

Withdrawal/Redaction Sheet

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001. form	Contact Information for Garner (partial) (1 page)	ca. April, 1999	P6/b(6), b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Cynthia Rice (Subject Files)
OA/Box Number: 15430

FOLDER TITLE:

Disability-Kennedy/Jeffords 1999 [1]

rx39

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

David Neeson
Connie

See Binder
for Bill copy
+ Admin comments

S. 331 - Work Incentives Improvement Act

(Sen. Jeffords (R) VT and 77 cosponsors)

The Administration strongly supports S. 331, in the form of the amendment in the nature of a substitute to be offered by Chairman Roth. The President endorsed this legislation last year, renewed his challenge for the Congress to pass this bill in the State of the Union, and included funding for it in his FY 2000 budget.

The Work Incentives Improvement Act takes an important step towards removing significant barriers to work for millions of people with disabilities. Americans with disabilities can and do bring tremendous energy and talent to the American workforce, but the unemployment rate for all working-age adults with disabilities is nearly 75 percent. One of the most glaring problems is that people with disabilities frequently become ineligible for Medicaid or Medicare if they go back to work. This puts people with disabilities in the untenable position of choosing between health care coverage and work.

S. 331 would improve job opportunities for people with disabilities by increasing access to health care and employment services. The President, the Vice President, and the entire Administration has a long-standing commitment to improve the inclusion, empowerment, and independence of individuals with disabilities. The bill's new health care options in the Medicare and Medicaid programs and the "Ticket to Work" provisions, which are fully funded in the President's FY 2000 Budget, would make major strides toward these goals. The Administration urges Congress to enact this landmark bipartisan legislation.

Pay-As-You-Go Scoring

S. 331 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. The Office of Management and Budget's preliminary scoring estimate indicates that the Roth substitute would increase direct spending by \$19 million in FY 2000 and a total of \$814 million during FYs 2000-2004. OMB estimates that S. 331 would increase receipts by \$18 million in FY 2000 and by a total of \$859 million during FYs 2000-2004. The net pay-as-you-go effect would be a cost of \$1 million in FY 2000 and savings of \$45 million during FYs 2000-2004.

(Do Not Distribute Outside the Executive Office of the President)

This Statement of Administration Policy was developed by the Legislative Reference Division (Haskins) in consultation with EIML (Matlack/Kitti/Meredith), H/P-VAPD (Miller/Farkas/ McCormick), TCJS (Haas), BRD (Barth), and EP (Minarik). GC and OIRA did not comment.

Health Benefits Bill Shows Power of the Disabled

AI

By DAVID E. ROSENBAUM

Continued From Page A1

WASHINGTON, June 6 — Alana Theriault, who earns less than \$1,000 a month working part time as a benefits counselor, is back in school to learn computer programming. Her instructors say she has a special aptitude, and when she gets her certificate soon, she says, she expects to be offered a programming job paying as much as \$50,000 a year.

But unless Federal law is changed, Ms. Theriault, who is 32, lives in Berkeley, Calif., and is severely disabled, may not be able to take such a job, and may have to forfeit the chance to be more financially self-sufficient.

That is because if she earns more than a pittance, she will no longer be entitled to Medicaid, the Federal-state medical insurance program for the indigent.

Ms. Theriault has a condition called spinal muscular atrophy. She needs a rented respirator to breathe, which costs \$2,900 a month, a personal attendant more than eight hours a day, which costs about \$1,700 a month, a motorized wheelchair, and expensive medication. She could never get private medical insurance on her own, without Medicaid, even with a good salary, she could never afford what it costs her to live.

Her pathway to independence may be a bill the Senate could pass as early as this week. It would allow disabled people to retain health benefits under Medicaid and Medicare,

which covers disabled people with financial assets that make them ineligible for Medicaid, even if they go to work and earn too much to be entitled to the Federal disability benefits to which the health insurance is tied.

Ms. Theriault says the bill would change her life. "Here I am 32 years old, trying to plan for my future," she said in an interview, "and as things stand now, I can't take a job, I can't buy a house, I can't have any investments, I can't even really have a savings account."

Advocates for disabled people say the bill, which has 79 co-sponsors in the Senate, would be the most important measure since the Americans With Disabilities Act was approved by Congress and signed by President George Bush nine years ago. That legislation outlawed discrimination against the disabled.

At the White House on Friday, President Clinton said the effect of the current law forcing people to choose between work on the one hand and Medicare or Medicaid on the other was to "deny opportunities to millions" and he urged Congress to approve the changes quickly.

Eight million disabled people in the United States now receive Medicare or Medicaid, a 60 percent increase in the last decade. No one can say with any confidence how many might be working if they could keep their health insurance. The Congressional Budget Office has estimated that within 10 years, the figure might be about 60,000. Tony Young, a senior policy analyst for United Cerebral Palsy of America, said that was as good a guess as any.

The broad bipartisan support for the legislation, which has also been approved by the House Commerce Committee without opposition, is a testament to the considerable and growing political influence of the disability-rights movement.

Another example arose earlier this year, when disabled people across the country mobilized to persuade state politicians to drop their support of Georgia's appeal to the Supreme Court of a Federal appeals court ruling that the state must provide alternatives to institutionalization for the disabled.

In the Georgia case, *Olmstead v. L.C.*, which the disability-rights movement equates with *Brown v. the Board of Education*, two women whose disabilities included mental retardation and mental illness and who were confined to a large state institution, argued that the state had the obligation under the Americans With Disabilities Act to offer them placement in a less restrictive setting, like a supervised group home.

The Federal appeals court in Atlanta ruled last year that the state did have such an obligation, and Georgia appealed. At various times, 26 states filed briefs with the Su-

preme Court supporting Georgia's position. In the last few months, all but 7 of those states have withdrawn their support, a highly unusual turnabout.

Here is a sampling of what led the other 19 states to change their minds. In Pennsylvania, protesters in five cities camped out in offices of the State Attorney General. In Maryland, with demonstrations threatened, Gov. Parris N. Glendening ordered the state's lawyers to withdraw the state's support. In Mississippi, an aggressive telephone campaign led Gov. Kirk Fordice to abandon the case. In California and Nebraska, representatives of the Protection and Advocacy System, Federally financed agencies in each state that act as advocates for the disabled, persuaded the politicians not to support Georgia's position.

Career lawyers in the various state governments had filed the briefs on Georgia's side. The politicians overturned them, once they got wind of it.

Barbara Allen, managing deputy attorney general in West Virginia explained the situation in her state. "I can say with some understatement," she said, "that the Attorney General went through the roof."

One of the seven states that still back Georgia's side is Texas, and advocates for the disabled say they will hold this against Gov. George W. Bush in his race for the Republican Presidential nomination.

Explaining Governor Bush's position, Attorney General John Cornyn said, "The Olmstead decision would take from the citizens of Texas the ability to decide how best to address the needs of the disabled and would give this power to the Federal courts."

Those were fighting words to many disabled people who argue that their cause is one of civil rights. "This is pretty much what George Wallace said when he stood in the schoolhouse door," said Bob Kafka, who lives in Austin, Tex., and represents Adapt, a national organization of the disabled.

When the Supreme Court heard arguments on the case this spring, hundreds of demonstrators organized by Adapt came to Washington for a rally in front of the Court. But there is little the advocates for the disabled can do to affect the Supreme Court decision, and they are concentrating on legislation.

The most ambitious measure they are pushing would require states to give disabled people the money that states pay nursing homes to care for them, so the people could use the money if they chose, to pay for care outside the institutions.

The Congressional Budget Office estimates that the bill would cost the Government \$10 billion to \$20 billion a year. Advocates for the disabled challenge this cost projection, but it has been enough to scare off support.

"There is no way Congress is go-

1/2

ing to approve another \$20 billion entitlement," said a senior Senate staff member who has worked on the legislation.

Another reason for the lack of enthusiasm is the strong influence of lobbyists for nursing homes. The Federal Government spends about \$50 billion a year for long-term institutional care for disabled people, and the nursing homes will not give up the business without a fight.

For the 1998 Congressional elections, nursing home interests donated nearly \$3 million to candidates, parties and political committees, according to the Center for Responsive Politics, a nonpartisan institute that monitors campaign contributions.

But the much more modest bill now before the Senate seems to face smooth sailing. Called the Work Incentives Act, it would encourage states to provide Medicaid to the working disabled, free in most cases and in return for a modest premium payment in the case of workers with substantial salaries like the one Ms. Theriault hopes to earn. It would also extend the number of years that disabled people who work could continue to receive Medicare benefits without paying premiums. The Congressional Budget Office estimated that the measure would cost the Government \$800 million over the next five years.

Despite the President's position and strong bipartisan support in Congress, the measure has run into one snag after another. Most recently, for example, Senator Phil Gramm,



Dan Krass for The New York Times

Alana Theriault, 32, earns less than \$1,000 a month working part time as a benefits counselor in Berkeley, Calif. "As things stand now, I can't take a job. I can't buy a house. I can't have any investments," she said.

Republican of Texas, blocked the legislation just before the Memorial Day recess because it would offset the \$800 million five-year price tag by adjusting the way international businesses could credit the foreign taxes they pay against their United States income taxes.

Senator Gramm does not disapprove of the disability provisions or even the tax measure, his staff said. But he objects to any tax increase that is used to pay for more Government spending.

The consensus in the Senate was work, the change has been a blessing. I'm costing them."

that a way would be found around Senator Gramm's objection and that the measure would be passed soon after the Senate returns this week. No one knows how many people would take advantage of the new benefits if they became available in Oregon, where disabled people have been allowed since February to remain Medicaid if they take jobs, only 75 disabled people out of more than 80,000 now on Medicaid have signed up so far.

One of the most important elements of working is the self-esteem it provides, Mr. Lay said. "What I pay in Federal and state taxes is almost as much as the Government pays for my attendant care," he added. "So I'm paying back almost as much as I'm costing them."



Cynthia A. Rice

05/18/99 01:22:10 PM

Record Type: Record

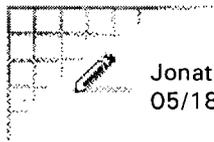
To: Jeanne Lambrew/OPD/EOP
cc: J. Eric Gould/OPD/EOP
Subject: draft statement, let's discuss

I assume you'll work on this? Let me know if you'd like us to do anything. As a quick cut I would reorganize this to be:

I am pleased that today the House Commerce committee voted [vote # if good] on a bipartisan basis for the Work Incentives Improvement Act, which would remove significant barriers to work for millions of people with disabilities by increasing their access to health care and employment services. I strongly support this legislation and the Senate version championed by Senators Jeffords, Kennedy, Roth and Moynihan and which XX members of the Senate have co-sponsored. I call upon the leadership of the House and Senate to work together to pass this legislation by the Memorial Day recess. No one should have to make a choice between earning an income and health care access.

Obviously we may want to have more on what the bill does, etc. and maybe the plug for no health weakening amendments too.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 05/18/99 01:17 PM -----



Jonathan M. Young
05/18/99 12:39:33 PM

Record Type: Record

To: Jeanne Lambrew/OPD/EOP, Cynthia A. Rice/OPD/EOP
cc:
Subject: draft statement, let's discuss

[not sure about which bill/people to highlight]

The Administration strongly supports S. 311/H.R. 1180, which would remove significant barriers to work for millions of people with disabilities by increasing their access to health care and employment services. In his January 19th State of the Union Address, the President expressed his ongoing commitment to empower people with disabilities and urged the Congress to pass the landmark Work Incentives Improvement Act. The President's FY 2000 Budget fully funds the bill's health care options in Medicare and Medicaid as well as the "Ticket to Work" provisions for individuals with disabilities.

During the last year, White House staff worked intensely with the disability community and with Congress to develop a proposal that provides the services necessary to enable people with disabilities to work. The "ticket to work" program helps address this need. But it is also essential to ensure access to health insurance coverage. Senators Jeffords, Kennedy, Roth, and Moynihan have successfully developed a **fully paid-for** proposal that accomplishes these policy goals. The Administration thus opposes any amendments that weaken the bill's indispensable health provisions: no one should have to make a choice between earning an income and health care access.



Joanne Cianci

04/28/99 01:08:07 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: Program Integrity Update

Most of the offsets that were included in last year's version of JK were dropped. The exceptions were the prisoner provision and the clergy open season. When JKRM introduced the bill this session they included a series of tax provisions (including user fees and tax credits) to pay for the bill.

Cynthia A. Rice



Cynthia A. Rice

04/28/99 01:03:57 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP
cc: See the distribution list at the bottom of this message
bcc:
Subject: Re: Program Integrity Update

I was wondering about the provisions that save money, whether those offsets were essentially being used in both bills (Jeffords-Kennedy and foster care).
Melinda D. Haskins 04/28/99 01:02:24 PM

Melinda D. Haskins 04/28/99 01:02:24 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc: Jeffrey A. Farkas/OMB/EOP, Joanne Cianci/OMB/EOP
Subject: Re: Program Integrity Update

Yes. The "treatment of prisoners" language is included in S. 331 and H.R. 631: (I need to check if the provisions are identical, but in concept, they are the same. Also, many of the other H.R. 631 offsets are assumed in the FY 2000 Budget.)

Message Copied To:

Jeffrey A. Farkas/OMB/EOP@EOP
Joanne Cianci/OMB/EOP@EOP
Matthew McKearn/OMB/EOP@EOP
Eugenia Chough/OPD/EOP@EOP
J. Eric Gould/OPD/EOP@EOP

Message Copied To:

melinda d. haskins/omb/eop
jeffrey a. farkas/omb/eop
matthew mckearn/omb/eop
eugenia chough/opd/eop
j. eric gould/opd/eop

Prewitt Reports Undercount In Census Dress Rehearsals

GOVERNMENT OPERATIONS

CENSUS BUREAU Director Kenneth Prewitt Tuesday said three dress rehearsals for the 2000 census turned up substantial undercounts in the three tested sites — while he also reported active local participation as the bureau compiles its master address list.

"There is simply no way to correct for the undercount," Prewitt said in a conference call. "We experienced undercount problems at a very high level."

Prewitt said more extensive undercounts were more likely in the dress rehearsal than in the actual decennial census, which officially begins April 1, 2000. "It's a dress rehearsal," he said. "But it's still fundamentally psychologically a dress rehearsal."

House Republicans oppose the bu-

reau's plan to use sampling methods. Republicans favor standard counting methods, but the bureau maintains that sampling is the only way to improve the 1990 undercount.

The bureau Monday released redistricting data from the rehearsals conducted last year. Using various statistical sampling and adjustment methods, the bureau concluded a total undercount of 3.9 percent in Menominee County, Wis., and 6.3 percent in Sacramento, Calif.

In Columbia, S.C., an unofficial review turned up a 9 percent undercount.

House Republicans last week approved a bill that would allow 39,000 local government entities to review census counts, but Prewitt continued to maintain that the post-census local review is unnecessary.

He said about 19,500 communities, representing 85 percent of all U.S. addresses, were reviewing address lists to be used for the census.

Prewitt said the rehearsals also confirmed bureau suspicions that an earlier plan, relying on postal data and a pre-census local review, was inadequate — and that the bureau will soon finish its physical check of every address in the country. "There were serious address list problems," he said.

Prewitt also repeated earlier statements that the bureau plans to release detailed redistricting numbers on April 1, 2001, compiled with both sampling and traditional methods — and that states, unless restricted by their own laws, could use whichever number they wanted.

— BY MARK WEGNER

Lott's Opposition May Stall Popular Disabilities Bill

HEALTH

A HOUSE subcommittee Tuesday unanimously approved a bill to make it easier for those with disabilities to go to work by allowing them to keep their Medicare or Medicaid coverage even after their disability payments end.

But the outlook for the popular bill, specifically endorsed by President Clinton in his State of the Union address in January, remains uncertain because among its few opponents are **Senate Majority Leader Lott** and **Majority Whip Nickles**.

With virtually no debate, the House Commerce Health and Environment Subcommittee approved by voice vote the Work Incentives Improvement Act, to the applause of an audience that included people in wheelchairs and with guide dogs.

The full committee could take up the measure as early as next week, although no date has been set.

The subcommittee did add two amendments to the bill, both of which were approved without opposition.

One stipulated that the Medicaid "buy in" program authorized in the

measure would apply only to those of working age, while the other would let those with Medicare coverage drop their private supplemental Medigap plans if they get employer-provided insurance — and then repurchase Medigap later if they lose that coverage.

Rep. Rick Lazio, R-N.Y., the measure's lead sponsor and a member of the subcommittee, said he hoped the House would "show some movement — get out there and lead" in an effort to spur the Senate, where the measure was approved by the Finance Committee on March 4, but has been languishing since.

The Senate bill — jointly sponsored by **Finance Chairman Roth** and **ranking member Daniel Patrick Moynihan**, D-N.Y., and **Health, Education, Labor and Pensions Chairman Jefords** and **ranking member Edward Kennedy**, D-Mass. — now has 74 cosponsors, including such conservative stalwarts as **Senate Foreign Relations Chairman Helms** and **Sen. Rick Santorum**, R-Pa.

Yet the legislation did not appear on the list of bills Lott released last

week as ones he hoped the Senate would pass before the Memorial Day recess.

That could be because Lott and Nickles cast the only two "nay" votes on the measure when it was approved by the Finance Committee.

Nickles said at that markup he was concerned that the bill was too generous, and he disapproved of some of the proposed funding mechanisms to offset the estimated \$3.5 billion cost.

While Lott did not include the measure on his priority list, **Senate Minority Leader Daschle** this week did make it one of four bills Democrats want passed between now and Memorial Day.

And on April 7, Roth, Moynihan, Jefords and Kennedy wrote to Lott asking that the measure be scheduled.

"The committee report was filed on March 26, 1999," the senators wrote. "We ask that this legislation be considered and voted upon by the Senate by Memorial Day recess. We believe this bill would require at most a few hours of floor time to be considered."

— BY JULIE ROVNER



David Rowe

04/09/99 05:46:08 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: Daniel J. Chenok/OMB/EOP, Maya A. Bernstein/OMB/EOP, Lori Schack/OMB/EOP
Subject: Summary of ED's session with Ways and Means on the Work Incentives Improvement Act

On Friday 3/26, ED staff (Curtis Richards and others) met with W&M staff for about an hour to discuss the Bunning-Kennelly bill & this year's Kennedy-Jeffords bill. I apologize for the delay in sending this summary out.

One of the main purposes of this meeting was to brief W&M staff on how the State VR programs work (e.g., the fact that priority is given to serving individuals with the most significant disabilities). Below is a brief summary of the other important items that were discussed.

Agreement with State Rehab. Agency: W&M staff asked ED about the purpose of sec. 1148(c)(3)(D) in the Senate bill, which states that no payment can be made to an employment network who either makes referrals to a State agency in violation of their agreement with the agency, or has not entered into an agreement. ED staff noted that this language is intended to prevent employment networks from "double dipping" by referring an individual to a State VR agency for specific services, and then being reimbursed for the services provided by the State VR agency. W&M staff was concerned that the bill language would essentially reassign the ticket to the VR agency. ED said the language just requires the provider to reimburse the Rehab agency, not give up the ticket, but said that it would look into this issue.

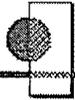
Mode of Election for Reimbursement: W&M staff asked about Sec. 1148 (c)(1) in the Senate bill, which gives only State agencies the option of operating under the old or the new payment system, on a case by case basis. ED justified this language by saying that, under this bill, the most difficult and risky cases (e.g., the most severely disabled) will most likely wind up in the State agencies rather than private providers, and that the reimbursements for these individuals would usually be lower under the new payment system. W&M staff said that they were concerned that private providers do not have the same option in the Senate bill.

Big Picture -- Competition: W&M staff asked ED if both they and the State rehab. agencies are generally concerned that this legislation would increase competition between State rehab. agencies and private providers. ED noted that they support the Kennedy-Jeffords legislation in its current form (though they have concerns with, for instance, the P&A language), and that competition isn't a major issue with the Department because there are more than enough people for both the State rehab. agencies and private providers to serve.

P&A: ED brought up it's concern that the Senate bill only provides a generic reference to providing information on obtaining employment and advocacy, rather than the more specific P&A language included in last year's draft H.R. 3433. W&M said that they'd take ED's concern under advisement.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Jonathan M. Young/WHO/EOP
Jeanne Lambrew/OPD/EOP
J. Eric Gould/OPD/EOP
Jack A. Smalligan/OMB/EOP
Larry R. Matlack/OMB/EOP
Carole Kitti/OMB/EOP
Melinda D. Haskins/OMB/EOP
Jeffrey A. Farkas/OMB/EOP
Joanne Cianci/OMB/EOP
Anne E. Tumlinson/OMB/EOP
Wayne Upshaw/OMB/EOP



Cynthia A. Rice

04/15/99 02:52:36 PM

Record Type: Record

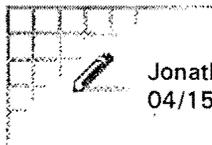
To: Jonathan M. Young/WHO/EOP
cc: Melinda D. Haskins/OMB/EOP, Jeanne Lambrew/OPD/EOP, Joanne Cianci/OMB/EOP, J. Eric Gould/OPD/EOP
bcc:
Subject: Re: URGENT : SAP on S331 -- Comments Due 3 :30 p.m. Today (4/15) -- Senate May Consider Bill Today

I agree with Jonathan's comment. I also would suggest that the first paragraph be made longer -- Jeanne what do you think and what would you add? -- so that the balance is right, e.g., there's 99% we absolutely love and 1% we'd amend slightly.

I would also amend the second graph as follows:

The Administration, ~~however,~~ urges the Senate to amend the bill to authorize the Work Incentives Assistance Grants proposal included in the President's FY 2000 Budget. This proposal would authorize grants for benefits planning and ~~assistance~~ counseling to facilitate access to information about work incentives and for state and local partnerships to better ~~integrate~~ coordinate services for people with disabilities who work or are returning to work.

Jonathan M. Young



Jonathan M. Young
04/15/99 02:33:38 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP
cc: Cynthia A. Rice/OPD/EOP, Jeanne Lambrew/OPD/EOP, Joanne Cianci/OMB/EOP
Subject: Re: URGENT : SAP on S331 -- Comments Due 3 :30 p.m. Today (4/15) -- Senate May Consider Bill Today

Looks good. I suggest you drop the "however" in the second paragraph. It has the unintended effect of diminishing our support in the first paragraph (e.g., "I like you but..."). It would read fine simply: "The Administration urges..."



Jonathan M. Young
04/15/99 02:33:38 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP

cc: Cynthia A. Rice/OPD/EOP, Jeanne Lambrew/OPD/EOP, Joanne Cianci/OMB/EOP

Subject: Re: URGENT : SAP on S331 -- Comments Due 3 :30 p.m. Today (4/15) -- Senate May Consider Bill Today 

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S. 331 - Work Incentives Improvement Act
(Sen. Jeffords (R) VT and 69 cosponsors)

The Administration strongly supports S. 311, which would remove significant barriers to work for millions of people with disabilities by increasing their access to health care and employment services. In his January 19th State of the Union Address, the President expressed his ongoing commitment to help people with disabilities and urged the Congress to pass this landmark bipartisan legislation. The President's FY 2000 Budget fully funds the bill's new health care options in Medicare and Medicaid and the "Ticket to Work" provisions for individuals with disabilities.

The Administration, ~~however~~, urges the Senate to amend the bill to authorize the Work Incentives Assistance Grants proposal included in the President's FY 2000 Budget. This proposal would authorize grants for benefits planning and ~~assistance~~ to facilitate access to information about work incentives and to better ~~integrate~~ services for people with disabilities who work or are returning to work.

counseling about
Coordinate
for state and local partnerships

Pay-As-You-Go Scoring

S. 331 would affect direct spending and receipts; therefore, it is subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990. OMB's scoring estimate for the bill is under development.

Melinda D. Haskins 04/15/99 02:23:44 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: URGENT : SAP on S331 -- Comments Due 3 :30 p.m. Today (4/15) -- Senate May Consider Bill Today

The Senate may consider S. 331, the Work Incentives Improvement Act, as early as this afternoon. Note that the bill includes revenue offsets, including modifications to the foreign tax credit carryover rules.

Attached below is the SAP on S. 331. Please provide me with comments by 3:30 p.m. today. Sorry for the short deadline.

EXOP: You will not receive a faxed copy of this LRM.

----- Forwarded by Melinda D. Haskins/OMB/EOP on 04/15/99 01:59 PM -----

LRM ID: MDH56

ATTACHMENT:



**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

Thursday, April 15, 1999

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Melinda D. Haskins
PHONE: (202)395-3923 FAX: (202)395-6148

SUBJECT: **Statement of Administration Policy on S331 Work Incentives Improvement Act of 1999**

DEADLINE: **3:30 P.M. Thursday, April 15, 1999**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: URGENT!

Attached is the draft SAP on S. 331. The Senate could consider S. 331 this afternoon.

THIS DEADLINE IS FIRM.

DISTRIBUTION LIST

AGENCIES:

61-JUSTICE - Dennis Burke - (202) 514-2141
110-Social Security Administration - Judy Chesser - (202) 358-6030
52-HHS - Sondra S. Wallace - (202) 690-7760
62-LABOR - Robert A. Shapiro - (202) 219-8201
30-EDUCATION - Jack Kristy - (202) 401-8313
71-National Council on Disability - Andrew Imparato - (202) 272-2112
92-Office of Personnel Management - Harry Wolf - (202) 606-1424
89-Office of National Drug Control Policy - John Carnevale - (202) 395-6736
118-TREASURY - Richard S. Carro - (202) 622-0650
51-General Services Administration - William R. Ratchford - (202) 501-0563
88-Office of Government Ethics - Jane Ley - (202) 208-8022

EOP:

Joseph J. Minarik
Justine F. Rodriguez
Barbara Chow
Daniel N. Mendelson
Barry White
Larry R. Matlack
Jack A. Smalligan
Carole Kitti
Joanne Cianci
Barry T. Clendenin
Mark E. Miller
Anne E. Tumlinson
Jeffrey A. Farkas
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J. Eric Gould
Eugenia Chough
Lori Schack
Allison H. Eyd
Wayne Upshaw
David Rowe
Jonathan M. Young
Sarah A. Bianchi
James J. Jukes
Janet R. Forsgren

David J. Haun
Douglas D. McCormick
Lisa M. Brown
Brian Mason
Lisa Zweig
Sandra Yamin
Elizabeth Gore

LRM ID: MDH56 **SUBJECT:** Statement of Administration Policy on S331 Work Incentives Improvement Act of 1999

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)

_____ (Name)

_____ (Agency)

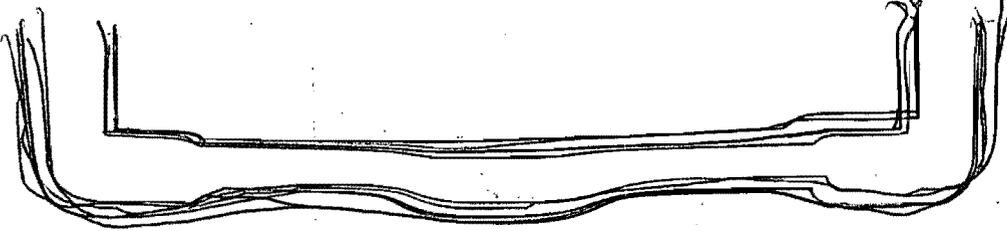
_____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur
_____ No Objection
_____ No Comment
_____ See proposed edits on pages _____
_____ Other: _____
_____ FAX RETURN of _____ pages, attached to this response sheet

Message Sent To: _____

Joseph J. Minarik/OMB/EOP
Justine F. Rodriguez/OMB/EOP
Barbara Chow/OMB/EOP
Daniel N. Mendelson/OMB/EOP
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Elizabeth Gore/OMB/EOP
Lisa Zweig/OMB/EOP
Brian S. Mason/OMB/EOP
Sandra Yamin/OMB/EOP
Robert J. Pellicci/OMB/EOP



Connie

4/15

~~scribbled out text~~

Sent letter asking Lott to move (last wk)
Every time lull in season
→ Rother Jeffords put

If it's called up, take to floor
w/o any managers amendment
4 will fight off all floor amendment

~~scribbled out text~~

Problems

- 4 sponsors haven't discussed ^{managers} ~~log~~ ~~amendment~~
- would open it up
- Questions

- ① → taking out \$23 mi → \$50 mi
→ K-M feel less project is #1 priority

Pat/Jeffords → dislikes systems change → what does \$27 m. represent

③ do they a way to do so

→ do ~~27~~ in diff models

④ Minor: suppose we do all this

→ then it goes to Cong.

→ does it subject House in
3rd date

Jeanne

→ do H moving this

→ no

For Kennedy biggest substantive issues

title II + title XIII

House - Have we spoken to them?

→ simply wise?



Jonathan M. Young
04/12/99 05:14:23 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Pre-Meeting to discuss DOL revised language

Let's join by conference call tomorrow at 10:30 AM to review the language circulated on Friday by Becky Ogle.

Lines: 202-456-6777, 202-456-6799

Code: 4321

Message Sent To:

Barbara Chow/OMB/EOP
Joanne Cianci/OMB/EOP
Melinda D. Haskins/OMB/EOP
Larry R. Matlack/OMB/EOP
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Judy.L.Chesser @ SSA.GOV
ogle-becky @ dol.gov
reed-gary @ dol.gov



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OF ADULTS
WITH
DISABILITIES**

200 Constitution Avenue, NW
Room 52512
Washington, DC 20210
Phone: 202-219-6081
TTY: 202-219-6012
Fax: 202-219-6523
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Date: 4/9/99 Total Pages: 10

To: Cynthia Rice From: Lori Peterson

Fax #: 202-456-7431 Tel #: 202-219-6081

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Comments:

Put Ability to Work!



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Washington, DC 20210
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MEMORANDUM FOR: BARBARA CHOW, OMB
JOANNE CIANCI, OMB
MELINDA HASKINS, OMB
LARRY MATLACK, OMB
JEFF FARKAS, OMB
CYNTHIA RICE, DPC
JEANNE LAMBREW, NEC
ERIC GOULD, DPC
LISA BROWN, OVP
JONATHAN YOUNG, OPL
SUSAN DANIELS, SSA
JUDY CHESSER, SSA
JIM O'DONNELL, SSA
BOB WILLIAMS, HHS

FROM: BECKY OGLE, Executive Director *B. Ogle*

DATE: April 9, 1999

SUBJECT: WORK INCENTIVES GRANT PROPOSAL

In our April 7 meeting with representatives from the disability community on the President's Work Incentives Grant proposal, the major issue was that the proposal would extend eligibility for benefit planning and counseling to all persons with disabilities. The disability advocates expressed a strong desire for restricting eligibility for such services to SSDI and SSI recipients and to other persons with severe disabilities who would be eligible for SSDI and SSI and therefore eligible for the Medicaid buy-in provision. The Administration's position is that the program would naturally focus on these target groups, but that it is unrealistic to restrict services to such groups for two reasons. First, it may be difficult to determine a person's eligibility for the Medicaid buy-in at the point where they are seeking information and counseling assistance on work incentives provisions. Second, there may be persons with severe disabilities who fall outside of these specific target groups but need information and counseling assistance with regard to work incentive provisions.

I would propose that we resolve this issue by proposing to the disability community that we will change our legislative proposal to mandate explicitly that these target groups be given a priority for services, as opposed to requiring that services be restricted to these target groups. To accomplish this, we could add the following requirement to subsection (b) of our legislative proposal for priority of services, as follows:

Put Ability to Work!

"(6) PRIORITY OF SERVICE.-- In carrying out paragraphs (1)(A) and (1)(B), a recipient of a grant, cooperative agreement, or contract shall give priority in the provision of benefits planning and counseling to--

(A) individuals who meet the definition of a disabled beneficiary as provided in section 1148(k)(2) of the Social Security Act (as amended by section 201 of this Act); and

(B) individuals with disabilities eligible for medical assistance pursuant to subclauses (XIII), (XV), or (XVI) of section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii))."

The relevant changes are shown in the attached explanatory statement and legislative language.

We need to come to an agreement on this issue prior to the next meeting with the disability advocates to be scheduled for next week.

Attachments

STATEMENT IN EXPLANATION AND SECTION-BY-SECTION ANALYSIS OF WORK INCENTIVES ASSISTANCE PROGRAM

This section would establish a \$50 million Work Incentives Assistance Program that would assist individuals with disabilities return to the workforce by improving access to and the coordination of information, benefits and services. The program builds upon and expands the outreach grant program currently proposed in S.331 and incorporates recommendations of the President's Task Force on the Employment of Adults with Disabilities.

The program would have two primary components: (1) counseling and outreach; and (2) systems change. As identified in subsection (a), the first component includes funds to provide community-based planning, counseling and outreach activities to disseminate information on Federal and State work incentive programs and related services to people with disabilities. The second component includes the awarding of funds to create partnerships and consortia that would assist in better integrating and coordinating the provision of employment and support services to individuals with disabilities through the one-stop career center systems being established under the Workforce Investment Act of 1998 (WIA).

Subsection (b) elaborates on the counseling and outreach component. The Secretary of Labor is to award grants or contracts to public or private agencies and organizations and State agencies to select individuals who will disseminate information explaining Federal and State work incentive programs and provide relevant benefits planning to help disabled individuals return to work. This assistance is also to include assessing the adequacy of health benefits offered by an employer, the availability of other health coverage, and the availability of protection and advocacy services. In providing such assistance, grantees or contractors are mandated to give priority to persons with disabilities who are receiving SSDI or SSI benefits and to persons with disabilities who could be eligible for these programs. These new and expanded services would be linked to one-stop career centers to help ensure they are widely available to individuals with disabilities in need of information about work incentives provisions.

The Secretary of Labor is also to work with the Commissioner of the Social Security Administration, who is to establish a corps of trained work incentives specialists within the Social Security Administration to disseminate information on disability work incentives under the Social Security Act. In addition, the Secretary is to provide technical assistance and training to grantees. The grantees, in turn, are to work in cooperation with Federal, State and local agencies, private nonprofit organizations that serve the disabled, vocational rehabilitation organizations, and one-stop career centers. The entities eligible to receive outreach funds include Centers for Independent Living, protection and advocacy organizations, client assistance programs, and State Developmental Disabilities Councils.

Subsection (c) describes the "system change" component that is to enhance the provision of services to individuals with disabilities through the one-stop career centers. These one-stop centers are to be established in each local area under the WIA and are to provide universal access

to core employment services, including job-related information and placement assistance. This component is designed to assist in ensuring that such universal access to the one-stop system includes access to appropriate information and services to individuals with disabilities.

Under this component, the Secretary of Labor is to award funds to partnerships or consortia of entities that must include State and local workforce investment boards that administer the one-stop system under the WIA and may include other public, private nonprofit, State, and local entities serving individuals with disabilities, to facilitate the provision of integrated employment-related services to individuals with disabilities through the one-stop system. Preference in awarding funds is to be provided to applicants that will match Federal funds with nonfederal resources and to those applicants that include the broadest range of entities in the proposed partnership or consortium. In addition, the activities are to supplement and not supplant on-going one-stop activities. This subsection identifies a number of allowable activities designed to enhance information and services to individuals with disabilities, including linkages with the counseling and outreach activities provided under the other program component.

Subsection (d) provides that the Secretary is to establish requirements for the submission of applications under the grant program.

Subsection (e) clarifies that both components may be carried out through single grants to consortia of entities eligible under subsections (b) and (c).

Subsection (f) contains common definitions.

Finally, subsection (g) authorizes appropriations of \$50 million for the program for each of fiscal years 2000-2004. Forty-six percent of the funds appropriated in any fiscal year, but not more than \$23 million, is to be used for the counseling and outreach component, with the balance to be used for the systems change component.

SEC. __. WORK INCENTIVES ASSISTANCE PROGRAM.

(a) **ESTABLISHMENT OF PROGRAM.**— From funds appropriated to carry out this section, the Secretary of Labor shall establish a work incentives assistance program, which shall be designed to—

(1) provide community-based work incentives planning, assistance, and outreach for the purpose of disseminating to individuals with disabilities accurate information on work incentives programs and issues related to such programs; and

(2) foster the creation and development of partnerships or consortia of public and private nonprofit organizations (including organizations of individuals with disabilities) for the purpose of improving training, employment, return-to-work, job retention, and career advancement for persons with disabilities, by coordinating and linking the delivery of such services with the one-stop career center systems established under title I of the Workforce Investment Act of 1998.

(b) **WORK INCENTIVES COUNSELING AND OUTREACH.**—

(1) **AUTHORIZED ACTIVITIES.**— From funds appropriated to carry out this subsection, the Secretary of Labor shall provide assistance through grants, cooperative agreements, or contracts with entities described in paragraph (5)—

(A) to provide benefits planning and counseling services, including information on the availability of protection and advocacy services, to individuals with disabilities, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (as amended by section 201 of this Act), the program established under section 1619 of the Social Security Act (relating to benefits for medically-impaired individuals who perform substantial gainful activity), and other programs that are designed to encourage individuals with disabilities to work;

(B) to carry out ongoing outreach efforts to individuals with disabilities (and to the families of such individuals) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist individuals with disabilities to work, including—

(i) preparing and disseminating information explaining such programs;

(ii) working in cooperation with Federal, State, and local public agencies and private nonprofit organizations that serve individuals with disabilities, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling; and

(iii) establishing linkages with one-stop career center systems to ensure that services are widely available to individuals with disabilities;

(C) to carry out—

(i) training for the individuals providing planning and counseling services and outreach efforts described in subparagraphs (A) and (B); and

(ii) technical assistance to organizations and entities that are designed to encourage individuals with disabilities to return to work; and

(D) to evaluate the activities carried out under this subsection.

(2) **ADDITIONAL REQUIREMENT.**— In carrying out paragraph (1)(A), a recipient of a grant, cooperative agreement, or contract to provide benefits planning and counseling services shall select individuals who will act as planners and provide information, guidance, and planning to individuals with disabilities on the—

(A) availability and interrelation of any Federal or State work incentives programs, designed to assist individuals with disabilities, in which the individual may be eligible to participate;

(B) adequacy of any health benefits coverage that may be offered by an employer of the individual and the extent to which other health benefits coverage may be available to the individual, and

(C) availability of protection and advocacy services for individuals with disabilities and how to access such services.

(3) WORK INCENTIVES SPECIALISTS. -- In coordination with the Secretary of Labor, the Commissioner of Social Security shall establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI of the Social Security Act, for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to--

(A) individuals with disabilities;

(B) benefit applicants under titles II and XVI of the Social Security Act; and

(C) individuals or entities awarded grants, cooperative agreements, or contracts under paragraph (1).

(4) COORDINATION WITH OTHER PROGRAMS. -- The responsibilities of the Secretary of Labor under this subsection shall be coordinated with the Social Security Administration, the Department of Health and Human Services, the Rehabilitation Services Administration, and other public and private programs that provide information and assistance regarding rehabilitation services and independent living supports and benefits planning for individuals with disabilities, including the program under section 1619 of the Social Security Act (relating to benefits for medically-impaired individuals who perform substantial gainful activity), the plans for achieving self-support program (PASS), and any other Federal or State work incentives programs that are designed to assist individuals with disabilities, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, transition services (as defined in, and provided in accordance with, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), one-stop career center systems, and other services, such as substance abuse treatment.

(5) ELIGIBLE ENTITIES. -- The Secretary of Labor may award a grant, cooperative agreement, or contract under this paragraph (1) to any State or any public or private agency or organization including the following:

(A) any public or private agency or organization (including Centers for Independent Living established under title VII of the Rehabilitation Act of 1973, protection and advocacy organizations, client assistance programs established in accordance with section 112 of the Rehabilitation Act of 1973, and State Developmental Disabilities Councils established in accordance with section 124 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024)) that the Secretary of Labor determines satisfies the requirements of this subsection; and

(B) any State agency administering the State program funded under part A of title IV of the Social Security Act.

(6) PRIORITY OF SERVICE. -- In carrying out paragraphs (1)(A) and (1)(B), a recipient of a grant, cooperative agreement, or contract shall give priority in the provision of benefits planning and counseling to--

(A) individuals who meet the definition of a disabled beneficiary as provided in section 1148(k)(2) of the Social Security Act (as amended by section 201 of this Act); and

(B) individuals with disabilities eligible for medical assistance pursuant to subclauses (XIII), (XV), or (XVI) of section 1902(a)(10)(A)(ii) of the Social Security Act (42 U.S.C. 1396a(a)(10)(A)(ii)).

(6) (7) CONDITIONS. --

(A) **STATEWIDENESS.** -- The Secretary of Labor shall ensure that the planning, assistance, and information described in paragraph (1) shall be available on a statewide basis.

(B) **POPULATION OF INDIVIDUALS WITH DISABILITIES TO BE CONSIDERED.** --

The Secretary of Labor shall award a grant, cooperative agreement, or contract under this subsection to an entity, taking into account the percentage of the population of the State where the entity is located who are individuals with disabilities.

(c) WORK INCENTIVES GRANTS FOR SYSTEMS CHANGE. --

(1) **ASSISTANCE.** -- From funds appropriated to carry out this subsection, the Secretary of Labor shall provide assistance to support the creation and development of partnerships or consortia of public or private nonprofit organizations and entities (including State and local workforce investment boards, and organizations of individuals with disabilities) in order to--

(A) provide incentives for broader systems-building efforts involving coordinated services delivery through, and linkages across, the one-stop career center systems established under title I of the Workforce Investment Act of 1998;

(B) augment the capacity of the one-stop career center systems for the delivery of a full array of effective employment and training services to people with disabilities;

(C) promote coordination among members of such partnerships or consortia, in order to ensure that people with disabilities are better prepared to enter, reenter, and remain in the workforce; and

(D) facilitate coordination between one-stop career center systems and the benefits counselors and the corps of trained work incentives specialists described in subsection (b).

(2) **CONSULTATION WITH FEDERAL PARTNERS.** -- From funds appropriated to carry out this subsection, the Secretary of Labor shall award competitive grants, cooperative agreements, or contracts to eligible entities after consultation with appropriate Federal partners, including the National Council on Disability, the President's Committee on the Employment of People with Disabilities, the Task Force on the Employment of Adults with Disabilities, the Department of Commerce, the Department of Education, the Department of Health and Human Services, the Department of Veterans Affairs, the Social Security Administration, and the Small Business Administration.

(3) **ELIGIBLE ENTITIES.** --

(A) **IN GENERAL.** -- Each eligible entity under this subsection shall be a partnership or consortium comprised of public or private nonprofit entities serving individuals with disabilities, which may include (but are not limited to) State and local workforce investment boards established under title I of the Workforce Investment Act of 1998, State Vocational Rehabilitation Agencies (including State agencies for individuals who are blind), Centers for Independent Living, State Medicaid and medical assistance agencies, State Protection and Advocacy Agencies, Client Assistance Programs, State Developmental Disabilities Councils, State mental health agencies, State mental retardation agencies, State transportation agencies, State developmental disabilities agencies, local or regional transit authorities, metropolitan planning organizations, local public housing authorities, the State agency administering the State program funded under part A of title IV of the Social Security Act, school-to-work entities, education entities providing transitional services (including State educational agencies, local educational agencies, and community colleges), labor organizations, and local development agencies.

(B) ADDITIONAL REQUIREMENTS.—

(i) To the extent practicable, partnerships or consortia described in subparagraph (A) shall be formed by organizations and other entities that are locally or regionally based.

(ii) In order to ensure maximum coordination with the one-stop career center systems, the appropriate State and local workforce investment boards established under title I of the Workforce Investment Act of 1998 shall be members of each partnership or consortium described in subparagraph (A).

(iii) Preference shall be given to applications for grants, cooperative agreements, or contracts, based on the extent to which non-Federal sources will be used to contribute amounts toward matching the amounts available from Federal funds.

(iv) Preference shall be given to applications for grants, cooperative agreements, or contracts, based on the number of entities included in, and the comprehensive nature of, the consortium or partnership for which assistance under this subsection is requested.

(v) Activities assisted under this subsection shall build upon and supplement on-going activities and shall not duplicate or supplant current activities of the one-stop career center systems.

(4) ALLOWABLE ACTIVITIES.— Funds made available from appropriations for carrying out this subsection may be used to provide assistance pursuant to grants, cooperative agreements, or contracts with eligible entities in each State for—

(A) the development and establishment of partnerships utilizing existing local, State, and Federal resources for the purpose of achieving the coordinated provision of integrated income assistance, health and other benefits, job training and placement, and other employment-related services for individuals with disabilities;

(B) making arrangements to link such services with local one-stop career center systems in a manner that comprehensively supports coordinated delivery of employment-related services to individuals with disabilities;

(C) the provision of training and technical assistance to partnership and consortium partners under this subsection and to all components of the Statewide workforce investment system under the Workforce Investment Act of 1998, in order—

(i) to increase awareness regarding the availability of and any eligibility requirements for employment-related benefits, services, and training for individuals with disabilities; and

(ii) to promote equal opportunity for the effective participation of individuals with disabilities in workforce investment activities in the State through improved understanding and knowledge of program accessibility needs and requirements;

(D) the development and implementation of procedures designed to enhance the provision of services for individuals with disabilities through such means as common intake, resource information and assistance (including assistance in resume preparation and career development, and information on employment-related services, programs, and benefits), the development of customer databases and customer service hotlines, and appropriate employment-related counseling and referrals, utilizing single point-of-entry systems involving appropriate electronic and staff assistance;

(E) the modification and enhancement of State and national information systems to link the work of the partnerships with the Statewide workforce investment system and with nationwide systems for the provision of labor market information, employment statistics, and information on education and training opportunities and job vacancies;

(F) the establishment of linkages with other providers of services that individuals with disabilities may need in order to find and keep gainful employment, including such providers as local public agencies, nonprofit service providers, community-based organizations, and educational agencies and

institutions;

(G) the establishment of arrangements for the provision of comprehensive pre-service assistance for individuals with disabilities, including (i) coordination with benefits counselors and the corps of work incentives specialists described in subsection (b), and (ii) information on the array of available services, including transportation assistance and subsidies;

(H) assisting publicly-funded entities in each State that serve specific sub-populations of individuals with disabilities (including individuals who are blind or deaf, or have psychiatric or developmental disabilities, and others) for the purpose of providing training and technical assistance to consortium partners, relating to the specific needs and barriers faced by their clients;

(I) identifying and implementing systems changes that address unique barriers to employment for targeted sub-populations, including (i) linkages and improved access to transportation for those with mobility impairments, (ii) resolution of housing issues facing those experiencing de-institutionalization or loss of public housing support, and (iii) other barriers to entry or re-entry into employment, and job retention and career advancement; and

(J) evaluation of programs or activities funded under this subsection.

(d) **APPLICATION.**— Eligible entities shall submit applications for grants, cooperative agreements, and contracts to the Secretary of Labor at such time, in such manner, and containing such information and assurances as the Secretary may determine to be necessary to meet the requirements of this section.

(e) **SINGLE GRANT.**— The Secretary may provide assistance under this section to any consortium or partnership of entities described in subsections (b)(5) and (c)(3) to carry out the activities described in subsections (b) and (c) through a single grant, cooperative agreement, or contract.

(f) **DEFINITIONS.**— As used in this section—

(1) **SECRETARY.**— The term “Secretary” means the Secretary of Labor.

(2) **ONE-STOP CAREER CENTER SYSTEMS.**— The term “one-stop career center systems” means the one-stop delivery systems established under title I of the Workforce Investment Act of 1998.

(g) **AUTHORIZATION OF APPROPRIATIONS.**—

(1) There are authorized to be appropriated to carry out this section the sum of \$50,000,000 for each of fiscal years 2000 through 2004.

(2) Of the sums appropriated to carry out this section for each fiscal year, 46 percent (but not more than \$23,000,000) shall be used for carrying out subsection (b).

4/7 Work Incentives Mtg

→ priority should be SSI/DI

→ ours would allow those not yet on benefits to receive planning assistance

Bob → This gap is future looking
→ working towards day when and don't have to go on the rolls to take up certain work incentives

→ want to include Medicaid buy in

Marty

→ need to target language since not in SSA

~~Bob~~

→ not on SSI/SSDI
→ and applicants
→ "at risk of being on SSI/SSDI"
→ in line with level of disability

Stigals

Andrew

Senate: 4 sponsors / 6th of Cott
→ before Mem. recess
70 sponsors

House H.R. 1180 Lazio

Bliley

Bill. Vakis

~~Other bill w/o Medicare (1091)~~

→

→ we need to stress

not "lifetime Medicare"

(only so long as they had
'impairment' that made
them eligible)

→ James will do one page

Next step

→ notes on language
of #50 mi

Work Incentives Improvement Act Meeting:
Administration and Disability Advocates
April 7, 1999

Agenda

I. Welcome/Introductions: Jonathan Young (OPL)

Attendees expected to include:

- A. **Disability Advocates:** Marty Ford (The Arc), Tony Young (UCPA), David Fields (UCPA), Andrew Sperling (NAMI), Suellen Galbraith (ANCOR), Mary Gennaro (NADDC), Sallie Rhodes (NAPAS)
- B. **White House:** Cynthia Rice (DPC), Jeanne Lambrew (NEC), Eric Gould (DPC), Lisa Brown (OVP), Jonathan Young (OPL)
- C. **OMB:** Barbara Chow, Joanne Cianci, Melinda Haskins, Larry Matlack, Jeff Farkas
- D. **DOL:** Becky Ogle, Gary Reed, Bill McKinnon
- E. **SSA:** Susan Daniels, Judy Chesser, Jim O'Donnell
- F. **HHS:** Bob Williams

II. Work Incentives Planners/DOL Grants: Cynthia (DPC), Barbara (OMB), Becky (DOL), and Susan (SSA)

III. Overall Strategy: Jonathan (OPL) and Cynthia (DPC)

- A. House Update
- B. Senate Update
- C. Future Meetings:

STATEMENT IN EXPLANATION AND SECTION-BY-SECTION ANALYSIS OF WORK INCENTIVES ASSISTANCE PROGRAM

This section would establish a \$50 million Work Incentives Assistance Program that would assist individuals with disabilities return to the workforce by improving access to and the coordination of information, benefits and services. The program builds upon and expands the outreach grant program currently proposed in S.331 and incorporates recommendations of the President's Task Force on the Employment of Adults with Disabilities.

The program would have two primary components: (1) counseling and outreach; and (2) systems change. As identified in subsection (a), the first component includes funds to provide community-based planning, counseling and outreach activities to disseminate information on Federal and State work incentive programs and related services to people with disabilities. The second component includes the awarding of funds to create partnerships and consortia that would assist in better integrating and coordinating the provision of employment and support services to individuals with disabilities through the one-stop career center systems being established under the Workforce Investment Act of 1998 (WIA).

Subsection (b) elaborates on the counseling and outreach component. The Secretary of Labor is to award grants or contracts to public or private agencies and organizations and State agencies to select individuals who will disseminate information explaining Federal and State work incentive programs and provide relevant benefits planning to help disabled individuals return to work. This assistance is also to include assessing the adequacy of health benefits offered by an employer, the availability of other health coverage, and the availability of protection and advocacy services. These new and expanded services would be linked to one-stop career centers to help ensure they are widely available to individuals with disabilities.

The Secretary of Labor is also to work with the Commissioner of the Social Security Administration, who is to establish a corps of trained work incentives specialists within the Social Security Administration to disseminate information on disability work incentives under the Social Security Act. In addition, the Secretary is to provide technical assistance and training to grantees. The grantees, in turn, are to work in cooperation with Federal, State and local agencies, private nonprofit organizations that serve the disabled, vocational rehabilitation organizations, and one-stop career centers. The entities eligible to receive outreach funds include Centers for Independent Living, protection and advocacy organizations, client assistance programs, and State Developmental Disabilities Councils.

Subsection (c) describes the "system change" component that is to enhance the provision of services to individuals with disabilities through the one-stop career centers. These one-stop centers are to be established in each local area under the WIA and are to provide universal access to core employment services, including job-related information and placement assistance. This component is designed to assist in ensuring that such universal access to the one-stop system includes access to appropriate information and services to individuals with disabilities.

Under this component, the Secretary of Labor is to award funds to partnerships or consortia of entities that must include State and local workforce investment boards that administer the one-stop system under the WIA and may include other public, private nonprofit, State, and local entities serving individuals with disabilities, to facilitate the provision of integrated employment-related services to individuals with disabilities through the one-stop system. Preference in awarding funds is to be provided to applicants that will match Federal funds with nonfederal resources and to those applicants that include the broadest range of entities in the proposed partnership or consortium. In addition, the activities are to supplement and not supplant on-going one-stop activities. This subsection identifies a number of allowable activities designed to enhance information and services to individuals with disabilities, including linkages with the counseling and outreach activities provided under the other program component.

Subsection (d) provides that the Secretary is to establish requirements for the submission of applications under the grant program.

Subsection (e) clarifies that both components may be carried out through single grants to consortia of entities eligible under subsections (b) and (c).

Subsection (f) contains common definitions.

Finally, subsection (g) authorizes appropriations of \$50 million for the program for each of fiscal years 2000-2004. Forty-six percent of the funds appropriated in any fiscal year, but not more than \$23 million, is to be used for the counseling and outreach component, with the balance to be used for the systems change component.

SEC. ____ WORK INCENTIVES ASSISTANCE PROGRAM

(a) ESTABLISHMENT OF PROGRAM.-- From funds appropriated to carry out this section, the Secretary of Labor shall establish a work incentives assistance program, which shall be designed to--

(1) provide community-based work incentives planning, assistance, and outreach for the purpose of disseminating to individuals with disabilities accurate information on work incentives programs and issues related to such programs; and

(2) foster the creation and development of partnerships or consortia of public and private nonprofit organizations (including organizations of individuals with disabilities) for the purpose of improving training, employment, return-to-work, job retention, and career advancement for persons with disabilities, by coordinating and linking the delivery of such services with the one-stop career center systems established under title I of the Workforce Investment Act of 1998.

(b) WORK INCENTIVES COUNSELING AND OUTREACH.--

(1) AUTHORIZED ACTIVITIES.-- From funds appropriated to carry out this subsection, the Secretary of Labor shall provide assistance through grants, cooperative agreements, or contracts with entities described in paragraph (5)--

(A) to provide benefits planning and counseling services, including information on the availability of protection and advocacy services, to individuals with disabilities, including individuals participating in the Ticket to Work and Self-Sufficiency Program established under section 1148 of the Social Security Act (as amended by section 201 of this Act), the program established under section 1619 of the Social Security Act (relating to benefits for medically-impaired individuals who perform substantial gainful activity), and other programs that are designed to encourage individuals with disabilities to work;

(B) to carry out ongoing outreach efforts to individuals with disabilities (and to the families of such individuals) who are potentially eligible to participate in Federal or State work incentive programs that are designed to assist individuals with disabilities to work, including--

(i) preparing and disseminating information explaining such programs;

(ii) working in cooperation with Federal, State, and local public agencies and private nonprofit organizations that serve individuals with disabilities, and with agencies and organizations that focus on vocational rehabilitation and work-related training and counseling; and

(iii) establishing linkages with one-stop career center systems to ensure that services are widely available to individuals with disabilities;

(C) to carry out--

(i) training for the individuals providing planning and counseling services and outreach efforts described in subparagraphs (A) and (B); and

(ii) technical assistance to organizations and entities that are designed to encourage individuals with disabilities to return to work; and

(D) to evaluate the activities carried out under this subsection.

(2) ADDITIONAL REQUIREMENT -- In carrying out paragraph (1)(A), a recipient of a grant, cooperative agreement, or contract to provide benefits planning and counseling services shall select individuals who will act as planners and provide information, guidance, and planning to individuals with disabilities on the--

(A) availability and interrelation of any Federal or State work incentives programs, designed to assist individuals with disabilities, in which the individual may be eligible to participate;

(B) adequacy of any health benefits coverage that may be offered by an employer of the individual and the extent to which other health benefits coverage may be available to the individual; and

(C) availability of protection and advocacy services for individuals with disabilities and how to access such services.

(3) **WORK INCENTIVES SPECIALISTS.**-- In coordination with the Secretary of Labor, the Commissioner of Social Security shall establish a corps of trained, accessible, and responsive work incentives specialists within the Social Security Administration who will specialize in disability work incentives under titles II and XVI of the Social Security Act, for the purpose of disseminating accurate information with respect to inquiries and issues relating to work incentives to--

(A) individuals with disabilities;

(B) benefit applicants under titles II and XVI of the Social Security Act; and

(C) individuals or entities awarded grants, cooperative agreements, or contracts under paragraph

(1).

(4) **COORDINATION WITH OTHER PROGRAMS.**-- The responsibilities of the Secretary of Labor under this subsection shall be coordinated with the Social Security Administration, the Department of Health and Human Services, the Rehabilitation Services Administration, and other public and private programs that provide information and assistance regarding rehabilitation services and independent living supports and benefits planning for individuals with disabilities, including the program under section 1619 of the Social Security Act (relating to benefits for medically-impaired individuals who perform substantial gainful activity), the plans for achieving self-support program (PASS), and any other Federal or State work incentives programs that are designed to assist individuals with disabilities, including educational agencies that provide information and assistance regarding rehabilitation, school-to-work programs, transition services (as defined in, and provided in accordance with, the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.)), one-stop career center systems, and other services, such as substance abuse treatment.

(5) **ELIGIBLE ENTITIES.**-- The Secretary of Labor may award a grant, cooperative agreement, or contract under this paragraph (1) to any State or any public or private agency or organization including the following:

(A) any public or private agency or organization (including Centers for Independent Living established under title VII of the Rehabilitation Act of 1973, protection and advocacy organizations, client assistance programs established in accordance with section 112 of the Rehabilitation Act of 1973, and State Developmental Disabilities Councils established in accordance with section 124 of the Developmental Disabilities Assistance and Bill of Rights Act (42 U.S.C. 6024)) that the Secretary of Labor determines satisfies the requirements of this subsection; and

(B) any State agency administering the State program funded under part A of title IV of the Social Security Act.

(6) **CONDITIONS.**--

(A) **STATEWIDENESS.**-- The Secretary of Labor shall ensure that the planning, assistance, and information described in paragraph (1) shall be available on a statewide basis.

(B) **POPULATION OF INDIVIDUALS WITH DISABILITIES TO BE CONSIDERED.**-- The Secretary of Labor shall award a grant, cooperative agreement, or contract under this subsection to an entity, taking into account the percentage of the population of the State where the entity is located who are individuals with disabilities.

(c) WORK INCENTIVES GRANTS FOR SYSTEMS CHANGE.--

(1) ASSISTANCE.-- From funds appropriated to carry out this subsection, the Secretary of Labor shall provide assistance to support the creation and development of partnerships or consortia of public or private nonprofit organizations and entities (including State and local workforce investment boards, and organizations of individuals with disabilities) in order to--

(A) provide incentives for broader systems-building efforts involving coordinated services delivery through, and linkages across, the one-stop career center systems established under title I of the Workforce Investment Act of 1998;

(B) augment the capacity of the one-stop career center systems for the delivery of a full array of effective employment and training services to people with disabilities;

(C) promote coordination among members of such partnerships or consortia, in order to ensure that people with disabilities are better prepared to enter, reenter, and remain in the workforce; and

(D) facilitate coordination between one-stop career center systems and the benefits counselors and the corps of trained work incentives specialists described in subsection (b).

(2) CONSULTATION WITH FEDERAL PARTNERS.-- From funds appropriated to carry out this subsection, the Secretary of Labor shall award competitive grants, cooperative agreements, or contracts to eligible entities after consultation with appropriate Federal partners, including the National Council on Disability, the President's Committee on the Employment of People with Disabilities, the Task Force on the Employment of Adults with Disabilities, the Department of Commerce, the Department of Education, the Department of Health and Human Services, the Department of Veterans Affairs, the Social Security Administration, and the Small Business Administration.

(3) ELIGIBLE ENTITIES.--

(A) IN GENERAL.-- Each eligible entity under this subsection shall be a partnership or consortium comprised of public or private nonprofit entities serving individuals with disabilities, which may include (but are not limited to) State and local workforce investment boards established under title I of the Workforce Investment Act of 1998, State Vocational Rehabilitation Agencies (including State agencies for individuals who are blind), Centers for Independent Living, State medicaid and medical assistance agencies, State Protection and Advocacy Agencies, Client Assistance Programs, State Developmental Disabilities Councils, State mental health agencies, State mental retardation agencies, State transportation agencies, State developmental disabilities agencies, local or regional transit authorities, metropolitan planning organizations, local public housing authorities, the State agency administering the State program funded under part A of title IV of the Social Security Act, school-to-work entities, education entities providing transitional services (including State educational agencies, local educational agencies, and community colleges), labor organizations, and local development agencies.

(B) ADDITIONAL REQUIREMENTS.--

(i) To the extent practicable, partnerships or consortia described in subparagraph (A) shall be formed by organizations and other entities that are locally or regionally based.

(ii) In order to ensure maximum coordination with the one-stop career center systems, the appropriate State and local workforce investment boards established under title I of the Workforce Investment Act of 1998 shall be members of each partnership or consortium described in subparagraph (A).

(iii) Preference shall be given to applications for grants, cooperative agreements, or contracts, based on the extent to which non-Federal sources will be used to contribute amounts toward matching the amounts available from Federal funds.

(iv) Preference shall be given to applications for grants, cooperative agreements, or contracts, based on the number of entities included in, and the comprehensive nature of, the consortium or partnership for which assistance under this subsection is requested.

(v) Activities assisted under this subsection shall build upon and supplement on-going activities and shall not duplicate or supplant current activities of the one-stop career center systems.

(4) ALLOWABLE ACTIVITIES.-- Funds made available from appropriations for carrying out this subsection may be used to provide assistance pursuant to grants, cooperative agreements, or contracts with eligible entities in each State for--

(A) the development and establishment of partnerships utilizing existing local, State, and Federal resources for the purpose of achieving the coordinated provision of integrated income assistance, health and other benefits, job training and placement, and other employment-related services for individuals with disabilities;

(B) making arrangements to link such services with local one-stop career center systems in a manner that comprehensively supports coordinated delivery of employment-related services to individuals with disabilities;

(C) the provision of training and technical assistance to partnership and consortium partners under this subsection and to all components of the Statewide workforce investment system under the Workforce Investment Act of 1998, in order--

(i) to increase awareness regarding the availability of and any eligibility requirements for employment-related benefits, services, and training for individuals with disabilities; and

(ii) to promote equal opportunity for the effective participation of individuals with disabilities in workforce investment activities in the State through improved understanding and knowledge of program accessibility needs and requirements;

(D) the development and implementation of procedures designed to enhance the provision of services for individuals with disabilities through such means as common intake, resource information and assistance (including assistance in resume preparation and career development, and information on employment-related services, programs, and benefits), the development of customer databases and customer service hotlines, and appropriate employment-related counseling and referrals, utilizing single point-of-entry systems involving appropriate electronic and staff assistance;

(E) the modification and enhancement of State and national information systems to link the work of the partnerships with the Statewide workforce investment system and with nationwide systems for the provision of labor market information, employment statistics, and information on education and training opportunities and job vacancies;

(F) the establishment of linkages with other providers of services that individuals with disabilities may need in order to find and keep gainful employment, including such providers as local public agencies, nonprofit service providers, community-based organizations, and educational agencies and institutions;

(G) the establishment of arrangements for the provision of comprehensive pre-service assistance for individuals with disabilities, including (i) coordination with benefits counselors and the corps of work incentives specialists described in subsection (b), and (ii) information on the array of available services, including transportation assistance and subsidies;

(H) assisting publicly-funded entities in each State that serve specific sub-populations of individuals with disabilities (including individuals who are blind or deaf, or have psychiatric or developmental disabilities, and others) for the purpose of providing training and technical assistance to consortium partners, relating to the specific needs and barriers faced by their clients;

(I) identifying and implementing systems changes that address unique barriers to employment for targeted sub-populations, including (i) linkages and improved access to transportation for those with mobility impairments, (ii) resolution of housing issues facing those experiencing de-institutionalization or loss of public housing support, and (iii) other barriers to entry or re-entry into employment, and job retention and career advancement; and

(J) evaluation of programs or activities funded under this subsection.

(d) APPLICATION.-- Eligible entities shall submit applications for grants, cooperative agreements, and contracts to the Secretary of Labor at such time, in such manner, and containing such information and assurances as the Secretary may determine to be necessary to meet the requirements of this section.

(e) SINGLE GRANT.-- The Secretary may provide assistance under this section to any consortium or partnership of entities described in subsections (b)(5) and (c)(3) to carry out the activities described in subsections (b) and (c) through a single grant, cooperative agreement, or contract.

(f) DEFINITIONS.-- As used in this section--

(1) SECRETARY.-- The term "Secretary" means the Secretary of Labor.

(2) ONE-STOP CAREER CENTER SYSTEMS.-- The term "one-stop career center systems" means the one-stop delivery systems established under title I of the Workforce Investment Act of 1998.

(g) AUTHORIZATION OF APPROPRIATIONS.--

(1) There are authorized to be appropriated to carry out this section the sum of \$50,000,000 for each of fiscal years 2000 through 2004.

(2) Of the sums appropriated to carry out this section for each fiscal year, 46 percent (but not more than \$23,000,000) shall be used for carrying out subsection (b).

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. form	Contact Information for Garner (partial) (1 page)	ca. April, 1999	P6/b(6), b(6)

**This marker identifies the original location of the withdrawn item listed above.
For a complete list of items withdrawn from this folder, see the
Withdrawal/Redaction Sheet at the front of the folder.**

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Cynthia Rice (Subject Files)
OA/Box Number: 15430

FOLDER TITLE:

Disability-Kennedy/Jeffords 1999 [1]

rx39

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

Freedom of Information Act - [5 U.S.C. 552(b)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advise between the President and his advisors, or between such advisors [a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Full Name: ML (Y/N/D/R)

Office Phone:

Office Fax:

Connie Garner

(202) 224-6390

Last Name

First Name

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Office TTY/TDD

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Organization

P6136

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Ms. Connie Garner
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Country

DOB (MM/DD/YY)

SS# (xxx-xx-xxxx)

Issue Interests

Email (Not for List)

Disability Interests

Web Site

Demographics

Mobile Phone

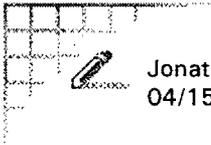
Pager

Affiliations (Committees)

(703) 919-2837

(703) 701-5795

Notes



Jonathan M. Young
04/15/99 12:24:39 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Conf. Call with Connie

456-6755, code 7246

This is just 7 lines. If Marie and Laura each take one, OMB takes two, Jeanne takes one, I'll join Cynthia in her office, patch in Connie, leaving one extra line.

Call is at 12:30 pm

Message Sent To:

Cynthia A. Rice/OPD/EOP
Joanne Cianci/OMB/EOP
efurd-laura @ dol.gov
marie.p.strahan @ ssa.gov
Jeanne Lambrew/OPD/EOP

3/25 JKPM

Technical session w/ WTM last week

HR 1180 ~~89~~ 60 sponsors
referred Lazio/Waxman

Hearing Thurs + pres conf
overwhelming bipartisan

Bliley / Esch

First WTM

then Commerce

Sequential jurisdiction

Karen Nelson / Waxman

Labr Dept

→ under control with
can't do counseling
piece, can do

Hogart/Harkin

W+M to meet on ticket Fri p.m.

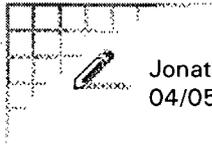
- ~~W+M~~
- Curtis
- Dept of Educ
 - "we support what's in J-K"
- VR issues

Options

- Senate floor amendment
 - in conference building will be conference
- Proceed in approps
 - \$50 mi plus auth for 723

To Do

- ① Senate amendment
 - Labm + Task Force
 - Harkin
Jeffords
- ② House
 - Waxman (Karen)
 - Matsui
- ③



Jonathan M. Young
04/05/99 02:00:12 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc:
Subject: pls. review... JKRM Meeting with Disability Groups

Cynthia, can you look this over before I circulate it? Thanks.

=====

We will meet as scheduled.

Date: Wednesday, April 7

Time: 12:00 PM

Room: OEOB 211

Subject: Work Incentives Planners and DOL Systems Change Component

Background: One of the original titles of the JK Legislation concerned setting up "Work Incentives Planners," on a competitive state-by-state grant basis, to inform people on SSI and SSDI about their options for obtaining employment and taking advantage of the JK Work Incentives. The Senate bill proposed to fund this program out of SSA, for \$23 million a year max over five years; starting in year 2. During our budget process, we developed a proposal that combined the Planners with one of the Task Force recommendations for Systems Change in DOL, for a total of \$50 million a year, beginning year one (roughly \$23 million going to the Planners, the rest for Systems Change). We proposed this change to the Senate during, but the bill was passed out of Finance Committee without our recommended change, sticking by the \$23 million in SSA.

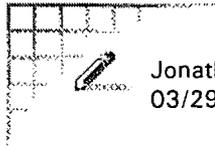
Reason for Meeting: Senate staff and disability groups are operating under the assumption that the bill language obligates/mandates SSA to fund the program. They are separately exploring ways to appropriate funds for the Task Force Systems Change component. But, as we have discussed in recent meetings, the language would require SSA to fund the Planners out of its discretionary Administrative account, and SSA cannot therefore guarantee it will have the resources to operate the program. We want to inform the Congress and the advocates about our concern so that we do not run into greater problems down the road.

Proposed Agenda for Meeting: 1) Introductions; 2) Review history and content of our DOL combined proposal; 3) Review concerns about current Senate language; 4) Q & A.

Attendance at Meeting: 1) Administration Representatives from DPC/NEC, OMB (health and income maintenance divisions), W.H. Legislative Affairs, SSA, DOL, OVP, OPL; 2) Leading disability community advocates (4-6). Administration offices not mentioned above, but wishing to attend, may do so. Just let me know.

Call me at 202-456-7032 with questions.

Jonathan Young, White House Office of Public Liaison



Jonathan M. Young
03/29/99 03:19:32 PM

Record Type: Record

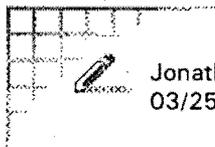
To: See the distribution list at the bottom of this message
cc: Gina C. Mooers/OMB/EOP, Sandra Yamin/OMB/EOP, Christopher C. Jennings/OPD/EOP, Teresa M. Jones/OPD/EOP
Subject: Meeting with Dis Reps, proposed time

Wednesday, April 7, 12:00 PM - 1:00 PM, room TBD

From the response I've heard so far, this appears to be the best (and perhaps only) workable time. Please let me know if this does NOT work for representation from OMB (Health and Ed), DPC/NEC, SSA, DOL, and Leg. Affairs. In the meantime, interested parties please hold date/time for meeting with disability representatives. There will probably be no perfect time, so I'd like to hold this one unless it poses a major problem. Thanks.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Jeanne Lambrew/OPD/EOP
Jeffrey A. Farkas/OMB/EOP
Carole Kitti/OMB/EOP
Larry R. Matlack/OMB/EOP
Joanne Cianci/OMB/EOP
J. Eric Gould/OPD/EOP
Lisa M. Brown/OVP @ OVP
Jonathan M. Young/WHO/EOP
Judy.L.Chesser @ SSA.GOV
Susan.M.Daniels @ SSA.GOV
ogle-becky @ dol.gov
Bwilliam @ osaspe.dhhs.gov
Curtis_Richards @ ed.gov
Sarah A. Bianchi/OVP @ OVP
rkatz @ osaspe.dhhs.gov
coconnor2 @ hcfa.gov
reed-gary @ dol.gov
ken.mcgill @ ssa.gov
marie.p.strahan @ ssa.gov
Melinda D. Haskins/OMB/EOP
Jim.odonnell @ ssa.gov
djohnson4 @ hcfa.gov
sclarkin @ os.dhhs.gov
David Rowe/OMB/EOP
efurd-laura @ dol.gov
Tracey E. Thornton/WHO/EOP
Lisa M. Kountoupes/WHO/EOP
Janet Murguia/WHO/EOP
Charles M. Brain/WHO/EOP



Jonathan M. Young
03/25/99 10:43:38 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Meeting with disability reps

[This message doesn't apply to all of you, but I thought it easier to send it to everyone, rather than risk leaving someone out.]

RE: Setting up meeting with groups

At today's meeting, we discussed having a briefing with core disability advocates to discuss our "\$23 million question." The purpose is two-fold: 1) explain our \$50 million combined proposal for Work Incentives Planners and "BRIDGE" (and also our strategy with Congress); 2) make clear that the current language passed out of Senate finance provides no guarantee that the planners can be implemented, because it does not appropriate money for SSA (it would have to come out of SSA's LAE, or discretionary administrative account--hope I'm explaining that accurately).

We discussed meeting with the groups Tuesday or Wednesday, April 6-7. I'd like to suggest two windows of time: 11:00 AM to 2:00 PM on Tuesday, and 10:00 AM to 4:00 PM on Wednesday.

We need representatives from the following: OMB (including Barbara Chow and Dan Mendelson, if possible), SSA, DOL (that includes PTFEAD), Leg Affairs, and OPD. We'd like to keep this meeting manageable by keeping numbers small. But if you're not from one of these offices and really want to attend, let me know.

I suggest the following approach to identify a time. I've listed below nine hour-long blocks, with numbers. Just email me back with the numbers of the times that do NOT work for you (and your office). I hope that there will be at least one hour that works.

[Cynthia, please coordinate OPD/Leg Affairs representation]

[Joanne, please coordinate OMB representation]

[Marie, please coordinate SSA representation]

[Becky, please coordinate DOL representation]

- #1: Tuesday, April 6, 11:00 AM - 12:00 PM
- #2: Tuesday, April 6, 12:00 PM - 1:00 PM
- #3: Tuesday, April 6, 1:00 PM - 2:00 PM
- #4: Wednesday, April 7, 10:00 AM - 11:00 AM
- #5: Wednesday, April 7, 11:00 AM - 12:00 PM
- #6: Wednesday, April 7, 12:00 PM - 1:00 PM
- #7: Wednesday, April 7, 1:00 PM - 2:00 PM
- #8: Wednesday, April 7, 2:00 PM - 3:00 PM
- #9: Wednesday, April 7, 3:00 PM - 4:00 PM

Once we get a time that works internally, I'll take care of notifying the groups and setting up room

arrangements, clearance, etc. Feel free to give me a call if you have any questions.

Thanks everyone for your commitment to this bill. It would be a tremendous victory to get this signed by the President this year. Keep up the good work.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Jeanne Lambrew/OPD/EOP
Jeffrey A. Farkas/OMB/EOP
Carole Kitti/OMB/EOP
Larry R. Matlack/OMB/EOP
Joanne Cianci/OMB/EOP
J. Eric Gould/OPD/EOP
Lisa M. Brown/OVP @ OVP
Jonathan M. Young/WHO/EOP
Judy.L.Chesser @ SSA.GOV
Susan.M.Daniels @ SSA.GOV
ogle-becky @ dol.gov
bwashington2 @ hcfa.gov
Bwilliam @ osaspe.dhhs.gov
Curtis_Richards @ ed.gov
Sarah A. Bianchi/OVP @ OVP
rkatz @ osaspe.dhhs.gov
coconnor2 @ hcfa.gov
reed-gary @ dol.gov
ken.mcgill @ ssa.gov
marie.p.strahan @ ssa.gov
Melinda D. Haskins/OMB/EOP
Jim.odonnell @ ssa.gov
djohnson4 @ hcfa.gov
sclarkin @ os.dhhs.gov
David Rowe/OMB/EOP
efurd-laura @ dol.gov
Tracey E. Thornton/WHO/EOP
Lisa M. Kountoupes/WHO/EOP
Janet Murguia/WHO/EOP
Charles M. Brain/WHO/EOP

3/14

Andrew Spaling
Marty Ford
Paul Marchant
Tony Young
Sue Ellen Galbraith
Sally Rhodes

MARY
Paul Cefar

- Beckjoglet + Bill
- Maria + Ken SSA
- me
- Christ + Jeanne
- Barbara
- Jonathan Young
- WH Log affairs

TRY for a.m.
Fri 3/26th



Record Type: Record

To: See the distribution list at the bottom of this message
cc: Daniel J. Chenok/OMB/EOP, Maya A. Bernstein/OMB/EOP, Lori Schack/OMB/EOP
Subject: Summary of T&A Session with Ways and Means

Today SSA met with W&M staff (led by Kim Hildred and Sandy Wise), plus a cast of thousands from the Hill, to discuss changes made since the Bunning-Kennelly bill passed the House last year. We worked from a copy of the B-K bill that was marked up to reflect changes. Although HCFA sent a representative, no one from ED or DOL was present. Here is a summary of some of the issues discussed (Medicaid and offsets were not discussed):

Scoring. Kim and Sandy noted that while the B-K bill produced savings over five years, the changes made to these provisions by the Senate now result in costs.

Work Incentive Grants. W&M staff noted the specialists proposed in B-K were no longer in the bill, and asked SSA to explain the new grants. I added that the budget did not include the JKRM grants, but rather included an alternative grant program based in DOL. *Kim and Sandy requested to see any paper/legislative language the Administration developed on these grants.*

Prisoner Provision -- Privacy Act Exemption. Sandy noted that the prisoner provision language was changed and she asked for the rationale. We explained that SSA did not need to be exempt from the entire Privacy Act in order to collect and share the information under this provision. The substitute language is meant to only exempt SSA from the necessary provisions. We also noted that OMB-OGC and SSA-OGC continue to discuss this issue. *W&M seems to be fine with the change as long as the data sharing can still occur, and requested that we share any future changes with them.*

Funding. In several places the Senate changed authorization language to language that looks more like appropriations language. House staff hypothesized this may have been to avoid offsetting certain provisions. However, they also noted that the funds should not be appropriated through this bill, and would be subject to the discretionary caps. *Someone on House staff volunteered to raise the issue with the appropriators. He felt it was unlikely the House would pass the language.*

Reauthorization of the Ticket. W&M is unhappy with the reauthorization language (staff referred to it as a "five year sunset provision with a grandfather clause"). CBO noted that the change has little effect on 5 year numbers, but virtually all of the program's savings are lost over the 10 year period.

CLARIFICATION POINTS

Continuing Disability Reviews. There is some confusion in W&M (as in SSA and EXOP) about how the two provisions that eliminate work activity as a trigger for a disability review relate to each other. *SSA volunteered to provide a written rationale for the changes it would like to make.*

Advisory Panel. W&M staff wanted to know if the Administration opposed the panel proposed in the Senate -- twice the size of the House panel and broader scope (SSA-based panel advises HHS,

DOL, ED). **SSA and I stated that while we preferred to build off of an existing interagency panel focused on employment for individuals with disabilities, we would not oppose the Senate panel.**

State Agency Participation in the Ticket Program. The Senate version enables State VR agencies to select payment methods on a case by case basis and to develop contracts with other participating providers/managers. **Kim Hildred wants to speak to someone from ED about these changes.**

Medicare. W&M staff asked several questions to get a better understanding of the provision. Specifically, they asked about the 10 year window, whether disability reviews would be conducted after an individual stops receiving DI cash benefits (they read it as "no"), and costs.

Expedited Eligibility Provision. This was not discussed in detail, though Kathy Ruffing (CBO) did note that she scored it as a small coster instead of a small saver. **SSA will provide a written rationale for this provision.**

ADDITIONAL ISSUES

Milestone Payments. SSA again requested that more specific language be adopted regarding milestones only being paid after an individual starts a job. **Kim and Sandy believe the language that enables the Commissioner to determine the timing and amount of payments is sufficient.**

Individual Work Plans. Senate language provides detailed requirements of what the plans must include and takes away the Commissioner ability to waive the plans in certain cases. W&M and SSA both prefer the House language.

Qualification for Employment Networks. W&M staff are concerned that the flexibility built into the Senate language may allow McDonalds or other large employers to qualify for payments. SSA does not believe the language would do this.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Jonathan M. Young/WHO/EOP
Jeanne Lambrew/OPD/EOP
J. Eric Gould/OPD/EOP
Jack A. Smalligan/OMB/EOP
Larry R. Matlack/OMB/EOP
David Rowe/OMB/EOP
Carole Kitti/OMB/EOP
Melinda D. Haskins/OMB/EOP
Jeffrey A. Farkas/OMB/EOP
Anne E. Tumlinson/OMB/EOP



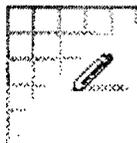
Cynthia A. Rice

03/24/99 03:45:33 PM

Record Type: Record

To: Jonathan M. Young/WHO/EOP
cc:
bcc:
Subject: QUESTION: Re: JKRM Meeting tomorrow morning at 10:00 AM

Is this our usual stay coordinated internal meeting, or is this the meeting with the groups?
Jonathan M. Young



Jonathan M. Young
03/24/99 03:14:26 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
Subject: JKRM Meeting tomorrow morning at 10:00 AM

OEOB 211, 10 AM

I will clear in the group I usually clear in.

You can join by phone at 202-456-6755 or 202-456-6766, code 3556.

We only have the phone lines until 10:45, so please try to help to start on time.

Message Sent To:



Cynthia A. Rice

03/22/99 01:46:05 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP
cc: Maya A. Bernstein/OMB/EOP, Joanne Cianci/OMB/EOP
bcc:
Subject: Re: Breakthrough on Prisoners?

OK.

Melinda D. Haskins 03/22/99 12:42:16 PM

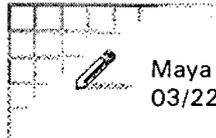
Melinda D. Haskins 03/22/99 12:42:16 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, Maya A. Bernstein/OMB/EOP, Joanne Cianci/OMB/EOP
cc:
Subject: Breakthrough on Prisoners?

Can you live with this fix to our draft bill (and S. 331)?

----- Forwarded by Melinda D. Haskins/OMB/EOP on 03/22/99 12:41 PM -----



Maya A. Bernstein
03/22/99 12:39:40 PM

Record Type: Record

To: Melinda D. Haskins/OMB/EOP@EOP
cc: Steven D. Aitken/OMB/EOP@EOP, Joanne Cianci/OMB/EOP@EOP
Subject: Breakthrough on Prisoners?

I understand from Steve Aitken that SSA counsel has agreed that if we make the changes we want, PLUS we make a small change to the paragraph in the welfare reform law now following the Privacy Act exemption, they will not have to change their regs and will be OK with complying with the Privacy Act. Here's what the change would now look like:

Section 1611(e)(1)(I)(ii) (42 U.S.C. 1382(e)(1)(I)(ii)) is amended

(a) by striking subparagraph (I) and replacing it with

"(I) [in here goes the language we worked out last year]"

and

(b) in subparagraph (II) by striking "is authorized to" and inserting [new change]
"shall maintain and"

The change removes the paragraph which inappropriately exempted the SSA prisoner matching program from the Privacy Act of 1974 in its entirety and replaces it with a more limited exemption from the Computer Matching and Privacy Protection Act of 1988. It directs the Commissioner to maintain the prisoner database and to share information with other federally-assisted cash, food, or medical assistance programs for eligibility purposes (rather than permitting the Commissioner discretion to do so or not to do so as is now in the law). The change will permit savings to be realized by removing beneficiaries from the rolls of these programs who are ineligible because they are incarcerated in a federal institution, and is consistent with the President's memorandum of April 1998 which used similar language requiring SSA to share such information with other agencies.

FAX COVER



Income Maintenance Branch

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503



To: ERIC GOULD CYNTHIA / JOANNE

Organization: DPC

Fax Number: 6-7431

From: JOANNE CIANCI

Date/Time: 3-22-99

Number of Pages: Cover + 25

Notes:

ATTACHED IS THE COST ESTIMATE FOR S331 KATHI RUFFING (OBS)
FORWARD TO ME. PLEASE PASS THIS ON TO THE REST OF THE
OEDB CREW.

THANKS,
JOANNE

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686



CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

March 19, 1999

S. 331

Work Incentives Improvement Act of 1999

*As ordered reported by the Senate Committee on Finance
on March 4, 1999*

SUMMARY

S. 331, the Work Incentives Improvement Act of 1999, would alter cash and health-care benefits for people with disabilities. Title I would provide states with options to extend Medicaid coverage to certain disabled workers, enhance Medicare for certain former recipients of Social Security Disability Insurance (DI), and establish grants and demonstration projects for states to assist disabled workers. Title II would revamp the system under which people collecting benefits from DI and Supplemental Security Income (SSI) receive vocational rehabilitation (VR) services and would make it easier for working beneficiaries to retain or regain cash benefits. Titles III and IV would require several demonstration projects, give certain members of the clergy another opportunity to enroll in the Social Security system, and tighten restrictions on the payment of Social Security benefits to prisoners. To offset the costs of the bill, Title V would increase certain revenues. CBO estimates that the bill would add to the total federal surplus by \$0.7 billion over the 2000-2004 period; of that amount, \$0.1 billion would represent a reduction in the off-budget Social Security surplus, and the remaining \$0.8 billion an improvement in the on-budget surplus.

Section 4 of the Unfunded Mandates Reform Act (UMRA) excludes from the application of that act any legislative provisions that relate to the old-age, survivors, and disability insurance program under title II of the Social Security Act, including tax provisions in the Internal Revenue Code. CBO has determined that Subtitles A and B in Title II and Titles III and IV of this bill fall within that exclusion. The remainder of the bill contains no intergovernmental mandates as defined in UMRA. However, the optional programs would result in greater state spending if they chose to participate.

The Joint Committee on Taxation has determined that two provisions in the revenue section of the bill constitute private-sector mandates. The direct cost of those provisions would exceed the statutory threshold specified in 2002 through 2004.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 331 on direct spending and revenues is summarized in Table 1. The costs of this legislation fall within budget functions 550 (Health), 570 (Medicare), 600 (Income Security), 650 (Social Security), and 800 (General Government).

BASIS OF ESTIMATE

For purposes of estimating the budgetary effects of S. 331, CBO assumes enactment by September 1999.

Current Law

About 8 million people between the ages of 18 and 64 now collect cash benefits under DI, SSI, or both. In both programs, applicants must show that they are incapable of substantial work in order to be awarded benefits. Nevertheless, the programs have several provisions that are meant to smooth beneficiaries' return to work. The law permits DI recipients to earn unlimited amounts for a nine-month period (known as the trial work period, or TWP) and a subsequent three-month grace period before suspending benefits. During the three years after the TWP—a period known as the extended period of eligibility, or EPE—those beneficiaries may automatically return to the DI rolls if their earnings sink below substantial gainful activity (SGA, now defined in regulation as \$500 per month and soon to increase to \$700). Furthermore, Medicare benefits (for which DI beneficiaries qualify after two years on the rolls) also continue for three years even if cash benefits are suspended. Medicare coverage then stops unless the worker pays a steep premium (up to \$309 a month in 1999).

The SSI disability program is restricted to people with low income and few resources. Although applicants for SSI benefits must meet the same disability criteria as in the DI program, the SSI program's subsequent treatment of earnings differs somewhat. SSI recipients who work get a reduced benefit (essentially, losing \$1 of benefits for each \$2 of earnings over \$85 a month) but do not give up their benefit entirely. If their earnings top SGA but they are still medically disabled, they move into section 1619(a) status (and still collect a small cash benefit). If their earnings rise further, they enter 1619(b) status (where they collect no cash benefit but retain Medicaid). If their incomes are too high even for the 1619(b) program, they may still enroll in Medicaid if their state offers a buy-in program permitted by the Balanced Budget Act of 1997 (BBA).

By Fiscal Year, in Millions of Dollars

	1999	2000	2001	2002	2003	2004
DIRECT SPENDING						
Spending Under Current Law						
Old-Age, Survivors, and						
Disability Insurance (OASDI)	387,451	404,075	422,855	442,719	463,820	486,589
Supplemental Security Income	28,179	29,625	31,258	33,005	34,826	36,766
Medicare ^a	191,815	205,707	219,269	227,239	247,888	265,755
Medicaid	107,484	116,578	124,841	134,927	146,073	159,094
IRS spending	95	102	104	106	108	110
Other Health and Human Services	0	0	0	0	0	0
Total	715,024	756,087	798,327	837,996	892,715	948,314
Proposed Changes						
Old-Age, Survivors, and						
Disability Insurance (OASDI)	0	7	15	26	32	29
Supplemental Security Income	0	-1	-6	-7	-7	-11
Medicare ^a	0	12	35	55	75	106
Medicaid	0	16	18	21	24	27
IRS spending	0	0	0	0	0	3
Other Health and Human Services	0	16	57	82	83	84
Total	0	50	119	177	207	238
On-Budget	0	43	104	151	175	209
Off-Budget (OASDI)	0	7	15	26	32	29
Proposed Spending Under S. 331						
Old-Age, Survivors, and						
Disability Insurance (OASDI)	387,451	404,082	422,870	442,745	463,852	486,618
Supplemental Security Income	28,179	29,624	31,252	32,998	34,819	36,755
Medicare ^a	191,815	205,719	219,304	227,294	247,963	265,861
Medicaid	107,484	116,594	124,859	134,948	146,097	159,121
IRS spending	95	102	104	106	108	113
Other Health and Human Services	0	16	57	82	83	84
Total	715,024	756,137	798,446	838,173	892,922	948,552
REVENUES						
Proposed Changes						
On-Budget	0	73	53	143	641	594
Off-Budget (OASDI)	0	2	2	9	9	9
Total	0	75	60	152	650	603
DEFICIT (-) OR SURPLUS						
Proposed Changes						
On-Budget	0	30	-51	-8	466	385
Off-Budget (OASDI)	0	-5	-7	-17	-23	-20
Total	0	25	-58	-25	443	365

Note: Components may not sum to totals due to rounding.

a. Medicare consists of outlays of the Hospital Insurance and Supplementary Medical Insurance trust funds, less premiums.

Both DI and SSI recipients are evaluated at the time of award for their potential to go back to work. Sketchy data suggest that a minority are referred to VR providers, chiefly state agencies, and only a minority of those referred are served. If the beneficiary successfully completes nine months of employment at SGA, the VR provider is reimbursed by the Social Security Administration (SSA). In 1996, SSA began recruiting alternate providers under the Referral System for Vocational Rehabilitation Providers (RSVP) program. Candidates for this program must first be referred to and rejected by the state VR agencies, and the alternate providers face the same reimbursement system (that is, a single payment after nine months of substantial work). Thus, VR for DI and SSI recipients remains fundamentally a state program.

In both the DI and SSI programs, recipients are reviewed periodically to verify that they are still disabled. These Continuing Disability Reviews (CDRs) are scheduled according to the recipient's perceived likelihood of improvement. If medical improvement is deemed possible, the cycle calls for a review every three years. (Those beneficiaries thought likely to improve are reviewed more often, and those unlikely to improve less often.) If the CDR results in a finding that the beneficiary is no longer disabled, cash and medical benefits stop. A CDR can also be triggered by a report of earnings.

Expanded Availability of Health Care Services (Title I)

Title I of S. 331 would increase federal spending by about \$0.7 billion over the 2000-2004 period and by about \$2 billion over the 2000-2009 period through policies that would expand the availability of health care services. It would expand existing state options for covering the working disabled under Medicaid and would extend Medicare coverage for DI recipients who return to work. Title I would also provide states with grants to develop infrastructure to assist the working disabled and establish demonstration projects for states to provide Medicaid benefits to workers with severe impairments who are likely to become disabled.

State Option to Eliminate Income, Resource, and Asset Limitations for Medicaid Buy-In. Section 101 of S. 331 would amend Medicaid law to allow states the option to raise certain income, asset, and resource limitations for workers with disabilities who buy into Medicaid. This policy, combined with the incentives created by grants and demonstration projects (discussed below), would induce some states to expand Medicaid to include the working disabled and would marginally increase enrollment in those states that would otherwise have expanded Medicaid to include this group, resulting in an increase in spending of about \$100 million over five years (see Table 2).

Table 2. Estimated Direct Spending and Revenue Effects of S. 331, By Provision

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Title I										
State Option to Eliminate Income, Resource and Asset Limitations for Medicaid Buy-in Medicaid	15	16	18	20	22	24	26	29	32	35
State Option to Continue Medicaid Buy-in for Participants Whose DI or SSI Benefits Are Terminated After a CDR Medicaid	1	2	3	4	5	6	8	9	11	13
Extension of Medicare with No HI Premium for Former DI Beneficiaries Who Exhaust Their Current-Law EPE Medicare	10	29	48	68	95	125	163	195	234	294
Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities HHS outlays	6	7	7	8	9	10	11	12	13	14
Demonstration Project for States Covering Workers with Potentially Severe Disabilities HHS outlays	10	50	75	75	75	15	0	0	0	0
Title II										
Establishment of the Ticket to Work and Self-Sufficiency Program										
Disability Insurance	1	2	3	5	-3	-18	-48	-77	-33	-37
Medicare	a	a	a	a	1	1	1	-3	-14	-31
Supplemental Security Income	a	1	1	2	-1	-6	-16	-30	-10	-11
Subtotal (effect on outlays)	1	3	4	7	-3	-23	-63	-110	-57	-79
Bar on Work CDRs for Certain DI Beneficiaries With Earnings										
Disability Insurance	5	15	20	20	20	25	25	25	25	25
Medicare	2	6	7	7	8	8	9	10	10	11
Subtotal (effect on outlays)	7	21	27	27	28	33	34	35	35	36
Expedited Reinstatement of DI Benefits Within 60 Months of Termination										
Disability Insurance	0	1	1	1	2	3	3	4	5	6
Medicare	0	a	a	a	1	1	1	2	2	3
Subtotal (effect on outlays)	0	1	1	1	3	4	4	6	7	9
Title III										
Permanent Extension of DI Demonstration Project Authority										
Disability Insurance	3	5	5	5	5	5	5	5	5	5
\$1-for-\$2 Demonstration Projects										
Contractor Costs (DI)	0	a	4	5	6	6	4	4	4	4
DI Benefit Costs	0	0	3	8	13	18	19	18	18	18
Medicare Costs	0	0	0	0	2	4	7	9	9	9
Subtotal (effect on outlays)	0	a	7	13	20	28	29	31	31	31

Continued

By Fiscal Year, in Millions of Dollars

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Title IV										
Provisions Affecting Prisoners										
Payments to Prison Officials (OASDI)	2	7	8	9	9	10	10	10	10	10
Payments to Prison Officials (SSI)	a	1	1	1	1	1	1	1	1	1
Savings in Benefits (OASDI)	-3	-15	-18	-20	-23	-25	-25	-25	-25	-25
Savings in Benefits (SSI)	<u>-2</u>	<u>-7</u>	<u>-8</u>	<u>-9</u>	<u>-11</u>	<u>-11</u>	<u>-11</u>	<u>-11</u>	<u>-11</u>	<u>-11</u>
Subtotal (effect on outlays)	-3	-15	-17	-20	-24	-25	-25	-25	-25	-25
Open Season for Clergy to Enroll in Social Security										
Off-Budget (OASDI) Revenues	2	7	9	9	9	10	10	10	10	11
On-Budget (HI) Revenues	1	2	2	2	2	2	2	2	2	2
Other On-Budget Revenues	a	-1	-1	-1	-1	-1	-1	-1	-1	-1
OASDI Benefits	a	a	a	a	a	a	1	1	1	1
Subtotal (effect on total surplus)	3	8	10	10	10	10	10	10	11	11
Title V										
Modification to Foreign Tax Credit Carryback and Carryover Periods										
Revenues	0	0	94	596	533	496	464	431	295	na
Repeal of Non-accrual Experience Method for Service Providers										
Revenues	72	52	48	44	10	12	14	16	18	na
Extension of IRS User Fees										
Revenues	0	0	0	0	50	53	56	0	0	0
Outlays	0	0	0	0	3	3	3	0	0	0
Subtotal (effect on total surplus)	0	0	0	0	47	50	53	0	0	0
Total										
Outlays										
On-Budget	43	104	151	175	209	181	202	222	277	327
Off-Budget	7	15	26	32	29	25	-7	-35	9	6
Total	50	119	177	207	238	206	195	187	287	334
Revenues										
On-Budget	73	53	143	641	594	562	535	448	314	na
Off-Budget	2	7	9	9	9	10	10	10	10	11
Total	75	60	152	650	603	572	545	458	324	na
Deficit (-) or Surplus (+)										
On-Budget	30	-51	-8	466	385	381	333	226	37	na
Off-Budget	-5	-7	-17	-23	-20	-15	17	45	1	4
Total	25	-58	-25	443	365	366	350	271	38	na

Notes: Components may not sum to totals due to rounding.

na= not available.

OASDI= Old-Age, Survivors, and Disability Insurance, DI=Disability Insurance, SSI=Supplemental Security Income, CDR=Continuing Disability Review, EPE=extended period of eligibility, HI=Hospital Insurance (Medicare Part A), HHS=Department of Health and Human Services, IRS=Internal Revenue Service

a. Less than \$500,000.

Under current law, states have the option of extending Medicaid coverage to certain workers with disabilities with incomes under 250 percent of poverty. This option was created in the Balanced Budget Act of 1997 and to date, only one state has an approved state plan amendment to implement it. Based on discussions with state officials, CBO assumes that states with one-quarter of eligible people will develop small expansion programs under this option over the next few years. Some of those states are likely to use current authority under the Medicaid program to disregard some income of people applying under this option, thus effectively enrolling persons with incomes slightly higher than 250 percent of poverty. Other states may develop income cut-offs at or below that level. Based on figures from SSA of the number of people who graduate from the 1619(b) program due to earnings, CBO calculates that about 1,000 working disabled will be enrolled in Medicaid on an average annual basis under current law.

Under S. 331, CBO assumes that about half of the states adopting the current law option would revise their plans to raise certain income, asset and resource limitations beyond the 250 percent limit. Taking up the option would allow those states access to incentive grants and demonstration funds made available under the bill and would relieve states of administering complex eligibility determinations in instances where states would otherwise have disregarded income. A possible effect of S. 331 in those states would be that more people would seek out the benefit if states made higher income limits explicit. As a result, there would be a small increase in the number of people enrolled under that option.

CBO also assumes that several additional states would exercise the option to buy-in the working disabled under S. 331 to gain access to incentive grants and demonstration funds made available under the bill. In total, CBO assumes that states with half the potential eligibles would pursue the option under S. 331, increasing Medicaid enrollment by about 2,500 people on an average annual basis.

The estimated federal share of Medicaid benefits for the working disabled population is about \$6,500 per capita in fiscal year 2000 and about \$9,000 per capita in 2004. States would incur administrative costs for expanding the program to include the working disabled population. Beneficiaries would also pay cost-sharing amounting to an estimated 5 percent of the total cost of the benefits. The resulting net increase in federal spending attributable to this policy would be about \$100 million over five years and \$250 million over 10 years.

CBO's estimate takes into account a range of assumptions about state participation and about the eligibility limits that states would establish. Based on discussions with state officials developing or implementing policies in this area, CBO assumes that states would be likely to proceed cautiously, so as to limit financial exposure. If several large states were to

participate in this program, new program enrollment could potentially be twice CBO's estimate; conversely, fewer participating states would decrease the estimate. If all states were to take up the option and have no ability to restrict or limit the benefits to all qualified working disabled people meeting the federal definition of disability regardless of any income, assets and resources, federal costs could be substantially higher than the estimate. At the same time, states could maintain current limits or set eligibility limits to target a narrow subset of eligibles, thus resulting in a smaller increase in costs.

State Option to Continue Medicaid Buy-In for Participants Whose DI or SSI Benefits are Terminated After a CDR. Section 101 would also provide states the option to continue Medicaid coverage for persons enrolled under the buy-in option for the working disabled if those persons lose SSI or DI due to medical improvement, as established at a regularly scheduled CDR, yet still have conditions that qualify as a "severe medically determinable impairment." Under current law, an estimated 5 percent of the buy-in population will have medical improvements each year that will result in the loss of their disability status, and thus eligibility for the Medicaid buy-in. Continuing coverage for those people would raise federal Medicaid spending by \$15 million over five years and \$60 million over 10 years, assuming that most states choosing the Medicaid buy-in option would take up this option. If all states took up this option, federal Medicaid costs would be \$20 million over five years and \$80 million over 10 years.

Extension of Medicare with No HI Premium to Former DI Beneficiaries Who Exhaust Their Current Law EPE. Section 102 of S. 331 would allow graduates of the EPE in the next 10 years to continue to receive Medicare benefits indefinitely without having to pay any Part A premium. The federal cost of this provision is estimated at \$10 million in 2000 and about \$250 million over five years.

About 15,000 people start an EPE each year, and about 6,000 finish one. The bill would provide Medicare coverage to people who otherwise would have lost it at the end of the EPE. CBO estimates that an extra 27,000 people would continue to be eligible for Medicare in 2004, the fifth year of the provision, growing to 60,000 in 2009. CBO assumes that the per capita cost for those beneficiaries is about one-half the cost of the average disabled beneficiary, reflecting the likelihood that they are somewhat healthier than other disabled beneficiaries, and the possibility that some beneficiaries would gain employer-sponsored insurance and rely on Medicare as a secondary payor.

Grants to States to Provide Infrastructure to Support Working Individuals with Disabilities. To states that choose at least the first of the two Medicaid buy-in options, section 103 of the bill would make available grants to develop and establish state capacity

for providing items and services to workers with disabilities. The bill would appropriate \$20 million in 2000, \$25 million in 2001, \$30 million in 2002, \$35 million in 2003, and \$40 million in 2004. The amount would be indexed to the consumer price index (CPI-U) through 2010. Each state's grant would be limited in each year to 15 percent of the estimated total federal and state spending on the more costly of the two state options in the bill. Based on CBO's estimate of the state option to expand the Medicaid buy-in, the limitation would hold spending levels to about \$10 million annually; five-year costs would be \$40 million and 10-year costs would be \$100 million. Funds not allocated would remain available for allocation to states in future years. Funds allocated to states would be available until expended.

Demonstration Project for States Covering Workers with Potentially Severe Disabilities. Under section 104 of S. 331, states electing the first option under section 101 would also be eligible for grants to pay for demonstration projects that provide Medicaid to working persons with physical or mental impairments who could potentially become blind or disabled without Medicaid benefits. Those people would be ineligible for Medicaid benefits under current law because they do not have conditions that meet the DI or SSI definition of disability. The bill would appropriate \$70 million in 2000, \$73 million in 2001, \$77 million in 2002, and \$80 million in 2003. Funds would remain available until expended, except that no payment could be made by the federal government after fiscal year 2005. CBO estimates that the costs of the provision would total \$300 million over the 2000-2004 period.

Ticket to Work and Self-Sufficiency Program and Related Provisions (Title II)

Ticket to Work and Self-Sufficiency Program. Title II would temporarily change the way that VR services are provided to recipients of DI and SSI benefits. The budgetary effects of the proposed tickets program comprise several components, which are detailed in Table 3.

Table 3. Estimated Effects on Outlays of the Ticket to Work and Self-Sufficiency Program

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
DI Beneficiaries										
Payments to Program Manager	1	2	1	2	3	3	1	a	0	0
Milestone Payments to Providers	0	a	1	6	14	22	26	11	a	a
Incentive Payments to Providers	0	a	a	3	15	33	59	81	62	49
Partial Repeal of Current VR System	0	a	a	-4	-13	-22	-33	-50	a	a
Benefits Avoided	0	a	a	-5	-25	-59	-104	-122	-98	-89
Extra Benefits Paid	0	a	1	2	3	5	5	3	3	3
Subtotal, DI	1	2	3	5	-3	-18	-48	-77	-33	-37
Medicare Savings ^b	0	0	a	a	1	1	1	-3	-14	-31
Total	1	2	3	5	-2	-16	-46	-79	-47	-68
SSI Beneficiaries										
Payments to Program Manager	a	1	a	1	1	1	a	a	a	a
Milestone Payments to Providers	0	a	1	3	7	11	13	6	a	a
Incentive Payments to Providers	0	a	a	1	4	9	15	21	16	13
Partial Repeal of Current VR System	0	a	a	-2	-6	-11	-17	-25	a	a
Benefits Avoided	0	a	a	-1	-7	-16	-27	-32	-26	-23
Extra Benefits Paid	0	0	0	0	0	0	0	0	0	0
Subtotal, SSI	a	1	1	2	-1	-6	-16	-30	-10	-11
Medicaid Savings	c	c	c	c	c	c	c	c	c	c
Total	a	1	1	2	-1	-6	-16	-30	-10	-11

Notes: Components may not sum to totals due to rounding.

DI = Disability Insurance, SSI = Supplemental Security Income.

a. Less than \$500,000.

b. These amounts are the Medicare savings that would occur under current law. Title I of the bill would extend Medicare for these beneficiaries.

c. CBO assumes that nearly all of the vocational rehabilitation recipients who leave the SSI rolls would continue to get Medicaid coverage through the 1619(b) program.

The current VR program serves a fraction of DI and SSI recipients. Approximately 10 percent to 15 percent of new DI and SSI recipients are referred to state VR agencies; although SSA does not track what happens to them next, scattered clues suggest that about 10 percent of those referred are accepted. Recently, SSA has made approximately 650,000

DI awards a year; therefore, around 7,000 to 8,000 probably received VR services. SSA pays about 6,000 claims per year for VR services provided to DI recipients. SSA also pays about 6,000 claims for VR services to SSI recipients. Since about 3,000 claims are for people who collect benefits under both programs, total claims reimbursed are about 9,000 a year.

Some DI and SSI recipients return to work without the help of VR agencies. Research suggests that only 10 percent to 20 percent of DI recipients ever work after they start collecting benefits, and only 2 percent to 3 percent eventually have benefits withheld because of earnings. In contrast, SSA reimburses claims for VR services for about 1 percent of recipients. Thus, for each VR success, one or two other DI recipients go back to work and are suspended from the rolls without VR.

S. 331 would revamp the VR system by permitting nearly any recipient who desires VR to receive it, by allowing clients to choose from a variety of providers in addition to state VR agencies, and by stretching out reimbursements to providers for up to five years, contingent on their clients' sustained absence from the rolls.

Under S. 331, SSA would issue tickets to DI and SSI beneficiaries that they could assign to approved VR providers, whether state, private for-profit, or nonprofit. The bill would grant wide latitude to SSA in deciding the terms and conditions of the tickets; SSA tentatively plans to issue tickets to new beneficiaries at the time of award, unless they are deemed likely to recover, and to current beneficiaries after a CDR. By accepting a ticket, providers—labeled "networks" in the bill—would agree to supply services, such as training, assistive technology, physical therapy, or placement. A program manager, selected by SSA, would aid in recruiting providers and handling the nuts-and-bolts administration of the program.

Providers could choose between two forms of reimbursement from SSA. One system would be based solely on outcomes; the provider would receive 40 percent of the average DI or SSI benefit for up to five years, so long as the client stayed off the rolls. Some providers fear, though, that they would experience acute cash-flow problems under such a system. To address that concern, the bill also offers a blended system, dubbed the "milestones-outcome" system. Under that system, SSA would make some payments earlier, but would trim subsequent payments to ensure that the overall cost (calculated on a net present value basis) did not exceed the cost of a pure outcomes system.

The new program would be phased in gradually but last only five years. S. 331 calls for it to start in selected areas a year after enactment, and to operate nationwide 3 years after that. The last tickets would be issued five years after the start of implementation. Because the

program would then end unless reauthorized, potential providers may hesitate to enlarge their capacity to serve DI and SSI clients.

CBO estimates that about 7 percent of newly-awarded beneficiaries would seek VR services if they were readily available, versus only about 1 percent who receive them under current law. Both the Transitional Employment Demonstration (TED, a demonstration conducted in the mid-1980s and confined to mentally retarded recipients) and Project Network (a demonstration begun in 1992 and open to both DI and SSI beneficiaries) suggested that about 5 percent of beneficiaries would enroll in VR if given the chance. CBO judged that the level of interest ultimately would slightly exceed 5 percent for two reasons. First, intake under Project Network developed bottlenecks, which may have discouraged some potential participants. Second, Project Network barred any recipients who were employed or self-employed from enrolling; no such bar would be in place under S. 331, however, and those recipients would probably be interested in receiving services and would be attractive to providers.

Research suggests that getting VR raises the propensity to work, and thus the chances for an earnings-related suspension. But raw figures can easily exaggerate the effectiveness of VR. The handful of beneficiaries who would sign up for VR are probably the most motivated, and many would have worked anyway. In fact, CBO assumes that one effect of S. 331 would be to enable providers to be reimbursed for providing services for many people who would have worked anyway.

These expected effects can be illustrated by following the experiences of one hypothetical cohort of 650,000 new DI beneficiaries. Under current law, about 7,800 might be served under the state VR programs; 6,100 of them would eventually generate a reimbursement by SSA and would be suspended for at least a month. Another 8,300 would be suspended due to earnings, for at least one month, without any reimbursement to VR. Thus, total suspensions would be about 14,400, or about 2 percent of the cohort, under current law. CBO estimates that, if those beneficiaries could freely enroll in VR using a "ticket," about 7 percent or 47,000 would get VR services. Most of those VR clients would work, and many (about 13,400) would be suspended for at least one month, an increase of 7,300 in VR-reimbursed cases. However, CBO estimates that about 5,900 of these workers would have gone back to work unaided. Thus, for this cohort, net suspensions would be about 1,400 higher.

In estimating S. 331, CBO adjusted those hypothetical figures for its caseload projections and timing factors. First, CBO projects that the volume of disabled-worker awards gradually climbs from 625,000 in 1999 to about 780,000 in 2005. That increase reflects the aging of

the baby-boom generation into its high-disability years and the scheduled increases in Social Security's normal retirement age. Second, CBO assumed that some extra rehabilitations would occur among the nearly 5 million people now on the DI rolls, not just among new awards, although current beneficiaries are generally poorer candidates for VR than new applicants with more recent work experience. Third, CBO adjusted the numbers for the gradual phase-in of the new system. Under the bill's schedule, assuming enactment by September 1999, the first services would be rendered at a handful of sites in fiscal year 2001. If those clients engaged in trial work in 2002, the first extra suspensions would occur in 2003. The last tickets would be issued in 2005, and the last extra suspensions would occur in 2007.

Specifically, CBO estimates that the number of net additional suspensions in DI—that is, suspensions that would not occur in the absence of the new program—would equal 500 in 2003, 2,200 in 2004, and an average of 4,600 annually between 2005 and 2007. Gross suspensions that involve reimbursement to a VR provider would climb gradually from 6,000 to 8,000 a year under current law, but would be markedly higher—about 15,000 in 2007, almost double the current-law estimate—under the proposal. And the number of suspensions involving no reimbursement to VR would fall.

CBO also had to make assumptions about recidivism. Many studies have documented that DI recipients who leave the rolls often return. It is not clear whether recipients of VR services are more or less likely to return to the rolls than others; some evidence suggests that the extra boost provided by VR fades over time. Because S. 331 proposes to pay providers for up to five years, but only if the recipient stays off the rolls, assumptions about recidivism are critical. Based on a variety of sources, CBO assumes that recipients suspended from the rolls have about a two-thirds chance of still being suspended one year later, about a one-half chance three years later (when, technically, their DI entitlement is terminated), and a 40 percent chance after five years.

Effects of the Tickets Program in DI. The budgetary consequences of S. 331, from the standpoint of the DI program, would consist of seven effects:

- o Payments to the program manager. SSA would hire a program manager to coordinate issuance of tickets, the recruitment of providers, and other tasks. Based on a similar arrangement in the RSVP program, CBO assumes that payments to the program manager would amount to just a few million dollars a year.
- o Milestone payments to providers. As explained earlier, the bill would give providers a choice between a pure outcome-based system (in which providers would get

periodic payments only during the period of suspension) and a blended outcome-milestone system (in which they could get some money earlier). CBO assumes that most providers would opt for the blended system, which CBO assumes to consist of a \$500 payment after several months of work and a \$1,000 bonus on the date of suspension. Placements would be considerably easier for providers to achieve than suspensions. The first milestone payments would be made in 2002 but would be very small. They would peak at \$26 million in 2006: an estimated \$15 million for 30,000 gross placements, mostly from ticketholders served in 2005, and another \$11 million for 11,000 suspensions, mostly from ticketholders served in 2004 (and who spent 2005 in trial work).

o Incentive payments to providers. The incentive payments would occur over a period of up to five years if the beneficiary remained off the rolls. Therefore, they would continue throughout CBO's 10-year horizon even though the last tickets would be issued in 2005. In the pure outcomes system, incentive payments would be 40 percent of average benefits. CBO assumes that most providers would opt for the blended payment system, under which—in return for getting some earlier milestone payments—they would accept incentive payments of 30 percent. Again, outlays would be very small in the early years. Incentive payments would peak at \$81 million in 2007. That is the year in which the last batch of VR clients, who got their tickets in 2005, would be suspended (under the assumption that they got services in 2005 and engaged in trial work in 2006). By 2007, gross suspensions of ticketholders over the preceding five years are assumed to be about 35,000. Some of those would have returned to the rolls, but 25,000 would remain suspended. Incentive payments would equal 25,000 times 30 percent of the previous year's average DI benefit (about \$900 a month), or \$81 million. By 2009, under CBO's assumptions about recidivism, only 17,000 of those 25,000 would still be off the rolls, and the 2,000 who were first suspended in 2003 and 2004 would no longer be in the five-year period for incentive payments. Thus, incentive payments in that year would be \$49 million.

o Partial repeal of current VR system. CBO assumes that, under current law, the DI trust fund would reimburse about 6,000 claims for VR services at present (at an average cost of about \$11,000) and about 7,300 in 2007 (at an average cost of about \$14,000). The new program would partially displace the current system for five years. Specifically, if tickets were issued in 2001 through 2005, they would partially divert clients who would otherwise have generated reimbursements to VR providers (at the end of trial work) in 2003 through 2007. In 2007, \$50 million in reduced payments would result.

S. 331 would grant state VR agencies the option of remaining in the current reimbursement system—that is, charging SSA for the full amount of costs incurred after the client has worked for nine months. Because the new program would expire after five years, many state agencies might choose not to undergo the disruption of a switch.

- o Benefits avoided. The various payments to providers discussed above all depend on the number of gross rehabilitations. The savings in DI benefits, in contrast, depend on the number of net or extra rehabilitations. That distinction is important: when providers serve clients who would have worked and eventually been suspended anyway, they do not generate savings in DI benefits.

Over the 2003-2007 period, CBO estimates that there would be a total of 35,000 gross rehabilitations of ticket holders, of which only 17,000 would represent extra rehabilitations. Under CBO's assumptions about recidivism, about 11,000 of those 17,000 would still be off the rolls in 2007; at an average benefit of about \$900, \$122 million in benefit savings would result. That year marks the peak savings, because no more tickets would be issued after 2005. By 2009, the 11,000 would have shrunk further to 8,000, and \$89 million in benefit savings would be realized.

- o Extra benefits paid. Some people might file for DI benefits in order to get VR services. They may even be encouraged to do so by prospective providers (for example, by an insurance company that helps to run their employer's private disability or workers' compensation coverage). For those induced filers, the entire benefit cost (for any time they spend on the rolls) and the VR cost (if they do eventually get suspended) would be a net cost to the DI program.

To some extent, SSA could minimize this problem by setting the terms and conditions under which it would issue tickets—for example, by denying them to beneficiaries who are expected to recover medically. But some such filers might still seep through. CBO assumes that a few hundred such filers would be attracted to DI during the five years of the tickets program, and some would remain on the rolls, leading to extra benefit costs of up to \$5 million annually.

- o Resulting Medicare savings. DI recipients who return to work continue to receive Medicare coverage for three years after their suspension from DI. By leading to the rehabilitation and suspension of more DI recipients, the Ticket to Work and Self-Sufficiency Act would generate some savings in Medicare. DI beneficiaries who are

capable of working are probably healthier than other beneficiaries, and their per-capita Medicare cost therefore less than average.

Under CBO's assumption that the first services would be rendered in 2001 and the first resulting suspensions in 2003, small Medicare savings would begin in 2006. By 2009, 13,000 extra suspensions are assumed to have occurred over the 2003-2006 period (the group for whom the three-year EPE would have expired); 5,700 would still be off the rolls; and \$35 million in Medicare savings would result.

Although these Medicare savings would result if the Ticket to Work and Self-Sufficiency Act were enacted in isolation, elsewhere S. 331 proposes to give continued Medicare coverage to all beneficiaries who complete an EPE. Therefore, these Medicare savings would be rendered moot by the cost (shown in Title I) of that proposal.

Small costs—estimated by CBO to be between \$1 million and \$4 million a year—would result from the induced filers who remain on DI long enough (two years) to qualify for Medicare.

On balance, over the 1999-2003 period, CBO estimates a small net cost in the DI program from the proposed tickets, mainly because there would be few extra rehabilitations but there would be some startup costs and small payments to induced filers. Later, CBO foresees small net savings, chiefly because the DI benefit savings from extra suspensions slightly outweigh the costs of paying for VR services rendered by an expanded pool of providers.

Effects of the Tickets Program in SSI. S. 331 would also bring SSI participants into the new tickets to work program. CBO estimated the effects on the SSI program in a manner similar to its estimates for DI. There are a few notable differences.

The number of SSI recipients affected by the bill is generally estimated to be only half as many as in DI. Under current law, SSA pays for about 9,000 rehabilitations a year—6,000 in DI and 6,000 in SSI, of which 3,000 are concurrent. Under the bill, services rendered by providers to concurrent beneficiaries would essentially be compensated under the DI rules. Thus, to avoid double-counting concurrent beneficiaries, CBO generally assumed only half as many cases in its SSI estimates as in the analogous DI estimates.

Average benefits for disabled SSI beneficiaries are also only about half as large as in the DI program—in 2003, for example, about \$425 in SSI versus \$825 in DI. Therefore, all payments under the proposed system that are pegged to the average benefit, such as the

incentive payments to providers, would be smaller in SSI. In fact, that provision has aroused concern that providers would be less willing to provide services to the SSI population. CBO implicitly assumes that providers would serve this group, perhaps emphasizing cheaper services with repeated interventions if necessary.

Because SSI is limited to beneficiaries with low income and few resources, CBO assumed that there would be few induced filers. CBO also assumed that most SSI beneficiaries affected by the bill would retain Medicaid coverage through section 1619(b).

The upshot of S. 331 in the SSI program is a pattern that resembles that for DI: small early costs, giving way to small savings after 2003.

Ban on Work CDRs for Certain DI Beneficiaries With Earnings. The bill would bar so-called work CDRs if the beneficiary has been on the rolls for more than 24 months. Work CDRs are triggered by a report of earnings. Beneficiaries would still be subject to regularly-scheduled periodic CDRs.

SSA conducts approximately 80,000 work CDRs a year. CBO estimates that about 1,500 people whose benefits would otherwise be terminated would benefit from this provision. Assuming that they are, on average, halfway between periodic CDRs scheduled at three-year intervals, they would get an extra 18 months of benefits. When fully effective, the provision is expected to lead to annual DI costs of about \$25 million and Medicare costs of about \$10 million.

Expedited Reinstatement of DI Benefits Within 60 Months of Termination. The bill would provide for expedited reinstatement of benefits for former DI recipients whose benefits were terminated because of earnings in the last 60 months. Under current law, those beneficiaries have the usual five-month waiting period waived if they seek benefits; but their application is judged no differently from one filed by someone who has never been on the rolls. S. 331 would alter that by stipulating that benefits must be awarded unless SSA can demonstrate that the applicant's medical condition has improved. S. 331 would also provide for automatic payment of up to five months of provisional benefits while the request for reinstatement is under consideration. Generally, those provisional payments would not be subject to recoupment even if the request is ultimately denied. CBO estimates that these liberalized procedures would tip the balance in up to a hundred cases each year, ultimately costing about \$6 million in DI and \$3 million in Medicare by 2009.

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CBO does not estimate that either of these two provisions would lead to additional suspensions from the DI rolls as a result of earnings, because there are no firm empirical data on which to base such an assumption.

Demonstration Projects and Studies (Title III)

Permanent Extension of DI Demonstration Project Authority. SSA has had the authority to conduct certain research and demonstration projects that occasionally require waivers of provisions of title II of the Social Security Act. That waiver authority expired on June 10, 1996. This bill would extend it permanently. This extension would be the fifth since the waiver authority was enacted in 1980. This general waiver authority should not be confused with the so-called \$1-for-\$2 demonstrations in the next section; those demonstrations are costlier and longer-lasting than the modest projects that SSA would likely conduct on its own initiative.

When the waiver authority has been in effect, SSA has generally spent between \$2 million and \$4 million annually on the affected projects. CBO judges that the proposed extension would lead to extra outlays of \$3 million in 2000 and \$5 million a year thereafter.

\$1-for-\$2 Demonstration Projects. Under current law, after completing the TWP and the three-month grace period during which earnings are disregarded, a disabled worker gives up his or her entire benefit in any month that earnings exceed SGA. Both anecdotal and statistical evidence suggest that many beneficiaries balk at that, instead quitting work or holding their earnings just below the threshold. Some advocates favor, instead, cutting benefits by \$1 for every \$2 of earnings over SGA. More modestly, some favor a treatment of earnings more like the SSI program's—a cut of \$1 in benefits for every \$2 of earnings over \$85 a month.

Such proposals would probably encourage more people who are already on the DI rolls to work. Although fewer beneficiaries would be suspended (i.e., have their benefit reduced to zero), many might have their benefit substantially reduced. A major concern about such proposals, though, is that they would encourage an unknown number of people to file for benefits. Survey data suggest that there are millions of severely impaired people who are nevertheless working and not collecting DI. Filing for benefits, and working part-time, might actually improve their standards of living. That incentive would be much stronger if the DI program liberalized its treatment of earnings. The SSA Office of the Actuary in 1994 estimated that applying a \$1-for-\$2 policy for earnings above \$500 would cost \$5 billion in extra DI benefits over a five-year period and that setting the threshold at \$85 would cost \$2 billion.

S. 331 would require SSA to conduct demonstrations to test the effects of a \$1 reduction in benefits for each \$2 of earnings. It would require that SSA conduct the demonstrations on a wide enough scale, and for a long enough period, to permit valid analysis of the results. CBO assumed that, to meet those criteria, the demonstrations would have to include perhaps half a dozen small states, that the intake phase of the project would have to last three or four years to permit observation of induced filers, and that the incentives themselves would have to be promised to the beneficiaries for an indefinite period. Because the demonstrations would pose formidable issues of design and administration, CBO assumes they would not get under way until 2002. CBO also assumes that the demonstration would be conducted in areas with and without the tickets to work and self-sufficiency, to enable the effect of the incentives to be isolated from the effects of the new VR program. Even a relatively small-scale demonstration might thereby apply to approximately 2 percent to 3 percent of the nation. Multiplying that percentage times the DI benefit costs suggested by the Actuaries' 1994 memo suggests that the demonstration would, after intake is complete, cost almost \$20 million in extra DI benefits a year. It would also lead to slightly higher Medicare costs, since the induced filers would qualify for Medicare after two years on the DI rolls. Finally, CBO assumes that running the demonstrations and collecting and analyzing data would be handled by an expert contractor, at a cost of several million dollars a year. In sum, the \$1-for-\$2 demonstration projects proposed by the bill are estimated to cost \$190 million over the 2002-2009 period.

Technical Amendments (Title IV)

Title IV contains technical corrections and clarifications to the Social Security Act. Two sections do have budgetary effects.

Provisions Affecting Prisoners. S. 331 would tighten restrictions on the payment of Social Security benefits to prisoners. Current law sets strict limits on the payment of SSI benefits to incarcerated people and somewhat milder limits on payments of OASDI. SSI recipients who are in prison for a full month—regardless of whether they are convicted—have their benefits suspended while they are incarcerated. OASDI recipients who have been convicted of an offense carrying a maximum sentence of one year or more have their benefits suspended. Those who are convicted of lesser crimes, and those who are in jail awaiting trial, may still collect OASDI benefits. Those provisions are enforced chiefly by an exchange of computerized data between the Social Security Administration and the Federal Bureau of Prisons, state prisons, and some county jails. Those agreements are voluntary and, until recently, involved no payments to the institutions.

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The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed that arrangement by directing SSA to pay institutions for reporting information that led to the identification of ineligible SSI recipients. The payment is \$400 if the institution reports information within 30 days of confinement and \$200 if the report is made 30 to 90 days after confinement. The law also exempts matching agreements between SSA and correctional institutions from certain provisions of the Privacy Act.

This bill would establish analogous arrangements for the OASDI program. It would also drop the requirement that OASDI benefits be suspended only if the maximum sentence for the offense is one year or more. (A conviction would still be required; inmates who are in jail while they await trial could continue to collect benefits.) CBO estimated the effects of this provision, like its predecessor in the welfare reform law, by analyzing data from several sources that suggest about 4 percent to 5 percent of prisoners were receiving Social Security, SSI benefits, or both before incarceration. Reports from SSA's Inspector General showed that some of those prisoners were overlooked under matching arrangements either because their institution had not signed an agreement, had not renewed it promptly, or did not submit data on schedule.

CBO estimates that, over the 2000-2009 period, the provisions would lead to payments of \$85 million to correctional institutions out of the OASDI trust funds and benefit savings of \$205 million, for a net saving of \$120 million. CBO also expects that the broader arrangement, by doubling the pool of potential payments, would encourage more jailers to submit information accurately and promptly and would therefore lead to spillover savings in the SSI program amounting to about \$90 million over the 10-year period.

Open Season for Clergy to Enroll in Social Security. Section 1402(e) of the Internal Revenue Code allows certain clergy to exempt the self-employment income from their ministry from Social Security and Medicare taxes. Under current law, such an exemption is irrevocable.

Section 403 of S. 331 would allow clergy who have received an exemption a two-year opportunity to revoke that exemption beginning in calendar year 2000. Similar opportunities were offered in 1978 and 1987. Based on those experiences, CBO estimates that 3,500 taxpayers would choose to revoke their exemptions, and that the average new enrollee would have about \$20,000 of self-employment income. (There would be a slight decrease in income tax revenue, since a portion of payroll taxes is deductible for income tax purposes.) From 2000 through 2009, off-budget revenues would increase by \$87 million, and on-budget revenues would increase by \$10 million.

Those taxpayers who revoke their exemption will eventually receive higher Social Security benefits, but that effect will mostly occur in years beyond the 10-year estimation period. CBO estimates that outlays will increase by \$4 million in the 2000-2009 period.

Authorization for State to Permit Annual Wage Reports. S. 331 would amend the Social Security Act to allow states to permit employers of domestic workers to report on such employment annually rather than quarterly. State-maintained employment histories are used to verify eligibility for certain benefits, such as unemployment insurance, Food Stamps, and SSI. This change would not affect eligibility requirements. It could present an administrative burden to states that choose to allow annual reporting, because they would have to research cases manually if they suspect domestic employment. CBO expects any budgetary effects to be insignificant.

Revenues (Title V)

S. 331 would amend the tax code to modify the foreign tax credit carryback and carryforward periods. The Joint Committee on Taxation (JCT) estimates that this provision would increase governmental receipts by \$1.2 billion over the 2000-2004 period. The bill also would limit the nonaccrual experience method of accounting to amounts to be received for the performance of qualified professional services. JCT estimates that this provision would increase governmental receipts by \$0.2 billion over the 2000-2004 period.

S. 331 would extend through fiscal year 2006 the authority of the Internal Revenue Service (IRS) to charge taxpayers fees for certain rulings by the office of the chief counsel and by the office for employee plans and exempt organizations. CBO estimates that the extension of the IRS's authority to charge fees for such services, which is set to expire at the end of fiscal year 2003, would increase governmental receipts by \$159 million over fiscal years 2004 through 2006, net of income and payroll tax offsets. CBO based its estimate on recent collections data and on information from the IRS. The IRS would have the authority to retain and spend a small portion of these fees without further appropriation. CBO estimates that the extension of the fees would increase direct spending by \$9 million over fiscal years 2004 through 2006.

SPENDING SUBJECT TO APPROPRIATION

S. 331 would also create several new programs or activities to be funded out of SSA's annual appropriation (see Table 4).

Table 4. Spending Subject to Appropriation

	By Fiscal Year, in Millions of Dollars				
	2000	2001	2002	2003	2004
With Adjustments for Inflation					
Work Incentives Advisory Panel					
Budget authority	1	1	1	2	2
Outlays	1	1	1	2	2
Work Incentives Outreach					
Budget authority	23	23	23	23	23
Outlays	2	14	23	23	23
State Grants for Work Incentives Assistance					
Budget authority	7	7	7	7	8
Outlays	3	6	7	7	7
Total					
Budget authority	31	32	32	32	32
Outlays	7	21	32	32	32
Without Adjustments for Inflation					
Work Incentives Advisory Panel					
Budget authority	1	1	1	1	1
Outlays	1	1	1	1	1
Work Incentives Outreach					
Budget authority	23	23	23	23	23
Outlays	2	14	23	23	23
State Grants for Work Incentives Assistance					
Budget authority	7	7	7	7	7
Outlays	3	6	7	7	7
Total					
Budget authority	31	31	31	31	31
Outlays	7	21	31	31	31

Note: Components may not sum to totals due to rounding.

Section 201 of S. 331 would create a Work Incentives Advisory Panel to advise the Secretaries of Health and Human Services (HHS), Labor, and Education, and the Commissioner of Social Security on work incentives for the disabled, and to advise SSA on implementation and evaluation of the Ticket to Work program. The panel would consist of 12 members appointed by the Commissioner in consultation with the Congress. At least 5 of the members would be current or former SSI or DI recipients. S. 331 would permit the panel to hire a director and other staff and pay other necessary expenses. CBO estimates that the panel would cost between \$1 million and \$2 million a year.

Section 221 would establish a community-based program to disseminate information about work incentives and related issues. Grants totaling no more than \$23 million a year would be awarded competitively to community-based groups. Because this would be a brand-new program, CBO assumes that spending would be low at first, not reaching \$23 million until the third year.

Section 222 would require the Commissioner of Social Security to make grants to the protection and advocacy (P&A) system established under part C of title I of the Developmental Disabilities Act to assist disabled people to obtain vocational rehabilitation or employment. That P&A system is currently funded by the Children and Family Services Program in the Department of HHS. The bill would authorize \$7 million in 2000 and such sums as shall be necessary thereafter; CBO assumed that funding would remain at about \$7 million. Actual outlays would be \$3 million in 2000, and \$6 million to \$7 million a year thereafter.

Although they do not explicitly call for future appropriations, several other provisions of S. 331 would affect SSA's workload and thus the pressures on its annual appropriation. The Ticket to Work program (section 201) would require significant planning and oversight by SSA staff. Section 221 would direct SSA to establish a special corps of work incentive specialists to deal with questions from applicants, beneficiaries, and the community-based organizations funded under the same section. Enforcement of the tougher restrictions on prisoners in section 402 would require SSA staff time, because suspension of benefits occurs only after careful verification. Partly offsetting these extra costs, SSA would no longer be required to do work CDRs under section 211. CBO estimates that these effects on SSA's workload would, on balance, cost the agency between \$10 million and \$30 million a year in the 2000-2004 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. The net changes in outlays and governmental receipts that are subject to pay-as-you-go procedures are shown in the following table. For the purposes of enforcing pay-as-you-go procedures, only the effects in the current year, the budget year, and the succeeding four years are counted.

Table 5. Summary of Pay-As-You-Go Effects of S. 331

	By Fiscal Year, in Millions of Dollars									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Changes in outlays	43	104	151	175	209	181	202	222	277	327
Changes in receipts	73	53	143	641	594	562	535	448	314	na

na = not available

ESTIMATED IMPACT ON THE PRIVATE SECTOR

JCT has determined that S. 331 would impose two new private-sector mandates by modifying the foreign tax credit carryback and carryover periods and by limiting the use of the nonaccrual experience method of accounting. The direct costs of the new mandates would exceed the statutory threshold (\$100 million in 1996, adjusted annually for inflation) established in UMRA in each of fiscal years 2002 through 2004 (see Table 6).

Table 6. Estimated Cost of Private-Sector Mandates

	By Fiscal Year, in Millions of Dollars						
	2000	2001	2002	2003	2004		
Cost to the Private Sector			72	52	142	640	543

Source: Joint Committee on Taxation

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

Section 4 of the Unfunded Mandates Reform Act excludes from the application of that act any legislative provisions that relate to the old-age, survivors, and disability insurance programs under title II of the Social Security Act, including tax provisions in the Internal Revenue Code. CBO has determined that subtitles A and B in title II and titles III and IV of this bill fall within that exclusion.

The remainder of the bill contains no intergovernmental mandates as defined in UMRA. However, it includes optional programs for states that would result in greater state spending if they chose to participate as well as additional grants to states for specific programs.

Title I contains a number of options for states to expand their Medicaid program to cover workers with disabilities who want to buy into Medicaid and to continue Medicaid coverage for individuals who lose their eligibility for DI or SSI following a continuing disability review. CBO estimates that state costs attributable to these optional expansions during the first five years would total about \$70 million for the first option and about \$10 million for the second. States that implement the first of these Medicaid options would be eligible for grants to develop and operate programs to support working individuals with disabilities. CBO estimates that states would receive a total of about \$40 million during the first five years the program is in effect. States would also have the option of charging participants premiums or other fees to offset a portion of the costs.

Title I would also allow states to establish demonstration projects that would provide Medicaid to working individuals with physical or mental impairments who, without Medicaid, could become blind or disabled. CBO estimates that state costs attributable to this optional coverage would total \$215 million over the first five years of implementation.

ESTIMATE PREPARED BY:

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