

Clinton to Propose More Generous Policy for the Disabled

By ROBERT PEAR

WASHINGTON, Feb. 11 — The Clinton Administration will propose a more generous policy on Friday regarding the payment of cash benefits to disabled people under Social Security, Administration officials said today.

For the first time in nearly a decade, the Government will propose an increase in the amount of money that people may earn while receiving disability benefits.

The limit on earnings is now \$500 a month, and it has been at that level since January 1990. The Commissioner of Social Security, Kenneth S. Apfel, will issue a proposed rule increasing the limit to \$700, officials said. After reviewing public comments, the Commissioner has the authority to make the change, which would take effect on June 1.

Vice President Al Gore plans to announce the proposal on a visit to Albany on Friday.

"By proposing an increase in the allowable monthly earnings from \$500 to \$700 a month — a 40 percent increase — we are enabling Americans with disabilities to make the most of their abilities," Mr. Gore said in the text of his prepared remarks.

Social Security officials said the change could help 250,000 people a year. Those who receive disability benefits are automatically eligible

for Medicare after a two-year waiting period, and for many, the Medicare coverage is even more valuable than the cash benefits.

Among those who sought the change is Tipper Gore, the Vice President's wife. Since the early 1980's, she has been a zealous advocate for people with mental illness

An attempt to help more disabled people become self-sufficient.

and retardation.

Martha E. Ford, a lobbyist for the Arc, formerly known as the Association for Retarded Citizens, welcomed the proposed change.

"This is an important step, long awaited, and it will help a lot of people," Ms. Ford said. "It will make a significant difference for lower-income workers who are severely disabled and need continued support."

Ms. Ford said the change would benefit many people with disabilities who work at food service jobs or at

entry-level positions in supermarkets and retail stores. Disabled workers earning \$500 to \$700 a month are now ineligible for benefits, but could qualify under the new policy.

The Administration plans to make a similar change in a related program, Supplemental Security Income. The White House said the changes, taken together, would cost the Government \$1.2 billion over five years. Social Security benefits for disabled workers now average \$733 a month.

Administration officials did not suggest any specific way to pay for the added benefits but said the cost would somehow be covered in the overall context of a balanced budget.

With unemployment now at 4.3 percent, the lowest level in 28 years, many employers have difficulty finding workers, and some say they are more willing to hire people with disabilities. Because of recent increases in the minimum wage, now \$5.15 an hour, workers with disabilities are more likely to reach the earnings limit of \$500 a month.

While people with disabilities have not generally been viewed as a big voting bloc, disability rights have won bipartisan support. President Clinton recently proposed a new tax credit and new health insurance options to help people with disabilities go back to work.

Two Republican Senators, William

V. Roth Jr. of Delaware and James M. Jeffords of Vermont, have joined Mr. Clinton in supporting a bill that would expand Medicaid and Medicare so disabled people could retain their health benefits when they return to work. Former Senator Bob Dole, himself a disabled war veteran, urged Congress last week to pass the bill as a way to increase the number of disabled people who work and pay taxes.

Under Federal law, a person is said to be disabled if he or she is unable to engage in "substantial gainful activity" because of a physical or mental impairment that is expected to cause death or to last 12 months or more.

Under the current rules, if a person is earning more than \$500 a month (after subtracting certain work expenses), he is considered to be engaging in substantial gainful activity and therefore not disabled.

The ultimate objective of the new policy is to help disabled people get jobs and become self-sufficient.

"If even a small fraction of the people receiving disability benefits could go to work," Mr. Gore said, "we would save billions of dollars in the long run."

Company News:
Tuesday through Saturday,
Business Day

**VICE PRESIDENT GORE UNVEILS NEW REGULATION
AS PART OF BROAD-BASED INITIATIVE TO ENABLE MORE AMERICANS WITH
DISABILITIES RETURN TO WORK**

February 12, 1999

Today, Vice President Gore is unveiling a new regulation that will take important new steps that will improve economic opportunities for at least 250,000 Americans with disabilities. This regulation will increase the amount of income Americans with disabilities receiving Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI), can earn -- from \$500 to \$700 per month -- and still receive critical cash and medical benefits. The unemployment rate among all working-age adults with disabilities is nearly 75 percent. People with disabilities can bring tremendous energy and talent to the American workforce, but there are many barriers that often limit their ability to work, including the fact that they lose their disability benefits and health care coverage when they return to work. This means that many people with disabilities are put in the untenable position of choosing between critical protections and work.

"This is a long overdue and greatly appreciated shift in public policy that will allow many Social Security beneficiaries to become more productive citizens, earn more money, and retain essential health benefits," said Paul Marchand, Chair of the Consortium for People With Disabilities. "I commend the Clinton-Gore Administration for its series of public policy initiatives, which will greatly promote economic opportunities for people with disabilities."

UNVEILED NEW REGULATION TO IMPROVE INCENTIVES FOR PEOPLE TO RETURN TO WORK. The Vice President is announcing a new proposed regulation to increase the (SGA) level from \$500 to \$700 per month. Under current rules to become eligible for Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) benefits, an individual must be unable to engage in any substantial gainful activity (SGA) that exceeds \$500 per month. SGA is also used as a measure in determining ongoing entitlement for SSDI benefits and those who exceed this amount lose their disability benefits and health insurance. Each year, approximately 400,000 disability beneficiaries participate in the workforce. Many hesitate to work because they cannot afford to give up critical benefits. Increasing the SGA level would enable more disabled beneficiaries to work more. This initiative costs \$1.2 billion over five years and is paid for through the traditional regulatory and administrative process.

BUILDS ON ADMINISTRATION'S COMPREHENSIVE INITIATIVE TO IMPROVE ECONOMIC OPPORTUNITIES FOR AMERICANS WITH DISABILITIES. The regulation the Vice President unveiled builds on the comprehensive initiative that the Administration has proposed to improve economic opportunities for people with disabilities, such as:

- **Including the Work Incentives Improvement Act in the President's budget.** Health care -- particularly prescription drugs and personal assistance -- is essential for people with disabilities to work. The Administration's FY2000 budget which includes the Work Incentives Improvement Act, which was recently introduced by Senators Jeffords, Kennedy, Roth, and Moynihan. This proposal, which costs \$1.2 billion over five years, would:

- Improve access to health care by: (1) Expanding states' ability to provide a Medicaid buy-in to people with disabilities who return to work whose assets and/or income exceed current limits; (2) giving states the option of offering the buy-in to people who do not meet the current disability standard, but who can work only because of medical treatment or for those with a specific physical or mental impairment that is not yet severe enough to qualify for health care assistance, but that is reasonably expected to lead to a severe disability in the absence of medical treatment; and (3) extending Medicare coverage for people with disabilities who return to work.
 - Modernize the employment services system by creating a "ticket" that will enable SSI or SSDI beneficiaries to go to any of a number of public or private providers for vocational rehabilitation. If the beneficiary goes to work and achieves substantial earnings, providers would be paid a portion of the benefits saved.
 - Create a Work Incentive Grant program to provide benefits planning and assistance, facilitate access to information about work incentives, and better integrate services to people with disabilities working or returning to work.
- **Providing a \$1,000 tax credit for work-related expenses for people with disabilities.** The daily costs of getting to and from work, and being effective at work, can be high if not prohibitive for people with disabilities. Under this new proposal, workers with significant disabilities would receive an annual \$1,000 tax credit to help cover the formal and informal costs that are associated with employment, such as special transportation and technology. This tax credit, which will assist 200,000 to 300,000 Americans, will help ensure that people with disabilities have the tools they need to return to work. The credit will cost \$700 million over 5 years.
 - **Improving access to assistive technology.** This new initiative would accelerate the development and adoption of information and communications technologies that can improve the quality of life for people with disabilities and enhance their ability to participate in the workplace. The initiative would: (1) help make the Federal government a "model user" of assistive technology; (2) support new and expanded state loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invest in research and development and technology transfer for people with disabilities. It would cost \$35 million in FY 2000, more than double the government's current investment in deploying assistive technology.
 - **Taking action on all of the Task Force Recommendations.** In December, the Vice President accepted the report of the President's Task Force on the Employment of Adults with Disabilities, took action on some recommendations immediately, and pledged that the Administration would review others in the budget process. The Administration has now taken action on all of the Task Force recommendations.

J. Eric Gould

02/09/99 05:19:02 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc:

Subject: SSA payfors for SGA

It was decided this afternoon that the VP will announce the increase in the SGA Friday. The idea is to leak it to Pear on Thursday. However, I am a little concerned about one of the offsets described below (obesity). In a conversation we had this afternoon everyone agreed that we should try to stay general about the offsets but I don't think Pear is going to go for that. He is going to push us to fully explain the offset.

Actually, neither of the offsets are spelled out in the budget - obesity and SGA are lumped together and described as "upcoming SSA regulations" and the redeterminations are built into SSA's administrative costs. Since the money is already accounted for in the budget, I don't see a way out of ultimately having to explain the obesity change after persistent questioning.

SSA is working on Q&A, which we will check tomorrow. At this point we decided to start off answering this Q by replying that "the SGA reg is fully paid for in the budget."

Any suggestions?

----- Forwarded by J. Eric Gould/OPD/EOP on 02/09/99 06:04 PM -----



Joanne Cianci

02/09/99 04:26:37 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP

cc: Jack A. Smalligan/OMB/EOP, Lori Schack/OMB/EOP

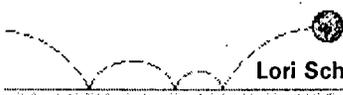
Subject: SSA Initiatives

Here are descriptions of the regulatory and administrative changes SSA is undertaking to finance the increase in SGA. As we discussed, these have received administrative approval, do not require legislative action, and were included in the baseline numbers in the budget. Please let me know if you have any other questions.

Obesity Listing. Under current listings an individual who is at least twice what would be considered his or her normal weight may meet the disability criteria. An NPRM to eliminate obesity as a qualifying impairment has been published, but a final rule has not been issued. Under the NPRM, individuals could still be found eligible for benefits if they had other impairments that could lead to a disability determination.

Additional SSI Non-Disability Redeterminations. SSA committed to allocate \$75 million in

administrative expenses to conduct additional SSI financial redeterminations beyond the level conducted in FY 1998 (about \$210 million). Such redeterminations, targeted at those individuals with the highest probability of receiving erroneous benefit payments, are a key element of SSA's efforts to improve the integrity of the SSI program by ensuring that only eligible individuals are receiving benefits and that they are receiving benefits in the proper amount.



Lori Schack

02/03/99 06:18:26 PM

Record Type: Record

To: Joanne Cianci/OMB/EOP, Jeffrey A. Farkas/OMB/EOP, Cynthia A. Rice/OPD/EOP, Jeanne Lambrew/OPD/EOP

cc:

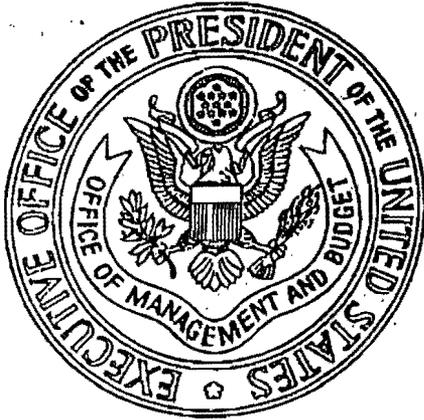
Subject: SGA reg

I have received the draft Substantial Gainful Activity reg from SSA. I will get it to you shortly.

The understanding we have with SSA is that we will work everything out in the draft. When they give us a formal submission, we will turn it around in 24 hours. They have asked for comments by friday. **Please get any comments to me by noon friday**, so that I can compile them all, deal with any conflicts, etc.

They have also asked that we keep this in close hold and that any communication with the agency on this issue come through me.

Thanks.



**Executive Office of the President of the United States
Office of Management and Budget**

*Office of Information and Regulatory Affairs
Human Resources and Housing Branch
New Executive Office Building
Room 10235
Washington, DC 20503*

FAX TRANSMITTAL

FAX: 202-395-6974
 DATE: 2/3/99
 TO: Cynthia Rice
 FROM: Lori Schack

Total number of pages (Including Transmittal Sheet): 14

Recipient's Fax Number: _____

Recipient's Telephone Number: _____

Comments: Comments to me by noon Friday

Lori Schack

XXXX-XXX

SOCIAL SECURITY ADMINISTRATION

20 CFR Parts 404 and 416

[Regulations No. 4 and 16]

RIN XXXX-XXXX

Old-Age, Survivors, and Disability Insurance and Supplemental Security Income for the Aged, Blind, and Disabled; Substantial Gainful Activity Amounts

AGENCY: Social Security Administration

ACTION: Notice of proposed rulemaking

SUMMARY: These proposed rules would raise from \$500 to \$700 the average monthly earnings guidelines we use to determine whether work done by persons with impairments other than blindness is substantial gainful activity (SGA) for purposes of Social Security disability benefits provided under title II of the Social Security Act (the Act) and Supplemental Security Income (SSI) benefits based on disability under title XVI of the Act. We propose to revise this level as part of our effort to encourage individuals with disabilities to attempt to work, and to provide a more valid indicator of when earnings demonstrate the ability to engage in SGA. The proposed increase reflects our assessment of the amount which currently would indicate when earnings demonstrate SGA.

DATES: In order to be considered, we must receive your comments, on the specific proposal to increase the amount of the earnings guidelines, by (insert date 30 days after date of publication in the Federal Register). Note: Under the heading "Additional Items," we ask for more general suggestions concerning work

incentive provisions and how best to review and revise guidelines in the future. We will accept these suggestions until (insert date 60 days after date of publication in the Federal Register).

ADDRESSES: Comments should be submitted in writing to the Commissioner of Social Security, P.O. Box 1585, Baltimore, MD 21235; sent by telefax to (410) 966-2830; sent by E-mail to "regulations@ssa.gov"; or delivered to the Office of Process and Innovation Management, Social Security Administration, L2109 West Low Rise, 6401 Security Boulevard, Baltimore, MD 21235, between 8:00 a.m. and 4:30 p.m. on regular business days. Comments may be inspected during these same hours by making arrangements with the contact person shown below.

FOR FURTHER INFORMATION CONTACT: Acting SSA Regulations Officer, Office of Process and Innovation Management, Social Security Administration, 6401 Security Boulevard, Baltimore, Maryland 21235, (410) 965-3632 or TTY (410) 966-5906.

SUPPLEMENTARY INFORMATION:

Background

These proposed rules would increase the amount in the monthly earnings guidelines we use in determining whether an individual's work activities demonstrate that he or she is able to perform SGA. Under the current guidelines in 20 CFR 404.1574 and 416.974, if a person claiming title II or title XVI benefits

or receiving title II benefits based on disability had earnings from work activities as an employee (including as an employee of a sheltered workshop or comparable facility) that averaged more than \$500 a month, we would ordinarily consider that the person had engaged in SGA. Under the proposed rules, the \$500 amount would be raised to \$700 per month.

The amount of average monthly earnings that ordinarily demonstrates SGA has not been increased since January 1, 1990. We are revising this level now after reassessing the current guidelines as part of our effort to improve our incentives to encourage individuals with disabilities to attempt to work. We believe that the increase in the amount of earnings that constitutes SGA would provide a more valid indicator of when earnings demonstrate the ability to engage in SGA, would be a significant improvement to the existing work incentive provisions, and would be a fiscally responsible change.

Proposed Regulations

We propose to revise 20 CFR 404.1574(b)(2) and (4), and 416.974(b)(2) and (4) to increase from \$500 to \$700 the earnings guidelines that we use to determine whether a non-blind employee is engaging in SGA. (This standard would also be applied to the self-employed in certain circumstances by cross-references now present in 20 CFR 404.1575 and 416.975.) We have not raised the SGA earnings amount for over nine years. We are proposing to

raise the SGA level now to \$700, which roughly corresponds to wage growth since the last increase in 1990.

Additional Items

While these proposed rules would make specific increases to the amount of earnings that will ordinarily show that a person has engaged in SGA, we will, at a future point, consider making other changes in this area as well. Therefore, we invite the public to provide us with general suggestions for changes which might be desirable in related provisions (e.g., raising the trial work period services amount, and the earnings level that ordinarily demonstrates that an individual has not engaged in SGA). We also invite suggestions for how best to review and revise SGA guidelines in the future. Please note that, in order to be considered, we must receive comments on the specific provisions in these proposed rules by (insert date 30 days after date of publication in the Federal Register). However, we will accept general suggestions on the "additional items" mentioned in this paragraph if they are received by (insert date 60 days after date of publication in the Federal Register).

Electronic Version

The electronic file of this document is available on the Federal Bulletin Board (FBB) at 9:00 A.M. on the date of

publication in the Federal Register. To download the file, modem dial 202-512-1387. The FBB instructions will explain how to download the file and the fee. This file is in WordPerfect and will remain on the FBB during the comment period.

REGULATORY PROCEDURES

Justification for 30-day Comment Period

Executive Order 12866 states that, in most cases, an agency should provide a 60-day period for comments on its proposed rules. We ordinarily provide a 60-day period. However, for these proposed rules we are providing a 30-day comment period. As these proposed rules would increase the scope of disability eligibility for Old-age, Survivors and Disability Insurance and SSI benefits, we believe it is in the public interest to proceed quickly to advance this change. In this way, this important change could have an impact at the earliest date practicable. However, it remains important to us to consider public comments on the proposal. Therefore, we are establishing a 30-day comment period.

Paperwork Reduction Act

These regulations impose no new reporting/record-keeping requirements necessitating clearance by OMB.

Executive Order 12866

Regulatory Impact Analysis

Introduction--Based on the costs associated with these proposed rules, the Social Security Administration has determined that they require an assessment of costs and benefits to society per Executive Order 12866 because they meet the definition of a "significant regulatory action." These proposed rules also meet the definition of a "major rule" under 5 U.S.C. 801ff., and this assessment also fulfills the requirements of those provisions as well. In addition, SSA has determined, as required under the aforementioned statute, that these regulations do not create any unfunded mandates for State or local entities pursuant to sections 202-205 of the Unfunded Mandates Act of 1995.

Executive Order 12866 includes in its definition of a "significant regulatory action" one which generates a major increase in costs for the Federal government. Accordingly, a discussion follows of the effect of the regulations and general information on estimated costs and benefits to society.

Nature of the Program--Benefits to disabled and blind individuals are provided under title II and title XVI of the Act. Disability is defined under both programs as, "...inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment...."

We use earnings guidelines to evaluate a person's work activity to determine whether the work activity is SGA and therefore whether that person may be considered disabled under the law. While this is only one of the tests used to determine disability, it is a critical threshold in disability evaluation. We evaluate the work activity of persons claiming or receiving disability benefits under title II of the Act and that of persons claiming benefits because of a disability under title XVI of the Act. These proposed regulations would increase the amounts of those earnings guidelines. We have not raised the SGA earnings amount for over nine years. We are proposing to raise it now to approximate wage growth during that time.

Intended Effect--We expect that the increase in the amount of earnings that constitute SGA would provide a greater incentive for beneficiaries to attempt to work or, if already working, to continue to work or increase their work effort. In addition, the increase would permit some individuals with disabilities who have earnings in excess of the current regulatory limit (\$500) but less than the amount in these proposed rules (\$700), to receive benefits. We believe this change would affect approximately 42,000 persons with disabilities. It would enhance their potential to participate in the workforce, and, as a consequence, improve their economic well-being by increasing their income through earnings.

The following chart provides the estimated increases in Old-age, Survivors and Disability Insurance payments, Federal SSI payments, Medicare benefits and Federal share of Medicaid benefits due to the proposed increase in the SGA amount to \$700 in 1999, for fiscal years 1999 - 2004. (Amounts are in millions.)

	Fiscal year						Total, 1999-2004
	1999	2000	2001	2002	2003	2004	
OASDI	10	30	55	75	100	120	390
SSI	15	20	25	25	30	30	145
Medicare	10	20	30	50	60	80	250
Medicaid	40	60	70	75	90	100	435
Subtotal, all programs	75	130	180	225	280	330	1220

- Notes:
1. Totals may not equal sum of rounded components
 2. Above estimates based on the assumptions underlying the President's FY 2000 Budget, including the SSA Actuary's normal assumption of an SGA amount increasing with average wages.
 3. Estimates for Medicare and Medicaid provided by the Office of the Actuary in the Health Care Financing Administration.

Although the costs are significant, we believe that these changes are necessary improvements in existing work incentives, and that they are fiscally responsible changes.

Regulatory Flexibility Act

We certify that these regulations will not have a significant economic impact on a substantial number of small entities because they primarily affect individuals who are applying for or receiving title II or applying for title XVI benefits because of disability.

(Catalog of Federal Domestic Assistance Program Nos. 96.001, Social Security-Disability Insurance; 96.002, Social Security-Retirement Insurance; 96.004, Social Security-Survivors Insurance; 96.006, Supplemental Security Income)

List of Subjects

20 CFR Part 404

Administrative practice and procedure, Death benefits, Disability benefits, Old-Age, Survivors and Disability Insurance, Reporting and recordkeeping requirements, Social Security.

20 CFR Part 416

Administrative practice and procedure, Aged, Blind, Disability benefits, Public assistance programs, Reporting and recordkeeping requirements, Supplemental Security Income (SSI).

Dated:

Kenneth S. Apfel
Commissioner of Social Security

For the reasons stated in the preamble, the Social Security Administration proposes to amend parts 404 and 416 of chapter III of title 20 of the Code of Federal Regulations as follows:

PART 404—FEDERAL OLD-AGE, SURVIVORS AND DISABILITY
INSURANCE (1950-)

1. The authority citation for subpart P of part 404 continues to read as follows:

Authority: Secs. 202, 205(a), (b), and (d)-(h), 216(i), 221(a) and (i), 222(c), 223, 225, and 702(a)(5) of the Social Security Act (42 U.S.C. 402, 405(a), (b), and (d)-(h), 416(i), 421(a) and (i), 422(c), 423, 425, and 902(a)(5)); sec. 211(b), Pub. L. 104-193, 110 Stat. 2105, 2189.

2. Section 404.1574 is amended by revising paragraph (b)(2)(vi) and (b)(2)(vii), adding a new paragraph (b)(2)(viii), revising paragraphs (b)(4)(vi) and (b)(4)(vii) and adding a new paragraph (b)(4)(viii) to read as follows:

404.1574 Evaluation guides if you are an employee.

* * * * *

(b) * * *

(2) * * *

11

(vi) Your earnings averaged more than \$300 a month in calendar years after 1979 and before 1990;

(vii) Your earnings averaged more than \$500 a month after calendar year 1989 and before (insert first day of the month beginning after 30 days following date of publication of the final rules in the Federal Register); or

(viii) Your earnings averaged more than \$700 a month after (insert date that is one day earlier than date shown at the end of paragraph (b)(2)(vii) of this section).

* * * * *

(4) * * *

(vi) Your average earnings are not greater than \$300 a month in calendar years after 1979 and before 1990;

(vii) Your average earnings are not greater than \$500 a month after calendar year 1989 and before (insert first day of the month beginning after 30 days following date of publication of the final rules in the Federal Register); or

(viii) Your average earnings are not greater than \$700 a month after (insert date that is one day earlier than date shown at the end of paragraph (b)(4)(vii) of this section).

* * * * *

PART 416-SUPPLEMENTAL SECURITY INCOME FOR THE AGED, BLIND
AND DISABLED

1. The authority citation for Subpart I of Part 416 continues to read as follows:

Authority: Secs. 702(a)(5), 1611, 1614, 1619, 1631(a), (c) and (d)(1), and 1633 of the Social Security Act (42 U.S.C. 902(a)(5), 1382, 1382c, 1382h, 1383(a), (c) and (d)(1), and 1383b); secs. 4(c) and 5, 6(c)-(e), 14(a) and 15, Pub. L. 98-460, 98 Stat. 1794, 1801, 1802, and 1808 (42 U.S.C. 421 note, 423 note, 1382h note).

2. Section 416.974 is amended by revising paragraph (b)(2)(vi) and (b)(2)(vii), adding a new paragraph (b)(2)(viii), revising paragraphs (b)(4)(vi) and (b)(4)(vii) and adding a new paragraph (b)(4)(viii) to read as follows:

416.974 Evaluation guides if you are an employee.

* * * * *

(b) * * *

(2) * * *

(vi) Your earnings averaged more than \$300 a month in calendar years after 1979 and before 1990;

(vii) Your earnings averaged more than \$500 a month after calendar year 1989 and before (insert first day of the month

beginning after 30 days following date of publication of the final rules in the Federal Register); or

(viii) Your earnings averaged more than \$700 a month after (insert date that is one day earlier than date shown at the end of paragraph (b) (2) (vii) of this section).

* * * * *

(4) * * *

(vi) Your average earnings are not greater than \$300 a month in calendar years after 1979 and before 1990;

(vii) Your average earnings are not greater than \$500 a month after calendar year 1989 and before (insert first day of the month beginning after 30 days following date of publication of the final rules in the Federal Register); or

(viii) Your average earnings are not greater than \$700 a month after (insert date that is one day earlier than date shown at the end of paragraph (b) (4) (vii) of this section).

* * * * *

2/4

Fri the 12th in Albany NY

MD in a.m.

Albany - SGA

- AF Amer/Hispanic Leg Caucus

closure Forum 250-300 tops

public view -> on Friday

175 min

Brian

-> no one asked

→



Fixed OK

SOCIAL SECURITY ADMINISTRATION

Brian D. Coyne
Chief of Staff

452-7431

Cover Plus 6 Pages

DATE: 1/30

FROM:
Office of the Commissioner
DC Office: (202) 358-6013
Fax #: (202) 358-6076

TO: Sarah Bianchi

Location/Organization: _____

Telephone Number: _____

FROM:
Office of the Commissioner
Baltimore: (410) 965-3120
Fax #: (410) 966-1463

Fax Number: 456-5557

MESSAGE: Sarah -

Attached is a 1-pager plus some other background pieces on SGA. I've also included a 2-pager we did internally on Jeffords-Kennedy. It seems to me the message should be about "encouraging work" -- which ties into Jeffords-Kennedy as well. Call me with Q's

Thanks.

BuGra

Substantial Gainful Activity (SGA) Regulatory Change Raising the \$500 Monthly Level to \$700

- SSA is proposing an increase in the substantial gainful activity (SGA) level for non-blind individuals from \$500 to \$700 per month.
- This regulatory change will provide a more realistic threshold to determine earnings capacity at the time of an initial disability determination and a more realistic test of a disability insurance (DI) beneficiary's earnings capacity before losing benefits due to work activity.
- The SGA level has only been increased once since 1980 and that increase occurred in 1990.
- The current level is about \$200 below the level it would have attained had the growth in SGA kept pace with increases in average wages since 1990. In addition, the SGA level is about \$300 below the level it would have attained had the growth in the SGA amount kept pace with increases in average wages since 1957.
- Increasing the SGA level to \$700 will provide opportunities for about 42,000 DI and Supplemental Security Income (SSI) beneficiaries to work while receiving cash and medical benefits, thus, providing supplementation to their limited income.
- Many beneficiaries hesitate in attempting work for fear of losing cash and medical benefits. By increasing the SGA level, beneficiaries would be provided a more realistic threshold for testing their capacity to work and would thus lessen their fears about attempting work.
- In addition, increasing the SGA level would allow more beneficiaries with disabilities to enter the workforce enabling them to lead more productive, self-sufficient lives.

Additional Information

- Estimates indicate that increasing the SGA level to \$700 would result in an estimated OASDI/SSI program cost of \$535 million for fiscal years (FYs) 1999 through 2004. In addition, the increase would result in an estimated cost of \$635 million to the Medicare/Medicaid program. (This estimate is based on the assumptions underlying the President's FY 2000 Budget, including the normal OCACT assumption of an SGA amount increasing with average wages.)
- The costs of an SGA increase would be offset with administrative initiatives to increase the number of yearly SSI redeterminations conducted and a regulatory change in the obesity medical listing. These initiatives would result in approximately \$1 billion in savings for FYs 1999 through 2004.
- While the SGA level for the non-blind is prescribed by regulations, the SGA level for the blind is established by statute and is adjusted annually based on the national average wage index. Currently, the SGA level for the blind is \$1,110 per month.

Substantial Gainful Activity (SGA) Regulatory Change

Proposal

Increase ~~the~~ the current SGA level to re-establish SGA as a reasonable and meaningful criterion for evaluating work incapacity.

Background

The term substantial gainful activity (SGA) is part of the definition of disability in the Social Security Act. Specifically, an individual must be unable to engage in any SGA for initial eligibility to Social Security Disability Insurance (DI) and Supplemental Security Income (SSI) program benefits. In addition, SGA is used as a measure in determining ongoing entitlement for DI benefits; however, is not used as a measure for ongoing eligibility for SSI benefits.

The law requires the Commissioner to prescribe by regulations the criteria for determining when earnings demonstrate an individual's ability to engage in SGA. Generally, one of the measures the Commissioner uses in determining whether an applicant or beneficiary is engaging in SGA is the amount of pay that the individual has actually earned. Through periodic ad hoc adjustments, the SGA threshold kept nearly even with wage growth until 1980. It was not raised again until 1990, when it was increased from \$300 to \$500 a month. It has not been raised since 1990.

Reasons for Change

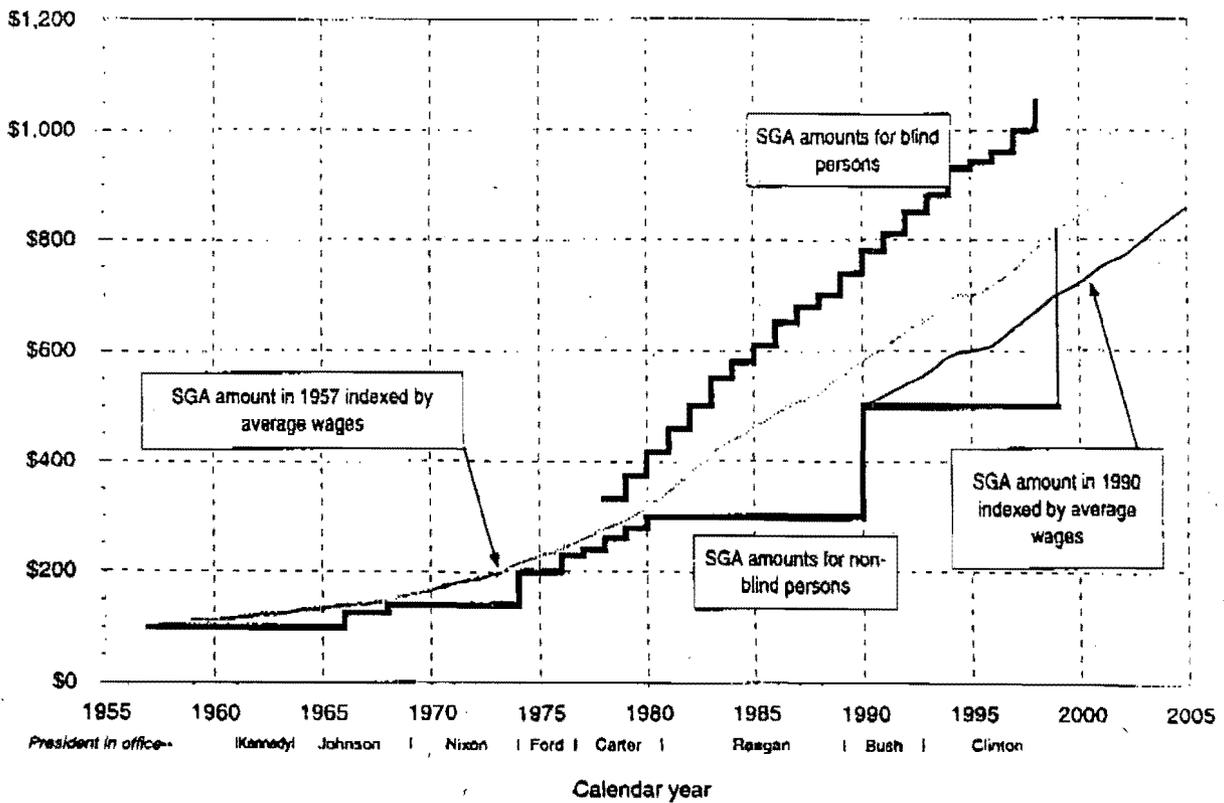
- The \$500 amount is about \$300 below the level it would have attained had the growth in the SGA amount kept pace with increases in average wages since 1957. The \$500 level is about \$200 below the level it would have attained had the growth in SGA kept pace with increases in average wages since 1990, the last time the SGA level was raised.
- The result of retaining the same SGA level since 1990 has been an implicit tightening in the Social Security definition of disability due solely to the effects of wage inflation. More specifically, a stagnated SGA amount fails to recognize that wages increase over time, and thereby fails to provide a realistic threshold to determine earnings capacity at the time of an initial disability determination. Moreover, a stagnated SGA amount fails to provide a realistic test of a beneficiary's earnings capacity before losing DI benefits due to work activity.

Table 1.—Historical monthly substantial gainful activity amounts for non-blind individuals, 1957-98

<u>Calendar year</u>	<u>Amount</u>
1957-65	\$100
1966-67	125
1968-73	140
1974-75	200
1976	230
1977	240
1978	260
1979	280
1980-89	300
1990-98	500

Note: Since 1978, the SGA amount for the blind has been determined separately. For 1998, that amount is \$1,050, and for future years the amount is indexed by changes in average wages.

Comparison of actual versus theoretical indexed substantial gainful activity amounts, calendar years 1957-2005



Social Security Administration
 Office of the Chief Actuary
 October 14, 1998

PROPOSED SCHEDULE FOR THE SUBSTANTIAL GAINFUL ACTIVITY (SGA) REGULATION

- 2/3 Advance NPRM to OMB
- 2/10 Clearance Package to OMB
- 2/11 NPRM to Federal Register
- 2/16 NPRM published in Federal Register
- 3/17 Comments period ends
- 4/16 Final rule published with 6/1/99 effective date

**Provisions in the President's Budget in Support of the
Work Incentives Improvement Act
to be Introduced by Senators Jeffords, Kennedy, Moynihan, and Roth**

- Out of the 8 million disabled beneficiaries receiving Supplemental Security Income (SSI) and Disability Insurance (DI) benefits, less than 1 percent leave the rolls because they are working. Although many beneficiaries are interested in working, the fear of losing cash and medical benefits results in few beneficiaries making work attempts. Therefore, beneficiaries are often put in the untenable position of choosing between cash and medical benefits and work.
- In addition, the current vocational rehabilitation reimbursement program and the work incentive provisions for people with disabilities cannot alone produce sufficient outcomes in helping beneficiaries into the workforce.
- The Administration's proposal is designed to increase the number of SSA beneficiaries who attempt work by providing an easier transition into the workforce and by removing some of the institutional barriers to work.

The proposed legislation includes the following provisions:

Ticket to Work

- Creates a "ticket" that enables an SSI or DI beneficiary to obtain employment, rehabilitation, and/or other support services that are tailored to their needs from their choice of either a public or private provider of services.
- The proposal maintains fiscal discipline and service standards, because service providers are only reimbursed for successful employment outcomes.

(Costs estimated at \$17 million over 5 years)

Elimination of Work Disincentives

- Requires the Commissioner to expedite eligibility determinations for former DI beneficiaries whose benefits had terminated because of work activity within the preceding 24 months.
- Prohibits using a beneficiary's work activity as the sole basis for conducting a continuing disability review.

(Costs estimated at \$80 million over 5 years)

Demonstration Projects

- Provides a 5-year reauthorization of SSA's demonstration authority to test ways to encourage DI beneficiaries to return to work.
- Requires SSA to test a gradual offset of DI cash benefits by reducing benefits \$1 for every \$2 in earnings above a certain level.

(Costs estimated at \$55 million over 5 years)

Expanded Availability of Health Care Services

- Provides States the option to expand a Medicaid buy-in for Social Security disabled beneficiaries who have earned income above 250 percent of poverty. Resource and income limits would be set by each State.
- Allows State that have chosen the aforementioned option to also extend the Medicaid buy-in to DI and SSI disabled beneficiaries whose benefits terminate based on medical improvement.
- Provides a 10-year trial program extending premium-free Medicare coverage to disabled beneficiaries whose benefits have terminated because of work activity.
- Establishes a demonstration program capped at \$300 million to allow States to offer a Medicaid buy-in to individuals who have a disability that absent health care could become severe enough to meet SSA's definition of disability. The States would develop program eligibility criteria and would make eligibility determinations.

(Costs estimated at \$1.09 billion over 5 years)

Additional Information

- The President's Budget will also include a \$1,000 tax credit for eligible workers with disabilities. Disabled for this credit would be defined as being certified within the previous 12 months as being unable, for at least 12 months, to perform at least one activity of daily living.
- In addition, the President's Budget will include a provision to improve access to assistive technology. The initiative would: (1) help make the Federal government a model user of assistive technology; (2) support new and expanded State loan programs to make assistive technology more affordable for Americans with disabilities; and (3) invest in research and development and technology transfer in areas relating to visual and audio impairments.

SGA

1/29

Brian

\$500 - \$700

(indexing since 1990 would have been \$720)
if it had kept pace w/ indexed wages

Reps to OMB next wk

NPRM published Feb 1st

30 day comment

Effective June 1st

UP schedule

Feb 9-13th open

Feb 16th onward Out of country

Brian

Jeanne

Be clean with committees
Tell groups - reg in process



John Smalley

SOCIAL SECURITY ADMINISTRATION

**Brian D. Coyne
Chief of Staff**

*Joanne [redacted]
\$890 mi over 5 yr
\$75 in yr 1*

Cover Plus 2 Pages

DATE: 1/27

FROM:
Office of the Commissioner
DC Office: (202) 358-6013
Fax #: (202) 358-6076

TO: Cynthia Rice

Location/Organization: DTC

Telephone Number: 456-2846

FROM:
Office of the Commissioner
Baltimore: (410) 965-3120
Fax #: (410) 966-1463

Fax Number: 456-7431

MESSAGE:

intention to do the Reg

*This The President's budget provides
an increase in SSA*

SSA drafting reg to implement it

① Apfel announcement Tuesday

② VP announcement

Power on Friday / conf call

us / Sarah Bianci / B Chew

→ Cmwe d

John Smalley



SOCIAL SECURITY

Office of the Commissioner

January 22, 1999

MEMORANDUM FOR JON JENNINGS

FROM: * BRIAN COYNE, CHIEF OF STAFF
SOCIAL SECURITY ADMINISTRATION

RE: GOOD NEWS ANNOUNCEMENTS
(SUBSTANTIAL GAINFUL ACTIVITY)

The President's budget includes in its baseline budget numbers funding for the Social Security Administration to increase the amount of money disability beneficiaries can earn before that work is considered as "substantial gainful activity" (SGA) and becomes a factor in determining ongoing eligibility in the disability program. The SGA level has not been raised since 1990. The current SGA amount is \$500/month. The President's budget provides for the SGA amount to increase to \$700/month, roughly the amount the SGA level would be had it kept pace with average wages since 1990. SSA would increase the SGA through the issuance of a regulation.

The Office of Management and Budget has notified us that the White House may want to announce this sometime in the near future, but we are told it is unlikely to be announced before the President submits his budget on February 1st. Since the funding is only in the baseline numbers, the SGA change doesn't highlight itself. Similarly, SSA is preparing its Budget Justification document which is sent to the House and Senate appropriation committees without any narrative about a change in SGA. SSA however, believes it will be difficult to hold this announcement beyond a few days at most for the reasons listed below. If the White House is interested in announcing this change, we would encourage that it be quickly scheduled to prevent it from leaking.

o **Congressional Briefings.** SSA traditionally briefs the committees of jurisdiction on the day the budget is released. If asked about regulations, it will be difficult not to raise the issue of SGA.

o **Regulation Tables in Budget.** The regulation tables in SSA's budget show a positive number. It can be expected that the Congressional Budget Office will notice these numbers and inquire about them on behalf of the committees. We would need to inform them of what changes are included in the baseline.

o **HCFA.** HCFA's regulation tables will also reflect the SGA change since it impacts Medicare. If asked, HCFA will need to disclose the change in SGA.

o **The Disability Community.** It can be expected that when the President's budget is released, the Disability Community will ask about a number of issues, including whether we did anything with SGA. We will need to tell them, but then must ask them not to discuss it with anyone.

For these reasons, we would encourage that this be announced as shortly after the budget is released as possible. It is my feeling that this will not hold more than a few days.

If an event is scheduled, we would strongly encourage that Senator Harkin, who is the ranking member of the Appropriation Committee and one who is very interested in disability policy, be invited to the event. The Chairman of the Appropriations Committee is Senator Specter. The House Appropriations subcommittee leaders are Cong. Porter (R-IL) and Cong. Obey (D-WI).

Let me know if you need any additional information.

SSDI info -

]

BENEFITS

ELIGIBILITY FOR WORKERS

Insured status

Benefits can be paid to workers, and their dependents or survivors, only if the worker has worked long enough in covered employment to be insured for these benefits. Insured status is measured in terms of "quarters of coverage."

Before 1978, one quarter of coverage was earned for each calendar quarter in which a worker was paid \$50 or more in wages for covered employment, or received \$100 in self-employment income. A worker could also receive a calendar quarter for each multiple of \$100 in annual agricultural earnings, up to a maximum of 4 quarters of coverage per year. Since the beginning of 1978, the crediting of quarters of coverage has been on an annual rather than a quarterly basis up to a maximum of four quarters of coverage per year. In 1978, a worker earned one quarter of coverage (up to a maximum of four) for each \$250 of annual earnings reported from covered employment or self-employment. The amount of annual earnings needed for a quarter of coverage is increased each year in proportion to increases in average wages in the economy. In 1998 the amount of earnings needed for a quarter of coverage is \$700. Table 1-6 shows amounts needed since 1978.

For the purpose of the OASI Program, there are two types of insured status: "fully insured" and "currently insured." Workers are fully insured for benefits for themselves and for their eligible dependents if they have earned one quarter of coverage for each year elapsing after the year they reached age 21 up to the year in which they reach age 62, become disabled, or die. Fully-insured status is required for eligibility for all types of benefits except certain survivor benefits. No matter how young, a worker must have at least six quarters of coverage to be fully insured, with the minimum number increasing with age. A worker with 40 quarters of coverage is fully insured for life.

Survivors of a worker who was not fully insured may still be eligible for benefits if the worker was currently insured. Workers are currently insured if they have six quarters of coverage during the thirteen calendar quarters ending with the quarter in which they died.

Workers are insured for disability if they are fully insured and have a total of at least 20 quarters of coverage during the 40-quarter period ending with the quarter in which they became disabled. Workers who are disabled before age 31 are insured for disability if they have total quarters of coverage equal to half the calendar quarters which have elapsed since the worker reached age 21, ending in the quarter in which they became disabled. However, a minimum of 6 quarters of coverage is required.

Age

Workers must be at least age 62 to be eligible for retirement benefits. There is no minimum age requirement for disability benefits, but disabled workers who attain the "full retirement age" (see below) automatically receive full retirement benefits, rather than

disability benefits. Disability benefits are computed as if the worker reached full retirement age on the day he became totally disabled.

TABLE 1-6.—AMOUNT OF COVERED WAGES NEEDED TO EARN ONE QUARTER OF COVERAGE, 1978-2002

1978	.....	\$250
1979	.....	260
1980	.....	290
1981	.....	310
1982	.....	340
1983	.....	370
1984	.....	390
1985	.....	410
1986	.....	440
1987	.....	460
1988	.....	470
1989	.....	500
1990	.....	520
1991	.....	540
1992	.....	570
1993	.....	590
1994	.....	620
1995	.....	630
1996	.....	640
1997	.....	670
1998	.....	700
1999	.....	720
2000	.....	750
2001	.....	780
2002	.....	810

Based on economic assumptions in the 1997 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

Source: Office of the Actuary, Social Security Administration.

DISABILITY

Definition

Generally, disability is defined as the inability to engage in "substantial gainful activity" by reason of a physical or mental impairment. The impairment must be medically determinable and expected to last for not less than 12 months, or to result in death. Applicants may be determined to be disabled only if, due to such an impairment, they are unable to engage in any kind of substantial gainful work, considering their age, education, and work experience. The work need not exist in the immediate area in which the applicant lives, nor must a specific job vacancy exist for the individual. Moreover, no showing is required that the worker would be hired for the job if she applied.

There are special definition and eligibility requirements for persons who are blind, which are described below in the section on "Determination of Disability Benefits."

The Commissioner³ has specific regulatory authority to prescribe the criteria for determining at what level earnings from employment demonstrate an individual's ability to engage in substantial gainful activity (SGA). Effective January 1, 1990, the SGA earnings level was raised to \$500 a month (net of impairment-related work expenses), based on regulations published by the Commissioner. Table 1-7 shows SGA amounts applicable to nonblind disabled workers since 1968.

TABLE 1-7.—MONTHLY SGA AMOUNTS SINCE 1968

Year	SGA
July 1968-73	\$140
1974-75	200
1976	230
1977	240
1978	260
1979	280
1980-89	300
1990 and thereafter	500

Source: Office of Research and Statistics, Social Security Administration.

Waiting period

An initial 5-month waiting period is required before DI benefits are paid. Benefits are payable beginning with the sixth full month of disability. However, benefits may be paid for the first full month of disability to a worker who becomes disabled within 60 months after termination of DI benefits from an earlier period of disability (for a disabled widow or widower the period is 84 months).

Work incentive provisions

The law provides a 45-month period for disabled beneficiaries to test their ability to work without losing their entitlement to all benefits. The period consists of: (1) a "trial work period" (TWP), which allows disabled beneficiaries to work for up to 9 months (within a 5-year period)⁴ with no effect on their disability or Medicare benefits; followed by (2) a 36-month "extended period of eligibility," during the last 33 of which cash disability benefits are suspended for any month in which the individual is engaged in SGA. Medicare coverage continues so long as the individual remains entitled to disability benefits and, depending on when the last month of SGA occurs, may continue for 3-24 months after entitlement to disability benefits ends. When Medicare entitlement ends because of the individual's work activity, but she is still medically disabled, she may purchase Medicare protection.

If beneficiaries medically recover to the extent that they no longer meet the definition of disability, both disability and Medicare benefits are terminated after 3 months, regardless of the status of their trial work period or extended period of eligibility. How-

³ As used in this section, "Commissioner" is the Commissioner of Social Security.

⁴ Only one TWP is allowed in any one period of disability. By regulation, earnings of more than \$200 a month constitute "trial work."

ever, persons who contest this determination may elect to continue to receive disability benefits (subject to recovery) and Medicare while their appeal is being reviewed.

ELIGIBILITY FOR DEPENDENTS AND SURVIVORS

Dependents' benefits are payable in addition to benefits payable to the worker.

Spouse's benefit

A benefit is payable to a spouse of a retired or disabled worker under one of the following conditions: (1) a currently-married spouse is at least 62 or is caring for one or more of the worker's entitled children who are disabled or have not reached age 16; or (2) a divorced spouse is at least 62, is not married, and the marriage had lasted at least 10 years before the divorce became final. A divorced spouse may be entitled independently of the worker's retirement if both the worker and divorced spouse are age 62, and if the divorce has been final for at least 2 years.

Widow(er)'s benefit

A monthly survivor benefit is payable to a widow(er) or divorced spouse of a worker who was fully insured at the time of death. The widow(er) or divorced spouse must be unmarried (unless the remarriage occurred after the widow(er) first became eligible for benefits as a widow(er)); and must be either (1) age 60 or older or (2) age 50-59 and disabled throughout a waiting period of 5 consecutive calendar months that began no later than 7 years after the month the worker died or after the end of the individual's entitlement to benefits as a widowed mother or father.

Child's benefit

A monthly benefit is payable to a dependent, unmarried biological or adopted child, stepchild, and grandchild, of a retired, disabled, or deceased worker who was fully or currently insured at death. Dependency is deemed for the insured's biological children and most adopted children. The child must be either: (1) under age 18; (2) a full-time elementary or secondary student under age 19; or (3) a disabled person age 18 or over whose disability began before age 22.

Mother's/father's benefit

A monthly survivor benefit is payable to a mother (father) or surviving divorced mother (father) if: (1) the deceased worker on whose account the benefit is payable was fully or currently insured at time of death; and (2) the mother (father) or surviving divorced mother (father) is not married and has one or more entitled children of the worker in his or her care. In the case of a surviving divorced mother or father, the child must also be the applicant's natural or legally adopted child. These payments continue as long as the youngest child being cared for is under age 16 or disabled (see "Child's benefit" above).

Parent's benefit

A monthly survivor benefit is payable to a parent of a deceased fully-insured worker who is age 62 or over, and has not married since the worker's death. The parent must have been receiving at least one-half of her support from the worker at the time of the worker's death or, if the worker had a period of disability which continued until death, at the beginning of the period of disability. Proof of support must be filed within 2 years after the worker's death or the month in which the worker filed for disability.

Lump-sum death benefit

A one-time lump-sum benefit of \$255 is payable upon the death of a fully or currently-insured worker to the surviving spouse who was living with the deceased worker or was eligible to receive monthly cash survivor benefits upon the worker's death. If there is no eligible spouse, the lump-sum death benefit is payable to any child of the deceased worker who is eligible to receive monthly cash benefits as a surviving child. If there is no surviving spouse, or children of the worker eligible for monthly benefits, then the lump-sum death benefit is not paid.

[See table 1-8 for 1996 OASDI beneficiary statistics; table 1-9 for OASDI benefits paid 1940-96; table 1-10 for monthly benefit amounts for selected families; and the "Benefit Computation" section for further information on AIME.]

BENEFIT COMPUTATION

All monthly benefits are computed based on a worker's primary insurance amount (PIA). The PIA is a monthly amount based on the application of the Social Security benefit formula to a worker's average lifetime covered earnings. It is also the monthly benefit amount payable to a worker who retires at the full retirement age, or becomes entitled to disability benefits.

FULL RETIREMENT AGE

Benefits for retired workers, aged spouses, and widow(er)s taken before the "full retirement age" are subject to an actuarial reduction. The full retirement age is the earliest age at which unreduced retirement benefits can be received. The full retirement age currently is age 65, but it will gradually rise in two steps beginning in the next century. First, the full retirement age will increase by 2 months for each year that a person is born after 1937, until it reaches age 66 for those who were born in 1943. Second, it will increase again by 2 months for each year that a person is born after 1954, until it reaches age 67 for those who were born after 1959. Early retirement still will be available, beginning at age 62 for workers and their spouses, and at age 60 for widow(er)s, but benefits will be lower. The actuarial reduction on retirement benefits at age 62 ultimately will be 30 percent, instead of the present 20 percent. The age for full benefits for aged spouses and widow(er)s likewise will rise to 67.

TABLE 1-8.—OASDI BENEFICIARIES IN CURRENT PAYMENT STATUS AND NEW AWARDS, DECEMBER 1996

	Number in current payment (in thousands)	Percent of beneficiary population	Average monthly benefit	Number of new awards (in thousands)	Average new award
Retired workers	26,898	61.5	\$745	1,581	\$713
Wives and husbands of retired workers	2,970	6.8	384	244	347
Children of retired workers	443	1.0	337	99	312
Disabled workers	4,386	10.0	704	624	714
Wives and husbands of disabled workers	224	0.5	171	58	182
Children of disabled workers	1,463	3.3	194	397	186
Widowed mothers and fathers	242	0.6	515	49	498
Surviving children	1,898	4.3	487	302	483
Widows and widowers	5,028	11.5	707	409	689
Disabled widow(er)s	182	0.4	471	29	463
Parents	4	(¹)	614	(²)	602
Special age-72	1	(¹)	197	(²)	156
Totals and averages	43,737	100.0	\$673	3,793	\$591

¹ Less than 0.05 percent.

² Fewer than 500.

Source: Office of Research and Statistics, Social Security Administration.

TABLE 1-9.—OASDI BENEFITS PAID, 1940-96
[In millions of dollars]

Year	OASDI	OASI	DI
1940			
1950	\$35	\$35	
1960	961	961	
1970	11,245	10,677	\$568
1980	31,863	28,796	3,067
1985 ¹	120,511	105,074	15,437
1990 ¹	186,196	167,360	18,836
1991 ¹	247,796	222,993	24,803
1992 ¹	268,098	240,436	27,662
1993 ¹	286,030	254,939	31,091
1994 ¹	302,402	267,804	34,598
1995 ¹	316,772	279,068	37,704
1996 ¹	332,580	291,682	40,898
	347,088	302,914	44,174

¹ Unnegotiated checks not deducted.

Source: Office of Research and Statistics, Social Security Administration.

TABLE 1-10.—MONTHLY BENEFIT AMOUNTS FOR SELECTED BENEFICIARY FAMILIES WITH FIRST ELIGIBILITY IN 1996, FOR SELECTED WAGE LEVELS, DECEMBER 1996

Beneficiary family	Workers with yearly earnings equal to		
	Federal minimum wage ¹	Average wage ²	Maximum taxable earnings ³
Retired-worker families:⁴			
Average indexed monthly earnings	\$983.00	\$1,981.00	\$3,657.00
Primary insurance amount	584.40	913.00	1,286.10
Maximum family benefit	887.90	1,666.10	2,249.70
Monthly benefit amount:			
Retired worker claiming benefits at age 62: ⁴			
Worker alone	467.00	730.00	1,028.00
Worker with spouse claiming benefits at—			
Age 65 or older	759.00	1,186.00	1,671.00
Age 62 ⁴	686.00	1,072.00	1,510.00
Survivor families:⁵			
Average indexed monthly earnings	882.00	1,985.00	4,793.00
Primary insurance amount	551.20	914.30	1,461.40
Maximum family benefit	826.80	1,668.00	2,556.50
Monthly benefit amount:			
Survivors of worker deceased at age 40: ⁵			
One surviving child	413.00	685.00	1,096.00
Widowed mother or father and one child	826.00	1,370.00	2,192.00
Widowed mother or father and two children	825.00	1,668.00	2,556.00
Disabled worker families:⁶			
Average monthly indexed earnings	938.00	1,982.00	4,273.00
Primary insurance amount	569.60	913.40	1,381.20
Maximum family benefit ⁷	820.40	1,370.10	2,071.70
Monthly benefit amount:			
Disabled worker age 50: ⁶			
Worker alone	569.00	913.00	1,381.00
Worker, spouse, and one child	819.00	1,369.00	2,071.00

¹The annual wage was calculated by multiplying the Federal minimum hourly wage of \$4.25 in effect during the period January to September by 1,560 and adding to it the product of \$4.75—the minimum for the period October to December. The minimum was raised to \$5.15 effective September 1997 as legislated by Public Law 104-188.

²Worker earned the national average wage in each year used in the computation of the benefit.

³Worker earned the maximum amount of wages that can be credited to a worker's Social Security record in all years used in the computation of the benefit.

⁴Assumes the worker began to work at age 22, retired at age 62 in 1995 with maximum reductions and had no prior period of disability.

⁵Assumes the deceased worker began to work at age 22, died in 1995 at age 40, had no earnings that year, and had no prior period of disability.

⁶Assumes the worker began work at age 22, became disabled at age 50, and had no prior disability.

⁷The 1980 amendments to the Social Security Act provide for a different family maximum amount in disability cases. For disabled workers entitled after June 1980, the maximum is the smaller of (1) 6 percent of the worker's AIME (or 100 percent of the PIA, if larger) or (2) 150 percent of the PIA.

Source: Social Security Administration.

Benefits of workers who choose to retire after their full retirement age are increased by delayed retirement credits, as are the

benefits payable to their widow(er)s. The delayed retirement credit is 1 percent per year for workers who attained age 65 before 1982, and 3 percent per year for workers who attained age 65 between 1982 and 1989. Starting in 1990, the delayed retirement credit increases by one-half of 1 percent every other year until it reaches 8 percent for workers reaching age 65 after 2007 (see section on "Benefit Reduction and Increase"). Table 1-11 shows the schedule of increases in the full retirement age and delayed retirement credits for workers.

TRENDS IN RETIREMENT AGE

Table 1-12 shows the percentage of workers who elected to receive retirement benefits at selected ages since the beginning of the Social Security Program. It clearly illustrates a trend toward early retirement. Retirement at age 62 has become the norm. Reduced benefits were not available to women until 1956, and to men until 1961. Table 1-13 shows the percentage of retired workers electing reduced benefits since they first became available.

TRENDS IN LONGEVITY

Table 1-14 shows how life expectancies have increased since Social Security benefits were first paid in 1940, and what they are projected to be in the future, as well as fertility and death rates.

AVERAGE INDEXED MONTHLY EARNINGS

Except for workers who are eligible for a "Special Minimum Benefit" (see below), the basic benefit or primary insurance amount (PIA) is determined through a formula applied to the worker's average indexed monthly earnings (AIME). The AIME is a dollar amount that represents the average monthly earnings from Social Security-covered employment over most of the worker's adult life indexed to the increase in average annual wages. Indexing the earnings to changes in wage levels ensures that the same relative value is accorded to wages no matter when earned. Because actual average-wage data take over a year to become available, past earnings are updated to the second calendar year (the "indexing year") before the worker becomes eligible for retirement (age 62) or, if earlier, becomes disabled or dies. This means that the year a worker turns age 60 is used as the indexing year for computing retirement benefits. Earnings in and after the indexing year are not indexed. There are two steps in determining the AIME: (1) the "index" for a worker's earnings is determined by multiplying the earnings for a given year by the ratio of the average wage for the indexing year divided by the average wage for that year; and (2) the number of "computation years" is based on the number of years elapsing after 1950 (or year of attainment of age 21, if later) up to the year the worker attains age 62, becomes disabled, or dies, minus any "dropout years." The law provides for up to five dropout years in retirement and survivor computations (for workers disabled before age 62). The number of dropout years varies from one to four, depending on the worker's age and number of child care dropout years). The maximum number of computation years is two.

TABLE 1-24.—TAXATION OF OASDI BENEFITS BY TRUST FUNDS CREDITED AND AS A PERCENT OF TOTAL OASDI BENEFIT PAYMENTS, 1984-2002

(Dollars in millions)

Fiscal year	Total OASDI benefits	Taxes credited to trust funds from the taxation of OASDI benefits			Taxes credited to trust funds as percent of OASDI benefits		
		OASDI	HI	Total	OASDI	HI	Total
1984	\$173,603	\$2,275		\$2,275	1.3		1.3
1985	183,959	3,368		3,368	1.8		1.8
1986	193,869	3,558		3,558	1.8		1.8
1987	202,430	3,307		3,307	1.6		1.6
1988	213,907	3,390		3,390	1.6		1.6
1989	227,150	3,772		3,772	1.7		1.7
1990	243,275	3,081		3,081	1.3		1.3
1991	263,104	5,921		5,921	2.3		2.3
1992	281,650	6,237		6,237	2.2		2.2
1993	298,176	6,161		6,161	2.1		2.1
1994	313,129	5,656	\$1,625	7,281	1.8	0.5	2.3
1995	328,841	5,449	3,883	9,332	1.7	1.2	2.8
1996	343,235	6,155	4,039	10,194	1.8	1.2	3.0
1997 ¹	359,232	7,198	4,001	11,199	2.0	1.1	3.1
1998 ¹	376,907	7,632	4,328	11,960	2.0	1.1	3.2
1999 ¹	396,628	8,166	4,591	12,757	2.1	1.2	3.2
2000 ¹	417,393	8,773	4,975	13,748	2.1	1.2	3.3
2001 ¹	440,311	9,437	5,368	14,805	2.1	1.2	3.4
2002 ¹	465,390	10,175	5,802	15,977	2.2	1.2	3.4

¹ Projected; based on intermediate assumptions in the 1997 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds.

Note.—Tax amounts are the amounts collected through the Federal income tax system, (including adjustments for actual experience in prior years) plus, for OASDI only, taxes withheld from the OASDI benefits of certain nonresident aliens.

Source: Office of the Chief Actuary, Social Security Administration.

DETERMINATION OF DISABILITY BENEFITS

DETERMINATION OF DISABILITY

Disability determinations are generally made by State agencies, which are 100 percent federally funded. These agencies agree to make such determinations and in doing so to substantially comply with the regulations of the Commissioner, which specify performance standards, administrative requirements, and procedures to be followed in performing the disability determination function.

The law authorizes the Commissioner to terminate State administration and assume responsibility for making disability determinations when a State disability determination service (DDS) is substantially failing to make determinations consistent with regulations. The law also allows for termination by the State.

APPLICATION OF LAW AND REGULATIONS

Claims are determined on a sequential basis. The first step is to determine whether the individual is engaging in substantial gainful activity (SGA). Under current regulations, in most cases if a person is earning more than \$500 a month (net of impairment-related work expenses), he will be considered to be engaging in SGA. In the case of blind individuals, SGA is \$1,000 a month in 1997 (\$1,050 in 1998). If it is determined that the individual is engaging in SGA, a decision is made that he is not disabled without considering medical factors. If an individual is found not to be engaging in SGA, the severity and duration of the impairment are explored. If the impairment is determined to be "not severe" (i.e., it does not significantly limit the individual's capacity to perform work), the individual's disability claim is denied. If the impairment is "severe," a determination is made as to whether the impairment "meets" or "equals" the medical listings published in regulations by SSA,⁶ and whether it will last for 12 months. If the impairment neither "meets" nor "equals" the listing (which would result in an allowance), but meets the 12-month duration rule, the individual's residual functional capacity (what an individual still can do despite his limitations) and the physical and mental demands of his past relevant work must be evaluated. If the impairment does not prevent the individual from meeting the demands of his past relevant work, then benefits are denied. If it does, then it must be determined whether the impairment prevents other work.

At this stage in the adjudication process, because of a court decision and subsequent administrative and legislative ratification, the burden of proof switches to the government to show that the individual can, considering his impairment, age, education, and work experience, engage in some other kind of substantial gainful activity that exists in the national economy. Such work does not have to exist in the immediate area in which he lives, and a specific job vacancy does not have to be available to him. Work in the national economy is defined in statute as work which exists in significant numbers either in the region where such individual lives or in several regions of the country.

SSA has developed a vocational "grid" designed to reduce the subjectivity and lack of uniformity in applying the vocational factor. The grid regulations embody in a formula certain worker characteristics such as age, education, and past work experience, in relation to the individual's residual functional capacity to perform work-related physical and mental activities. If the applicant has a particular level of residual work capability—characterized by the terms sedentary, light, medium, heavy and very heavy—an automatic finding of "disabled" or "not disabled" is required when such capability is applied to various combinations of age, education, and work experience.

⁶ The listing of impairments contains over 100 examples of medical conditions that would ordinarily prevent an individual from engaging in substantial gainful activity. Each listing describes a degree of severity such that an individual who is not working, and has such an impairment, is considered unable to work by reason of the medical impairment. The listing describes specific medically acceptable clinical and laboratory findings and signs which establish the severity of the impairments. An impairment or combination of impairments is said to "equal the listings" if the medical findings for the impairment are at least equivalent in severity and duration to the findings of a listed impairment.

FEDERAL REVIEW OF STATE DETERMINATIONS

The Commissioner must review 50 percent of the disability allowances and a sufficient number of other determinations to ensure a high degree of accuracy. The Commissioner may also, on his or her own initiative, review any determination by a DDS.

PERIODIC REVIEW OF INDIVIDUALS RECEIVING DISABILITY BENEFITS

The 1980 disability amendments required that, at least once every 3 years, the Social Security Administration reexamine every individual on the rolls who is determined to be nonpermanently disabled. Where there is a finding of permanent disability, the Commissioner may reexamine at such times as are determined to be appropriate. These reviews are in addition to the administrative eligibility review procedures existing before the 1980 amendments.

MEDICAL IMPROVEMENT STANDARD

The 1984 Disability Benefits Reform Act required that in continuing eligibility review cases, benefits may be terminated only if the Commissioner finds that there has been medical improvement in the person's condition and that the individual is now able to engage in substantial gainful activity. There are several exceptions to this standard, which are described in greater detail in the "Recent Legislation" section of this chapter.

MEDICAL EVIDENCE

An individual is not considered to be under a disability unless she furnishes such medical and other evidence as the Commissioner may require. The Commissioner will generally reimburse physicians or hospitals for supplying medical evidence in support of claims for DI benefits. The Commissioner also pays for medical examinations that are needed to adjudicate the claim.

ATTORNEYS' FEES AND REPRESENTATION

A claimant may be represented by an attorney or any other qualified person in proceedings before SSA. A person who has been suspended or disqualified by SSA from representing Social Security claimants or who is otherwise prohibited by law from acting as a representative may not represent claimants.

The claimant must appoint a representative in writing over his own signature and file the written appointment with SSA. If the representative is not an attorney, he also must submit a written acceptance of appointment to SSA.

The appointed representative may obtain the same information about the claimant that would be available to the claimant. The representative may also submit evidence, make statements about facts and law, and make any request or give any notice concerning the proceedings. She may not sign an application on behalf of a claimant for rights or benefits, or testify on the claimant's behalf in any administrative proceeding.

The amount of any fee that an attorney or other person may charge and collect from the claimant for services performed as a representative in proceedings before SSA must be authorized by

SSA. SSA has two methods of authorizing fees for representation: Fee petition and fee agreement.

Under the fee petition process, the representative must file a fee petition with SSA after completing his services on a claim and send a copy of the fee petition to the claimant. All Social Security offices have forms available that list the information required to petition for a fee. The representative should submit the petition for a fee for services rendered as soon as possible after all proceedings are complete.

SSA determines the amount of the fee authorized under the fee petition process based on several factors, including, but not limited to, the extent and type of services the representative performed, the complexity of the case, and the amount of time the representative spent on the case. SSA notifies both the claimant and representative of the fee authorized and gives a complete explanation of how the amount of the fee was determined. The claimant or representative, or both, may request a review of the fee determined under a fee petition within 30 days after receipt of the notice.

Under the fee agreement process, the claimant and representative must file a written agreement with SSA before the date SSA makes a favorable determination or decision on the claim. SSA usually will approve the fee agreement if (1) it is signed by both the claimant and representative; (2) the fee specified in the agreement does not exceed the lesser of 25 percent of the past-due benefits or \$4,000; (3) SSA's determination or decision in the claim is fully or partially favorable; and (4) the claim results in past-due benefits. The claimant, the claimant's representative, or the SSA agent determining the fee, may request a review of the fee within 15 days after receipt of the notice.

If the claimant is represented by an attorney and the claim is for Social Security benefits, SSA withholds 25 percent of past-due benefits owed the claimant and any auxiliary beneficiary or beneficiaries, and certifies for direct payment to the attorney the lesser of the amount of the authorized fee or 25 percent of past-due benefits.

SSA assumes no responsibility for payment of any authorized fee if the representative is not an attorney or if the claim is for payments under title XVI of the act (Supplemental Security Income).

A Federal court that renders a judgment favorable to a Social Security claimant may allow as part of its judgment a reasonable fee to an attorney who represented the claimant in court. The fee allowed by the court cannot exceed 25 percent of the past-due benefits resulting from the favorable judgment. SSA may certify the amount of the fee allowed by the court for payment directly to the attorney out of the title II past-due benefits.

VOCATIONAL REHABILITATION

The Social Security Act requires that persons applying for a determination of disability be promptly referred to State vocational rehabilitation (VR) agencies for necessary rehabilitation services. The act provides for withholding of benefits for refusal, without good cause, to accept rehabilitation services available under a State plan approved under the Vocational Rehabilitation Act.

Public Law 97-35 eliminated reimbursement from the DI Trust Funds to the State vocational rehabilitation agencies for rehabilitation services except in cases in which the services result in the beneficiary's performance of substantial gainful activity (SGA) for a continuous period of at least 9 months. Such a 9-month period could begin while the individual is under a vocational rehabilitation program and may also coincide with the trial work period or the individual's waiting period for benefits. The services must be performed under a State plan for vocational rehabilitation services under title I of the rehabilitation act. In the case of any State that is unwilling to participate or does not have a plan that meets the requirements of the Vocational Rehabilitation Act, the Commissioner of Social Security may provide such services by agreement or contract with other public or private agencies, organizations, institutions or individuals. The determination that the vocational rehabilitation services contributed to the successful return of the individual to SGA, and the determination of the amount of costs to be reimbursed, are made by the Commissioner. Payments under this provision can be made in advance or by reimbursement, with necessary adjustments for overpayments or underpayments.

Using the administrative rulemaking process available under current law, SSA issued new regulations in the *Federal Register* on March 15, 1994 on the use of alternative rehabilitation providers. The regulations expanded the use of private vocational rehabilitation providers and public non-State VR providers by allowing SSA to refer beneficiaries to such providers if SSA does not receive notification within a specified period of time that the State VR agency has accepted a beneficiary for services or extended evaluation.

DISABILITY CLAIMS AND APPEALS STRUCTURE

The Social Security appeals and case review process is a complex multilayered structure that is inextricably linked with the disability determination process. Application for disability benefits is made at the Social Security district office where the applicant is interviewed and the sources of medical evidence are recorded. After determining whether the applicant meets the insured status requirements, the SSA district office then sends the case to the State disability determination service (DDS), which makes the initial determination of disability. If an applicant or beneficiary is dissatisfied with an initial denial or termination of disability benefits by the DDS, she can request a reconsideration within 60 days of receipt of the notice of denial. The reconsideration on the disability claim is also carried out by the DDS, but by personnel other than those who made the initial determination.

If upon reconsideration the applicant is again denied benefits, the applicant will be given a hearing before an administrative law judge (ALJ) in SSA's Office of Hearings and Appeals (OHA), provided he or she files a request for hearing within 60 days of receipt of the notice of denial. If the claim is denied by the ALJ, the applicant has 60 days to request review by the appeals council. The appeals council is a 24-member body located in the OHA. The appeals council may also, on its own motion, review a decision within 60 days of the ALJ's decision. The 1980 disability amendments re-

quired the appeals council to review a percentage of ALJ hearing decisions.

The appeals council may review, affirm, modify, or reverse the decision of the ALJ; or may remand it to the ALJ for further development. The applicant is notified in writing of the final action of the appeals council, and is informed of his right to obtain further review by commencing a civil action within 60 days in a U.S. District Court.

Under current law, as amended by the 1984 Disability Benefits Reform Act, DI beneficiaries whose benefits have been terminated because of recovery or improvement in the medical condition that was the basis for the disability will have the opportunity to receive a hearing at the reconsideration stage and can elect to continue to receive disability and Medicare benefits through the ALJ hearing stage of the appeals process, subject to recovery.

Chart 1-1 shows the number of cases allowed and appealed at various levels of appeal for application decisions and continuing disability reviews (CDRs) processed by State agencies. Table 1-25 presents information for fiscal years 1979-96 on the number of cases that were reviewed and reversed at the ALJ level. Table 1-26 presents information on the number of continuing disability reviews that were conducted in fiscal years 1977-96 on DI cases. Due to an unprecedented increase in initial claims, the number of CDRs processed declined sharply in the early 1990s. National implementation of a new CDR process in 1993 has since enabled the Social Security Administration to increase the number of CDRs significantly.

Public Law 104-121 authorized significant additional administrative funding exempt from the discretionary spending cap, and above the annual \$200 million previously authorized, to enable SSA to clear its CDR backlog of roughly 3.4 million cases more quickly. Total fiscal year authorizations for CDRs are: 1996, \$260 million; 1997, \$360 million; 1998, \$570 million; and 1999-2002, \$720 million each year.

CHANGES IN ENROLLMENT AND APPLICANT BACKLOGS

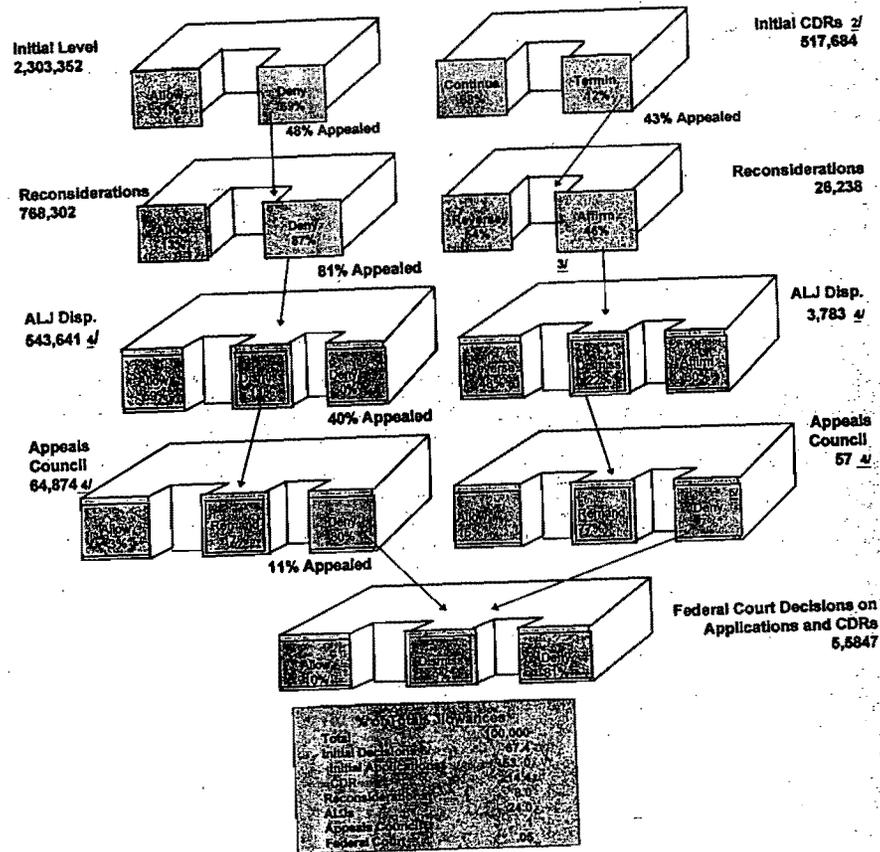
DISABILITY INSURANCE (DI) AWARDS AND RECIPIENTS

Over the past 18 years, the DI Program experienced a period of declining enrollment followed by a rebound in growth. The number of DI beneficiaries (disabled workers and their dependents) receiving benefits first peaked at 4.9 million in May 1978. The beneficiary population then declined sharply to 3.8 million by July 1984. Thereafter, the number of beneficiaries rose steadily, reaching 6.1 million in December 1996 (table 1-28).

Similarly, the number of new DI benefit awards declined from 592,000 in 1975 to approximately 299,000 in 1982. As shown in table 1-27, awards then rose almost steadily, reaching 646,000 in 1995 before declining by 1997 to 587,000. (The large 1992 increase is partially attributable to SSA's short-term measures for dealing with increased DI applications. Increasing the volume of applications processed resulted in increases in both awards and denials.)

CHART 1-1. DISABILITY DETERMINATIONS AND APPEALS, FISCAL YEAR 1996

TITLE II, TITLE XVI AND CONCURRENT TITLE II AND XVI DECISIONS FOR DISABILITY CLAIMS BY WORKERS, WIDOWS, AND DISABLED ADULT CHILDREN¹



¹ The data relate to workloads processed (but not necessarily received) in fiscal year 1996, i.e., the case processed at each adjudicatory level may include cases received at one or more of the lower adjudicatory levels prior to fiscal year 1996. The data include determinations on initial applications as well as continuing disability reviews (both periodic reviews and medical diary cases).

² Includes non-State CDR mailer continuations. Also includes 16,189 CDRs where there was "no decision." The continuance and termination rates are computed without the "no decision" cases.

³ Many ALJ dispositions and appeals council (AC) decisions are based on DDS determinations from a previous year. Therefore, a percent appealed is not provided.

⁴ Preliminary data.

⁵ Includes ALJ decisions not appealed further by the claimant but reviewed by the appeals council on "own motion" authority.

⁶ Includes affirmations, denials and dismissals of requests for review, and own-motion reopening cases.

Source: Social Security Administration.

TABLE 1-25.—ADMINISTRATIVE LAW JUDGE DISABILITY INSURANCE¹ DECISION RATES, INITIAL DENIALS AND TERMINATIONS,² FISCAL YEARS 1979-96

Fiscal year	Dismissed	Unfavorable	Favorable	Total	Percent favorable
Initial denials:					
1979	6,332	31,485	48,934	86,751	56.4
1980	7,093	31,703	56,733	95,529	59.4
1981	15,141	59,930	98,129	173,200	56.7
1982	15,403	67,481	91,865	174,749	52.6
1983	14,334	65,626	79,427	159,387	49.8
1984	15,075	63,381	88,301	166,757	53.0
1985	14,806	61,161	92,118	168,085	54.8
1986	28,792	44,223	78,737	151,752	51.9
1987	15,271	58,412	98,180	171,863	57.1
1988	18,213	58,788	111,748	188,749	59.2
1989	19,695	54,284	122,070	196,049	62.3
1990	19,297	45,264	127,707	192,268	66.4
1991	19,880	44,594	144,945	209,419	69.2
1992	19,665	48,407	166,661	234,733	71.0
1993	20,190	47,579	171,508	239,277	71.7
1994	23,576	49,110	189,373	262,059	72.3
1995	44,234	65,415	220,558	330,207	66.8
1996	33,367	89,817	237,131	360,315	65.8
Terminations:					
1979	1,401	4,078	8,052	13,531	59.5
1980	1,431	4,197	9,909	15,537	63.8
1981	2,623	6,945	16,685	26,253	63.6
1982	4,670	17,502	37,306	59,478	62.7
1983	9,247	37,284	73,821	120,352	61.3
1984	25,681	22,590	56,327	104,598	53.9
1985	4,176	2,415	3,126	9,717	32.2
1986	1,095	2,129	2,014	5,238	38.4
1987	812	1,954	2,014	4,780	42.1
1988	1,031	2,807	3,426	7,264	47.2
1989	1,220	3,482	4,882	9,584	50.9
1990	1,166	2,940	4,695	8,801	53.3
1991	1,007	2,140	3,935	7,082	55.6
1992	812	1,642	2,812	5,266	53.4
1993	720	1,281	2,079	4,080	51.0
1994	656	1,082	1,540	3,278	47.0
1995	821	1,173	1,807	3,801	47.5
1996	1,172	2,275	2,488	5,935	41.9

¹ Includes title II and concurrent title II/title XVI disability cases and concurrent title II/title XVI aged cases.

² Includes all termination cases regardless of the basis of termination.

Source: Office of Hearings and Appeals, Social Security Administration.

TABLE 1-26.—CONTINUING DISABILITY REVIEW (CDR) CESSATIONS AND CONTINUATIONS, FISCAL YEARS 1977-96

Fiscal year	Cessations		Continuations		Total cases		
	Number	Per- cent ¹	Number	Per- cent ²	Cessations and con- tinuations	Total disabled persons ³	Percent re- viewed ⁴
1977	41,475	38.7	65,745	61.3	107,220	3,322,230	3.2
1978	38,847	46.4	44,804	53.6	83,651	3,447,767	2.4
1979	45,216	48.1	48,868	51.9	94,084	3,457,837	2.7
1980	44,273	46.8	50,227	53.2	94,500	3,454,010	2.7
1981	80,956	47.9	87,966	52.1	168,922	3,413,602	4.9
1982	179,857	44.8	221,325	55.2	401,182	3,263,354	12.3
1983	182,074	41.7	254,424	58.3	436,498	3,226,888	13.5
1984 ⁵	31,927	24.6	97,752	75.4	129,679	3,249,367	4.0
1985 ⁵	475	14.6	2,785	85.4	3,260	3,332,870	0.1
1986	2,554	5.6	42,805	94.4	45,359	3,261,768	1.4
1987	20,343	12.4	143,712	87.6	164,055	3,433,524	4.8
1988	33,565	11.5	257,377	88.5	290,942	3,492,762	8.3
1989	24,102	9.2	237,722	90.8	261,824	3,559,840	7.4
1990 ⁶	15,154	10.5	129,026	89.5	144,180	3,678,509	3.9
1991 ⁷	5,697	12.5	39,749	87.5	45,446	3,866,645	1.2
1992	6,923	15.0	39,291	85.0	46,214	4,165,133	1.1
1993 ⁸	4,886	9.9	44,316	90.1	49,202	4,457,500	1.1
1994 ⁸	13,940	14.1	85,189	85.9	99,129	4,729,948	2.1
1995 ⁸	31,694	16.1	164,281	83.9	196,575	4,980,462	4.0
1996	35,452	10.0	311,041	90.0	346,493	5,216,126	6.6

¹ Percent of cessations = number of cessations + (number of cessations + number of continuances) × 100.

² Percent of continuances = number of continuances + (number of cessations + number of continuances) × 100.

³ In current pay at end of fiscal year.

⁴ Percent of total disabled persons reviewed = (number of cessations + number of continuances) ÷ total disabled persons × 100.

⁵ The decline in the number of reviews in 1984 and 1985 was due to the national moratorium on reviews pending enactment and implementation of new legislation that revised criteria for CDRs (legislation enacted in fiscal year 1984; regulations promulgated late fiscal year 1985).

⁶ The decline in CDR processing in 1990 was due to the unanticipated demands of processing approximately 40,000 class action court cases.

⁷ The continued decline in CDR processing was due to the increase in the initial claims workloads.

⁸ Includes non-State CDR mailer continuations.

Source: Office of Disability, Social Security Administration.

The incidence of disability (number of awards per 1,000 insured workers) fell from an all-time high of 7.1 in 1975 to an all-time low of 2.9 in 1982. In 1996, the rate was 4.9 percent (see table 1-27).

Table 1-28 shows the number of DI beneficiaries for selected fiscal years.

TABLE 1-27.—DISABLED WORKERS' APPLICATIONS, AWARDS, AWARDS AS A PERCENT OF APPLICATIONS, AND AWARDS PER 1,000 INSURED WORKERS FOR SELECTED YEARS, 1960-97

(Number of applications and total awards in thousands)

	Number of applications	Total awards	Awards as a percent of applications	Awards per 1,000 insured workers
1960	418.6	207.8	49.6	4.5
1965	532.9	253.5	47.9	4.7
1970	868.2	350.4	40.3	4.8
1971	924.4	415.9	45.0	5.6
1972	947.8	455.4	48.1	6.0
1973	1,066.9	491.6	46.1	6.3
1974	1,330.2	536.0	40.3	6.7
1975	1,285.3	592.0	46.1	7.1
1976	1,232.2	551.5	44.8	6.5
1977	1,235.2	568.9	46.1	6.5
1978	1,184.7	464.4	39.2	5.2
1979	1,187.8	416.7	35.1	4.4
1980	1,262.3	396.6	31.4	4.0
1981	1,161.3	345.3	30.3	3.4
1982	1,020.0	298.5	29.1	2.9
1983	1,017.7	311.5	30.6	3.0
1984	1,035.7	357.1	34.9	3.4
1985	1,066.2	377.4	35.4	3.5
1986	1,118.4	416.9	37.3	3.8
1987	1,108.9	415.8	37.5	3.7
1988	1,017.9	409.5	40.2	3.6
1989	984.9	425.6	43.2	3.7
1990	1,067.7	468.0	43.8	4.0
1991	1,208.7	536.4	44.4	4.5
1992	1,335.1	636.6	47.8	5.2
1993	1,425.8	635.2	44.6	5.2
1994	1,443.8	631.9	43.8	5.1
1995	1,338.1	645.8	48.3	5.1
1996	1,279.2	624.3	48.8	4.9
1997	1,180.2	587.4	49.8	4.5

Source: Office of the Chief Actuary, Social Security Administration.

PENDING CLAIMS IN THE DISABILITY DETERMINATION SERVICES

Until fiscal year 1991, State disability determination services workloads remained relatively constant at about 2.5 million cases per year. In fiscal year 1991, claims began to increase significantly each year to a level of over 3.7 million in fiscal year 1996. During the period of fiscal years 1988-94, pending cases also increased as the ability to hire and train staff did not keep pace with the increases in claims. However, in fiscal year 1995 pending cases were significantly reduced to 590,000 due largely to increased productivity in the States and the additional budgetary resources directed to disability case processing which enabled an aggressive hiring effort in the States. In fiscal year 1996, pending cases again increased

significantly. The major cause of this increase was that Congress increased SSA's workload by requiring additional drug addiction and alcoholism reviews. This workload has now been completed but pending cases have risen again due to workloads mandated by welfare reform legislation. Table 1-29 shows disability cases pending and the weeks of work on hand in the States at the end of each fiscal year from 1988 through 1996.

TABLE 1-28.—NUMBER OF DISABILITY INSURANCE BENEFICIARIES FOR SELECTED YEARS, 1960-96

[Current payment status as of December]

Year	Disabled workers	Spouses	Children	Total
1960	455,371	76,599	155,481	687,451
1965	988,074	193,362	557,615	1,739,051
1970	1,492,948	283,447	888,600	2,664,995
1975	2,488,774	452,922	1,410,504	4,352,200
1980	2,861,253	462,204	1,358,715	4,682,172
1981	2,776,519	428,212	1,251,543	4,456,274
1982	2,603,713	365,883	1,003,869	3,973,465
1983	2,568,966	308,060	935,904	3,812,930
1984	2,596,535	303,984	921,285	3,821,804
1985	2,656,500	305,528	945,141	3,907,169
1986	2,727,386	300,592	965,301	3,993,279
1987	2,785,885	290,895	967,944	4,044,724
1988	2,830,284	280,821	963,195	4,074,300
1989	2,895,364	271,488	961,975	4,128,827
1990	3,011,294	265,890	988,797	4,265,981
1991	3,194,938	266,219	1,051,883	4,513,040
1992	3,467,783	270,674	1,151,239	4,889,696
1993	3,725,966	272,759	1,254,841	5,253,566
1994	3,962,954	271,054	1,349,511	5,583,519
1995	4,185,263	263,539	1,408,854	5,857,656
1996	4,385,623	223,854	1,462,557	6,072,034

Source: Office of Research and Statistics, Social Security Administration.

CHARACTERISTICS OF RECIPIENTS

OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE

Table 1-30 provides detailed information on the number of OASDI beneficiaries in various categories, and the average amount of monthly benefits by type of beneficiary for both new awards and all beneficiaries currently receiving payments.

DISABILITY INSURANCE

Tables 1-31 and 1-32 present data on the demographic, social, and medical characteristics of the disabled population over time. For instance, table 1-31 shows the increase in the receipt of benefits by women, which reflects larger societal trends in female workforce participation. Table 1-31 also indicates the higher levels of

educational attainment that characterize the present disabled population in comparison to that of 1970.

TABLE 1-29.—DISABILITY CASES PENDING AND WAITING TIMES, 1988-96

[Cases pending and weeks of work on hand at State disability determination services]

Fiscal year	Total cases pending at end of year	Weeks of work on hand
1988	407,000	8.4
1989	479,000	9.8
1990	538,000	11.1
1991	693,000	13.3
1992	725,000	12.0
1993	717,000	10.7
1994	721,000	10.4
1995	590,000	8.4
1996	702,000	9.8

Source: National Council of Disability Determination Directors.

TABLE 1-30.—NUMBER AND PERCENTAGE OF OASDI RECIPIENTS AND AVERAGE BENEFITS BY AGE, SEX, AND MARITAL STATUS, DECEMBER 1996

[Based on a 10-percent sample]

Beneficiaries	Number (thousands)	Percent of total beneficiaries	Average monthly benefit	Percent of total benefits
Retired workers	26,898	61.5	\$745	68.1
Retired men	14,011	32.0	838	39.9
Retired women	12,887	29.5	644	28.2
Disabled workers	4,386	10.0	704	10.5
Disabled men	2,644	6.0	788	7.1
Disabled women	1,741	4.0	577	3.4
Spouses of retired workers	2,970	6.8	384	3.9
Wives of retired workers	2,941	6.7	385	3.8
Wives with entitled children	68	0.2	277	0.1
Wives age 62 and over without entitled children	2,872	6.6	388	3.8
Husbands of retired workers	30	0.1	226	(1)
Spouses of disabled workers	224	0.5	171	0.1
Wives of disabled workers	218	0.5	173	0.1
Wives with entitled children	167	0.4	147	0.1
Wives age 62 and over without entitled children	52	0.1	256	(1)
Husbands of disabled workers	5	(1)	125	(1)
Children	3,803	8.7	357	4.6
Children of retired workers	443	1.0	337	0.5
Minor children (age 0-17)	242	0.6	303	0.2
Student children (age 18 and 19)	11	(1)	375	(1)

TABLE 1-30.—NUMBER AND PERCENTAGE OF OASDI RECIPIENTS AND AVERAGE BENEFITS BY AGE, SEX, AND MARITAL STATUS, DECEMBER 1996—Continued
(Based on a 10-percent sample)

Beneficiaries	Number (thousands)	Percent of total beneficiaries	Average monthly benefit	Percent of total benefits
Disabled children (age 18 and over)	190	0.4	378	0.2
Children of deceased workers	1,898	4.3	487	3.1
Minor children (age 0-17)	1,391	3.2	478	2.3
Student children (age 18 and 19)	52	0.1	561	0.1
Disabled children (age 18 and over)	454	1.0	506	0.3
Children of disabled workers	1,463	3.3	194	1.0
Minor children (age 0-17)	1,377	3.1	188	0.5
Student children (age 18 and 19)	33	0.1	295	(1)
Disabled children (age 18 and over)	53	0.1	282	0.1
Widowed mothers and fathers	242	0.6	515	0.1
Widowed mothers	231	0.5	520	0.1
Widowed fathers	11	(1)	416	0.0
Widows and widowers (nondisabled)	5,028	11.5	707	1.2
Widows (nondisabled)	4,990	11.4	708	1.0
Widows and widowers (disabled)	38	0.1	521	0.0
Widows (disabled)	182	0.4	471	0.3
Widows and widowers (disabled)	178	0.4	474	0.3
Widows (disabled)	4	(1)	318	0.0
Widows (disabled)	4	(1)	614	0.0
Parents total	1	(1)	197	0.0
Special age 72 (primary)	37,665	86.1	691	1.1
Total OASI beneficiaries	6,072	13.9	561	0.1
Total DI beneficiaries	43,737	100.0	673	0.0
Total OASDI beneficiaries				

1 Less than 0.5 percent.
Note.—Columns may not add due to rounding.
Source: Office of Research, Evaluation, and Statistics, Social Security Administration.

TABLE 1-31.—DISTRIBUTION BY AGE, SEX AND EDUCATION OF TITLE II DISABLED WORKER BENEFICIARIES GRANTED BENEFITS IN SELECTED CALENDAR YEARS 1970-96, COMPARED WITH ADULT U.S. POPULATION IN 1990

Characteristics	Year granted benefits													Adult U.S. population ¹	
	1970	1975	1979	1982	1985	1988	1989	1990	1991	1992	1993	1994	1995		1996
Age:															
Under 35	9.0	11.0	13.6	14.4	16.8	15.2	16.2	15.7	15.7	16.8	16.2	14.7	13.3	12.3	45.6
35-44	11.0	10.0	11.5	12.3	15.0	16.5	17.9	18.7	19.6	20.4	20.9	20.7	20.4	20.4	24.4
45-54	26.0	26.0	27.2	26.5	25.7	23.3	24.7	24.7	25.1	25.6	26.8	27.7	28.3	29.7	16.3
55-59	24.0	23.0	27.0	27.2	23.9	20.6	20.4	19.9	19.5	18.5	18.6	19.2	19.9	20.0	6.8
60 and over	30.0	30.0	20.6	19.6	18.7	24.4	20.9	21.0	20.1	18.7	17.6	17.8	18.0	17.4	6.9
Median age (years)	56.0	55.6	53.4	53.1	51.7	53.3	52.1	51.9	51.4	50.5	50.3	50.8	51.3	51.3	32.9
Sex:															
Male	74	68	69	70	67	66	64	64	64	63	62	60	58.4	56.7	49.5
Female	26	32	31	30	33	34	36	36	36	37	38	40	41.4	43.2	50.5
Education (years of school completed):															
No schooling ²	2	1	1	1	2	1	1	1	1	1	1	1	NA	1	1
Elementary school (1-8)	44	37	29	26	23	18	17	16	16	12	11	12	NA	10	9
Some high school	46	52	55	56	59	59	60	62	62	50	45	55	NA	58	45
9-11	23	24	23	22	22	20	19	19	19	15	14	16	NA	16	11
12	23	28	32	34	37	39	41	43	43	35	31	39	NA	42	34
Some college	9	10	12	14	14	15	17	17	17	14	12	16	NA	3	45
Unknown	0	0	3	3	2	7	5	5	5	23	31	16	NA	28	0

¹ Derived from 1990 census. Figures for age based on population aged 18-64. Figures for education based on persons aged 25 and over.
² Also includes special schools for handicapped.

NA—Not available.

Source: Office of Disability, Social Security Administration.

TABLE 1-32.—PERCENT DISTRIBUTION BY DISABLING CONDITION OF TITLE II DISABLED WORKER BENEFICIARIES GRANTED BENEFITS IN SELECTED CALENDAR YEARS, 1970-96

Disabling condition	Year granted benefits													
	1970	1975	1979	1982	1985	1988	1989	1990	1991	1992	1993	1994	1995	1996
Infective and parasitic diseases ¹	3	1	1	1	1	0	1	6	6	7	7	6	6	5
Neoplasms	10	10	14	17	15	16	18	17	16	13	15	16	16	17
Allergic, endocrine system, metabolic and nutritional diseases	4	3	3	4	5	3	3	3	4	5	5	5	5	5
Mental, psychoneurotic and personality disorders	11	11	11	11	18	22	22	23	24	25	26	24	22	22
Diseases of the nervous system and sense organs	6	7	8	9	8	8	9	9	8	8	7	8	8	8
Circulatory system	31	32	28	25	19	18	17	16	15	14	15	14	14	14
Respiratory system	7	7	6	7	5	5	5	5	5	4	5	5	5	5
Digestive system	3	3	2	2	2	2	2	2	2	2	2	2	2	2
Musculoskeletal	15	17	17	16	13	14	11	12	13	13	12	12	12	12
Accidents, poisonings and violence	8	6	6	6	4	5	4	4	4	4	3	3	3	4
Other/unknown	2	3	3	2	11	7	9	5	5	5	5	6	6	6
Total percent ²	100	100	100	100	100	100	100	100	100	100	100	100	100	100

¹ Beginning in 1990, AIDS/HIV cases are included in this category.

² May not add to 100 percent due to rounding.

Source: Office of Disability, Social Security Administration.

SSI info -

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TRENDS IN THE SSI CASELOAD

NUMBER OF RECIPIENTS

As shown in table 3-11, in December 1996, 6.6 million persons received federally administered SSI payments. Of these, 1.4 million received federally administered payments on the basis of being aged, 5.1 million on the basis of being disabled, and 82,137 on the basis of blindness. However, 677,519 of those receiving benefits on the basis of disability or blindness were over the age of 65. Table 3-11 also indicates that approximately 4.2 million of those receiving federally administered SSI payments received only Federal SSI payments, 2.1 million received a combination of Federal and State payments, and 288,187 received State supplements only.

Table 3-12 shows the trends in the numbers of persons receiving federally administered SSI payments from December 1975 through September 1996, both by reason for eligibility and by age categories. There was a steady decline in the number of SSI recipients from 1975 until 1983. However, in the last 12 years the number of SSI recipients has increased from about 3.9 million to more than 6.6 million, an increase of 70 percent.

CHARACTERISTICS OF ADULT DISABLED AND BLIND RECIPIENTS

Major disabling diagnosis.—As shown in table 3-13, of the SSI disabled ages 18-64, 28.4 percent were eligible on the basis of mental retardation and 30 percent on the basis of other mental disorders. Therefore, over one-half of all SSI disabled recipients are eligible on the basis of a mental disability. The next three largest categories are: diseases of the nervous system and sense organs—10.1 percent; diseases of musculoskeletal and connective tissues—7.3 percent; and diseases of the circulatory system—4.9 percent. In December 1995, 1.3 million or 23.8 percent of the adult disabled or blind receiving SSI benefits had a representative payee. Representative payees are individuals, agencies, or institutions selected by SSA to receive and use SSI payments on behalf of the SSI recipient when it has been found necessary by reason of the mental or physical limitations of the recipient.

Age.—When a person who is receiving SSI on the basis of blindness or disability becomes age 65, SSA does not convert the individual to eligibility on the basis of age. As shown in table 3-14, 16.1 percent of the SSI adult population receiving benefits on the basis of disability are age 65 or over (27.2 percent of the blind were age 65 or over).

Sex.—In January 1997, 54.8 percent of those receiving SSI benefits on the basis of disability and 55.6 percent on the basis of blindness were women (table 3-15).

Race.—In January 1997, 52.4 percent of those receiving SSI on the basis of disability were white; 30.9 percent were black; 12.7 percent were other races; and in 4 percent of the cases, race was not reported (table 3-15).

TABLE 3-11.—NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED PAYMENTS, TOTAL AMOUNT AND AVERAGE MONTHLY AMOUNT, BY SOURCE OF PAYMENT AND CATEGORY, DECEMBER, 1996

Source of payment	Total	Aged	Blind	Disabled
Federally administered payments ¹	6,613,718	1,412,632	² 82,137	³ 5,118,949
Federal payment only	4,192,248	774,459	45,378	3,372,411
Both Federal and State supplementation	2,133,283	522,003	30,802	1,580,478
State supplementation only	288,187	116,170	5,957	166,060
Total Federal payment ⁴	6,325,531	1,296,462	76,180	4,952,889
Total State supplementation ⁵	2,421,470	638,173	36,759	1,746,538
	Amount of payments [in thousands]			
Federal payments	\$2,145,851	\$296,665	\$25,477	\$1,823,709
State supplementation	253,242	71,678	5,653	175,911
Total	2,399,093	368,343	31,130	1,999,620
	Average monthly amount			
Federal payments	339.24	228.83	334.44	368.21
State supplementation	104.58	112.32	153.78	100.72
Total	362.75	260.75	379.00	390.63

¹ All persons with Federal SSI payments and/or federally administered State supplementation.

² Includes an estimated 20,747 persons age 65 or older.

³ Includes an estimated 646,149 persons age 65 or older.

⁴ All persons with a Federal SSI payment whether receiving a Federal payment only or both a Federal and State supplementation.

⁵ All persons with federally administered State supplementation whether receiving State supplementation only or both a Federal SSI payment and a State supplementation.

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

Other income.—In December 1996, 30.2 percent of the disabled and 35.4 percent of the blind received Social Security benefits. Table 3-16 shows the number of SSI recipients with other sources of income, both unearned and earned.

CHARACTERISTICS OF RECIPIENTS RECEIVING BENEFITS ON THE BASIS OF AGE

Age.—In December 1996, of SSI recipients receiving benefits on the basis of age (65 or older), 33.9 percent were 80 years of age or older (table 3-14).

TABLE 3-12.—NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS BY CATEGORY AND AGE, SELECTED YEARS 1975-96

[In thousands]

Reason for eligibility and age	Year											
	Dec. 1975	Sept. 1983	Sept. 1986	Sept. 1988	Sept. 1989	Sept. 1990	Sept. 1991	Sept. 1992	Sept. 1993	Sept. 1994	Sept. 1995	Sept. 1996
Reason for eligibility:	2,307	1,528	1,476	1,434	1,439	1,452	1,463	1,478	1,474	1,470	1,455	1,429
Aged	74	79	83	83	83	84	85	86	86	85	85	83
Blind	3	6	7	7	7	7	7	8	8	8	8	8
Under 18	4	5	5	4	4	4	4	4	4	4	4	4
18-21	46	45	48	49	49	50	51	52	52	52	52	51
22-64	22	23	23	22	22	22	22	22	22	21	21	20
65 or older	1,933	2,292	2,673	2,917	3,048	3,229	3,502	3,921	4,348	4,692	4,956	5,124
Disabled	104	191	231	247	256	287	366	511	683	812	898	950
Under 18	90	122	138	136	139	143	150	167	186	202	219	232
18-21	1,559	1,517	1,787	1,987	2,091	2,218	2,393	2,637	2,864	3,049	3,193	3,285
22-64	179	462	517	548	563	579	592	606	615	629	646	656
65 or older	107	197	238	254	263	294	373	518	691	820	906	958
Age:	93	127	143	140	143	147	154	171	190	206	223	236
Under 18	1,605	1,562	1,835	2,036	2,140	2,269	2,445	2,690	2,917	3,101	3,245	3,337
18-21	2,508	2,013	2,016	2,003	2,023	2,051	2,078	2,107	2,110	2,120	2,121	2,105
22-64	4314	3,898	4,232	4,434	4,570	4,764	5,050	5,486	5,908	6,247	6,495	6,636
65 or older												
Total												

Source: Office of Research, Evaluation, and Statistics, Social Security Administration.

TABLE 3-13.—DISABILITY DIAGNOSIS OF SSI AND SECTION 1619 DISABILITY RECIPIENTS, DECEMBER 1996¹

[Percentage distribution by diagnostic group]

Diagnostic group	Supplemental Security Income (SSI)		
	All SSI disabled 18-64 yrs.	SSI section 1619(a) participants	SSI section 1619(b) participants
Infectious and parasitic diseases			
Neoplasms	1.7	1.1	1.5
Endocrine, nutritional, and metabolic disorders	1.4	1.3	1.6
Mental disorders:	4.3	2.1	2.7
Schizophrenia			
Other psychiatric	8.9	9.6	11.6
Mental retardation	21.5	19.3	20.0
Diseases of:	28.4	46.6	38.6
Nervous system and sense organs ²			
Circulatory system	10.1	12.1	13.3
Respiratory system	4.9	1.5	2.3
Digestive system	2.7	1.0	1.0
Genito-urinary system	0.7	0.4	0.6
Musculoskeletal system and connective tissues	0.9	1.1	1.6
Congenital anomalies	7.3	3.0	4.4
Injury and poisoning	1.7	0.9	0.8
Other	2.7	2.2	3.3
Total percent	2.7	1.3	1.2
Total individuals ³	100.0	100.0	100.0
	4,375,650	23,101	34,909

¹Information on diagnosis of SSI disabled recipients under age 65 is from the December 1995 SSI 10-percent disability file. Information on diagnosis for section 1619 recipients is available from SSI source files.

²Most of the section 1619(b) participants who are classified as blind individuals are included in this category. A few section 1619(b) blind participants have a primary impairment other than diseases of the eye and are coded in other categories in this table. Also, there are a few participants classified as having diseases of the eye who are not blind, whose impairment does not meet the definition of blindness, and are classified as disabled.

³Includes only recipients whose diagnosis information is specifically identified on the source files. Source: Office of Supplemental Security Income, Social Security Administration.

Sex.—In January 1997, 72.9 percent of those receiving benefits on the basis of age were women (table 3-15).

Race.—In January 1997, 48.6 percent of those receiving SSI on the basis of age were white; 20.5 percent were black; 27.4 percent were other races; and in 3.5 percent of the cases, race was not reported (table 3-15).

Other income.—In December 1996, 61.7 percent of SSI recipients receiving benefits on the basis of age also received Social Security benefits. Only 1.8 percent had earned income (table 3-16).

The number of persons receiving federally administered SSI payment and unearned income, by type of income, is included in table 3-17.

TABLE 3-14.—NUMBER AND PERCENTAGE DISTRIBUTION OF SSI RECIPIENTS RECEIVING FEDERALLY ADMINISTERED PAYMENTS BY CATEGORY AND AGE GROUP, DECEMBER 1996

Age group	Total	Aged	Blind	Disabled
Children:				
Under 5	14.5		12.7	14.5
5-9	28.1		27.0	28.1
10-14	32.8		30.0	32.8
15-17	18.4		17.9	18.4
18-21 ¹	6.2		12.4	6.1
Total percent	100.0		100.0	100.0
Total number	1,017,992		8,752	1,009,240
Adults:				
18-21 ¹	3.1		3.8	4.2
22-29	8.5		12.4	11.3
30-39	14.3		16.9	19.2
40-49	14.8		16.4	19.8
50-59	14.5		14.9	19.5
60-64	7.4		8.3	10.0
65-69	10.2	19.1	8.0	7.2
70-74	9.6	25.8	6.6	4.1
75-79	7.2	21.2	4.8	2.5
80 or older	10.3	33.9	7.8	2.2
Total percent	100.0	100.0	100.0	100.0
Total number	5,595,726	1,412,632	73,385	4,109,709

¹ Persons aged 18-21 can be classified as either children or adults depending on their student status.
Source: Office of Research, Evaluation and Statistics, Social Security Administration.

CHARACTERISTICS OF CHILDREN RECEIVING BENEFITS

At the end of its first year (December 1974), the SSI Program paid benefits to 71,000 disabled and blind children, less than 2 percent of the SSI caseload. By comparison, in December 1980, payments were made to almost 229,000 blind and disabled children—5.5 percent of the 4.1 million recipients in that month. By December 1996, 1,018,000 blind and disabled children were eligible for SSI payments, nearly a fourteenfold increase over December 1974. These children made up 15.4 percent of the over 6.6 million SSI recipients, and represent a fast growing segment of the SSI population.

TABLE 3-15.—NUMBER AND PERCENTAGE DISTRIBUTION OF ALL PERSONS RECEIVING FEDERALLY ADMINISTERED PAYMENTS, BY CATEGORY, RACE, AND SEX, JANUARY 1, 1997

Race and sex	Total	Aged	Blind	Disabled
Race:				
White	51.6	48.6	53.3	52.4
Black	28.5	20.5	26.8	30.9
Other	16.0	27.4	15.6	12.7
Not reported	3.9	3.5	4.3	4.0
Sex and race:				
Men	41.3	27.1	44.4	45.2
White	20.7	12.0	23.5	23.1
Black	11.8	4.3	11.5	13.9
Other	6.8	9.8	7.2	6.0
Not reported	2.0	1.0	2.3	2.3
Women	58.7	72.9	55.6	54.8
White	30.9	36.6	29.8	29.4
Black	16.8	16.2	15.3	16.9
Other	9.1	17.6	8.4	6.7
Not reported	1.9	2.4	2.0	1.7
Total percent	100.0	100.0	100.0	100.0
Total number	6,504,900	1,412,600	83,500	5,008,800

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

Most notable has been the growth since 1989. Many analysts attribute the growth to outreach activities, the Supreme Court decision in the *Zebley* case (see below), expansion of the mental impairment category, and reduction in reviews of continuing disability. To be eligible for SSI payments as a child, an individual must be under age 18 (or under 22 if a full-time student), be unmarried, and meet the SSI disability or blindness, citizenship/residency, and income and resources criteria.

In December 1996, 62 percent of SSI children were 12 years old or younger, and about 19 percent of the children were under age 5. About 32 percent, an estimated 316,000 children, were between ages of 13 and 17. Child recipients were more likely to be boys than girls, by about 3 to 2. Approximately 45 percent were white.

Eighty-one percent of children live in their parents' home. Less than 2 percent are patients in a medical facility where more than 50 percent of the cost of their care is covered by the Medicaid Program. Other 16 percent live in other hospitals, nursing homes, residential schools, foster care, or independently.

About 24 percent of the children had some type of unearned income. The three major types of unearned income were: support from absent parents (8.3 percent), Social Security benefits (8.2 percent), and in-kind support and maintenance (6.8 percent). In addition, about 13 percent of children had income "deemed" from their

TABLE 3-16.—PERSONS RECEIVING FEDERALLY ADMINISTERED PAYMENTS AND ALSO RECEIVING OTHER INCOME, AND AVERAGE AMOUNT OF INCOME, BY SOURCE OF INCOME AND CATEGORY, DECEMBER 1996

Source of income	Total	Aged	Blind	Disabled
Number with income				
Social Security benefits	2,446,307	871,719	29,043	1,545,545
Other unearned income	823,058	289,622	9,736	523,700
Earned income	289,469	25,642	6,012	257,815
Percent with income				
Social Security benefits	37.0	61.7	35.4	30.2
Other unearned income	12.4	20.5	11.9	10.2
Earned income	4.4	1.8	7.3	5.0
Average monthly income				
Social Security benefits	\$362.56	\$368.45	\$378.98	\$358.92
Other unearned income	112.46	84.96	98.74	127.91
Earned income	258.42	243.96	534.75	253.41
Total number	6,613,718	1,412,632	182,137	25,118,949

¹ Includes 20,747 persons aged 65 or over.

² Includes 646,149 persons aged 65 or older.

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

TABLE 3-17.—NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED PAYMENTS AND UNEARNED INCOME (OTHER THAN SOCIAL SECURITY) AND AVERAGE MONTHLY UNEARNED INCOME, BY TYPE OF INCOME, DECEMBER 1996

Type of income	Number ¹	Average ²
Veterans' benefits	108,697	\$157.44
Railroad retirement	4,409	338.10
Black lung benefits	1,588	321.77
Employment pensions ³	54,131	130.49
Worker's compensation	4,618	306.96
Support and maintenance in kind	237,899	107.41
Support from absent parents	88,159	159.23
Asset income	235,707	67.71
Assistance based on need	16,003	104.65
Other ⁴	64,489	327.33
Total	823,058	112.46

¹ With unearned income other than Social Security benefits.

² Monthly amount of unearned income.

³ Includes civil service pension.

⁴ Includes military and demonstration projects.

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

Given the rapid growth in the number of children receiving SSI, as well as a growing debate over the procedures by which children's eligibility should be judged, Congress established the National Commission on Childhood Disability to review the definition of childhood disability and examine several related issues, and report its findings to Congress by November 30, 1995 (Public Law 103-296). The Commission, which reported in October of 1995, recommended that the SSI statute be amended to state that the purpose of the SSI Childhood Disability Program is to: help low-income families (and other individuals and organizations) who care for eligible children with disabilities in providing basic necessities to maintain the child at home or in another appropriate setting; cover the additional costs of caring for and raising a child with a disability; enhance the child's opportunity to develop; and offset lost family income because a parent remains out of the labor force or underemployed to care for the child. The Commission also recommended that the SSI definition of childhood disability be tightened; that a benefit scale be created which reduces SSI benefits for multiple children in the same family to reflect economies of scale in the consumption of food, clothing, and shelter; that continuing disability reviews be performed at least every 2 years for children whose impairment is likely to improve; that appropriate health care treatment be required as a condition of continuing eligibility for SSI children; that parents or the child's representative payee be required to report financial expenditures on a periodic random basis; and that categorical eligibility for Medicaid be afforded all SSI children.

In May 1995, a report on the Children's SSI Program was released by the Committee on Childhood Disability of the National Academy of Social Insurance (responding to a study request from the House Committee on Ways and Means in the 102d Congress). The Academy's expert group contended that the basic purpose of SSI cash benefits for children is to support and preserve the capacity of families to care for their disabled children in their own homes. Thus, the SSI benefit was intended to provide for some of the additional, nonmedical, but disability-related, costs of raising a disabled child; to compensate for some of the income lost because of the everyday necessities of caring for a disabled child; and to meet the child's basic needs for food, clothing, and shelter. The Committee also urged that SSI childhood eligibility criteria be tightened, that family benefits in cases where there are multiple eligible children in the household be limited, that disabled teens be encouraged to work, and that children be periodically reviewed (National Academy of Social Insurance, 1995).

The General Accounting Office (GAO) also examined the growing children's caseload and attempted to understand why the caseload was growing so rapidly. GAO compared the results of SSA's decisions regarding children by type of disability and basis of award 2 years before and 2 years after the medical listings were expanded and a new procedure for determining disability called the individualized functional assessment had been initiated. The study found that the number of children receiving SSI disability benefits more than doubled between 1989 and 1992, from almost 300,000 to 770,500. According to the report, although the new individualized

functional assessment process mandated by the Supreme Court in *Sullivan v. Zebley* added 87,900 children to the rolls, most of the children who received new awards during the 2 years after the IFA went into effect in 1991 met the medical listing. The report indicated that the huge increases in the diagnosis of mental impairments—including mental retardation and attention deficit hyperactivity disorder—accounted for more than two-thirds of the growth in awards.

Given the rapidly growing number of children in SSI, GAO assessed the implementation of the individualized functional assessment (IFA). The GAO study found that from 1991 to 1994 about 219,000 IFA awards were made to children who did not meet SSA's more restrictive listing of impairments. These awards accounted for one-third of all awards made during this period and about \$1 billion a year in benefit payments. GAO also found that the IFA process relies too heavily on adjudicator's judgments, rather than on objective criteria. The study found little evidence that parents coaching their children to act out in disruptive behaviors to improve chances of obtaining SSI was widespread. However, as the GAO report stated, "measuring the extent to which coaching may actually occur is extremely difficult."

In December 1996, there were 1,017,992 children enrolled in the SSI Program. As a result of the changes made by Public Law 104-193, the administration estimates that 135,000 disabled children who were receiving SSI on the date of enactment will no longer qualify because of the new rules. The average number of SSI children is expected to fall to 950,000 in fiscal year 1998, when the new law is fully implemented, before rising again in subsequent years.

OVERVIEW OF CASELOAD DEVELOPMENTS

In summary, the trends in the nature of the SSI population show the following:

- A steady decline in the number of persons receiving SSI benefits on the basis of old age.
- An increase from 107,000 in December 1975 to 1,017,992 in December 1996 of the number of disabled and blind children under 18 receiving SSI benefits.
- A sharp increase of 1,774,000 between 1983 and 1996 in the number of persons ages 22-64 receiving benefits on the basis of disability or blindness.

ELIGIBILITY OF DRUG ADDICTS AND ALCOHOLICS

Under both the SSI and the Social Security Disability Insurance (DI) Programs, disability is defined as a mental or physical impairment that is so severe that it prevents an individual from doing any kind of work that exists in the national economy, taking into account age, education, and work experience. Until recently, drug addiction and alcoholism were qualifying medical impairments under both SSI and DI. Thus, a person whose drug addiction or alcoholism was a contributing factor material to his disability was eligible for SSI. The SSI Program required that payments for drug addicts and alcoholics be made to a representative payee (i.e.,

person or agency responsible for managing the recipient's finances), that recipients participate in treatment if available, and that the treatment be monitored.

SSI provisions relating to drug addicts and alcoholics were contained in the original SSI law (Public Law 92-603). Initially, the Senate sought to exclude these individuals from SSI by putting them in a separate services program. During debate on the 1972 legislation, Members of the Senate argued that these drug addicts and alcoholics would need treatment, case management, and close monitoring so that they would not use the SSI benefits to "support their alcoholism or addiction." The Senate provision that excluded drug addicts and alcoholics from the SSI Program was deleted in favor of the House provision that required recipients to undergo treatment. The Senate's concern about providing direct payments to substance abusers was accommodated by the provision requiring that benefits be provided through representative payees. Although virtually all SSI recipients diagnosed as drug addicts or alcoholics received their payments via a representative payee, most representative payees were family members or friends of recipients, and it is suspected that some of them were likely to give in to threats, coercion, or persuasion of the recipient, thereby in some cases enabling recipients to obtain direct control of their SSI payments.

In 1994, Congress responded to concerns that significant numbers of SSI and DI recipients were using their Federal cash payments to support their addictions by passing legislation (Public Law 103-296) that placed a 3-year time limit on program benefits to persons disabled solely because of their addiction to drugs or alcohol, extended requirements on treatment and monitoring to DI recipients, required DI recipients classified as substance abusers to receive their benefits through representative payees, encouraged organizations and agencies to act as representative payees for recipients classified as substance abusers, and temporarily or permanently ended benefits of recipients who failed to comply with treatment requirements.

In March 1996, Congress passed legislation that ended drug and alcohol addiction as conditions that qualify individuals for SSI benefits. Under Public Law 104-121, individuals would not be considered disabled for either SSI or DI if drug addiction or alcoholism were the contributing factor material to their disability. Thus, eligibility for SSI and DI benefits ended for persons classified as substance abusers. The law mandates the Commissioner of Social Security to require that persons who qualify for SSI or DI based on some other disabling condition, but who are nonetheless determined to have a drug or alcohol condition and are incapable of managing their own benefits, have a representative payee and be referred for treatment. The preferred representative payee for persons with a drug or alcohol condition who are not capable of managing their own benefits is an organization. Public Law 104-121 also authorizes \$50 million for fiscal year 1997 and \$50 million for fiscal year 1998 for drug treatment services. Recipients classified solely as drug addicts or alcoholics became ineligible for SSI beginning January 1, 1997. Applicants were no longer eligible for bene-

January 12, 1999

Rever

MEMORANDUM FOR THE ADMINISTRATOR OF THE SOCIAL SECURITY
ADMINISTRATION

SUBJECT: Indexing the "Substantial Gainful Activity" (SGA) levels for SSI and SSDI

Adults with severe disabilities are one of the largest minorities in the nation without jobs. The unemployment rate among the 30 million working-age adults with disabilities continues to be much higher than that of the general population. Less than 30 percent of working-age adults with disabilities are employed full or part-time, although 75 percent indicate they would prefer to work. Unless adults with disabilities have employment and career opportunities, they will continue to be segregated from the workplace.

As adults with disabilities attempt to leave entitlement programs for work, current policies hinder rather than support their efforts to work. In these instances, cash assistance, in-kind health care and other services are eliminated before wages can fully replace the value of those benefits. These policies are contrary to our nation's commitment to protect workers through the federal retirement, disability and unemployment insurance systems.

Congress designed Social Security Disability Income (SSDI) and Supplemental Security Income (SSI) benefits to provide wage protection for workers and their families when a person acquires a disability leaving them unable to work. The Social Security Administration (SSA) uses a measure termed "substantial gainful activity" to determine initial and continuing eligibility for these programs. The test for "substantial gainful activity" is to earn \$500 monthly in income, an amount set for non-blind individuals in 1990 by regulation. Currently, the "substantial gainful activity" level lags behind real growth in average income, leaving workers less protected and more vulnerable to poverty because of the onset of disability.

A stagnated "substantial gainful activity" level fails to provide a realistic threshold to determine an individual's earning capacity. Increasing the "substantial gainful activity" level will improve the financial well being of disabled individuals who are capable of some limited work activity. Furthermore, some individuals who are ineligible for benefits solely due to their level of work activity will become eligible and be able to maintain important health care coverage if the "substantial gainful activity" level is adjusted to reflect inflation.

Therefore, I hereby direct you, working with [the Secretary of Labor], organizations that represent people with disabilities and other concerned Americans, to develop a proposed regulation within 90 days that will increase the \$500 per month "substantial gainful activity" level for inflation. This is an important step in addressing the Administration's strategy to make equality of opportunity, full participation, inclusion and economic self-sufficiency realities for all 30 million working-age Americans with disabilities.

I remain committed to using every power in my office to promote the vast source of knowledge,

skill and talent in adults with disabilities. Through these actions we will help support a labor force for persons with and without disabilities into the 21st century.



Cynthia A. Rice

01/06/99 03:50:30 PM

Record Type: Record

To: J. Eric Gould/OPD/EOP
cc:
bcc: Records Management
Subject: Re: SGA memo 

Would you revise to:

- (1) Beef up the first paragraph on the need, e.g., how many Americans of working age have disabilities, what % want to work, etc. Lift from the paper from the VP event last month and the POTUS event in July as well as the Task Force report
- (2) Add a statement that makes clear this is just one of many things we are doing to address this important issue.
- (3) Your third paragraph should focus on why the current SGA discourages work among people with disabilities and why it should be updated for inflation from when it was last set in regs in 1990. How will a change in the SGA help real people?
- (4) Make the directive much more direct. Direct SSA to develop a proposed regulation within 90 days that will increase the \$500 per month SGA for inflation (no need to consult with DOL or outsiders).

J. Eric Gould 01/06/99 11:45:47 AM



● J. Eric Gould

01/06/99 11:45:47 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc:
Subject: SGA memo



sga.wpd

January 12, 1999

MEMORANDUM FOR THE ADMINISTRATOR OF THE SOCIAL SECURITY
ADMINISTRATION

SUBJECT: Indexing the "Substantial Gainful Activity" (SGA) levels for SSI and SSDI

Adults with severe disabilities are one of the largest minorities in the nation without jobs, with a nonemployment rate of approximately 70 percent. Unless adults with disabilities have employment and career opportunities, they will continue to be segregated from the workplace.

As adults with disabilities attempt to leave entitlement programs for work, current policies hinder rather than support their efforts to work. In these instances, cash assistance, in-kind health care and other services are eliminated before wages can fully replace the value of those benefits. These policies are contrary to our nation's commitment to protect workers through the federal retirement, disability and unemployment insurance systems.

Congress designed Social Security Disability Income (SSDI) and Supplemental Security Income (SSI) benefits to provide wage protection for workers and their families when a person acquires a disability leaving them unable to work. The Social Security Administration (SSA) uses a measure termed "substantial gainful activity" to determine initial and continuing eligibility for these programs. The test for "substantial gainful activity" is to earn \$500 monthly in income, an amount set for non-blind individuals in 1990 by regulation. Currently, the "substantial gainful activity" level lags behind real growth in average income, leaving workers less protected and more vulnerable to poverty because of the onset of disability. Furthermore, a stagnated "substantial gainful activity" level fails to provide either a realistic threshold to determine earning capacity at the time of an initial disability determination, or a realistic test of beneficiary's earnings capacity before losing SSDI benefits.

Therefore, I hereby direct you, working with [the Secretary of Labor], organizations that represent people with disabilities and other concerned Americans, to report back to me in 90 days with a plan to increase the substantial gainful activity level in an effort to decrease the barriers of unemployment for individuals with disabilities.

I remain committed to using every power in my office to promote the vast source of knowledge, skill and talent in adults with disabilities. Through these actions we will help support a labor force for persons with and without disabilities into the 21st century.

FAX COVER



Income Maintenance Branch

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



To: Cynthia Rice

Organization: DPC

Fax Number: 202-456-7431

From: Joanne Cianci

Date (Time): January 5, 1999 (5:49PM)

Number of Pages: Cover +5

Cynthia,

Per your request, here is some general information SSA prepared on SGA -- what it is, history, etc. Please call me if you have any questions.

Thanks,
Joanne
395-3385

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

SUBSTANTIAL GAINFUL ACTIVITY (SGA)

ISSUE

Whether to raise for non-blind individuals the substantial gainful activity (SGA) level which has remained constant since 1990 at \$500 a month and whether to index it to establish an automatic annual adjustment. SSA has the authority to take these actions through the regulatory process.

BACKGROUND

The term "substantial gainful activity" is used to describe a level of work activity that is both substantial and gainful. Substantial work activity involves the performance of significant physical or mental duties, or a combination of both, which are productive in nature. Gainful work activity is:

- o work performed for remuneration or profit; or
- o work of a nature generally performed for remuneration or profit; or
- o work intended for profit, whether or not a profit is realized.

For work activity to be substantial it need not necessarily be performed on a full-time basis; work activity performed on a part-time basis may also be substantial.

In short, when an individual generates earnings from work during a period of alleged disability, those earnings are generally used to measure the individual's ability to engage in SGA.

In the Social Security Disability Insurance (SSDI) program, SGA is an eligibility factor for both initial claims and for continuing eligibility (after the trial work period). For non-blind individuals, earnings after 1998 averaging over \$500 a month will generally demonstrate that the individual engaged in SGA. For people who are blind, the SGA level is \$1050 for 1998.

In the Supplemental Security Income (SSI) program, SGA is an eligibility factor for initial claims only and for the non-blind disabled only. The same \$500 SGA criterion for the non-blind disabled applies as is used in SSDI. (Once initial SSI eligibility is established, disabled status continues until medical improvement occurs or the individual's eligibility is terminated for a non-disability-related reason).

SGA LEVELS COMPARED TO AVERAGE WAGES

The Office of the Chief Actuary (OACT) has calculated theoretical SGA amounts indexed by average wage growth and the corresponding program costs for comparison purposes. From 1957 until 1980, the actual and theoretical SGA levels were roughly the same ("roughly" due to the lag time resulting from the need to implement changes in the actual amounts via regulation).

Since 1980, however, the SGA level has been kept constant for two long periods of time during

which wages were experiencing substantial growth. By 1990, the actual SGA level for the non-blind lagged far behind average wage growth since the amount had stayed at \$300 for a decade. The \$200 increase that raised the non-blind amount to \$500 in 1990 was \$86 short of the theoretical amount of \$586.

Had the \$100 SGA amount in effect at the beginning of the DI program been indexed to increases in the National Average Wage Index, it would be \$785 in 1998 and \$820 in 1999. The result over the history of the DI program has been an implicit tightening in the Social Security definition of disability due solely to the effects of wage inflation.

NEED FOR CHANGE

A stagnated SGA level fails to provide either a realistic threshold to determine earning capacity at the time of an initial disability determination, or a realistic test of a beneficiary's earnings capacity before losing DI benefits due to work activity.

GENERAL CONSIDERATIONS

o Indexing of SSA program factors is not new. Payments from the OASDI and SSI programs are adjusted regularly by automatic cost-of-living increases. The National average wage index is the basis for automatic adjustments in the:

- o OASDI contribution and benefit base,
- o Exempt amount under the retirement earnings test,
- o Primary Insurance Amount formula,
- o Formula for computing maximum family benefits,
- o Earnings requirements for crediting quarters of coverage,
- o Domestic employee coverage threshold, and
- o SGA level for people who are blind.

o Increasing the SGA level will result in a reduction in the number of SSDI beneficiaries leaving the rolls due to work.

o Increasing the SGA level will improve the financial well being of disabled individuals who are capable of some limited work activity.

o Some people who are ineligible for benefits solely due to their current level of work activity will become eligible if the SGA level is raised.

HISTORY OF SUBSTANTIAL GAINFUL ACTIVITY (SGA)

For almost 20 years after the enactment of SSDI, the Congress left the setting of SGA levels completely to the discretion of the Secretary of Health and Human Services. In 1978, Congress specified in law the SGA level for people who are blind and indexed this amount to average wage growth by linking it to the exempt amount of the retirement earnings test (RET) (See 1996 Amendments in this section below). The report accompanying this legislation stated as justification that people who are blind need special assistance. The SGA level for people who are non-blind remains subject to regulation to this day.

Since 1978, various outside groups have made recommendations to also index the SGA level for the non-blind to wage growth, including the 1979 Advisory Council on Social Security and the 1981 National Commission on Social Security.

1982, March -- The comprehensive disability reform bill (H.R. 5700) included such a provision. Both the Subcommittee and the full Committee favorably reported the bill, with modifications. No further action was taken in that Congress. The major disability amendments eventually enacted in 1984 omitted this provision.

Between 1980 and 1989, the indexed SGA amount for people who are blind increased from \$375 to \$740 while SSA maintained the SGA level for people who are non-blind at \$300, primarily in an effort to keep program costs down.

In 1988, the Disability Advisory Council's report included recommendations to:

1. Increase the SGA level for the non-blind and index it to wage growth;
2. Freeze the SGA level for blind recipients already on the rolls until the non-blind level could "catch up," and,
3. Apply the new non-blind SGA level to all new disability applicants.

In 1990, DHSS Secretary Sullivan raised the non-blind SGA level to \$500, where it stands today (in contrast to \$1050 for individuals who are blind in 1998). In issuing regulations to implement the 1990 increase, the Secretary rejected indexing the non-blind SGA level, estimating that to do so would cost an additional \$230 million between 1990 and 1995. However, the published regulations included a commitment. This commitment was to review periodically the SGA level to determine if it continued to provide a reasonable and meaningful level of monthly earnings that would encourage and support people to test their ability to

perform physical and mental activities required to work and achieve independence in the work place.

1991 -- Several bills were introduced in the House to raise the non-blind SGA level to equal the amount for people who are blind, but none were taken up in committee. In November, Senator Lloyd Bentsen (D., TX, then Chairman of the Finance Committee) introduced legislation that would have de-coupled the SGA level for people who are blind from the retirement earnings test and indexed the non-blind amount to average wage growth. The indexing provision was not included when the Financing Committee favorably reported out the bill.

1993 -- The President's budget included an Office of Management and Budget (OMB) recommendation for a "modest increase" in the non-blind SGA level. SSA drafted regulations but these were never published due to projected program cost considerations. It was estimated that raising the non-blind SGA level to \$570 and indexing it thereafter would have cost an additional \$637 million from FY 1993 through FY 1997.

1996 -- The Disability Policy Panel of the National Academy of Social Insurance recommended that the SGA amount (for the non-blind) be updated and indexed to keep pace with future wage growth.

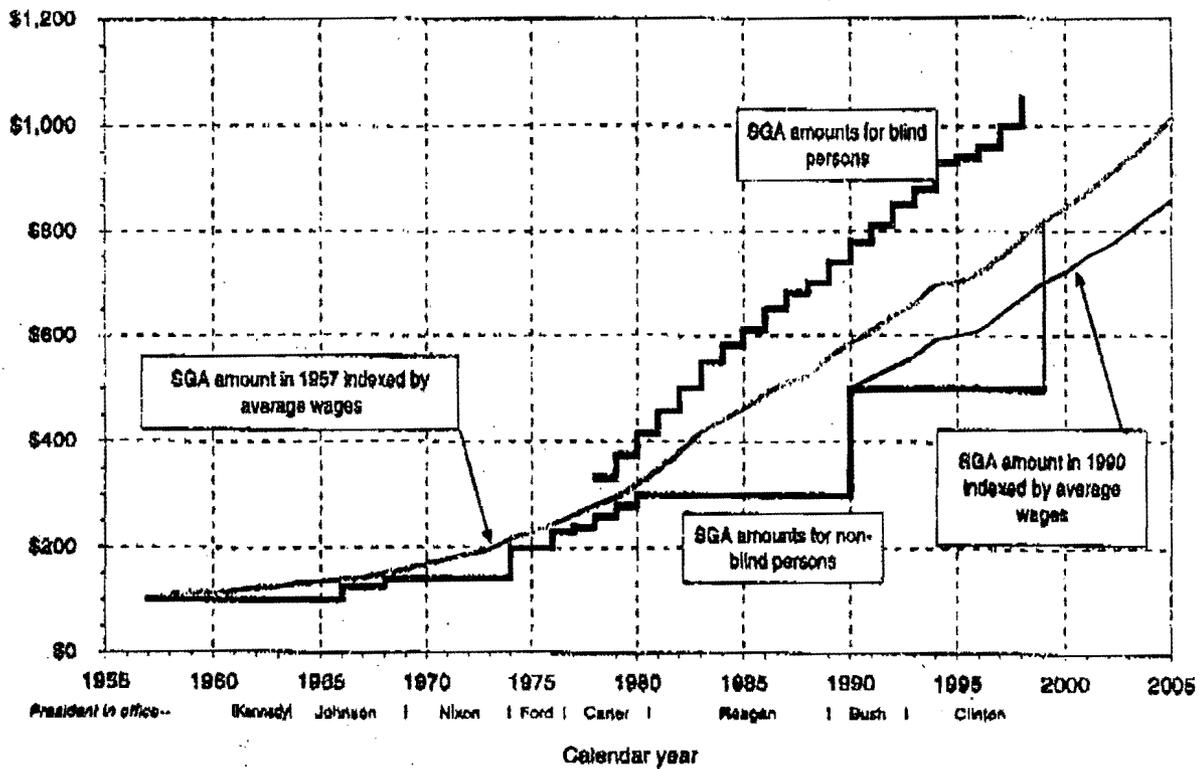
1996 Amendments -- The Contract with America Advancement Act of 1996 containing the Senior Citizens' Right to Work Act of 1996 went into law. Among its provisions: The Retirement Earnings Test (RET) exempt amount for individuals ages 65 to 69 (in 1996 \$11,520) would rise gradually over the next seven year period to \$30,000, for 2002. The SGA amount applicable to individuals who are statutorily blind would no longer be linked to the RET exempt amount. Instead, the SGA amount for blind people would be adjusted annually based on the national average wage index.

Table 1.—Historical monthly substantial gainful activity amounts for non-blind individuals, 1957-98

<u>Calendar year</u>	<u>Amount</u>
1957-65	\$100
1966-67	125
1968-73	140
1974-75	200
1976	230
1977	240
1978	260
1979	280
1980-89	300
1990-98	500

Note: Since 1978, the SGA amount for the blind has been determined separately. For 1998, that amount is \$1,050, and for future years the amount is indexed by changes in average wages.

Comparison of actual versus theoretical indexed substantial gainful activity amounts, calendar years 1957-2005



Social Security Administration
 Office of the Chief Actuary
 October 14, 1998