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Folder Title:
National Disability Policy Review: Work Group Materials: Employment Working Group

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S	97	3	1	2

Berkowitz:

. can we lessen disincentives?

. system works based

philosophies

1. SSA can't do rehab - so want to minimize

2. want to pay rehab service providers based on performance/outcomes

some are expected to get better/go off (mental illness, heart surgery) - they don't need, rehab tickets

2 Big Questions:

1. Will anyone come?
2. Will congress stand for a system that pays by outcomes not services provided
3. creaming + no tickets for those'll get better

* Callahan + paid only for jobs found
very enthusiastic
govt gives $ to UCP groups

Next steps... rapidly move to point of analysis
then go into executive session - DPC needs
advice on how to face squarely - hill issues
not #s + what admin wants to
tackle + frighten staff work
+ next steps + principles only +
more on rad. approach to improving rehab programs +
can't wait + need market-based approaches
offering promises + bang for buck

• documents to Bill panel ☺

NATIONAL DISABILITY POLICY REVIEW
Work Group on Employment of Working Age Adults

Meeting -- Wednesday, March, 8, 1995
1:00 p.m. - 2:30 p.m.

Hubert H. Humphrey Building, Room 640H
200 Independence Avenue, S.W.

Welcome and Introductions
Susan M. Daniels, Ph.D., Convener

Follow-up Items
- o Organized Labor response to the EITC (Andy Imparato)
- o Response to Advocates from 2/13 mtg (Delores Watkins)

Federal Response
Marie P. Strahan and Jane West
- o Current Federal Programs Chart
- o Goals of Current Federal Programs and Eligibility
- o Draft Outline for Analysis Section

• can we lessen the disincentives?

A Discussion of Improving The Return to Work of Social Security Disability Beneficiaries (SSI: SSDI)
• Monroe Berkowitz, Professor Emeritus
Rutgers University, Bureau of Economic Research

Questions & Answers — rolls have grown b/c many more apply not b/c more leaving accepted

Next Steps

Adjourn

why • b/c unempl insur out
• cond' worse
• wife lost job
reservoir of elasticity -- variety of reasons

Thank you for your attendance

enormous pressure to get in -- tiny trickle out leaving

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OUTLINE

REPORT TO NATIONAL DISABILITY POLICY REVIEW PANEL FROM THE EMPLOYMENT WORKGROUP

I. REVIEW AND ANALYSIS OF CURRENT EMPLOYMENT STATUS OF ADULTS WITH DISABILITIES

See "Current Status" Statistics Paper

ANALYSIS

-Approximately _____m. age 16 to 64 have a work disability
(National sources report from 9.5 m. to 17.4 m.)
-Diversity - onset, type of disability, race, ethnicity, etc
-Despite income supports, the majority of people with disabilities live in poverty
-Efforts to employ people with disabilities are disjointed, many times uncoordinated with mainstream employment and training programs and do not meet the needs of employers in hiring/keeping people with disabilities on the job
-Most people with disabilities work a low and minimum wage jobs, so work doesn't pay enough to cover disability related costs and insurance. (expensive mental health medication, on-going therapy, communication devices, adaptive equipment, personal assistance, accommodation needs, etc.)

-ETC.

*** Need help from group members (maybe PCEPD, NIDRR and DOL) to support the following statements under Causes of the Problem -- do we have studies, surveys, etc to support statements submitted by group members as causes of)**

Causes of the Problem

People with disabilities experience --
-societal belief that they cannot work, therefore they are not expected to work and are
-society, employers and other Federal agencies tend to dismiss people with disabilities from the world of work
-architectural, communication and attitudinal barriers
-limited accessible housing
-very limited accessible and available transportation
-limited access to work-study programs, vocational training and transition services
-limited rehabilitation services (lack of resources)
-limited support services such as personal assistance services and assistive technology
-worry about potential episodes of poor health leading to job termination
-relative security of public benefits compared to work
-lack of access to essential health insurance except via public benefits programs

-lack of knowledge of rights to benefits and services and basic civil rights protections
-limited knowledge/skills/abilities in self-advocacy

Employers report the following:

-increased costs for accommodations, health insurance
-liability for safety of the employee with a disability and co-workers
-discomfort in interacting with people with disabilities in the workplace by employers and co-workers
-confusion re. conflicting employment laws and requirements eg. Family Medical Leave Act, ADA, Occupational Safety and Health Administration,
-dearth of available people with disabilities who are qualified to fill vacancies (i.e. skill shortages)

II. REVIEW AND ANALYSIS CURRENT FEDERAL POLICY AND PROGRAMS WITH EMPLOYMENT RELATED RESPONSIBILITIES

ADA National Goals
Federal Programs -- Purpose and Eligibility
Federal Programs -- Budget, Services and Outcomes Chart
Description of other Systems (State, Public, Private)

ANALYSIS

Statement of National Policy Goals in ADA:

The findings section of the ADA: ". . . the Nation's proper goals regarding individuals with disabilities are to assure equality of opportunity, full participation, independent living, and economic self sufficiency for such individuals. These principles provide a touchstone against which all public policy for people with disabilities should be examined for consistency and compatibility.

-National goals of employment (i.e. independence and economic self-sufficiency) yet vast majority of Federal dollars spent are on income supports and health care (i.e. dependency).
-Amount of Federal dollars spent is staggering yet the outcome for the population that the programs are designed to benefit is minimal and leaves people unemployed or underemployed, dependent and in poverty.
-Goals and purposes of Federal programs are conflicting and send conflicting messages to consumers. Purposes include education, employment, health, housing, income maintenance, rights and advocacy, social services, vocational rehabilitation, IRS, veterans services, and planning.
-As many as 50 Federal laws either define disability or refer to a definition of disability. Others refer to people with disabilities with no definition. (Conwal, Inc. Feb. 1995)

-Federal cash benefit and services system send conflicting messages and do not provide seamless services -- that is, shouldn't we determine you inappropriate for rehabilitation before you become eligible for cash benefits?
-Federal systems also work in direct conflict with or fail to link with State workers compensation, employment and services systems creating gaps and cliffs in contrast to seamless services.
-Confusion with a myriad of Federal, State, public and private programs and who is responsible for what -- i.e. what is the current mix of programs and their focus.
-Disjointed, uncoordinated efforts in Federal/State systems and programs
-Federal programs have conflicting policy goals and work at cross purposes in terms of national policy
-Duplicate services in some cases yet in other cases services are piecemeal with huge gaps in basic support needs depending on the system and/or the State
-People feel trapped with a set of conflicting messages from public programs, so much so that for many PWD, to pursue employment is an irrational decision. Irrational because:

*State and Federal systems require people with disabilities to demonstrate that they are unable to work in order to gain access to essential services and supports (eg. health insurance, personal assistance, cash benefits). If the person begins to work they risk total loss of essential services and supports.
*The message sent by the Federal safety net programs (SSI/SSDI) makes no common sense and is confusing to the consumer. First we require the consumer to prove that they are totally unable to work in order to obtain survival benefits. After they prove to us that they are unable to work because of the disability, we offer them services to help them go to work and we tell them that they are in danger of losing all supports when they go to work. And we wonder why so few take us up on our offer.

-Work does not pay for people with disabilities because it presents unacceptable risks to life, to health, and to basic survival. (eg. it is life threatening to be without on-going medical treatment/drug therapy for people with certain disabilities)
-Too often private insurance is inaccessible because of pre-existing condition rules, spending caps and/or exclusions.
-Most people with disabilities work a low and minimum wage jobs, so work doesn't pay enough to cover disability related costs and insurance. (expensive mental health medication, on-going therapy, communication devices, adaptive equipment, daily personal assistance, excessive accommodation needs)

-ETC.

FINDING 1: Despite a range of State and Federal programs and service systems, unemployment and underemployment of people with disabilities has been a persistent problem over a long period of time.

FINDING 2: Employers are not hiring people with disabilities in sufficient numbers. Employers express the need for more TA and report major conflicts between the ADA, the FMLA, and OSHA requirements.

FINDING 3: Despite Federal efforts to enforce anti-discrimination statutes, people with disabilities continue to face discrimination in employment.

FINDING 4: Too frequently, people with disabilities are unaware of their rights, how to exercise them and how to advocate for themselves, and/or how to access public education, training and employment programs

FINDING 5: Health insurance is a essential indispensable vital for people with disabilities to pursue employment.

FINDING 6: For millions of people with disabilities, pursuing employment is an irrational act. In effect, work does not pay for most people with disabilities.

FINDING 7: People with disabilities have not been sufficiently served in mainstream education, training and employment programs.

FINDING 8: In the past, Federal (and State) employment systems for people with disabilities have paid for services and not outcomes.

III. CONCORDANCE (i.e. compatibility, unity) OF DISABILITY EMPLOYMENT POLICY WITH OVERALL NATIONAL EMPLOYMENT POLICY

***Need help from DOL here, please.**

National employment policy has a goal of full employment. (Our national goal is full employment. Full employment is 6% ? unemployment)

Do we want to set a national employment goal for people with disabilities = ____% unemployment?

The Federal government provides training, job placement, employment services and unemployment benefits to the unemployed/underemployed in an effort to address basic needs and to achieve national employment goals.

FINDING 9: The Federal government has no specific national policy goals for employment/unemployment rates of people with disabilities.

FINDING 10: Federal programs and policies send conflicting messages to people with disabilities about employment.

FINDING 11: Data collection on people with disabilities served in mainstream employment and training programs is poor and reporting and analysis is almost non-existent.

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IV. SUMMARY OF FINDINGS

1. Despite a range of State and Federal programs and service systems, unemployment and underemployment of people with disabilities has been a persistent problem over a long period of time.

2. Employers are not hiring people with disabilities in sufficient numbers. Employers express the need for more TA and report major conflicts between the ADA, the FMLA, and OSHA requirements.

3. Despite Federal efforts to enforce anti-discrimination statutes, people with disabilities continue to face discrimination in employment.

4. Too frequently, people with disabilities are unaware of their rights, how to exercise them and how to advocate for themselves, and/or how to access public education, training and employment programs.

5. Health insurance is a essential (indispensable vital) to enabling people with disabilities to pursue employment.

6. For millions of people with disabilities, pursuing employment is an irrational act. In effect, work does not pay for most people with disabilities.

7. People with disabilities have not been sufficiently served in mainstream education, training and employment programs.

8. In the past, Federal (and State) employment systems for people with disabilities have paid for services and not outcomes.

9. The Federal government has no specific national policy goals on employment of people with disabilities.

10. Federal programs and policies send conflicting messages to people with disabilities about employment.

11. Data collection on people with disabilities served in mainstream employment and training programs is poor and reporting and analysis is almost non-existent.

12.

V. RECOMMENDATIONS FOR IMPROVING FEDERAL EFFORT

NOTE: The workgroup charter states that recommendations should include the following: work incentives, income support policy, consistency of Federal approach, pre-employment and employment programs, enforcement of anti-discrimination laws, education and re-employment programs.

Figure 3
Definition of Disability
For Cash Benefits

Program	Purpose of Definition	Definition
Cash Benefits		
Disability Insurance (OASDI)	Entitlement to benefits to partially replace past earnings.	INABILITY TO WORK. Inability to engage in SGA by reason of a medically determinable physical or mental impairment that is expected to last 12 months or result in death. The impairment must be of such severity that the individual cannot, after taking account of his age, education and work experience, do his previous work or any other work that exists in the national economy.
Private long-term disability insurance	Contractual entitlement to benefits to partially replace past earnings.	OWN OCCUPATION/ANY OCCUPATION. Often, for first 2 years, inability to do own occupation. Then inability to do any suitable occupation.
Private short-term disability insurance	Contractual entitlement to benefits to temporarily replace earnings.	OWN JOB. Inability to perform own job.
U.S. Civil Service disability	Federal employees' entitlement to disability pension.	OCCUPATIONAL. Because of disease or injury, unable to render useful and efficient service in the employee's current position or in a vacant position in the same agency at the same pay level for which the individual is qualified for reassignment.
Railroad retirement disability annuity	Railroad workers' entitlement to monthly annuity based on disability.	TOTAL AND PERMANENT DISABILITY (same as OASDI). OCCUPATIONAL disability (for workers with 20 years' service and current connection with RR job) is inability to perform the workers' regular railroad job.
Veterans' Compensation	Veterans' entitlement to compensation for disability caused during military service -- ranging from 10 to 100% disability.	A rating board of the Department of Veterans' Affairs looks into a black box to determine each individual's disability rating. We have found no expert at the DVA who can explain the main idea underlying what constitutes any particular rating.
Veterans' Pensions	Veterans' entitlement to means-tested pensions, for those with specified wartime service.	TOTAL DISABILITY. Injury or disease sustained outside of military service rendering the veteran totally impaired, based on veteran's ability to function at work or at home.
Supplemental Security Income (adults)	Entitlement to means-tested cash assistance.	INABILITY TO WORK. (same as disability insurance -- OASDI)
Supplemental Security Income (children)	Entitlement to means-tested cash assistance.	Comparable to INABILITY TO WORK. (same as disability insurance -- OASDI) Modified with individualized functional assessment based on age-appropriate functioning.

Figure 4
Definitions of Disability
for Civil Rights and Service Delivery

Program (law)	Purpose of Definition	Definition
Civil Rights Protection		
Americans with Disabilities Act	To determine who is protected by the non-discrimination and public accommodation provisions of ADA.	BROAD. Individual with a physical or mental impairment that substantially limits one or more major life activity; a record of such an impairment; or being regarded as having such an impairment.
Eligibility for Services		
Vocational Rehabilitation (Federal/State program)	To determine who is eligible to receive VR services.	SERVICE NEED. Individual with a physical or mental disability that is a significant impediment to employment, and requires VR services to prepare for, enter, engage in or retain gainful employment. SERVICE DELIVERY. If accepted for services, individualized written rehabilitation plan (IWRP) lists goals and individual services to be provided.
VR - Private employment based disability insurance	To determine who might be offered employer-financed VR services (which are not part of contractual employee benefit agreement).	COST/BENEFIT. Employer- or insurer-financed VR services are at the discretion of the employer/insurer and are provided based on cost recovery potential of the employee to return to work. SERVICE DELIVERY. At the discretion of the employer/insurer, subject to agreement of the worker.
Medicaid -- institutional care	Eligibility for Medicaid-financed institutional care, or community-based alternative	ADL LIMITATION. Needs assistance with Activities of Daily Living (ADLs) or medical assessment of need for institutional care. Depends on the State plan.
Clinton Health Care Reform Plan	Eligibility for home and community based care under the proposal.	ADL LIMITATION. Requires assistance to perform three of five ADLs: eating, bathing, dressing, toileting and transferring; or sever cognitive or mental impairment, or severely disabled child under 6 years of age.
Special Education -- Part B	Eligibility of children age 3-21 for special education services.	TYPES OF DISABILITIES. Categories include mental retardation, hearing, speech or vision impairment, serious emotional disturbance, orthopedic or other health impairment, deaf-blind, multi-handicapped, or severe learning disability. SERVICE DELIVERY. Individualized education plan (IEP) describes services the school system is obligated to provide the student.

FEDERAL EMPLOYMENT PROGRAMS SERVING PEOPLE WITH DISABILITIES
(in thousands of dollars)

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List of Programs		1994 Actual	1995 Appropriation	President's 1996 Request	#'s served in 1994	Employment Outcome
DEPARTMENT of LABOR						
Job Training Partnership Act-- Grants to State					people with disabilities	
Adults	total	988,021	1,054,813	1,054,813	25,000(10%)	not
Youth	total	658,682	548,682	288,979	37,000(15%)	available
Summer Youth	total	876,674	867,070	871,540	96,000(15%)	
Job Training Partnership Act-- Pilots & Demonstrations Account		4,172	4,172	4,172?	6,800	"
U.S. Employment Service					468,136	"
Veterans Employment Programs						
Unemployment Compensation	*We do not collect data on disability. Assumption is that if you're disabled, you do not work.					
Disabled Veterans Programs						
Special Certificates (sub-minimum wage)	In Fiscal 1993, DOL issued approximately 8,000 certificates to employers (sheltered workshops) for 175,000 workers with disabilities.					
DEPARTMENT OF EDUCATION						
Carl D. Perkins Vocational & Applied Technology Education Act		1,183,423	1,178,088	1,178,000		
Vocational Rehabilitation State Grants		1,974,145	2,054,145	2,118,834	1,193,448 (includes eligible and not served and waiting lists)	202,949
Supported Employment Services for Individuals with Severe Disabilities		34,536	36,536	38,152	26,000	7,450
Projects with Industry		22,071	22,071	22,071 (severe)	17,644 13,647	11,232 8,632
Special Demonstration Projects (Including Supported Employment Demonstrations)		31,676	34,158	23,942		

All supported employment and SSA placements are reflected in the Title I Vocational Rehabilitation program statistics. The majority of PWI cases are also included in the Title I counts.

FEDERAL EMPLOYMENT PROGRAMS SERVING PEOPLE WITH DISABILITIES
(in thousands of dollars)

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List of Programs	1994 Actual	1995 Appropriation	President's 1996 Request	#'s served in 1994	Employment Outcome
SOCIAL SECURITY ADMINISTRATION					
SSA Vocational Rehabilitation Reimbursement Program	63,500,000	77,100,000	79,400,000	referred 172,000	10,297

*Of those persons referred SSA has no information on how many people received services from State VR.

SSA Work Incentive Provisions
Plans for Achieving Self Support
Impairment Related Work Expenses
1619 A and B

} to keep a part'u benefit even though working
(B) automatic return to SSI rolls & pre-applying

DEPARTMENT of HEALTH and HUMAN SERVICES

Social Security Disability Insurance--> part of B if you work: then become disabled - replaces % of income
Total Costs (Outlays) 37,984,130 41,561,129 45,631,558
Supplemental Security Income Program--> low income - a means-tested program
Total Costs (Gross Budget Authority) 30,707,902 30,965,101 28,432,555
Medicare -- Total (Outlays) 40,601,162 41,462,758 67,583,000
Medicaid -- Total (Budget Authority) 89,077,413 89,240,775 82,142,072

EQUAL EMPLOYMENT OPPORTUNITY COMMISSION

total 230,000

18,859 charges
(20% of EEOC's charges
are brought under the ADA)

OFFICE OF PERSONNEL MANAGEMENT

indirect costs - training of personnel
ADD programs are in:
- research
- technical

FEDERAL EMPLOYMENT PROGRAMS SERVING PEOPLE WITH DISABILITIES
(in thousands of dollars)

DRAFT

List of Programs	1994 Actual	1995 Appropriation	President's 1996 Request	#'s served in 1994	Employment Outcome
INDEPENDENT AGENCIES					
Architectural & Transportation Barriers Compliance Board	3,348	3,350	3,656		
Committee for the Purchase from People who are Blind or Severely Disabled	1,689	1,682	1,800		
National Council on Disability	1,690	1,793	1,830		
President's Committee on Employment for People with Disabilities					
Small Business Administration - Handicapped Assistance Loan Program					
The Corporation for National and Community Services	367,200	575,000	817,476		
TOTALS:					

NATIONAL DISABILITY POLICY REVIEW

Work Group on Employment of Working-Age Adults

Workplan

First meeting	12/19/94
First report to full Team	12/21/94
Revision of the Principles due	01/06/95
Gather input from other members Refine, rewrite	
Mapping the Current Terrain due	1/06/95
Data and discussion of current status Description of ongoing initiatives Options for incremental improvement Potential legislative and other ~~major change~~ Strategies	
Second meeting	01/11/95
Third meeting	01/25/95
Fourth meeting	02/08/95

Starting With a Few Principles

First, I recommend that our workgroup develop a set of general principles that we think should guide disability/employment policy in the future. A strong set of principles can help guide debates long after this workgroup has disbanded.

Yet, to stop at that level is to do less than is possible. I believe we should an attempt to have a more direct impact on policy (re)formation and program (re)design. We should attempt to specify **both** the major reforms (structural rearrangements) that we think are desirable as well as the refinements (tinkering with current systems) that we believe will produce some incremental improvements, even if major restructuring never emerges on the political agenda.

Second, it is important for us to obtain substantial agreement on principles, so that our final report recommends consensus policies. There are a wide range of implementing strategies, both at the macro- and micro- levels, with respect to any set of general principles. This is true because alternative policies will emphasize or de-emphasize one or another aspect of the principles. In short, I do not believe that there is only one best policy choice even with respect to an agreed set of principles.

Finally, and not trivially, I hope that simultaneous and explicit discussion of principles will do two additional things. First, I hope that it will accommodate the differing interests of the members of the workgroup. Some of use are interested in trying to grapple with the appropriate general framework for disability/employment policy analysis (principles), while others of us may be more interested in concrete, and implementable, policy prescriptions (policies). We should try to get positive synergy from these differing interests rather than discord or paralysis. Second, setting out principles will move us into a more actively decisional mode. In short, I believe that our first job is to put our principles and policies on the table for collective acceptance, rejection or refinement.

Therefore I recommend that we develop:

> (1) a set of "principles" that we believe to be sound elements of the design of disability/employment policy--even if we recognize that those principles are somewhat vague in the abstract and will have to be compromised in practice because they are sometimes in tension with each other--and
>
> (2) policy proposals to achieve particular objectives that implement these basic principles.

A Set of Principles to Guide Disability/Employment Policy Making

What follows is based on the work of members of another Panel studying the same issue as we are. I have taken great license with them.

These principles are grouped into four general categories. Because the categories operate at somewhat different levels, there will be some overlap -- as indeed there should be, if they are a coherent set.

A. General Programmatic Principles

Principle One: Disability/employment policy should promote the **social** and **economic** functioning and the personal **autonomy** of persons with disabilities in addition to there **economic security**.[Social and Economic Goal]

> Rationale: Disability/employment policy should be conceived as broader than civil rights, rehabilitation or income support policy. This does not imply that these other policy arenas are unimportant, indeed, they are crucial; but stating the general goal of disability/employment policy in a broader form has implications for the structure of all these programs.
>
> Illustration: Rehab programs obviously aim to carry forward this idea in their general focus on improving economic functioning and, more recently, the desire to entertain methods of administration that emphasize choice by recipients. For example, from the perspective of this principle rehab efforts need not be justified solely, or even primarily, in terms of future savings. Furthermore, one can conceive of the "risk" that is insured against by the DI program as not only loss of income, but also the risk of being unable to adapt to an impairment in ways that restore or achieve a desired lifestyle.

Principle Two: Disability/employment policy should focus to the extent possible on individual **capacities** rather than individual incapacities.[Building on Capacities]

> Rationale: Most of us can agree that general labelling of recipients of programs as "disabled" is bad and that disability/employment policy should be altered whenever possible to focus everyone's attention on possibilities for individual achievement rather than on excuses for nonperformance.
>
> Illustration: DOL programs....

Principle Three: Disability/employment policy should seek to locate impediments to desired levels of functioning in the **interaction** between individuals and their physical, social, and economic environment. Programs should be targeted strategically on that interaction.[Disabilities are created by the environment].

> Rationale: Policies with respect to persons with disabilities should take account of the interaction of individuals, their physical or mental limitations and their physical, social and economic environments, rather than simply being riveted on identifiable, individual limitations.
>
> Nevertheless, it remains unclear in the abstract whether policy should attempt to operate on the person (increased motivation or training), the limitation (medical or prosthetic intervention) or the environment (employer attitudes, physical barriers, etc). It is, of course, highly likely that programs should address all three areas if we are to have an effective overall national policy. However, given the heterogeneity of the population of persons with disabilities, their personal histories and their local environments, it may often be sensible to emphasize one type of intervention rather than another individual cases. The notion that is that

policies should be developed that recognize the breadth of the opportunities for intervention and have the flexibility to intervene selectively where one or another strategy seems more efficacious.

Illustration: The combination of ADA and rehab promotes this principle. A broad range of interventions are available, and a number of them operate on the environment rather than the individual. Pursuit of principles three might suggest further refinements, e.g., providing consultative services to employers to assist them in accommodating workers, etc.)

Principle Four: Disability/employment policies that meet specific needs that may arise for **anyone** in the whole of the population should be preferred to those that require a determination that a person suffers from a disability in order to obtain assistance.[Generic approaches are preferable to specialized ones].

Rationale: This principle responds to several instincts. The first is that universal programs are generally stronger politically than targeted programs, have less risk of imposing stigma on individuals, and also have a lesser tendency to create boundaries between categories of individuals that must be defended administratively and that may appear unfair distributionally. Yet more generally, this principle responds to my desire to see the notion of "disability" or "the disabled" disappear as much as possible from all aspects of public policy and public discourse.

Illustration: School-to-Work..... It would be better yet to have a strong transition to work social services network that could be accessed by anyone in need of those services so that the "for disabled only" boundary would not have to be defended.

B. Income Support Policies

Principle One: Income support should be permanent entitlement only for persons with disabilities for whom return to work and self support would require social investments substantially in **excess** of any prospective social return.[Support for work,first; .....]

Rationale: The idea is of a sort of social contract. To the extent that we all run a risk of being unable to be self-supporting, it makes sense to guarantee each other income assistance should that risk materialize. On the other hand, the payment of income support in such cases makes us all worse off if the value of the income support entitlement is larger than the investment that would be necessary to return the person to, or make them capable of engaging in the first instance in, productive activity leading to self-support. The dual implication here is (1) that income support for persons with disabilities should often be temporary (2) provided that society is willing to make the necessary investments to render periods of disability temporary rather than permanent. This general principle, if accepted, has relatively far-reaching implications for current programs that emphasize all or nothing entitlement to permanent income support.

Illustration: This seems to be the heart of what the rehab programs are about. A part of the social contract proposed here is that society should

be willing to spend for employment/rehab activity right up to the point that the returns go negative.

Principle Two: Income support should be structured to **avoid** work **disincentives** that are unnecessary to achieve a secure entitlement for those entitled to permanent income replacements.
[Making work pay]

Rationale: This principle is in some sense a truism, but it also seeks to recognize that there is a necessary work disincentive built into any program of income replacement and that there is a tradeoff between limiting work disincentives and providing security for those for whom work incentives are largely, if not wholly, irrelevant.

Illustration: The provider incentive proposal, by recognizing the heterogeneity of the population receiving income supports, seems to rate much higher in relation to this principle than current arrangements.

Principle Three: Income support should be set at levels that approximate the replacement rates commonly provided by private disability insurance.[Income should be adequate]

Rationale: This principle is meant primarily to stimulate thought on what "adequacy" might mean in the context of income support for persons with disabilities. The private market provides an analogue that tells us something about the social valuation of disability insurance. But, it is hardly a perfect proxy for the appropriate social valuation of income transfers to those with work impairments. On the other hand, the current system of pegging disability payments to the retirement rate in the DI program and to some vague notion of taxpayers willingness to pay in the SSI program is equally difficult to defend. Moreover, I think a final report that said nothing about the issue of adequacy would be--well--inadequate.

Illustration: An average replacement rate approaching the private insurance norm (about 60 percent?) is conceivable at current tax rates.

C. In-Kind Services

Principle One: In-kind and service benefits to persons with disabilities should be linked to the receipt of cash benefits only when the linkage of cash and in-kind benefits promotes an important policy goal that cannot be achieved effectively by alternative means.[Decoupling services from income]

Rationale: As we know, the linkage of in-kind and service benefits to cash benefits tends to create notch effects as well as all or nothing decisions that deny services to persons who need them whether or not they can work. On the other hand, programs might sensibly create linkages, for example that cash benefits are payable to those believed to be temporarily disabled only on the condition that they accept rehabilitation, training and other supports that are designed to promote their capacity for self-support.

Illustration: The Clinton long-term care provisions in the health reform plan

were not means tested.

Principle Two: Particular in-kind and service benefits targeted on persons with disabilities should, in general, not be structured as discrete entitlement. Such support should be provided as part of an entitlement to an overall support plan, where coordinated effort is thought to be essential; or, alternatively, should be accessed by clients through an entitlement to vouchers or tax subsidies -- systems that maximize the service user's autonomy.[Supports should be tailored to individuals].

Rationale: The idea that while certain universal, non-cash programs could be structured as entitlement (e.g., health care, PAS, food stamps, etc.), the decoupling of in-kind benefits and services for persons with disabilities from income programs could create serious administrative problems. If each particular type of benefit were its own free-standing entitlement, adjudication and defense of these claims might well be an administrative nightmare. The principle suggests that there are two plausible models for such benefits, but with radically different administrative implications.

* The first is the provision of benefits as part of an overall plan, such as occurs, for example, in programs for developmentally disabled children. There is an entitlement here, but it is an entitlement to an overall, coordinated service plan, not to particular benefits.
* Alternatively supports might be accessed through voucher or tax subsidy systems. The great advantage of such systems, of course, is their capacity to maximize user autonomy in selection of service and providers. Once again the voucher or the tax subsidy is an entitlement, but one that is much more easily administered than entitlement to discrete services or goods.

Illustration: The long term care proposals allowed both client choice or professional planning in administration, and yet clearly viewed PAS as a "package" entitlement rather than an entitlement to each discrete service or activity. A tax credit approach is still being considered for working adults.

Principle Three: The delivery of in kind benefits or services should be localized and/or privatized to the extent possible. [Localize/privatize].

Rationale: Administering in-kind benefits or services confronts, not only the highly various needs of the population served, but also great variations in local resources and public capacities. Many argue that the federal government will never, and should never, staff itself to deliver such benefits or services and that, wherever feasible, these sorts of service provision or good provision activities should be policed by competitive markets in the private sector.

Illustration: .....

D. Administration of Benefits

Principle One: Benefits policies, administrative procedures and appropriations for administration of programs must be carefully coordinated to avoid mismatches between program aspirations and program performance.[Expectations need to be funded].

Rationale: This is an incomplete design principle. Alternatives include adopting substantive policies that can be administered effectively with available administrative resources, or "re-engineering" processes to make them more efficient.

Illustration: How can increased individualization of decision-making and aggressive service provision be squared with downsizing the govt work force? One possibility is privatizing and "vouchering" the process, but it should be recognized that these devices may actually change the output of the program.

Principle Two: All or nothing decisions tend to create unwelcome, demoralizing and expensive levels of conflict concerning programmatic decision-making. This implies that administrative systems should either be highly individualized and fluid (an unlikely prospect given administrative resource constraints) or should provide clear, structured alternatives that can be accessed by claimants themselves.[One size does not fit all].

Rationale: It seems to be everyone's view that there is entirely too much conflict, too many levels of appellate review, legal intervention and so on in disability programs (perhaps all entitlement programs). The SSA reengineering project attempts to deal with this to some degree, although it leaves in place the essentially all or nothing income support system. My sense is that most requests for income replacement by persons with disabilities ought to be answered by the provision of income support and other ameliorative goods and services or by the provision of one or the other. If that is our view, and if we also desire of obtaining increased resources for administration, then one needs a system that provides claimants with staged access to presumptive entitlement or to a menu of alternative means of assistance that they can negotiate for themselves (or with the help of their existing social support network). The image, thus, is of decision-making as a decision tree in which official determinations send people off down different roads (that they travel mostly on their own), but seldom tell them that they have hit a dead end street. The programmatic possibilities here are obviously nearly limitless.

Illustration: Too obvious to require comment?

Principle Three: Simplicity of administration is consistent with individualized treatment only in systems that confer unreviewable discretion on either caseworkers or clients. The latter is preferred.[Simplicity conflicts with individualization unless beneficiaries have full empowerment].

Rationale: This principle is meant to put starkly the choice between official and individual claimant discretion in a system which, by assumption, must be relatively simple to administer because of constrained resources. It also highlights the notion that if one does not want to choose either of these loci of discretion (because of concerns about program integrity) then one had better rethink administrative resource constraints. In any event, the idea is to put the workgroup on record as favoring individualization through client autonomy where feasible.

Illustration: The different modes of administration in those programs that proposal vouchers nicely illustrate the choice, but the problems with setting

voucher amounts and the worries about how they might be used could mean that this is an area where the "presumption" for client choice should be overridden. When vouchers are broard, they become "cash."

Principle Four: The legitimacy of benefits decision-making should be sought primarily through an emphasis on claimant participation, understanding and control.[Fairest and best decisions are reached through beneficiary involement].

Rationale: The current system, at least as it relates to income support, seems to seek legitimacy through multiple levels of review and the application of legal forms. This has produced an enormously cumbersome process and SSI that seems to suffers from recurrent, low levels of perceived legitimacy. To be sure, the basic decision to provide income support or not is likely to be conflictual or contested in any system, and it obviously must be "official" decision by someone who can be held accountable. Nevertheless, it would seem possible to do better through earlier and stronger involvement of claimants in the determination and a shift to a system in which decisions are not all or nothing. Moreover, in the absence of armies of highly trained social workers, to the extent that disability programs begin to emphasize services and supports beyond or instead of income entitlement, the understanding of options, and participation in, if not control of, choices by claimants, seems to be essential.

Illustration: Some current approaches (IL)and future proposals do seem to imply much earlier and stronger interchange between the claimant and the deciders that the current system. The service possibilities might also be structured as a menu from which claimants could choose; it can be made clear exactly what happens when a temporary period of payments runs out; etc. This, of course, does not preclude ultimate resort to hearings and other legal forms where people remain aggrieved.

Enough on principles. These are surely incomplete and just as surely controversial. Nevertheless, they get something on the table for us to talk about. Now its your turn to propose principles or policies for our future analysis and discussion.

Thank you Jerry Mashaw!

SUSAN

Secretary: Tony C.
Julie Dennis

Dept of Education to Workforce?

NATIONAL DISABILITY POLICY REVIEW

WORKGROUP ON EMPLOYMENT OF WORKING-AGE ADULTS

CHARTER

The workgroup's purpose must be consistent with the charter and guiding principles of the National Disability Policy Review.

Specifically, the workgroup will:

- **Review and analyze the current employment status of adults with disabilities;**
- **Review and analyze current Federal and State programs with employment-related responsibilities;**
- **Make recommendations ~~for a coordinated Federal approach to to improve~~ the opportunity for employment of people with disabilities.**

where are we now?

improvement / rebuild

add dramatically

Review: Analyze: concur ~~relate to~~ Administration / Fed'l Govt.
- how our findings
over-all employm policy
(and implementation)

decline employment:
inherent meaning for persons ~ disab
full time / part-time / & support
what are the work disincentives?
- need for support (people/techn) on job
- need for support to / from job

needs to be analyzed to look at reality
to

DOL ABOR rid

integrating notion of assets & disabilities
into existing employment
training: re-training programs

National Academy of Social Insurance

December 9, 1994

Improving The Return To Work Of Social Security Disability Beneficiaries

Monroe Berkowitz

After noting that our interest is in a beneficiary rehabilitation or return to work program rather than a rehabilitation program for persons who are not receiving benefits, we begin with a look at the market for rehabilitation services recognizing that a free market for such services has not had much of a chance to exist. The purpose of sketching what an ideal market would look like is to expose the multiplicity of decisions that must be made in the absence of a market.

These decisions involving such items as the selection of candidates and the specification of the services to be offered, the questions of who should offer services and when and by whom they should be offered are explored in the next section.

We then briefly examine the current system used in the Social Security Disability Insurance program to return beneficiaries to work. The record is not a good one with only 1/2 of 1% of those coming on the rolls each year exiting via the rehabilitation route. Some of the current schemes designed to improve the process are briefly examined. These include schemes that seek to change fundamental aspects of the DI program and those that work within current constraints and propose to use vouchers.

We concentrate on one program that is a variant of a voucher program. Beneficiaries are given tickets that may be deposited with a wide range of private or public sector service providers. Nothing is paid these providers up front. No beneficiary is obliged to deposit a ticket and service providers are not obliged to accept any particular ticket.

Once deposited, the ticket becomes a contract between SSA and the provider. If the person leaves the rolls and goes to work, SSA agrees to pay the provider some percentage of the benefits that would have been paid to the person. The payments would be made yearly and only after the person leaves and stays off the rolls.

The evidence is clear that beneficiaries move off and on the rolls and the provider has an incentive to monitor the case during the entire period of eligibility for benefits, normally up until the person dies or reaches the age of 65.

The proposed scheme is applicable to the SSI program with some modifications. No feasible way is found to apply the scheme to applicants or to persons who are in the pre-application stage.

Conclusions

This paper is based on the premise that the current system in place designed to return disabled beneficiaries to work desperately needs fixing.

We assume that SSA has its hands full trying to make the disability determination process work in an equitable and efficient manner and that it has neither the expertise nor the financing to engage in the rehabilitation of its beneficiaries.

At the same time, we assume that the return to work of persons on the rolls is a responsibility of SSA.

Another important assumption is that there is no one formula, modality, or type of rehabilitation service that is obviously superior to another when it comes to returning beneficiaries to work.

Problems of what service to be used, when it should be used, who should be provide the service are best left to the market. In this proposal, we provide the beneficiary with a ticket that can be used to obtain services from a wide variety of providers. We leave it to the interaction of the beneficiaries and the providers to come up with a set of services and the conditions under which these services will be administered. In the absence of a market, we propose a system that retains some of the advantages of a market.

Payments to providers are based on results. If the beneficiary does not return to work, no payments are due. The risk is borne entirely by the provider whose incentive to get into this business is based on the generosity of the amounts received if the beneficiary returns.

The experience of the DI program is that persons move off and on the rolls. The system of compensation proposed here, where providers are paid on a yearly basis only so long as the person is off the rolls, guarantees continued interest and monitoring.

SSA has nothing to lose from this system in the sense that they can never pay providers more than a fraction of the savings accruing to the trust fund, and then only after they have the evidence that the savings have been realized.

For the system to work, providers have to be attracted to it and be willing to finance back to work programs on this contingency basis. Congress has to be convinced that providers should be paid amounts that have no necessary relationship to the cost of services provided.

All preliminary evidence is that providers will come once the legislation is in place. Our urgent recommendation is that legislation authorizing such a scheme be enacted. It can do no harm. It will be a real world concrete demonstration of what works and what doesn't work in the field of rehabilitation and it just may improve our 1/2 of one percent return to work record.

MARCH 1, 1995

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

David Levine, CEA
Lynn Margherio, DPC
Diana Fortuna, DPC
Elisabeth Cohen, DPC
Judy Heumann, ED/OSERS
Howard Moses, ED/OSERS
Connie Garner ED/OSERS
Paul Miller, EEOC
Andy Imparato, EEOC
Ruth Katz, HHS
Bob Williams, HHS
Susan Hill, HCFA
Josephine Nieves, DOL
Bill Burrell, DOL
Jeff Levi, ONAP
Michael Grant, OPM
Marilyn Thornton, OPM
Rick Douglas, PCEPD
Mary Kaye Rubin, PCEPD
Dennis Duffy, VA

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

This is a reminder for our next meeting, scheduled for Wednesday, March 8, 1995, 1:00 - 2:30 p.m., HHH Building, Room 640H.

Attached, please find our agenda. I have invited Professor Emeritus, Monroe Berkowitz, from Rutgers University Bureau of Economic Research to address our group.

Also attached is a two page summary of a paper that Professor Berkowitz presented at a recent NASI (National Academy of Social Insurance) meeting. Many of his ideas are timely for us to consider as we continue reviewing and analyzing Federal disability policy.

ACTION ITEMS:

- Though we did not discuss this at the last meeting, I would like to have recommendations from your principal representatives, who have been unable to join us, as to what they would like to see reflected in our final product to the Domestic Policy Council. These recommendations, of course, will be based on our draft paper describing barriers to employment for people with disabilities. Please come prepared to share these recommendations with us.

- Follow-up on Labor reaction to EITC (Andy Imparato)
  Follow-up on response to advocates, 2/13 mtg (Delores Watkins)
  Please be prepared to give us the scoop.

If you have any questions, please contact April Waugh of my staff at (410) 965-8046. See you next week!

NATIONAL DISABILITY POLICY REVIEW
Work Group on Employment of Working Age Adults

Meeting -- Wednesday, March, 8, 1995
1:00 p.m. - 2:30 p.m.

Hubert H. Humphrey Building, Room 640H
200 Independence Avenue, S.W.

Welcome and Introductions
Susan M. Daniels, Ph.D., Convener

Follow-up Items
- Organized Labor response to the EITC (Andy Imparato)
- Response to Advocates from 2/13 mtg (Delores Watkins)

Federal Response
Marie P. Strahan and Jane West
- Current Federal Programs Chart
- Goals of Current Federal Programs and Eligibility
- Draft Outline for Analysis Section

A Discussion of Improving The Return to Work of Social Security Disability Beneficiaries
Monroe Berkowitz, Professor Emeritus
Rutgers University, Bureau of Economic Research

Questions & Answers

Next Steps

Adjourn

Thank you for your attendance

FEBRUARY 16, 1995

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

David Levine, CEA
Lynn Margherio, DPC
Diana Fortuna, DPC
Elisabeth Cohen, DPC
Judy Heumann, ED/OSERS
Howard Moses, ED/OSERS
Connie Garner ED/OSERS
Paul Miller, EEOC
Andy Imparato, EEOC
Ruth Katz, HHS
Bob Williams, HHS
Susan Hill, HCFA
Josephine Nieves, DOL
Bill Burrell, DOL
Jeff Levi, ONAP
Michael Grant, OPM
Marilyn Thornton, OPM
Rick Douglas, PCEPD
Mary Kaye Rubin, PCEPD
Dennis Duffy, VA

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

Thank you to those of you who attended our meeting with advocates on 2/13. I appreciated your time.

Please be sure that you have the following dates on your calendar for our upcoming meetings:

*******PLEASE NOTE TIME CHANGE FOR NEXT WEEK******

- Wednesday, February 22, 1995
  10:00 a.m. - 11:30 a.m. This is different!

- Wednesday, March 8, 1995
  1:00 p.m. - 2:30 p.m.

- Wednesday, March 22, 1995
  1:00 p.m. - 2:30 p.m.

(All meetings will be held in Room 640H of the Hubert H. Humphrey (HHH) Building, 200 Independence Avenue S.W., Washington, D.C.

- I have also attached a tentative agenda for our February 22 meeting. I have invited Professor Richard Burkhauser to give us a special presentation on the Earned Income Tax Credit. Since I will be late in joining you, I have asked Howard Moses to chair next week's meeting.

Please contact April Waugh of my staff at (410) 965-8046 if you have any questions. See you there!

NATIONAL DISABILITY POLICY REVIEW
Work Group on Employment of Working Age Adults

Meeting -- Wednesday, February 22, 1995
10:00 a.m. - 11:30 a.m.

Hubert H. Humphrey Building, Room 640H
200 Independence Avenue, S.W.

Welcome and Introductions
Howard Moses, OSERS

A Discussion on the Earned Income Tax Credit
Richard Burkhauser, Ph.D.
Professor, Maxwell School of Citizenship and Public Affairs
Center for Policy Research, Syracuse University

Questions & Answers on EITC

Reflections on our Meeting with the Advocates

Discussion on Draft of "Federal Response"
Marie P. Strahan and Jane West

Discuss Charter

Next Steps

Adjourn

Thank you for your attendance

UPDATED 2/21/95

NATIONAL DISABILITY POLICY REVIEW WORK GROUP

Employment of Working Age Adults

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410-965-6503 FAX

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Diana Fortuna	(202) 456-5570	(202) 456-7028
Elisabeth Cohen	(202) 456-5571	(202) 456-7028
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EEOC:		
Paul Miller/ Andy Imparato	(202) 663-4037 (202) 663-4036	(202) 663-7101
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Susan Hill	(202) 690-8170	(202) 690-8168
HHS:		
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Bob Williams	(202) 690-6590	(202) 401-9507
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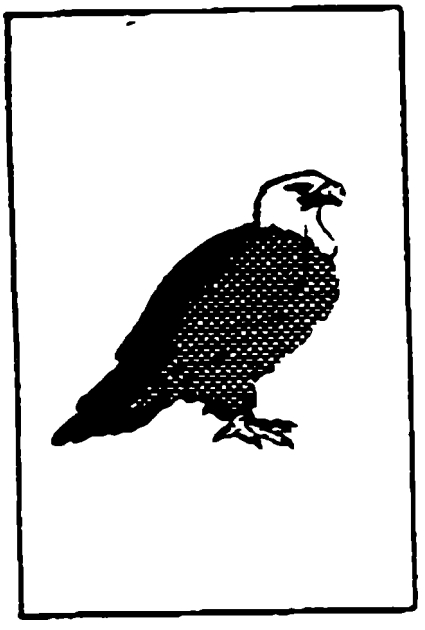
FAX



FROM: Ken McGill
Social Security Administration
Office of Disability
Room 545 Altmeyer
Baltimore, Maryland 21235

Telephone: (410) 965-3988
FAX: (410) 965-6503

TO:
NAME: Elizabeth Cohen
ORGANIZATION: DPC
FAX NUMBER: 202-456-7028
TELEPHONE NUMBER:

NUMBER OF PAGES: Cover plus 1

DATE: 1/31/95

COMMENTS: As requested

UPDATED 2/7/95

NATIONAL DISABILITY POLICY REVIEW WORK GROUP

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UPDATED 1/17/95

NATIONAL DISABILITY POLICY REVIEW WORK GROUP

Employment of Working Age Adults

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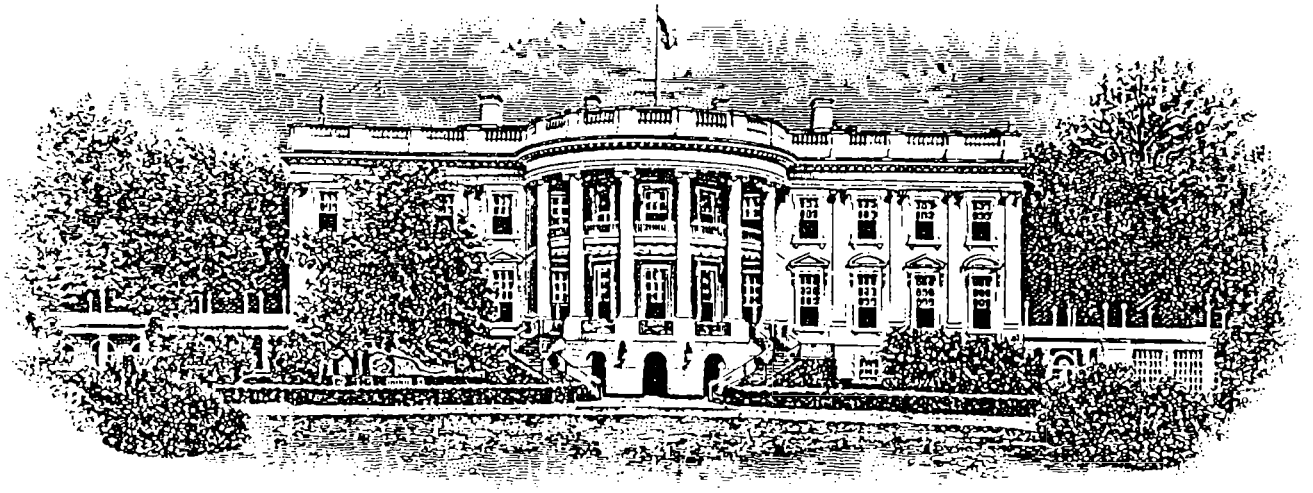
The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Eddie Espinosa

FAX NUMBER: 376 6219

TELEPHONE NUMBER:

FROM: Elisabeth Cohen

TELEPHONE NUMBER: 456 5571

PAGES (INCLUDING COVER): 3

COMMENTS: Attached please find info re: upcoming meetings of the employment work group. They will be faxing you a copy of their charter. You will also be receiving materials from the accommodations & school-to-work groups. Please let me know if you have questions or require further info.

-Elisabeth

DEPARTMENT OF HEALTH & HUMAN SERVICES
Social Security Administration

Refer to:
Baltimore MD 21235

JAN 6 1995

April Waugh 410-965-8046

TO: National Disability Policy Review Work Group: Employment of Working Age Adults

FROM: Susan M. Daniels
Associate Commissioner for Disability

SUBJECT: Work Group Meeting Schedule Reminder

As a reminder from our workplan, please be sure to mark the following dates on your calendar for our upcoming work group meetings:

Wednesday, January 11, 1995	1:00 p.m. - 2:00 p.m.
Wednesday, January 25, 1995	1:00 p.m. - 2:00 p.m.
Wednesday, February 8, 1995	1:00 p.m. - 2:00 p.m.

(Additional meetings to be announced)

Location: Hubert H. Humphrey Building
200 Independence Avenue, S.W.
Washington, DC
Room 640H (SSA Conference Room)
(Federal Center Southwest Metro Stop)

Please be sure to fax me your individual agency reports no later than Monday, January 9, COB, if you have not already done so. The agency reports should include:

Data and discussion of current status;
Description of ongoing initiatives;
Options for incremental improvement;
Legislative and other strategies.

My fax number is (410) 965-6503.

Also attached is our agenda for Wednesday. Please come prepared to present highlights to the work group on your agency's individual report.

If you have any questions, please feel free to call April Waugh, Program Analyst, of my staff at (410) 965-8046.

See you on January 11.

attachments

NATIONAL DISABILITY POLICY REVIEW
Work Group on Employment of Working Age Adults

Meeting -- January 11, 1995
1:00 p.m.

640H Hubert H. Humphrey Building
200 Independence Avenue, S.W.

Welcome
Susan M. Daniels, Convenor

Discuss Guiding Principles

Discuss Individual Agency Reports -- Highlights from Panel Members

Update on GAO and Other Activities
And Summary of NASI papers

Discuss Presidential Management Council Activities And How Reinventing Government Part II Affects this Committee

Next Steps and Assignments

Adjourn

SOCIAL SECURITY ADMINISTRATION
OFFICE OF ASSOCIATE COMMISSIONER
OFFICE OF DISABILITY
BALTIMORE, MARYLAND
FAX NUMBER: 410-965-6503

ADDRESSEE	FROM
NAME: Elizabeth Cohen	NAME: Susan Daniels
LOCATION/ORGANIZATION:	LOCATION/ORGANIZATION: SSA/OD
TELEPHONE NUMBER: 202-456-2846	TELEPHONE NUMBER: 410-965-3424
FAX NUMBER: 202-456-7028	TOTAL NUMBER OF PAGES: (3) (COVER + 2)
IF RETRANSMISSION IS NECESSARY, PLEASE CALL IMMEDIATELY:	DATE: 1/9/95

MESSAGE/COMMENTS

Re: Employment of Working Age Adults
Work Comp Schedule.

AUTOMATIC COVER SHEET

DATE: JAN- 9-95 MON 19:21

TO:

FAX #: 912024567028

FROM: DIV OF COMMUNICATIONS

FAX #: 9655435

04 PAGES WERE SENT

(INCLUDING THIS COVER PAGE)

Reminder - 1 - review House principles.
2 - review work of principals group.
6
4/ mtgs - 1st today

NATIONAL DISABILITY POLICY REVIEW

Work Group on Employment of Working-Age Adults

Meeting----December 19, 1994
1:45 PM
640H Hubert H. Humphrey Building
200 Independence Avenue, SW

• AGENDA •

Welcome and Introductions - code:
Susan M. Daniels, Convenor

Discuss and approve charter → to present on Wed. - charter: workplan

Discuss and approve operating rules, workplan and timetable

Next Steps and Assignments

Adjourn

Present:
Irene Warren
Marilyn Thornton - OPM
John
Gabe Lewi - ONAP
Paul Miller
Andy Imparato
Dennis Duffy
Judy Heumann
Ron Kurtz
Fred Schroeder

be willing to spend for employment/rehab activity right up to the point that the returns go negative.

Principle Two: Income support should be structured to **avoid** work **disincentives** that are unnecessary to achieve a secure entitlement for those entitled to permanent income replacements.
[Making work pay]

Rationale: This principle is in some sense a truism, but it also seeks to recognize that there is a necessary work disincentive built into any program of income replacement and that there is a tradeoff between limiting work disincentives and providing security for those for whom work incentives are largely, if not wholly, irrelevant.

Illustration: The provider incentive proposal, by recognizing the heterogeneity of the population receiving income supports, seems to rate much higher in relation to this principle than current arrangements.

Principle Three: Income support should be set at levels that approximate the replacement rates commonly provided by private disability insurance.[Income should be adequate]

Rationale: This principle is meant primarily to stimulate thought on what "adequacy" might mean in the context of income support for persons with disabilities. The private market provides an analogue that tells us something about the social valuation of disability insurance. But, it is hardly a perfect proxy for the appropriate social valuation of income transfers to those with work impairments. On the other hand, the current system of pegging disability payments to the retirement rate in the DI program and to some vague notion of taxpayers willingness to pay in the SSI program is equally difficult to defend. Moreover, I think a final report that said nothing about the issue of adequacy would be--well--inadequate.

Illustration: An average replacement rate approaching the private insurance norm (about 60 percent?) is conceivable at current tax rates.

C. In-Kind Services

Principle One: In-kind and service benefits to persons with disabilities should be linked to the receipt of cash benefits only when the linkage of cash and in-kind benefits promotes an important policy goal that cannot be achieved effectively by alternative means.[Decoupling services from income]

Rationale: As we know, the linkage of in-kind and service benefits to cash benefits tends to create notch effects as well as all or nothing decisions that deny services to persons who need them whether or not they can work. On the other hand, programs might sensibly create linkages, for example that cash benefits are payable to those believed to be temporarily disabled only on the condition that they accept rehabilitation, training and other supports that are designed to promote their capacity for self-support.

Illustration: The Clinton long-term care provisions in the health reform plan

SOCIAL SECURITY ADMINISTRATION
OFFICE OF ASSOCIATE COMMISSIONER
OFFICE OF DISABILITY
BALTIMORE, MARYLAND
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MESSAGE/COMMENTS

NATIONAL DISABILITY POLICY REVIEW
Work Group on Employment of Working Age Adults

Meeting -- January 25, 1995
1:00 p.m. - 2:30 p.m.

Hubert H. Humphrey Building, Room 640H
200 Independence Avenue, S.W.

Welcome and Introductions
Susan M. Daniels, Convenor

Combining the Work Effort of the Transition Panel
Judy Huemann

School to Work Projects - Status Report
Judy Huemann

Update on Major Activities
Susan M. Daniels

Presentation of National Statistics
Marie P. Strahan and Jane West

Individual Agency Reports on Employment Statistics

Next Steps and Assignments

Adjourn

** Please mark your calendars for our next meeting:
Wednesday, February 8, 1995
1:00 p.m. - 2:30 p.m.
HHH Room 640H

SAMPLE FORMAT

4/4

NATIONAL DISABILITY POLICY REVIEW

Work Group on Employment of Working Age Adults

Outline of Current Activities
January 10, 1995

Data and Discussion of Current Status

The Social Security Administration (SSA) administers 2 major disability income maintenance programs, viz., the disability insurance (DI) program and the means-tested Supplemental Security Income (SSI) program for persons who are blind or disabled. The DI program serves persons who meet a medical definition of disability have made the requisite number of payments to the DI trust fund via the FICA payroll tax based on their earnings. The SSI program serves persons who meet the same definition of disability but have not worked sufficiently in their lives to accumulate the necessary earnings credits for DI benefits and who meet specified low income tests.

The size of these programs, as of June 1994, were:

	All Worker Beneficiaries		Number of Beneficiaries	
Program	Number	Total Benefits	Under 30	w/ Mental Disorders
DI	3.8 million	$34.6 billion	167,000	1,145,000
SSI	4.7 million	$19.6 billion	1,380,700	2,664,900

Few DI beneficiaries leave the rolls each year because they have returned to work. Overall, only about 3 percent of beneficiaries ever leave the rolls and less than 0.5 percent of beneficiaries on the rolls in any year due to work. Although movement on and off the SSI rolls is at a much higher rate than for the DI program, a negligible number of SSI disabled and blind recipients leave and remain off the rolls as a result of work activity.

SSA also supports the provision of VR services on behalf of disability beneficiaries and recipients by State VRAs. State DDSs can refer applicants for disability benefits to the VRAs for evaluation and services, if accepted by the VRAs When beneficiaries complete VR services and go to work, the VRAs can submit a claim to SSA for reimbursement of the total costs of services to those beneficiaries. A claim for reimbursement is considered successful if the beneficiary has worked for at least 9 months at earnings levels of $500 per month ($940/month for blind beneficiaries in 1995).

However, a relatively small percentage of applicants for disability benefits are referred for State VR services by the State DDSs. In FY 1994, approximately 172,000 persons (72,000 allowances; 100,000 denials) were referred to the State VRAs. During the same year, SSA received 10,297 claims for reimbursement of State VR expenditures on DI and SSI clients and made payments on 10,599 such successful claims for a total of $63.5 million. About one-half of the DI beneficiaries who are successfully rehabilitated (according to this definition of success) actually leave the cash benefit rolls.

1:00 p.m. - 2:30 p.m.
Hubert H. Humphrey Building, Room 640H
200 Independence Avenue, S.W.
Washington, D.C.

- See You There!

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