

MEMORANDUM TO SENATOR DOLE

DA: May 18, 1995

FR: Alec Vachon

RE: SSI PROVISIONS IN FINANCE (PACKWOOD) WELFARE REFORM DRAFT

The Finance welfare reform bill is scheduled to be marked up next Wednesday. As you know, Senator Packwood presented his outline to Finance members yesterday. He asks your approval for his SSI provisions -which I expect he would otherwise modify or drop. Other Committee members are also looking to your opinion. I have also recommended some other changes below.

CHILDREN'S SSI

BACKGROUND: There are 4 bills to reform Children's SSI--Finance, Conrad (introduced last week), Moynihan (introduced yesterday), and House welfare reform (H.R. 4). Two big issues:

(1) All 4 bills tighten eligibility & remove some children from rolls: Finance and House make biggest changes, Moynihan almost as much, Conrad least. No CBO numbers are available to directly compare these bills.

(2) Whether to change the benefits--from current cash/Medicaid combo to something else. Finance, Conrad, & Moynihan bill make no changes--House would restrict cash and add non-cash benefits.

In an ideal world, Finance would restructure the program top-to-bottom. Packwood bill will only slow program growth--and perhaps restore public confidence and trust in the program--but not address deeper problems. Created with little thought in 1972, the basic direction of this \$4.5 billion program has been lost--from its original purpose of helping with the extra costs of a disabled child to today's anti-poverty/welfare program. Upwards of 2/3 of families have no extra costs, and many families use their child's SSI check for basic necessities. Make no mistake--all children have some degree of disability, and all are in poor families. The question is where we draw the line.

FINANCE # 1 TIGHTEN ELIGIBILITY

PROPOSAL: The Finance bill will restrict SSI to the most severely disabled children. Finance staff provide no numbers, but I estimate that 160,000 children (out of 900,000) might be dropped from the rolls--although on a gradual "glide path" (see below). All would likely keep their Medicaid. Even with these changes the rolls may grow to 1.2 million children by 2000. About 50% of children dropped might qualify for AFDC (depending on how AFDC is restructured.)

POLITICS: Advocates are unhappy, but many experts and Social Security staff (mostly off the record) support this change. The press may kill us--expect the headline, "Senate Republicans Evil,

- Phil  
- Dan



But Not As Evil as House Republicans." The Commission on Childhood Disability has not released its report--but its Chairman, Jim Slattery, supports this approach. Kansans are mixed--advocates with direct experience with the program support the changes, others oppose. This program is free cash for States--Governors will not be happy.

BOTTOMLINE: In short, this change appears to be good policy--but very sensitive politically. (Regrettably, House Republicans poisoned the well on rational discussion.)

#### FINANCE # 2 GLIDE PATH FOR TERMINATIONS

PROPOSAL: Children would be dropped only after a review to determine if they might requalify on the basis of the stricter standards. No children would be dropped at all until December 1996. Social Security would be required to conduct reviews within 1 year.

BOTTOMLINE: Better than Conrad bill--which could start dropping children immediately and finish all reviews within a year. House would summarily drop children after 6 months. However, I would raise the period for reviews to two years--and make clear that no child is to be dropped until appeals are completed.

#### SUGGESTED DOLE PROPOSALS--TO BE INCLUDED IN CHAIRMAN'S MARK

##### #1 ADD DEFINITION OF CHILDHOOD DISABILITY TO TITLE XVI

At the heart of the current confusion is that there is no definition of childhood disability in statute. Instead, there are two definitions of adult work disability--which Social Security has to translate into a definition of childhood disability. Like making apples into oranges. I suggest adding this definition, "A child shall be considered disabled for the purposes of this section if that individual has a medically determinable physical or mental impairment, which results in a marked, pervasive, and severe disability, and is expected to last 12 months or result in death."

##### #2 ADD A CAP FOR FAMILY BENEFITS

Currently, no limit on how many children may receive SSI benefits in a family. Conrad bill and House bill would cap these benefits--adopt one or the other proposal.

##### #3 A STUDY OF VALIDITY SSA'S DISABILITY DETERMINATION PROCESS

Remarkably, Social Security has never examined its disability determination procedure to find out whether SSI recipients are really disabled. Its decision methodology is all based on what experts think should be disabling conditions. I suggest a National Academy of Sciences study of ways to improve the determination process.



**#4 NATIONAL COMMISSION ON THE FUTURE OF DISABILITY**

Add your bill from last year--but with new focus on ways to address SSI/SSDI growth and employment of disabled. Recall the President's budget projects that SSI will jump from \$28 billion in 1995 to \$43 billion in 2000--SSDI/SSI together from \$60 billion to \$105 billion in 2000. We need some good proposals. You could put some Governors on this Commission as well.

**DRUG ADDICTS & ALCOHOLICS**

PROPOSAL: Finance bill would discontinue SSI eligibility when based solely on drug addiction or alcoholism. Current DA&As would be grandfathered (thru 1996--when they would run out their 3-year benefits limit enacted last year).

BOTTOMLINE: OKAY, but about 75% of the people who would be dropped might requalify for SSI on the basis of another disability. These persons should be required to have someone else handle their money -- a "representative payee." Cohen does not like anything about the Finance proposal.

**ALIENS/NONCITIZENS**

PROPOSAL: Disqualifies most non-citizens for SSI.

BOTTOMLINE: I think this provision needs more examination, but let's deal with it later. Simpson is working on alternative proposals in his Judiciary Subcommittee.