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**DISABILITY PROGRAMS REVIEW**

**Monday, July 11, 1994  
10:30 a.m. to 12:30 p.m.**

**Human Resources Division**

**Income Maintenance Branch and Education Branch**

**DISABILITY PROGRAMS REVIEW**

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## **DISABILITY PROGRAMS REVIEW**

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### **I. Summary**

- o Disability is hard to measure - in large part because it is so difficult to define. Most attempts to collect data on the number of individuals with disabilities living in this country have relied on self reporting techniques, but because the collections have used slightly different questions to elicit information on disability, the number of individuals, and the reasons for disability, vary from one report to the other.**
- o Over 35 Federal programs serve individuals with disabilities, providing cash benefits, medical and social services, and education, rehabilitation services and training in excess of \$175 billion in FY 1994.**
- o Due to changes over the last 15 years in economic conditions, program structure, and management practices, the SSI/DI disability rolls continue to increase.**
- o Cash benefit programs are not integrated with programs that provide services that might reduce the need for benefits.**

**o Issues to guide action:**

- clarify Federal and State responsibilities towards individuals with disabilities;**
- consider aligning definitions of disability and eligibility criteria to minimize duplication and overlap of benefits and services, and maximize administrative efficiency;**
- structure program interrelationships to provide packages of cash benefits and services to best meet the needs of program participants;**
- focus on outcomes of individuals served; and**
- identify eventual savings that can be achieved across the range of programs by virtue of more carefully structured and targeted services.**

**o Policy options:**

**Short-term:**

- OMB could establish an interagency taskforce, led either by OMB or jointly by Education and HHS, to review programs serving individuals with disabilities.**
- BRD should conduct a Governmentwide data collection (BDR) on Federal funding of programs serving individuals with disabilities.**

**o Policy options:**

**Long-term:**

**Explore changes to eligibility requirements**

-- **Consider changes to childhood disability benefit levels and definitions of disability**

-- **Consider changes to mental disability definitions**

**Review multiple program benefit payment ceilings on public disability benefits**

-- **Consider veterans' compensation in determining social security disability payments**

-- **Eliminate provisions allowing State workers compensation to be offset for some States**

**Review disparity between initial benefits in DI and OASI for older applicants**

-- **Consider making the initial DI benefit consistent with early retirement benefit**

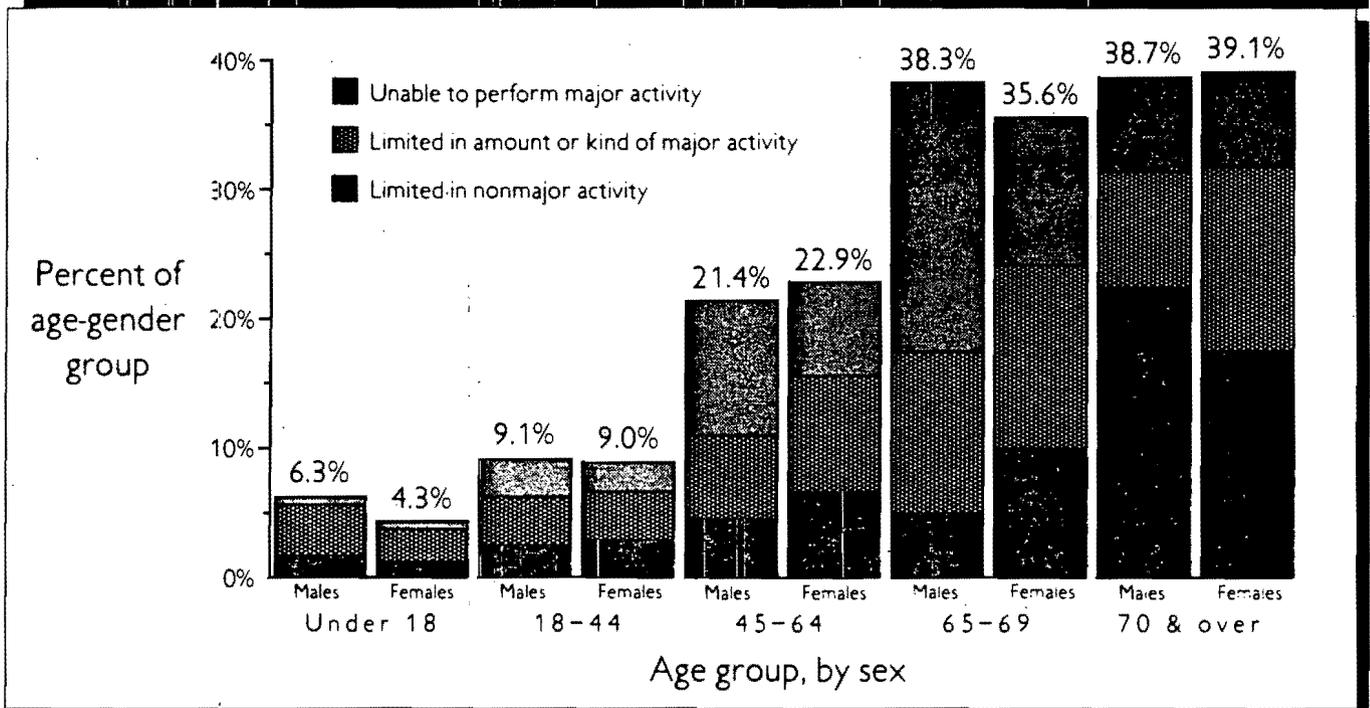
## **II. Background and Context**

- o Disability is hard to measure - in large part because it is so difficult to define. Most attempts to collect data on the number of individuals with disabilities living in this country have relied on self reporting techniques, but because the collections have used slightly different questions to elicit information on disability, the number of individuals, and the reasons for disability, vary from one report to the other.**
- o The 1990 census identified 16.4 million persons between the ages of 16 and 64 as having a disability. For the purposes of the census, those included in this category reported either a work disability (12.8 million), a mobility limitation (3.5 million), and/or a self-care limitation (5.4 million).**
- o 1989 data from the National Health Interview survey, a continuous survey of the civilian, non-institutionalized U.S. population, reported that one in seven Americans -- 34.2 million people -- had an activity limitation. Of those 34.2 million, 10.1 million people were unable to perform their major activity; 13.2 million were limited in the kind or amount of major activity they could perform; and 10.9 million were limited in non-major activities. For every category of disability, as annual household income rose, the incidence of disability declined. Whites were more likely to have a limitation in a nonmajor activity, while blacks were more likely to be unable to perform their major activity than whites. People in rural areas had higher rates of activity limitation than people in metropolitan areas.**
- o Major programs serving individuals with disabilities are identified in the table on page 4C. Cash benefits comprise the largest component of assistance, approximately 49%. Medical benefits make up 34%, with the remainder delivered through a wide range of other programs, including vocational rehabilitation, education and training, disability-related research, and other health-related services.**

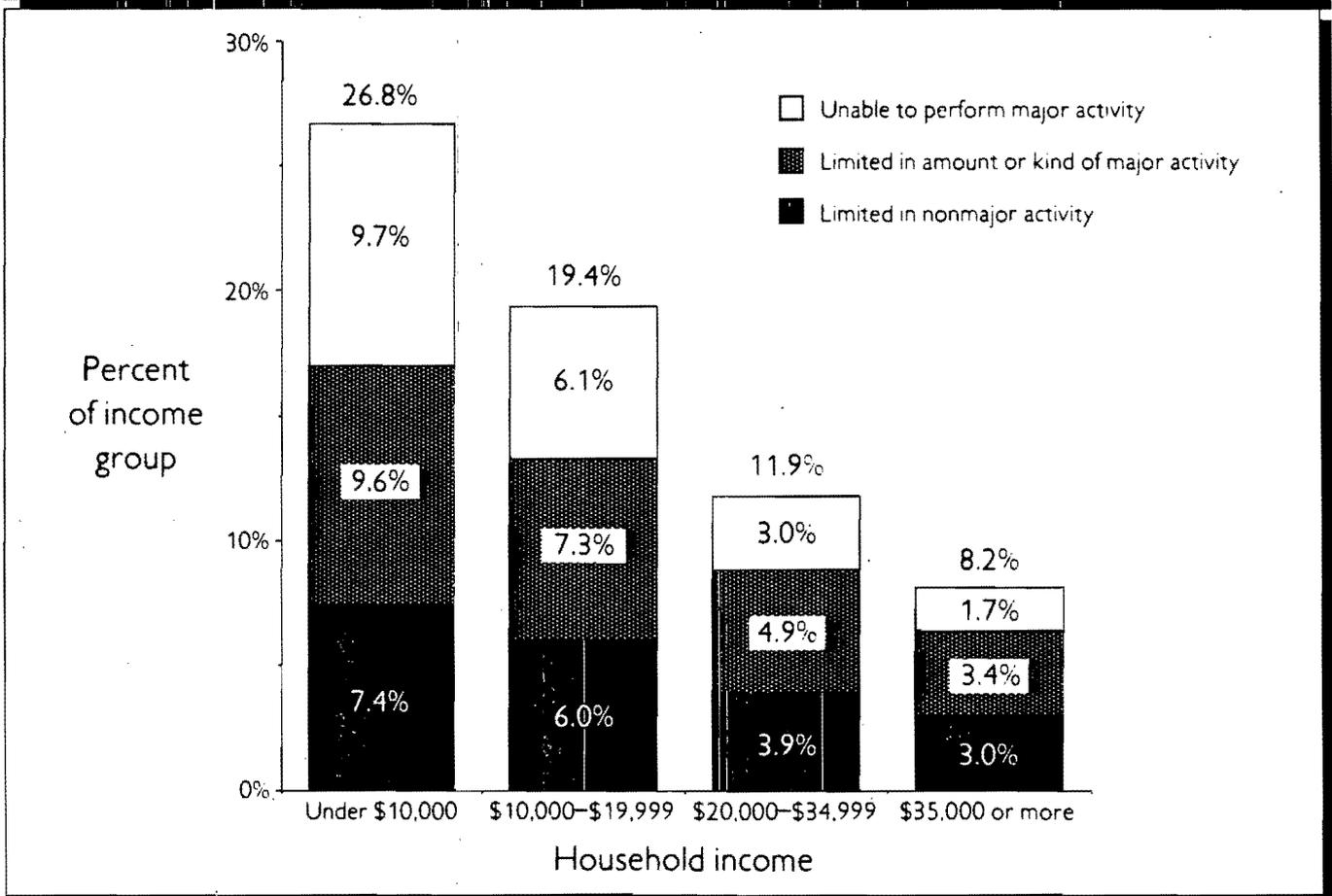
**Table 1: Prevalence of activity limitation, 1989**

	All persons		Limited in activity		Limited in nonmajor activity		Limited in amount or kind of major activity		Unable to perform major activity	
	1000's	%	1000's	%	1000's	%	1000's	%	1000's	%
All persons	243,532	100.0	34,218	14.1	10,920	4.5	13,246	5.4	10,052	4.1
<b>Sex</b>										
Male	118,009	100.0	16,117	13.7	4,720	4.0	5,917	5.0	5,480	4.6
Female	125,523	100.0	18,101	14.4	6,200	4.9	7,329	5.8	4,572	3.6
<b>Age</b>										
Under 18	64,003	100.0	3,405	5.3	978	1.5	2,075	3.2	353	0.6
18-44	104,196	100.0	9,418	9.0	2,823	2.7	3,899	3.7	2,696	2.6
45-64	46,114	100.0	10,215	22.2	2,600	5.6	3,564	7.7	4,051	8.8
65-69	9,903	100.0	3,653	36.9	766	7.7	1,330	13.4	1,557	15.7
70 and over	19,316	100.0	7,527	39.0	3,753	19.4	2,378	12.3	1,395	7.2
<b>Race</b>										
White	205,312	100.0	29,084	14.2	9,655	4.7	11,366	5.5	8,063	3.9
Black	29,891	100.0	4,441	14.9	1,077	3.6	1,594	5.3	1,770	5.9
Other (inc. unknown)	8,329	100.0	693	8.3	188	2.3	286	3.4	219	2.6
<b>Household income</b>										
Under \$10,000	26,185	100.0	7,014	26.8	1,941	7.4	2,523	9.6	2,550	9.7
\$10,000-19,999	41,040	100.0	7,972	19.4	2,461	6.0	3,013	7.3	2,498	6.1
\$20,000-34,999	56,718	100.0	6,728	11.9	2,232	3.9	2,804	4.9	1,692	3.0
\$35,000 or more	80,203	100.0	6,559	8.2	2,440	3.0	2,740	3.4	1,378	1.7
<b>Geographic region</b>										
Northeast	48,930	100.0	6,425	13.1	2,212	4.5	2,379	4.9	1,834	3.7
Midwest	59,540	100.0	8,141	13.7	2,591	4.4	3,308	5.6	2,242	3.8
South	83,148	100.0	12,661	15.2	3,900	4.7	4,877	5.9	3,885	4.7
West	51,913	100.0	6,991	13.5	2,218	4.3	2,682	5.2	2,091	4.0
<b>Place of residence</b>										
Metropolitan areas	189,860	100.0	25,301	13.3	8,141	4.3	9,807	5.2	7,353	3.9
Central city	74,410	100.0	10,883	14.6	3,368	4.5	4,049	5.4	3,465	4.7
Not central city	115,450	100.0	14,418	12.5	4,773	4.1	5,758	5.0	3,888	3.4
Rural areas	53,672	100.0	8,917	16.6	2,779	5.2	3,439	6.4	2,699	5.0

**Figure 1: Activity limitation by age and gender, 1989**



**Figure 2: Activity limitation by household income, 1989**



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**Federal Assistance to Individuals with Disabilities**  
 FY 1994 estimates

Program title	beneficiaries	funding (millions)
<b>Cash benefits</b>		
Civil Service Retirement System Disability	267,871	3,645.00 1/
Federal Employee Retirement System Disability	6,530	42.00 1/
Military Disability Retirement	127,163	1,500.00 1/
Military Disability Separation	11,079	146.47 2/
Veterans Compensation (includes survivors)	2,512,000	13,300.00 3/
Veterans Pensions (includes survivors)	895,000	3,400.00 3/
SSA/DI	3,600,000	36,730.00 3/
SSA/SSI	4,300,000	24,844.00 3/
Federal Employees Compensation Act Benefits	236,000	1,940.00 2/
Black Lung Disability Benefits (DOL)	88,000	567.44 2/
Black Lung Disability Benefits (HHS)	160,751	776.00 2/
<b>subtotal, cash payments</b>		<b>86,890.91</b>
<b>Medical benefits</b>		
VA Medical benefits	2,800,000	15,600.00 3/
Medicaid (Blind/disabled beneficiaries)	5,600,000	26,300.00 5/
HCFA/Medicare	4,100,000	18,700.00 5/
<b>subtotal, medical benefits</b>		<b>60,600.00</b>
<b>Other programs (VR, education and training)</b>		
Veterans Vocational Rehabilitation & counseling	44,700	253.00 3/
Education Vocational Rehabilitation	942,000	2,298.00 3/
Special Institutions (APHB, NTID, Gallaudet)		126.00 3/
Special Education	5,000,000	3,109.00 3/
President's Committee on Employment of People with Disabilities		4.32 3/
Labor OFCCP		56.44 3/
National Council on Disability		1.69 3/
Architectural and Transportation Barriers Compliance		3.35 3/
Committee for Purchase from People who are Blind or Severely Disabled		1.69 3/
Food and Drug Administration		934.00 4/
Health Resources and Services Administration		2,937.00 4/
Indian Health Service		2,120.00 4/
Centers for Disease Control		2,081.00 4/
National Institutes of Health		10,947.00 4/
Substance Abuse and Mental Health Services Admin.		2,150.00 4/
Agency for Health Care and Policy Research		154.00 4/
Office of the Assistant Secretary for Health		68.00 4/
Administration on Aging		327.00 3/
Administration on Developmental Disabilities		115.00 3/
Headstart (10 percent setaside for disability)		33.25 3/
<b>subtotal, other programs</b>		<b>27,719.74</b>
<b>TOTAL</b>		<b>175,210.64</b>

Notes: Estimates may include resources expended on individuals without disabilities.

1/ Estimates based on numbers of beneficiaries and benefits paid in FY 1993.

2/ Estimates for FY 1994 as reflected in the FY 1995 Budget.

3/ Estimates reflect the FY 1994 appropriation.

4/ Estimates reflect FY 1994 program level (provided by HHS).

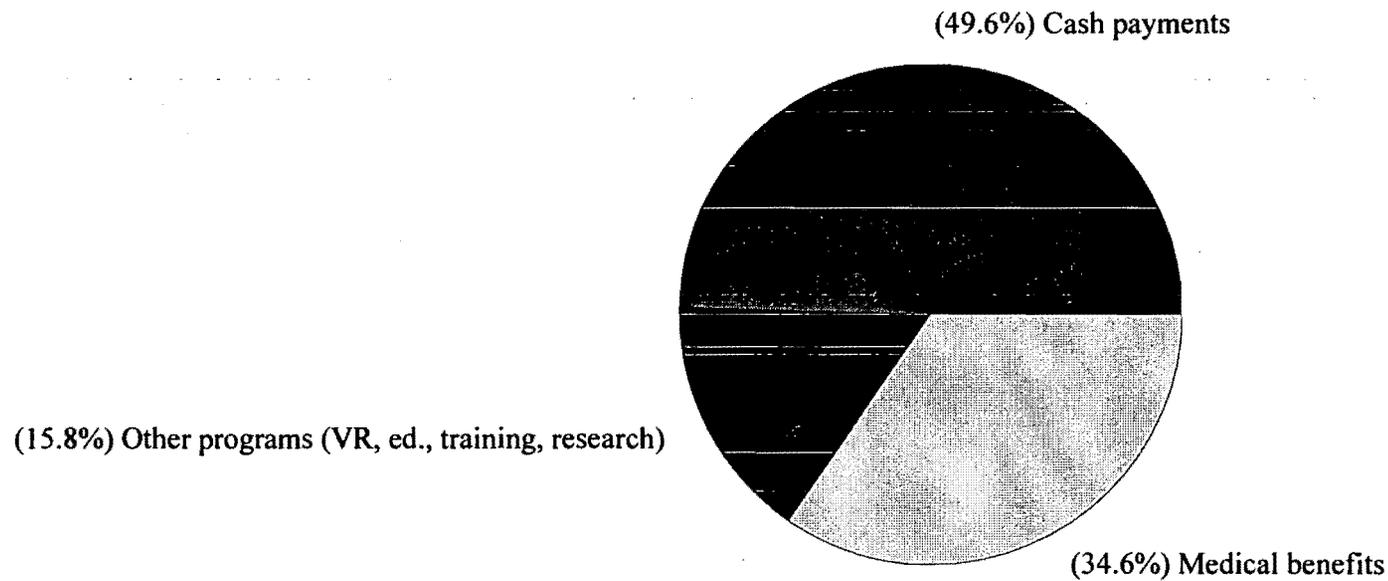
5/ Estimates reflect FY 1994 benefits (provided by HHS).

4C

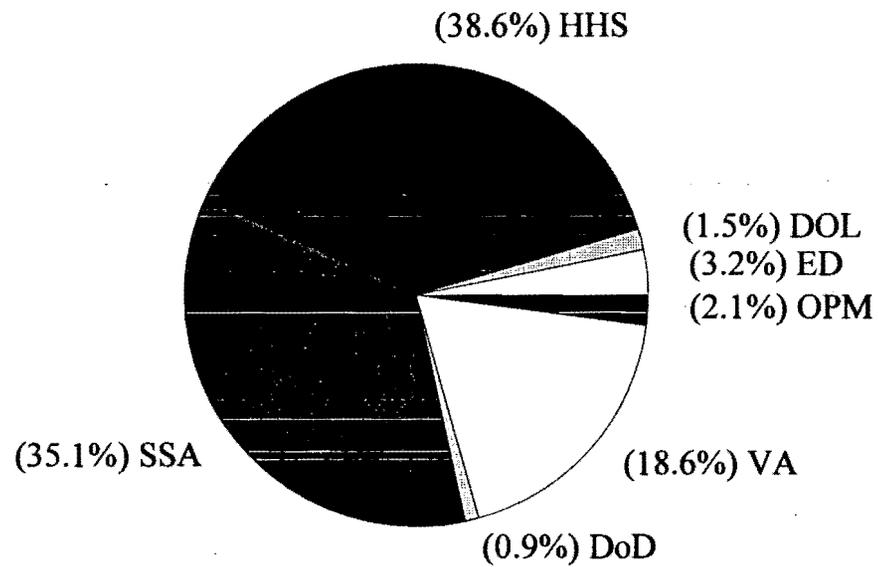
Federal Assistance to Individuals with Disabilities

FY 1994 estimates

Total dollars = \$175 billion



# Major Agencies Providing Assistance to Disabled FY 1994 estimates = \$175 billion



o Hill interest focused because of:

-- Special Ed reauthorization: The Individuals with Disabilities Education Act (IDEA) authorizes "special education" programs for children with disabilities from birth through age 21. There are three State formula grant programs, and 14 discretionary grant programs (total FY 1994 BA: \$3.1 billion). All programs under the Act are scheduled to expire at the end of FY 1995. Education has identified four "overriding goals and principles" to guide its thinking:

- focus IDEA on improving outcomes
- focus special education resources on teaching and learning
- improve working relationships between parents and schools
- enhance capacity of the education system to help children with disabilities achieve high standards.

ED does not expect to have a legislative proposal to the Hill until this winter. Congress is expected to take up the reauthorization at that time. (See appendix for a description of programs authorized under IDEA, and a description of students served.)

-- DI and SSI issues:

The Social Security Disability Insurance (DI) program provides benefits to workers who become disabled, and dependent members of their families. Workers are considered disabled if they have a severe physical or mental impairment or combination of impairments that prevent them from engaging in substantial gainful activity (SGA) for at least 12 months, or can be expected to result in death. A person is considered to be engaging in SGA if he or she is actually earning \$500 a month or more (net of impairment-related work expenses). After 24 months of DI benefits, the worker is automatically enrolled in Medicare.

The Supplemental Security Income program (SSI) pays monthly cash benefits to people who have limited income and resources and are age 65 or older, blind, or disabled, and uses essentially the same definition of disability as the DI program. The main difference between the SSI and DI definitions of disability is that, under SSI, children, as well as adults, are individually entitled to benefits because of disability or blindness. SSI recipients are usually eligible for Medicaid, food stamps and other social services.

**DI Insolvency** -- The balance of the Disability Insurance (DI) Trust Fund is expected to decline steadily from \$9.0 billion at the end of 1993 until the fund is exhausted in 1995, unless corrective legislation is enacted.

Presently employees and employers each pay a Social Security payroll tax of 7.65 percent on earnings up to a specified ceiling. Self employed individuals pay both the employer and employee share. Of the 7.65 percent, 1.45 percent is allocated to the Hospital Insurance Trust Fund, 5.6 percent is allocated to the OASI Trust Fund, and 0.6 percent is allocated to the Disability Insurance Trust Fund (Self Employment taxes are similarly allocated). The OASDI Board of Trustees has recommended a reallocation of contribution rates between the OASI and DI Trust Funds to remedy the expected financial shortfall in the DI Trust Fund.

The House version of the Social Security Domestic Worker ("Nanny Tax") Bills (H.R. 4278 and S. 1231) presently in Conference proposes a reallocation of the contribution rates. H.R. 4278 proposes raising the DI allocation 0.34 percent to 0.94 percent, with the additional allocation coming from the OASI portion of the FICA tax (which would remain at a total of 7.65% for employers and employees).

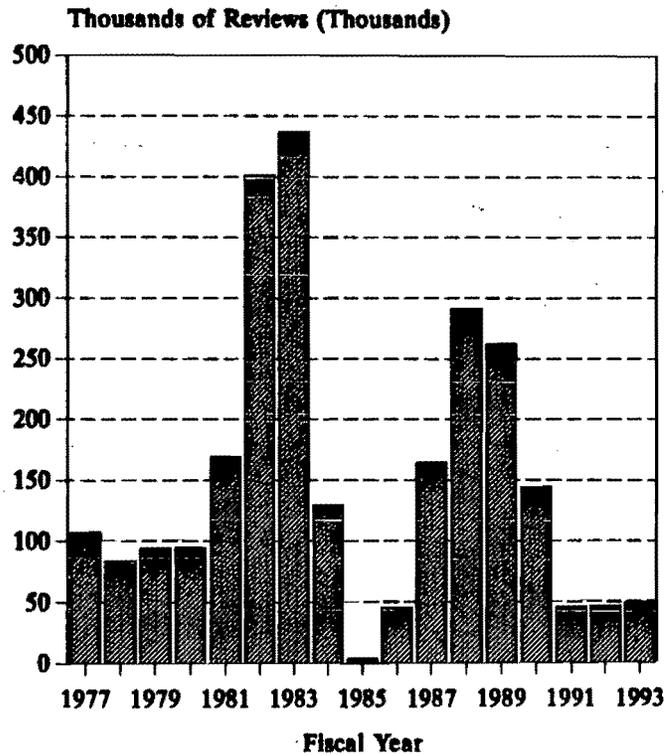
**Drug Addicts and Alcoholics (DA&A)** -- Changes in eligibility and benefits for disabled persons who are drug addicts and alcoholics have been proposed in the House and the Senate in the SSA independent agency bills (H.R. 4277 and S. 1360).

The House and Senate propose to: require DI payments for DA&A beneficiaries be paid to a representative payee; condition payment of DI to DA&A beneficiaries on treatment; and terminate DI and SSI benefits for individuals whose drug addiction or alcoholism is a contributing factor material to the determination of their disability after three years. The House version would begin counting the three years from the date of eligibility, while the Senate would only count those time periods when the recipient was in treatment. Also, in the House version, termination would include the loss of medical benefits (Medicare and Medicaid), while the Senate would continue medical coverage after the three years. The administration supports changes to DA&A benefits and will work with the conferees to develop the final policy.

- **Backlogs** -- The increasing number of applications in recent years have left the State Disability Determination Services (DDSs) unable to keep pace with their workloads. Between 1988 and 1992, SSI and DI applications pending at the DDSs rose from 323,000 to 725,000 causing claimants to wait 50 percent longer, or three months instead of two, for an eligibility decision. Congress enacted \$540 million in investments for FY 1994 to improve processing and decrease backlogs.
- **Continuing Disability Reviews (CDRs)** -- By law, the SSA is expected to review periodically a beneficiary's disability case in order to determine if the beneficiary remains eligible for benefits. Other situations warranting a continuing disability review are: voluntary reports from beneficiaries indicating medical improvement; posting of substantial earnings; or a report of medical improvement from a vocational rehabilitation agency.

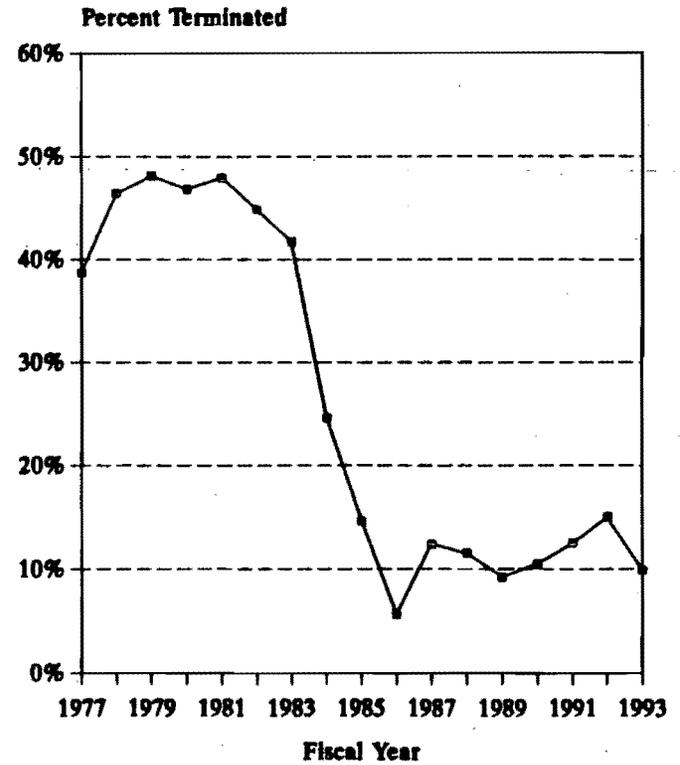
In recent years, as the number of initial claims has risen, the number of CDRs performed by SSA has dropped dramatically. SSA claims they have been put in the position of trading of resources between processing initial claims or performing CDRs. By not performing required CDRs in the DI program in 1990-93, SSA estimates a net cost of \$1.4 billion to the DI Trust Fund, projected through 1997.

**CHART 7. Number of Continuing Disability Reviews Conducted\* 1977-1993**



\*Does not include SSI-only cases.  
Source: Congressional Research Service with data from SSA.

**CHART 8. Continuing Disability Reviews Resulting in Benefit Termination\***

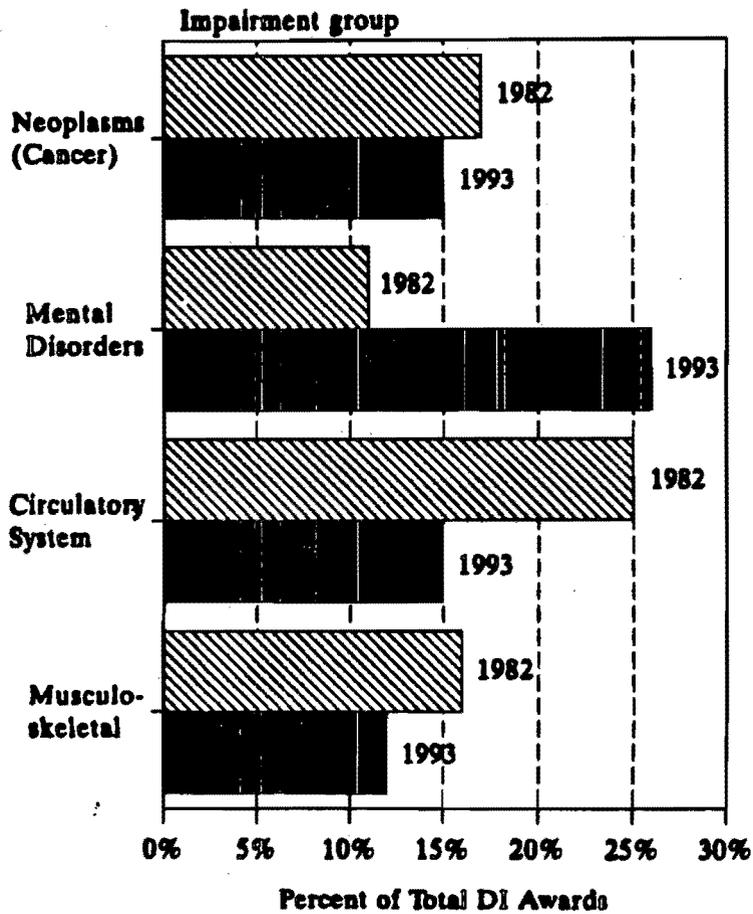


\*Does not include SSI-only cases.  
Source: Congressional Research Service with data from SSA.

### **III. Problems with the Current Programs**

- o Change in the demographics of the client populations -- from the orthopedically disabled, who have had prior successful work experiences, to mentally disabled and mentally ill; with limited or no successful work experience is reflected in the causes of DI awards and in the low rehabilitation rates in ED VR program (see appendix for description of VR program and client characteristics).
- o Tremendous overlap of programs, with varying array of cash benefits and eligibility for services, but inconsistent definitions of disability and eligibility criteria. Poor data collection, and little coordination between programs, leaves us with little information about who is being served, what services or benefits they are receiving, and how they are faring.
- o The number of children identified as having disabilities continues to increase (in Special Education, due to increases in numbers of preschoolers being served, and increases in numbers of children prenatally exposed to drugs and alcohol; in SSI increases due to a change in the definition of childhood disability), but long term labor market experiences and opportunities for independent living for them is far less favorable than for their nondisabled peers.

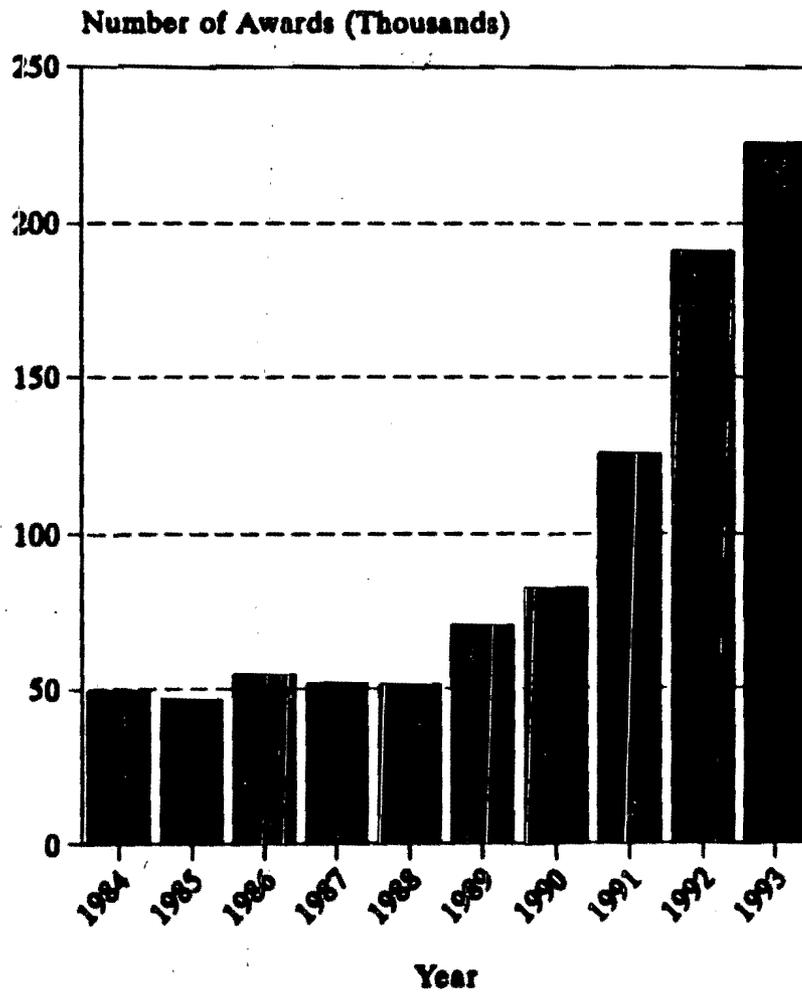
**CHART 4. Largest Causes of DI Awards  
1982 and 1993**



Source: Congressional Research Service with data from SSA.

BA

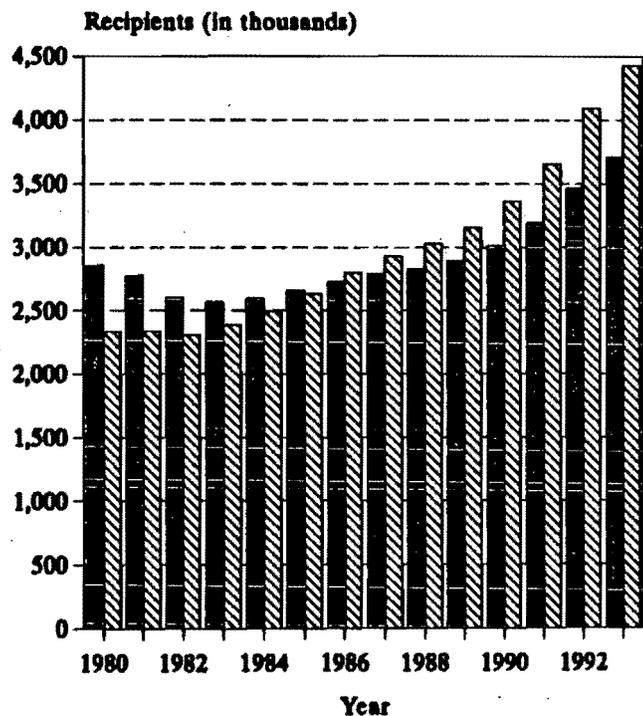
### CHART 3. SSI-Disability Awards for Children 1984-1993



Source: Congressional Research Service with data from SSA.

- o Increasing numbers are coming on to the disability rolls, both adults and children. SSI blind and disabled and DI together grew from 4.9 million people in 1985 to 7.3 million people in 1993, an increase of 49 percent. Benefit payments grew from \$25 billion in 1985 to \$52 billion in 1993, or 108 percent (55% in constant dollars). Estimated 1994 expenditures: \$21 billion for SSI and \$38 billion for DI.
- o Precise reasons for the increase are not known; those frequently cited by SSA and others are:
  - The poor performance of the economy during the 1990-91 recession
  - An increase in children's claims as a result of the 1990 Supreme Court ruling that SSI regulations for evaluating impairments were inconsistent with the standard in the Social Security Act
    - The act provides that a child will be considered disabled if he or she has an impairment of comparable severity to one that would render an adult disabled. Adults are evaluated on the basis of a five-step criteria, the fifth of which is vocational ability. The courts determined that children should have an equivalent fifth step, which has been defined as ability to function in an age-appropriate manner.
  - Changes in program rules, particularly in the mid-1980s to the criteria for determining mental impairment disabilities
    - According to early '80s court cases and GAO reports, many mentally impaired DI recipients were being dropped from the rolls under faulty guidelines or with insufficient psychiatric consultation.
    - An issue raised by courts and mental health advocates was that criteria failed to evaluate whether claimants could function in a competitive work setting; the shift from more objective physical/medical criteria to more subjective criteria related to ability to function has expanded the rolls.
  - SSA outreach programs and actions taken by State and local governments to raise awareness of SSI among potentially eligible populations.

**CHART 5. DI\* and SSI-Disability Enrollment  
1980-1993**



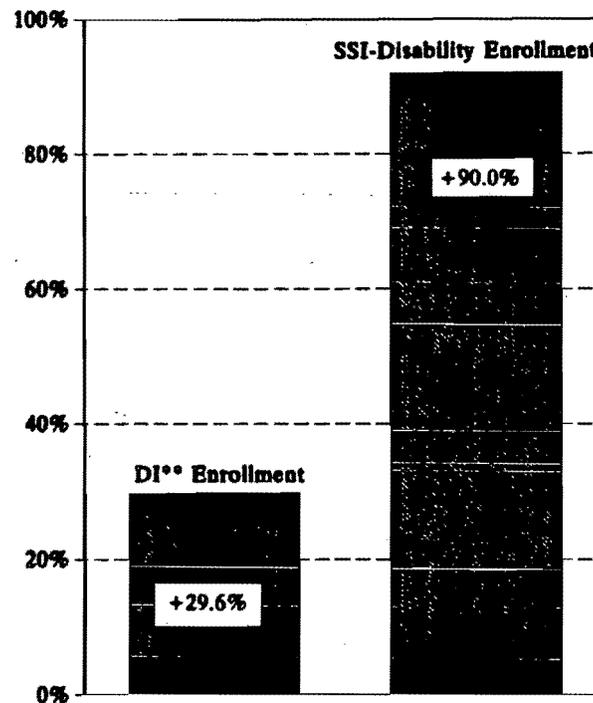
■ DI Recipients    ▨ SSI-Disability Recipients

\*Disabled workers only.

\*\*To November 1993 for DI; to September 1993 for SSI.

Source: Congressional Research Service with data from SSA.

**CHART 6. Change in DI and SSI-Disability Enrollment  
1980-1993\***



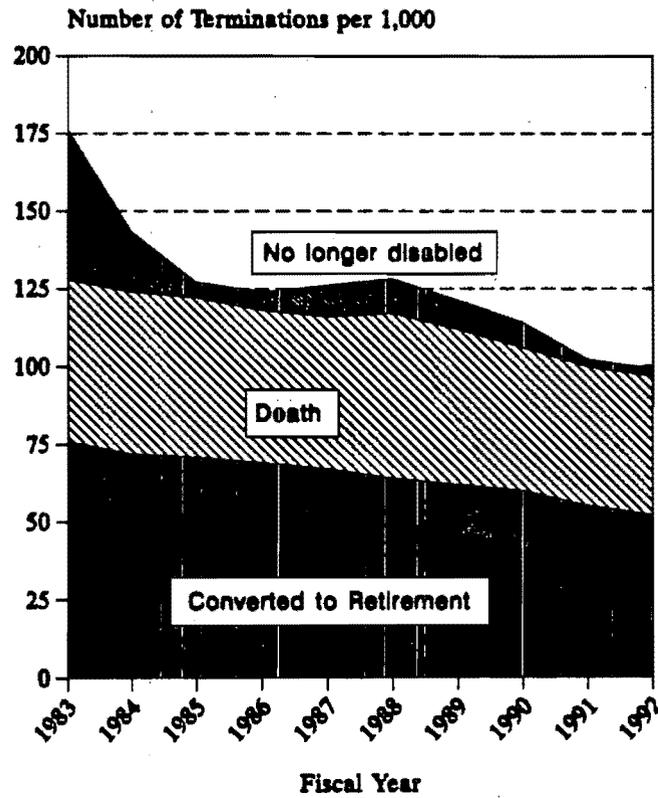
\*To November 1993 for DI; to September 1993 for SSI.

\*\*Disabled workers only.

Source: Congressional Research Service with data from SSA.

- o In 1992, failure to meet medical criteria or return to work accounted for only 1.75% of DI terminations. Only 0.6% left the SSI rolls because they were no longer disabled. The primary reasons for leaving the DI rolls are conversion to retirement benefits and death; the primary reasons for leaving the SSI rolls are excess income and death.
- o Loss of cash benefits (and perceived threat of loss of medical benefits) act as built-in disincentives for achieving independence and voluntarily leaving the rolls
- o Less than one-half of one percent of SSI/DI recipients leave due to vocational rehabilitation, which does not appear to be very effective.

**CHART 9. Recent DI Terminations per 1,000  
Recipients by Basis of Termination**



Source: Congressional Research Service with data from SSA.

**TABLE 82. Number of SSI-Disability Recipients Whose Cases Were Closed by Reason, 1992 and 1993**

Reason for closure	1992		1993	
	Disabled adults	Disabled children	Disabled adults	Disabled children
Total number .....	556,900	84,300	599,000	100,900
Total percent .....	100.0	100.0	100.0	100.0
Excess income .....	53.6	62.3	54.8	49.1
Death .....	19.6	5.2	19.3	5.6
In Medicaid institution .....	3.8	1.8	3.9	0.6
Whereabouts unknown .....	5.3	5.2	6.2	8.7
Excess resources .....	3.8	4.4	3.3	8.9
Presumptive payments end ...	1.6	4.6	1.1	4.3
Lack representative payee ....	2.8	8.5	3.1	11.0
In public institution .....	4.4	2.1	4.3	4.2
Fail to furnish report .....	0.4	0.8	0.5	1.4
Outside the United States ....	0.6	0.7	1.0	0.7
Record composition change ...	1.0	1.2	1.0	1.8
No longer disabled .....	0.6	0.5	0.5	0.7
Other .....	2.5	3.1	2.1	3.3

*NOTE:* Percentages may not add to 100 percent because of rounding.

Source: SSA, SSI 1-Percent Sample File, Mar. 1994.

#### **IV. Questions and concerns to guide action**

- What should be the Federal and State responsibilities towards individuals with disabilities? Is it the Federal responsibility to provide assistance (cash and services) to individuals to help them become independent and productive members of society?
- Should the definitions of disability and eligibility criteria across programs be aligned? Would this minimize duplication and overlap of benefits and services, and maximize administrative efficiency? What would be the costs and impact on participation?
- Is there a need to structure program interrelationships to provide packages of cash benefits and services? Would this approach meet the needs of program participants? How do we determine the appropriate nature, scope, and duration of assistance?
- Would it be better to focus on outcomes of individuals served, instead of measuring just the number of individuals served, or the amount of services provided, by discrete programs? How effective are services?
- Could we explore eventual savings across range of programs by virtue of more carefully structured and targeted services? Can we eliminate duplication and overlap of assistance, promote independence and self-sufficiency and reduce income support requirements.

## **V. Short-Term Policy Options**

Option 1: OMB could establish an interagency taskforce, led either by OMB or jointly by Education and HHS, to review programs serving individuals with disabilities and answer the following questions:

- What is the Federal responsibility for people with disabilities? What is the rationale for assuming responsibility (e.g., insurance, indemnity, need)? Does the scope and nature of the responsibility differ based on age (children vs. adults?)
- How are we meeting those responsibilities? What is the current array of programs? What services/benefits are they providing? How delivered? To whom? What are the gaps and overlaps?
- What do we know about how recipients are doing? What data are we currently collecting, and what do we need?
- What changes are needed to program purposes, and to program structure to better meet Federal responsibilities? Are we currently targeting the correct individuals? Are we providing the correct array of services and benefits?
- Should we revise statutes and regulations to align definitions of disability? How can we make sense of eligibility criteria for various programs, to minimize overlap and duplication of services and benefits, and ease administration and assessment of program performance and participant outcomes?
- Should we move program focus towards participant outcomes?
- Should we develop a legislative strategy to integrate cash benefit programs with service programs to promote beneficiary independence and self sufficiency and reduce the need for benefits?

Option 2: BRD should conduct a Governmentwide data collection (BDR) on Federal funding of programs serving individuals with disabilities.

## **VI. Options Already Under Consideration in Congress**

### Option 1:

- Childhood Disability Commission -- the SSA independent agency bill (H.R. 4277, S. 1668) calls for a Commission on the Evaluation of Disability in Children. Under both the House and Senate versions, the Secretary of HHS would be required to appoint a 9 to 15-member Commission. Under the House version, the Commission would, in consultation with the National Academy of Sciences, conduct a study on the effect of the current SSI definition of disability as it applies to children under the age of 18 and their receipt of services, including the appropriateness of an alternative definition. The Commission would also examine the feasibility of prorating Zebley lump sum retroactive benefits or holding them in trust; the extent to which SSA can involve private organizations to increase social services, education, and vocational instruction aimed at promoting independence and the ability to engage in SGA; and methods to increase the extent to which benefits are used to help a child achieve independence and DGA. The report would be submitted in November, 1995.

In the Senate bill, the study would examine whether the need by families for assistance in meeting high medical costs for children with disabilities, regardless of SSI eligibility, might be met through expanded Federal health assistance programs, and other issues the Secretary deems appropriate. The report would be due September 1, 1995.

### Option 2:

- Drug addicts and alcoholics (DA&A) -- Both the Senate and House have included proposals to reform the DA&A component of the disability program in their independent agency bills. It is unclear which version will be taken in conference. Each proposal would place time limits on benefits to addicts, assuming treatment was made available.

## VII. Possible Long-Term Policy Options

Long-term options have not been fully specified or costed at this time. They are presented to begin discussion of whether and how the Administration might want to approach the high costs of the major cash benefit disability programs. Once a direction is clarified, additional work can be focused.

### OPTION 1: EXPLORE CHANGES TO ELIGIBILITY REQUIREMENTS

(Note: SSA/HHS have several studies underway which should help to identify and analyze disability program participant dynamics. This information will be critical in the development of any new definitions of disability. This information is expected to be available over the next several years.)

#### CHILDHOOD DISABILITY BENEFIT LEVELS AND DEFINITIONS OF DISABILITY

Of the 4.3 million SSI-disability recipients, over 700,000 are children; benefits to these children are approximately \$4.6 billion annually

What is an appropriate level of benefits for children?

Option 1A: No SSI cash, i.e., limit entitlement to Medicaid coverage and coverage under non-SSI welfare programs (e.g., AFDC and food stamps)

Option 1B: Deem more of parents' resources to the child

Option 1C: Provide different benefit levels for different types of impairments >

OPTION 1: EXPLORE CHANGES TO ELIGIBILITY REQUIREMENTS (continued)

Emphasize recipient self-sufficiency

Option 1D: Target services -- rather than cash, provide vouchers for specific services or make payments directly to service providers

Option 1E: Time limits -- place time limits on entitlement for impairments that have a reasonable probability of improvement with maturity, such as learning disorders or low birth weight

Placing time limits on certain disabilities, with the opportunity for the beneficiary to file a new claim, would put the burden on the beneficiary rather than the agency; given the backlogs in CDRs, the burden on the agency leads to beneficiaries who may no longer be qualified continuing to receive benefits.

Revise childhood disability listings -- seek legislation to amend the childhood disability requirements

Current regulations provide for significant weight to be given to the observations of parents and teachers in determining whether an impairment is disabling.

Option 1F: Changes in regulation or law would move determination in the direction of more objective medical evaluation of trained psychologists.

*Zebley dec.*

**OPTION 1: EXPLORE CHANGES TO ELIGIBILITY REQUIREMENTS (continued)**

**CONSIDER CHANGES TO MENTAL DISABILITY DEFINITIONS**

Major growth in the DI and SSI programs is attributable to changes in the mid-1980s to the definitions of mental disability and the requirements for performing CDRs

Of the 5.2 million people in the DI program in 1993, 1.1 million had a mental disorder diagnosis and were receiving approximately \$7.3 billion; of the 4.4 million disabled people in the SSI program, 1.7 million had a mental disorder diagnosis and were receiving approximately \$5.7 billion

Over 26% of DI awards in 1993 were for mental disorders, up from 11% in 1982; SSI awards in 1993 based on mental disorders were 55% of total awards, up from 30% in 1975

While these changes reflected, in part, a growing acceptance and understanding of the disabling effects of mental impairments, it may be timely to ask whether current laws and regulations go too far

Option 1G: As with childhood disability, consider changes to definitions and methods of proof of mental disability in DI and SSI programs; for example, shift back to more objective physical/medical criteria from subjective criteria related to ability to function

## OPTION 2: REVIEW MULTIPLE PROGRAM BENEFIT PAYMENT CEILINGS

People with disabilities may qualify for cash payments from more than one source; Sources may include DI, veterans compensation, workers compensation, SSI

When Social Security beneficiaries are eligible for multiple disability benefits, ceiling arrangements limit combined public disability payments to 80% of the worker's average earnings before becoming disabled

### CONSIDER VETERANS COMPENSATION IN DETERMINING SOCIAL SECURITY DISABILITY PAYMENTS

|| Veterans compensation for disabilities are not included when applying the ceiling

Option 2A: Make veterans compensation consistent with other disability programs in ceiling calculation

CBO estimates 5-year savings of \$150 million if this provision were applied to veterans newly awarded compensation and \$590 million if applied retroactively to all veterans receiving compensation

### ELIMINATE PROVISIONS ALLOWING WORKER'S COMPENSATION TO BE OFFSET FOR SOME STATES

In most instances, Social Security benefits are offset for recipients of state workers compensation whose combined benefits exceed the ceiling; however, for 15 states and Puerto Rico, state workers compensation gets the offset -- when the law providing for the ceiling was passed, these states were already offsetting State worker's compensation against Social Security disability benefits and were grandfathered

Option 2B: Change law to establish a consistent offset nationwide

Social Security estimates that 5-year savings if this provision were effective for new entitlement would total \$130 million; if it were effective retroactively, 5-year savings would total \$340 million

(States affected by changing the reverse offset provision include: California, Colorado, Florida, Hawaii, Louisiana, Minnesota, Montana, New Jersey, New York, Nevada, North Dakota, Ohio, Oregon, Puerto Rico, Washington, and Wisconsin)

### OPTION 3: REVIEW DISPARITY BETWEEN INITIAL BENEFITS IN DI AND OASI FOR OLDER APPLICANTS

#### CONSIDER MAKING THE INITIAL DI BENEFIT CONSISTENT WITH EARLY RETIREMENT BENEFIT

Under current law, a retiree at age 62 receives an OASI benefit which is 80% of what a new disability recipient would receive

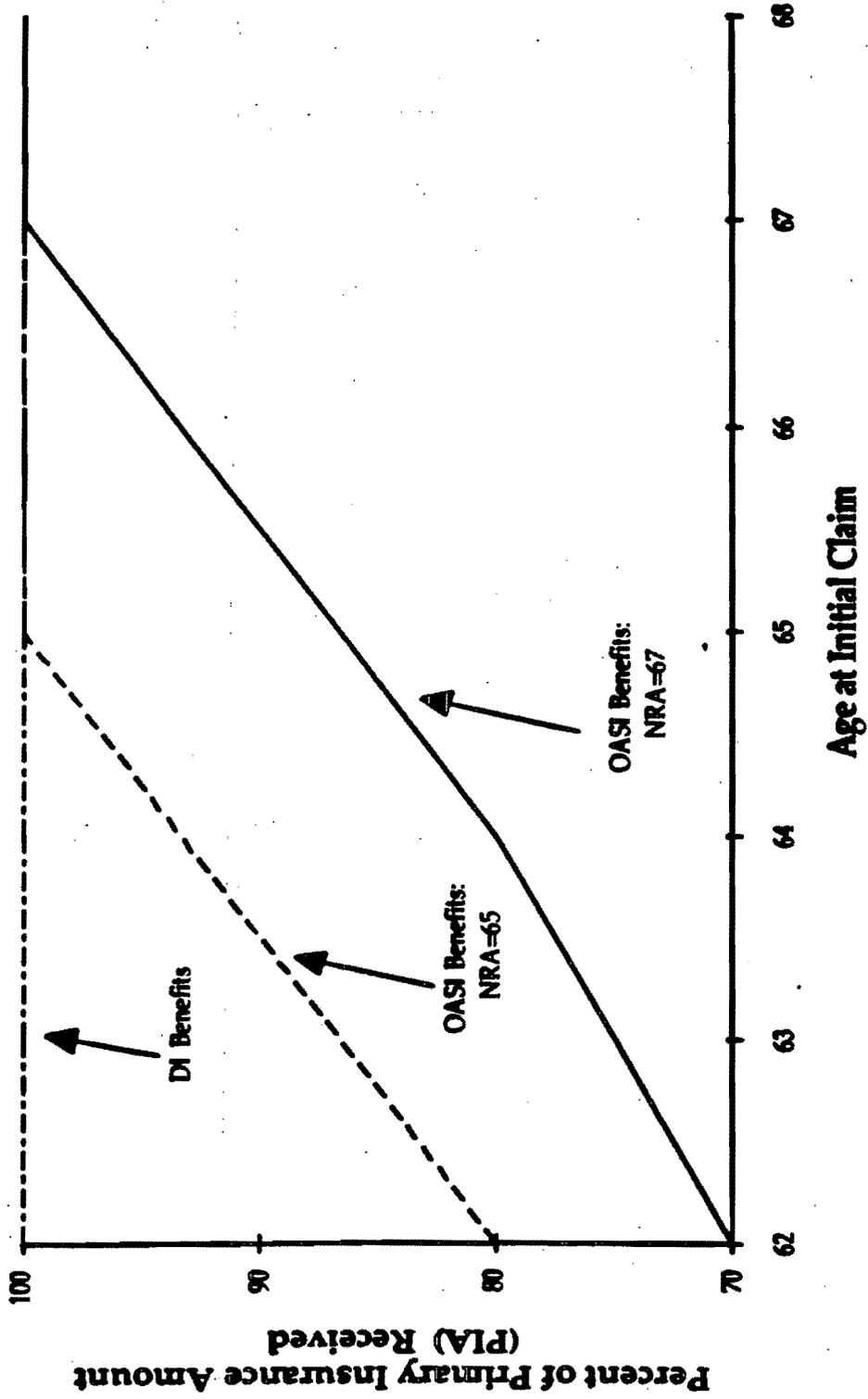
When the normal retirement age increases from 65 to 67, the percent received by a retiree at 62 will decrease to 70% of what a new disability recipient will receive

Roughly 20 % of disability awards go to individuals age 60 and over; the larger the inequity between retirement benefits and disability benefits, the greater the incentive to claim disability

Option 3A: Rep. Pickle's proposal -- apply 20% actuarial reduction factor used now for early retirements to all disability recipients. A rough staff estimate indicates that this proposal would generate \$7.5 billion in savings in the year 2000 alone (the first year that the Pickle proposal would be in effect). As a result of this proposal, the long-range (75-year) actuarial balance of the OASDI trust funds would increase by 0.22% of taxable payroll.

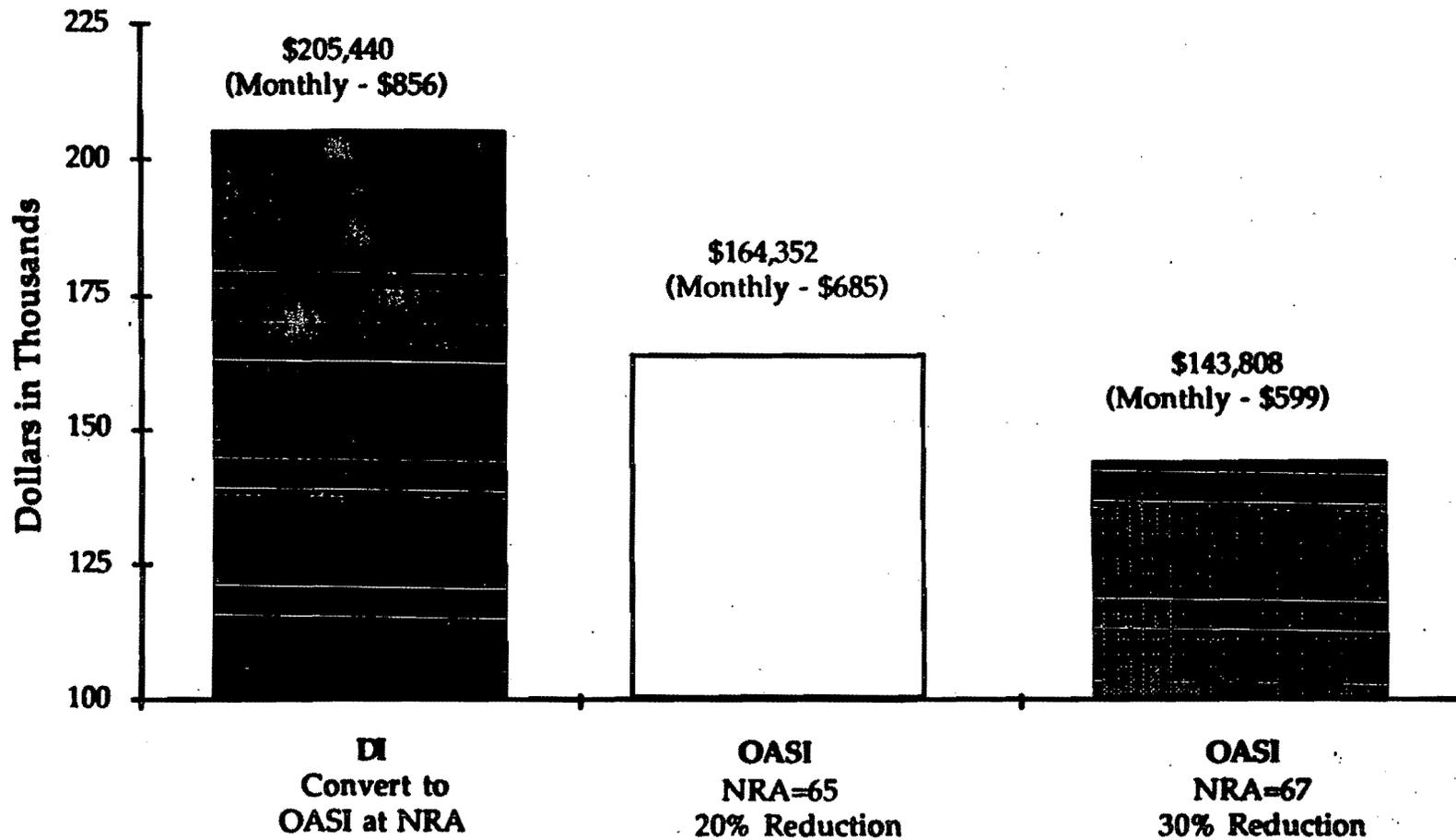
Option 3B: Phase in an actuarial reduction factor for "older" disability applicants (e.g., 2% at 52, 4% at 53....19% at 61, 20% at 62). Social Security actuaries are currently pricing this proposal.

# DI v. OASI Benefits for Early Retirees



Note: The Normal Retirement Age (NRA), currently 65, is scheduled under current law to increase to 67 by 2022.

## Present Value of Lifetime Benefits: OASI vs. DI Initial Claim at Age 62



Numbers are based on the 1994 Benefit Levels for the Average Earner, using an Approximation of the Average Lifespan At Age 62 (20 years).

## VIII. Program Management Improvement Efforts

### Disability Reengineering

- On April 1, SSA presented a proposal to re-engineer the disability processing system. The major focus of the effort is to streamline and automate the disability claims process, thereby gaining reductions in processing times. The Commissioner will present the final report on the conceptual structure of re-engineering in August. This fall, SSA will establish a disability re-engineering implementation team to develop a detailed implementation plan for reforming the disability process.

*OMB staff*

OMB staff is currently examining the impact of the re-engineering proposal on SSA's program costs, productivity gains, and administrative resources. OMB will continue to be involved in the development and implementation of the re-engineering effort.

### Backlog Initiatives

- Automation Investment Funding

The President's 1995 budget includes a request for \$385 million to fund the second and third year of SSA's automation investment. The major component of this effort is the implementation of intelligent work stations and local and wide-area networks in SSA's field offices, teleservice centers, and program service centers. The House appropriations bill for 1995 included \$130 million for this initiative, which represents that portion of the President's request planned to be obligated in 1995 alone. \$300 million was budgeted for FY 1994.

- Disability Caseload Processing Investment Funding

The President's 1995 budget includes a request for \$280 million to focus specifically on processing disability claims and hearings. This includes increased funding for the State Disability Determination Services (DDSs), which make disability determinations for SSA. The House appropriations bill for 1995 included \$352 million. \$32 million of the \$72 million increase above the President's request represents House intent that funds for employee bonuses be used instead for disability processing. \$320 million was enacted for this investment in FY 1994.

### **Increase the Number of CDRs**

- SSA could perform more CDRs with its current authority and resources. They claim this would lower service levels to disability applicants. Little evidence has been provided to demonstrate why SSA is unable to shift resources from OASI administration.**



## **APPENDIX**

**SPECIAL EDUCATION**  
**Total FY 1994 BA: \$3,109 million**

**DESCRIPTION**

- o The Individuals with Disabilities Education Act (IDEA) authorizes "special education" programs for children with disabilities from birth through age 21: three State formula grants and 14 discretionary grant activities.
- o More important are the civil rights-type protections IDEA affords to children with disabilities, by requiring that States provide all children with disabilities a "free appropriate public education" (FAPE) designed to meet their unique needs.
- o Largest program: Grants to States, 1994 BA: \$2,150 million, provides partial support of additional costs of providing FAPE -- 1993 Federal contribution: 7 percent of excess cost; 5 million children were served.
- o Preschool Grants, 1994 BA: \$339 million, help States expand and improve preschool services for children with disabilities. 1993: 400,000 children.
- o Grants for Infants and Families, 1994 BA: \$253 million, support statewide programs to provide early intervention services to all children with disabilities from birth through 2 years and their families. After building the coordination system, funds may be used for direct medical and social services that are not otherwise provided from other public or private sources. The program is to be the payor of last resort. Unlike all similar programs in HHS, there is no means test for services; States may impose fee scales at their discretion. The law requires the States to serve all eligible infants and toddlers by the fifth year of participation in the program (for most States, 1991) unless they have requested and received waivers from ED; 36 States requested waivers for the most recent year of participation.
- o Other programs, 1994 BA: \$367 million, support projects for discrete populations (e.g. deaf-blind); research and development; and personnel training.

**TRENDS AND CHANGES**

- o The number of children identified with disabilities has increased every year since 1976, from 3.7 million in 1976 to 5 million in 1993, with the largest increase occurring in the categories least susceptible to objective measures of impairment: currently students with learning disabilities, 50 percent of the population served. Other high incidence disabilities include speech or language impairments (22 percent), mental retardation (12.3 percent), and seriously emotionally disabled (8.9 percent). Other (visual, orthopedic, autism, deaf-blind, traumatic brain injury) accounted for only 7 percent of children served.

- o A look at secondary students with disabilities shows us a population that is disproportionately male, poor, African-american, from single parent households, living in urban areas, and subject to the negative influences in outcomes associated with each of those factors.
- o The majority of students are served in regular school buildings but only 33 percent in regular classrooms, 33 percent are served in resource rooms, and 25 percent in separate classes. Placement patterns vary considerable across states.
- o In 1990-1991, one fourth of students with disabilities dropped out of school, a much higher drop-out rate than that reported for their non-disabled peers. The drop-out statistics are particularly high for students with serious emotional disturbance, learning disabilities, and mental retardation. Almost 16 percent exited the system with status unknown. 46 percent received diplomas, and 13 percent received certificates. 2 percent leave because they have reached the maximum age for services.
- o Of those students dropping out, only 13 percent return within two years, and only 27 percent return at any time after leaving. Dropouts in the general population are twice as likely to complete highschool after dropping out than their disabled peers.
- o Only one quarter of the disabled students leaving highschool enroll in some post secondary vocational or 2- or 4-year college, compared with 68 percent in the general population. The percentage is low even among highschool graduates -- with 31 percent of students with disabilities enrolling, compared to 75 percent of the general population graduating highschool.
- o The rate of competitive employment for youth with disabilities two years out of highschool was 46 percent (21 percent part time, 25 percent full time), compared to 60 percent for the general population. Employment rates varied widely across disability types -- 56 percent for learning disabled youths, 8 percent for those with multiple disabilities.

Employment rates improved as the years out of school increased -- to 57 percent employment for youths with disabilities out of highschool 3 to 5 years, compared to 70 percent for the general population.

The worst employment statistics were for women with disabilities (69 percent unemployed), blacks (75 percent unemployed) and those who aged out of special education (74 percent unemployed).

- o Most employed youths with disabilities worked as laborers (27 percent), operatives (15 percent), clerical (13 percent) or craft (13 percent) workers, in food service (13 percent) or as janitors or maids (6 percent).

- o After 3 to 5 years after leaving school, 37 percent of youths with disabilities lived independently, compared to 60 percent of youths in the general population.
- o 41 percent of female youths with disabilities became parents 3 to 5 years after leaving school, compared to 27 percent of female youths in the general population. (17 percent of male youths with disabilities became parents in the same timeframe, compared with 14 percent of male youths in the general population.)
- o 51 percent of youths with disabilities registered to vote.
- o 30 percent of youths with disabilities were arrested within 3 to 5 years of leaving school. The rates were highest for youths with learning disabilities (31 percent) and serious emotional disturbance (58 percent).
- o The number of teachers and special education personnel employed to serve students with disabilities has continued to increase, yet States continue to experience difficulty in meeting all of their staffing needs.

### **UPCOMING ISSUES**

Programs under the Individuals with Disabilities Act are scheduled to expire in FY 1995. Among the issues which ED must address are:

- o Should the primary Federal roles of procedural rule enforcement and partial funding continue?
- o Should emphasis shift to quality of education received by disabled students? Should States and school districts be held accountable for the effectiveness of services provided?
- o Should the current requirement that children be educated in the least restrictive environment be retained? If so, how can collaboration between regular and special education teachers and administrators be encouraged so that inclusion can be realized?
- o Should the authority for medical and social services for pre-school children stay in ED or be integrated into the HHS programs for the same population?

**TABLE 1.1**

Students Served Under IDEA, Part B and Chapter 1 of ESEA (SOP)<sup>a</sup>:  
 Number and Percentage Change, School Years 1976-77 to 1991-92

School Years	Change in Total Number Served from Previous Year (%)	Total Served	IDEA, Part B	Chapter 1 (SOP)
1991-92	3.9	4,994,169	4,722,461	271,708
1990-91	2.8	4,808,942	4,548,869	260,073
1989-90	2.2	4,687,620	4,421,236	266,384
1988-89	2.1	4,587,370	4,324,220	263,150
1987-88	1.6	4,494,280	4,235,263	259,017
1986-87	1.2	4,421,601	4,166,692	254,909
1985-86	0.2	4,370,244	4,121,104	249,140
1984-85 <sup>b</sup>	0.5	4,363,031	4,113,312	249,719
1983-84	1.0	4,341,399	4,094,108	247,291
1982-83	1.5	4,298,327	4,052,595	245,732
1981-82	1.3	4,233,282	3,990,346	242,936
1980-81	3.5	4,177,689	3,933,981	243,708
1979-80	3.0	4,036,219	3,802,475	233,744
1978-79	3.8	3,919,073	3,693,593	225,480
1977-78	1.8	3,777,286	3,554,554	222,732
1976-77	--	3,708,913	3,485,088	223,825

<sup>a</sup>From 1988-89 to the present, these numbers include children 3-21 years old counted under Part B and children from birth through age 21 counted under Chapter 1 (SOP); prior to 1988-89, children from birth through age 20 were served under Chapter 1 (SOP). The totals do not include infants and toddlers from birth through age 2 served under Part H of IDEA who were not served under the Chapter 1 (SOP) program.

<sup>b</sup>Beginning in 1984-85, the number of children with disabilities reported for the most recent year reflects revisions to State data received by the Office of Special Education Programs following the July 1 grant award date, and includes revisions received by October 1. Updates received from States for previous years are included so totals may not match those reported in previous annual reports to Congress. Prior to 1984-85, reports provided data as of the grant award date.

Source: U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS).

**TABLE 1.2**

Disability of Students Age 6-21 Served Under IDEA, Part B and Chapter 1  
of ESEA (SOP): Number and Percentage, School Year 1991-92

Disability	IDEA, Part B		Chapter 1 (SOP)		Total	
	Number	Percent <sup>a/</sup>	Number	Percent <sup>a/</sup>	Number	Percent <sup>a/</sup>
Specific learning disabilities	2,218,948	51.3	30,047	16.6	2,248,995	49.9
Speech or language impairments	990,016	22.9	10,655	5.9	1,000,671	22.2
Mental retardation	500,986	11.6	53,261	29.3	554,247	12.3
Serious emotional disturbance	363,877	8.4	36,793	20.2	400,670	8.9
Multiple disabilities	80,655	1.9	17,747	9.8	98,402	2.2
Hearing impairments	43,690	1.0	17,073	9.4	60,763	1.3
Orthopedic impairments	46,222	1.1	5,468	3.0	51,690	1.1
Other health impairments	56,401	1.3	2,479	1.4	58,880	1.3
Visual impairments	18,296	0.4	5,873	3.2	24,169	0.5
Deaf-blindness	773	0.0	650	0.4	1,423	0.0
Autism	3,555	0.0	1,653	0.9	5,208	0.1
Traumatic brain injury	285	0.0	45	0.0	330	0.0
<b>All disabilities</b>	<b>4,323,704</b>	<b>100.0</b>	<b>181,744</b>	<b>100.0</b>	<b>4,505,448</b>	<b>100.0</b>

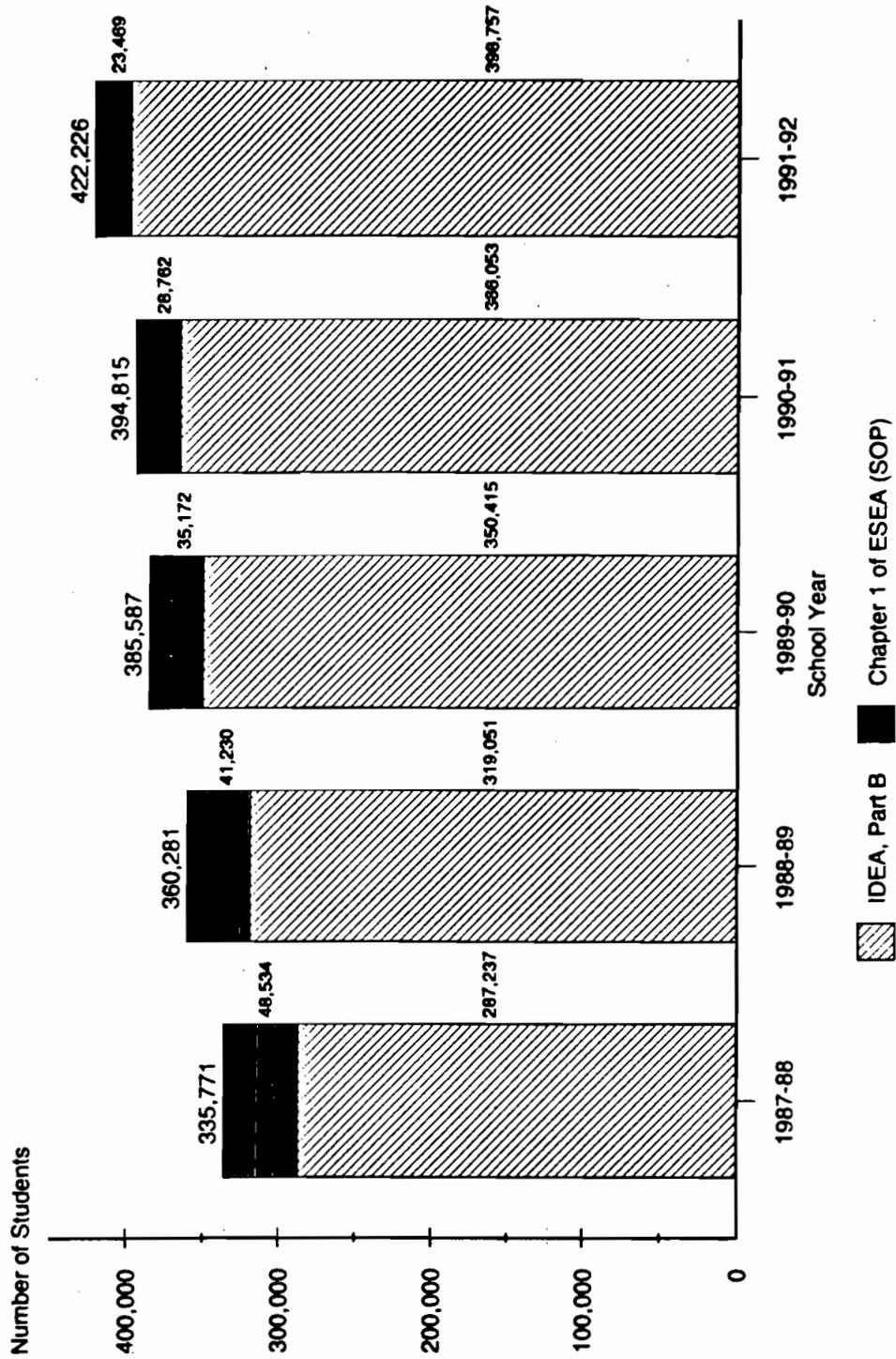
<sup>a/</sup>Percentages sum within columns.

Source: U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS).

Source: Department of Education Fifteenth Annual Report to Congress on the Implementation of The Individuals with Disabilities Education Act, 1993

**FIGURE 2.1**

Number of 3- Through 5-Year-Olds Served Under IDEA, Part B and Chapter 1 of ESEA (SOP): School Years 1987-88 to 1991-92

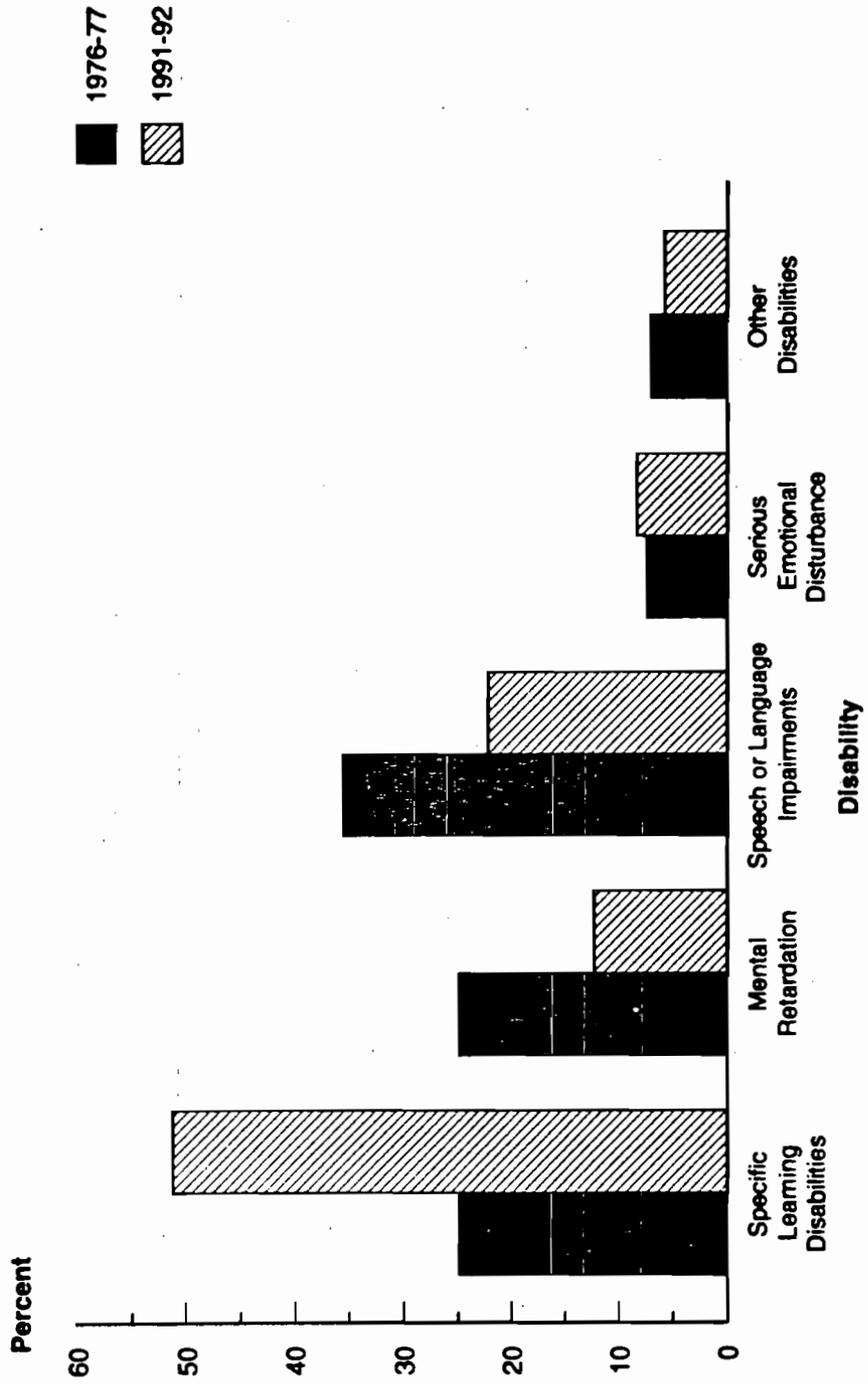


Source: U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS).

Source: Department of Education Fifteenth Annual Report to Congress on the Implementation of The Individuals with Disabilities Education Act, 1993

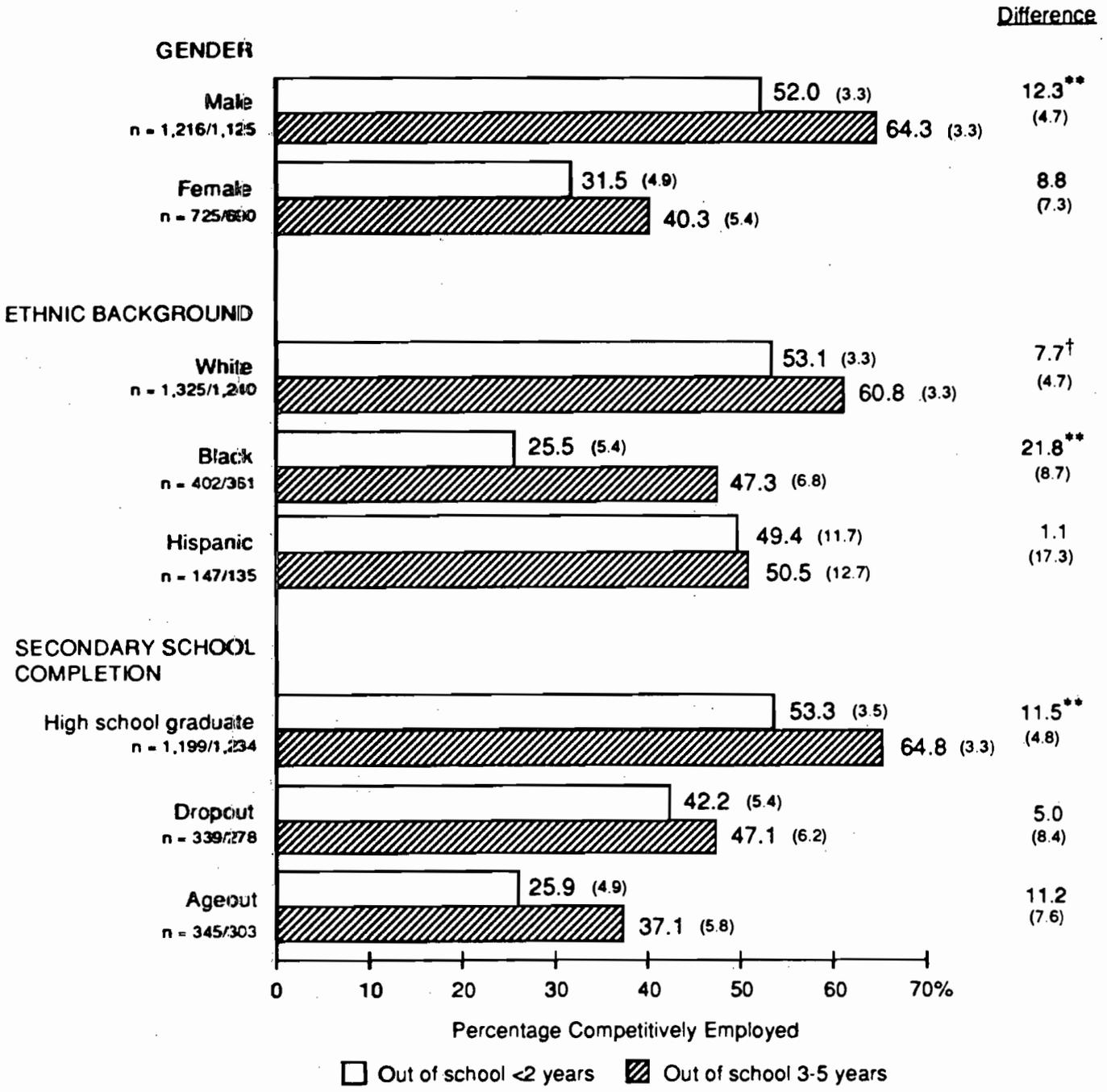
**FIGURE 1.1**

**Changes in the Distribution of Specific Disabilities for Children Age 6-21 Served Under IDEA, Part B:  
School Years 1976-77 and 1991-92**



Source: U.S. Department of Education, Office of Special Education Programs, Data Analysis System (DANS).

Source: Department of Education Fifteenth Annual Report to Congress on the Implementation of The Individuals with Disabilities Education Act, 1993



Standard errors are in parentheses.

† p < .10, \*\* p < .01

**FIGURE 4-4 TRENDS IN COMPETITIVE PAID EMPLOYMENT,  
BY YOUTH CHARACTERISTICS**

Source: The Second Comprehensive Report from the National Longitudinal Transition Study of Special Education Students: What Happens Next? Trends in Postschool Outcomes of Youth With Disabilities. Prepared for the Department of Education, SRI International, December 1992

Table 4-4

## PART-TIME AND FULL-TIME COMPETITIVE PAID EMPLOYMENT OF OUT-OF-SCHOOL YOUTH, BY DISABILITY CATEGORY

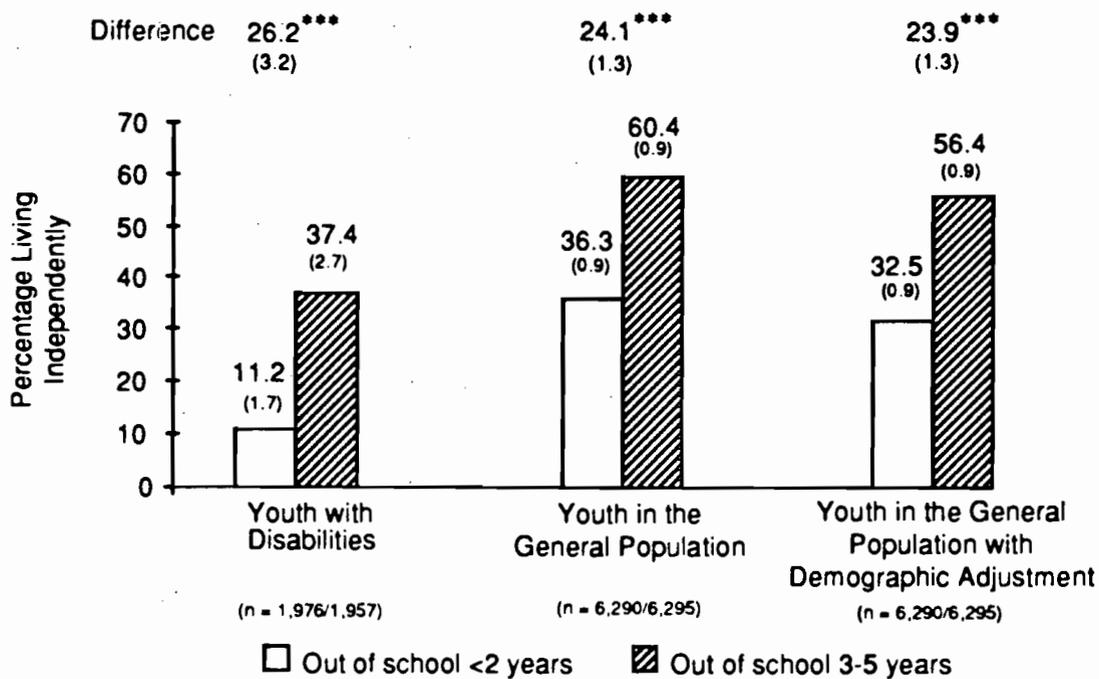
Primary Disability Category	Percentage of Youth, by Competitive Employment Status						Difference in Employment Rates Between <2 and 3-5 Years after High School				n at 2 Time Points
	Out of School < 2 Years:			Out of School 3-5 Years			Not Employed	Part- Time	Full- Time	Full- Time	
	Not Employed	Part- Time	Full- Time	Not Employed	Part- Time	Full- Time					
All conditions	54.3 (2.8)	21.0 (2.3)	24.7 (2.4)	43.2 (2.9)	13.9 (2.0)	42.9 (2.9)	-11.1** (4.0)	-7.1* (3.0)	18.2*** (3.8)	1,941/1,815	
Learning disabled	40.8 (4.4)	23.5 (3.8)	35.7 (4.3)	29.2 (4.2)	14.1 (3.2)	56.7 (4.6)	-11.6† (6.1)	-9.4† (5.0)	21.0*** (6.3)	337/322	
Emotionally disturbed	59.3 (5.4)	26.2 (4.8)	14.5 (3.9)	52.6 (5.9)	12.4 (3.9)	35.0 (5.6)	-6.7 (8.0)	-13.8* (6.2)	20.5** (6.8)	220/185	
Speech impaired	49.9 (7.1)	35.9 (6.8)	14.2 (4.9)	34.6 (6.9)	27.9 (6.5)	37.5 (7.0)	-15.3 (9.9)	14.8* (7.3)	25.2** (7.7)	133/126	
Mentally retarded	74.6 (4.4)	13.1 (3.4)	12.3 (3.3)	63.0 (5.0)	13.6 (3.6)	23.4 (4.4)	-11.6† (6.7)	.5 (5.0)	11.1* (5.5)	273/257	
Visually impaired	76.6 (5.2)	12.9 (4.1)	10.4 (3.7)	70.6 (5.7)	12.4 (4.1)	17.0 (4.7)	-6.0 (7.7)	-.5 (5.8)	6.6 (6.0)	177/172	
Hard of hearing	51.2 (7.4)	26.1 (6.5)	22.7 (6.2)	57.7 (7.5)	8.3 (4.2)	34.0 (7.2)	6.5 (10.5)	-17.8* (7.7)	11.3 (9.5)	149/142	
Deaf	62.8 (4.9)	16.5 (3.8)	20.8 (4.1)	56.5 (5.1)	13.6 (3.5)	29.9 (4.7)	-6.3 (7.1)	-2.9 (5.2)	9.1 (6.2)	251/245	
Orthopedically impaired	79.8 (5.7)	15.2 (5.1)	5.0 (3.1)	78.3 (6.1)	10.8 (4.6)	10.9 (4.6)	-1.5 (8.3)	-4.4 (6.9)	5.9 (5.5)	169/157	
Other health impaired	66.9 (8.7)	18.3 (7.1)	14.8 (6.6)	60.2 (9.2)	13.3 (6.4)	26.5 (8.3)	-6.7 (12.7)	-5.0 (9.6)	11.7 (10.6)	87/83	
Multiply handicapped	85.2 (6.0)	10.3 (5.2)	4.5 (3.5)	83.3 (6.9)	2.9 (3.1)	13.8 (6.4)	-1.9 (9.1)	-7.4 (6.1)	9.3 (7.3)	111/95	
Deaf/blind	80.8 (9.1)	19.2 (9.1)	.0 ..	83.9 (8.9)	9.9 (7.2)	6.1 (5.8)	3.1 (12.7)	-9.3 (11.6)	6.1 (5.8)	34/31	

Standard errors are in parentheses.

† p &lt; .10, \* p &lt; .05, \*\* p &lt; .01, \*\*\* p &lt; .001

Source: The Second Comprehensive Report from the National Longitudinal Transition Study of Special Education Students: What Happens Next? Trends in Postschool Outcomes of Youth With Disabilities. Prepared for the Department of Education, SRI International, December 1992





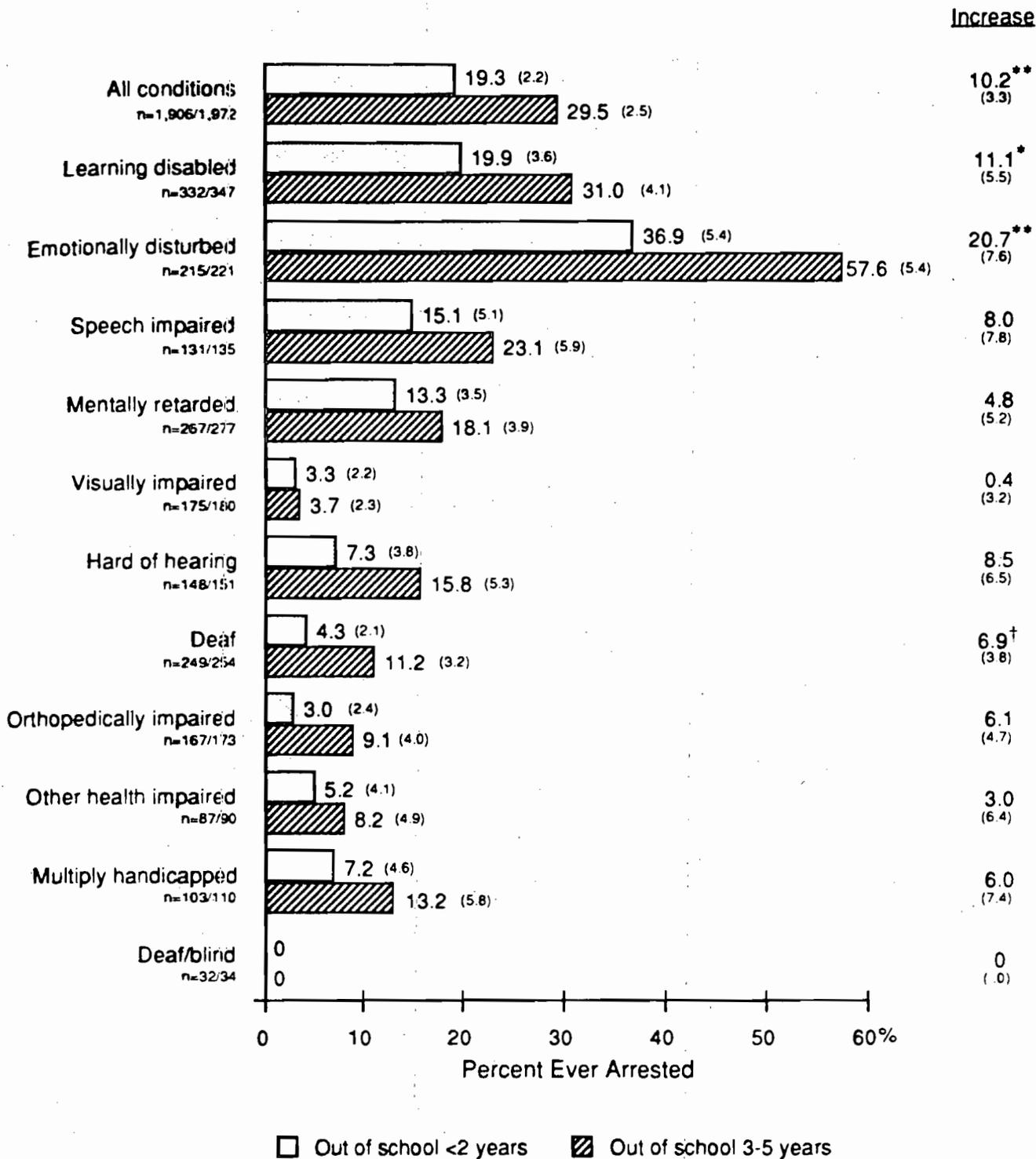
Note: Data for the general population come from the 1979-1986 National Longitudinal Survey of Youth. General population is adjusted to match youth with disabilities for gender, ethnic background, and head of household's educational level.

Standard errors are in parentheses.

\*\*\* p < .001

**FIGURE 5-2 RESIDENTIAL INDEPENDENCE OF OUT-OF-SCHOOL YOUTH WITH DISABILITIES AND YOUTH IN THE GENERAL POPULATION**

Source: The Second Comprehensive Report from the National Longitudinal Transition Study of Special Education Students: What Happens Next? Trends in Postschool Outcomes of Youth With Disabilities. Prepared for the Department of Education, SRI International, December 1992



Standard errors are in parentheses.

† p < .10; \* p < .05; \*\* p < .01

**FIGURE 6-7 ARREST RATES OF OUT-OF-SCHOOL YOUTH, BY DISABILITY CATEGORY**

Source: The Second Comprehensive Report from the National Longitudinal Transition Study of Special Education Students: What Happens Next? Trends in Postschool Outcomes of Youth With Disabilities. Prepared for the Department of Education, SRI International, December 1992

**VOCATIONAL REHABILITATION; SPECIAL INSTITUTIONS FOR THE DISABLED**  
**Total FY 1994 BA: \$2,424 million**

**DESCRIPTION**

The Rehabilitation Services account funds three broad categories of programs: State formula grants; special purpose funds for a variety of activities including demonstration, training, and evaluation projects, administered by the Rehabilitation Services Administration; and rehabilitation research supported through the National Institute on Disability and Rehabilitation Research. The entire current-funded account is classified as mandatory under the Budget Enforcement Act, although only the Basic State Grant program (86 percent of the account) is, up to baseline, an entitlement to States.

- o Largest Program: Vocational Rehabilitation Basic State Grant, since 1920, provides funds to States to help prepare mentally and physically disabled individuals for gainful employment, to the extent of their capabilities. Individuals with a physical or mental impairment that results in a substantial impediment to employment and who can benefit in terms of an employment outcome are eligible for assistance. FY 1994 BA: \$1,974 million. In 1992, 946,500 clients were served -- funds are distributed to States as an entitlement by a formula based on population and per capita income. Congress routinely appropriates a discretionary spending increment over a mandated increase indexed to the CPIU. 10.5% of funds are spent on administration; 86% is spent on services, wither provided by in-house counselors (38%) or purchased services (48%).
- o Other State formula grant programs, 1994 BA: \$108 million, fund training and time-limited supported employment and independent living services for persons thought to be too severely disabled to benefit from regular VR services; and support activities to advise and assist individuals with disabilities of benefits available to them under the Rehabilitation Act and elsewhere.
- o Special Purpose funds, 1991 BA: \$122 million: recreation, Projects with Industry, training for VR personnel, programs for migrant workers, and technology-related assistance.
- o The National Institute on Disability and Rehabilitation Research, 1994 BA: \$68 million: grants for rehabilitation research and training centers, engineering centers, and research and demonstration projects.

Special Institutions: Three semi-autonomous entities which receive about 3/4 of their annual funding through ED -- the American Printing House for the Blind, 1994 BA: \$6 million; National Technical Institute for the Deaf, 1994 BA: \$42 million; Gallaudet University, 1994 BA: \$78 million.

## TRENDS AND CHANGES

- o Notwithstanding a 1992 reauthorization, the VR Basic State Grant program has remained basically unchanged since 1973, when the law was amended to give priority to serving the most severely disabled, who are the costliest, take the longest to place in competitive employment, and yield the lowest rate of successful rehabilitations of all clients served. States are unable to serve less severely disabled individuals.
- o To assess the effectiveness of the VR program, overcoming years of bureaucratic and interest group resistance, ED has recently embarked on a longitudinal evaluation.
- o Total number served has increased each year over the last five years, following a 12 year decline.
- o In 1992, the number of successful rehabilitations declined for the program overall to under 200,000, the lowest level since Fy 1967, and the lowest rehabilitation rate in 45 years. It is at the lowest level ever for severely disabled, while the number of severely disabled served increased for the sixth consecutive year.
- o The overall acceptance rate into the program also declined to 57%, a ten-year low.
- o Severely disabled comprise about 70% of total caseload for States.
- o In 1991, 17% of the clients were under 20 years of age, 79% were 20 - 64, and 4% were 65 and over. 55% were male. 80% were white, 18% black. Of the 84% who received regular education, 8% had some elementary/secondary education, 38% completed high school only, 19% had some form of postsecondary education. 16% came from special education. 50% were never married.
- o Types of disabilities: 9% had visual impairment. 8% had hearing impairments. 23% had orthopedic impairment. 16% were mentally ill, 13.4% mentally retarded, 11.7% were substance abusers.
- o 21% of all clients were on some kind of public assistance during VR. 10% of all clients were on SSDI. 12% of all clients were on SSI.
- o The average time in VR was 22 months from application to closure. The average cost for all clients was \$2,600.

## **UPCOMING ISSUES**

- o Relationship of the Federal/State VR system to other Federal disability programs and issues, to worker's compensation, and other private sector sources of aid were not addressed in the recent reauthorization. Until they are, it cannot be clear whether the \$2 billion annual investment is appropriately focused.

Table 1 - Number of persons served and rehabilitated by State VR agencies, FY 1921 - 1992

Fiscal Year	Persons served	Persons rehabilitated	Fiscal Year	Persons served	Persons rehabilitated
1992	949,557	191,854	1956	221,128	65,640
1991	941,771	202,831	1955	209,039	57,981
1990	937,971	216,112	1954	211,219	55,825
1989	928,998	220,408	1953	221,849	61,308
1988	918,942	218,241	1952	228,490	63,632
1987	917,482	219,616	1951	231,544	66,139
1986	923,774	223,354	1950	255,724	59,597
1985	931,779	227,652	1949	216,997	58,020
1984	936,180	225,772	1948	191,063	53,131
1983	938,923	216,231	1947	170,143	43,880
1982	958,537	226,924	1946	169,796	36,106
1981	1,038,232	255,881	1945	161,050	41,925
1980	1,095,139	277,136	1944	145,059	43,997
1979	1,127,551	288,325	1943	129,207	42,618
1978	1,167,991	294,396	1942	91,572	21,757
1977	1,204,487	291,202	1941	78,320	14,576
1976	1,238,446	303,328	1940	65,624	11,890
1975	1,244,338	324,039	1939	63,575	10,747
1974	1,202,661	361,138	1938	63,666	9,844
1973	1,176,445	360,726	1937	<u>1/</u>	11,091
1972	1,111,045	326,138	1936		10,338
1971	1,001,660	291,272	1935		9,422
1970	875,911	266,975	1934		8,062
1969	781,614	241,390	1933		5,613
1968	680,415	207,918	1932		5,592
1967	569,907	173,594	1931		5,184
1966	499,464	154,279	1930		4,605
1965	441,332	134,859	1929		4,645
1964	399,852	119,708	1928		5,012
1963	368,696	110,136	1927		5,092
1962	345,635	102,377	1926		5,604
1961	320,963	92,501	1925		5,825
1960	297,950	88,275	1924		5,654
1959	280,384	80,739	1923		4,530
1958	258,444	74,317	1922		1,898
1957	238,582	70,940	1921		523

1/ Counts of persons served prior to Fiscal Year 1938 are not available.

Source: Department of Education Annual Report to the President and to the Congress, Fiscal Year 1992 On Federal Activities Related to the Rehabilitation Act of 1973, as Amended

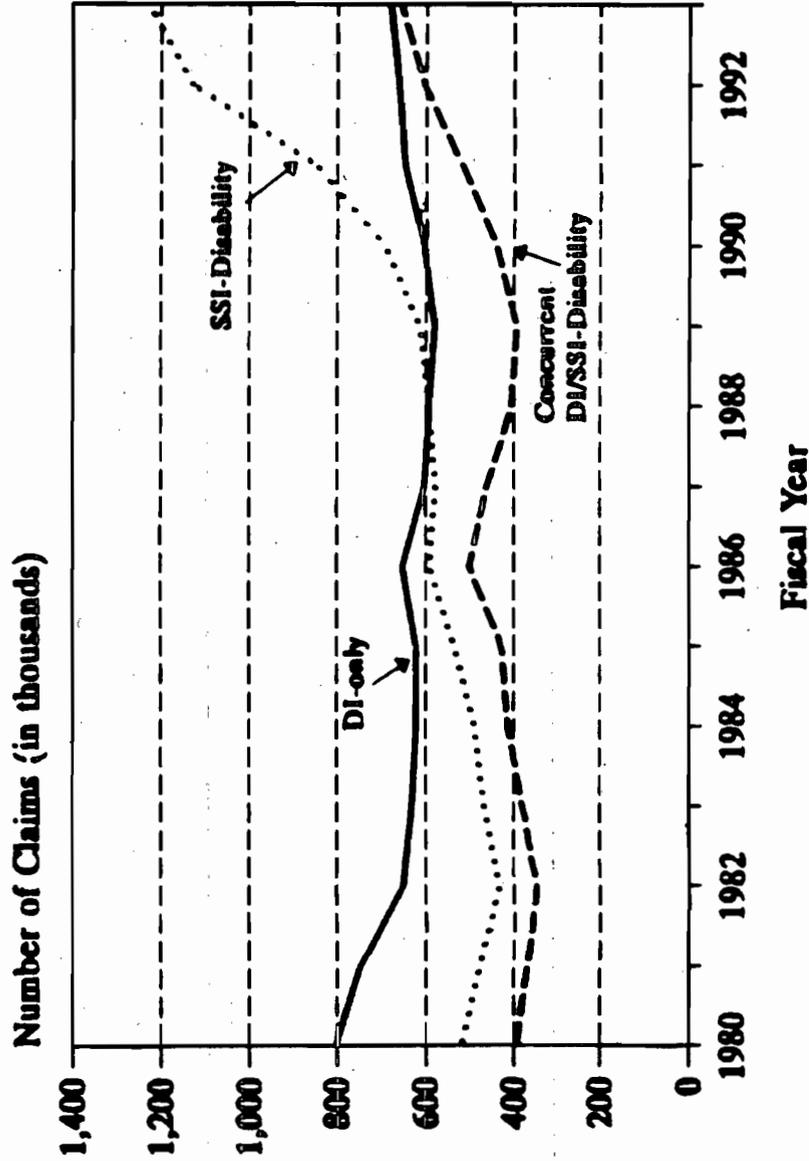
Table 7 - Number of persons with severe and non-severe disabilities served by State VR agencies, percent change from prior year and percent severely disabled, FY 1977 - 1992

Fiscal Year	Severely disabled served		Non-severely disabled served		Percent SD <u>1/</u>
	Number	Percent change from prior year	Number	Percent change from prior year	
1992	668,607	+ 2.2	280,950	- 2.4	70.4
1991	654,038	+ 2.2	287,733	- 3.4	69.4
1990	640,163	+ 2.5	297,808	- 2.2	68.3
1989	624,552	+ 3.3	304,446	- 3.1	67.2
1988	604,800	+ 3.6	314,142	- 5.9	65.8
1987	583,688	+ 0.6	333,794	- 2.8	63.6
1986	580,342	- 0.1	343,432	- 2.1	62.8
1985	580,863	+ 2.7	350,916	- 5.4	62.3
1984	565,425	+ 0.6	370,755	- 1.6	60.4
1983	562,052	- 1.7	376,871	- 2.6	59.9
1982	571,541	- 4.9	386,996	-11.5	59.6
1981	600,727	- 0.9	437,505	-10.5	57.9
1980	606,049	- 1.0	489,090	- 5.1	55.3
1979	611,994	+ 2.0	515,557	- 9.2	54.3
1978	600,063	+ 5.5	567,928	-10.7	51.4
1977	568,826	+ 2.3	635,661	- 6.9	47.2

1/ Percent of all persons served who were severely disabled.

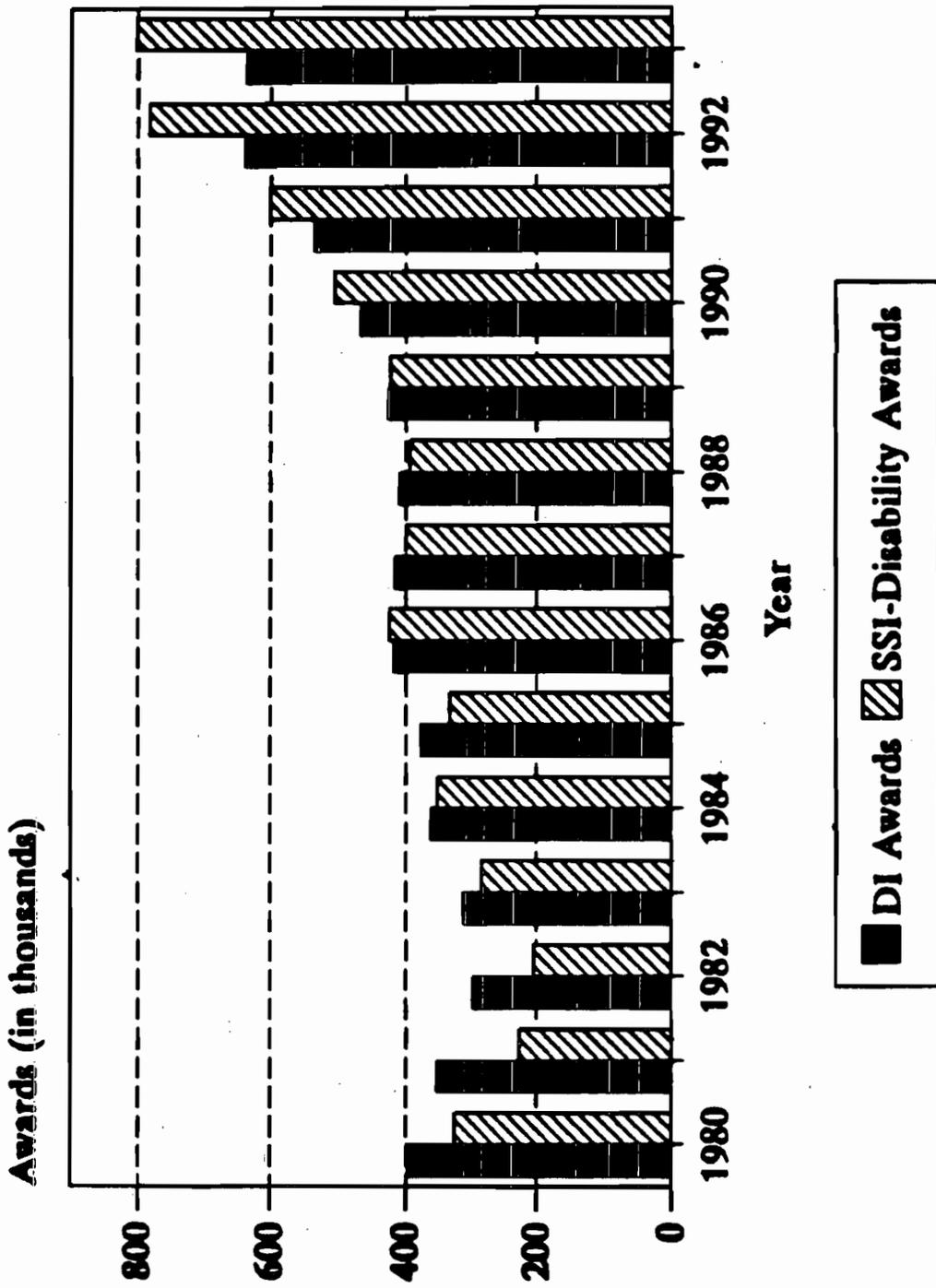
Source: Department of Education Annual Report to the President and to the Congress, Fiscal Year 1992 On Federal Activities Related to the Rehabilitation Act of 1973, as Amended

**CHART 1. DI, SSI-Disability, and  
Concurrent DI/SSI Claims Received  
1980-1993**



Source: Congressional Research Service with data from SSA.

**CHART 2. DI and SSI-Disability Awards  
1980-1993**



Source: Congressional Research Service with data from SSA.

**TABLE 3. SSI-Disability Recipients, Number and Percentage  
Distribution of Adults and Children, 1974-1993**  
(in thousands)

End of calendar year	Disabled adults		Disabled children	
	Number <sup>a</sup>	% of SSI- disability recipients	Number <sup>a</sup>	% of SSI- disability recipients
1974 .....	1,639	95.8	71	4.2
1975 .....	1,879	93.6	128	6.4
1976 .....	1,935	92.7	153	7.3
1977 .....	2,012	92.0	175	8.0
1978 .....	2,052	91.2	197	8.8
1979 .....	2,066	90.7	212	9.3
1980 .....	2,106	90.2	229	9.8
1981 .....	2,111	90.2	230	9.8
1982 .....	2,080	90.1	229	9.9
1983 .....	2,150	90.1	236	9.9
1984 .....	2,250	90.0	249	10.0
1985 .....	2,368	89.9	265	10.1
1986 .....	2,516	90.0	280	10.0
1987 .....	2,641	90.1	289	9.9
1988 .....	2,740	90.4	290	9.6
1989 .....	2,858	90.6	296	9.4
1990 .....	3,023	89.9	340	10.1
1991 .....	3,215	88.0	439	12.0
1992 .....	3,471	84.8	624	15.2
1993 (Sept.) ..	3,697	83.4	737	16.6

<sup>a</sup>Includes blind recipients.

Source: SSA, Jan. 1994.

**TABLE 8. SSI-Disability Awards for Children, 1984-1993**

<b>Calendar year</b>	<b>Number of awards<sup>a</sup></b>	<b>Percent of SSI- disability awards<sup>a</sup></b>
1984 .....	49,478	12.6
1985 .....	46,558 <sup>b</sup>	14.0
1986 .....	54,478	12.9
1987 .....	51,825	12.9
1988 .....	51,193	13.0
1989 .....	70,345	16.6
1990 .....	82,753	16.4
1991 .....	125,821	20.9
1992 .....	191,054	24.5
1993 .....	225,611	28.1

<sup>a</sup>Includes awards to the blind.

<sup>b</sup>Data for 11 months only.

Source: SSA, Jan. 1994.

**Growth in Social Security Disability\* and SSI-Disability Claims (in thousands)**

FY	Social security-only	Social security & SSI	SSI-only		Total SSA disability claims
			Total SSI-only	Children**	
1980	803	395	521	n/a	1,719
1985	621	429	535	(93)	1,585
1986	653	502	591	(88)	1,746
1987	604	463	577	(98)	1,644
1988	593	407	584	(100)	1,594
1989	580	396	613	(110)	1,589
1990	604	440	693	(125)	1,737
1991	648	519	848	(215)	2,015
1992	661	603	1,128	(433)	2,392
1993	680	656	1,229	(522)	2,565
<b>Change:</b>					
1989-93	+17%	+66%	+100%	+375%	+61%
1980-89	-28%	-0-	+18%	n/a	-8%

\*Most social security disability recipients are enrolled in DI; however, disabled widows and dependents may be enrolled in the retirement or survivor programs.

\*\*State-agency decisions are used here as a proxy for claims. The figures in the total SSI-only column include adults and children. A very small number of children also file for social security benefits.

**Changes in the Recipient Population  
Over the Past 15 Years (in percent)**

	1981	1993
<b>SSI:</b>		
Disabled enrollees	56	75
Child enrollees	6	12
Awards based on mental disorders	30-35 (1975-77)	55
<b>DI:</b>		
Awards to people under age 50	36	49 (1992)
Awards based on mental disorders	11	26
Recipients who also receive SSI	10	17