

# Social Security Advisory Board Issue Brief Series

## *Disability Programs in the 21st Century*

### Interactions between Supplemental Security Income and Temporary Assistance for Needy Families

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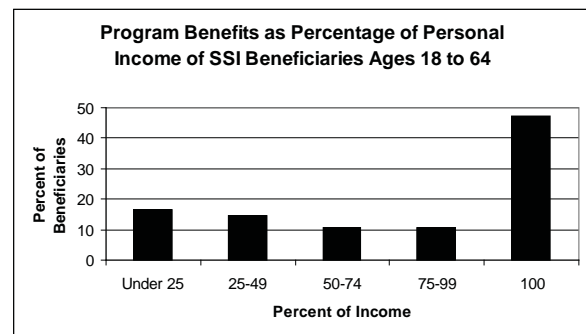
The Disability Insurance program was enacted more than half a century ago, and the Supplemental Security Income program was enacted more than 35 years ago. Our economy and our society have changed in many ways since then, and the programs have not changed to keep pace with the world we now live in. We recommend that Congress re-examine these programs and what it wants to accomplish with the disability programs that SSA administers. The Social Security Advisory Board has begun a review of several aspects of these disability programs and we will publish our observations and findings in this special Issue Brief series. This Issue Brief was originally published as the Advisory Board's statement on the SSI program in May 2007.

#### **SSI as part of the national economic safety net**

As part of our national economic safety net, the SSI program provides a monthly income to help meet the basic needs of people who have little or no income and are age 65 or over, have a severe disability, or are blind. The SSI program has a strict disability standard. To qualify as disabled, an applicant must show that he or she is unable to engage in any substantial gainful employment as a result of a medically determinable impairment that can be expected to result in death or has lasted, or can be expected to last, at least 12 months. SSI also has strict income and resource limits. In 2007 the maximum federal SSI monthly benefit amount is \$623 for an individual and \$934 for a couple. Most states supplement these amounts; state supplements account for about 14 percent of total benefits.

SSI beneficiaries rely to a large extent on these benefits. According to SSA statistical reports, for non-institutionalized SSI beneficiaries between the ages of 18 and 64, SSI benefits account for more than three-quarters of their income. For 47

percent of them, SSI was their sole income. By themselves, federal SSI benefits are not enough to raise beneficiaries out of poverty. The federal benefit level for an individual is about 74 percent of the poverty level for non-elderly persons, and the federal benefit for a couple is



Source: Social Security Administration, SSI Annual Statistical Report, 2004, table 36.

about 82 percent of that poverty level. SSI benefits do, however, reduce the extent and the depth of poverty. Some families are lifted above the poverty line when other benefits or the earnings of family members are added to their SSI benefits. For others, their SSI benefits reduce the distance between their income and the poverty line.

## Both TANF and SSI serve individuals with physical and mental impairments

The population served by SSI overlaps to some extent the population served by Temporary Assistance for Needy Families. TANF is a block grant program established in 1996 to replace Aid to Families with Dependent Children (AFDC). TANF was not designed specifically for people with disabilities, but many TANF recipients have physical and mental impairments.

National studies have found relatively high levels of disability among TANF recipients. A Government Accountability Office (GAO) analysis of 1999 data found that 44 percent of TANF recipients reported at least one physical or mental impairment (three times the rate of impairments among adults not receiving TANF), and 38 percent reported a severe impairment.<sup>1</sup> Studies by the Urban Institute and the Manpower Demonstration Research Corporation also found relatively high rates of impairments among TANF recipients.<sup>2</sup>

GAO analysis of 1999 data also found that TANF recipients with impairments tend to rely on TANF benefits for longer periods than recipients without impairments. Adult recipients with impairments were half as likely to leave TANF as adult recipients without impairments. Recipients caring for children with impairments were less than half as likely to leave TANF as all other recipients.<sup>3</sup>

Administrative data have long shown an overlap in the populations served by TANF and SSI.<sup>4</sup> More recent research has shown that the overlap is even greater than had been thought. The law establishing

TANF included what are known as maintenance-of-effort (MOE) requirements. These required that states sustain a certain level of spending, relative to their spending in 1994, on TANF-related programs. One way that states could use this MOE requirement to their advantage was by establishing Separate State Programs (SSPs), administered by TANF agencies but paid for from state funds. State money spent on these programs can count toward the state's MOE requirement. The advantage to states was that families receiving income support through SSPs were not subject to TANF work participation requirements. Using SSPs to pay benefits to families with adults who have disabilities, therefore, removed those families from the work-participation calculations and made it easier for states to meet work participation goals. Some states assign families with adults who are applying for SSI to SSPs while their SSI applications are pending. SSPs accounted for only 6.8 percent of total TANF-related cash assistance cases in 2003, but they accounted for almost 15 percent of adult recipients, up from 9 percent in 2000.<sup>5</sup>

Including data for SSPs with those for TANF gives a more accurate picture of the impact of TANF on SSI. A recent study estimates that from 2001 through 2003, 34 percent of SSI awards to children and 12 percent of SSI awards to adults came from TANF/SSP households. The study estimates that as many as a third of SSI awards to women ages 22 through 39 are to TANF/SSP recipients. It also notes that the incidence of SSI awards among TANF/SSP recipients in the early part of the current decade was much higher than the incidence among recipients of AFDC, the welfare program that preceded TANF, in the early 1990s.<sup>6</sup>

## Potential for an increased flow from TANF to SSI

Because of changes to the program in the 2005 reauthorization of TANF, we may see an increased flow of applicants from TANF to SSI. There were already financial incentives to urge TANF recipients to apply for SSI and to facilitate those applications. Under the AFDC program that preceded TANF, if an AFDC recipient became entitled to SSI and left the AFDC rolls, the state saved its share of the federal-state benefit cost. TANF, by contrast, is funded by a

<sup>5</sup> Steve Wamhoff and Michael Wiseman, "The TANF/SSI Connection," *Social Security Bulletin*, 66(4), 2005/2006, 1-17.

<sup>6</sup> Wamhoff and Wiseman.

<sup>1</sup> *Welfare Reform: More Coordinated Federal Effort Could Help States and Localities Move TANF Recipients with Impairments Toward Employment*, GAO-02-37.

<sup>2</sup> Sheila R. Zedlewski and Donald W. Alderson, *Before and After Reform: How Have Families on Welfare Changed?*, Urban Institute, April 2001, [http://www.urban.org/UploadedPDF/anf\\_b32.pdf](http://www.urban.org/UploadedPDF/anf_b32.pdf); Denise F. Polit, Andrew S. London, and John M. Martinez, *The Health of Poor Urban Women: Findings from the Project on Devolution and Urban Change*, Manpower Demonstration Research Corporation, May 2001.

<sup>3</sup> *Welfare Reform: Former TANF Recipients with Impairments Less Likely to Be Employed and More Likely to Receive Federal Supports*, GAO-03-210.

<sup>4</sup> TANF recipients who have sufficient work credits may also qualify for Social Security Disability Insurance (SSDI) benefits. Applicants for SSI benefits are also screened for SSDI eligibility. For the sake of simplicity, we will refer in this paper only to the SSI program, but it should be understood that some SSI applicants will also apply for SSDI.

block grant, so the state saves the full amount of the TANF benefit cost when a recipient goes from TANF to SSI.

TANF imposes financial penalties on states that do not meet goals for having recipients participate in work. Helping recipients move onto SSI increases states' prospects of avoiding those penalties. Disability is not taken into consideration in measuring this performance; consequently, removing from TANF rolls disabled recipients who are not likely to work improves the measures of state performance.

Recipients also gain by moving to SSI, because their benefits are higher. The gain to recipients has been increasing, as TANF benefits have been declining in value, while SSI benefits, indexed to the cost of living, have maintained their value. SSI also offers more security, as most states have time limits on the receipt of TANF and require recipients to perform work or work-related activities.

Recent changes provide further incentives for states to facilitate the movement of TANF/SSP recipients onto SSI. The Deficit Reduction Act of 2005 (DRA) reauthorized the TANF program through FY 2010. That act increased federal work participation requirements for TANF recipients, increasing the importance to states of assuring that disabled recipients apply for SSI. The act also made the work participation requirements apply to recipients in SSPs that are funded by maintenance-of-effort funds. Those SSPs, therefore, will no longer provide exemption from work requirements for disabled recipients who are in the process of applying for SSI benefits. States can, however, exclude from the work rate calculation families in which a parent is receiving SSI, again increasing the incentive to assist recipients in establishing eligibility for the SSI program.

### **The need to improve TANF services provided to people with disabilities**

We are concerned that the TANF program may be failing to provide TANF recipients with disabilities and parents of children with disabilities the services and supports which will help them to secure employment. The National Council on Disability (NCD) has noted that disabled TANF recipients face many employment challenges that non-disabled

recipients do not. The NCD has cited anecdotal evidence that TANF recipients with disabilities have been shifted off TANF and onto SSI before they could benefit from TANF supports and services that could have led to employment.

The National Council on Disability has noted that "TANF creates a great opportunity to creatively design programs that can give parents with disabilities, and parents of children with disabilities, the training and support they need to secure and maintain employment. Some states and communities are already collaboratively working to help people with disabilities prepare for and sustain employment. Greater national emphasis on systemic collaboration and review of policies and legislation among federal, state, and local entities that bring consumers with disabilities to the table and begin dialogue and actions would serve to remove barriers and create real opportunities for people with disabilities to transition from welfare to work."<sup>7</sup>

A report published by the Urban Institute comments on the disjointed nature of programs for low-income adults with disabilities and the tendency of administrators and policymakers to view them in isolation rather than in the context of the larger safety net. It comments specifically on the movement of TANF recipients to SSI as an example of the lack of coordinated disability policy and observes, "While this transition might have improved the short-term income prospects of some people, it is unclear if this transition is always the best long-term economic outcome for all recipients, particularly those who might have some future employment potential."<sup>8</sup> Clearly, there is a need for TANF to improve its employment services to those recipients who would benefit from them as well as a need for TANF agencies and SSA to enhance their interactions on behalf of individuals whose impairments are severe enough to make them eligible for SSI.

### **Need for collaboration between TANF and SSA offices**

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7 "TANF and Disability – Importance of Supports for Families with Disabilities in Welfare Reform," March 14, 2003.

8 David Wittenburg and Melissa Favreault, *Safety Net or Tangled Web? An Overview of Programs and Services for Adults with Disabilities*, Occasional Paper Number 68, Urban Institute, November 2003, pp. 18-19.

In September 2004, GAO issued a report containing a survey of county TANF offices. In that survey, 86 percent of offices reported that they either sometimes or always exempt from work requirements adult TANF recipients who have applied for SSI. GAO reported that, about 51 percent of county TANF offices did not require adult TANF recipients awaiting SSI determinations to participate in any type of job services, education services, work experience programs, or other employment services. Among those counties that reported offering services, utilization of services was low. GAO found that 40 percent of county TANF offices reported one of the reasons adult TANF recipients with impairments, who were awaiting SSI eligibility determinations, were not participating in work activities was that there were an insufficient number of job training or related services available for them to use. In addition, some TANF offices interviewed by GAO believed that SSI applicants were afraid that participating in work activities or even in work-related services would jeopardize their chances of receiving SSI benefits. However, 41 percent of county TANF offices reported that their recipients with impairments, awaiting SSI eligibility determinations, were unsure whether or not the demonstration of any work ability would hinder or disqualify their chances for SSI eligibility. It should be noted that, in order to qualify for SSI, adult applicants under age 65 have to show that they are unable to perform work at the level of substantial gainful employment, currently \$900 per month. “One county TANF official we interviewed said that on one hand, recipients are being told about using TANF services to obtain employment, and then, on the other hand, recipients are being told to apply for SSI benefits, which require an applicant to focus on his or her inability to work.”<sup>9</sup>

The same GAO report of a survey of county TANF offices noted that 97 percent of all counties refer at least some of the adult TANF recipients with impairments to SSA to apply for SSI. All offices rely on the individual to disclose his or her impairment, but 96 percent of the counties also rely on caseworker observation. More than half the offices also rely on screening tools and intensive assessments. In deciding whether to refer the impaired individual to SSI, 94 percent of the offices use physician documentation and 95 percent use self-reported information.<sup>10</sup>

<sup>9</sup> *TANF and SSI: Opportunities Exist to Help People with Impairments Become Self-Sufficient.* GAO-04-878, September 2004

<sup>10</sup> *TANF and SSI.*

In response to the GAO report, the U.S. Department of Health and Human Services (HHS), which is responsible for administering the TANF program, has pointed out that promoting self-sufficiency through work is inherently in conflict with helping TANF recipients apply for SSI. It noted that when TANF agencies identify a TANF recipient as being potentially eligible for SSI, they frequently stop their work-oriented efforts for those recipients.<sup>11</sup> Both HHS and SSA agreed with GAO that TANF agencies should establish closer relationships with SSA offices in order to improve services for those potentially eligible for SSI.

In 2002, Representative Benjamin Cardin, Ranking Member of the Human Resources Subcommittee of the Ways and Means Committee, asked GAO to provide information on how people with impairments fare in the current welfare environment, specifically: (1) how prevalent impairments were among TANF recipients; (2) whether recipients with impairments were as likely to exit TANF as recipients without impairments; and (3) what sources of income people with impairments had after leaving TANF, compared with people without impairments. As we have noted already, GAO reported that TANF recipients who had impairments were half as likely to exit TANF as recipients without impairments, and recipients caring for children with impairments were less than half as likely to exit TANF as recipients not caring for children with impairments. In addition, GAO noted that, after leaving TANF, people with impairments were one-third as likely to be employed as people without impairments and that 40 percent of families with impairments who left TANF received SSI. GAO also stated, “TANF often serves, as did AFDC, as a temporary stopping point for low-income individuals with physical or mental impairments that may be considered severe enough to make them eligible for the federal SSI program.”<sup>12</sup>

GAO concluded: “a key challenge will be to ensure that recipients with impairments and those caring for children with impairments receive the supports they need to meet the work-focused goals and requirements of TANF. Our findings underscore the

<sup>11</sup> DHHS comments in GAO, TANF and SSI, p. 26.

<sup>12</sup> *Welfare Reform: Former TANF Recipients with Impairments Less Likely to Be Employed and More Likely to Receive Federal Supports,* GAO-03-210, p 5-6.



magnitude and complexity of this challenge. Our findings that both adult recipients with impairments and recipients caring for children with impairments are less likely to exit TANF, and that adult leavers with impairments are less likely to be employed, suggest that in the early years of welfare reform at least, these families were not as successful as those without impairments at leaving welfare through work. Our finding that 40 percent of families with impairments who did leave welfare received SSI after leaving TANF shows that SSI is an important source of support for many of these families. This finding raises the difficult question of how best to use their time on TANF while awaiting SSI eligibility determination, such as what work expectations to have for these recipients. These findings also raise the more general question for policymakers about how best to promote work and personal responsibility – through work requirements and time limits – while at the same time taking into consideration the particular needs of recipients with impairments and those caring for children with impairments. While our analysis provides descriptive information on outcomes for TANF recipients with impairments, much remains unknown about how best to help people with different types of impairments become self-sufficient.”<sup>13</sup>

These GAO reports demonstrate a need for, not only improved TANF employment services for the disabled, but enhanced cooperation between TANF and SSI offices.

### **Recommendation for improved collaboration**

In its response to the September 2004 GAO report on TANF and SSI, the U.S. Department of Health and Human Services acknowledged that better coordination and collaboration between TANF and SSA offices could help individuals with impairments become more self-sufficient. It offered to have its Administration for Children and Families (ACF) work with SSA to develop tools and processes to accomplish this. SSA agreed that such an approach had potential to help people become self-sufficient. In December 2006, SSA and ACF met for the first time to discuss such a collaborative effort. They met again in January 2007. As this is written in early May 2007, they have not met again and no meeting is scheduled.

There is too much at stake here and time is being squandered while ACF and SSA continue leisurely discussions, without sufficient concern about the individuals they are charged with assisting. The SSI and TANF programs both are grounded in the Social Security Act and to a significant extent serve overlapping populations. They should be aggressively pursuing program coordination and enhancements that will improve the outcomes for people with disabilities. There are clear gaps in the nation’s safety net, some of which the Board highlighted in its September 2005 report, *A Disability System for the 21st Century*. Old paradigms must be set aside and we must look more broadly at what is possible. It is time to reexamine our national disability programs with a view to investing in human capital – our most valuable asset. There needs to be a larger systemic change that facilitates coordination and integration of services and supports. ACF and SSA should be charged with conducting research and developing demonstrations that will provide 21st century policy guidance. For example, research that explores viable options for people with disabilities should be considered.

- Are there demonstrations that could be designed to test program changes in TANF and/or SSI that address program restrictions that limit an individual’s ability to achieve self-sufficiency?
- What is the most cost-effective way to serve this overlapping population at the federal and state level?
- Are there lessons to be learned from European systems that are more effective in linking rehabilitation services to cash benefits?

At the same time, we want to assure that new barriers are not erected to programs such as SSI and SSDI. Therefore, the administering agencies should make certain that individuals with disabilities severe enough to make them eligible for SSI and SSDI are not impeded in obtaining the benefits they need.

We urge the administering agencies to resume and strengthen their efforts to work collaboratively and to improve their understanding of each other’s roles and responsibilities. They must identify and remove obstacles in the current system that keep disabled applicants from obtaining on an integrated basis the

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<sup>13</sup> *Ibid.*, p. 19-20.

benefits and services they need, including services that will assist them in seeking to attain the maximum feasible levels of independence and self-support. It

is time to develop a national disability system based on the best interests of recipients and not on a desire to shift financial responsibility among levels of government.

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