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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

March 7, 1995

REMARKS BY THE PRESIDENT
TO THE NATIONAL ASSOCIATION OF COUNTIES

Washington Hilton
Washington, D.C.

10:15 A.M. EST

THE PRESIDENT: Thank you very much. Thank you, Randy, for the tee-shirt and for the sentiment which it represents. I thank all of you for having me here. I'm glad to be here with Secretary Shalala and Doug Bovin and Michael Hightower, Randy Johnson, John Stroger, my old friend from Arkansas by way of Chicago -- (laughter) -- Doris Ward and Larry Naake.

Let me begin by congratulating you on this program this morning. I was impressed that you had our longtime friend, Marian Wright Edelman, who gave my wife her first job after law school in the Children's Defense Fund. And I'm glad the Speaker got to come back and give his talk today -- (laughter) -- and I thank you for hearing him. (Applause.)

You know, I've done a lot of work over the years with the Acorn* Group, and they stood for a lot of good things in my home state. But I think everyone deserves to be heard. And we need people debating these important issues in Washington. This is a very exciting time, and it's important that all the voices be heard and that people like you especially that have to live with the consequences of what is done here hear the ideas that are being debated, and also that you be heard.

I am always glad to be with people who I think of as being in the backbone of public service in America. You serve at the level where you can have the greatest impact. When I was a governor, nothing mattered more to me than just being in direct contact with the people who hired me to do my job. And I have to tell you, as President, perhaps the most frustrating thing about the job is that I don't have as many opportunities as you do to be in direct contact with the people who hired me to do this job. That's not good for me, and sometimes it's not so good for them as well.

When I was governor, people used to make fun of me and say that I was basically a courthouse governor, which meant that I loved to go to the county courthouses in the rural areas of my state and sit for hours and talk to the officials and also visit with the people who would come in. But I know this: I know that one of the things that our government in Washington has suffered from for so many years is being too far from the concerns of ordinary Americans. (Applause.)

You see in personal terms, with names and faces and life histories, the struggle now going to keep the American Dream alive. And you know as well as any the importance of reconnecting the values of the American people to their government. I ran for President because that American Dream and those values were threatened in the face of the huge changes that are going on here in the United States and all around the world, and because I thought that too often our government was simply not prepared to deal with those challenges or, in some cases, actually making them worse.

MORE

Now, for two years I have worked hard to help ensure that our people have the tools they need to build good lives for themselves as we move into the 21st century, and that we cross that great divide still the strongest and most secure country in the world; still the greatest force for peace and freedom and democracy.

We're about two-thirds through the first 100 days of this new Congress. On Saturday, March the 4th, we had the 62nd anniversary of President Franklin Roosevelt's inauguration as President and the start of the original first 100 days. On that day, Franklin Roosevelt began to restore our nation and to redefine the relationship between our people and their government for half a century. And a lot of things he said then are still accurate today. In his inaugural he said, "The joy and moral stimulation of work must no longer be forgotten. These dark days will be worth all they cost us if they teach us that our true destiny is not to be ministered unto, but to minister to ourselves and our fellow men."

Today, we face different challenges, but our job is much the same. We have to keep the American Dream alive for ourselves and our children during a time of great change. And we have to do that while we maintain the values that have always made us strong -- work, family, community, responsibility for ourselves and for the future of our children.

As all of you know -- and you're now seeing it played out this morning -- we're engaged in a great debate here in Washington about how to do that. The old Washington view is that the federal government can provide big solutions to America's big problems. The new Republican Contract view reflects often an outright hostility to almost any federal government involvement, unless the present majority in Congress disagrees with what's going on in the state; and then there is a curious desire to increase the federal government's control over those aspects of our lives.

Now, my view is very different, really, from both. It reflects the years and years that I lived like you live now, when I was a governor out there working among the American people, and seeing these problems that people talk about in sound bites with names and faces and life histories.

The New Covenant that I want to forge with the American people for the future says that we need both more opportunity and more responsibility; that we don't have a person to waste, so we have to have very strong communities that unite us instead of divide us. We do need very big changes in the way government works. We don't need big, bureaucratic, one-size-fits-all government in Washington.

But we do have common problems and common opportunities which require a partnership -- a partnership with a limited but an effective government; a government committed to increasing opportunity in terms of jobs and incomes, while shrinking government bureaucracy; a government committed to empowering people through education and training and technology to make the most of their own lives; a government committed to enhancing our security all around the world and here at home on our streets as well.

Now, this kind of government will necessarily send more decisions back to the state and local governments and to citizens themselves. It will cut unnecessary spending, but it will invest more in jobs, incomes and educations. It will, in short, as I said in 1992, put people first. It will insist on more personal responsibility and it will support stronger communities. It will be a partner, but it won't be a savior, and it won't sit on the sidelines. Either extreme is wrong.

Now, for two years I have worked hard to help ensure that our people have the tools they need to build good lives for themselves as we move into the 21st century, and that we cross that great divide still the strongest and most secure country in the world; still the greatest force for peace and freedom and democracy.

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Now, I see this debate about the role of our government as terribly important. And you can see it now playing out on every issue now before the Congress. We see it being debated in terms of how we should best educate our children, how we should train our workers, how we should make our communities safe again, how our civil justice system should work, what is the right way to fix the broken welfare system. I want you to watch it play out this year. Underneath it all will be, what is the responsibility of the government in Washington; what is your responsibility at the grass-roots level; how can it best be met.

As we debate these matters, I will keep working to change the way Washington does business -- to achieve a government that gives taxpayers better value for their dollar, to support more jobs and higher incomes for the middle class and to shrink the under class, and to reinforce mainstream values of responsibility, work, family and community.

You know, for the 12 years before I came here, Washington allowed the deficit to quadruple and didn't do much to shrink the size or change the role of government. Organized interest did very well, but the public interest suffered. In the last two years, we've begun to change that. We've cut the federal deficit by \$600 billion, shrunk the federal government faster than at any time in memory. We've cut more than 300 domestic programs and consolidated hundreds of others. We've got more than 150,000 fewer people working for the federal bureaucracy today than on the day I became President, and we're --(applause)-- and we are on the way to reducing it by more than a quarter of a million, so that the federal government will be the smallest it has been since President Kennedy took office. (Applause.)

In the process, we have done a lot to shift power away from Washington to states, counties, cities and towns throughout the country. Our reinventing government initiative has already saved the taxpayers \$63 billion under the leadership of the Vice President, and we will save more.

We have cut regulations that make it harder on business and local government to create opportunity, but we will do more. And all of this has made a difference in the work and the lives of the people you serve. The economy has created almost six million jobs since I became President, the combined rate of unemployment and inflation is at a 25-year low. (Applause.)

But, clearly, we still have more to do. Most people are working harder without a raise, even though we've got a recovery. We're the only advanced country in the world where the percentage of people in the work force with health insurance is smaller today than it was 10 years ago. We still have a lot of economic problems out there, and you know that.

I am ready to work with the Republicans, especially in areas that will give you more power to do what you have to do. Together, we have moved forward legislation in the Congress that will keep Congress from imposing unreasonable new mandates on you without paying for them. (Applause.)

We've got a few issues left to work out on that, but a bill has passed the House and a bill has passed the Senate, and I encourage all sides to work in a bipartisan way to resolve them soon. In particular, though -- and I want you to weigh in on this -- I hope you will -- I think the bill ought to be made effective immediately. (Applause.) For reasons I don't understand, Congress seems to want to make it effective toward the end of this year or at the beginning of next year. If it's going to be a good idea then, it will be a good idea now. Let's go on and get it done. (Applause.)

As we have worked to cut yesterday's government, we've also invested in our people to help them solve their own problems. We have approached that work, too, as a partner with people at the local level. For example, last year we had the most productive year in passing education reform legislation from expanding Head Start to making college loans more affordable to the middle class in 30 years. But our education reforms set world-class standards for our schools, and yet give to educators and parents much more say than the federal government used to about how to meet these standards and how to improve our children's education.

We tried to be good partners with local government on the crime bill. I want to thank all of you at NACO for helping us to pass it. After six years of rhetoric and hot air in Washington, we finally passed the crime bill. (Applause.) You told us you wanted an end to gridlock, and you helped us get it. And we are providing what you told us you wanted -- you and other local officials all across the country -- resources for 100,000 new law enforcement officers, smarter prevention efforts, tougher punishment, like three strikes and you're out, a hard-won ban on assault weapons.

We are working with you now to implement this crime bill. The Justice Department and the Attorney General are working very, very hard. This is an amazing thing. I hear those who criticize this crime bill say that we have imposed this on local government, and they really don't want it, and they can't afford to pay any match. But do you know, since October, over half the police departments in the United States of America have already applied for assistance under the police grants -- over half. (Applause.) And in this five-year program, we have already released funds just since last fall to our 17,000 new law enforcement officers, including over 1,000 deputy sheriffs. (Applause.)

Now, sadly some people in Congress think we ought to reverse this. I agree that we have to continue to cut the deficit. My new budget cuts \$140 billion more in federal spending. We have reduced the rate of health costs growing by about \$100 billion over the next five years. We had about \$250 billion in budget cuts in our last budget.

But how are we going to do this? I do not believe we should sacrifice our safety and not put 100,000 police on the street. I do not believe that we should not keep working for education. Instead, I think it's clear that our security and our ability to pay our way in the world depends upon educating and training our people for the new global economy. That includes a stronger Head Start program, serving more children. It includes more affordable college loans for middle-class students. It includes a whole range of educational initiatives.

I don't think we should limit our efforts to make college loans more affordable -- especially when you consider the fact that this administration has reduced your costs in delinquent college loans from \$2.8 billion a year down to a billion dollars a year. We cut it by two-thirds -- the loss to taxpayers. So we're collecting on the student loans; let's give more loans to young people to go to college to make America stronger. (Applause.)

I don't agree that we should eliminate the national service project, AmeriCorps. It's doing a world of good out there at the grass-roots level. A lot of you are using it. (Applause.) And I certainly don't agree, with drug use on the rise among young people -- who seem to have forgotten that it is not only illegal, it is dangerous -- I certainly don't agree that we should eliminate the provisions for drug education programs and for security programs against drug problems in our public schools, which will now cover 94 percent of the schools in this country, but if the proposal now in

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Congress passes will be wiped out. That is not the way to cut the budget. We do not have to do it that way. (Applause.)

It depends on how you look at it. Some in Congress want to cut the school lunch program. You know what we did instead? We closed 1,200 regional offices in the Department of Agriculture. I think we did it the right way. (Applause.)

So my view of this is that yes, we've got to cut the budget, but we should expand opportunity, not restrict it. We should give people the tools they need to make the most of their own lives, not take them away. We should enhance security, not undermine it. Those are my standards, and I need your help. You can make it clear to Washington that America wants us to get our house in order. They like it when we reduce the deficit. We have to cut the spending, but there is a right way and a wrong way to do this work.

And I'd like to ask your help in particular on an issue of concern to a lot of you. I know it differs from state to state in how it's implemented, but every American citizen has an interest in ending welfare as we know it. Like it or not, we have a welfare system that doesn't further our basic values, and like many of you, I have worked on this problem for years. Those of us who work in it know it's a little more complicated than people who just talk about it. I have spent countless hours in welfare offices talking to case workers, talking to people on welfare. For years and years now -- about 15 years this year -- I have been working on this problem as a governor and as a president. I have seen this great drama unfold.

You know, when welfare started under President Roosevelt, the typical welfare recipient was a West Virginia miner's widow, who had a grade school education, was never expected to be in the workplace, and had orphaned children that needed help. And everybody thought this was the right thing to do. Then, we had people on welfare who just hit a rough patch, but who got off welfare in a couple of months. And believe it or not, nearly half the people who go on welfare today are still in that category. Welfare actually works for them; we shouldn't forget that. There are a lot of folks who hit a rough patch in life, and they get on welfare and then they get themselves off.

Then, there are those whom all the American people, without regard to party or philosophy, are justifiably concerned with -- people who are trapped on welfare in cycles of dependency that sometimes become intergenerational; that are plainly rooted to the explosion of teen pregnancy, out-of-wedlock births, coupled with low levels of education, inability to pierce the job market, inability to succeed as both workers and parents. What ought to be the greatest joy of life, giving birth to a child, has now become a great social drama for us, in which we all worry that our values are being regularly violated. And that's being reinforced by the way a government program works. And we are worried about it.

Many of our people are worried because they don't have enough money to pay for their own kids, and they think their tax money is going down the drain to reinforce values they don't support to create more burdens on their tax money in the future.

And nobody wants to get off the welfare system, I can tell you, any more than the people who are on it. All you've got to do is go out and sit in any welfare office in the country and talk to people. I had four people who had worked their way off welfare into the Oval Office to see me the other day, and it was just like every story I've heard for the last 15 years -- people talking about how they were dying to get off welfare.

Now, our country has been engaged in a serious effort to try to address this problem for some years now. This is not a new

issue. In the late 1980s, along with then-governor and now-Congressman Mike Castle from Delaware, I represented a bipartisan group of governors in working with the Congress in the Reagan administration to pass the Family Support Act of 1988. It was a welfare reform bill designed to promote work and education, and to move people from welfare to work through having the states do more with education and training and job placements and requiring that people participate in these programs.

And many of us who were governors at the time used the Family Support Act to move people off welfare. But everybody who worked with it recognized that more had to be done if the welfare system was going to be changed. There were still a lot of people who said, well, if I move from welfare to work, I'll lose my kid's child care, or I'll lose medical coverage for my child after a few months. There are others who still could kind of get through loopholes in the program because we didn't cover everybody.

So to reflect our country's values of work and education and responsible parenting, we knew we needed to do more. We also knew that we needed more state flexibility in tackling this problem. If somebody knew how to fix this, it would have been done a long time ago and people in politics would be talking about something else. Right? That's what this whole state flexibility's about. The framers were pretty smart wanting the states and the localities to be the laboratories of democracy because they knew that there would be thorny problems involving complex matters of economics and social organization and human nature that no one would know all the answers to.

So I'm glad the Republicans chose to make welfare reform part of their Contract for America. It's always been part of my Contract with America. (Applause.)

Now, let's see if there's some things we can all agree on. I think we should demand and reward work, not punish those who go to work. I think we should -- (applause) -- I think we should demand responsibility from parents who bring children into the world, not let them off the hook and expect the taxpayers to pick up the tab for their neglect. (Applause.) I think we must discourage irresponsible behavior that lands people on welfare in the first place. We must tell our children not to have children until they are married and ready to be good parents. (Applause.)

Now, in the last two years we've made some progress in pursuing these goals. In 1993 when the Congress passed the Economic Reform Plan, one of the provisions gave a tax break averaging \$1,000 a year to families with incomes of under \$25,000 to 15 million working families to send this message: If you work full-time and you have children in the home, you should not be in poverty. And there should never be an incentive to stay on welfare instead of go to work. That's what the Earned Income Tax Credit Expansion was all about.

Last year I sent to Congress the most sweeping welfare reform plan ever presented to the United States Congress. It was pro-work, pro-education, pro-responsibility, and pro-state flexibility. It did not pass, but I still hope it will be the basis of what ultimately does pass. We are collecting child support at a record level from delinquent parents -- \$9 billion in 1993. (Applause.) And last week I signed an executive order to crack down on federal employees who owe child support to require them to pay as well. (Applause.)

For the last two years, we have granted welfare reform waivers from federal rules to two dozen states -- more than the last two administrations in 12 years combined -- giving states flexibility to try out their ideas without being stifled by Washington one-size-

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For the last two years, we have granted welfare reform waivers from federal rules to two dozen states -- more than the last two administrations in 12 years combined -- giving states flexibility to try out their ideas without being stifled by Washington one-size-

fits-all rules. Today I am proud to announce that Ohio has become the 25th state to receive a waiver to reform its welfare system. (Applause.)

Now, here's what Ohio wants to do. I think it's an interesting idea. They want to take some of their welfare and food stamp money to subsidize jobs in the private sector, including an initiative with our new empowerment zone in Cleveland. That's not a bad idea. Some people say, well, we don't have enough money to create government jobs for all these folks, and the private sector won't hire them if they have limited skills. So Ohio and Oregon and a couple of other states say, would you let us use the welfare check to give to employers -- say, okay, you're going to pay whatever you're going to pay at this job. This will replace some of what you'll have to pay. Put these people to work. Give them work experience. Give them a chance -- give them a chance to earn something.

Secretary Shalala thought it was a good idea, and so do I. These are the kinds of things being done all across America. Half the country today, as of this day with this waiver, now half the states are carrying out significant welfare reform experiments that promote work and responsibility instead of undermining it. Ten states are strengthening their child support enforcement. Nineteen are finding ways to insist on responsible behavior in return for help. Twenty states are providing incentives to families to go to work, not stay on welfare.

I think we should go further and abolish this waiver system altogether in the welfare reform. Instead, we should give all states the flexibility to do all the things that our waivers allow 25 states to do today, so people don't have to come to Washington to ask. (Applause.)

But I would like to say in this debate and for your benefit, especially those of you who have county responsibilities in this area, we shouldn't forget that the need for flexibility doesn't stop at the state level. We need it at the local level as well. (Applause.)

So we're making some headway on this welfare reform. But we've still got a lot of work to do. In January, I called a meeting at the White House with leaders from both parties and all levels of government to press Congress to get moving on welfare reform legislation. I spoke about it in the State of the Union address. I wanted the people who will write the legislation to hear from people like you, so we had representatives from local government at this meeting. I wanted them to hear from folks who will have to put this legislation into action on the front lines.

We all know the old system did too little to require work, education and parental responsibility; that it gave the states too little flexibility. The original Republican Contract proposal did give the state more flexibility, with some exceptions, in return for substantial reductions in federal payments in future years. But, like the present system and unlike my proposal, the original Republican Contract proposal was weak on work and parental responsibility. And in terms of denying benefits to all welfare parents under the age of 18 and their children, it was also, in my view, very hard on children.

Now, the present bill in the Congress, as it stands today, as we speak, contains real improvements from the original Contract proposal in the areas of work and parental responsibility. But I think there are still significant problems with it which could undermine our common goals. And in my view, they still make the bill too tough on children and too weak on work and responsibility. I'd like to talk a little about that, again, because there's a debate

still to be had in the House and then when the bill goes to the Senate.

When we met in January, we agreed, Democrats and Republicans alike, that the toughest possible child support enforcement must be a central part of welfare reform. If we collected all the money that deadbeat parents owe, we could move 300,000 mothers and over a half a million children off the welfare roles immediately -- tomorrow -- just with child support collection. (Applause.)

So at that meeting, people from every level of government and both parties agreed that while generally we want to move more of these decisions back to the state, we need national action on child support enforcement, and national standards, because 30 percent of the cases where parents don't pay cross state lines.

The original child support provisions in the Contract of the Republicans left out a lot of the most effective means for finding delinquent parents, which were in our welfare reform bill, including a system to track them across state lines. But to the credit of the Republicans, they have recently included almost all our tough child support measures. And I appreciate it.

There is more that we ought to do, I think, together. Our plan calls on states to deny drivers and professional licenses to people who refuse to pay their child support. (Applause.) Now, I know that's a tough idea, but let me tell you -- 19 states are doing that today, and they're collecting a lot more child support as a result of it. So I hope that the Congress will join us to make this provision also the law of the land.

We've got to send a loud signal: No parent in America has a right to walk away from the responsibility to raise their children. That's the signal; we've got to send it. (Applause.)

Secondly, all of you know that the hardest and the most important part of welfare reform is moving people from welfare to work. You have to educate and train people. You've got to make sure that their kids aren't punished once they go to work by losing their health care or their child care. And then you've got to figure out where these jobs are coming from. You know, I'm doing my best to lower the unemployment rate, but still, if there's unemployment in a given area, where will the jobs come from? Will the government provide them? If not, you have to do things like I described in the Ohio waiver.

But this work has always been at the core of my approach. I think what we want for every American adult is to be a successful parent and a successful worker. When I proposed my plan last year and when I was running for president, I said, if people need help with education, training or child care so they can go to work, we ought to give them the help. But, after two years, they should be required to take a job and get a paycheck, not a welfare check, if there's a job available. There should not be an option. If you can go to work, you must.

Now, I know in their hearts this is really the position that most of the Republicans in the Congress agree with. Last year, 162 of 175 House Republicans, including Speaker Gingrich, co-sponsored a bill that was similar to our plan on work in many ways. But the plan that they are currently considering in the House doesn't do much to support work. It would actually make it harder for many recipients to make it in the workplace.

Now, they wisely abandoned an earlier provision which basically allowed a welfare recipient to get around the work requirement literally by submitting a resume. But their new plan

still to be had in the House and then when the bill goes to the Senate.

When we met in January, we agreed, Democrats and Republicans alike, that the toughest possible child support enforcement must be a central part of welfare reform. If we collected all the money that deadbeat parents owe, we could move 300,000 mothers and over a half a million children off the welfare roles immediately -- tomorrow -- just with child support collection. (Applause.)

So at that meeting, people from every level of government and both parties agreed that while generally we want to move more of these decisions back to the state, we need national action on child support enforcement, and national standards, because 30 percent of the cases where parents don't pay cross state lines.

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gives the states a perverse incentive to cut people off welfare. It lets them count people as working if they were simply cut off the welfare rolls for any reason and whether or not they have moved into a job.

Now, when people just get cut off without going to work, we know where they're likely to end up, don't we? On your doorstep. That's not welfare reform. That's just shifting the problem from one place to another. Now, we know that an inordinate number of people also who get off welfare without work skills, without child care, wind up right back on welfare in a matter of a few months. Yet, the current Republican plan cuts child care both for people trying to leave welfare and for working people who are working at low incomes who are trying to stay off of welfare.

Equally important, this new plan removes any real responsibility for states to provide education, training and job placement, though that is at the heart of getting and keeping people off welfare. In other words, these provisions on work effectively repeal the Family Support Act of 1988 which was passed with the support of President Reagan and substantial Republicans in the Congress and actually did some good when the states implemented it in good faith.

Why? Because basically the new provisions are designed to allow the federal government to send less money to the states over time, and in return for saving budget money, they're willing to walk away from the standards necessary to move people from welfare to work. It's like a lot of things you can do around here -- it may feel good for a year or two, but five years now we'll be hitting ourselves upside the head, saying why have we got a bigger welfare problem than we had five years ago.

Now, besides the need to support work and tough child support enforcement, I also think there are some other questions here -- questions of the treatment of children, and addressing the problems of teen pregnancy. Three-quarters of the unwed teen mothers in this country end up on welfare within five years. We clearly need a national campaign against teen pregnancy that sends a clear message: It is wrong to have a child outside marriage. Nobody should get pregnant or father a child who isn't prepared to raise the child, love the child and take responsibility for the child's future. (Applause.)

I know the Republicans care about this problem, too. This is not a partisan political issue. It is not a racial issue; it is not an income issue; it is not a regional issue. This issue is eating the heart out of this country. You don't have to be in any particular political camp to know we're in big trouble as a society if we're headed toward a day when half of all the kids in this country are born outside marriage.

But some aspects of this current plan in Congress could do more harm than good. Our plan sends a clear message to young men and women that mistakes have consequences, that they have to turn their lives around, that they have to give their children a better chance. We want teen fathers to know they'll spend the next 18 years paying child support. We want teen mothers to know they have to stay at home with their parents or in an appropriate supervised setting and stay in school. And they have to implement or identify the fathers. They don't have a separate check to go out on their own.

Now, the Republican plan in Congress sends a different message to young people that's both tougher and weaker. It says, if you make a mistake, you're out on your own, even it means your likely to end up on welfare for life. It costs us even more money down the road.

Now, in recent weeks, we've narrowed our differences, the Republicans and the administration, in response to concerns that have been raised by people within the Republican Party. But their bill still denies -- now listen to this -- their bill still denies any assistance to teen mothers under the age of 18 and their children until they turn 18, and then leaves the states the option of denying those benefits permanently, as long -- to anybody who was under 18 when they had a child.

Now, I just believe it's a mistake to cut people off because they're young and unmarried and they make a mistake. The younger you are, the more likely you are to make mistakes, although I haven't noticed any absence of errors from those of us who get older. (Laughter.) I think it's wrong to make small children pay the price for their parents' mistakes. I also think it's counterproductive. It's not in our interest. It will cost the taxpayers more money than it will save. It's bound to lead to more dependency, not less; to more broken families, not fewer; to more burdens on the taxpayers over the long run, not less.

Now, our plan is different, but it is tougher in some ways. It would say, if you want this check and you're a teenager, you've got to live at home. And if you're in an abusive home you must live in another appropriate supervised setting. You must stay in school. You must identify the father of the child. So we're not weaker, but we're different.

We also want a national campaign against teen pregnancy rooted in our local communities that sends a clear message about abstinence and responsible parenting. That is the clue, folks -- if we could get rid of that, we wouldn't have a welfare problem, and we'd be talking about something else in the next couple of years. (Applause.)

Now, there are other provisions in this bill that I think are unfair to children, and let me just mention, for your information -- I think they're really tough on disabled children and children in foster homes, and I think they ought to be modified. And, finally, it is important to point out that under the guise of state flexibility, this plan reduces future payments to states in ways that make states and children very vulnerable in times of recession, or if their population is growing more than other states.

So, basically, if we adopt this plan the way it is, it will say to you in your state, if times get tough, you're on your own. I don't think we should let budget-cutting be wrapped in a cloak of welfare reform. We have a national interest in the welfare of our children. Let's reform welfare. Let's cut the deficit. But let's don't mix up the two and pretend that one is the other. Let's put our children first.

Let me say that I have come here today in the spirit of good faith to try to outline these specifics. You may not agree with me; you may agree with them. But I want you to know what the points of debate are. Again, I am glad we're discussing this. This is a big problem for America. And I believe in the end we can work it out together as long as we remember what it's really about -- again, the way you think about problems; you have a name, a face, and a life history. That's what we sometimes lose up here in Washington.

I just want to close with this story. When I was Governor, I was trying to get all the other governors interested in welfare reform. I once had a panel at a welfare meeting in Washington. And I didn't even know how many governors would show up. Forty-one governors showed up to listen to women on welfare, or women who had been on welfare, talk about their lives.

There was a woman there from my state, and I was asking her questions, and I didn't know what her answers were going to be --

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There was a woman there from my state, and I was asking her questions, and I didn't know what her answers were going to be --

letting her talk to the governors. And I said, do you think it ought to be mandatory for people on welfare to be in these education and job placements programs? She said, yes, I do. I said, why? She said, because a lot of people like me, we lose all our self-confidence, we don't think we amount to much, and if you don't make us do it we'll just lay up and watch the soaps. But then I said, I asked her to describe her job, and she did. And I said, what's the best thing about having a job? She said, when my boy goes to school, and they ask him, what does your momma do for a living, he can give an answer. (Applause.)

So I want you to help us, because whether you're Republicans or Democrats or black, brown or white, or liberals or conservatives, you have to deal with people with names, faces and life histories. We're up here dealing in sound bites trying to pierce through on the evening news. (Applause.) It's a big difference. (Applause.) It's a big difference.

This debate is about more than welfare. It's about who we are as a people and what kind of country we'll want to pass along to our children. It's about the dignity of work, the bond of family, the virtue of responsibility, the strength of our communities, the strength of our democratic values.

This is a great American issue. And I still believe that all of us working together can advance those values and secure the future of our children, and make sure that no child in this country ever has to grow up without those values and the great hope that has made us, all of us, what we are.

Thank you and God bless you. (Applause.)

END

11:06 A.M. EST

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

09-Mar-1995 11:52am

TO: Carol H. Rasco

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Jeremy D. Benami
CC: Lynn M. Margherio
CC: Julie E. Demeo

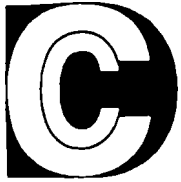
SUBJECT: Meeting with Slattery

I just spoke with Jim Slattery of the Childhood Disability Commission to suggest that he meet with you about his work. He thinks that is a great idea, and would like to do so soon. He suggested meeting within the next week or two, which may not work on your calendar, and also suggested the possibility of meeting over lunch. Let me know if you prefer lunch or not, and I will work with Julie to set it up.

It sounds as if he is working full force on this. He is having day long and Saturday meetings with the commission every other week, and he says some of them are complaining he is going too fast. I told him we think fast is good.

Not surprisingly for a former member of Congress, he seems to have a very practical grasp of the situation his commission is in. He wants very much to be a player in this debate, and hopes that his June/July deadline will allow him to influence the debate in the Senate. He said he was responsible for the Spencer Rich story in yesterday's Post that finally attacked the House Republicans for the SSI cuts with some specific examples of kids who would be cut off. He is talking a lot behind the scenes to his former colleagues in the House and Senate, and is scheduled to testify before Senate Finance in about 3 weeks.

He thinks we should be "yelling" more about the House Ways and Means proposal, suggesting that it is a good issue to hit them on, although he also agrees that change is needed in the program.



National Commission on Childhood Disability

FOR IMMEDIATE RELEASE
Thursday, Jan. 26, 1995

Contact: Elaine Fultz
(202) 690-8410
272-2228

COMMISSION ON CHILDHOOD DISABILITY HOLDS OPENING MEETING

The Commission on Childhood Disability, appointed this month to review the assistance given to children with disabilities under the Supplemental Security Income program, will hold its opening meeting Feb. 3, commission chair Jim Slattery announced today.

"We are anxious to begin work quickly so that we can do the most thorough job possible," said Slattery, former Democratic representative from Topeka, Kan.

At the meeting Feb. 3, the 15 members will be briefed on the population of children with disabilities served by the SSI program. The members will be sworn in by HHS Secretary Donna E. Shalala, and an agenda for the year will be discussed.

The meeting is set for 1 p.m. at the Sheraton City Center, 1143 New Hampshire Ave. N.W., Potomac Room.

The new commission will examine SSI policies and the needs of disabled children, and report its findings and recommendations to Congress by Nov. 30. The commission was mandated in the "Social Security Independence and Program Improvements Act," passed by Congress and signed by President Clinton last year.

"We will meet or beat the deadline in the law, and we will look at this issue in its full complexity," Slattery said. "This is clearly a program that needs intensive review. But we must always bear in mind that it serves a population of children and families who profoundly need our help. We want to make this program work for them in the best way possible."

###

Chair:
Honorable Jim Slattery

Members:

Ally Arango
Ally Voice
Dianne Asch, Ph.D.
Clemson College
Flores Berkovsky, M.S.N.,
M.S.W.
Teresa's Home, Catholic Charities
Anne Ford
National Center for Learning Disabilities
Lade F. Horn, Ph.D.
National Fatherhood Initiative
Jennifer Howse, Ph.D.
March of Dimes Birth Defects Foundation
Harman Davis Jamison
Parent Advocacy Coalition Educational
Rights Center
Dan Johnson
Wisconsin Department of Health & Social
Services
Paul Marchand
Ne Arc
James M. Perrin, M.D.
Massachusetts General Hospital
Carmen S. Ramirez
Schools Are For Everyone
Carol Rank
Kansas Disability Determination &
Referral Service
Rutherford Turnbull III
Research Center on Families & Disabilities,
University of Kansas
Barbara Wolfe, Ph.D.
University of Wisconsin

Staff Director:
Elaine Fultz, Ph.D.

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Friday, Jan. 20, 1995

Contact: HHS Press Office
(202) 690-6343

SSA Press Office
(410) 965-8904

CHILDHOOD DISABILITY COMMISSION MEMBERS NAMED

HHS Secretary Donna E. Shalala has named 15 members of the new Childhood Disability Commission, which will review the assistance given to disabled children under the Supplemental Security Income program.

She had announced Jan. 9 that former Rep. Jim Slattery will serve as chair of the commission. The other members will include parents of children with disabilities, advocates for children, educators, psychologists, researchers, attorneys, program administrators, physicians, and others.

The 14 new members are:

- o Polly Arango of Algodones, N.M., director, Family Voice
- o Adrienne Asch, Ph.D., of Wellesley, Mass., professor in biology, ethics and the politics of human reproduction, Wellesley College
- o Dolores Berkovsky of Fort Worth, Texas, director of children's services, St. Teresa's Home
- o Anne Ford of New York, N.Y., chairman of the board of directors, National Center for Learning Disabilities
- o Wade Horn, Ph.D., of Gaithersburg, Md., director, The National Fatherhood Initiative
- o Jennifer Howse, Ph.D., of White Plains, N.Y., president, March of Dimes Birth Defects Foundation
- o Sharman Davis Jamison of Minneapolis, Minn., Parent Advocacy Coalition Educational Rights Center
- o Dan Johnson of Madison, Wis., director, Office for Persons with Physical Disabilities, Wisconsin Department of Health and Social Services
- o Paul Marchand of Washington, D.C., director, The Arc

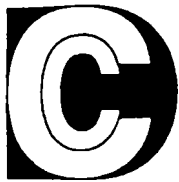
- More -

- o James Perrin, M.D., of Boston, Mass., associate professor of pediatrics, Massachusetts General Hospital
- o M. Carmen S. Ramirez of El Paso, Texas, Schools Are for Everyone
- o Carol Rank of Topeka, Kan., acting director, Disability Determination and Referral Service
- o Rud Turnbull of Lawrence, Kan., co-director, Beach Center on Families and Disabilities, University of Kansas
- o Barbara Wolfe, Ph.D., of Madison, Wis., professor and director, Institute for Research on Poverty, University of Wisconsin.

"We chose these people because of their extensive knowledge of programs for children with disabilities and, in many cases, lifelong careers serving children with disabilities and their families. They are among the nation's top experts in this policy area," Shalala said.

The new commission will examine SSI policies and the needs of disabled children, and report its findings and recommendations to Congress this year. The commission was mandated in the "Social Security Independence and Program Improvements Act," passed by Congress and signed by President Clinton last year.

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Massachusetts Disability Determination &
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Research Center on Families & Disabilities,
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University of Wisconsin

Staff Director:

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LEVEL 1 - 4 OF 5 STORIES

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The Sun (Baltimore)

January 22, 1995, Sunday, FINAL EDITION

SECTION: TELEGRAPH (NEWS), Pg. 1A

LENGTH: 3634 words

SERIES: SERIES -- THE DISABLING OF AMERICA, First in a series

HEADLINE: America's most wanted welfare plan

BYLINE: John B. O'Donnell and Jim Haner, Sun Staff writers

BODY:

LAKE PROVIDENCE, La. -- Early in her 18-year crusade to get federal disability checks for her entire family, Rosie Watson was examined by a skeptical doctor who wrote: "Patient is determined to become 'a ward of the government.' "

Determined she was.

Rosie Watson lost that particular skirmish but won the war, exploring every legal avenue until she got monthly checks from Social Security for herself, her common-law husband and all seven of her children.

Today, if you visit this bleak Mississippi River backwater on "check day," you're likely to see Ms. Watson at the post office picking up nine federal checks totaling \$ 3,893 -- tax-free income that adds up to \$ 46,716 by year's end. Few working families in the county earn more.

The story of Ms. Watson's success -- her single-minded pursuit of benefits and the government's on-again, off-again resistance -- shows how a once-modest federal program got out of control.

Originally aimed at providing life's necessities for poor adults too old, ill or handicapped to work, Supplemental Security Income (SSI) now sends checks to many other groups, including children with hard-to-disprove mental ailments.

This Friday Congress, led by its zealous new Republican majority, will start hearings aimed at cutting down to size this check-writing behemoth run by the Social Security Administration just outside Baltimore.

What's at stake for Rosie Watson is a livelihood.

She gets \$ 343.50 a month in disability payments because she was found by a Social Security law judge to be too stressed out to work. Her common-law husband, L.C. Lyons, gets the same amount for obesity because he weighed 386 pounds when his award was made.

Their children, ages 13 to 22, lagged behind in school and scored poorly on psychological tests. Under the government's rules, this translated into a failure to demonstrate "age-appropriate behavior" and qualified them to get \$ 458 each -- payments so widespread in Lake Providence and other communities

The Sun (Baltimore), January 22, 1995

around the nation that they are popularly known as "crazy checks."

A visitor to Rosie Watson's small bungalow would be hard-pressed to find any sign of high living.

The screen door hangs open. Soaps blare from the television. The living room is overflowing with furniture. The dirt-encrusted kitchen is chaotic. Roaches crawl the walls.

"I got nothing to hide," says Ms. Watson. Indeed, she and Mr. Lyons authorized Social Security to release her family's records to The Sun -- thousands of pages, a stack about a foot high -- which tell the story of her quest.

"It's done a lot for our family," she says. "The problem is, we're not able to work, and it's the best income."

There is little question about that.

Created by Congress two decades ago, the SSI program has become the nation's most generous welfare plan.

Its 6.3 million recipients include not only the aged, blind and injured, but also others more controversial: alcoholics and drug addicts who stoke their habits with the cash; aliens; and 900,000 children, 61 percent of whom get checks for mental problems.

The cost of SSI has risen 77 percent in the past five years. It is to grow 55 percent more in the next four years.

Already it costs the federal government more than the original "welfare" program, Aid to Families With Dependent Children (AFDC).

To Sen. Robert Byrd, the West Virginia Democrat, it is a "well-intentioned entitlement program run amok."

Rosie Watson first tried to get aboard when she was 24.

She was an eighth-grade dropout with an infant and a toddler, collecting \$ 90 a month in AFDC, when she heard about SSI shortly after it was launched in 1974. She realized immediately that the new disability plan paid better than traditional welfare, so she filed her first application.

She was turned down, but she would persist over the years with 17 more applications. With the rules permitting unlimited applications and unlimited SSI checks to a household, there is no indication that she did anything but exercise her right to seek benefits from a government program.

First in the family to go on the SSI rolls was her second child, Sam. It was 1978 and he was 4 when Ms. Watson filed his application. He had just been declared "mildly mentally retarded" by evaluators at Northeast Louisiana University. Ms. Watson had told them that he was violent, a threat to other children.

The Sun (Baltimore), January 22, 1995

Relying on that report, Social Security decided in June that Sam should get benefits. But, a month later, a snag developed. Concerned that checks were being handed out too casually, the agency had begun to second-guess new awards. A pediatrician reviewing Sam's file said his problem was normal childhood behavior. Social Security workers tossed him off the rolls.

Ms. Watson applied three more times unsuccessfully for Sam, then in 1981 gave up -- temporarily.

For 27 months, she made no claims. During that period Social Security underwent a profound change, the result of the worst crisis in its history.

The agency had admitted in 1980 that a quarter of disability recipients shouldn't be getting checks, prompting Congress and the new Reagan Administration to order a purge of the undeserving.

Social Security kicked thousands of people off the rolls, generating a public outcry that forced Mr. Reagan to end the purge in 1984. Congress, the courts and Social Security reacted by opening up the rules, producing a sharp rise in people entering the program -- including a tripling of the children's rolls between 1989 and 1994.

Determination to guard the public purse against cheaters gave way to concern about cheating the deserving poor.

Sam Watson was one of the first to benefit from this new attitude.

In February, 1984, at the peak of the backlash, Ms. Watson filed his fifth application, again alleging that he was retarded and had behavior problems. "I have to keep knives or weapons away from him -- he has injured his brother," she said.

Sam was soon getting his checks.

Now 21, Sam still gets a check. Critics say there is little incentive to overcome the disability -- the parents lose the money if they do -- and Social Security rarely checks to see if they are still disabled. The agency has not reviewed his condition since awarding him benefits.

That is a pattern that conservatives see in many government entitlement programs -- it encourages its recipients to lead unproductive lives.

Not only did Sam become the first Watson to win benefits, he was the first to get a retroactive "bonus."

Because SSI payments are backdated to the day of application, no matter how long it takes Social Security to award benefits, each successful applicant gets a retroactive payment. In 1984, Sam's was nearly \$ 900, covering the three months between application and approval.

Eight years later, Sam produced a much larger "bonus" for Ms. Watson. Social Security sent her nearly \$ 10,000 after concluding that Sam really should have been put on the rolls in 1980. In 1993, Sam's brother Cary got a similar \$ 10,000 payment. In all, the family has received \$ 37,000 in tax-free retroactive payments.

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Sam and Cary's checks grew out of a 1990 Supreme Court ruling known as the Zebley decision. Social Security was told to evaluate children as thoroughly as it does adults and ordered to re-open a half million cases dating from 1980.

The result: The doors to disability payments were thrown open wider for children. So far, 134,000 of them, including Sam and Cary, have shared in retroactive payments of \$ 1.4 billion.

By November 1991, six of Ms. Watson's seven children were on the rolls.

Cary became the last, finally making it in February 1993.

Ms. Watson filed his first application in 1989 when he was 16. A psychologist found him "borderline.....easily irritated....aggressive and explosive" and noted that he had killed a man in self-defense.

Caseworkers turned him down.

Ms. Watson applied again and got the same answer. This time she appealed to a judge.

Meanwhile, Cary went to prison for nearly two years for kicking his pregnant girlfriend, injuring her and the child, and his case was put on hold. Once freed, he went to a psychologist who told Social Security that he had an IQ of 53, "strong anti-social features in his personality and is volatile and explosive."

And, added Dr. Bobby L. Stephenson, of Monroe, La., "He said he does not want to work."

A month later, in February 1993, the judge awarded him monthly checks, and gave him the retroactive payment, excluding his jail time.

Start to finish, Ms. Watson's quest for her children took 15 years.

It spanned a time when Social Security and Congress eased access to benefits for a number of reasons; importantly for the Watson family they included expansion of list of mental ailments that qualify. Today, mental problems is the number one claim of applicants and the primary diagnosis for two-thirds of the 4.5 million disabled SSI recipients. Her offspring are among the one-third.

Only one of them, Oleaner, 13, baby of the family, still attends Southside Elementary School, across the street from the Watson house.

The principal at Southside is Willie Lee Bell, a man who despises the SSI program.

Mr. Bell knows poverty, too. He grew up with 10 brothers and sisters in a four-room sharecropper's house on Epps Plantation in West Carroll Parish where his father worked 12 hours a day. Broad-shouldered and soft-spoken, his failed kidneys would automatically qualify him for disability payments from Social Security if he chose not to work.

He has watched the tidal wave of SSI applications up close. For each pupil who applies, he gets a questionnaire from Social Security, so he knows

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first-hand of the scramble for "crazy checks."

Mr. Bell says, "It is lowering the academic standards of this school."

Echoing complaints from other states, he and his staff say children are encouraged by their parents -- some say coached -- to perform poorly and misbehave to get disability checks.

The children "don't want to fail," he says. "They are doing what mamma wants."

Social Security claims coaching is not widespread, and federal investigators, thwarted by privacy laws, have been unable to document its dimensions.

As for Ms. Watson, she says no such thing happened with her children. There is only a single hint of it in the records, a claim that George, now 14, wasn't trying "to the best of his ability" on a 1991 IQ test.

"I ain't never told any of 'em to act crazy and get some money," says Ms. Watson.

"Social Security will send you to their own doctor. They're not fooled because those doctors read your mind. They know what you can do and not do."

"I have people come up to me and say, 'Why are you getting all those 'crazy checks?'

"I say, 'You don't have to be crazy. It's a mental benefit. You can have some kind of sickness.' "

Although "crazy checks" are an ingrained part of the culture and economy of this poor town, there is a question of how many young people really get the money.

Social Security checked a list of 515 pupils who attended Southside Elementary last year and said that 56 of them were getting SSI benefits, out of 116 who had applied.

Mr. Bell scoffs at those figures. The figure for those who have applied is more like half the pupils, he says, including 120 in the last school year alone. And, he believes many are collecting checks.

Now 44, Rosie Watson wears the years heavily. She grew up in this flat expanse of farmland, where jobs are few and the population is leaving.

She is polite and matter-of-fact as she talks with her visitor from her living room sofa in a house that lacks a telephone but has two police scanners -- "That's so I know what's going on."

"What's going on" includes violence and crime that make Lake Providence, with a population of 8,000, a microcosm of what is going on in many towns across America.

"I was born and raised here and this town has really gone down," Ms. Watson laments.

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When she was growing up, she said, "it was nice. Now, it's terrible. All the stuff going on now -- drugs and stuff, purse snatchings, stealing checks from the mail -- wasn't going on then. That's why I have a post office box."

As soon as she extracts the nine checks from that box, she cashes them. She gives the full amount to Sam, 21, and Cary, 22, the father of two children who has moved out of the house since winning his own benefits. The remaining funds are used for the other children and household expenses.

Most of the money goes for the children, to "see that they have what's needed," Ms. Watson says. "With what's left, I pay bills and buy food."

One "need" is \$ 120 allowances for George, 14, David, 17, Willie, 18, and Danny, 19.

"Being the age they is and being out there with their little girlfriends, they need the money," she said.

Ms. Watson pulls a thick wad of bills and monthly payment books from her purse. Loans cost her more than \$ 1,300. She says they include payments for various household purchases, for example, furniture and a washing machine and storm-damage repair.

There are monthly bills for cable television, utilities and insurance policies. She spends \$ 400 a month on food, which is supplemented by a backyard garden.

There is no requirement that the money be spent to overcome a child's disability. Indeed, there is no requirement that a parent demonstrate that the disability requires added expenses. Ms. Watson frankly says she has none. One thing that probably makes that easier is the fact that each member of the Watson family on SSI automatically gets Medicaid for health care, a benefit that is potentially worth as much as the SSI payments.

The only expense she mentions for Oleaner is a \$ 20-a-month allowance.

A shy, but friendly child, Oleaner sits next to her mother on the sofa. She plays with a teddy bear, proudly shows off her boom box, and occasionally sucks her thumb.

She goes to the kitchen and returns with a tin plate of canned meat and crackers. Settling onto another sofa in front of the television, she prays silently before eating lunch.

She is Ms. Watson's only daughter. Her mother, aware of the high teenage pregnancy rate here, is protective, trying not to let her out of her sight.

While their presence on the SSI rolls is evidence that Ms. Watson has always looked out for the well-being of her children, she has had to work even harder for herself.

Her pursuit of benefits took 11 years, longest in the family. She applied five times before finally convincing the right people that she is disabled.

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Her persistence is reflected in the shifting array of physical complaints she claimed. In 1974, it was high blood pressure, heart trouble and bad nerves that prevented her from working.

1975: anemia, dizziness, nerves and bad kidneys. 1976: low blood pressure and heart problems.

In 1984 she blamed stomach problems, epilepsy and sinus trouble and the following year it was epilepsy again, along with fibroid tumors and "female problems."

A physician who examined her in 1974 wrote: "This patient's employability will be directly related to her motivation." Two years later, another doctor one told Social Security that she wanted to be "a ward of the government."

After her third rejection in 1976, Ms. Watson put her own case aside for eight years while she pursued checks for the children. In 1984 and 1985 she applied for herself and failed. Both times, caseworkers said she could work.

However, a psychiatrist summed up her bleak situation in 1985. "This is a 34-year-old black female" wrote Dr. Jacob W. Storey, "who has seven children under 12 years of age, an alcoholic husband and no money, who complains of insomnia, crying spells, depression...."

"She answers to positive to hallucinations but this is not substantiated. She has some type of pass-out spells when she gets upset.....[and] some type of seizure disorder that has had since 11 years of age."

After her fifth rejection, Ms. Watson decided for the first time to appeal her case to a Social Security judge rather than start anew. He sent her to another doctor who reported that she was "limited intellectually and most likely retarded...has what appears to be a long-standing seizure disorder.....is either suffering from a chronic schizophrenia with depressed mood or from major depression.

"In any event, these conditions combine to make it impossible for this lady to cope with the stresses of any type of competitive employment."

Two days before Christmas of 1985, Ms. Watson received a present.

Judge W. Thomas Bundy wrote that while none of her problems individually would prevent her from working, she "may be of a low intelligence level and appears to be incapable of coping with stress in a work situation at this time.

"Most of her emotional stress is a product of her home life and the alcoholic husband along with the lack of finances needed to care for her seven children."

Judge Bundy concluded that in the future she "should be capable of entering some type of simple work activity such as performing domestic work or cafe work...." He recommended a re-examination of Ms. Watson "within one year."

Social Security did review her condition in 1989, and concluded that she was still unable to work. It has not checked her since then. Nor has it checked anyone else in the family since they began getting payments.

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Ten months after Ms. Watson's success, Mr. Lyons applied in October, 1986, saying he had a "bad back, swollen feet and bad eye." A former logger and carpenter who still does odd jobs around Lake Providence, he was turned down. He, too, appealed to a judge who granted him benefits, saying his weight of 386 pounds automatically qualified him.

But, Judge Fred E. Pickett said he would have awarded him benefits anyway because of his "severe obesity, hypertension....limited ability to exercise and illiteracy."

An unstated issue was whether work was available for Mr. Lyons -- or anybody else -- in East Carroll Parish. Cotton was once king here, but machines have replaced field hands -- and nothing has replaced those menial, back-breaking jobs in the cotton fields.

With 57 percent of its residents living below the federal poverty level, only a third of them holding jobs and another third less than 14 years old, East Carroll Parish is ripe for SSI. Ten percent of its residents are on SSI, compared with 2.4 percent in the U.S. generally. Their checks bring \$ 4 million a year to this community.

The high rate is common in Louisiana, which has the seventh largest number of children on SSI rolls in the U.S. -- 36,000 at the end of 1993 -- despite its relatively small population. Maryland, for example, was 25th, with 9,000 children getting benefits.

Sitting in her living room, Ms. Watson offers a sharp contrast with the woman who emerges from her records. At times in conversation she is combative, able to recall intricate details of the family's two-decades quest for SSI, occasionally critical of people who have "copped an attitude" toward her.

She recalls a dispute last year with a junior high school principal that began when her son George's books were stolen from his locker. The principal insisted that she replace them, but she refused, saying it was the school's responsibility because George had left them where he was told to. Neither she nor the principal gave in, she claims, and George finished the year without books.

"He got Fs and will be in the seventh grade again," said Ms. Watson, seemingly proud of the stand she took.

The thick Social Security file portrays a different woman, seemingly incapable of virtually any activity, physical or mental.

In the past ten years she has told caseworkers and doctors that she "doesn't know what country we live in," that her "ability to recall is almost void," that she can't handle money or count, that she needs help cooking because she forgets what she's doing and that "whenever I get up to do anything, I pass out and must have someone with me at all times."

The history of SSI suggests that the Watson family will remain on SSI permanently, with the children eventually moving to the adult rolls, as have nearly 300,000 adults who got their first SSI checks as children.

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It is a pattern that troubles defenders and critics of the program alike.

Critics claim that giving no-strings-attached cash to the parents discourages them and the children from trying to overcome the disability.

June Gibbs Brown, the chief investigator in the Department of Health and Human Services, wrote last October, "If Congress intended that the SSI program provide only cash assistance to children with mental impairments, then the program is successful."

But, she added, "if Congress intended that the SSI program should help children overcome their disabilities, and grow into adults capable of engaging in substantial gainful activity, changes are needed."

Shirley S. Chater, the Social Security commissioner, acknowledges that she is concerned by labeling children as disabled.

That "could be a self-fulfilling prophecy," she said in an interview. "We know that if a child comes on the disability rolls, they tend to stay on for a very, very long period of time."

Adds Mike Baumann, who makes disability decisions in Shreveport, La., where the Watson cases were decided, "The kids are being told that their worth is in sucking off the government teat, that their worth is in not achieving."

Ms. Watson views the issue in more practical terms. Where critics see high incomes for people who do nothing for the money, Ms. Watson sees only a stack of bills and a big family to feed.

"I think it's a good program," she says.

"I couldn't make it without it."

GRAPHIC: COLOR PHOTO, Money changes hands on "check day" in Lake Providence.; PHOTO 1, ANDRE LAMBERTSON/SUN STAFF PHOTO, L.C. Lyons cuts okra from his garden while son George, 14, and grandson Rico relax. A judge ruled that Mr. Lyons' weight made it impossible for him to work as a logger.; PHOTO 2, ANDRE LAMBERTSON/SUN STAFF PHOTO, A teddy bear and boom box provide company for Oleaner, 13, the youngest of Rosie Watson's seven children. Her mother gives her only daughter a \$ 20-a-month allowance out of her \$ 458 SSI allotment.; PHOTO 3, SUN STAFF PHOTO, After 11 years and five rejections, Social Security approved disability for Rosie Watson.; PHOTO 4, ANDRE LAMBERTSON/SUN STAFF PHOTO, Willie Lee Bell, principal of Southside Elementary, despises SSI and says the scramble for "crazy checks" is lowering the academic standards of his school. He is shown relaxing in his backyard.; PHOTO 5, JEFFREY F. BILL/SUN STAFF PHOTO, Stacks of records tell the story of the Watson's 18-year effort to get federal disability checks.; MAP, SUN STAFF GRAPHIC, LAKE PROVIDENCE; GRAPH, SHIRDELL McDONALD, JEROLD COUNCIL/SUN STAFF GRAPHIC, BY THE NUMBERS: SOCIAL SECURITY'S DISABILITY PROGRAMS

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LEVEL 1 - 1 OF 5 STORIES

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SECTION: TELEGRAPH (NEWS), Pg. 1A

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SERIES: SERIES -- THE DISABLING OF AMERICA. Second in a series.

HEADLINE: America's most wanted welfare plan
Addicts squander checks on drugs

BYLINE: Jim Haner and John B. O'Donnell, Sun Staff Writers

BODY:

They found Delmont Williams' body in an alley off Harlem Avenue, lying under the bald branches of a withered willow tree, staring up at the afternoon sky through dead eyes on "check day."

He had enough alcohol and heroin in his veins to intoxicate three men.

And you paid for it.

The homeless Army veteran overdosed with money from a Social Security program that doles out monthly checks to 8 million people who are too old or disabled to work. But 250,000 of them are believed to be hard-core substance abusers who routinely squander the cash on drugs and alcohol.

This week, the new Republican-led majority in Congress will examine the problem in hearings on Capital Hill. Some are already vowing to give addicts the ax.

But they will soon learn that it's easier said than done because of one little-known fact: Most of the addicts and alcoholics on the rolls -- perhaps as many as three out of four -- are retarded, blind, crippled or suffer from some other disability that would entitle them to the \$ 458 monthly checks.

And Congress has refused for two decades to provide treatment for them in spite of a chronic shortage of even the most basic rehabilitation. Fearing that any appearance of coddling drug abusers would invite voter backlash, the nation's lawmakers have ignored social workers and drug counselors who say that intensive long-term treatment is the only answer.

"The first reaction of right-wing conservatives will be to gut the program completely," says Dr. Sally Satel, a Yale psychiatrist. "And the real liberal types won't want it touched. But either of those courses would simply perpetuate this crisis."

Says Pam Rodriguez, a Chicago drug counselor: "We have never seen a population like this before. For years, Social Security saw its job as to simply write checks. Now, we're getting [people] and they're ruined. We don't even know where to start."

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Checks for the drug abusers are costing taxpayers \$ 1.4 billion a year. Most are alcoholics. The vast majority are men. Four out of 10 are white. Their average age is 42. And few ever kick their habits. Rather, they usually end up dead or in prison within seven years of receiving their first check.

The case of Delmont Williams is typical.

A bearded father of two who drifted from North Carolina to Baltimore, his medical records show that Social Security knew he was a hard-core alcoholic when it mailed him his first check in 1987.

His liver was swollen from years of heavy drinking. His heart was congested. Half his teeth were missing. And his skull -- bashed in years earlier in a drunken brawl -- was webbed with cracks like a piece of glued-together pottery. He suffered from seizures and mental illnesses.

There could be little question that he wasn't capable of holding a job, or that he would squander the money Social Security gave him for his fractured skull and manic depression unless he got off drugs and alcohol. But the agency offered him no help. Just a check.

"Delmont knew he was dying," says Curtis Mann, a drug counselor at the Health Care for the Homeless free clinic on Park Avenue. "All the dealers came circling around him on check day like vultures. A week later, he'd crash from whatever dope he was using and feel terrible.

"Those were the times that he'd go looking for help. The problem was that we could never find it for him before that damn check came in the mail on the first of the month and the whole cycle started all over again."

In a city with some 2,400 addicts on the disability rolls and the highest per capita rate of heroin-related emergency room admissions in the country, there is not even short-term treatment available for nine out of 10 addicts, the nonprofit Abell Foundation found last year.

And the kind of in-patient care that removes hard-core addicts from their drug-infested haunts long enough to learn a new way of life is not available at all in Baltimore.

Time and again, Delmont Williams was confronted by waiting lists of up to a year, then headed back out onto the street to blow his aid money on blinding binges that ended in trash-strewn alleys, jail cells and hospitals all over the city.

On the afternoon of June 1, police came upon his corpse in a West Baltimore alley wrapped in a filthy red polo shirt. Just four hours earlier, he had picked up his last \$ 446 check from a mail drop at the clinic and cashed it at a nearby liquor store.

Delmont Williams died homeless, stoned and alone at 49.

"With his history, there's no way he should have been walking around with that much money in his pocket," says Lauren Siegel, a social worker at the free clinic. "But they gave it to him anyway. Every month, no strings attached, the check would come and Delmont would spend it on drugs and alcohol. Until it

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finally killed him."

The money came from a program known as SSI, for Supplemental Security Income -- a plan set up by Congress two decades ago with little deliberation or debate. The idea was to provide food, shelter and clothing to disabled poor people.

It is one of two such programs for the disabled run by the Social Security Administration. The other is called DI, for Disability Insurance. Since 1956, it has let workers who have paid into Social Security's retirement trust fund draw benefits early if they become injured, ill or addicted.

Both programs are in trouble.

Contradictory law

Envisioned as modest proposals to help a few million aged and disabled Americans, SSI and DI now cost \$ 65 billion a year -- fueling the national debt and sapping the fund that retired Americans rely on to pay their bills.

The two programs are covered by the same set of rules passed by Congress in 1972.

Even then, thousands of recipients were known drug addicts and alcoholics. But the rules placed few controls on how they spent the money -- except that they could not use it to buy drug treatment.

In a glaring contradiction written into the law, Congress deemed that letting handicapped addicts spend their checks on treatment would violate the philosophical underpinnings of the aid program: to provide basic expenses for those who couldn't work.

That decision set blind, retarded and mentally ill addicts adrift in lives of despair because it cut them off from private clinics, where treatment is generally available to anyone who can pay for it. And the prohibition has remained unchanged for more than 20 years. Further, tucked inside the law was one sentence that said addiction alone could qualify as a disabling disorder, making it possible for virtually anyone hooked on dope or booze to get a monthly check even though they have no other disability.

Before then, an addict or alcoholic had to prove that his substance abuse was so severe that it had caused disabling brain or liver damage, conditions that usually took decades to develop.

But under the 1972 rules, an addict has only to prove that his drug abuse is bad enough to keep him from holding a job -- opening the door for thousands of young substance abusers who aren't physically disabled and who probably never would have qualified for aid under the old rules.

They are men like Ernie Hernandez.

The 34-year-old heroin addict and father of two sits in the brown grass outside the San Joaquin County drug clinic in French Camp, Calif., a desolate farm town gone bust on the high desert plateau east of San Francisco.

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He fidgets with his beefy hands as he describes his six years on SSI.

A one-time cannery worker and farm laborer, he has no apparent physical problem that would keep him from working. He is lucid in conversation. And at 6 feet tall and 225 pounds, he's built like a weight lifter.

"I admit it," he says. "I don't look sick."

But he's collecting \$ 458 per month for his addiction, which qualifies him for a \$ 200 supplemental payment from the state, bringing his tax-free monthly take to \$ 658 -- about the same amount that the average retiree gets from Social Security after a lifetime of labor.

"The money definitely changes you," he admits. "I just ain't going to risk losing that money by working at some minimum-wage job. Next thing I know, I get too stoned, I lose the job. Then what am I gonna do to feed my kids?"

"You can tell them congressmen, if they stop SSI, the crime rate around here is going to go through the roof. It's all a lot of us have."

And Ernie Hernandez knows about crime. He says he's been using heroin and cocaine since he was a teen-ager, landing in prison at least nine times.

He'd like to get himself clean and back to work -- if for no other reason than to get his family off his back and to "be able to spend a weekend in the mountains without having to come home early because I ran out of dope."

But he has never been able to rehabilitate himself. Even when he wants it, there is little in the way of intensive treatment available.

On this sweltering day in July, he wants it in the worst way.

Jittery from a dose of black tar heroin he shot into his leg the night before, he considers his options as he fingers a small, gummy "booger" of heroin in his pocket.

'I'm really gonna kick'

Cheap and plentiful, black tar has spawned a plague of addiction in the cities and towns along Interstate 5 that has helped make California -- with at least 34,000 addicts on the aid rolls -- the "Disability Capital" of the nation.

"You back again, Ernesto?" asks Floyd Brown, the chain-smoking assistant director of the clinic.

"Yes, sir," Ernie Hernandez replies, hoisting himself up from the grass. "I want to get on the waiting list. I'm really gonna kick this time."

Both men know his chances of getting off heroin are nil. Since he's been on SSI, he's been in and out of the clinic so many times that they've both lost count.

He is one of 6,000 heroin addicts in the valley who rotate on and off the out-patient treatment program throughout the year. In a region that has become a hotbed of disease, many of them suffer from tuberculosis and AIDs. Three out

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of every four are getting disability checks, according to a recent county survey.

"They'll test positive for heroin and we'll flunk them out of the program," Mr. Brown says. "Then they'll sign back up on the waiting list and the whole thing starts all over again. I can honestly say that in my 21 years in this business, I have never had a disability recipient successfully complete the program."

When Congress first decided to let addicts like Ernie Hernandez get aid for merely being addicted, it ordered Social Security to herd them into treatment as a condition of their getting checks.

Any addict who refused was to be cut off -- except for DI addicts, because Congress deemed that they had "earned" their benefits when they were working and should be free to spend them as they saw fit.

The treatment rule was supposed to keep poor addicts on SSI from simply using the money to feed their habits. But former agency officials and legislative aides say they warned Congress as early as 1969 that there were nowhere near enough in-patient treatment slots for them. And no one expected out-patient treatment to work.

But the nation's lawmakers were less interested in accountability for addicts, the aides say, than they were in insulating themselves against outraged taxpayers should the program go wrong. Then-Sen. Russell Long, the legendary Louisiana Democrat, was the prime mover.

"He told us there was no way in hell he would support giving checks to dope addicts without at least making it look like we were getting tough with them at the same time," says Tom Joe, a Washington social policy analyst who helped write the disability rules. "Everybody knew that they probably wouldn't be able to actually find treatment."

Then, or now.

Today, a minimum of 3.2 million addicts and alcoholics need help, according to federal, state and private estimates. But there are slots available for less than half. And at least 100,000 people are on waiting lists for those slots at any time. For others, there are no lists.

Consider North Carolina, a state with 6,200 addicts on the federal disability rolls and few publicly funded in-patient treatment slots.

In Asheville, a small town in the pine-blanketed foothills of the Great Smoky Mountains, a downtown Social Security office draws scores of disabled people from the surrounding countryside. Many are illiterate, hobbled by years of hard labor in mines and lumber mills, and suffering from addictions to rot gut wine and moonshine.

"We're basically telling them to get treatment when there isn't a treatment facility within 200 miles of here," says Sharon DeLong of The American Federation of Government Employees, who represents local caseworkers.

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"We try to push them into Alcoholics Anonymous or something like that. But how long can they last when all they're getting is a couple hours of group therapy before they head back out to sleep in the woods with a dozen other alcoholics? It's utterly demoralizing."

Her frustration is echoed by caseworkers and drug counselors from Baltimore to Seattle who say Congress and the Social Security Administration have never been serious about rehabilitating addicts -- or in understanding how treatment works.

Counselors surveyed by The Sun say programs like the San Joaquin methadone clinic and Alcoholics Anonymous that bring addicts in off the street for a few weeks of detoxification or a few hours of group counseling every day are the least likely to succeed with hard-core substance abusers.

"It amounts to drive-by therapy," says Dr. Satel, a professor of psychiatry at Yale and the University of Pennsylvania who has worked with addicts for seven years. "It may work fine for the early stage addict who still has a home, a family and a job. But that's not who you see on disability."

"These people are seriously debilitated drug abusers, and they need months of heavy-duty residential care that cuts them off from their addict friends and their old hang-outs, and teaches them a new way of life."

And it is precisely this kind of treatment that Congress has refused for 20 years to provide to the destitute substance abusers on federal disability. Today, there are only 68,000 federally funded in-treatment slots in the entire country.

"It's one of the terrible ironies of the disability program," says Dr. Satel. "Congress tells addicts, 'You have to be in treatment, but we're not going to give it to you -- and you can't use your check to buy it on your own.'"

Under the rules set up by Congress, Social Security must stop checks to addicts who are caught spending them in a residential program.

Adding insult to injury, counselors say, Congress ordered Social Security last summer to carry out a plan to cut off addicts' checks after three years. The agency says the move will trigger \$ 275 million in notification, processing and legal costs -- enough to buy residential treatment for 35,000 addicts.

"Instead, we're spending it to shove these people back out onto the street in 36 months," says an exasperated Jack Gustafson, who represents state rehabilitation directors in Washington. "We'll buy their drugs for them for three years, but we won't give them in-patient treatment. It's insane."

Nor will the crackdown achieve the results that Congress promised to taxpayers when it vowed to purge addicts from the rolls. That's because most of them suffer from other physical or mental disabilities that will still qualify them for aid.

"The fact is that drinking and drugging is usually just part of the problem," says Joe Manes, a Washington mental health activist. "They usually have a complex of ailments that may or may not be related to their substance abuse."

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Willard Redpaint is a walking illustration.

'Pints away from dead'

Most mornings, the 42-year-old Dakota Indian can be seen stumbling down Larimer Street on the graffiti-scrawled industrial fringe of downtown Denver, a bottle of Wild Irish Rose wine in his trembling hand and a glassy film across his bloodshot eyes.

At 10:30 on a bright, clear morning in August, he is already drunk. So drunk that when he blows into a Breathalyzer at a nearby homeless shelter he registers a potentially lethal .42 blood alcohol level -- four times the amount to be considered legally intoxicated.

"God almighty, Willard!" blurts Bob Cote, director of the shelter. "You're about two pints away from dead!"

He breaks into a heated lecture, brow-beating, accusing. He reminds Willard Redpaint that at least 41 men have killed themselves on Larimer Street with disability aid money in the past few years.

"You knew a lot of those guys, didn't you?" Mr. Cote demands. "You want to end up like them?"

"I like my wine," Willard Redpaint replies sleepily. "I like to drink."

Reeking of urine and garbage from four nights sleeping in an alley, he says he can't remember how long he has been getting disability checks for alcoholism. Court records show it has been at least since 1985.

But alcoholism is far from his only problem.

Willard Redpaint is mentally retarded. And his brain is damaged from a car accident that sent him hurtling through the windshield of a pickup truck when he was a kid. He signs his name with an "X" because he cannot read or write.

When he was 4, a gang of thugs strangled his father during a robbery. A few years later, his mother was taken away to a mental institution. By the time he was 15, he was drifting the Western high country alone.

His earliest arrival in Denver is recorded in court files at age 25, when police found him stumbling drunk down the center of a six-lane interstate in the middle of the night. Since then, he has been arrested 16 times in alcohol-related incidents.

In 1988, he beat another homeless man to death with a slab of concrete over a stolen radio. Convicted of manslaughter, he served three years in prison, feeding his habit with homemade potato wine.

"It gives you a hangover in the morning," he says of his drinking. "And I'll end up dying. But that's the only bad part."

Each morning, he goes to a homeless aid station where social workers dole out his monthly check to him in \$ 10 installments.

The Baltimore Sun, January 23, 1995

"I can buy four bottles of wine with that much," he says. "That's a lot of wine."

Left without treatment, counseling or supervision, Willard Redpaint receives just enough money every day from U.S. taxpayers to drink himself to the edge of death.

And the crackdown launched by Congress last summer with much election-year rhetoric will do nothing to stop him. If Social Security cuts off the checks he gets for his alcoholism, all he will have to do is reapply, citing mental retardation and brain damage.

Nor do drug counselors and social workers expect any of the other measures Congress passed in August to have much effect. Among the mandates were orders for Social Security to force addicts into treatment programs that don't exist and to hire special inspectors to make sure they don't abuse their checks.

But the agency has had inspectors in 18 states for years. And they say they have been consigned to failure by a lack of funding.

Little supervision

In California, Social Security monitored addicts so poorly that it continued to send checks to 119 of them while they were in prison, the state attorney general found last year. And in Illinois, a Chicago firm lost track of 7,000 more because Social Security never provided a list of their names.

And Social Security does not expect to be able to tighten supervision with the money Congress wants to spend on the job. Rather, private firms will be paid roughly \$ 600 per addict to monitor their whereabouts and make sure they are signed up on waiting lists until their checks run out in 36 months.

"Obviously, one long-term goal is to rehabilitate people," says Commissioner Shirley S. Chater, the agency's head. "And the way we do that is to have these monitoring agencies encourage the addict's sense of individual responsibility to find treatment for himself."

But Social Security estimates that the majority of substance abusers on disability -- perhaps as many as 200,000 -- will continue to get checks and go untreated long after the three-year cutoff because of loopholes in the law.

As many as three out of five are exempt because they have other disabilities. And another two out of three are collecting DI checks that can't be cut off until three years after they are actually accepted into a treatment program because Congress decided they "earned" their benefits.

Meanwhile, new addicts continue to pour onto the rolls. Social Security estimates that the number drawing checks today will almost double by the turn of the century.

"It's insane to go on giving them cash," says Dr. Satel, the Yale psychiatrist. "But it also makes no sense to just take that money away and plow it into some other program. Congress has to wake up to the fact that we need hard-nosed treatment to interrupt this cycle of addiction, crime and punishment that is costing taxpayers a fortune in more ways than one."

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Estimates by the National Association of State Alcohol and Drug Abuse Directors are that every dollar spent on drug treatment saves \$ 14 in police, court, emergency room and prison costs.

But so far, Congress and Social Security have been unwilling to spend the money -- even in the case of men like Delmont Williams who desperately want treatment and will surely die without it.

"It's not our job to solve the problems of the addict population," says Deputy Social Security Commissioner Larry Thompson. "Our job is to write checks."

GRAPHIC: COLOR PHOTO, SCOTT ANGER/SPECIAL TO THE SUN, After years ruined by alcohol and cocaine, Jack Gordon Hill Jr. of Baltimore thought he'd found peace with his kitten Serenity in a California drug treatment center. Months later, he was out on the street, Social Security disability cash supporting his habits.; PHOTO 1, Hours after cashing his last check, Delmont Williams overdosed in a Baltimore alley.; PHOTO 2, JOSEPH D. POELLOT/SPECIAL TO THE SUN, Most days, Willard Redpaint can be seen on Larimer Street on downtown Denver's graffiti-scrawled fringe, a bottle of Wild Irish Rose in his hand and a glassy film across his eyes.; PHOTO 3, SCOTT ANGER/SPECIAL TO THE SUN, "If SSI was around 20 years ago when I was trying to get straight, I'd probably be dead right now," says former heroin addict Floyd Brown, assistant director of a drug treatment center in French Camp, Calif.; PHOTO 4, SCOTT ANGER/SPECIAL TO THE SUN, Freddie Tafoya (center) used SSI to get treatment and go to college. Ernie Hernandez (left) and David Abitia are still addicted.; PHOTO 5, JOSEPH D. POELLOT/SPECIAL TO THE SUN, 41 men have killed themselves on Larimer Street with disability aid money, says Bob Cote, director of a Denver homeless shelter.; GRAPH, HHS Inspector General/SUN STAFF GRAPHIC, WHO GETS CHECKS?; MAP, SUN STAFF GRAPHIC, FRENCH CAMP

LOAD-DATE-MDC: January 24, 1995

LEVEL 1 - 2 OF 2 STORIES

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LENGTH: 3768 words

SERIES: SERIES -- THE DISABLING OF AMERICA. Third in a series.

HEADLINE: America's most wanted welfare plan
Immigrants walk off the boat and onto SSI disability rolls

BYLINE: Jim Haner and John B. O'Donnell, Sun Staff Writers

BODY:

They came in a huddled mass, tired, poor and yearning to breathe free. Then, they saw the ads.

"You are disabled, mental disabled, having serious sickness or being wounded, you may be eligible," proclaimed one offer in a Cambodian newspaper in Santa Ana, Calif.

"Free counseling," said another in Beverly Hills. "Client will only pay after receiving money."

And again in San Jose: "We are professionals on SSI -- with 85% successfulness!"

Through such ads, thousands of immigrants have stepped onto U.S. soil in recent years and found their way to hucksters, con men and entrepreneuring social workers who steered them onto a federal welfare program for the disabled called Supplemental Security Income. Without working so much as a day, the new arrivals begin collecting \$ 458 a month.

In just five years, their numbers on the SSI rolls have doubled to more than 700,000 -- making them the second-fastest growing group in a Social Security program originally intended for poor Americans too old or disabled to support themselves.

In 1994 alone, their monthly payments absorbed almost \$ 4 billion in taxes -- enough to buy a four-year education at Harvard University for every graduating high school senior in the Maryland public school system.

And more are on their way from such places as Mexico, Vietnam and Russia as an immigration boom almost unprecedented in U.S. history continues.

Now, the new Republican majority in Congress is gunning for them. Spurred by the mounting voter outrage that led California to cut off services to illegal aliens in November, the GOP is expected to call later this week for deep cuts in disability aid to noncitizens.

"It's time for them to live up to the commitments they made when they came to this country," said Sen. Rick Santorum of Pittsburgh, a former Republican

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representative who parlayed promises to purge the foreigners into a successful Senate campaign. "We cannot allow ourselves to become the dumping ground for the world's problems."

But records make clear that Congress is largely responsible for the problem. It triggered the surge by inviting thousands of mentally ill refugees into the United States and allowing them onto SSI just as it was passing the most generous mental disability rules in history.

As a result, more than 1 million "mentally disabled" people came onto the rolls. And mental problems became the No. 1 claim of those seeking aid -- citizens and noncitizens alike.

Records show that immigrants came onto the rolls for mental disabilities at a faster rate than any other group except children, demonstrating the combined effects of open-handed immigration policies and relaxed rules on mental disability.

Today, Social Security pays out more than \$ 25 billion to 6.3 million disabled and elderly people. One out of every eight is a legal alien or refugee. Of the disabled, one out of every three is getting checks for a psychological problem.

These two facts are closely related. Behind them is the story of a 24-year immigrant boom that caught Social Security unaware, the rise of America's disability culture and how they were both promoted by Congress. And it might not have been told at all if not for a man named Simardy McNeil Chan.

A 33-year-old San Diego County social worker, he ran a cottage industry from the front seat of his gray BMW 318i sedan helping Southeast Asian refugees scam money from Social Security.

For a fee of \$ 2,700, he led able-bodied aliens into a federal office building in San Diego, took them before Social Security caseworkers and fabricated harrowing tales of wartime suffering that he claimed left his clients too traumatized to hold a job.

He had been able to do this for seven years, he boasted to a group of potential clients last year, because few of the agency's caseworkers could speak foreign languages well enough to question immigrants directly.

"Not to worry," he assured them. "They are Americans. We are Cambodians."

Posing as a translator, Chan did all the talking. He then steered his clients to psychologists who -- citing the mental disability rules passed by Congress -- confirmed that they were mentally ill and couldn't work. Social Security would then begin mailing them monthly payments.

In this manner, Chan once boasted, he had no trouble getting checks for 2,000 of his countrymen, a population that would cost U.S. taxpayers more than \$ 10 million a year.

He had no way of knowing that three of his customers were undercover informants for the California attorney general's office or that his sales pitch was being recorded by hidden microphones.

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Caught red-handed, Chan was convicted last year of lying to caseworkers to get his clients government aid.

In exchange for a lenient sentence, he agreed to help state agents "sting" doctors, druggists and psychologists running "disability mills" for Southeast Asian refugees in Southern California. One Vietnamese doctor and another Cambodian translator have been indicted so far.

"They are big men from the SSI -- rich men," said Sombath Uon, a 44-year-old Cambodian who helped bring down McNeil Chan. "You see them in their big houses with their new cars. And the people are waiting in line outside their door to get the SSI like beggars. They are teaching the people to lie, to steal from the government.

"They are like godfathers."

Powerful figures

From San Diego to Seattle, the middle men have become powerful figures, he said, commanding respect once reserved for village elders.

Some are trained and bonded translators who help refugees with everything from drivers' licenses to mortgage settlements. But others are fly-by-night hustlers who herd the sick, the poor and the gullible through Social Security's English-speaking bureaucracy, then take a cut of the check and disappear.

They advertise in California's Vietnamese newspapers and on Cambodian radio talk shows. They rent office space in places such as Long Beach, where 100,000 refugees have given the city what is said to be the largest Cambodian population outside Cambodia. They do business in Thai, Laotian, Filipino and Japanese.

Alerted by the California attorney general's office to the fraud and unabashed marketing of the troubled aid program, Congress and President Clinton approved a raft of paper changes to the SSI law last summer.

What they did not do is fix long-standing flaws in the program that have allowed untold millions of dollars in fraud and waste to flourish for more than two decades.

They did not give Social Security money to hire or train more bilingual caseworkers. Rather, Mr. Clinton is cutting the work force at a time when only 14 percent of the agency's 30,000 caseworkers speak anything but English and less than 1 percent speak the Asian or Eastern European languages involved in most of the known fraud.

Congress did not address the fact that federal law enforcement agencies have turned a blind eye to the fraud, leaving 300 Social Security field investigators on their own. It is the equivalent of asking one Baltimore Police Department district station to cover the entire state of Maryland.

And Congress did not acknowledge that it is largely responsible for the problem it is now complaining about.

In the grip of the Cold War, the nation's lawmakers began as early as 1965 to loosen immigration rules for refugees fleeing Communist countries, giving

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automatic residency to many and triggering a sharp rise in immigration.

A decade later, they created SSI -- telling taxpayers that the program was for elderly and disabled Americans who could not help themselves.

But low-level legislative aides who wrote the program's rules inserted a sentence that wiped out long-standing residency requirements that once kept immigrants from getting government aid for years. And it meant that refugees were eligible the moment they stepped off the boat.

Then, beginning in 1984, Congress approved new mental disability rules that made it easier for the mentally ill to get on SSI -- just as a tide of mentally stressed refugees was streaming through America's golden door.

The fall of South Vietnam, the civil war in Cambodia, the exodus from Fidel Castro's Cuba, the U.S.-backed contra war in Nicaragua, the collapse of the Soviet Union, the fall of the Berlin Wall, the disintegration of Haiti and other calamities brought more than 15 million legal aliens into the United States.

It was 25 percent of the total U.S. immigration since 1820, packed into little more than two decades. And almost half came from the Asian and former Communist bloc countries of Eastern Europe that now account for most reports of translator fraud.

"We're dealing with an alien community isolated by language and cultural barriers that has been traumatized by unbelievably brutal wars and incredible poverty," said Chris Rodriguez of the California attorney general's office. "And we have a set of mental disability rules that practically any of them can pass, even though they may be working and supporting their families."

The new immigrants arrived to find a Social Security Administration that had failed to train its work force in foreign languages.

"It's a problem we weren't even aware of until the last few years," said Lenore Carlson, who oversees the agency's 1,300 field offices.

Few facts, big problems

Social Security never kept a comprehensive record of which offices were being hardest hit, she said, and never compiled enough data on immigrants to get a true picture of the boom. Likewise, no congressional audit of disabled aliens has ever been done.

Meanwhile, caseworkers were drowning -- caught between time-consuming applications from aliens and demands from supervisors to keep the cases moving in the face of a shrinking work force.

"We get all the runaways, homeless and vagabonds from four states," said Jeff Saul, a Seattle caseworker. "They're babbling at you in four dialects of Chinese, 13 Asian tongues, Spanish, Russian, Ukrainian and Filipino. We're using translators and sign language to prepare their applications.

"And God help you if you make a mistake or your productivity slips. Friend, you don't know what frustration is until you've spent a day in an SSA field office."

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That's not the way Social Security Commissioner Shirley S. Chater tells it.

"I recently returned from a trip out West and was greatly heartened to see our people all pulling together in a spirit of cooperation to get a handle on this problem," she said in a recent interview. "And I believe we are. There's an optimism and positiveness that is inspiring."

Of the 913 Social Security field workers in the Seattle region, only 26 speak Asian or Eastern European languages, leaving them heavily dependent on free-lance translators. And none speak Cambodian.

Given these circumstances, caseworkers say, events that unfolded there last year should come as no surprise.

After nearly four years of gathering leads on a suspected translator fraud ring, the state Office of Special Investigations drew the interest of the U.S. attorney's office in Seattle, which launched the only federal investigation to date into immigrant fraud.

FBI agents tracing the clients of one translator uncovered 50 unqualified applicants who would have drawn almost \$ 17 million in benefits in their lifetimes had they not been caught, said Assistant U.S. Attorney Steve Schroeder.

"If that isn't enough to drive you crazy, consider the fact that we have taken down three of these guys so far," Mr. Schroeder said. "And between the three of them, we're talking about potential losses in excess of \$ 200 million to U.S. taxpayers."

Typical was the case of a 63-year-old Vietnamese translator named Thah Huyen "Jimmy" Vo.

American dream

Jimmy Vo came to the United States in 1975 after the fall of Saigon, after fording the Mekong River into Thailand with his wife and eight children, after living for months in squalid refugee camps.

Landing in Tacoma, the family began pursuing the American dream as thousands of immigrants before them had done: the hard way. They picked fruit and vegetables in the fields east of the city by day, attended school at night and saved their money.

Within a year, Jimmy Vo bought his first home off Yakima Street -- "Little Vietnam" -- Tacoma's refugee quarter. By 1980, he had his U.S. citizenship and a master's degree in social work from the University of Washington.

Soon, he opened his own business, Refugee Professional Services. Increasing respectability followed. He became a volunteer counselor for abused children and campaigned on behalf of a Little Vietnam community center.

Then, Jimmy Vo's American success story came unraveled.

"We paid him \$ 500 to assist us," a Cambodian named Sophan No told Tacoma police. "Jimmy Vo helped my wife and I to lie to the doctors and to the

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government people in order to qualify for SSI."

"I pretended to the doctors to be very stupid, and this was a lie because I am very smart," said another immigrant, Savoeun David Sam. "I pretended to the doctors that I could not work, and this was a lie because I was able to work very well."

Between them, the two Cambodians qualified for \$ 32,000 in SSI and other government benefits after bluffing their way through mental examinations with Jimmy Vo's help, court records show. In exchange for their cooperation and a promise to pay the money back, they drew a few weeks in jail. Jimmy Vo got five years in federal prison.

To investigators working the case, Vo demonstrated just how easy it is for almost anyone to exploit Social Security's mental disability rules with the right coaching or a sympathetic doctor. And there are signs that his is not an isolated case.

Unequal equation

Today, there are about 1,500 people on SSI living in and around the compact Little Vietnam neighborhood that covers a few square blocks near Tacoma's Lincoln Park. On their behalf, Social Security pumps about \$ 3 million every year into the tiny community of neat clapboard homes and apartment buildings.

Social Security officials say most refugees on SSI -- two out three -- are simply too old to work. But Tacoma turns that equation on its ear. Of the 1,500 recipients in Little Vietnam, records show, only 200 are elderly.

Still, Ms. Chater said she is confident that fraud among refugees is not widespread.

"We don't want the American people to think this whole program is rife with fraud and start petitioning their Congress members to kill it," she said. "The fraud we're talking about represents a tiny fraction of cases."

Mr. Schroeder, the Seattle prosecutor, is not so sure.

"We keep hearing over and over again that we're making a mountain out of molehill," he said. "But the fraction we've been able to prove amounts to millions of federal taxpayers' dollars. And I stress the words 'able to prove.' The fact is, nobody has dug very deeply into this problem."

That's because Social Security's police force -- the 300 agents in the Health and Human Services Inspector General's Office -- are so busy investigating scams in other federal programs that they barely have time for anything else.

And federal prosecutors are too busy handling drug cases in most jurisdictions to be of much help. Even when local investigators manage to crack an SSI fraud case, they usually have trouble finding a U.S. attorney's office willing to take it to court.

"If you look at individual cases of SSI fraud, you're not generally looking at large dollar losses," said Linda Summers, a senior Inspector General's investigator in the Los Angeles regional office. "And that's what we need to

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justify spending \$ 300,000 on a full-blown investigation. We're not exactly overstaffed either."

Her office's 13 agents cover a 75,000-square-mile swath of two states that stretches from Los Angeles to Las Vegas -- an area that contains no less than 400,000 SSI recipients, zip code records show. To perform a cursory review of that many case files would take each of her agents nine years.

"Finding the fraud would be like trying to find a needle in a haystack," Agent Summers said.

And even when agents prove fraud by a translator they cannot automatically kick his clients off the rolls. Under rules set up by Congress in 1984, they must also prove that the recipient is, in fact, not disabled.

"We're investigators, not psychologists," she said. "How are we supposed to determine whether somebody has a disabling mental condition when four psychologists will examine the same guy and give you four different opinions?"

"The bottom line is that once somebody qualifies for benefits, especially for a mental problem, it's very difficult to get them off the rolls."

And that observation is not lost on the rip-off artists.

Investigators in the San Diego and Seattle probes gave strikingly similar accounts of how crooked translators coach their clients to fake mental disorders instead of physical handicaps -- because mental disorders won't show up on an X-ray.

Bluffing through

Further, tests for psychological problems like post-traumatic stress and manic-depression are often highly subjective and can easily be foiled, if they are administered at all.

"The psychological examinations typically last eight to 10 minutes, and the translator answers most of the questions," said Mr. Schroeder, the federal prosecutor.

"We have cases of refugees who reported severe psychological trauma from witnessing their parents being killed and tortured in Cambodia, then we check their immigration files and find out their parents were with them when they came into the U.S. But they had no problem bluffing their way through the psychological exams and getting checks."

In Long Beach, Calif., where 15,000 residents are collecting \$ 6.7 million a month in SSI checks, investigators identified one psychologist who certified 300 SSI applicants as mentally retarded in a single year.

Relaxed rules

Today, about one out of three immigrants qualify wholly or in part on mental disorders, according to Social Security. And investigators agree that it is because of the relaxed rules Congress put into place in 1984 at the behest of disability lawyers and social workers.

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Under the old rules, applicants had to prove they were suffering from a condition so severe it prevented them from holding any job. Now, they need only show that a combination of symptoms prevents them from functioning in a competitive workplace.

In effect, Congress expanded the definition of mental disability at the same time that it limited the number of jobs an applicant could be expected to perform. It also said that "pain alone" could qualify -- even if there is no medical cause -- opening disability aid to people with psychosomatic disorders that are difficult to disprove.

Further, the same generous rules apply to another Social Security program called Disability Insurance that lets workers who have paid into the retirement trust fund draw benefits early if they become injured or ill. It, too, has been hit by a sharp rise in mental disability claims.

"There also is little on the record to suggest that Congress recognized the dimensions of the revisions," the Congressional Research Service reported in a recent study. "The probability of being awarded benefits is greater now than it was in 1985."

And the probability that fraud will be detected once checks have been granted has dropped to something approaching zero.

"The whole game is won or lost at the application stage," said Agent Summers. "Once they get in, it's hard to get them out."

Social Security officials say they are painfully aware of the fact.

New avenue for fraud

Commissioner Chater cited recent efforts to hire more bilingual caseworkers and to set up telephone conferences so they can help other offices process immigrant claims. But the agency also is expanding its use of volunteer translators.

Lenore Carlson, the field operations chief, said such "freebies" save taxpayers money. But her caseworkers say it's a new avenue for fraud.

In one typical experiment, Social Security now allows immigrants in Bridgeton, N.J., to fill out applications at a Hispanic community center run by volunteers -- who turn the paperwork over to the agency's local office each day.

"We are now handling applications from people we have never seen or met," said Frank Comito of the American Federation of Government Employees. "We don't even know for sure that they exist."

CAN YOU QUALIFY FOR MENTAL DISABILITY?

Here is a list of symptoms that Social Security uses to determine whether an applicant is eligible for \$ 458 monthly disability checks for emotional, psychosomatic or personality disorders.

Emotional disorders:

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A. If you have four of the following, you may be depressed:

1. Loss of interest in activities.
2. Trouble sleeping.
3. Agitation.
4. Decrease or increase in appetite resulting in weight change.
5. Decreased energy.
6. Feelings of guilt or low self-esteem.
7. Difficulty concentrating.
8. Suicidal thoughts.
9. Hallucinations, delusions or paranoia.

B. If you have three of the following, you may be manic:

1. Hyperactivity.
2. Racing thoughts.
3. Uncontrollable talkativeness.
4. Inflated self-esteem.
5. Decreased need for sleep.
6. Easy distractibility.
7. Failure to recognize unpleasant consequences of actions.
8. Hallucinations, delusions or paranoia.

C. If you have a combination of the above symptoms, you may be manic-depressive.

Psychosomatic disorders:

If you have one of the following, you may qualify:

1. A history of unexplainable symptoms beginning before age 30 that resulted in unnecessary medication, doctors visits and changes in living habits.
2. Frequent disturbances of sight, hearing, speech, sensation or use of limbs with no known physical cause.
3. Unrealistic actions based on imaginary physical symptoms.

Personality disorders:

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If you have one of the following ingrained behaviors, you may qualify:

1. Seclusiveness, unreasonable suspicion or hostility.
2. Odd thinking, speech or behavior.
3. Mood swings.
4. Chronic dependency, passivity or aggression.
5. Unstable relationships and impulsive damaging behavior.

Any of the above combined with at least two of the following may make you eligible:

1. Restriction of daily activities.
2. Inability to function socially.
3. Inability to concentrate or complete work tasks.
4. Deteriorating work quality.

SOURCE: Social Security Administration

GRAPHIC: COLOR PHOTO, FREDERICK D. JOE/SPECIAL TO THE SUN, Sophan No, a Cambodian refugee, admits paying a middleman to help his family fool doctors and caseworkers in order to qualify for SSI.; PHOTO 1, Posing as a translator, Simardy "McNeil" Chan defrauded Social Security. One Cambodian client likened him to a "godfather."; PHOTO 2, TACOMA NEWS TRIBUNE, An American success story gone wrong, Thanh Huyen "Jimmy" Vo got a five-year sentence for helping refugees bluff their way onto SSI.; PHOTO 3, WES POPE/SPECIAL TO THE SUN, In Tacoma's "Little Vietnam," more than 1,500 people are collecting \$ 3 million a year in SSI disability. Social Security says most are too old to work, but records show that only 200 are elderly. Tacoma is the site of the only federal probe into refugee fraud.; MAP, SHIRDELL MCDONALD/SUN STAFF GRAPHIC, WASHINGTON -- TACOMA

LOAD-DATE-MDC: January 27, 1995

SPECIAL REPORT

America's most wanted welfare plan

Congress risks a repeat of past mistakes on disability

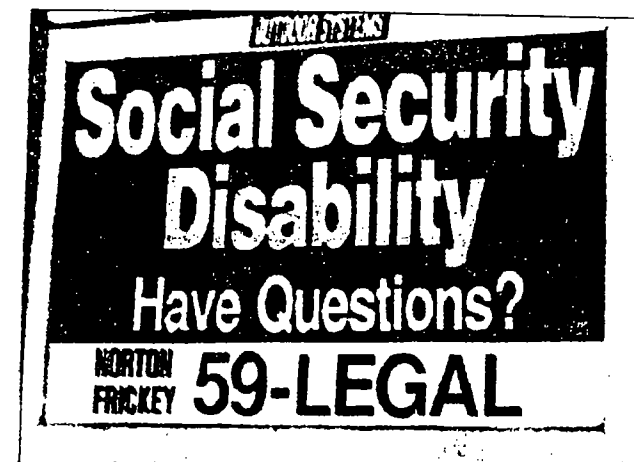
By Jim Haner
and John B. O'Donnell
Sun Staff Writers

House Speaker Newt Gingrich calls it a "sick" federal welfare program that needs a strong dose of Republican medicine. And there can be little dispute that Social Security's \$65 billion disability plan is out of control. Equally clear is that it won't respond to quick cures.

In a recent interview with *The Sun*, the leader of the new Republican majority said he saw the program as a classic example of government-killing initiative and encouraging bad habits, destructive lifestyles and dishonesty — at great cost to taxpayers.

As this series has shown, the program has turned many children and adults with mild disabilities into virtual wards of the government, and given drug addicts cash that they have used to kill themselves. It has undercut the work ethic of new immigrants and spawned a seedy industry of "middle men" who profit by getting people on the rolls.

But as a House of Representatives Ways and Means subcommittee convenes this week to examine the problem, its members would do well to abide by the words of the new Republican speaker. History, Mr. Gingrich says, is the best teacher — and the history of the federal disability program shows that ill-considered reform can backfire.



A law firm advertises SSI aid on Denver's skid row. "When lawyers are this interested in a federal program, it's a good bet that it's out of control," says Bob Cote, who runs a nearby halfway house.

The last man who tried to fix it was President Ronald Reagan. His effort to save taxpayers \$3.4 billion by slashing the rolls did much to bring on the current crisis.

When Mr. Reagan took office in 1981, the program was already a shambles.

The General Accounting Office had just reported that almost 600,000 people were getting \$2 billion a year in disability checks that they didn't deserve. Social Security had admitted making another \$1 billion in overpayments because of com-

puter problems.

"Everybody knew that Social Security was making disability errors like mad," said Bert Van Engel, a former agency official.

"The law of averages would indicate that we were probably giving out checks to a lot of people who didn't deserve them," added former Social Security Commissioner Robert M. Ball. "But that was the will of Congress."

What Congress had done was to order the agency to absorb 3 million people who were collecting state disability checks into a new federal program for the elderly and disabled poor called

Supplemental Security Income — whether or not they qualified under federal rules.

Congress went on to declare that whole classes of new applicants with certain handicaps could automatically qualify if they chose not to work. It also forbade Social Security from considering certain forms of income in determining whether they were poor enough to get aid.

In 1980, the nation's lawmakers did an about-face and ordered Social Security to check existing recipients to make sure they were qualified, then gave it 18 months

See HISTORY, 14A

**THE
DISABLING
OF AMERICA**

Last in a series

Israel ponders giant fence to keep out Palestinians

Bombings rattle idea of Arab-Jewish society

Kennedy funeral

Rose Kennedy is eulogized at the church where she had been baptized in 1890. Page 12A

Tax breaks for Japan

Faced with 307,000 homeless people, the Japanese government announces tax breaks and low-interest loans to aid the homeless.

Who's in charge of this program?

Year by year, the costs in billions of Social Security's disability programs have risen. Here is a time line of the events and decisions propelling that growth.

1969

President Nixon asks Congress to show compassion for the poor, elderly and disabled by passing a new welfare plan. Chief of Staff H.R. Haldeman records in his diary that Nixon doesn't really support his own proposal. Instead, it is a political ploy to win support from black leaders and senior citizens, while dividing the Democrat-controlled Congress.

1972

Congress kills Nixon's welfare plan for families, but passes crucial 16 pages that create a broad cash assistance program for the elderly and disabled poor who can't work. It eliminates 1,000 state-run disability programs. Congress makes little of the fact that low-level aides have inserted language making drug addicts, children and immigrants eligible.

1972

Social Security Commissioner Robert M. Ball asks congressional leaders to delay program, but is ignored. In 14 months, his agency must hire and train 15,000 workers, write 100 computer programs and install a complex national communications network.

\$8.1

1974

More than 3 million people flood into new Supplemental Security Income program by end of January. Social Security's untested communications network collapses, cutting off 1,400 field offices from central computer at headquarters outside Baltimore. Thousands are left without checks. Angry mobs jam waiting rooms. One million more people come onto SSI by year's end.

\$13.8

1978

Social Security admits it has made \$1.1 billion in overpayments. Others put the figure at \$2 billion. Money will never be recovered.

Disability teeters on political seesaw

From 1A

to gear up for the job. That wasn't soon enough for Mr. Reagan.

He went after the program with a vengeance in 1981.

The president ordered Social Security to immediately review more than 1 million case files for signs of irregularities or fraud — a job that would entail 1,400 worker years of extra labor, or a full month if the agency ceased all other operations. He then began cutting 20,000 employees.

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For starters, new applicants would have to wait while the agency investigated current recipients. The backlog of new claims grew to more than 500,000.

Some 1.4 million old case files were pulled into the agency's offices and evaluated to determine

if the recipients suffered from disabilities that theoretically should have improved.

Without face-to-face interviews, medical exams or any attempt to contact the recipients' doctors, the purge began in the spring of 1981.

"Benefits for thousands of claimants were ceased ... without a hearing," wrote Judge Christine M. Moore in an American Bar Association report last summer. "In so doing, the agency chose to largely ignore" the law.

An eruption of lawsuits followed — hundreds of thousands of appeals, dozens of class-action suits, box loads of reapplications. So furious was the legal assault that lawyers were copying the lawsuits of other lawyers, complete with the same typographical errors — and advertising for clients on billboards and TV.

"The worst thing Reagan did to this country was trying to shut down these entitlements by doing

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Goaded by a roar of constituent complaints about the Reagan purge, Republicans and Democrats checkmated the president with the Social Security Reform Act and the Deficit Reduction Act of 1984.

The two laws contained at least a half-dozen provisions that made it easier to get on SSI and harder to get thrown off. Most important, the Reform Act broadened the definition of what constituted a "mental disability" and allowed 1 million successful applications over the next seven years.

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When President Reagan went after disability fraud in 1981, 600,000 were cut from the rolls without hearings or medical exams — prompting a backlash of lawsuits.



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The Reagan attempt to tame the program and the counter-attack it drew illustrate a cycle that has been apparent for more than a decade: Members of Congress pass bipartisan laws opening up the program to make it easier for their constituents to get in, only to clamp down again to mollify middle-class voters who are paying the bills.

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One more wave of lawsuits hit the agency in 1982, as the Supreme Court ruled in *Goldberg v. Kelly* that the government must provide a hearing to anyone whose benefits are terminated.

The Social Security Administration's response was to launch a massive effort to identify and eliminate fraud. The agency's new director, Robert M. Ball, then-commissioner of Social Security, said the agency was "not going to be a victim of the courts."

Ball's first act was to

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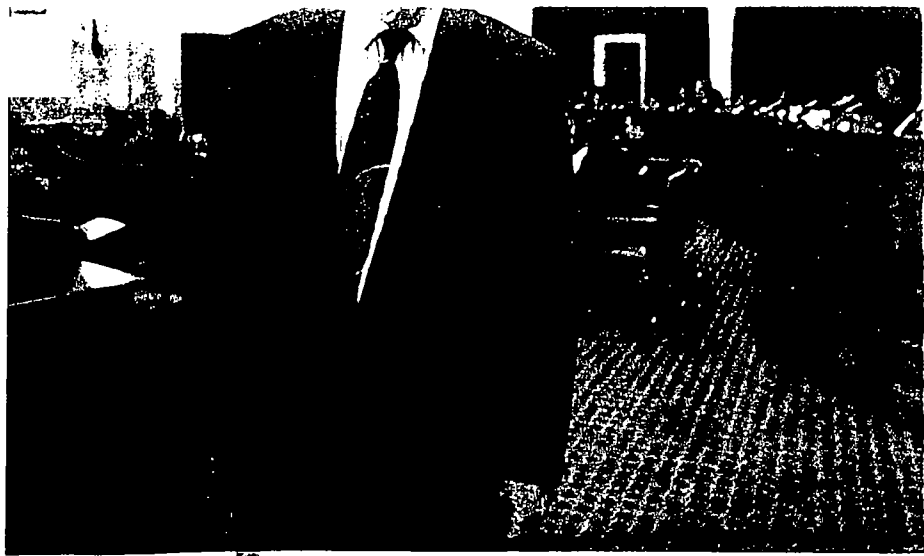
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Further, Congress had long approved the SSI should be used to monitor Social Security programs called Disability Insurance, which allows workers to draw from their contributions to the retirement trust fund if they become disabled.

In an effort to hold down the growth of SSI, which is paid for through taxes, Social Security has been steering qualified applicants into the DI trust fund for years.

In a 1992 report that went largely unnoticed, the



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With few exceptions, these measures have come immediately before or during elections. "Politicians on both sides of the aisle have used the program as a sexy issue for years — to say, 'Look at me voters! I'm getting tough on fraud' or 'See how compassionate I am,'" said Susan Galbraith, a legal aid lobbyist. "All the while, they were pushing it to the brink."

The Reagan purge and the constant whipsawing by Congress have brought on a profound and lasting crisis at the Social Security Administration.

Headed by 12 commissioners in 20 years, it has been adrift in a political riptide with no consistent leadership or guiding philosophy. A



MARK BUCHANAN/SUN STAFF PHOTO

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A time line of key decisions and events in the agency's history reveals a chain reaction of accidents and unforeseen consequences.

Today, poor people and injured workers are caught up in a backlog of new claims so severe that it can take more than a year for the agency to get help to them.

Meanwhile, thousands of underserving recipients remain on the rolls because Social Security has all but ceased to check on them to

see if they are still disabled. According to the most conservative estimates, the agency is paying out \$150 million a year to people who no longer need it.

In the past five years, SSI has doubled in cost and is expected to grow by another 50 percent by 1999. The cost of the DI program will do likewise. The two combined are projected to cost more than \$96 billion a year by the turn of the century.

This year alone, disability aid

Voices for change

"It's clear to me that this program is out of control and badly in need of reform. ... To what extent do we redefine what is truly, severely disabled? Then the question is, do we take the next step and replace cash benefits with available services for those [children] who qualify?"

Rep. Jim McCrery, R-La., member House Ways and Means subcommittee on Human Resources

While there may be problems and the system should be shored up, an all-out attack is simply irresponsible. The

attack is not designed to correct problems, it is designed to cut — to save money and put it to other uses.

Marty Ford, lobbyist for Association for Retarded Citizens in Washington

Social Security has the cart so far out in front of the horse that they can't even see it. They started handing out checks to junkies and drunks before they had anything set up to make sure they weren't blowing the money. I say, cut them all off until Social Security gets its act together.

All we're doing now is killing people.

Bob Cote, director of Step 13, a Denver halfway house for addicts

It is hard to imagine a more destructive policy than providing monthly checks to drug addicts and alcoholics. ...

Paying people because they are addicted to drugs or alcohol is absolutely nuts, and this has to change. We should try to provide treatment, but we should not hand out cash to addicts.

Rep. E. Clay Shaw Jr., R-Fla., chairman, House Ways and Means subcommittee on Human Resources

I know [cutting benefits] sounds great to the taxpayer

who's fed up with these horror stories about addicts abusing their disability checks. But what the media don't tell you is that most of these so-called addicts are retarded, mentally ill or handicapped in some other way. They need treatment. It's cheaper than prison.

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THE DISABLING OF AMERICA

Charge of this program?

billions of Social Security's disability programs
line of the events and decisions

\$8.1

1972

Congress kills Nixon's welfare plan for families, but passes crucial 16 pages that create a broad cash assistance program for the elderly and disabled poor who can't work. It eliminates 1,000 state-run disability programs. Congress makes little of the fact that low-level aides have inserted language making drug addicts, children and immigrants eligible.

1972

Social Security Commissioner Robert M. Ball asks congressional leaders to delay program, but is ignored. In 14 months, his agency must hire and train 15,000 workers, write 100 computer programs and install a complex national communications network.

1974

More than 3 million people flood into new Supplemental Security Income program by end of January. Social Security's untested communications network collapses, cutting off 1,400 field offices from central computer at headquarters outside Baltimore. Thousands are left without checks. Angry mobs jam waiting rooms. One million more people come onto SSI by year's end.

\$13.8

1978

Social Security admits it has made \$1 billion in overpayments. Others put the figure at \$2 billion. Money will never be recovered.

\$20.7

1980

Alarmed at growth, Congress orders a review of recipients. Ronald Reagan nukes Carter administration for failing to control cheats. The General Accounting Office says 584,000 people may be getting checks improperly, costing \$2 billion a year. 11 million immigrants are on their way, driven by generous rules passed by Congress. Some 700,000 aliens and refugees will find their way onto SSI.

\$23.4

1981

Under orders from President Reagan, Social Security begins to purge 600,000 disability aid recipients, triggering a rash of lawsuits. On appeal, 300,000 get benefits back. Courts rebuke administration officials and Social Security, issue decisions that broaden disability rules.

\$25.5

1983

Brian Zebley, 5, of suburban Philadelphia, is removed from rolls of disabled children. Congress U.S. Supreme Court, which rules that Social Security's disability rules for children are improperly lawed and orders agency to rewrite them. Under new rules, Social Security grants \$1.4 billion in retroactive payments to 194,000 children denied benefits.

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The Reagan attempt to tame the program and the counter-attack it drew illustrate a cycle that has been apparent for more than a decade: Members of Congress pass bipartisan laws opening up the program to make it easier for their constituents to get in, only to clamp down again to mollify middle-class voters who are paying the bills.

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MARK BUGANSKI/SUN STAFF PHOTO

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will consume enough in taxes and retirement trust money to run 30 cities the size of Baltimore, build 18 nuclear aircraft carriers or provide a four-year education at Harvard University for almost every child in the state of Maryland in grades K through 12.

Cutting this \$65 billion behemoth will be a venture fraught with risk. Simple tinkering will invite charges of political cowardice.

Recalling a recent visit to his home district in Georgia, Mr. Gingrich said: "I had 20 kids in wheelchairs in the last town hall meeting because their association had called and said, 'Congressman Gingrich is going to zero out your funding.' This has to be handled sensitively."

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To Mr. Ball, Social Security's elder statesman, it sounds like history repeating itself.

"The real problem all along has been that if you don't get the rules right from the beginning, you get this constant overreaction by Congress," he said. "It's a seesaw effect. They rock back and forth, between being too strict for a couple of years, then too liberal for a couple more."

"There is no consistency. That's been the history."

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funding but maybe have some type of cap. At the local level, they know better how to do all this.

Dorcas Hardy,
Social Security commissioner
1986-1989

We should ensure that severely disabled children are given the help they need to maximize their chances of becoming self-supporting. But, we also have to restructure the way benefits are provided and remove current disincentives for parents to get these children the treatment they need.

Rep. Gerald D. Kleczka,
D-Wis.,
member, House Ways and Means Committee

THE DISABLING

\$25.4

1984

Reacting to public outcry and criticism from 18 governors, Reagan ends purge. Congress adopts bipartisan "reform" legislation making it easier to get checks and harder for Social Security to cut them off, orders relaxation of mental disability rules. A million "mentally disabled" people begin to pour into SSI.

\$30.4

1987

Congress orders Social Security to seek out the homeless, many of them addicts and alcoholics, and invite them to apply for checks. The agency begins a \$27.5 million national "outreach" campaign to encourage applications. By the end of the year, 4.5 million people are collecting benefits.

\$35.1

1990

Social Security issues a new list of mental symptoms that qualify for benefits under 1984 Reform Act. More than 800,000 children will come onto rolls over the next five years — equaling number who won benefits in previous 16 years. Mental disorders become No. 1 disability of adults and children. By year's end, 4.9 million people are drawing checks.

\$41.7

1991

Unnoticed by Congress, at least 14 states begin to shut down adult welfare programs and dump recipients onto federal disability rolls. Maryland pays a private firm \$3.2 million a year to run people through application process.

\$47.7

1992

Congressional Research Service warns that the Retirement Trust Fund on which millions rely is threatened by easier access to disability programs. Some SSI applicants are being steered into a program for disabled workers called Disability Insurance that is paid for by the trust. Social Security begins to cut corners. Commissioner Gwendolyn King orders workers "to expedite" approvals. 5.6 million are on the rolls.

Nixon scheme backfires as Democrats trump him

By Jim Haner
and John B. O'Donnell
Sun Staff Writers

If a court of inquiry tried to determine who is to blame for Social Security's out-of-control disability programs, it would turn up a rich variety of culprits: congressmen, judges, presidents, bureaucrats.

But if paternity were to be ascribed to a single individual, the accusing finger would point at President Richard M. Nixon.

The plot is quintessential Nixon. It started in 1969 when he went on television to propose what seemed a liberal scheme: The federal government should take over state welfare programs for poor families, boost their monthly payments and pour millions of dollars into job training. This was his \$8.5 billion Family Assistance Plan, or FAP.

But that wasn't really



BARBARA HADDOCK TAYLOR/SUN STAFF PHOTO

"It was all there in black and white," said ex-HEW aide Tom Joe, who helped write the law.



makers simply to pass a 16-page set of uniform rules to ensure that all disabled people were treated equally.

Two Democratic titans, Rep. Wilbur D. Mills of Arkansas and Sen. Russell B. Long of Louisiana, saw the 889-page FAP plan for what it was. So they killed it, then turned his modest rule changes into a full-blown cash hand-out for the disabled poor.

With little public discussion or debate, they dubbed it Supplemental Security Income and steered it through Congress in 1972. Checks would hit constituents' mailboxes two years later, just as members of Congress were campaigning for re-election. Better still, SSI would be a tidy little program with none of the runaway growth then plaguing welfare. Or so they thought.

Mr. Mills noted that the number of elderly and handicapped in



hoped the outlandish cost of FAP would force the Democrats in Congress to kill it — and win him support from black leaders during a time of intense civil rights upheaval.

"The president emphasized that you have to face the fact that the whole problem is the blacks," Mr. Haldeman wrote in his recently published diaries. "Wants to be sure it's killed by Democrats and that we make big play for it, but don't let it pass; can't afford it."

The Democrats did reject most of it, but one of the plan's more modest proposals slipped through.

In his appeal to Congress, Mr. Nixon noted that states were using federal money to pay support checks to elderly and handicapped poor people who couldn't work — and that some had such tight eligibility rules that they were denying aid to many of the nation's most needy.

And he asked the nation's law-

Sen. Russell B. Long of Louisiana (left) and Rep. Wilbur D. Mills of Arkansas killed the president's expensive Family Assistance Plan, then turned modest rule changes into a full-blown cash hand-out for the disabled poor.



ASSOCIATED PRESS

President Richard M. Nixon speaks to the nation in a televised address on welfare reform, Aug. 8, 1969.

helped make the old state disability plans stable and predictable over time.

But his assumptions were wrong, something he and other members of Congress would have realized had they read the 16-page measure closely before they voted for it.

There in plain language, low-level Nixon aides and congressional staffers who actually wrote the rules had provided for payments to disadvantaged groups that were not nearly as constant or predictable as the elderly and handicapped.

"They thought they were just taking over the existing state programs," said Robert M. Ball, then-Commissioner of Social Security. "In fact, the rules and policies they voted for represented a considerably liberalized version."

The aides removed all age restrictions, opening the program

President Richard M. Nixon: \$8.5 billion Family Assistance Plan. Chief of staff, H. R. Haldeman

to children for the first time. A ploy in a plan that was created to help compensate disabled adults for lost income. Took out residency rules, knocked down barriers that once kept immigrants off the rolls. Allowed in drug addicts and alcoholics.

"It was a rare opportunity to completely change a huge section of national welfare policy. We seized it," said Tom Joe, then aide in Mr. Nixon's Health, Education and Welfare Department.

"It was all there in black

Republicans locked into dilemma of their own making

By Gilbert A. Lewthwaite
Washington Bureau of The Sun

WASHINGTON — The new Republican majority in Congress is poised to put President Clinton's entire defense budget policy under a microscope, with an eye to beefing up readiness, modernizing weapons and curtailing overseas missions.

But efforts by the GOP to boost the strength and efficiency of the nation's armed forces will be constrained by lack of money. The administration, by contrast, says it does not need the additional defense dollars the Republican-controlled Congress wants.

The Republicans are also locked into a dilemma of their own making: While supporting increased defense spending, they are also committed to deficit reduction, a difficult duo to deliver when there isn't spare cash available.

"We have a balanced budget to worry about," said Rep. Floyd D. Spence, the South Carolina Republican who chairs the House National Security Committee. "We are cutting back everywhere else. We have to figure out what we can do [for defense]."

Pentagon spokesman Kenneth Bacon said: "The Republicans are going to have to sort things out. They will have to decide how much they want to concentrate on deficit reduc-

tion and how much on increasing defense."

Faced with the prospect of Congress approving more money than the Pentagon is asking for, the administration might find itself in an argument with Republicans over how the extra cash should be spent.

The administration asserts that its defense spending is sufficient to maintain a ready and able military machine, and Defense Secretary William J. Perry has made it clear that he will defend the priorities set in his 1996 budget, which will be introduced next month, against GOP criticism.

"Are we spending enough?" asked Deputy Defense Secretary John Deutch earlier this month. "I want to make clear that Bill Perry and I believe that the answer today is yes."

Mr. Spence disagreed. "That's the civilian leadership saying those kind of things, taking orders from the administration," he said. "That's not voicing the real needs of the military. We have to show the people there is a difference."

The approach of the Republicans is driven by what they believe are two flaws in the Clinton policy:

■ The erosion of military readiness, caused by underfunding for training troops and modernizing weapons.

■ An overcommitment of U.S. forces to peacekeeping and humani-

tarian missions, such as in Somalia, Rwanda and Haiti, which many say have been too costly, too dangerous and too numerous.

One problem for Republicans and Democrats in Congress: Under federal spending limits, any increase in defense spending must be offset by cuts in other programs.

"It leaves them very little wiggle room on defense," said Andrew Krepinevich, director of the Defense Budget Project, a centrist think tank in Washington.

The most likely outcome is that Republicans will decide to freeze fiscal 1996 defense spending at this year's level of \$270 billion, adjusted for inflation — \$14 billion more than the administration proposes.

In general, a freeze is a device to limit spending. But because Mr. Clinton has proposed spending less in fiscal 1996 than this fiscal year, the GOP freeze initiative, if approved, would actually funnel more money to the Pentagon than the administration wants.

Such a freeze was endorsed last week by Republican members of the Senate Armed Services Committee, led by its chairman, Sen. Strom Thurmond of South Carolina. The GOP members would also crank in \$6 billion to account for inflation.

"That [the freeze] isn't going to solve the problem," said a senior Republican Senate defense aide who

asked not to be named. "It just [the spending levels] from worse and gives you a little bit of a timely, what we have is a mental mismatch between declared strategy and the resources that are likely to be available."

Among the defense priorities by the Republicans are:

■ Improving military readiness with higher funding for training equipment and improved living conditions to help retain experienced troops.

The Clinton administration shares those priorities but says that military readiness is a priority largely because of Congress' to give timely approval to supplemental funding for overseas gency operations, such as in Somalia and Haiti.

Those unforeseen costs last year had to be paid out of the Pentagon operations and maintenance budget at the expense of training schools and other routine military functions.

To prevent a recurrence, the administration is asking for a \$2 billion supplement to the current budget to cover outlays in Haiti and other anticipated emergency costs. Republicans are reluctant to approve contingency funding, saying they suspect the money might be phoned off for nonemergency use.

■ Increasing investment in modern weapons systems.

THE DISABLING OF AMERICA

\$41.7



1981

noticed by Congress, at least 14 states begin to dump down adult welfare recipients onto federal disability rolls. Maryland dumps a private firm \$3.2 million a year to run people through application process.

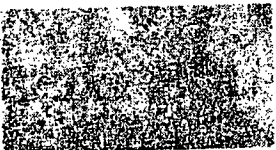
\$47.7



1982

Congressional Research Service warns that the Retirement Trust Fund on which millions rely is threatened by easier access to disability programs. Some SSI applicants are being steered into a program for disabled workers called Disability Insurance that is paid for by the trust. Social Security begins to cut corners. Commissioner Gwendolyn King orders workers "to expedite" approvals. 5.6 million are on the rolls.

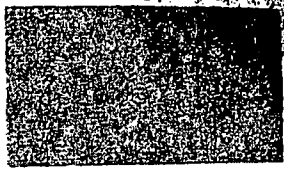
\$54.0



1983

GAO warns that disability caseworkers are swamped and suffering burnout. A million applications are backlogged. Case reviews ordered by Congress in 1980 to be sure recipients are still disabled have all but stopped. The agency has absorbed six budget cuts and the loss of 20,000 employees in a decade. By year's end, nearly 6 million draw SSI checks.

\$60.8



1984

Reports reach Washington that addicts and alcoholics are using disability checks to buy drugs and alcohol. Congress lashes out at Social Security for failing to supervise them and steer them into treatment, but has refused to provide funding. Congress orders the agency to cut addicts off after three years, but most will stay on the rolls because they have ailments beyond addiction.

\$65.8



1985

A new Republican majority in Congress gears up for new hearings starting Friday, vowing to slash checks to addicts, children and aliens. Social Security braces for new orders and a surge of lawsuits. Legal challenges by substance abusers are expected to cost more than \$40 million. Number of people drawing SSI checks is 6.3 million. Number on DI reaches 5 million. Total cost: \$65 billion.

es
him

oly to pass a 16-page
n rules to ensure that
people were treated

ocratic titans, Rep.
Mills of Arkansas and
B. Long of Louisiana,
9-page FAP plan for
So they killed it, then
modest rule changes
own cash hand-out for
poor.

public discussion or
they dubbed it
al Security Income and
through Congress in
cks would hit con-
stituents' mailboxes
two years later, just as
members of Congress
were campaigning for
re-election. Better still,
SSI would be a tidy lit-
tle program with none
of the runaway growth
then plaguing welfare.
Or so they thought.

Mr. Mills noted that
the number of elderly
and handicapped in



To call Congress:

The House Ways and Means subcommittee on Human Resources will conduct a hearing on Social Security's disability programs at 9 a.m. Friday in Room 1100 of the Longworth House Office Building, Independence Avenue and South Capitol Street in Washington.

Members of the subcommittee, their phone and fax numbers, are:

Rep. E. Clay Shaw Jr., R-Fla.,
Phone: 202-225-3026. Fax: 202-225-8398

Rep. Jim McCrery, R-La., Phone:
202-225-2777. Fax: 202-225-8039

Rep. David Camp, R-Mich.,
Phone: 202-225-3561. Fax: 202-225-9679

Rep. Jim Nussle, R-Iowa, Phone:
202-225-2911. Fax: 202-225-9129

Rep. Jennifer Dunn, R-Wash.,
Phone: 202-225-7761. Fax: 202-225-8673

Rep. Mac Collins, R-Ga., Phone:
202-225-5901. Fax: 202-225-2515

Rep. Phil English, R-Pa., Phone:
202-225-5406. Fax: 202-225-3103

Rep. John Ensign, R-Nev.,
Phone: 202-225-5965. Fax: 202-225-5119

— a fact that had helped make the old state disability plans stable and predictable over time.

But his assumptions were wrong. He and other members of the committee would have realized this if they had read the 16-page measure carefully before they voted for it.

In plain language, low-income aides and congressmen who actually wrote the bill provided for payments to disadvantaged groups that were nearly as constant or pre-arranged as the elderly and handicapped.

They thought they were just over the existing state proposals, said Robert M. Ball, then-acting director of Social Security. "The rules and policies they represented a considerably relaxed version."

The aides removed all age limits, opening the program



1969 PHOTO

President Richard M. Nixon never intended for Congress to pass his \$8.5 billion Family Assistance Plan, according to the diary of his chief of staff, H. R. Haldeman (right).

to children for the first time — an oddity in a plan that was originally created to help compensate disabled adults for lost incomes. They took out residency rules, knocking down barriers that once kept immigrants off the rolls. And they let in drug addicts and alcoholics.

"It was a rare opportunity to completely change a huge segment of national welfare policy, and we seized it," said Tom Joe, then an aide in Mr. Nixon's Health, Education and Welfare Department.

"It was all there in black and

white," he said. "If they didn't read it, whose problem is that? It wasn't like we sneaked it by them."

The result was that Congress had created a social program capable of explosive growth. All it would take was a rise in the birth rate, a surge in immigration or a drug crisis — all of which would soon occur.

Said Mr. Ball: "The potential for public outrage was always there. What has happened since then doesn't surprise any of us who have watched this thing play out over the years."

Phone: 202-225-3200. Fax: 202-225-9215.

Rep. Charles B. Rangel, D-N.Y.
Phone: 202-225-4365. Fax: 202-225-0816

Rep. Pete Stark, D-Cal., Phone: 202-225-5065. Fax: 202-226-3805

Rep. Barbara B. Kennelly, D-Conn., Phone: 202-225-2265. Fax: 202-225-1031

Rep. Sander M. Levin, D-Mich., Phone: 202-225-4961. Fax: 202-226-1033.

The address for all members is: House of Representatives, Washington, D.C. 20515



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332-6800. Copies are \$2.50 each, plus 5 percent tax. When ordering, ask for "the SSI series."

anoma of their own making over defense spending

missions, such as in Somalia, and Haiti, which many say is too costly, too dangerous, and too numerous a problem for Republicans and Democrats in Congress. Under federal law, any increase in spending must be offset by other programs.

It gives them very little wiggle room for defense," said Andrew Kreder, director of the Defense Project, a central think tank in Washington.

The most likely outcome is that Congress will decide to freeze defense spending at this level of \$270 billion, adjusted for inflation — \$14 billion more than the Clinton administration proposes.

Generally, a freeze is a device to avoid spending more than in the previous year. But because Mr. Clinton proposed spending less in 1996 than this fiscal year, the freeze initiative, if approved, would funnel more money to the Pentagon than the administration's plan.

A freeze was endorsed last year by Republican members of the Armed Services Committee, its chairman, Sen. Strom Thurmond of South Carolina. The members would also crank in the freeze to account for inflation.

"The freeze isn't going to solve the problem," said a senior Republican defense aide who

asked not to be named. "It just keeps it [the spending levels] from getting worse and gives you a little time. Ultimately, what we have is a fundamental mismatch between the declared strategy and the resources that are likely to be available."

Among the defense priorities set by the Republicans are:

- Improving military readiness with higher funding for training, equipment and improved living conditions to help retain experienced troops.

The Clinton administration shares those priorities but asserts that military readiness is a problem largely because of Congress' failure to give timely approval to supplemental funding for overseas emergency operations, such as in Rwanda and Haiti.

Those unforeseen costs last year had to be paid out of the Pentagon's operations and maintenance budget, at the expense of training schedules and other routine military functions.

To prevent a recurrence, the administration is asking for a \$2 billion supplement to the current budget to cover outlays in Haiti and other unanticipated emergency costs. Republicans are reluctant to approve any contingency funding, saying they suspect the money might be siphoned off for nonemergency uses.

- Increasing investment in modern weapons systems.

Agreement on which systems to favor may be hard to reach. According to Mr. Spence, two systems at which Republicans should take a second look are development of a new attack helicopter for the Army and increased production of the B-2 "stealth" bomber, which is invisible to enemy radar. Both programs have been hit with cutbacks, but not all Republicans support increasing their funding.

Sen. John McCain, a pro-defense Republican from Arizona, opposes the B-2 bomber. But he favors boosting airlift capacity to improve the military's ability to respond to overseas challenges, and increasing the supply of fixed-wing attack and fighter aircraft for the Navy's aircraft carriers.

- Reviving the national missile defense program.

The Clinton administration has shrunk the program to a system of battlefield protection for U.S. troops. The Republicans want to revamp it to cover the entire nation. It is not clear whether they will seek to revive the elaborate Reagan-era space-based "star wars" program or rely on land-based anti-missile technology. Even to return to the slimmed-down Bush administration missile-defense plan would cost \$25 billion over the next five years.

- Reducing the use of U.S. troops in international missions, particu-

larly those conducted by the United Nations, an organization routinely disparaged by Republicans as inefficient and ineffective.

The GOP "Contract with America" promised that no U.S. troops would serve under U.N. command.

- Scaling back the Pentagon's non-defense spending, which totals more than \$11 billion annually. This includes programs to help the beleaguered defense industry retool for the civilian marketplace, environmental cleanup at military bases, and other outlays ranging from health research, through a U.S.-Japan management training program, to wastewater treatment in Hawaii, where the military maintains numerous facilities.

Said Mr. Spence: "If we can have a freeze [in defense spending], add inflation to it, cut out non-defense, all these things might be as good as we can get right now."

But the Republicans won't even be able to hold to the 1995 spending levels, adjusted for inflation, without a battle. The Pentagon's budget calls for a reduction in defense spending next year, and the Clinton administration will oppose any freeze.

Mr. Perry, signaling his determination to fight for his priorities, told reporters recently: "My challenge will be to have . . . the budget which is approved by Congress closely resemble the budget we are submitting."

- 1123 - SSI for children

Lawrence Thompson:

- SSA program - recent growth - challenges
 - SSI - 7.1% budget SS spending
 - DI - dis insur → older workers

→ relatively constant # of apply

- SSI: DI - a little growth - concurrent

- SSI main growth

fastest growing group - children & 18 &

no income tax

SSA administrative budget → **just** over 1/2 is spent admin disability

influx of children: younger adults applying
 administrative services deteriorate somewhat in light of influx

major administrative challenges:

- rapid ↑ in # of disab claims filed
 backup - 150m backlog of cases over: abok
hearing - very backed up

- personalized earnings: benefits estimate
statements: takes workpower to
 deal & questions of the 9 mil who receive

- Drug addicts/ETOH:

- telephone service - ~~technical~~ technical advances

- CDR - continuing disab reviews - on rolls -
 has your condi reviews - cut way back

- analysis on SSI costs were not cost effective in SSI program - but cant do zero - attempting to target 6 in knts - premature more likely to improve + Drug A: A / required to do on kids turning 16, 17, 18

2/3 on role b/c mental impairment > # of children receiving SSI
1/3 physical

many were eligible under rules B-4 1990

→ 1/2 MR of 2/3

age 6-12 highest #10
2nd highest 13-17

commission appointed - Comis on Evaluation to disab in child to report end of 11/95

why cash? what it needs? how affecting kids? were not sure of these answers for all kids

- current defini of disab

- ~~responsibility~~ of non-cash benef

How we administer
Barry Eigen: Activities re: brand
defin is fundamentally severe (all ^{handat})

new rules are very complex

children vary so much according to
age - - divided into age categories

- also must be smooth transitions
- basic clinical evaluation + must consider many subjective factors
- must consider combined effects 'v condi

RULES PROVIDE

- detailed defin based on + child's ability to grow/develop: ^{type} ~~definition of~~ (see regulatory ~~parts~~ 'comparable severity')
- teachers/sw/parents evidence must be considered in addn to medical evidence
- the fact that child is in special ed ^{not} ~~enough~~

Is it possible to game the system

- we believe basic approach would only capture children w/ severe impairments if effectively layed out
- mildly disabled children $\in$ ADD/ADHD/ODD/ID small # of cases shouldnt have been allowed + small # that should've had better w/d - & cases feeling stories

+ element 'v public discomfort c
kinds of disorders

question 'v malingering
most cases of malingering clinically
take allegations of coaching very seriously
natl' training
studies: F/U studies • referral requirements
actions - listed on sheet.

small # of incorrect allowances +
modifications could perhaps further
prevent malingering

James Perrin MD + thru MD's eyes encourage
dependency vs. indep

3 mins ~ sometime
Zebly → ~~XXXX~~ 1 see #5
Δ in disab + to include ADP → differential
1/3rd plus than Larry
43% m/r

22.2 - other mental impairments + Schizophrenia
Autism = ADP

press - people tend to think of children c disabilities
poor clinical outcome - no 95% survive
into adulthood - vast majority

3 substantial prep work can be educ/employed
do what others do - opportunities high

families - need health services

- coordinated systems of care
- \$ support

Why cash @

Household expenses that arent medic. related

- trans / electricity (respirator) / supplies / specialized clothing / equipment
- care-taking / respite care

↓ family resources

- 2nd parent less likely to be employed

Underlying Principles for Progr. Devel.

- early: preventative intervention ^{for children} - evidence of effective parenting
- family support: preservation
- enable not disable - mdo must label child as as [↑]disab as possible to get benefits & to treat need to work & child to encour abil not disab
: approach child as abled

Key program Δs recommended

- Service integrat.: ^{- link at common well} coordinating spec ed - health serv - ^{maternal} nutri - ^{child} mlt - ^{health}
- Supporting (2)
CORS - young - early adol. -
→ should SSA integrate - I don't know
put existing services together - someone must

Jonathan Stein

2/3 applying are being denied

this is a system who knows how to say no
sometimes all too aggressively

✓ Sue Smith - Parents needs/perspectives

\$ can be used to make no difference
in what a family has to have
combination of caring system: determined
parents not giving up

moderator: divorce rate of parents of
children & disab increased high

✓ Linda Dorn - teachers/school personell

many factors to consider
need to individualized functional
assessment → we have
disability adjudicators - physicians
educators → not just 1 shred
of evidence determines
disability →

in many situations, teachers know of
examples where children benefit
from \$ -- yet there are stories out
there of child waving check & for
every 1 story, there are far
more children benefitting

vouchering: in ME:

↳ wouldn't be successful → just listen to Sue's
scenario → (+) administration of

vouchering → volumes of vouchering
definitions → must look at child as a whole

moderator:

disparity

- concerns re:
Coaching
- accountability
how \$ spent

vs.

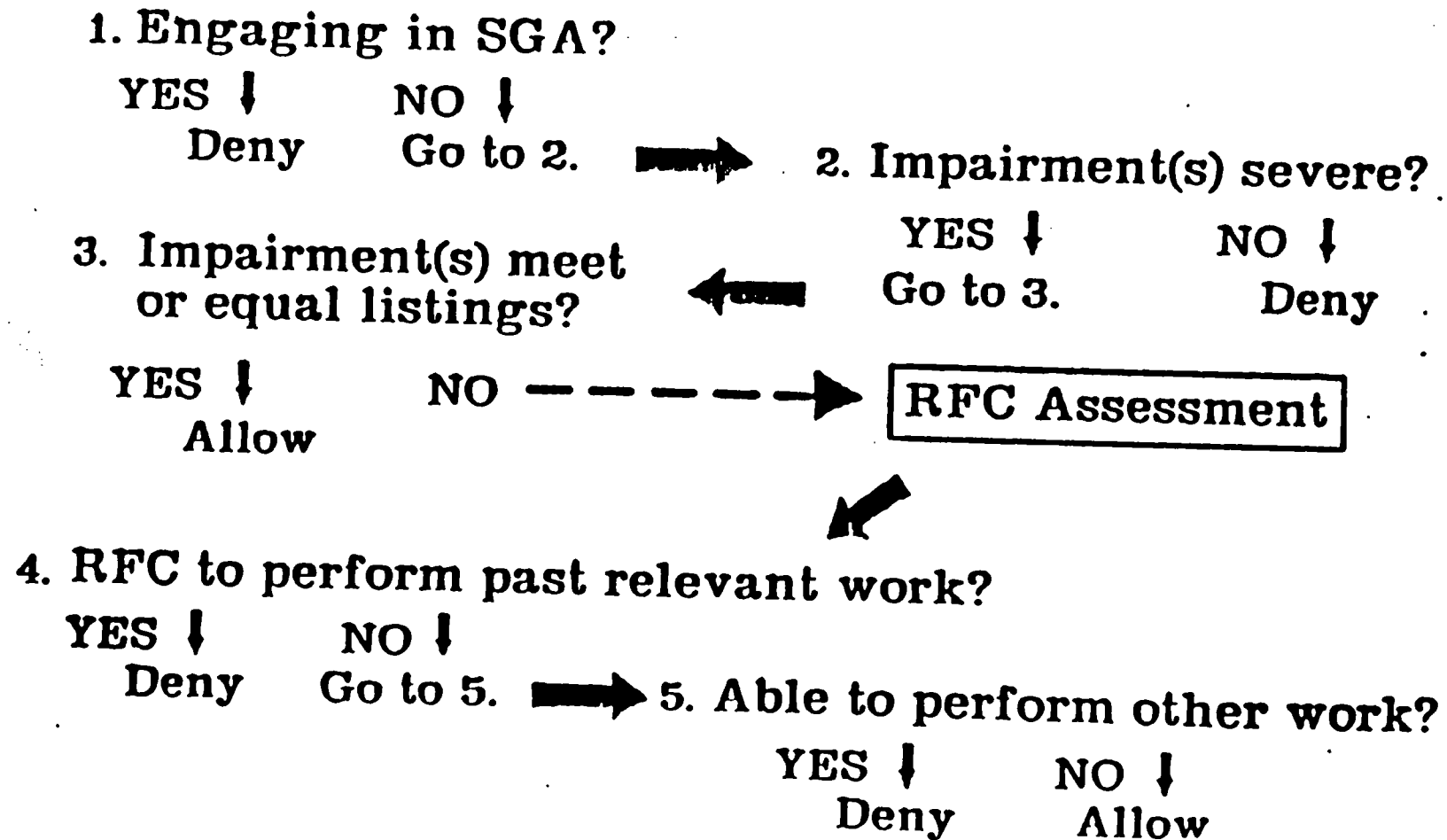
- tradeoffs + ↑
divorce, institutionaliza
- # of children
who do benefit
deeply

Basic Definition of Disability (§1614(a)(3)(A)+(B))

The inability to do any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months.

To meet this definition an individual's impairment or combination of impairments must be so severe that he or she is not only unable to do past work, but cannot, considering age, education, and work experience, engage in any other kind of substantial gainful work which exists in the national economy.

The 5 Steps in Sequential Evaluation (§416.920)



Definition of Disability (§1614(a)(3)(A)) for Children

The Act provides that a child under age 18 will be considered disabled for purposes of eligibility for SSI: "if he suffers from any medically determinable physical or mental impairment of comparable severity" to that which would make an adult disabled.

Initial Sequential Evaluation (§416.924) Process for Children

1. Substantial gainful activity?

YES ↓
Deny

NO ↓
Go to 2.



2. Severe impairment or
combination of impairments?

YES ↓
Go to 3.

NO ↓
Deny

3. Meets listing?



YES ↓
Allow

NO ↓
Equals (medical) listing?

YES ↓
Allow

NO ↓
Equals (functional) listing?

YES ↓
Allow

NO ↓
Proceed to IFA

4. Comparable severity?



IFA



YES ↓
Allow

NO ↓
Deny

Age Categories (§ 416.924a(b))

Newborn and Young Infants	0 - 1
---------------------------	-------

Older Infants and Toddlers	1 - 3
----------------------------	-------

Children (3 - 18)

- | | |
|---------------------|---------|
| ● Preschool | 3 - 6 |
| ● School-age | 6 - 12 |
| ● Young adolescents | 12 - 16 |
| ● Older adolescents | 16 - 18 |
-

⑥

DOMAINS AND BEHAVIORS BY AGE GROUP (§416.924d(c))

Although some domains are common to all ages, the age-appropriate functions assessed in those domains are different for each age group (e.g., social functioning in a preschool-age child is very different from social functioning in an older adolescent).

All Ages (0-18):

- o **Cognition**
- o **Communication**
- o **Motor Abilities**
- o **Social Abilities**

Newborns and Young Infants (0-1):

- o **Responsiveness to Stimuli**

Older Infants and Toddlers; Children (1-18):

- o **Personal/Behavioral Patterns**

Children (3-18):

- o **Concentration, Persistence, and Pace in Task Completion**

Allegations of Coaching

- Of great concern to SSA are the allegations and anecdotal information we have received from members of the educational community and others that children with "mild" impairments were being coached by their parents to act abnormally to qualify for SSI payments.
- As a result of these allegations, SSA conducted a study in 1993 of over 600 childhood disability cases (617 to be exact) involving children with conduct and learning disorders.
- The study focused on claims involving conduct and learning disorders because these impairments seem the most likely to be susceptible to coaching. Also, they are the ones most often cited by those who allege that children with "mild" impairments are being improperly granted disability.
- First of all, SSA found no evidence of widespread coaching. Even when coaching or malingering was an issue (13 cases), the cases were generally denied (10 cases) or the allowances were based on factors not affected by the suspected malingering.
- We also learned that the disability rules and guidelines were, generally, being applied correctly and that proper decisions were being reached. However, a number of issues were identified which necessitated clarification. To address these issues, we issued a series of 13 technical reminders (Disability Digest Articles) to all adjudicators as the issues arose. In addition, national training was conducted in June 1994 on the results of the study and the issues that were identified.
- However, because SSA continues to receive these allegations, and because of congressional and press interest, and because there are allegations that coaching/malingering situations are not being reported, we are taking the following steps:
 - We provided the State disability determination services with instructions for identifying, developing and evaluating cases in which coaching may be a factor. Such cases are referred for a special review.
 - 800-numbers were established to permit teachers and other school personnel to make confidential reports to SSA on an individual basis.
 - We prepared a communique to all SSA employees that informs them of their role in detecting when coaching has occurred. The communique informs employees of the 800-numbers that are available for use by school personnel and the procedures to follow when reports or other indications of coaching are received.

- Two open letters - one to parents and another to teachers - have been developed. These letters inform the readers about the SSI program and their role in providing the information used in deciding a child's claim. Both letters refer to the allegations of coaching.
- Parents will be told that children are expected to put forth their best effort on any testing and that, in this regard, we can deny a claim for failure to cooperate and that any parent who coaches a child to do otherwise is breaking the law.
- The letter to teachers informs them of the 800-numbers that can be used to confidentially report incidents of coaching.
- A brochure for school professionals that describes SSI childhood disability benefits has been published which reminds teachers to notify SSA if they have any knowledge that the child has been coached to function poorly. A similar brochure for health professionals asks that lack of effort on testing be reported.
- Operating instructions have been issued requiring that requests for information from teachers and other school personnel specifically ask whether the source has any knowledge that a child has been coached.
- Additional instructional transmittals added new coding provisions which will help better identify specific categories of childhood cases (learning disorders, conduct disorders, etc.) for further study.
- A followup study is planned to review the same kinds of cases on which the 600-Case study focused in order to test the effects of our remedial actions (technical clarifications, national training) on adjudicative accuracy nationwide.
- Unconnected with allegations of coaching or the 600-case study, we are about to begin a study of childhood claims involving physical impairments. The study will focus on Congressional and other groups' concerns that children with physical impairments are not treated as fairly under our evaluation process as are children with mental impairments.

**NATIONAL
ACADEMY
OF • SOCIAL
INSURANCE**

January 17, 1995

Dear Colleague:

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Executive Director

Pamela J. Larson

I am sending you the enclosed working paper, *Policies for Children Disability with Disabilities: Connecticut, Virginia and Some National Trends*, to invite your comments and reactions.

The paper was commissioned by the Academy's Disability Policy Project, which, as you may know, is conducting a fundamental review of Social Security disability programs in response to a request from the Ways and Means Committee. To conduct the review, the Academy convened a Panel of distinguished experts on disability policy, chaired by Jerry L. Mashaw of Yale University.

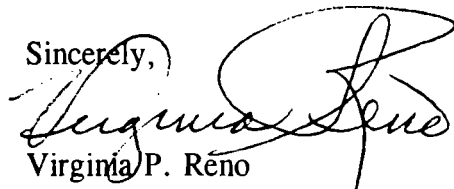
The purpose of the enclosed study is to give a "top-down" review of national data and programs for children with disabilities. More important, however, it supplements those data with "bottom-up" personal interviews with families, service providers and others to learn their perspectives about what is right -- and what is wrong -- with the systems we now have to help meet the needs of children with significant cognitive, physical or emotional disabilities.

We are sending it to you to invite your comments and reactions. In particular, we welcome views of families, service providers or others who assist them to comment on the "bottom-up" review in Part Two of the report on such questions as:

- Does the experience described in Connecticut and Virginia reflect experience of families and service providers in other jurisdictions?
- What changes are needed to improve access to the myriad services needed by children with disabilities?
- In particular, what would improve coordination between SSI and other services that low-income families of children with disabilities need?

Can we receive your comments by April 30, 1995?

Sincerely,



Virginia P. Reno
Project Director

Enclosure
Press Release

Policies for Children with Disabilities: Connecticut, Virginia and Some National Trends

1776 Massachusetts Avenue, NW
Suite 615
Washington, DC 20036-1904
Telephone (202) 452-8097
Facsimile (202) 452-8111

PRESS RELEASE

CONTACT: Virginia Reno
Project Director

DATE: January 17, 1995

Academy Issues Report on Children with Disabilities Families, Service Providers and Others Are Invited to Comment

Raising a child is always demanding. Raising a child with a disability puts special strains on parents' physical, emotional, and financial resources. Expectant parents usually envision their child as a healthy baby. "Then the future slaps you in the face," reports a parent of a young child with brain damage who was interviewed for this study of *Policies for Children with Disabilities: Connecticut, Virginia and Some National Trends*.

The study, commissioned by the Disability Policy Project of the National Academy of Social Insurance, is based on national data and personal interviews with families, service providers and advocates in two states. It documents the struggle of caring for children with disabilities and the challenges families face in negotiating the fragmented maze of programs that may be available to help them meet their children's needs.

While parents struggle to find sources of assistance, they must cope with the daily demands of physical care on their own. Imagine having to suction your baby girl's throat every 15 minutes to keep it clear for breathing; or carrying your son in his full-body neck to hip cast; or changing your eight-year old son's diapers because he is not yet toilet trained. On top of these sorts of day-in and day-out demands, come frequent trips to doctors, therapists, and hospitals.

The burden of daily care falls on both parents, but among those interviewed in this study, the burden bore most heavily on mothers. The mothers often had left their jobs to become full-time caretakers for their disabled children. Leaving a job means not only disrupting one's career, but losing an income. One of the major strains of caring for a child with a disability is financial. Out-of-pocket expenses for health care or related services, special equipment and respite care can be considerable.

The study was undertaken as part of the Academy's comprehensive review of the Social Security disability programs that it is conducting at the request of the Ways and Means Committee. The Academy convened the Disability Policy Panel of the nation's leading experts on disability policy, chaired by Jerry L. Mashaw, Sterling Professor of Law at Yale University. The Panel's charge includes recommending ways to improve disability beneficiaries' prospects for rehabilitation and future employment.

While much of the Panel's work focuses on the 6.7 million working age adults who receive Social Security or Supplemental Security Income (SSI) benefits based on work disability, the Panel is also examining the SSI program for children, which paid benefits to about 770,000

low-income children with disabilities in December 1993. As part of its review of the children's program, the Panel is articulating its view about the rationale for a program of cash support for families of children with disabilities, exploring ways to better link such families with community-based services, and seeking ways to channel teen-agers with disabilities into a "work or post-secondary education track," to the extent possible, as they approach adulthood. The Panel is also looking into concerns about the small, but growing, number of children who receive SSI based on ADHD, learning or behavioral mental disorders.

The report, *Policies for Children with Disabilities: Connecticut, Virginia and Some National Trends*, was prepared by Yale law student Jonathan Cedarbaum, under Mashaw's direction, to give the Panel both a "top-down" view of national disability programs and a "bottom-up" view of disability policy for children from the perspective of families who must rely on it for assistance and support.

The top-down view draws on national data which show that the population of children with disabilities is small, but significant. Depending on the definition of disability used, their numbers range from about 0.5 percent to 7.3 percent of all persons below age 18, or from about 325,000 to 4.4 million young people in 1991. The larger number represents the children enrolled in some type of special education, while the smallest is children with such severe disabilities that they are unable to attend school at all (for those over 5 years old) or play. Studies show that more children with very complex conditions survive today than did 20 or 30 years ago, and that the vast majority (more than 90 percent) of children with disabilities survive into adulthood. The top-down view also gives an overview of national programs in aid of children with disabilities, including: special education; early intervention; Medicaid; SSI; block grants for children with special health care needs; and programs for children and adults with developmental disabilities.

A recurring theme in the bottom-up view is the extraordinary diversity of needs among children with disabilities, and the great difficulty families face negotiating the fragmented system of services that might, or might not, be available to their children. Both in Connecticut and Virginia, parents report how the strain of caring for a young child with a disability was terribly aggravated by their feeling of stumbling in the dark as they tried to find sources of information and support. A mother of a baby with a rare chromosomal abnormality took her son to most of the leading medical facilities in central Connecticut in search of a diagnosis. Yet, once the diagnosis was achieved, she found herself with nothing but the phone book to rely on to locate the services her son needed. Another parent only found out about SSI for her first child in the course of seeking help for her third -- several years after her first child's diagnosis.

The study found that often the professionals one might expect to know about programs of assistance simply don't. A survey of Connecticut pediatricians, for example, found that only about 1 in 4 had heard of the Part H Early Intervention system -- a program of support services for infants and toddlers with disabilities. The medical director of a major children's

hospital in Richmond, himself the father of a child with a severe disability, confirmed that the situation is similar in Virginia. The head of pediatric social work at one of Connecticut's leading hospitals indicated she had never heard of the Medicaid Early, Periodic Screening, Diagnosis and Treatment (EPSDT) program, which finances treatment needed by low-income children with or without disabilities.

Interviews with families showed that even when they learn about programs of assistance, they often know only a small part of the picture. A parent might know about SSI, but not know about the Medicaid "spend-down" provision, that in some states can help pay extraordinary medical costs incurred by families whose incomes are too high to qualify for SSI or regular Medicaid coverage.

The Academy's Disability Policy Panel is issuing this report now to invite public comment on the study findings and, most importantly, to encourage families, service providers and others who assist them to offer their experience and advice on ways to better link children with disabilities to the community-based services they need. In particular, the Academy welcomes comment on such questions as:

- Do the experiences described in Connecticut and Virginia reflect experiences of families and service providers in other jurisdictions?
- What changes are needed to improve access to the myriad services children with disabilities need?
- In particular, what would improve coordination between SSI and other services that families of low-income children with disabilities need?

Comments on the report should be sent by April 30, 1995 to: Virginia Reno, Disability Project Director, National Academy of Social Insurance, 1776 Massachusetts Avenue, N.W. -- Suite 615, Washington, D.C. 20036-1904.

The Disability Policy Panel issued a preliminary status report in March of 1994 and is to have its final report with findings and recommendations in the Fall of 1995. The project is supported by The Pew Charitable Trusts, The Robert Wood Johnson Foundation, and corporate members of the Health Insurance Association of America that offer long-term disability insurance. Any views expressed in the paper are those of the author and do not represent the views of the Academy, its Disability Policy Panel or the organizations that provided support to the project.

Regulatory Definition of "Comparable Severity" (§ 416.924)

The term "comparable severity" means that the child's physical or mental impairment(s) so limits his or her ability to function independently, appropriately, and effectively in an age-appropriate manner that the impairment(s) and the limitations resulting from it are comparable to those which would disable an adult. Specifically, the impairment(s) must substantially reduce the child's ability to

- **Grow, develop, or mature physically, mentally, or emotionally and, thus, to attain developmental milestones at an age-appropriate rate; or**
- **Grow, develop, or mature physically, mentally, or emotionally and, thus, to engage in age-appropriate activities of daily living in self-care, play and recreation, school and academics, community activities, vocational settings, peer relationships, or family life; or**
- **Acquire the skills needed to assume roles reasonably expected of adults.**

Social Security Administration

Important Information for Teachers And School Professionals

About SSI Payments to Children with Disabilities

You may have a child in your class whose parents or guardians have filed for disability payments from the Supplemental Security Income (SSI) program for the child. SSI is an important income program for families with limited income and resources who have a child with severe health problems. These health problems must limit the child from doing the things that other children of the same age would normally do, *to the extent required by our rules*, and must last, or be expected to last, for at least 12 consecutive months, or result in death. With SSI, the child may also get medical assistance.

How We Decide If A Child Is Disabled For SSI

After an application for benefits is filed, a State office, usually called the Disability Determination Services (DDS) gets evidence about the child's health problems and the impact on a child's ability to function. A disability evaluation specialist and a doctor (called the DDS team) review the child's case to decide if he or she meets our disability rules. The evidence must prove that the child is disabled under our rules.

Sources of Evidence

The evidence the DDS team looks at can come from several sources. These sources are people who know about the child's health and how the child functions on a day-to-day basis, and over time. They can be doctors and other health professionals who treat the child.

They can also include other people such as parents or other caregivers, teachers, counselors, therapists and social workers. School professionals may be among the most important sources of the specific information we need to evaluate the child's day-to-day functioning. We use this information, along with medical and other information from a variety of sources, to compare the child's functioning with the age-appropriate activities for that child.

About The Disability Decision

The information we collect must *prove* that a child is disabled under our rules. We cannot make our decision solely on any one of the following:

- the parents' belief that a child is disabled; or
- the fact that a child is enrolled in special education classes, or is taking certain medications or treatments; or
- a child's performance in school. Poor behavior in class or poor grades, alone, are not enough for us to find that a child is disabled. But, these factors are considered with other evidence to give a full and accurate picture of the child.

What You Should Do

If a claim for SSI payments is filed for a child in your class, we may ask you for information about the child's functioning and behavior. If we do, you should describe the child's functioning, and any changes in that functioning over the period you have worked with the child. If you know the reason for any changes (for example: divorce, separation, death in the family, worsening of the child's medical condition, change in medication) you should tell us that, too. This is especially true when the child has had a sudden decline in functioning, such as becoming disruptive in class or failing tests.

You may have heard stories about parents coaching their children to do poorly in school or on tests, or to misbehave, or providing false or misleading information so SSA will decide the children are disabled. You also may have heard allegations that some parents have denied their children medical treatment in order to have the disability claim approved. Coaching children to do poorly or misbehave, or providing false or misleading information in order to collect payments can be fraud. (Fraud can be punished by imprisonment, fines, or both.) While we believe this rarely happens, we do take seriously our

Social Security Administration

Important Information for Parents and Guardians About SSI Payments to Children with Disabilities

Your child may qualify for payments from the Supplemental Security Income (SSI) program. With SSI, you may also get medical assistance. We can pay children who have severe health problems and have limited income and resources. **The health problems must:**

- **be as severe as those that would keep an adult from doing any kind of substantial work. This means that the problems must limit the child from doing the same things that other children the same age would normally do, to the extent required by our rules, and**
- **last, or be expected to last, for at least 12 months in a row, or result in death.**

How We Decide If A Child Is Disabled for SSI

First, you must file an application for benefits. Then a State office gets facts about your child's health problems. We usually call this office the Disability Determination Services (DDS). There, a disability evaluation specialist and a doctor (called the DDS team) look at your child's case.

The facts this team looks at can come from several sources. These sources are people who know how your child functions on a day-to-day basis, and over time. They can be doctors and other health professionals who treat your child. They can also include other people such as parents, relatives, caregivers, teachers, counselors, therapists and social workers. The DDS team will try to make a decision based on the medical and other facts they receive from these sources.

If The DDS Needs More Information

The information we receive may not be enough for the DDS team to make a decision. If that happens, we may ask you to take your child to a special examination. We will pay for this examination, and it is very important that your child not miss the appointment. We may deny your claim for SSI payments if your child does not go to the examination and does not have a good reason for not going. During the examination, your child must give his or her best effort. We cannot consider the results of the examination if your child does not give his or her best effort.

About The Disability Decision

The information we collect must *prove* that your child is disabled under our rules. We cannot make our decision solely on any one of the following:

- **your belief that your child has a disability; or**
- **the fact that your child is enrolled in special education classes, or is taking certain medications or treatments; or**
- **your child's performance in school. Poor behavior in class or poor grades, alone, are not enough for us to find that a child is disabled.**

But these factors are considered along with the other facts in the case to give a full and accurate picture of your child.

Children's SSI Eligibility 1995 Update

THE ADVOCATE'S GUIDE TO SSI FOR CHILDREN and other materials on Children's SSI published by the Bazelon Center contain several references to federal SSI benefits, which are revised annually. Please note that in 1995 the maximum federal benefit for children with disabilities is \$458 a month (the exact amount a child receives always depends on family income).

Below is an updated 1995 income-eligibility chart. Note that two parents with one child who has a disability and another child could earn up to \$31,704 a year before their child would be ineligible—more in the states that provide supplements.

INCOME ELIGIBILITY

Parents' maximum monthly income for a child with a disability to be eligible for at least \$1 of SSI. (The dollars are for 1995. They change each year to reflect inflation.) The maximum levels are higher in states that supplement SSI.

COUNTABLE EARNED MONTHLY INCOME

Number of other children with no disability in the household	One-parent household	Two-parent household
0	\$1,955	\$2,413
1	\$2,184	\$2,642
2	\$2,413	\$2,871
3	\$2,642	\$3,100

COUNTABLE UNEARNED MONTHLY INCOME

Number of other children with no disability in the household	One-parent household	Two-parent household
0	\$ 955	\$1,184
1	\$1,184	\$1,413
2	\$1,413	\$1,642
3	\$1,642	\$1,871

The monthly limit for either type of income increases by \$229 for each additional child with no disability in the household.

ISSUE BRIEF

NATIONAL
HEALTH
POLICY
FORUM

SSI for Children: Looking at Enrollment Concerns and Program Intent

Monday, January 23, 1995
1:00 to 4:30 pm - Discussion
Quality Hotel Capitol Hill
415 New Jersey Avenue, NW
Federal Ballroom

A workshop featuring

Barry Eigen
Deputy Director
Division of Medical and Vocational
Policy
Office of Disability
Social Security Administration

Lawrence Thompson
Principal Deputy Director
Social Security Administration

James Perrin, M.D.
Associate Professor of Pediatrics
Harvard Medical School

Linda Dorn
Deputy Director
Michigan Disability Determination
Service

Sue Smith
Executive Director
Georgia Parent Support Network

Registration: Please call **Dagny Canard** at 202/872-1392 as soon as possible.

The
George
Washington
University
WASHINGTON DC

SSI for Children: Looking at Enrollment Concerns and Program Intent

The Supplemental Security Income (SSI) program for children is facing increasing scrutiny from Congress. Over the past four years, federally mandated program changes have led to rapid increases in both enrollment and costs. As the program has grown, it has been dogged by allegations that undeserving children are feigning behavior disorders to get onto the rolls and that some parents are not using the cash grant to help their children.

Once a small, highly restrictive, unpublicized program, SSI for children has recently undergone many changes. Since 1990, following a Supreme Court decision that found the rules unfairly denying enrollment to many disabled children, the eligibility criteria have been revamped. The Social Security Administration (SSA) has also expanded the number of qualifying mental impairments, including for the first time separate categories for Attention Deficit Hyperactivity Disorder (ADHD) and several other disorders characterized as behavior problems. Finally, Congress has required the agency to more aggressively publicize SSI to poor families with disabled children.

Is the SSI program for children now out of control? While more children are certainly applying and attempts at "gaming" may be on the increase, government studies have found that few children who do not meet the definition of disability are getting on the rolls. Nonetheless, the allegations have drawn attention to an entitlement program that has more than tripled in cost since 1989 and have caused some in Congress to question whether SSI should remain a no-strings-attached cash grant or whether the money should be targeted to help children become independent adults.

SSI was designed to provide income for poor people who were not able to work (the blind, the disabled, and the elderly) and whose Social Security benefits were either nonexistent or too meager to live on. In folding disabled children into the program, the Congress, after some dispute, agreed that poor disabled children "were the most disadvantaged of all Americans" and that they deserved "special assistance" to help them become "self-supporting members of our society." Now some lawmakers believe that providing vouchers for medically related services is a

better way to help poor disabled children than giving their families cash.

The voucher concept is opposed by family advocates, who view the SSI money as making it possible for families to cover what they say are much higher daily costs of keeping disabled children at home and out of expensive institutions—costs of providing special foods, clothing, shelter, child care, transportation, and recreation for children with serious disabilities.

While Congress in August established a DHHS-based commission to study the potential for making a variety of program changes, action may come sooner than the commission's November 1995 deadline. A proposal to change SSI for children into a voucher program for services is expected to emerge from the new, Republican-controlled House in the first 100 days of the new session and may be attached to the Personal Responsibility Act that is part of the GOP's "Contract with America." As of this writing, the voucher proposal has not been drafted, but it is expected to cover a broad range of medically related services, including home modifications to accommodate disabled children. The contract, which Speaker of the House Newt Gingrich (R-Ga.) has pledged to move quickly, proposes another, perhaps more drastic change for SSI—eliminating the program's entitlement status.

In this Forum session, speakers will clarify the SSI eligibility determination process for children, review recent program history that has contributed to child enrollment increases, and discuss how parents view the program and use the money. It will also examine

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the capacity of SSA to administer the program, given new congressionally mandated responsibilities to conduct more child reviews, and will raise issues of disability definition and alternatives to the SSI nonrestricive cash payment for children.

SSI CHILD PROFILE, PROGRAM RULES

In June 1994, more than 847,000 children received SSI, at a total annual cost of about \$4.6 billion. Almost two-thirds of child recipients were disabled because of a mental disorder, the most common being mental retardation, which accounted for 44 percent of all SSI children. Another 22 percent had psychotic and neurotic disorders. Diseases of the nervous system and sense organs comprised the other major impairment categories—accounting for another 13 percent of child recipients.

The maximum monthly SSI payment of \$446 is available to disabled children with family incomes up to about 150 percent of poverty, excluding complex resource criteria. As income increases, SSI payments decline, and families become ineligible for benefits at about 200 percent of poverty. For example, a two-parent family with two children, one of whom is disabled, receives the full benefit if yearly income is less than \$20,220. The benefit phases out when family income reaches about \$31,000. Most of the children on SSI fall in the low end of income eligibility: 68 percent received the maximum monthly benefit, according to SSA.

Benefit levels are higher in the 36 states that supplement federal payments. Massachusetts, for example, adds \$114 to a child's SSI benefit. The average SSI monthly payment, including state supplements, currently is \$412, reports SSA.

In 31 states and the District of Columbia, SSI enrollment is the gateway to Medicaid benefits: Medicaid enrollment is automatic. In another seven states, SSI children are eligible for Medicaid but must apply separately.

SSI'S LEGISLATIVE ORIGINS

The birthing of the SSI program is a story of political ironies. That something as liberal as the right to a guaranteed income from the federal government had the blessing of President Nixon, and that Congress approved such a profound change in social welfare policy with little notice or fanfare, is testament to its odd political history.

SSI originally started as a companion to Nixon's Family Assistance Plan (FAP), a sweeping welfare

reform proposal that would have replaced the Aid to Families with Dependent Children (AFDC) program with a federally provided uniform minimum income for poor children. Even households with resident fathers would have received the assistance, provided the fathers were either unemployed or had low earnings. Along with FAP, Nixon in 1969 proposed that states be required to pay a federally established minimum income to the poor elderly, blind, and disabled who were on state welfare rolls.

After defeat of the 1969 proposal, the House Ways and Means Committee in 1971 reintroduced FAP and took the companion piece one step further: it proposed that the federal government not only set minimum benefit levels but assume complete payment for three programs that were then state-federal partnerships: Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled.

The provision was buried in a massive bill, H.R. 1, and sent to the Senate Finance Committee, where most attention was focused on the highly controversial FAP and amendments to Social Security and Medicare. Finance again rejected the FAP. What quietly passed was the nation's first long-term income guarantee—targeted for the poor elderly, blind, and disabled. "When the historic law was enacted, politicians ignored it and most newspapers failed to report it. It is probable that many members of Congress who voted for it did not realize what they had accomplished," wrote Vincent and Vee Burke in *Nixon's Good Deed*, their 1974 book which described the political debate surrounding FAP and SSI.

According to the Burkes, the main reason for designing SSI was to preserve the wage-based Social Security program. The payroll tax had become burdened when Social Security expanded to cover retired low-wage workers and surviving dependents, and there was a call from some sectors to raise the minimum benefit to provide a livable income for the elderly who could not supplement Social Security. SSI provided relief for the poor through the income tax without further pressuring the payroll tax. Observers note that SSI passed chiefly because, unlike assisting the able-bodied population addressed by FAP, guaranteeing an income for those not expected to work—the poor aged, blind, and disabled—sparked little controversy in Congress.

The Inclusion of Children

There is not much written that explains the rationale for the Ways and Means Committee's inclusion

of disabled children in a program designed as an income floor for poor adults who are unable to work. There appears to have been a debate over maintaining the extra payments then made to some AFDC children with "special needs"—payments that supplemented the AFDC cash grant—but that approach was rejected in favor of putting these children under the more generous SSI program. In House Report No. 92-231 the committee said it believed

that disabled children who live in low-income households are certainly among the most disadvantaged of all Americans and that they are deserving of special assistance in order to help them become self-supporting members of our society. Making it possible for disabled children to get benefits under this program . . . rather than under the program for families with children, would be appropriate because their needs are often greater than those of nondisabled children.

The Senate Finance Committee disputed that assumption, claiming in a 1972 committee report that disabled children's needs are greater only in the area of health care expenses and that access to Medicaid through AFDC would be sufficient. "Disabled children's needs for food, clothing and shelter are usually no greater than the needs of nondisabled children," according to the 1972 committee report. In the end, however, the Senate acquiesced to the House version.

In the final SSI statute, the definition of a disabled adult was clearly stated as someone who is unable "to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last a continuous period of not less than twelve months." The law defined disability in children less clearly, depicting an eligible child as one who "suffers from any medically determinable physical or mental impairment of comparable severity" to that which disables an adult.

ZEBLEY DECISION

It was the SSA's longstanding interpretation of "comparable severity" that led the Supreme Court in 1990 to rule that the agency's determination process for children was overly restrictive and in violation of the statute. For years, SSA had employed a different eligibility process for adults than for children. Both groups would initially have to meet financial criteria and be found to have conditions that either were on a prescribed list of medical impairments or were equal in severity to those on the list. (This list is known as the Listing of Impairments and the conditions on it are often referred to as the "listings.") For example, a

certain level of impaired pulmonary function may be needed for lung diseases and a certain degree of mobility impairment for orthopedic conditions.¹

Adults with impairments that did not match or equal any of the listings would be allowed an extra step—an assessment of the impairments' impact on their ability to perform past work or any other kind of substantial gainful work in the economy. Because children were not expected to work, they were not afforded this further inquiry. Child eligibility was determined solely on the basis of the medical listing of impairments.

Before 1990, it had been extremely difficult for some children to qualify for SSI. Many disabling conditions of childhood are rare and were not found in SSA's listings. Frequently, benefits were denied to children with multiple conditions, no one of which equaled the severity of a listed impairment but which, when taken together, would severely impair a child. The result was that some severely disabled children—with cystic fibrosis, Down syndrome, and AIDS, for example—were being denied. Stories of families who had to institutionalize their children at state cost because they could no longer afford to care for them at home were not uncommon.

Brian Zebley, who suffered congenital brain damage, developmental delay, eye problems, and a musculoskeletal impairment, was an SSI cessation case: he was removed from the rolls after SSA ruled he was no longer disabled. In a class action suit brought on behalf of Zebley, the Supreme Court ruled that when a child had a condition that did not meet the listings standard, determining whether the impairment was of "comparable severity" to one which would disable an adult would require a functional assessment. In developing this assessment with a group of experts, SSA decided that children's ability to engage in age-appropriate activities would be the benchmark of eligibility and would be equivalent to the assessment of adults' capacity to work.

As part of the Zebley settlement, SSA was required to review all cases, dating back to January 1980, in which the agency denied or terminated benefits to children, using new eligibility criteria that included an expanded list of mental impairments (discussed below). Of the approximately 460,000 children who

¹Perrin, James M., M.D. and Ruth E. K. Stein, "Reinterpreting Disability: Changes in Supplemental Security Income for Children," *Pediatrics*, Vol. 88, No. 5, November 1991, p. 1048.

had been denied since 1980, some 339,000 responded to SSA's invitation and were given another chance to apply. As of November 1994, about 131,000 of these children were found eligible.

Zebley Rules

In February 1991, the agency published new rules that eased the requirements for "equaling" a medical listing and dictated the individual functional assessment (IFA) process for children. These rules spelled out the criteria for judging whether a child's impairment(s) caused a substantial reduction in his or her ability to function at an "age-appropriate" level. The IFA does not entail face-to-face contact. SSA evaluators gather information on a child's functioning in a variety of domains—social, communication, cognitive, personal and behavioral, motor functions, responsiveness to stimuli, and ability to concentrate, persist at tasks at hand, and keep pace.²

Even before the Zebley Supreme Court decision, members of Congress had criticized SSA for ignoring provisions in the SSI rules that called for the collection of nonmedical evidence in deciding children's eligibility. The Zebley rules gave renewed emphasis to drawing on input from parents, teachers, counselors and other professionals knowledgeable about the child's daily functioning. Physicians were no longer the dominant source of information.

OTHER PROGRAM CHANGES

The SSI program experienced other significant changes in 1990 that expanded the program for children. That year, SSA revised and updated its childhood listings of mental disorders, which had not changed substantively since 1977. Congress mandated the revision for adult impairments in the 1984 Disability Benefits Reform Act to reflect new knowledge in the field, and SSA used the opportunity to review the child listings. The new rules increased the number of mental impairment listings from 4 to 11, including for the first time separate listings for conditions such as pervasive developmental disorders (for example, autism) and ADHD.

Also important was a much greater emphasis on how a child's mental impairment affects his or her ability to function in age-appropriate ways, the

measure of which was incorporated months later into the Zebley rules. Previously, SSA had relied predominantly on the medical characteristics of a disability, without special attention to how it affected daily living. Similar to the Zebley rules, the new mental impairment listings called on information from parents and teachers to assess the child's condition.

Another profound change occurred during 1990 and 1991, when three national outreach campaigns were launched to help families become aware of SSI. Previously, the SSA had done little to publicize the program, and many families with eligible children were simply not applying. Congress in 1990 directed SSA to conduct outreach to families of disabled children, and a Zebley court settlement order required SSA to launch a national media outreach campaign. Several private foundations buttressed these efforts by funding the National Children's SSI campaign, an outreach project conducted by advocates.

CONCERN OVER PROGRAM GROWTH, ALLEGATIONS OF ABUSE

By 1993, the combination of the review of denials under Zebley, the new court-ordered IFA process, the mental impairment listings update, and the outreach campaigns had made their impact. Child enrollment in SSI more than doubled, rising from about 296,000 in 1989 (the year before the changes) to more than 770,000 in 1993, while program costs for children increased from \$1.2 billion to \$4.35 billion during that period. SSA officials also note two other factors that contributed to the expansion: an increase in overall numbers of disabled children (since 1960 the proportion of disabled children has more than tripled) and rises in child poverty (between 1989 and 1993, the number of children living in poverty increased by 2.5 million).

Disability advocates viewed the program trends as the success of congressional mandates and court-ordered actions. Meanwhile, as the SSI child rolls grew, the program became more visible. Particularly noticeable were the families who received multi-thousand dollar lump-sum retroactive awards from the Zebley review; they were required to spend down the awards in six months or lose SSI eligibility. At the same time, some in Congress were receiving a range of complaints about the program. Often generated from the education community, where teachers and counselors were being asked to assess their students, the complaints centered on three basic issues. First, there were allegations that certain children were gaming the system, being coached by their parents to act out in class in order to earn a

²Not all domains apply to all children. Their applicability varies by the child's age (for example, responsiveness to stimuli applies only to infants).

behavior disorder label and get onto SSI. There were also claims that the new SSI eligibility rules were too lenient and were allowing children with mild impairments onto the rolls and that parents were not using the money in the best interests of their children.

Battered by sensational media reports of gaming and suggestions that it was driving enrollment increases, the SSI program for children came under attack by some lawmakers. Concern over alleged fraud not only sparked questions of whether the new IFA—in which judgement calls are made about the severity of a child's impairment—was too lenient, but also challenged the fundamental intent and philosophy of the program for children. Critics began to ask whether children with certain mental impairments (particularly those broadly characterized as behavior problems) had higher living costs that merited a monthly cash payment, whether SSI should become a voucher program for services instead of a no-strings-attached cash grant, and whether parents were spending the SSI payment on services or goods that directly benefited their disabled children.

The allegations of abuse have frustrated many state and federal officials who have tried to follow up on the charges. For instance, Maureen Sorbet, who runs an SSI outreach program for the Michigan Department of Social Services, says that when teachers and other school employees who complain of fraud are asked to identify such cases, "they don't come up with names." One SSA official acknowledged that, in a few cases, school staff are reluctant to name names because they do not want to damage relationships they have with their students or fear they would evoke anger from accused families.

"Most people making the allegations are unaware of whether the kids are getting benefits. [They] only know they applied," says Barry Eigen in SSA's Office of Disability. "For example, we are investigating all potential cases of coaching. Of 416 cases referred so far, only 25 were allowed" on the rolls.

Eigen and a number of state officials acknowledge that a small group of "undeserving" children are probably getting on the rolls. The errors are "no different [in SSI] than in other programs," says Bill Shelton, director of Wisconsin's Disability Determination Service (DDS). "The issue is the definition of disability. . . . A number of people have a basic conflict with the program. They don't think kids should get on [the rolls] with their level of impairment," he says, referring to children with certain behavior problems.

Mental Impairments Controversy

While only 13 percent of child awards between 1991 and 1993 have been for ADHD and other conditions that exhibit themselves as behavior problems, some believe that these conditions have left SSI vulnerable to accusations of abuse. At issue is the subjective nature of determining the point at which poor behavior is severe enough to be classified as an impairment. SSA included these impairments because they were listed in the DSM-III-R,³ the standard manual used by mental health practitioners. There is, however, dispute among psychiatrists and psychologists over what the threshold of severity should be to merit the diagnoses, and SSA examiners are caught in that same professional bind. According to James Perrin, M.D., a member of a National Academy of Social Insurance panel looking at the program, a related problem is that the SSA criteria taken from the DSM-III-R do not adequately distinguish between the severe and more moderate forms of these disorders; some believe that SSA's rules should be tightened to do so.

RECENT LEGISLATIVE ACTIVITY

Over the past several months a few failed attempts were made in Congress to alter the SSI program for children. Last spring a welfare reform bill sponsored by Republican Sens. Lauch Faircloth (La.), Charles Grassley (Iowa), and Hank Brown (Colo.) included a provision to replace the SSI cash payments for children with a voucher for any medical costs not covered by Medicaid. An earlier version of the bill would have eliminated benefits for children with ADHD. More recently, attempts were made to change SSI as the House marked up its bill to make the SSA an independent agency (the Social Security Administrative Reform Act of 1994). To quell the desires of some members to either eliminate cash payments for children or change SSI to a voucher program for uncovered medical services, the Ways and Means Committee struck a compromise by proposing a commission to look at the issues. The commission was enacted into law in August.

The following are among the major issues that the commission, a panel of DHHS-appointed experts, is required to address by November 1995:

³*The Diagnostic and Statistical Manual of Mental Disorders, 3rd Edition (revised)*, is a publication of the American Psychiatric Association.

- the appropriateness of the current SSI definition of disability for children under age 18 and the possible need for an alternative definition;
- the feasibility of meeting families' needs for help with the high costs of medical care for seriously physically or emotionally disabled children by expanding federal health programs;
- the feasibility of providing benefits to children through noncash means, such as vouchers, debit cards, and electronic benefit transfer systems;
- the desirability and possible methods of increasing the extent to which SSI benefits are used to help children gain independence and be able to work as adults; and
- the effects of SSI on disabled children and their families.

AVAILABLE STUDIES

Meanwhile, a number of reports have begun to address some of the questions lawmakers have raised. In 1993 SSA reviewed a sample of 617 childhood disability claims of children with behavior disorders and learning disabilities to probe whether children were being coached to feign disability and whether children with mild impairments were being enrolled. These criticized categories of impairment account for about 20 percent of all SSI childhood disability claims.

The study found no evidence of widespread coaching—possible coaching was an issue in only 13 of the 617 cases, and only three of them were allowed. SSA found a small number of children with mild impairments to have been wrongly enrolled—accounting for 8.6 percent of the sample's allowances. It also found that more information should have been collected by those determining eligibility to better substantiate 28 percent of the allowances.

At the time the study was issued, SSA also reported numerous actions it had taken to avert future errors, including national training for DDS determiners, stricter requirements for documenting decisions of cases involving multiple moderate disabilities, and an increase in the number of continuing disability reviews (CDRs) the agency would conduct (for more on CDRs, see page 9).

GAO Report on Enrollment Increases

In September, the General Accounting Office (GAO) released a report examining the rapid rise in

the children's SSI rolls. Its findings disputed the conventional wisdom that a less restrictive IFA process mandated by the Zebley decision was responsible for most of the increase. The report found that, since the IFA was established, "70 percent of all awards went to children whose impairments were severe enough to qualify on the basis of SSA's medical standards alone, without the need for a functional assessment."

"The growth in the rolls is the result of huge increases in both applications and awards for children's disability benefits," according to the GAO. "The outreach has been phenomenal," adds Eigen, noting that many children who made it onto SSI without an IFA were not enrolled previously because their families simply were unaware of the program.

Since the Zebley rules were enacted, applications for children with mental impairments have more than tripled and awards to this group more than quadrupled, but two-thirds of these awards have gone to children with mental retardation. It is significant, however, that most decisions for children filing with mental impairments are determined through the IFA. Interestingly, the most criticized categories of mental impairment—those that manifest themselves in poor behavior—represent a small portion of recent awards. From 1991 through 1993, only 13.3 percent (39,400) of all childhood SSI awards went to children with diagnoses of ADHD, personality disorder, autism, or pervasive developmental disorders, the GAO noted. These children have accounted for one-fifth of all awards to mentally impaired children during that period.

DHHS IG Report

In October, the Office of the Inspector General (IG) released an audit requested by Sen. Herb Kohl (D-Wis.) to respond to complaints he was receiving from some in his state's education community over the program. The complaints centered on issues such as the granting of SSI to some children with behavior disorders whose impairments might not prevent them from working as adults, the granting of benefits to children without regard to the financial needs created by their disabilities, and the failure to use SSI payments to help disabled children prepare for work as adults.

The report suggested some confusion in the field over congressional intent. "Under the statute, the 'intent' of the program is to provide cash assistance to children with disabilities. Our review found that the program basically achieves that purpose." The audit clarified that, in enacting SSI, Congress did not

require the cash payment to be used to provide services for children, to identify a financial need created by a disability, or to assess a child's potential to work when an adult. The report also cited SSA's errors found in the IFA process, as well as actions the agency has already taken to prevent future errors. The IG's conclusions were critical; it recommended that Congress revisit the intent of the program as well as the IFA process. In a letter from Inspector General June Gibbs Brown to SSA Commissioner Shirley Chater that accompanied the report, Brown wrote:

If Congress intended that the SSI program provide only cash assistance to children with mental impairments, then the program is successful. . . . However, if Congress intended that the SSI program should help children overcome their disabilities, and grow into adults capable of engaging in substantial gainful activity, changes are needed.

HOW PARENTS USE THE MONEY

Media and congressional scrutiny over how parents use SSI payments has led families of disabled children to become more vocal. In a joint statement issued by Family Voices and the Federation of Families for Children's Mental Health, together representing more than 50,000 families with physically and emotionally disabled children, examples of how families spend the money were offered. The list contained many items not covered by Medicaid and included specifics such as over-the-counter nutritional supplements for children with degenerative neuromuscular disorders; additional counseling for a family stressed by a seriously emotionally disturbed child; respite care by a trained babysitter, so parents of a mentally retarded child could go out occasionally; and special day care for a child whose medical condition required 24-hour supervision and whose parents had to work.

Perhaps the only systematic survey on this topic was conducted last spring by the Michigan Department of Social Services, which sent questionnaires to more than 1,900 families with children on SSI. The 28 percent of families responding anonymously reported that, after paying for basic necessities such as food and shelter, families most often spent the monthly SSI checks on special foods, day care services, adaptive equipment, educational aids, toys and recreational activities, transportation to medical appointments, medical bills not covered by other insurance, and clothing and other personal items for the impaired child.

In addition, according to Sorbet, the survey revealed that SSI allowed some parents to forego work

and stay home with a seriously disabled child. Joe Manes, analyst with the Bazelon Center for Mental Health Law, notes that parents of seriously emotionally or physically disabled children often forego full-time or even part-time jobs because their children require intensive attention or they cannot find or afford specialized day care. The SSI check helps these families to compensate for their lost income, he notes.

VOUCHERS VERSUS CASH GRANTS

The voucher versus cash grant debate has pitted lawmakers who want more accountability in a burgeoning entitlement program against those who believe that families are better suited than government to decide how the money can help their children. The debate is made more complicated by the reality that each option has serious flaws. The cash grant approach does not address the problem that some parents whose children need specialized services are not spending the money on this care.

Some advocates for a voucher approach believe that it would weed out the "deserving" from the "undeserving" families by restricting the money's use to only medically related services. But the voucher carries its own problems: for one thing, it ignores the reality that some families use the money to supplement lost income. In addition, advocates worry that it would not be flexible enough to meet the varied needs of children and families, particularly in the areas of respite and child care.

Rhoda Schulzinger, director of the Children's SSI Campaign at the Bazelon Center, adds that a voucher program, depending on how it is designed, might not allow low-income families to use SSI to provide for the very basic needs of food, clothing, and shelter for their children. That most SSI children are getting the maximum benefit is evidence of the level of poverty that exists in their families; SSI has helped to keep them afloat, she notes. "What happens if the family car breaks down but [the family is] locked into using vouchers for diapers?"

OTHER ISSUES

Other problems loom as the SSI program for children is reexamined. A serious concern is that once children come onto the SSI rolls they rarely, if ever, exit. Two factors figure prominently in this problem. While guidelines exist for periodic reviews of children (with more frequently scheduled assessments for children whose disabilities are deemed nonpermanent),

until just recently neither the regulations nor the statute have required them, and the SSA has generally not conducted any. Rapid increases in SSI and Social Security Disability Insurance (SSDI) applications have come at a time of agency downsizing: between fiscal years 1985 and 1989, SSA reduced its staff from about 80,000 to about 63,000, according to the National Academy of Social Insurance. In the wake of staff cutting and increased workloads, continuing disability reviews have simply not been a priority. And, while Congress in August mandated that SSA conduct CDRs on at least one-third of the children reaching age 18 in each of years 1996, 1997, and 1998, no money has been appropriated to fund the extra personnel necessary for the task.

Fear of losing Medicaid is also cited as a serious disincentive for parents to encourage their disabled children to improve functioning or prepare for future work. Although many of these children may eventually be able to hold down jobs—thereby overcoming their disabled classification—the jobs may be low-paying and have poor health benefits; this could be a real problem for those who still have severe impairments but, through their own efforts, have lost SSI and consequently, Medicaid benefits.

FUTURE ENROLLMENT TRENDS

A major question for policymakers is whether SSI enrollment for children will continue to grow at such a rapid pace. The answer appears to be no. SSA officials believe the program is reaching the saturation point for child enrollment; it is currently serving between 60 percent and 80 percent of the estimated 1.1 million to 1.4 million children eligible for the program.⁴ This estimate is consistent with just-published data from the Institute for Child Health Policy, which found SSI to be serving about 70 percent of all non-institutionalized eligible children.⁵ Outreach efforts combined with the one-time Zebley backlog awards created a surge in awards that is not expected to continue.

While the number of applications filed annually since the Zebley decision has more than quadrupled, rising from an annual average of 125,000 between 1987 and 1989 to about 600,000 today, award rates have actually declined recently as the portion of truly disabled chil-

dren is separated from the rest of the applicant pool. The award rate increased from about 42 percent before 1991 to an average of about 50 percent since then. However, SSA notes that during the period right after the Zebley decision, allowance rates were higher than 50 percent because the volume of applicants had not yet increased sharply. In contrast, the award rate in recent months has been about 35 percent.

THE FORUM SESSION

The following are among the questions that surface as policymakers examine the SSI program for children:

- How well do current government programs (for example, special education, Medicaid, and Title V) meet the needs of physically and mentally impaired children?
- What gaps in needs are left by these programs and is the SSI cash grant being used to fill these gaps?
- If a voucher program is considered to replace some or all of the SSI cash grant, how would it be structured to account for the very different service needs created by the individual circumstances of disabled children?
- Which agency would be responsible for administering and monitoring a voucher program, and how costly and labor-intensive would it be to administer?
- To what extent do parents of disabled children make employment decisions that lower family income in order to care for their children? Would a voucher program for child services address this potential loss, and if so, how?

Speakers

Barry Eigen will begin the session with an overview of the SSI eligibility process for children. Mr. Eigen, deputy director of the Division of Medical and Vocational Policy in SSA's Office of Disability, played a large role in drafting the new rules that established the IFA. In 1990, after 15 years in SSA's Office of Hearings and Appeals, he became the first chief of the newly created Childhood Disability Branch in the Office of Disability. He currently drafts and revises regulations and other disability instructions for SSA's various programs for disabled adults and children.

Linda Dorn, deputy director of Michigan's Disability Determination Service, will follow with a state perspective on the challenge of implementing the new regulations, as well as the feasibility of administering

⁴The estimate of all eligible children is based on National Health Interview Survey data of children meeting SSI's disability and income criteria.

⁵This estimate is based on Wave 6 of the Survey of Income and Program Participation (SIPP), a national data set.

a voucher program, if one were to be enacted. Ms. Dorn, who has been with the state DDS since 1975, is currently responsible for serving 159,000 disabled residents both through SSI and SSDI. She also serves on the Michigan Transition Council, a collaborative effort to improve service delivery to disabled people, and has received SSA's Associate Commissioner's Citation for outstanding leadership to the disability program.

Sue Smith, parent of a child with severe emotional disturbance on SSI, will offer a parent's perspective on how the SSI check affects families. Since 1989, Ms. Smith has been executive director of the Georgia Parent Support Network, a group which provides information for and advocacy on behalf of parents of disabled children in the state. She is also president of the Mental Health Association of Georgia and serves on the executive board of the Federation of Families for Children's Mental Health.

Offering the federal SSA perspective on challenges the agency faces in conducting more CDRs and implementing other potential changes is **Lawrence Thompson**, the agency's principal deputy director. Before joining SSA, he served as assistant comptroller general in charge of the Human Resources Division at the GAO, where he reviewed federal programs

involving health, education, labor, and income security issues. Previously, Mr. Thompson was chief economist at GAO and worked for nine years on income security issues at DHHS, including positions as director of social security planning in the Office of the Secretary and associate social security commissioner for policy.

James Perrin, M.D., member of a National Academy of Social Insurance panel looking at the children's SSI program, will discuss some of the panel's preliminary findings, including those that address how to improve the child eligibility process and help children transition off of SSI and into the workforce when adults. Dr. Perrin is associate professor of pediatrics at Harvard Medical School and current committee chair of the American Academy of Pediatrics. For more than 20 years he has served in an advisory capacity to states and the federal government on a range of health issues and has been particularly active in policy development surrounding the needs of chronically ill children.

ISSUE BRIEF

NATIONAL
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SSI for Children: Looking at Enrollment Concerns and Program Intent

Monday, January 23, 1995

1:00 to 4:30 pm - Discussion

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less vouchers
more service program -
black grant
Fed list of accepted services

resource capacity issues
voucher concepts.

A workshop featuring

① **Barry Eigen** → *Eligibility Process*
Deputy Director
Division of Medical and Vocational
Policy *Investigation Results*
Office of Disability *RESPONSE*
Social Security Administration

③ **Lawrence Thompson**
Principal Deputy Director
Social Security Administration

④ **James Perrin, M.D.** - *Restoration*
Associate Professor of Pediatrics
Harvard Medical School

• Jane Copleman

② **Linda Dorn** - *Teachers: School Personnel*
Deputy Director *Medicaid issue - voucher concept*
Michigan Disability Determination
Service

⑤ **Sue Smith** - *Parents needs*
Executive Director
Georgia Parent Support Network

needs of children from
pediatrician's POV
ADA controversy
grey area

Registration: Please call Dagny Canard at 202/872-1392 as soon as possible.

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SSI for Children: Looking at Enrollment Concerns and Program Intent

The Supplemental Security Income (SSI) program for children is facing increasing scrutiny from Congress. Over the past four years, federally mandated program changes have led to rapid increases in both enrollment and costs. As the program has grown, it has been dogged by allegations that undeserving children are feigning behavior disorders to get onto the rolls and that some parents are not using the cash grant to help their children.

Once a small, highly restrictive, unpublicized program, SSI for children has recently undergone many changes. Since 1990, following a Supreme Court decision that found the rules unfairly denying enrollment to many disabled children, the eligibility criteria have been revamped. The Social Security Administration (SSA) has also expanded the number of qualifying mental impairments, including for the first time separate categories for Attention Deficit Hyperactivity Disorder (ADHD) and several other disorders characterized as behavior problems. Finally, Congress has required the agency to more aggressively publicize SSI to poor families with disabled children.

Is the SSI program for children now out of control? While more children are certainly applying and attempts at "gaming" may be on the increase, government studies have found that few children who do not meet the definition of disability are getting on the rolls. Nonetheless, the allegations have drawn attention to an entitlement program that has more than tripled in cost since 1989 and have caused some in Congress to question whether SSI should remain a no-strings-attached cash grant or whether the money should be targeted to help children become independent adults.

SSI was designed to provide income for poor people who were not able to work (the blind, the disabled, and the elderly) and whose Social Security benefits were either nonexistent or too meager to live on. In folding disabled children into the program, the Congress, after some dispute, agreed that poor disabled children "were the most disadvantaged of all Americans" and that they deserved "special assistance" to help them become "self-supporting members of our society." Now some lawmakers believe that providing vouchers for medically related services is a

better way to help poor disabled children than giving their families cash.

The voucher concept is opposed by family advocates, who view the SSI money as making it possible for families to cover what they say are much higher daily costs of keeping disabled children at home and out of expensive institutions—costs of providing special foods, clothing, shelter, child care, transportation, and recreation for children with serious disabilities.

While Congress in August established a DHHS-based commission to study the potential for making a variety of program changes, action may come sooner than the commission's November 1995 deadline. A proposal to change SSI for children into a voucher program for services is expected to emerge from the new, Republican-controlled House in the first 100 days of the new session and may be attached to the Personal Responsibility Act that is part of the GOP's "Contract with America." As of this writing, the voucher proposal has not been drafted, but it is expected to cover a broad range of medically related services, including home modifications to accommodate disabled children. The contract, which Speaker of the House Newt Gingrich (R-Ga.) has pledged to move quickly, proposes another, perhaps more drastic change for SSI—eliminating the program's entitlement status.

In this Forum session, speakers will clarify the SSI eligibility determination process for children, review recent program history that has contributed to child enrollment increases, and discuss how parents view the program and use the money. It will also examine

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the capacity of SSA to administer the program, given new congressionally mandated responsibilities to conduct more child reviews, and will raise issues of disability definition and alternatives to the SSI nonrestricive cash payment for children.

SSI CHILD PROFILE, PROGRAM RULES

In June 1994, more than 847,000 children received SSI, at a total annual cost of about \$4.6 billion. Almost two-thirds of child recipients were disabled because of a mental disorder, the most common being mental retardation, which accounted for 44 percent of all SSI children. Another 22 percent had psychotic and neurotic disorders. Diseases of the nervous system and sense organs comprised the other major impairment categories—accounting for another 13 percent of child recipients.

The maximum monthly SSI payment of \$446 is available to disabled children with family incomes up to about 150 percent of poverty, excluding complex resource criteria. As income increases, SSI payments decline, and families become ineligible for benefits at about 200 percent of poverty. For example, a two-parent family with two children, one of whom is disabled, receives the full benefit if yearly income is less than \$20,220. The benefit phases out when family income reaches about \$31,000. Most of the children on SSI fall in the low end of income eligibility: 68 percent received the maximum monthly benefit, according to SSA.

Benefit levels are higher in the 36 states that supplement federal payments. Massachusetts, for example, adds \$114 to a child's SSI benefit. The average SSI monthly payment, including state supplements, currently is \$412, reports SSA.

In 31 states and the District of Columbia, SSI enrollment is the gateway to Medicaid benefits: Medicaid enrollment is automatic. In another seven states, SSI children are eligible for Medicaid but must apply separately.

SSI'S LEGISLATIVE ORIGINS

The birthing of the SSI program is a story of political ironies. That something as liberal as the right to a guaranteed income from the federal government had the blessing of President Nixon, and that Congress approved such a profound change in social welfare policy with little notice or fanfare, is testament to its odd political history.

SSI originally started as a companion to Nixon's Family Assistance Plan (FAP), a sweeping welfare

reform proposal that would have replaced the Aid to Families with Dependent Children (AFDC) program with a federally provided uniform minimum income for poor children. Even households with resident fathers would have received the assistance, provided the fathers were either unemployed or had low earnings. Along with FAP, Nixon in 1969 proposed that states be required to pay a federally established minimum income to the poor elderly, blind, and disabled who were on state welfare rolls.

After defeat of the 1969 proposal, the House Ways and Means Committee in 1971 reintroduced FAP and took the companion piece one step further: it proposed that the federal government not only set minimum benefit levels but assume complete payment for three programs that were then state-federal partnerships: Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled.

The provision was buried in a massive bill, H.R. 1, and sent to the Senate Finance Committee, where most attention was focused on the highly controversial FAP and amendments to Social Security and Medicare. Finance again rejected the FAP. What quietly passed was the nation's first long-term income guarantee—targeted for the poor elderly, blind, and disabled. "When the historic law was enacted, politicians ignored it and most newspapers failed to report it. It is probable that many members of Congress who voted for it did not realize what they had accomplished," wrote Vincent and Vee Burke in *Nixon's Good Deed*, their 1974 book which described the political debate surrounding FAP and SSI.

According to the Burkes, the main reason for designing SSI was to preserve the wage-based Social Security program. The payroll tax had become burdened when Social Security expanded to cover retired low-wage workers and surviving dependents, and there was a call from some sectors to raise the minimum benefit to provide a livable income for the elderly who could not supplement Social Security. SSI provided relief for the poor through the income tax without further pressuring the payroll tax. Observers note that SSI passed chiefly because, unlike assisting the able-bodied population addressed by FAP, guaranteeing an income for those not expected to work—the poor aged, blind, and disabled—sparked little controversy in Congress.

The Inclusion of Children

There is not much written that explains the rationale for the Ways and Means Committee's inclusion

of disabled children in a program designed as an income floor for poor adults who are unable to work. There appears to have been a debate over maintaining the extra payments then made to some AFDC children with "special needs"—payments that supplemented the AFDC cash grant—but that approach was rejected in favor of putting these children under the more generous SSI program. In House Report No. 92-231 the committee said it believed

that disabled children who live in low-income households are certainly among the most disadvantaged of all Americans and that they are deserving of special assistance in order to help them become self-supporting members of our society. Making it possible for disabled children to get benefits under this program... rather than under the program for families with children, would be appropriate because their needs are often greater than those of nondisabled children.

The Senate Finance Committee disputed that assumption, claiming in a 1972 committee report that disabled children's needs are greater only in the area of health care expenses and that access to Medicaid through AFDC would be sufficient. "Disabled children's needs for food, clothing and shelter are usually no greater than the needs of nondisabled children," according to the 1972 committee report. In the end, however, the Senate acquiesced to the House version.

In the final SSI statute, the definition of a disabled adult was clearly stated as someone who is unable "to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to last a continuous period of not less than twelve months." The law defined disability in children less clearly, depicting an eligible child as one who "suffers from any medically determinable physical or mental impairment of comparable severity" to that which disables an adult.

ZEBLEY DECISION

It was the SSA's longstanding interpretation of "comparable severity" that led the Supreme Court in 1990 to rule that the agency's determination process for children was overly restrictive and in violation of the statute. For years, SSA had employed a different eligibility process for adults than for children. Both groups would initially have to meet financial criteria and be found to have conditions that either were on a prescribed list of medical impairments or were equal in severity to those on the list. (This list is known as the Listing of Impairments and the conditions on it are often referred to as the "listings.") For example, a

certain level of impaired pulmonary function may be needed for lung diseases and a certain degree of mobility impairment for orthopedic conditions.¹

Adults with impairments that did not match or equal any of the listings would be allowed an extra step—an assessment of the impairments' impact on their ability to perform past work or any other kind of substantial gainful work in the economy. Because children were not expected to work, they were not afforded this further inquiry. Child eligibility was determined solely on the basis of the medical listing of impairments.

Before 1990, it had been extremely difficult for some children to qualify for SSI. Many disabling conditions of childhood are rare and were not found in SSA's listings. Frequently, benefits were denied to children with multiple conditions, no one of which equaled the severity of a listed impairment but which, when taken together, would severely impair a child. The result was that some severely disabled children—with cystic fibrosis, Down syndrome, and AIDS, for example—were being denied. Stories of families who had to institutionalize their children at state cost because they could no longer afford to care for them at home were not uncommon.

Brian Zebley, who suffered congenital brain damage, developmental delay, eye problems, and a musculoskeletal impairment, was an SSI cessation case: he was removed from the rolls after SSA ruled he was no longer disabled. In a class action suit brought on behalf of Zebley, the Supreme Court ruled that when a child had a condition that did not meet the listings standard, determining whether the impairment was of "comparable severity" to one which would disable an adult would require a functional assessment. In developing this assessment with a group of experts, SSA decided that children's ability to engage in age-appropriate activities would be the benchmark of eligibility and would be equivalent to the assessment of adults' capacity to work.

As part of the Zebley settlement, SSA was required to review all cases, dating back to January 1980, in which the agency denied or terminated benefits to children, using new eligibility criteria that included an expanded list of mental impairments (discussed below). Of the approximately 460,000 children who

¹Perrin, James M., M.D. and Ruth E. K. Stein, "Reinterpreting Disability: Changes in Supplemental Security Income for Children," *Pediatrics*, Vol. 88, No. 5, November 1991, p. 1048.

had been denied since 1980, some 339,000 responded to SSA's invitation and were given another chance to apply. As of November 1994, about 131,000 of these children were found eligible.

Zebley Rules

In February 1991, the agency published new rules that eased the requirements for "equaling" a medical listing and dictated the individual functional assessment (IFA) process for children. (These rules spelled out the criteria for judging whether a child's impairment(s) caused a substantial reduction in his or her ability to function at an "age-appropriate" level. The IFA does not entail face-to-face contact. SSA evaluators gather information on a child's functioning in a variety of domains—social, communication, cognitive, personal and behavioral, motor functions, responsiveness to stimuli, and ability to concentrate, persist at tasks at hand, and keep pace.²

Even before the Zebley Supreme Court decision, members of Congress had criticized SSA for ignoring provisions in the SSI rules that called for the collection of nonmedical evidence in deciding children's eligibility. The Zebley rules gave renewed emphasis to drawing on input from parents, teachers, counselors and other professionals knowledgeable about the child's daily functioning. Physicians were no longer the dominant source of information.

OTHER PROGRAM CHANGES

The SSI program experienced other significant changes in 1990 that expanded the program for children. That year, SSA revised and updated its childhood listings of mental disorders, which had not changed substantively since 1977. Congress mandated the revision for adult impairments in the 1984 Disability Benefits Reform Act to reflect new knowledge in the field, and SSA used the opportunity to review the child listings. The new rules increased the number of mental impairment listings from 4 to 11, including for the first time separate listings for conditions such as pervasive developmental disorders (for example, autism) and ADHD.

Also important was a much greater emphasis on how a child's mental impairment affects his or her ability to function in age-appropriate ways, the

measure of which was incorporated months later into the Zebley rules. Previously, SSA had relied predominantly on the medical characteristics of a disability, without special attention to how it affected daily living. Similar to the Zebley rules, the new mental impairment listings called on information from parents and teachers to assess the child's condition.

Another profound change occurred during 1990 and 1991, when three national outreach campaigns were launched to help families become aware of SSI. Previously, the SSA had done little to publicize the program, and many families with eligible children were simply not applying. Congress in 1990 directed SSA to conduct outreach to families of disabled children, and a Zebley court settlement order required SSA to launch a national media outreach campaign. Several private foundations buttressed these efforts by funding the National Children's SSI campaign, an outreach project conducted by advocates.

CONCERN OVER PROGRAM GROWTH, ALLEGATIONS OF ABUSE

By 1993, the combination of the review of denials under Zebley, the new court-ordered IFA process, the mental impairment listings update, and the outreach campaigns had made their impact. Child enrollment in SSI more than doubled, rising from about 296,000 in 1989 (the year before the changes) to more than 770,000 in 1993, while program costs for children increased from \$1.2 billion to \$4.35 billion during that period. SSA officials also note two other factors that contributed to the expansion: an increase in overall numbers of disabled children (since 1960 the proportion of disabled children has more than tripled) and rises in child poverty (between 1989 and 1993, the number of children living in poverty increased by 2.5 million).

Disability advocates viewed the program trends as the success of congressional mandates and court-ordered actions. Meanwhile, as the SSI child rolls grew, the program became more visible. Particularly noticeable were the families who received multi-thousand dollar lump-sum retroactive awards from the Zebley review; they were required to spend down the awards in six months or lose SSI eligibility. At the same time, some in Congress were receiving a range of complaints about the program. Often generated from the education community, where teachers and counselors were being asked to assess their students, the complaints centered on three basic issues. First, there were allegations that certain children were gaming the system, being coached by their parents to act out in class in order to earn a

²Not all domains apply to all children. Their applicability varies by the child's age (for example, responsiveness to stimuli applies only to infants).

behavior disorder label and get onto SSI. There were also claims that the new SSI eligibility rules were too lenient and were allowing children with mild impairments onto the rolls and that parents were not using the money in the best interests of their children.

Battered by sensational media reports of gaming and suggestions that it was driving enrollment increases, the SSI program for children came under attack by some lawmakers. Concern over alleged fraud not only sparked questions of whether the new IFA—in which judgement calls are made about the severity of a child's impairment—was too lenient, but also challenged the fundamental intent and philosophy of the program for children. Critics began to ask whether children with certain mental impairments (particularly those broadly characterized as behavior problems) had higher living costs that merited a monthly cash payment, whether SSI should become a voucher program for services instead of a no-strings-attached cash grant, and whether parents were spending the SSI payment on services or goods that directly benefited their disabled children.

The allegations of abuse have frustrated many state and federal officials who have tried to follow up on the charges. For instance, Maureen Sorbet, who runs an SSI outreach program for the Michigan Department of Social Services, says that when teachers and other school employees who complain of fraud are asked to identify such cases, "they don't come up with names." One SSA official acknowledged that, in a few cases, school staff are reluctant to name names because they do not want to damage relationships they have with their students or fear they would evoke anger from accused families.

"Most people making the allegations are unaware of whether the kids are getting benefits. [They] only know they applied," says Barry Eigen in SSA's Office of Disability. "For example, we are investigating all potential cases of coaching. Of 416 cases referred so far, only 25 were allowed" on the rolls.

Eigen and a number of state officials acknowledge that a small group of "undeserving" children are probably getting on the rolls. The errors are "no different [in SSI] than in other programs," says Bill Shelton, director of Wisconsin's Disability Determination Service (DDS). "The issue is the definition of disability. . . . A number of people have a basic conflict with the program. They don't think kids should get on [the rolls] with their level of impairment," he says, referring to children with certain behavior problems.

Mental Impairments Controversy

While only 13 percent of child awards between 1991 and 1993 have been for ADHD and other conditions that exhibit themselves as behavior problems, some believe that these conditions have left SSI vulnerable to accusations of abuse. At issue is the subjective nature of determining the point at which poor behavior is severe enough to be classified as an impairment. SSA included these impairments because they were listed in the DSM-III-R,³ the standard manual used by mental health practitioners. There is, however, dispute among psychiatrists and psychologists over what the threshold of severity should be to merit the diagnoses, and SSA examiners are caught in that same professional bind. According to James Perrin, M.D., a member of a National Academy of Social Insurance panel looking at the program, a related problem is that the SSA criteria taken from the DSM-III-R do not adequately distinguish between the severe and more moderate forms of these disorders; some believe that SSA's rules should be tightened to do so.

RECENT LEGISLATIVE ACTIVITY

Over the past several months a few failed attempts were made in Congress to alter the SSI program for children. Last spring a welfare reform bill sponsored by Republican Sens. Lauch Faircloth (La.), Charles Grassley (Iowa), and Hank Brown (Colo.) included a provision to replace the SSI cash payments for children with a voucher for any medical costs not covered by Medicaid. An earlier version of the bill would have eliminated benefits for children with ADHD. More recently, attempts were made to change SSI as the House marked up its bill to make the SSA an independent agency (the Social Security Administrative Reform Act of 1994). To quell the desires of some members to either eliminate cash payments for children or change SSI to a voucher program for uncovered medical services, the Ways and Means Committee struck a compromise by proposing a commission to look at the issues. The commission was enacted into law in August.

The following are among the major issues that the commission, a panel of DHHS-appointed experts, is required to address by November 1995:

³The *Diagnostic and Statistical Manual of Mental Disorders, 3rd Edition (revised)*, is a publication of the American Psychiatric Association.

- the appropriateness of the current SSI definition of disability for children under age 18 and the possible need for an alternative definition;
- the feasibility of meeting families' needs for help with the high costs of medical care for seriously physically or emotionally disabled children by expanding federal health programs;
- the feasibility of providing benefits to children through noncash means, such as vouchers, debit cards, and electronic benefit transfer systems;
- the desirability and possible methods of increasing the extent to which SSI benefits are used to help children gain independence and be able to work as adults; and
- the effects of SSI on disabled children and their families.

AVAILABLE STUDIES

Meanwhile, a number of reports have begun to address some of the questions lawmakers have raised. In 1993 SSA reviewed a sample of 617 childhood disability claims of children with behavior disorders and learning disabilities to probe whether children were being coached to feign disability and whether children with mild impairments were being enrolled. These criticized categories of impairment account for about 20 percent of all SSI childhood disability claims.

The study found no evidence of widespread coaching—possible coaching was an issue in only 13 of the 617 cases, and only three of them were allowed. SSA found a small number of children with mild impairments to have been wrongly enrolled—accounting for 8.6 percent of the sample's allowances. It also found that more information should have been collected by those determining eligibility to better substantiate 28 percent of the allowances.

At the time the study was issued, SSA also reported numerous actions it had taken to avert future errors, including national training for DDS determiners, stricter requirements for documenting decisions of cases involving multiple moderate disabilities, and an increase in the number of continuing disability reviews (CDRs) the agency would conduct (for more on CDRs, see page 9).

GAO Report on Enrollment Increases

In September, the General Accounting Office (GAO) released a report examining the rapid rise in

the children's SSI rolls. Its findings disputed the conventional wisdom that a less restrictive IFA process mandated by the Zebley decision was responsible for most of the increase. The report found that, since the IFA was established, "70 percent of all awards went to children whose impairments were severe enough to qualify on the basis of SSA's medical standards alone, without the need for a functional assessment."

"The growth in the rolls is the result of huge increases in both applications and awards for children's disability benefits," according to the GAO. "The outreach has been phenomenal," adds Eigen, noting that many children who made it onto SSI without an IFA were not enrolled previously because their families simply were unaware of the program.

Since the Zebley rules were enacted, applications for children with mental impairments have more than tripled and awards to this group more than quadrupled, but two-thirds of these awards have gone to children with mental retardation. It is significant, however, that most decisions for children filing with mental impairments are determined through the IFA. Interestingly, the most criticized categories of mental impairment—those that manifest themselves in poor behavior—represent a small portion of recent awards. From 1991 through 1993, only 13.3 percent (39,400) of all childhood SSI awards went to children with diagnoses of ADHD, personality disorder, autism, or pervasive developmental disorders, the GAO noted. These children have accounted for one-fifth of all awards to mentally impaired children during that period.

DHHS IG Report

In October, the Office of the Inspector General (IG) released an audit requested by Sen. Herb Kohl (D-Wis.) to respond to complaints he was receiving from some in his state's education community over the program. The complaints centered on issues such as the granting of SSI to some children with behavior disorders whose impairments might not prevent them from working as adults, the granting of benefits to children without regard to the financial needs created by their disabilities, and the failure to use SSI payments to help disabled children prepare for work as adults.

The report suggested some confusion in the field over congressional intent. "Under the statute, the 'intent' of the program is to provide cash assistance to children with disabilities. Our review found that the program basically achieves that purpose." The audit clarified that, in enacting SSI, Congress did not

require the cash payment to be used to provide services for children, to identify a financial need created by a disability, or to assess a child's potential to work when an adult. The report also cited SSA's errors found in the IFA process, as well as actions the agency has already taken to prevent future errors. The IG's conclusions were critical; it recommended that Congress revisit the intent of the program as well as the IFA process. In a letter from Inspector General June Gibbs Brown to SSA Commissioner Shirley Chater that accompanied the report, Brown wrote:

If Congress intended that the SSI program provide only cash assistance to children with mental impairments, then the program is successful. . . . However, if Congress intended that the SSI program should help children overcome their disabilities, and grow into adults capable of engaging in substantial gainful activity, changes are needed.

HOW PARENTS USE THE MONEY

Media and congressional scrutiny over how parents use SSI payments has led families of disabled children to become more vocal. In a joint statement issued by Family Voices and the Federation of Families for Children's Mental Health, together representing more than 50,000 families with physically and emotionally disabled children, examples of how families spend the money were offered. The list contained many items not covered by Medicaid and included specifics such as over-the-counter nutritional supplements for children with degenerative neuromuscular disorders; additional counseling for a family stressed by a seriously emotionally disturbed child; respite care by a trained babysitter, so parents of a mentally retarded child could go out occasionally; and special day care for a child whose medical condition required 24-hour supervision and whose parents had to work.

Perhaps the only systematic survey on this topic was conducted last spring by the Michigan Department of Social Services, which sent questionnaires to more than 1,900 families with children on SSI. The 28 percent of families responding anonymously reported that, after paying for basic necessities such as food and shelter, families most often spent the monthly SSI checks on special foods, day care services, adaptive equipment, educational aids, toys and recreational activities, transportation to medical appointments, medical bills not covered by other insurance, and clothing and other personal items for the impaired child.

In addition, according to Sorbet, the survey revealed that SSI allowed some parents to forego work

and stay home with a seriously disabled child. Joe Manes, analyst with the Bazelon Center for Mental Health Law, notes that parents of seriously emotionally or physically disabled children often forego full-time or even part-time jobs because their children require intensive attention or they cannot find or afford specialized day care. The SSI check helps these families to compensate for their lost income, he notes.

VOUCHERS VERSUS CASH GRANTS

The voucher versus cash grant debate has pitted lawmakers who want more accountability in a burgeoning entitlement program against those who believe that families are better suited than government to decide how the money can help their children. The debate is made more complicated by the reality that each option has serious flaws. The cash grant approach does not address the problem that some parents whose children need specialized services are not spending the money on this care.

Some advocates for a voucher approach believe that it would weed out the "deserving" from the "undeserving" families by restricting the money's use to only medically related services. But the voucher carries its own problems: for one thing, it ignores the reality that some families use the money to supplement lost income. In addition, advocates worry that it would not be flexible enough to meet the varied needs of children and families, particularly in the areas of respite and child care.

Rhoda Schulzinger, director of the Children's SSI Campaign at the Bazelon Center, adds that a voucher program, depending on how it is designed, might not allow low-income families to use SSI to provide for the very basic needs of food, clothing, and shelter for their children. That most SSI children are getting the maximum benefit is evidence of the level of poverty that exists in their families; SSI has helped to keep them afloat, she notes. "What happens if the family car breaks down but [the family is] locked into using vouchers for diapers?"

OTHER ISSUES

Other problems loom as the SSI program for children is reexamined. A serious concern is that once children come onto the SSI rolls they rarely, if ever, exit. Two factors figure prominently in this problem. While guidelines exist for periodic reviews of children (with more frequently scheduled assessments for children whose disabilities are deemed nonpermanent),

until just recently neither the regulations nor the statute have required them, and the SSA has generally not conducted any. Rapid increases in SSI and Social Security Disability Insurance (SSDI) applications have come at a time of agency downsizing: between fiscal years 1985 and 1989, SSA reduced its staff from about 80,000 to about 63,000, according to the National Academy of Social Insurance. In the wake of staff cutting and increased workloads, continuing disability reviews have simply not been a priority. And, while Congress in August mandated that SSA conduct CDRs on at least one-third of the children reaching age 18 in each of years 1996, 1997, and 1998, no money has been appropriated to fund the extra personnel necessary for the task.

Fear of losing Medicaid is also cited as a serious disincentive for parents to encourage their disabled children to improve functioning or prepare for future work. Although many of these children may eventually be able to hold down jobs—thereby overcoming their disabled classification—the jobs may be low-paying and have poor health benefits; this could be a real problem for those who still have severe impairments but, through their own efforts, have lost SSI and consequently, Medicaid benefits.

FUTURE ENROLLMENT TRENDS

A major question for policymakers is whether SSI enrollment for children will continue to grow at such a rapid pace. The answer appears to be no. SSA officials believe the program is reaching the saturation point for child enrollment; it is currently serving between 60 percent and 80 percent of the estimated 1.1 million to 1.4 million children eligible for the program.⁴ This estimate is consistent with just-published data from the Institute for Child Health Policy, which found SSI to be serving about 70 percent of all non-institutionalized eligible children.⁵ Outreach efforts combined with the one-time Zebley backlog awards created a surge in awards that is not expected to continue.

While the number of applications filed annually since the Zebley decision has more than quadrupled, rising from an annual average of 125,000 between 1987 and 1989 to about 600,000 today, award rates have actually declined recently as the portion of truly disabled chil-

dren is separated from the rest of the applicant pool. The award rate increased from about 42 percent before 1991 to an average of about 50 percent since then. However, SSA notes that during the period right after the Zebley decision, allowance rates were higher than 50 percent because the volume of applicants had not yet increased sharply. In contrast, the award rate in recent months has been about 35 percent.

THE FORUM SESSION

The following are among the questions that surface as policymakers examine the SSI program for children:

- How well do current government programs (for example, special education, Medicaid, and Title V) meet the needs of physically and mentally impaired children?
- What gaps in needs are left by these programs and is the SSI cash grant being used to fill these gaps?
- If a voucher program is considered to replace some or all of the SSI cash grant, how would it be structured to account for the very different service needs created by the individual circumstances of disabled children?
- Which agency would be responsible for administering and monitoring a voucher program, and how costly and labor-intensive would it be to administer?
- To what extent do parents of disabled children make employment decisions that lower family income in order to care for their children? Would a voucher program for child services address this potential loss, and if so, how?

Speakers

Barry Eigen will begin the session with an overview of the SSI eligibility process for children. Mr. Eigen, deputy director of the Division of Medical and Vocational Policy in SSA's Office of Disability, played a large role in drafting the new rules that established the IFA. In 1990, after 15 years in SSA's Office of Hearings and Appeals, he became the first chief of the newly created Childhood Disability Branch in the Office of Disability. He currently drafts and revises regulations and other disability instructions for SSA's various programs for disabled adults and children.

Linda Dorn, deputy director of Michigan's Disability Determination Service, will follow with a state perspective on the challenge of implementing the new regulations, as well as the feasibility of administering

⁴The estimate of all eligible children is based on National Health Interview Survey data of children meeting SSI's disability and income criteria.

⁵This estimate is based on Wave 6 of the Survey of Income and Program Participation (SIPP), a national data set.

a voucher program, if one were to be enacted. Ms. Dorn, who has been with the state DDS since 1975, is currently responsible for serving 159,000 disabled residents both through SSI and SSDI. She also serves on the Michigan Transition Council, a collaborative effort to improve service delivery to disabled people, and has received SSA's Associate Commissioner's Citation for outstanding leadership to the disability program.

Sue Smith, parent of a child with severe emotional disturbance on SSI, will offer a parent's perspective on how the SSI check affects families. Since 1989, Ms. Smith has been executive director of the Georgia Parent Support Network, a group which provides information for and advocacy on behalf of parents of disabled children in the state. She is also president of the Mental Health Association of Georgia and serves on the executive board of the Federation of Families for Children's Mental Health.

Offering the federal SSA perspective on challenges the agency faces in conducting more CDRs and implementing other potential changes is **Lawrence Thompson**, the agency's principal deputy director. Before joining SSA, he served as assistant comptroller general in charge of the Human Resources Division at the GAO, where he reviewed federal programs

involving health, education, labor, and income security issues. Previously, Mr. Thompson was chief economist at GAO and worked for nine years on income security issues at DHHS, including positions as director of social security planning in the Office of the Secretary and associate social security commissioner for policy.

James Perrin, M.D., member of a National Academy of Social Insurance panel looking at the children's SSI program, will discuss some of the panel's preliminary findings, including those that address how to improve the child eligibility process and help children transition off of SSI and into the workforce when adults. Dr. Perrin is associate professor of pediatrics at Harvard Medical School and current committee chair of the American Academy of Pediatrics. For more than 20 years he has served in an advisory capacity to states and the federal government on a range of health issues and has been particularly active in policy development surrounding the needs of chronically ill children.