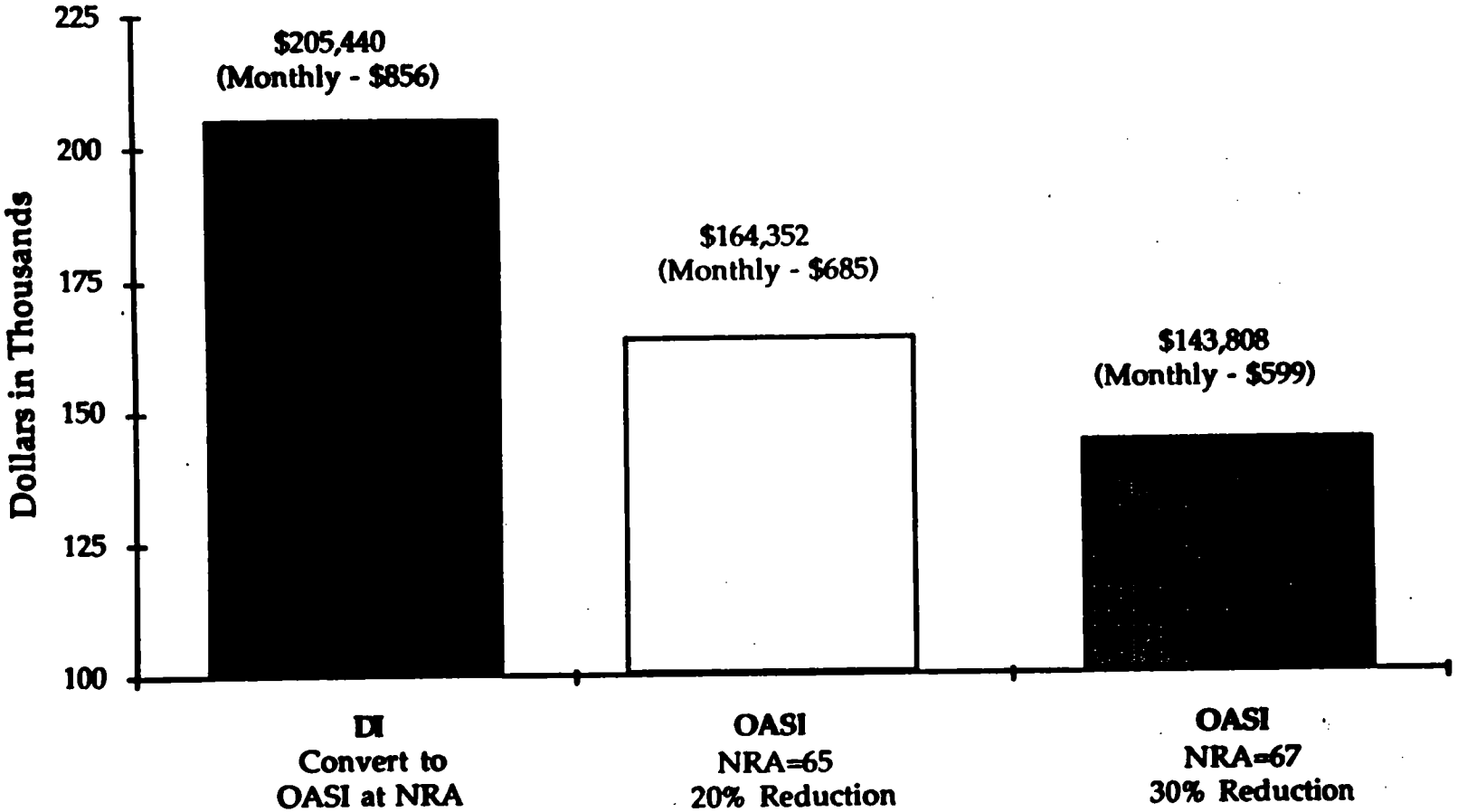
Option 3B: Phase in an actuarial reduction factor for "older" disability applicants (e.g., 2% at 52, 4% at 53....19% at 61, 20% at 62). Social Security actuaries are currently pricing this proposal.

DI v. OASI Benefits for Early Retirees



Note: The Normal Retirement Age (NRA), currently 65, is scheduled under current law to increase to 67 by 2022.

Present Value of Lifetime Benefits: OASI vs. DI
Initial Claim at Age 62



Numbers are based on the 1994 Benefit Levels for the Average Earner, using an Approximation of the Average Lifespan At Age 62 (20 years).

VIII. Program Management Improvement Efforts

Disability Reengineering

-- On April 1, SSA presented a proposal to re-engineer the disability processing system. The major focus of the effort is to streamline and automate the disability claims process, thereby gaining reductions in processing times. The Commissioner will present the final report on the conceptual structure of re-engineering in August. This fall, SSA will establish a disability re-engineering implementation team to develop a detailed implementation plan for reforming the disability process.

OMB staff is currently examining the impact of the re-engineering proposal on SSA's program costs, productivity gains, and administrative resources. OMB will continue to be involved in the development and implementation of the re-engineering effort.

Backlog Initiatives

-- Automation Investment Funding

The President's 1995 budget includes a request for $385 million to fund the second and third year of SSA's automation investment. The major component of this effort is the implementation of intelligent work stations and local and wide-area networks in SSA's field offices, teleservice centers, and program service centers. The House appropriations bill for 1995 included $130 million for this initiative, which represents that portion of the President's request planned to be obligated in 1995 alone. $300 million was budgeted for FY 1994.

-- Disability Caseload Processing Investment Funding

The President's 1995 budget includes a request for $280 million to focus specifically on processing disability claims and hearings. This includes increased funding for the State Disability Determination Services (DDSs), which make disability determinations for SSA. The House appropriations bill for 1995 included $352 million. $32 million of the $72 million increase above the President's request represents House intent that funds for employee bonuses be used instead for disability processing. $320 million was enacted for this investment in FY 1994.

Increase the Number of CDRs

-- SSA could perform more CDRs with its current authority and resources. They claim this would lower service levels to disability applicants. Little evidence has been provided to demonstrate why SSA is unable to shift resources from OASI administration.