

**NLWJC - Kagan**

**DPC - Box 013 - Folder 008**

**Disabilities - SGA Guidelines**

Lisa M. Jones  
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HEADSUP.S

The memo below was signed on February 9 by Sylvia Mathews and Don Arbuckle.

#### MEMORANDUM FOR JOHN PODESTA

THROUGH: Sylvia Mathews  
FROM: Don Arbuckle  
SUBJECT: SSA Substantial Gainful Activity Proposed Regulation

Later this week (Thursday or Friday), the Vice President is planning to announce an increase in the Social Security Administration's Substantial Gainful Activity (SGA) guidelines. SGA guidelines indicate the amount a disabled individual can earn and still be eligible for Supplemental Security Income (SSI) or Disability Insurance (DI) benefits. SSA is planning to publish a proposed rule in time for the event, which would raise the SGA level from \$500 to \$700 per month.

The increased SGA level will be strongly favored by disability groups. We do not anticipate any opposition.

There are several good reasons to increase the SGA level at this time. The SGA level has not been updated since 1990. The proposed increase will roughly account for the increase in wage growth since 1990. The increase in SGA is a way to encourage work among people with disabilities.

SSA estimates that this change will affect 42,000 people and will cost \$1.2 billion over five years (SSI, DI, Medicaid, and Medicare). SSA is planning for the change to take effect June 1, 1999. The increase has been included in the President's Budget and will be paid for through increasing the number of eligibility redeterminations of recipients and through a change in the regulations.

OMB has been working with the DPC and NEC on this issue. Please let us know if