

# THE 2008 DISABILITY POLICY SEMINAR

THE ARC, AAIDD, AUCD,  
UCP AND NACDD

## FACT SHEET

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### SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME

#### Background

The Supplemental Security Income (SSI) and the Old Age, Survivors, and Disability Insurance (OASDI) programs, along with the related Medicaid and Medicare health care benefits, are the means of survival for millions of individuals with severe disabilities. Under current funding for the Social Security Administration (SSA), many people with severe disabilities have experienced long delays and decreased services in accessing these critical benefits. Without adequate appropriations to fund administration for SSA, the situation will deteriorate even more. The OASDI programs, established in Title II of the Social Security Act, are part of the debate over the long-term solvency (75 years) of the Social Security Trust Funds. Congressional action to resolve the funding shortfalls will have a major impact on people with disabilities. While the disability programs provide critical benefits for daily living, there continue to be numerous areas in which the programs need adjustment to ensure that they meet the needs of the people who are intended to be served.

#### SSA's Administrative Expenses

Social Security benefits are not subject to the annual appropriations process because benefits must be paid to those people who are entitled to them; however, the administrative functions of SSA are funded as SSA's Limitation on Administrative Expenses (LAE) through the annual appropriations process. SSA has a national workforce of about 60,000 people and 1,400 facilities nationwide. The current processing for an appeal hearing averages 514 days. These delays hurt people with disabilities who file applications for benefits and/or request hearings on denials and who must then wait months or years to receive benefits to which they are entitled, as well as those who become so discouraged with the process that they quit trying.

SSA's funding for its LAE for FY 2008 is \$9.744 billion, which is \$451 million above the FY 2007 spending levels and \$150 million above the Administration's request. This amount will cover the annual cost of living adjustments for all SSA staff and increases in rent and the cost of security services for local offices. It will also allow for hiring new administrative law judges (ALJs) and support staff to address the crisis in disability appeals. SSA projects hiring 150 new ALJs in the spring of 2008. For FY 2009, the President's request is for \$10.327 billion.

#### Efforts to Address Solvency

More than one-third (37 percent) of all Social Security benefit payments are made to over 18.3 million people who are non-retirees, including 7.1 million disabled workers, 1.6 million children of disabled workers, and approximately 795,000 disabled adult children covered by the survivors, retirement, and disability programs (OASDI). Other non-retirees include non-disabled survivors and dependents. The Title II programs are insurance against poverty and are essential to the protection of people with disabilities, who draw their benefits from all parts of the Trust Funds. Workers earn coverage for themselves and their family members through payment of Social Security taxes during their working years. The insurance protection they receive is targeted to prevent poverty in old age, in case of disability, or where there are dependent survivors after the death of the worker or retiree. Proposals that would partially or fully eliminate the current broad-based sharing of risk (social insurance) and replace it with the risks of private investment (privatization) would be harmful to people with disabilities, because substantial Social Security benefit cuts would be necessary. Beneficiaries would no longer be able to count on a guaranteed amount of benefits adjusted for inflation annually. Privatization would shift the risks of investment from the federal government back to the individual, resulting in a devastating impact on people with disabilities and their families. Many sponsors of proposals to privatize portions of Social Security were not aware of the potential impact of their proposals on people with disabilities.

#### Improvements Needed to SSI and Social Security Disability Programs

There remain many issues in the SSI and Social Security disability programs which need to be addressed in order to make the programs work better to meet the needs of people with disabilities. These include: increasing the substantial gainful activity (SGA) level for people who are disabled (currently \$940 per month) to the level for people who are blind (currently \$1,570 per month); permanently extending SSI eligibility for refugees and asylees who are disabled or elderly; increasing, and indexing for inflation, the asset limits and income exclusions for SSI; eliminating marriage penalties for people with disabilities; eliminating the two-year waiting period for Medicare; making needed improvements to the Ticket to Work program and other work incentives; establishing a \$1.00 for \$2.00 offset in the Title II OASDI disability programs so that beneficiaries will be better able to work despite severe disability; and addressing policy issues which have a harsh impact on people eligible for Title II benefits as disabled adult children.

### **Action Taken by Congress and the Administration**

Through its FY 2008 appropriation, Congress made a down-payment on bringing SSA's administrative budget up to the levels necessary to properly and timely conduct hearings and make decisions on disability applications. In December 2007, Senate Finance Committee Chairman Max Baucus (D-MT) and a bipartisan group of Senators wrote to the Director of the Office of Management and Budget urging that the President's budget request \$11 billion in order to begin to address the serious problems with current services to the public. The President's budget requested \$10.327 billion. It also calls for preventing growth in mandatory spending in programs like Social Security, SSI, Medicaid, and Medicare through a statutory PAY-GO (pay as you go) provision that would require any legislative increases in these programs to be offset by a reduction in mandatory spending in the same or other mandatory program. Without such an offset, the legislation would be subject to a point of order, requiring a 3/5 vote in the Senate. While solvency and privatization issues are not likely to surface legislatively this year, they remain a major focus for many election campaigns.

### **Recommendations**

- Congress should appropriate \$11 billion for SSA's Limitation on Administrative Expenses. Congress should remove SSA's budget authority from discretionary spending caps. SSA's LAE would still be subject to the annual appropriations process and Congressional oversight. Congress should oppose the President's request for statutory mandatory offsets for spending increases in entitlement programs like Social Security and SSI.
- Congress should ensure the solvency of the Social Security Trust Funds by making limited adjustments that spread the costs while preventing privatization of, or depletion of, the Social Security Trust Funds. Congress should request a beneficiary impact statement on every major proposal under serious consideration and should carefully assess the possible impact of any Social Security reform proposals on people with disabilities who rely on Title II programs.
- Congress should address the many areas in which improvements are needed in the SSI and Social Security disability programs.

### **Relevant Committees**

House Ways and Means Committee  
Senate Finance Committee  
House Budget Committee  
Senate Budget Committee  
House Appropriations Committee  
Senate Appropriations Committee

For more information, please contact The Arc and United Cerebral Palsy Disability Policy Collaboration (202-783-2229), Association of University Centers on Disabilities (301-588-8252), American Association on Intellectual and Developmental Disabilities (202-387-1968), or National Association of Councils on Developmental Disabilities (703-739-4400).