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BY THE COMPTROLLER GENERAL



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# Report To The Congress

OF THE UNITED STATES

*WYB*

## Rehabilitating Blind And Disabled Supplemental Security Income Recipients: Federal Role Needs Assessing

The Supplemental Security Income-Vocational Rehabilitation program was established to save benefit payments by helping blind and disabled persons receiving Supplemental Security Income payments to be gainfully employed. The program has provided rehabilitation services since January 1, 1974.

GAO analyzed data from 14 State rehabilitation agencies, and concluded that the Federal funds spent have greatly exceeded the savings in benefit payments for the first 2-1/2 years of operation.

The program's limited success raises a question about the need for a separate program to provide services which are already available from State agencies through the basic Federal-State rehabilitation program.

The Department of Health, Education, and Welfare should evaluate program effectiveness. The Congress, after receiving sufficient data, should consider whether this separate rehabilitation program is needed.



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COMPTROLLER GENERAL OF THE UNITED STATES  
WASHINGTON, D.C. 20548

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*Address  
every day.*

To the President of the Senate and the  
Speaker of the House of Representatives

The Supplemental Security Income-Vocational Rehabilitation program, administered by the Social Security Administration and the Rehabilitation Services Administration of the Department of Health, Education, and Welfare, is intended to enable blind or disabled Supplemental Security Income recipients to become gainfully employed and, consequently, to reduce or terminate future benefit payments. This report discusses how the Department can provide leadership and program management to the States to enable them to improve program administration and provision of services to clients.

Our review was conducted because of the minimal progress made by the Department of Health, Education, and Welfare to determine whether the Supplemental Security Income-Vocational Rehabilitation program effectively assisted blind and disabled recipients to become gainfully employed, as measured by the extent to which their benefit payments are reduced or terminated.

We are sending copies of this report to the Director, Office of Management and Budget, and to the Secretary of Health, Education, and Welfare.

*James A. Stacht*  
Comptroller General  
of the United States

*These terms  
SSI  
SS benefits?  
Disability benefits  
handicapped  
processors  
vocational  
rehabilitation*

D I G E S T

Since the Supplemental Security Income-Vocational Rehabilitation program began on January 1, 1974, the Department of Health, Education, and Welfare (HEW) has failed to measure the program's effectiveness in assisting blind or disabled beneficiaries to become gainfully employed, as measured by the extent to which their benefit payments can be reduced or terminated.

The Social Security Amendments of 1972 authorized the use of Federal funds to pay for States' costs for vocational rehabilitation services for blind and disabled Supplemental Security Income recipients.

GAO reviewed a sample of 544 cases from 14 State agencies in 8 States which the Social Security Administration has recorded as successful rehabilitations between January 1, 1974, and June 30, 1976. The analysis showed that Federal funds spent on the program in 13 of the 14 agencies greatly exceeded reductions in Supplemental Security Income payments. In 55 percent of the cases no reductions were attributable to a beneficiary's increase in earned income as of June 1977.

Two HEW agencies manage the program. The Social Security Administration is responsible for establishing policies on referring the blind and disabled to the States; Social Security also must evaluate program results. The Rehabilitation Services Administration is responsible for carrying out the program and providing technical assistance to State rehabilitation agencies. State agencies

- select persons to be served,
- decide the type and extent of services to be provided, and
- report to the two HEW agencies.

The program's management, divided between the two agencies, has not been effective. Although the Social Security Administration has, or has access to, data which could be used, in conjunction with information developed by the Rehabilitation Services Administration, to measure savings in benefit payments, the agencies have not developed a system that can effectively use the information.

Because these two agencies have not jointly established a system to administer and evaluate the program, the Secretary, HEW, should:

- Designate a single entity to oversee the Supplemental Security Income-Vocational Rehabilitation program management activities of the Rehabilitation Services Administration and the Social Security Administration.
- Require the Commissioners of the Rehabilitation Services Administration and Social Security Administration to finalize an agreement identifying the responsibilities of each agency. The agreement should require the Commissioner of the Social Security Administration to provide benefit reduction information and other data which the Rehabilitation Services Administration can use in providing technical assistance to the States. The Commissioner of the Rehabilitation Services Administration, in turn, should evaluate the Social Security Administration's information and use the results to help State rehabilitation agencies improve program effectiveness. Toward this end, the program administrative review process should be revised to relate State agency operations to the Social Security

Administration benefit reduction data to help less effective States increase reductions in Supplemental Security Income benefit payments.

After a management system has been established, HEW should monitor individual States' program effectiveness to (1) evaluate the adequacy of Federal technical assistance and (2) determine whether the program is the most cost-effective way to provide rehabilitation services to blind or disabled Supplemental Security Income recipients when the same services are available from State rehabilitation agencies through their basic vocational rehabilitation programs.

The basic program, in which the States provide a 20-percent matching share, annually serves slightly fewer Supplemental Security Income recipients than the Supplemental Security Income-Vocational Rehabilitation program.

In addition, based on the mandate of the Rehabilitation Act of 1973 to serve first those with the most severe handicaps, blind or disabled Supplemental Security Income recipients are one of the highest priority groups to receive rehabilitation services under the basic program. GAO's sample of 544 cases included about 200 persons who were accepted for services by the basic rehabilitation program before the start of the separate Supplemental Security Income-Vocational Rehabilitation program.

While the 1972 amendments do not specifically require the program to provide benefit payment reductions equal to or greater than the cost of rehabilitation services, the Congress should amend the legislation to establish, as a primary goal of the program, that savings in benefit payments exceed the Federal funds spent. In this regard, after HEW has provided sufficient data to reliably measure the program's effectiveness, if program savings do not meet or exceed Federal costs, the Congress should consider the following options:

- Eliminate the Supplemental Security Income-Vocational Rehabilitation program and, instead, earmark funds under the basic rehabilitation program for eligible Supplemental Security Income persons.
- Continue the Supplemental Security Income-Vocational Rehabilitation program with funding levels for the States based on the demonstrated effectiveness of each State's program as measured by the extent that benefit payment reductions exceed Federal funds spent.

#### HEW AND STATE COMMENTS

With the exception of the recommendation that HEW designate a single entity for oversight of the Supplemental Security Income-Vocational Rehabilitation program, HEW concurred with GAO's recommendations and has taken or plans to take actions to implement them. HEW believes that it is not necessary to designate a single oversight entity since it was confident that carrying out GAO's other recommendations as well as other actions would improve coordination and result in more vigorous program administration. (See pp. 28 and 29.)

Ten of the 14 State agencies given an opportunity to comment on this report responded. The agencies generally agreed with the thrust of GAO's findings, conclusions, and recommendations to the Secretary of HEW. The States' comments on the recommendations to the Congress varied widely. Some States believed the options for future program direction presented in the report might result in reduced services to blind and disabled Supplemental Security Income recipients. (See pp. 29 to 33.)

GAO does not believe that the recommendations should result in reduced services to blind or disabled Supplemental Security Income recipients because these individuals represent one of the highest priority groups to receive basic vocational rehabilitation program services under the mandate of the 1973 act.

C o n t e n t s

|  | <u>Page</u> |
|--|-------------|
| DIGEST   | i           |
| CHAPTER  |             |
| 1 INTRODUCTION   | 1           |
| Program administration   | 4           |
| The rehabilitation process   | 4           |
| Scope of review  | 7           |
| 2 NEED TO IMPROVE PROGRAM MANAGEMENT AND EVALUATION  | 8           |
| Federal program management   | 9           |
| Need to determine SSI-VR program effectiveness   | 12          |
| Conclusions  | 25          |
| Recommendations to the Secretary of HEW  | 27          |
| Recommendations to the Congress  | 28          |
| Agency comments and our evaluation   | 28          |
| State comments and our evaluation  | 29          |
| APPENDIX   |             |
| I GAO methodology for determining savings for SSI-VR program as measured by reductions or terminations of SSI payments | 34          |
| II Letter dated April 13, 1979, from the Inspector General, HEW  | 37          |

ABBREVIATIONS

|        |  |                        |
|--------|--|------------------------|
| GAO    | General Accounting Office                              |                        |
| HEW    | Department of Health, Education, and Welfare           | AGC 00022              |
| RSA    | Rehabilitation Services Administration                 | AGC 00623              |
| SSA    | Social Security Administration                         | DLG-008e5              |
| SSI    | Supplemental Security Income                           | identifier? Thes. term |
| SSI-VR | Supplemental Security Income-Vocational Rehabilitation | Thes. term             |

## CHAPTER 1

### INTRODUCTION

The Social Security Amendments of 1972 (Public Law ~~92-603~~) revised title XVI of the Social Security Act to establish the Supplemental Security Income (SSI) program effective January 1, 1974. This program replaced the State-administered programs of Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. The Federal program provides, using uniform eligibility requirements and benefit criteria, a minimum monthly income to needy, aged, blind, and disabled persons.

When the program began, a single person received a maximum Federal basic monthly benefit of \$140 and a married couple received \$210 (those States that supplemented the Federal payments paid larger monthly payments). The basic monthly benefit has increased each year and, as of July 1978, was \$189 for one person and \$284 for a married couple.

Section 1615 of title XVI provides for using Federal funds to reimburse State vocational rehabilitation agencies for the cost of rehabilitation services provided to disabled and blind SSI recipients. Senate and House reports accompanying the 1972 amendments stated that:

"Many blind and disabled individuals want to work and, if the opportunity for rehabilitation for suitable work were available to them they could become self-supporting."

Federal regulations implementing section 1615, which is referred to as the Supplemental Security Income-Vocational Rehabilitation (SSI-VR) program, state that the program's purpose is

"\* \* \* to enable the maximum number of recipients to increase their employment capacity to the extent that \* \* \* full-time employment, part-time employment, or self-employment wherein the nature of the work activity performed, the earnings received, or both, or the capacity to engage in such employment or self-employment, can reasonably be expected to result in termination of eligibility for supplemental security income payments, or at least a substantial reduction of such payments \* \* \*."



The SSI-VR program was patterned after the Beneficiary Rehabilitation program which was created by the Social Security Amendments of 1965. The 1965 amendments gave the Department of Health, Education, and Welfare (HEW) the authority to use certain Social Security trust funds to reimburse State vocational rehabilitation agencies for the cost of services provided to beneficiaries of the Social Security Disability Insurance program. The Congress intended that the Beneficiary Rehabilitation program would return the maximum number of beneficiaries to employment so that savings would result to the trust funds.

The 1972 amendments and the accompanying legislative history for the SSI-VR program do not specify whether the program is to reduce SSI benefit payments by more than the amount of Federal funds spent for rehabilitation services. However, in implementing the program, HEW decided that the program should parallel the goals and objectives established for the Beneficiary Rehabilitation program and that SSI-VR funds should be used selectively to provide rehabilitation services to SSI recipients for the purpose of increasing their earnings capacity so that a termination or reduction in SSI benefit payments could be achieved which would equal or exceed the cost of services.

While the two programs are operated under similar management procedures, the target populations differ substantially. Clients under the Beneficiary Rehabilitation program have prior job training and experience. However, those persons eligible for the SSI-VR program generally have less formal training and job skills and may, in many cases, be considered more vocationally handicapped.

In administering the SSI-VR program, State rehabilitation agencies have relied, for the most part, on the organizational structure and service delivery systems established for the Basic Vocational Rehabilitation program. The basic program, authorized by the Rehabilitation Act of 1973, as amended, is designed to provide rehabilitation services to eligible disabled persons with an employment handicap, including SSI recipients, so that they may have gainful occupations.

The eligibility criteria for accepting clients into the basic program is less stringent than the requirements for the SSI-VR program. Consequently, many individuals who do not meet the SSI-VR program eligibility criteria receive vocational rehabilitation services through the basic program. Also, due to the limited funding in the SSI-VR program, the

State agencies serve persons under the basic rehabilitation program who would be eligible to receive services under the special program. The following table shows the number of SSI recipients served under the SSI-VR and basic rehabilitation programs for fiscal years 1974 through 1977.

|      | <u>SSI recipients served</u>         |                                     |
|------|--------------------------------------|-------------------------------------|
|      | <u>With SSI-VR<br/>program funds</u> | <u>With basic<br/>program funds</u> |
| 1974 | 14,956                               | (a)                                 |
| 1975 | 38,232                               | 34,091                              |
| 1976 | 53,924                               | 38,878                              |
| 1977 | 47,602                               | 43,126                              |

a/Information not available.

In contrast to HEW's practice of providing 100 percent Federal funding of the SSI-VR program, the Federal share of costs under the basic rehabilitation program is 80 percent. Each State rehabilitation agency must provide the remaining 20 percent. The following table shows the amount of Federal funds spent for the SSI-VR and the basic rehabilitation programs for fiscal years 1974 through 1977.

|      | <u>Basic program</u> | <u>SSI-VR program</u> |
|------|----------------------|-----------------------|
|      | (millions)           |                       |
| 1974 | \$635.8              | <u>a/</u> \$11.4      |
| 1975 | 673.1                | 47.8                  |
| 1976 | 699.8                | 52.7                  |
| 1977 | 740.0                | 48.6                  |

a/The fiscal year 1974 funds represent expenditures for the 6-month period from January 1, 1974, to June 30, 1974. Startup costs before January 1, 1974, are not included.

For fiscal year 1977, the executive branch reduced the budget request for the SSI-VR program from the prior year's spending ceiling of \$54.4 million. The funds available for fiscal year 1977 were 90 percent (\$48.9 million) of the amount requested in the President's fiscal year 1976 budget. The reduction in the budget request was based on deficiencies cited in our May 13, 1976, report entitled "Improvements Needed in Rehabilitating Social Security Disability Insurance Beneficiaries" (B-164031(4)). In our report, we concluded that many individuals receiving rehabilitation services under the Beneficiary Rehabilitation program did not meet the

program's special selection criteria. During hearings before the House Appropriations Subcommittee on the Departments of Labor and Health, Education, and Welfare on March 16, 1976, the Commissioner of the Social Security Administration (SSA) stated that the reduced budget assumed that a similar situation existed for the SSI-VR program because the SSI-VR selection criteria was patterned after the criteria used for the Beneficiary Rehabilitation program.

For fiscal year 1977, the Rehabilitation Services Administration (RSA) reported that \$10.9 million of basic program funds was used for eligible SSI recipients. Although basic rehabilitation program funds were also used in prior years for SSI recipients, RSA was not able to provide estimates of the funds spent.

The Rehabilitation, Comprehensive Services, and Developmental Disabilities Amendments of 1978 (Public Law 95-602) dated November 6, 1978, require the Secretary of HEW to prepare and submit to the Congress, within 1 year after the date appropriations are made under the act, a study on the impact of vocational rehabilitation services provided under the Basic Vocational Rehabilitation program on recipients of disability payments under the Social Security trust fund and SSI programs. The study will examine the relationship of services provided under the Basic Vocational Rehabilitation, SSI-VR, and Beneficiary Rehabilitation programs. The study will also analyze the savings in benefit payments under the SSI and SSA trust fund programs as a result of vocational rehabilitation services provided by the basic program.

#### PROGRAM ADMINISTRATION

HEW assigned responsibility for managing the SSI-VR program to two of its agencies--SSA and RSA. SSA is responsible for establishing policies for referral of blind and disabled recipients and for evaluating program results. RSA is responsible for implementing the program and providing technical assistance to the State rehabilitation agencies. The State agencies select persons to be served, decide the type and extent of services to be provided, and furnish reports required by RSA and SSA.

#### THE REHABILITATION PROCESS

Before January 1, 1974, State-administered welfare programs for the blind and disabled had a multiplicity of eligibility requirements. To provide for the transition to the SSI program, any person who met the October 1972 definition

of disabled or blind under a State program, received at least 1 month's payment before July 1973, and was continuously disabled through December 1973 was considered disabled under the SSI program. About 1.3 million disabled and blind persons were "grandfathered" into the SSI program under this criteria. Many recipients were already receiving rehabilitation services and, as a result, were transferred into the SSI-VR program.

After January 1, 1974, each applicant who was determined to be eligible for SSI payments and who appeared to have the potential to become engaged in substantial gainful activity after receiving vocational rehabilitation services was referred with medical and other pertinent evidence to the State vocational rehabilitation agency.

Selection of recipients  
to receive services

Federal regulations require vocational rehabilitation agencies to use acceptance criteria in selecting SSI recipients to receive services. HEW guidelines state that the use of special selection criteria is intended to enable State rehabilitation agencies to select SSI recipients with the greatest rehabilitation potential in order to restore the maximum number possible to productive activity, thereby eliminating or reducing their dependency on SSI payments. Recipients selected for the SSI-VR program must meet the following four criteria:

- The disabling impairment is not so rapidly progressive as to outrun the effect of vocational rehabilitation services to the extent that the recipient cannot return to productive activity.
- The disabling effect of the impairment without the services planned is expected to remain at a level of severity which would result in the continuing disability of the recipient.
- The services provided should enable the individual to engage in productive activity.
- The reasonably predictable period of productive activity is of sufficient duration that the expenditures made for services are expected to be offset by the nonpayment or substantial reduction of SSI payments which otherwise would be made to the individual.

In discussing the special selection criteria, the program's budget justification for fiscal year 1977 stated that the criteria should exclude those recipients with impairments who are responding to treatment and who are anticipated to be terminated from SSI rolls without vocational rehabilitation services. The emphasis on productive activity precludes SSI funds from being used to restore an individual to a nonremunerative activity or to a marginal earnings capacity that would fall short of substantially reducing dependence on SSI payments. As discussed earlier, recipients not meeting these criteria may be eligible for services under the Basic Vocational Rehabilitation program. The State vocational rehabilitation agency, usually the counselor, decides if the individual will be accepted into either program.

### Rehabilitation process

After a recipient is selected for the program, the State vocational rehabilitation agency develops an individual plan and provides for appropriate counseling and guidance, restoration, training, and placement services necessary to attain the plan's goal. If a recipient reaches the goal and maintains that status for at least 60 days, the State rehabilitation agency may classify the case as "rehabilitated" and submit a notification report to SSA regarding the change in the client's status. For the period January 1, 1974, to June 30, 1976, SSA recorded about 10,516 notification reports in its files. This central file provided the basis for our selection of cases for review as discussed in chapter 2.

### Reduction or termination of SSI payments

The SSI program requires recipients to report--usually to an SSA district office--any changes in income, resources, or other circumstances which would change a payment amount or affect eligibility. Therefore, SSI recipients who become employed through the efforts of a vocational rehabilitation agency should report the earnings to an SSA district office, which in turn would enter the data into the SSI system and adjust the monthly SSI payment if necessary. As of June 30, 1978, disabled SSI recipients with no other income could earn up to \$85 a month before the SSI payment is affected. Thereafter, the SSI payment is reduced by \$1 for each \$2 earned. Blind SSI recipients receive these exclusions, plus any reasonably attributable work expenses such as transportation to and from work, maintaining a seeing-eye dog, or special devices used by the visually impaired.

## SCOPE OF REVIEW

We evaluated how effectively the SSI-VR program was in helping blind and disabled SSI recipients to gain work and self-sufficiency and reducing or eliminating SSI payments which exceed the cost of providing services.

We examined the authorizing legislation, RSA and SSA policies and procedures, and a sample of 544 cases from 14 State rehabilitation agencies in Alabama, Illinois, Michigan, New Jersey, Oregon, Pennsylvania, Tennessee, and Washington. The sample cases were randomly selected from the SSA central file of notification reports from the State agencies. About 28 percent of the total rehabilitations reported for the first 2-1/2 years of the program was from these States.

Using the sample of 544 cases for the 14 State rehabilitation agencies, we evaluated the cost effectiveness of vocational rehabilitation services to SSI recipients by using a savings methodology similar to the one used for the Beneficiary Rehabilitation program. From this analysis, we also attempted to determine which State agencies were more successful in (1) assisting clients towards self-sufficiency and (2) reducing or eliminating SSI payments in excess of the cost of providing services. Appendix I discusses our methodology.

We also evaluated program activities at RSA headquarters in Washington, D.C.; SSA headquarters in Baltimore, Maryland; HEW regional offices in New York (Region II), Philadelphia (Region III), Atlanta (Region IV), Chicago (Region V), and Seattle (Region X); and State rehabilitation agencies in the eight States.

## CHAPTER 2

### NEED TO IMPROVE PROGRAM

#### MANAGEMENT AND EVALUATION

After 4 years of program operation, HEW had made little progress toward determining whether the SSI-VR program is effective in assisting blind and disabled recipients to increase their employment capacity to the extent that their SSI benefit payments are reduced or terminated or whether such terminations and reductions exceed the cost of providing services. Responsibilities for developing program policies, providing technical assistance to State rehabilitation agencies, monitoring program activities, and evaluating program results have been divided between RSA and SSA. The program has not been managed effectively. Although SSA has accumulated or has access to data which could be used, along with information developed by RSA, to measure the relative effectiveness of State rehabilitation agencies' SSI-VR activities, RSA and SSA have not developed a management information system for refining and evaluating the available information.

In 13 of the 14 State rehabilitation agencies included in our review, the Federal funds spent on the SSI-VR program for the first 2-1/2 years have greatly exceeded the savings in SSI payments for the cases reported to SSA as rehabilitations during that period.

In many cases, rehabilitation services had helped the blind and disabled SSI recipients to prepare for, find, and retain employment which, in turn, has reduced or eliminated their dependency on SSI payments. However, this objective was not achieved in the majority of the cases reviewed.

For the program to realize its potential, we believe that RSA must use the program data available within SSA to assist State rehabilitation agencies to improve their program management practices. This data could be used to determine (1) whether significant SSI payment reductions in excess of the cost of services have resulted from the program, (2) which State agencies have been more successful in assisting clients to achieve self-sufficiency, and (3) whether the reasons for an individual rehabilitation agency's success could be identified and used to assist less effective State agencies.

## FEDERAL PROGRAM MANAGEMENT

Although 4 years have passed since the SSI-VR program began, RSA and SSA have not executed a formal memorandum of agreement delineating their respective duties and responsibilities. HEW has generally adopted an administrative management approach identical to the one in the Beneficiary Rehabilitation program. As of June 1978, the agencies were attempting to formalize a common agreement for both the Beneficiary Rehabilitation and SSI-VR programs.

RSA and SSA have been using the 1966 Beneficiary Rehabilitation program memorandum of responsibilities as a general guideline for the SSI-VR program. Under that memorandum, SSA is responsible for developing basic program policies, overall program planning and evaluation, recommending legislative changes, and requesting the funds to operate the program. RSA's role is closely aligned to program execution in that it provides direction, leadership, and guidance to the State rehabilitation agencies; promulgates regulations; and develops funding requests. Both agencies are jointly responsible for establishing performance standards, reviewing program data requirements and reporting mechanisms, and making onsite administrative reviews of State rehabilitation agencies.

Although RSA and SSA share responsibility for administering the SSI-VR program, the two agencies have not coordinated their management objectives and, as a result, have not developed an appropriate information system needed for successful program management.

### SSA as program evaluator

SSA has little authority over or contact with the State rehabilitation agencies which deal with disabled or blind clients on a daily basis. As a program manager, SSA receives reports from State rehabilitation agencies on SSI recipients classified as rehabilitated and maintains these reports in a central file. As of June 1978, SSA had not used the reports to measure program progress or effectiveness. As manager of the SSI payment program, SSA also controls the SSI payment records. The data on these two records give SSA the capability to determine whether SSI payments have been terminated or reduced for those recipients reported as rehabilitated by State rehabilitation agencies.

Although SSA has recognized the value of such evaluations, SSA officials have, over the first 4 years of operation,



deferred making any type of substantive evaluation. In June 1973, about 6 months before the SSI program began, SSA officials, recognizing the need to measure the effectiveness of the SSI-VR program, began to consider the development of data needs for management information.

In a June 15, 1973, memorandum to the Director of the Division of Statistics and Quality Assurance, the Assistant Bureau Director of the Division of Field Disability Operations noted that:

"We anticipate a great deal of emphasis on measuring the extent to which rehabilitation services succeed in reducing or eliminating SSI payments following rehabilitation services; and we believe it is urgent that data be developed to help us respond quickly and accurately to congressional inquiries concerning the effectiveness of the program."

In February 1974, a month after the SSI-VR program began, SSA was still discussing the data needed to measure the extent that rehabilitation services were provided to SSI recipients and the economic impact of the services. In a February 8, 1974, memorandum to the Assistant Bureau Director of the Division of Field Disability Operations, the Director of the Division of Supplemental Security Studies, Office of Research and Statistics, outlined the following analyses which should be made to measure the impact of rehabilitation services:

1. Cost/earnings analyses to measure the impact of the program on the individual's lifetime earnings.
2. Cost/savings analyses to measure reduced SSI benefits as a result of rehabilitation services.
3. Contribution analyses to measure the increased contributions of the individual to Federal and social security taxes.

The director noted that these analyses should be made first on a very simple approach (i.e., compare earnings before and after rehabilitation services and project the benefits over the next 5 years). The director stated that this could be done by merging data from the SSI payment records and the notification reports from State rehabilitation agencies on clients who successfully completed the rehabilitation phase of the program. The director noted that only a few data elements should be needed for these analyses.

Correspondence during the early stages of the SSI-VR program did not indicate that problems existed in measuring the program's effectiveness in reducing or terminating SSI payments. However, HEW requested, but did not receive, studies on the program's effectiveness. In February 1975, the Office of the Secretary, HEW, asked SSA for information on how Federal funds were spent to rehabilitate SSI recipients. SSA asked HEW for a delay until the fall of 1975 on the basis that it was too early to assess the program results. As of August 1978, SSA had not developed the information and because of changes in HEW administration, HEW did not pursue the matter.

In response to a question during March 1976 hearings before the House Appropriations Subcommittee on the Departments of Labor and Health, Education, and Welfare concerning the number of program recipients terminated from SSI roles, the Commissioner of SSA stated that SSA was storing data from the notification reports and that this data would be matched with the central computer records of recipients whose payments were terminated or reduced as a result of rehabilitation services. The Commissioner also stated that SSA had not given a high priority to developing the data, but that work was progressing and the data were expected to be available in a short time.

In an August 4, 1976, memorandum to the Director of the Division of Supplemental Security Studies, the Assistant Bureau Director of the Division of Field Disability Operations stated that he was aware that in the past 2-1/2 years the assignment of the cost/benefit calculation for the SSI-VR program was shifted within the Office of Research and Statistics at least three times with resulting delays. The assistant director also expressed concern that the Office of Research and Statistics was working toward a sophisticated analysis of the impact of vocational rehabilitation on the welfare-type client as a whole which would calculate SSI-VR program savings. The director objected to the proposed time frames for the study which were estimated to require as long as 2 years before any results would be available.

Since August 1976, discussions within SSA have continued over the types of analyses and analytical techniques which should be used and the data needed for meaningful evaluations. As a result, an analysis of benefit reductions attributable to the program or the relationship of benefit reductions to program costs has not been made. According to SSA officials, it is questionable whether an analysis will be made for several years.

## RSA as program evaluator

In contrast to SSA's role, RSA provides the Federal link to the State vocational rehabilitation agencies. It allocates funds for the rehabilitation programs and provides technical assistance to State agencies. RSA serves the handicapped, and it measures program success by the number of rehabilitations reported by State agencies. RSA, unlike SSA, does not have data available which would show whether SSI-VR program clients have experienced reductions or terminations in SSI payments and have become increasingly self-sufficient through the rehabilitation services received.

RSA uses the program administrative review process to evaluate the States' vocational rehabilitation activities, including the SSI-VR program. This review involves RSA personnel visiting State agencies to examine their program administration and management. The review concentrates on specific aspects of State operations, usually problem areas which have been identified by States, audits, statistical reporting systems, or prior administrative reviews. In recent years, SSA personnel helped RSA in this review. Beginning with fiscal year 1976, each State rehabilitation agency has been reviewed annually.

Program administrative reviews have had a positive affect on State rehabilitation agencies because RSA made State rehabilitation agency personnel more aware of program objectives by emphasizing the special client selection criteria and the importance of vocational goals as related to remunerative employment and the client's resulting self-sufficiency. However, we believe that the full potential of the program administrative review as a management tool has not been achieved. The administrative review concentrates on such practices as verification documentation, special selection criteria certification, provision of significant services, and closure reporting. The review does not determine if the rehabilitation services caused the clients' SSI payments to be reduced or terminated.

### NEED TO DETERMINE SSI-VR PROGRAM EFFECTIVENESS

HEW has made little progress toward determining the effectiveness of the SSI-VR program in assisting blind and disabled SSI recipients to become self-sufficient.

To demonstrate that program effectiveness could be determined, we conducted a limited program evaluation over its

first 2-1/2 years of operation. During that period SSA accumulated 10,516 cases on its central file of rehabilitations. For our evaluation, we selected 8 States which included 14 rehabilitation agencies. Six States had separate agencies to serve the visually handicapped. The 14 agencies accounted for 2,981 (28 percent) of the 10,516 clients.

Using SSA's central file of rehabilitations, we randomly sampled 544 cases from the 14 agencies to evaluate the extent to which the rehabilitation services received had aided clients in reducing or eliminating their dependency on SSI payments.

In selecting and analyzing our sample we noted some limitations in using such early program data. For example, our sample showed that SSA had recorded a few clients as rehabilitated even though the State agencies had reported them as not rehabilitated, and some clients who never received Federal SSI benefits were reported as rehabilitated under the SSI-VR program. In addition, our sample included clients accepted for services after January 1, 1974, who were reported as rehabilitated under the SSI-VR program but whose services were paid under the basic rehabilitation program. According to one State agency, this might occur if an agency failed to receive a verification document, a client's rehabilitation plan did not meet the selection criteria, or the agency failed to complete the necessary documentation to justify using the SSI-VR program funds. In a very few instances, case files could not be located for individuals in our sample.

In our review we did not attempt to verify or correct the SSA and RSA data because considerable time and effort would be required and because our primary purpose was to show that program effectiveness could be evaluated. We believe that the program administrative reviews and recent technical assistance provided to the State agencies should help to improve the quality of the program data reported to SSA.

Reductions in benefit  
payments have been minimal  
in relation to program costs

We analyzed the SSI payment records from January 1974 to June 1977 to determine whether a reduction attributable to earned income had occurred in the client's monthly SSI payment amount.

--In 299 cases (55 percent) no SSI benefit payment reductions were attributable to earned income.

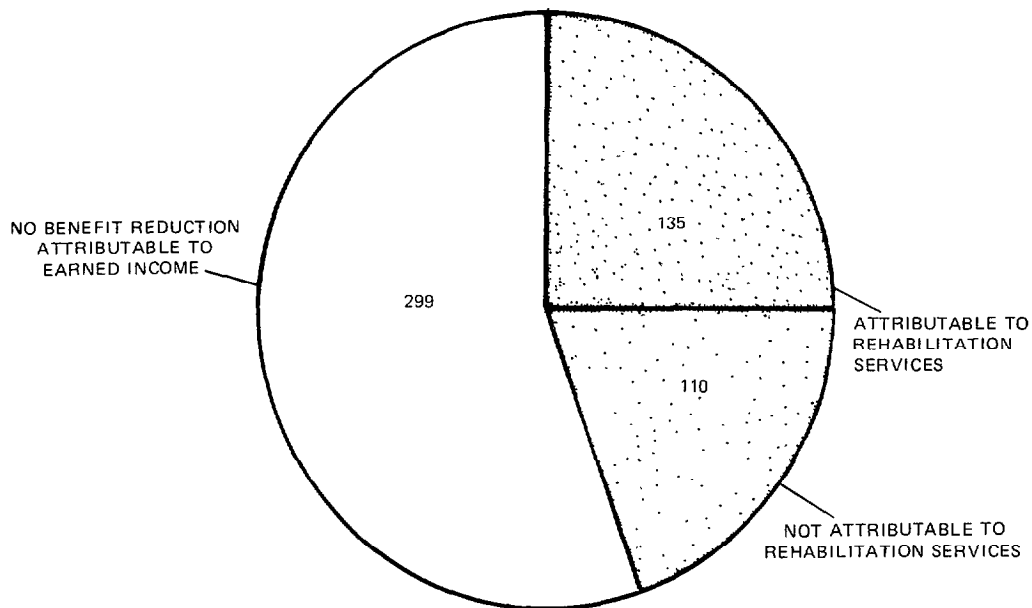
--In the remaining 245 cases, 173 clients had their SSI payments reduced or terminated and 72 clients had their SSI payments temporarily reduced. The SSI payments for the 72 clients had returned to at least their original level by June 1977.

To measure savings to the SSI program, we calculated the present value for the 173 cases at fiscal year 1974 dollars of the total payments which would have occurred over the client's expected lifetime. (See app. I.) For the cases with temporary reductions, we calculated the value of the payments only for the actual period of the reduction. We projected the present value of the reductions to the total cases recorded rehabilitated for each State agency and divided the total reductions by the amount of Federal funds received by each State agency to determine a ratio of benefit reductions to program costs for each agency. The data for each State agency, including the savings computations expressed in terms of dollars saved for each dollar spent, are shown in the table on the following page.

The ratios of estimated SSI payment reductions to program costs shown in the table assume that all payment reductions were attributable to services received by the clients from the State rehabilitation agencies. To test the validity of this assumption, we reviewed the State rehabilitation agencies' files for the 245 clients whose SSI payments had been reduced or eliminated, to determine whether the reductions were properly attributable to the State agencies' efforts. We also analyzed case files for clients who did have their benefit payments reduced after rehabilitation to determine their rehabilitation goals and the types of services provided. The chart on page 16 summarizes the results of our review.

| State<br>rehabili-<br>tation<br>agency | SSI-VR<br>expenditures<br>January 1,<br>1974, to<br>June 30, 1976<br><br>(millions) | Total<br>cases<br>recorded<br>rehabili-<br>tated | Our<br>sample<br>size | Total cases<br>with SSI<br>payment<br>reduction |                | Ratio<br>estimated<br>payment<br>reduction<br>to program<br>costs<br>(note a) |
|--|---|--|-----------------------|---|----------------|---|
|  |   |  |                       | As of<br>June 1977                              | Tempo-<br>rary |   |
| General and blind<br>agency combined:  |   |  |                       |   |                |   |
| A                                      | \$ 2.9  | 355  | 65                    | 8   | 5              | \$ .20  |
| B                                      | 4.1   | 359  | 60                    | 23  | 10             | .42   |
| General agency:                        |   |  |                       |   |                |   |
| C                                      | 2.5   | 301  | 50                    | 23  | 6              | .86   |
| D                                      | 1.4   | 131  | 50                    | 13  | 7              | .36   |
| E                                      | 1.4   | 194  | 50                    | 16  | 9              | .63   |
| F                                      | 4.1   | 466  | 50                    | 12  | 6              | .61   |
| G                                      | 1.1   | 234  | 50                    | 18  | 7              | 1.22  |
| H                                      | 3.9   | 651  | 50                    | 21  | 9              | 1.06  |
| Blind agency:                          |   |  |                       |   |                |   |
| I                                      | 1.3   | 82   | 20                    | 7   | 2              | .32   |
| J                                      | .4  | 57   | 20                    | 4   | 4              | .37   |
| K                                      | .2  | 28   | 20                    | 11  | 3              | 1.40  |
| L                                      | 1.3   | 59   | 20                    | 6   | 2              | .21   |
| M                                      | .2  | 29   | 20                    | 6   | 0              | .44   |
| N                                      | .4  | 35   | 19                    | 5   | 2              | .53   |
| Total                                  | <u>\$25.2</u>   | <u>2,981</u>                                     | <u>544</u>            | <u>173</u>                                      | <u>72</u>      |   |

a/The savings computation is stated in constant dollars. See appendix I for current dollar computations which recognize an inflation dollar.



**■** TOTAL SSI BENEFIT REDUCTIONS ATTRIBUTABLE TO EARNED INCOME—245 CASES (45%)

### Benefits not reduced or terminated

The 299 cases, for which benefits were not reduced or terminated, included a large number of SSI recipients who were reported as rehabilitated in the following categories--unpaid family worker, homemaker, or sheltered workshop employee. Although these types of rehabilitations may be used to measure the effectiveness of the basic rehabilitation program, they would seldom result in reductions or terminations of SSI benefits.

The following are examples of cases where clients' rehabilitation goals were less than competitive employment, the services provided would not reasonably be expected to help clients increase their earnings so that their SSI payments would be reduced, or the clients were reported as rehabilitated in categories such as unpaid family worker or homemaker. In many similar cases in our sample, clients benefited from rehabilitation services provided by State agencies through an increase in their standard of living even though their earnings were not sufficient to cause a reduction in SSI benefit payments.

--A hearing aid company referred a 28-year-old SSI-VR client with a disability classified as a hearing impairment to the State rehabilitation agency for repair of a hearing aid. The agency had purchased the aid 17 months earlier through the basic rehabilitation program. The client's SSI-VR rehabilitation plan, approved February 7, 1974, cited a vocational objective of homemaker and called for counseling and guidance, repair of the hearing aid costing \$53, and an abdominal hysterectomy, including related medical services and treatment costing about \$1,300 to correct a problem discovered during her general physical examination and eligibility and acceptance process. After the client had received the services and recovered from surgery, the State agency closed the case and on June 20, 1974, reported to SSA that the client was successfully rehabilitated because she had resumed her role as a homemaker and no other services were necessary at that time.

--The State rehabilitation agency accepted on April 19, 1974, a 44-year-old client with a disability described as residuals of cerebral palsy involving all four extremities. The client's plan cited a vocational goal of homemaker. The State agency under its Basic Vocational Rehabilitation program provided the client with an adjustable walker at a cost of \$25 and five physical therapy sessions paid by Medicaid to teach the client ambulation with a walker. The client needed physical restoration services and on October 25, 1974, the SSI-VR program accepted her with a primary disability described as chronic low back pain. The client's rehabilitation plan called for a vocational goal of maid with rehabilitation services consisting of counseling and guidance and the purchase of a back brace costing \$36. The case file notes that the back brace relieved the client's pain and discomfort, and she was working as a homemaker. The State agency closed the case and on February 4, 1975, reported to SSA that she was successfully rehabilitated.

--The State rehabilitation agency classified a 35-year-old SSI-VR client's disability as chronic undifferentiated schizophrenia and borderline mental retardation and gave her 18 weeks of work adjustment training in a sheltered workshop. The client worked in the sheltered workshop for about 2 months before her



rehabilitation plan was approved on October 27, 1975, with a vocational objective of sheltered workshop employment. The client completed the training on March 2, 1976, and continued working in the sheltered workshop. On May 14, 1976, the agency closed the case and reported that the client was successfully rehabilitated, earning about \$8 per week as a sheltered workshop employee.

--A 49-year-old SSI-VR client whose disability was classified as severe mental retardation was provided with general medical and psychological evaluations, prevocational training, work adjustment training, and transportation costing about \$1,485. The client's work plan, approved in June 1975, indicated that with the work adjustment training the client's functioning level should be brought up to either competitive or sheltered employment. The client attended 18 weeks of training, then the training was extended for another 9 weeks. During the extended period, the client dropped out of the program and began assisting a boarding home operator with various duties. On June 15, 1976, the agency closed the client's case and reported to SSA that the client was successfully rehabilitated as an unpaid family worker.

--A State rehabilitation agency classified a 24-year-old SSI-VR client as a quadriplegic with no use of his lower extremities and only limited use of his upper extremities. The client received an electric wheelchair costing \$969 to replace a wheelchair which had been provided by the State rehabilitation agency. The client's plan, approved on October 3, 1975, stated that the client worked in the family's business and that the electric wheelchair would help him function more efficiently. The agency closed the case and reported on June 18, 1976, to SSA that the client was successfully rehabilitated in competitive employment. SSA recorded the client's weekly earnings as \$125 at the time of closure. During a subsequent SSA review to determine the impact of the rehabilitation on the client's SSI benefit payments, SSA concluded that the State rehabilitation agency's report was erroneous because, based on statements made by the client and his father/employer, the client was not in a competitive employment situation, his work had no economic value, he received no payment for it, and he was only involved in the business to give him something to do.

Benefits reduced or terminated as a  
result of rehabilitation services

Of the 245 cases with benefit reductions, we concluded that for 135 cases (55 percent) the reductions were attributable to the services provided by a State rehabilitation agency. Of the 135 cases, 98 clients had maintained the reduction as of June 1977 and 37 clients had experienced a temporary reduction in their SSI payments, but their benefit payments had returned to at least their original level by June 1977. For the 37 cases, only 7 resulted in savings in SSI payments greater than the costs of rehabilitation services provided. Many of the 98 recipients had severe impairments and would probably never have had their benefits reduced or terminated without the assistance provided by the rehabilitation agency. The following cases illustrate the impact rehabilitation services can have on assisting persons to overcome impairments and ultimately reduce SSI benefit payments.

--A 20-year-old was accepted for rehabilitation services on August 6, 1974, with a disability described as a cerebral palsy condition affecting his right side and borderline mental retardation. The client's rehabilitation plan, approved August 14, 1974, established a goal of a semiskilled worker and provided for counseling and guidance, books, supplies, and transportation to a vocational training school for an 18-month course in a preset machine operation at a cost of \$828. In December 1975, the client found a job as a machinist's helper paying \$92 a week. At that time, the client's monthly SSI payment was \$157.70, and he received his last SSI check in January 1976. In our benefit calculation, we credited the SSI-VR program with saving about \$19,076 which represents the present value of the SSI funds which would have been paid to the recipient over his expected lifetime.

--An 18-year-old quadriplegic was accepted for extended evaluation on September 11, 1974. The rehabilitation plan called for the client to attend a local community college to determine his ability to handle regular school work and classes. While at college, the client received

periodic counseling and guidance from the rehabilitation counselor. On March 17, 1975, the client, with the help of the counselor, obtained a job as a dispatcher with a shipping company. The client's revised rehabilitation plan, approved March 27, 1975, called for the rehabilitation agency to provide the necessary equipment for the client to work as a dispatcher. The rehabilitation agency gave the client a special van for transportation, a tape recorder, an electronic calculator, as well as other special equipment at a total cost of \$11,561. The client continued to progress in his job, and the agency closed and reported the case to SSA in October 1975 as a successful rehabilitation with monthly earnings of \$700. SSA later terminated the client's monthly SSI payment of \$146. In our benefit calculation, we credited the SSI-VR program with saving about \$17,872 which represents the present value of the SSI funds which would have been paid to the recipient over his expected lifetime.

--A 21-year-old was accepted for rehabilitation services on December 15, 1975, with a disability described as moderate mental retardation. Before the client was accepted, the rehabilitation program sponsored the client for 3 weeks of work evaluation training at a rehabilitation facility. The client's rehabilitation plan, approved December 18, 1975, provided for 10 weeks of work adjustment training with a vocational goal of kitchen helper. After 6 weeks of training, the rehabilitation facility placed the client in a job as a kitchen helper earning \$94 per week. The client's rehabilitation services (medical examinations, work evaluation training, work adjustment training, and transportation) totaled \$1,431. On April 22, 1976, the agency closed the case and reported it to SSA as a successful rehabilitation. SSA later terminated the client's monthly SSI payment of \$105. In our benefit calculation, we credited the SSI-VR program with saving about \$12,758 which represents the present value of the SSI funds which would have been paid to the recipient over his expected lifetime.

Benefits reduced or terminated not attributable to rehabilitation services

For the remaining 110 cases with benefit reductions (75 which continued as of June 1977 and 35 which were temporary), we concluded that the reductions did not result from rehabilitation services. In most of the cases, a rehabilitation agency

provided little or no services and the recipient independently obtained the employment which led to the reduction or termination of his/her SSI payment. The following are examples of these cases.

--A 24-year-old enrolled in a master's program in clinical psychology at an Ivy League university was referred to a State rehabilitation agency in April 1974. The client's disability was described as simple myopia (nearsightedness) which was correctable to 20/20 with glasses. The client received a monthly SSI benefit of \$150 and earned about \$40 monthly tutoring undergraduates. The client's vocational objective was to be a counselor in the community mental health field, and the rehabilitation plan called for the purchase of a new pair of glasses to replace a broken pair. The State rehabilitation agency paid \$26 for the glasses. No other rehabilitation services were provided. The client completed the graduate program in July 1974 and found her own job as a counselor in the mental health field in October 1974. The client's SSI payments were terminated in October 1974 with the client's monthly earnings reported as \$685. SSA recorded the case as a successful rehabilitation in February 1975. In closing the case, the counselor stated that without the rehabilitation services provided, the client would not have completed her graduate studies and become employed.

--A 41-year-old with a visual handicap, including color blindness, was certified by the State rehabilitation agency for extended evaluation on June 27, 1975. The client's SSI-VR plan called for a 1-month period of work evaluation and a 3-month work training program at a sheltered workshop. The client dropped the work evaluation program after the first 10 days because he had found a job as a laborer for a landscaping company. Case records state that the client told the counselor about his new employment on July 28, 1975, including the fact that he was earning \$120 per week and had started working on July 15, 1975.

A counselor completed a rehabilitation plan for the client on July 28, 1975, citing an objective of counseling and guidance to help the client make a good vocational adjustment to competitive employment. The only cost reported was a tuition fee of \$144 for

2 weeks of work evaluation training. The client continued working and his case was closed and reported to SSA on September 22, 1975, as a successful rehabilitation.

--A 30-year-old SSI recipient, who was unable to continue working as a health care analyst due to a disability described as peripheral neuritis, applied for rehabilitation services in August 1975. The client's general medical examination, received 3 weeks after his application, stated that the client had a flu-like syndrome in January 1975 which resulted in a generalized muscle weakness and that his condition was currently improving with physical therapy. The medical prognosis was that his impairment would soon improve and would not affect his ability to work. The client's rehabilitation plan, approved September 26, 1975, stated that because the client's physical therapy was being paid by Medicaid, the State rehabilitation agency would provide counseling and guidance to achieve the client's vocational objective of employment as a health care analyst. The client independently returned to his former job as a health care analyst in November 1975. The agency closed the case and reported the client to SSA as successfully rehabilitated with reported monthly earnings of \$1,092 on December 12, 1975.

These cases illustrate that even very minimal services or services which do not significantly contribute to a person's return to employment can cause a case to be classified as rehabilitated. Under the present SSA/RSA system of measuring rehabilitation agency performance, cases such as the above count as much as cases involving severely disabled clients who are classified rehabilitated only after extensive services are provided over an extended period of time, often at a high cost.

Following the same procedures used to compute the savings in SSI payments and benefit/cost ratios for those cases with SSI payment reductions, we made a similar analysis for the 135 cases in which we concluded the benefit reductions were attributable to State agency rehabilitation services. The savings we computed for these cases ranged from \$213 for a 42-year-old whose benefit reduction was \$2 a month to \$30,442 for a 24-year-old whose monthly reduction was \$252. The table on page 23 summarizes the results of our analysis.

| State<br>rehabilitation<br>agency        | Total cases<br>with SSI<br>payment<br>reduction |                | Benefit<br>to cost<br>ratio | Total<br>cases with<br>SSI payment<br>reduction<br>attributable<br>to rehabilita-<br>tion services |                | Ratio of<br>estimated<br>payment<br>reduc-<br>tions to<br>program<br>costs |
|--|---|----------------|-----------------------------|--|----------------|--|
|  | As of<br>June<br>1977                           | Tempo-<br>rary |                             | As of<br>June<br>1977  | Tempo-<br>rary |  |
| General and<br>blind agency<br>combined: |   |                |                             |  |                |  |
| A  | 8   | 5              | .20                         | 6  | 4              | \$.14  |
| B  | 23  | 10             | .42                         | 15   | 8              | .30  |
| General agency:                          |   |                |                             |  |                |  |
| C  | 23  | 6              | .86                         | 8  | 1              | .25  |
| D  | 13  | 7              | .36                         | 4  | 2              | .05  |
| E  | 16  | 9              | .63                         | 12   | 3              | .47  |
| F  | 12  | 6              | .61                         | 3  | 0              | .12  |
| G  | 18  | 7              | 1.22                        | 10   | 5              | .63  |
| H  | 21  | 9              | 1.06                        | 12   | 4              | .52  |
| Blind agency:                            |   |                |                             |  |                |  |
| I  | 7   | 2              | .32                         | 6  | 2              | .19  |
| J  | 4   | 4              | .37                         | 1  | 3              | .11  |
| K  | 11  | 3              | 1.40                        | 9  | 2              | 1.26   |
| L  | 6   | 2              | .21                         | 5  | 1              | .17  |
| M  | 6   | 0              | .44                         | 4  | 0              | .37  |
| N  | 5   | 2              | .53                         | 3  | 2              | .36  |
| Total                                    | <u>173</u>                                      | <u>72</u>      |                             | <u>98</u>  | <u>37</u>      |  |

Factors influencing a savings  
analysis for the SSI-VR program

We believe that the data in the preceding table present a reasonable indicator of the impact of rehabilitation services in reducing clients' dependency on SSI payments for the first 2-1/2 years of the program. We identified several factors which should be recognized as influencing the savings and costs included in such an analysis. However, we do not believe that it is possible, using available information, to assign reliable values to these factors. Further, the absence of definitive data relating to these factors should not preclude the development of this type of analysis to provide a measure of the SSI-VR program's accomplishments.

For example, our sample included clients who had been reported as rehabilitated to SSA before June 30, 1976, and who had experienced a reduction or termination in benefits during the period January 1974 to June 1977. For those clients whose reductions remained outstanding as of June 1977, we assumed that the reductions would continue at a constant level and would not increase or decrease and those clients whose benefits were terminated would not return to SSI payment rolls. This approach, in effect, ignores the factor of recidivism (returning to the SSI rolls or returning to a previously higher payment level) which in a program such as this, may, over a longer period of time, prove to be significant. For instance, of the 245 cases involving a reduction in benefits, 72 should be classified as recidivists because during our analysis, their benefit level returned to at least the level they held previously. Our estimate of total savings attributable to the program is overstated by the amount that future benefits increase for all the remaining cases included in our analysis. Conversely, we have not included a factor for the effect of SSI cases which remained in the active caseload as of June 30, 1976 (the cutoff date for our sample selection). Many of these cases may eventually be reported as rehabilitations and may result in future savings in SSI benefit payments.

Another factor which affected our analysis is the SSI cases which were "grandfathered" into the SSI-VR program from the basic rehabilitation program after January 1, 1974. To the extent that these cases were reported as rehabilitated under the SSI-VR program (even though little or no cost was charged to the program), this would tend to increase the savings for the period of our analysis without a corresponding increase in program costs.

Also, we did not include factors to account for any benefits to society as a result of increases in income or terminations in SSI benefit eligibility for SSI recipients. For example, in those cases in which a complete termination of SSI benefits occurs (68 cases in our sample of 544), the person is no longer categorically eligible (as an SSI recipient) for Medicaid benefits and may be freed from dependency on other social programs. To the extent that this occurs, the benefits should properly be recognized as a result of the SSI-VR program.

Also, because our analysis considered only cases in which SSI payments were reduced or terminated as a result of rehabilitation agency services, much of the increased income or other social benefits occurring to clients were not included in our savings computations. This occurred because the amount of increased income in some cases did not exceed the minimum earnings limits established for the program, and thus did not result in any reduction of benefits. While these values were not included in our analysis, they should be recognized as a positive accomplishment of the program. As discussed on pages 16 to 18, many of the 299 clients realized an increase in their standard of living due to services provided through the program even though their increased earnings did not result in a reduction in their SSI benefit payments.

While we recognize the limitations in using data, particularly that developed early in the program, to measure or predict ultimate program success, we believe that our analysis shows that improvements are necessary to bring the program to the point where the maximum number of clients achieve self-sufficiency and savings in SSI benefit payments will exceed the amount of Federal funds spent for program services.

## CONCLUSIONS

HEW has made little progress towards determining whether the SSI-VR program has been successful in assisting blind and disabled SSI recipients to become self-sufficient since its inception on January 1, 1974. The 1972 amendments do not specifically require that the SSI-VR program should provide reductions in SSI benefits equal to or greater than the cost to the Government of the rehabilitation services provided under the program. However, both RSA and SSA have interpreted this as the intent of the program and have incorporated this concept into their regulations. The question of whether the program should provide benefit reductions in excess of costs should not impede Federal management from using an analytical



model based on the relationship of benefit reductions to program costs to evaluate and compare State SSI-VR programs. Such a model would provide a useful measure of program effectiveness because it considers not only the extent to which agencies have been able to assist blind and disabled clients to obtain employment resulting in a reduction or termination of their dependency on SSI payments, but also the relationship of the costs required to achieve the resulting benefits.

For 13 of the 14 agencies in our review, the reduction in benefit payments attributable to program services for the first 2-1/2 years was considerably less than the amount of Federal funds spent on program operations. We believe that this indicates that State agencies could greatly improve their program administration and services provided to clients if HEW could provide needed leadership and program management. A division of responsibility between RSA and SSA--the joint HEW program managers--has inhibited effective program management. SSA has accumulated data which could be used to (1) determine the relative effectiveness of State rehabilitation agencies and (2) assist less effective State agencies in improving services to their blind and disabled clients.

Our analysis shows the relative success of individual State rehabilitation agencies to reduce or terminate SSI payments. While our analysis was limited to 14 State agencies, it revealed significant differences between the more successful and the least effective State agencies. Based on our review of 544 cases, we believe that sufficient information is available for RSA and SSA to (1) evaluate SSI-VR program operations from referral to SSI payment reduction or termination and (2) identify through a systematic process (the program administrative reviews) key attributes and management practices which ultimately contribute to certain State rehabilitation agencies being more effective than others.

Finally, the apparent low success of the SSI-VR program in realizing savings in SSI payments raises a question concerning the continued advisability of the Federal Government in providing 100 percent of the States' costs of a separate program for rehabilitation services which are available from the State rehabilitation agencies through their Basic Vocational Rehabilitation program. The basic program, in which the States provide a 20-percent matching share, serves annually only slightly fewer SSI recipients than the SSI-VR program. In addition, based on the mandate of the Rehabilitation Act of 1973 to serve first individuals with severe

handicaps, blind or disabled SSI recipients represent one of the highest priority groups to receive rehabilitation services under the basic program.

Further, the development of a joint information system between SSA and RSA to accumulate and analyze program savings and costs will provide the data base needed to evaluate program effectiveness and to decide whether a separate rehabilitation program is the best approach in providing services to blind and disabled SSI recipients.

RECOMMENDATIONS TO THE  
SECRETARY OF HEW

We recommend that the Secretary of HEW:

1. Designate a single entity within HEW to provide oversight for the SSI-VR program management activities of RSA and SSA.
2. Require the Commissioners of RSA and SSA to finalize a program management agreement identifying the responsibilities of each agency. Specifically:
  - The Secretary should require the Commissioner of SSA to institute a management system to provide benefit reduction information and other useful data to RSA.
  - The Secretary should require the Commissioner of RSA to evaluate the data provided by SSA and, based on his evaluation, help State rehabilitation agencies improve program effectiveness. In this regard, the program administrative review should be revised to relate State rehabilitation agency operations to the benefit reduction data provided by SSA.
3. Direct the Commissioners of RSA and SSA to closely monitor changes in individual States' program effectiveness for the purpose of (a) evaluating the adequacy of Federal technical assistance efforts and (b) determining the long-range potential of the SSI-VR program as the most cost-effective way of providing rehabilitation services to blind and disabled SSI recipients.

## RECOMMENDATIONS TO THE CONGRESS

The Congress should amend the legislation to establish, as a primary goal of the program, savings in benefit payments in excess of the Federal funds spent. After sufficient data have been developed to reliably measure the program's effectiveness and should the savings attributed to the program not meet or exceed the Federal costs, we recommend that the Congress consider the following options regarding future program direction.

- Eliminate the SSI-VR program and, instead, earmark funds under the basic rehabilitation program to serve the SSI-VR target population.
- Continue the SSI-VR program with the funding levels for the States based on the demonstrated effectiveness of each State's program as measured by the extent that reductions in benefit payments exceed Federal funds spent.

We believe that the impact study discussed on page 4 should provide the Congress with additional information to assist in considering which of the above options would be most suitable.

## AGENCY COMMENTS AND OUR EVALUATION

In an April 13, 1979, letter, HEW stated that, with the exception of our recommendation that it designate a single entity for oversight of the SSI-VR program, it concurred with our recommendations and had taken or planned to take actions to implement them. (See app. II.) HEW believes that it would not be necessary to designate a single entity since it was confident that the implementation of the other recommendations as well as other actions would accomplish the objectives of improved coordination and more rigorous program administration.

In the event that the Department's actions do not resolve the problems created by the division of responsibility between RSA and SSA, we believe that our recommendation for designating a single oversight entity should be reconsidered by HEW.

In commenting on our recommendations, HEW said that it has taken or planned to take the following actions:

- A survey of the SSI-VR program was conducted for the purpose of improving its operation, including communication and coordination.
- A memorandum of understanding delineating the responsibilities of RSA and SSA was drawn up and signed.
- An SSA management information system that RSA can use to help State rehabilitation agencies improve program effectiveness is being improved and expanded.
- Technical assistance work plans for the States are being developed.
- A monitoring strategy to identify the factors employed by agencies administering cost-effective programs will be explored. Then, if possible, through technical assistance, efforts will be made to install the factors in less effective agencies not using them.

#### STATE COMMENTS AND OUR EVALUATION

Each of the 14 State agencies was given an opportunity to comment on our findings and conclusions. The following section highlights the comments and observations of the 10 State rehabilitation agencies that responded--the combined general and blind agencies from Alabama and Illinois; the general agencies from Michigan, Oregon, Pennsylvania, Tennessee, and Washington; and the blind agencies from Michigan, Pennsylvania, and Tennessee. Although we have included the substantive statements made by the 10 State agencies, each agency did not respond to each recommendation. Our evaluations are also summarized in the following section, where appropriate.

#### State comments on our recommendations to the Secretary of HEW

Seven of the 10 State agencies commented on our recommendation on the need for a single entity within HEW to provide oversight for all SSI-VR program activities. Each of the agencies believed that the recommendation would generally strengthen the working relationship between SSA and RSA and would also benefit the States in carrying out their program management responsibilities.

In commenting on the recommendation:

- One State agency said that if a single entity arrangement had been in place earlier it would have eliminated some of the delays experienced by the States in implementing the SSI-VR program legislation and the regulations and guidelines received after January 1, 1974.
- Another State agency felt that joint or divided management often becomes everyone's business but nobody's responsibility.
- A third State agency attributed the contradictory instructions and philosophies it received as well as confusion and disillusionment in some State agencies to the divided responsibilities.
- A fourth State agency, while not opposed to this recommendation, said it would strongly support the recommendation if the single entity had a technical understanding of SSA legislation and the State agency was given the authority and responsibility for developing a program management and evaluation model.

Regarding our recommendation that the Commissioners of RSA and SSA finalize a program management agreement identifying the responsibilities of each agency, eight of the nine agencies that commented generally agreed with the thrust of the recommendation.

- One State agency said that the Secretary of HEW must be forceful in finalizing the program management agreement and when finalized it should be transmitted to the State agencies so that their task can be uniform in nature, with a reasonable assurance that goals will not be changed seemingly at whim.
- A second State agency agreed with the intent of the recommendation but questioned its feasibility because of program disincentives which affect program effectiveness.
- Another State agency said that the need for a better management system is seen many times by the States when trying to deal with two bosses.
- A fourth State agency suggested that performance standards be incorporated into the management agreement to assist the single entity in monitoring the program.

--Yet another State agency criticized the existing management system in that it does not enable a State agency to be kept informed of its true performance level. The agency said that very little information is provided on cases reported as rehabilitated at the substantial gainful activity level. This information, if made available, would greatly help the agency determine the need for changes in operation, program emphasis, or the need for technical assistance.

According to the dissenting State agency, the single entity discussed in the preceding recommendations should assume the responsibilities of the two Commissioners, thereby eliminating the need for a detailed program management agreement between RSA and SSA. In recommending the designation of a single entity, we intended that the new entity would provide oversight for program management activities performed by RSA and SSA and would not assume the program management responsibilities of the two agencies.

Five State agencies commented on our recommendation that the Commissioners of RSA and SSA monitor changes in individual agency program effectiveness to determine the adequacy of Federal technical assistance and the long-range potential of the SSI-VR program. Four of the agencies generally agreed with the need for stronger monitoring of States' SSI-VR program.

The recommendation would be strongly supported, according to one State agency, when adequate standards of program effectiveness are developed. In concurring with the recommendation, another State agency said that, if cost benefit is the only goal of the program, it needs to be so stated. This State agency expressed the concern that the basic rehabilitation program would not serve the number of SSI recipients that are presently being served if the SSI-VR program was discontinued. A third State agency, while agreeing with the recommendation, believed that the monitoring of changes in individual States' SSI-VR programs should be conducted by the designated single entity.

The State agency which did not agree with our recommendation believed that an adequate monitoring system is already in place. According to the State agency, the continuation of the annual program administrative reviews should provide the data needed to evaluate program effectiveness in the States and the most cost-effective means to provide rehabilitation services to SSI recipients. While we agree that

the program administrative reviews have had a positive impact on the management of the program, we do not believe that the reviews provide the types of data needed to determine program effectiveness, such as numbers of rehabilitations resulting in a reduction or termination of the clients' SSI payments or amount of SSI payments saved.

State comments on our  
recommendations to the Congress

Regarding our recommendation that the Congress should amend the legislation to provide that the primary program goal be that savings in benefit payments exceed the Federal funds spent, four of the seven State agencies that commented generally agreed with the recommendation's intent. One of the three agencies that did not agree with the intent of our recommendation said that the SSI population may be the most difficult group to be served by vocational rehabilitation when the disability is considered in combination with the absence of a good work history, poor work role models, educational deficiencies, etc. The agency further said that management by a cost-benefit formula would reduce an agency's willingness to serve the marginal client and would, in fact, encourage serving first the less severely handicapped. Another agency said that a cost beneficial goal would be impossible to accomplish considering the clientele as well as the liberal regulations regarding SSI payments especially to blind individuals.

We do not agree that the SSI-VR program cannot nor should not operate on a favorable ratio of SSI benefit reductions to program costs. As shown in the table on page 23, when considering the total cases with SSI payment reductions attributable to rehabilitation services, one State blind agency was operating at a favorable cost-benefit ratio. In addition, we question the advisability of not requiring that savings in SSI benefit payments exceed Federal funds spent for a program which finances 100 percent of the States' costs of providing rehabilitation services which are also available under the States' Basic Vocational Rehabilitation program.

Concerning our recommendation that the Congress consider alternative funding methods for the SSI-VR program, eight agencies commented on the option of earmarking funds under the basic rehabilitation program to serve the SSI target population. Two agencies supported the recommendation, provided that the basic program funds earmarked would be sufficient to serve all of the SSI target population eligible

for services. According to one agency, funds provided in the past had not been sufficient to operate the program under the existing standards and it is most difficult to apply the four selection criteria (see p. 5) to the SSI beneficiary. The remaining six agencies did not support the earmarking of funds as a viable option for providing rehabilitation services to the SSI target population.

One of the six State agencies noted that, under the basic rehabilitation program, the SSI recipient would have to compete for services with other severely disabled persons and undoubtedly there would be a drop in the number served. In addition, the agency added that States will have difficulty providing the 20-percent matching share required by the basic rehabilitation program since planning and authorizations have been cast for future years without considering the SSI population.

Four agencies generally supported the need for a separate funding approach for serving SSI recipients with the funding levels for the States based on demonstrated effectiveness. In supporting this recommendation, one State agency expressed concern that valid procedures, which consider all cost-benefit factors, must be developed to evaluate the program's cost effectiveness. Also, another State agency commented that the agencies which provide the referral and funding must have performance expectations in the critical areas which affect a State agency's performance. One of the two State agencies that did not agree with the use of a funding approach based on demonstrated effectiveness said that funding for services to handicapped welfare recipients should not be based on a cost-benefit formula as is done when funding comes from an insurance program such as the Beneficiary Rehabilitation program. The other State agency believed that a funding approach based on demonstrated effectiveness could result in services being provided to only those SSI recipients who could be insured of job placement resulting in a termination of benefits.



GAO METHODOLOGY FOR DETERMINING  
SAVINGS FOR SSI-VR PROGRAM AS MEASURED BY  
REDUCTIONS OR TERMINATIONS OF SSI PAYMENTS

To determine the SSI-VR program's savings, we had to write special computer programs to apply to our sample data. Our methodology, including a description of the principal data elements and assumptions, is discussed below.

The principal data elements are (1) the case-by-case payment reduction for the 544 sample cases, (2) life expectancy tables for disabled workers obtained from SSA, and (3) an assumed 10-percent discount rate. For the basic case analysis, the life expectancy tables were applied to all reductions in SSI payments attributable to earned income as of June 30, 1977, to arrive at the expected lifetime savings in SSI payments. These expected savings were discounted by a 10-percent factor to determine their present value at fiscal year 1974 dollars, the beginning of the SSI-VR program. The basic formulation is as follows:

age 65

$$E(S) = \sum_{i=1} S \times e_i \times d_i$$

$$i = 1$$

S is the SSI reduction as of June 30, 1977, as determined by GAO.

e<sub>i</sub> is the probability the individual is alive at the end of year i.

d<sub>i</sub> is the discount factor for the year i.

E(S) is the expected value of the savings.

We simply discounted the temporary SSI reductions to fiscal year 1974 since they had a definitive beginning and ending point with no probability factors involved.

We obtained the life expectancy information from tables 8 and 9 (Guaranteed Select and Ultimate Death Termination Rates for Male and Female Disabled Workers, 1965-74 Old-Age, Survivors, and Disability Insurance Experience) of the HEW Actuarial Study Number 74 (January 1977) entitled "Experience of Disabled-Worker Benefits Under OASDI, 1965-74." We assumed that these rates were more applicable to the SSI-VR caseload than standard mortality tables. This basic analysis assumes that all SSI payment reductions represent savings attributable to the SSI-VR program.

In our secondary analysis, we applied the above methodology to only those SSI reductions which we determined to be savings attributable to rehabilitation services. We believe that the secondary analysis more fairly measures program accomplishments.

In our analysis, we treated all savings and cost elements as constant dollar measurements; the effects of inflation were ignored. In order to test the impact of inflation on the savings computations, we

- applied an annual 6-percent inflation factor to account for increases in future SSI benefit payments and
- used this inflation factor on only those reductions which continued as of June 30, 1977.

Savings Computations  
Expressed in Terms of Dollars Saved  
for Each Dollar Spent

| State<br>rehabili-<br>tation<br>agency      | All cases with<br>SSI payment reduction |                 | All cases with SSI<br>payment reductions<br>attributable to re-<br>habilitation services |                 |
|---|---|-----------------|--|-----------------|
|   | <u>Not inflated</u>                     | <u>Inflated</u> | <u>Not inflated</u>  | <u>Inflated</u> |
| General and<br>blind<br>agency<br>combined: |   |                 |  |                 |
| A   | \$ .20                                  | \$ .33          | \$ .14   | \$ .23          |
| B   | .42                                     | .64             | .30  | .46             |
| General agency:                             |   |                 |  |                 |
| C   | .86                                     | 1.28            | .25  | .38             |
| D   | .36                                     | .51             | .05  | .06             |
| E   | .63                                     | .98             | .47  | .78             |
| F   | .61                                     | .96             | .12  | .18             |
| G   | 1.22                                    | 1.97            | .63  | 1.01            |
| H   | 1.06                                    | 1.61            | .52  | .75             |
| Blind agency:                               |   |                 |  |                 |
| I   | .32                                     | .54             | .19  | .32             |
| J   | .37                                     | .59             | .11  | .18             |
| K   | 1.40                                    | 2.17            | 1.26   | 1.95            |
| L   | .21                                     | .35             | .17  | .28             |
| M   | .44                                     | .63             | .37  | .53             |
| N   | .53                                     | .83             | .36  | .54             |



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE  
OFFICE OF THE SECRETARY  
WASHINGTON, D.C. 20001

APR 13 1979

Mr. Gregory J. Ahart  
Director, Human Resources  
Division  
United States General  
Accounting Office  
Washington, D.C. 20548

Dear Mr. Ahart:

The Secretary asked that I respond to your request for our comments on your draft report entitled, "Need To Assess the Federal Role in Rehabilitating Blind and Disabled Supplemental Security Income Recipients." The enclosed comments represent the tentative position of the Department and are subject to reevaluation when the final version of this report is received.

We appreciate the opportunity to comment on this draft report before its publication.

Sincerely yours,

A handwritten signature in cursive script that reads "Thomas D. Morris".

Thomas D. Morris  
Inspector General

Enclosure

COMMENTS OF THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE ON THE GAO  
DRAFT REPORT ENTITLED, "NEED TO ASSESS THE FEDERAL ROLE IN REHABILITATING  
BLIND AND DISABLED SUPPLEMENTAL SECURITY INCOME RECIPIENTS"

General

The SSI program seeks to encourage work on the part of the aged, blind and disabled. In this connection, a recipient can earn substantial amounts before any reduction is made in his SSI payments. Among exclusions from countable income are: \$20 monthly of earned or unearned income, an additional \$65 of earned income plus one-half of the earnings of children attending school, and income needed for an approved self-support plan.

In June 1978 some 81,700 disabled SSI recipients were employed and their earnings averaged \$95 monthly. We estimate that only 25-30 percent of these beneficiaries had countable earnings. The 5,400 employed blind beneficiaries earned an average of \$301 in June and we estimate the proportion with countable earnings at 45-50 percent.

The draft report acknowledges significant limitations on the usability of the cost/savings data GAO developed for the 14 agencies sampled for purposes beyond comparisons among those agencies. SSA is working on a cost/savings study intended to avoid some of the data limitation and methodological problems GAO confronted.

GAO Recommendations

That the Secretary of HEW:

1. Designate a single entity within HEW to provide oversight for all SSI-VR program management activities.
2. Require the Commissioners of RSA and SSA to finalize a program management agreement identifying the responsibilities of each agency. Specifically, the Secretary should require:
  - the Commissioner of SSA to institute a management system to provide benefit reduction information and other useful data to RSA, and,
  - the Commissioner of RSA to evaluate the data provided by SSA and based on his evaluation provide guidance and leadership to assist State rehabilitation agencies in improving program effectiveness. In this regard, the program administrative review system should be revised to relate State data provided by SSA.

3. Direct the Commissioners of RSA and SSA to closely monitor changes in individual States' program effectiveness for the purpose of (1) evaluating the adequacy of Federal technical assistance efforts and (2) determining the long-range potential of the SSI-VR program as the most cost effective means of providing rehabilitation services to blind and disabled SSI recipients.

Department Comment

We do not believe that a single entity for oversight of the SSI-VR program would be the real solution to the problems noted in this report. Rather, we believe that the objectives of improved coordination and more vigorous administration of the program can be achieved through implementation of the other recommendations of the report. In addition, it is our contention that we should exploit other new arrangements to the fullest. These include operating under the revised program management agreement, initiating a new allocation formula of SSI-VR funds which is based on State VR agency performance, and establishing higher priorities for a revised management information system.

In addition, between August and November 1978, the Commissioner of RSA and the Director, Bureau of Disability Insurance, SSA, personally led (at the Secretary's direction) a survey of the operation of the program aimed, in part, at improving communication and coordination. During the course of this study a number of operational improvements were identified and are being put in place. For example, we have already begun to establish a network of pilot projects designed to test the effectiveness of early screening and referral of applicants for VR services. A final report recommending additional improvements has been prepared for the Secretary's consideration.

We are confident that vigorous pursuit of the whole range of administrative, data collection, and coordinative efforts that will be monitored through the management tracking mechanism of the Department will satisfy the need for general oversight of this program without the designation of a single entity.

We concur with the second recommendation. A memorandum of understanding delineating the responsibilities of RSA and SSA has been drawn up and signed. This memorandum is being implemented now.

SSA has a management information system designed to capture data on all SSI disabled recipients referred for rehabilitation services by State Disability Determination Services (DDS). The system is being improved and expanded. Full implementation of the system will eliminate the limitations GAO observed in the availability and use of data, and its

transfer between SSA and RSA. RSA will evaluate and use the data in assisting State rehabilitation agencies to improve program effectiveness. We have now begun to receive reduction and termination data. A revision of the reporting system which collects these data will be installed, as a part of required State reporting system, this fall. A special study has been contracted for to determine those elements of organization, administration, and operational procedures that characterize high performing States. Information from this study will be built into technical assistance efforts.

We concur with the third recommendation. RSA is now developing technical assistance work plans for the States which will later be evaluated and the necessary changes made to the operating manuals. We are also looking into the apparent correlation, which GAO mentions, between the levels of cost effectiveness vocational rehabilitation agencies achieve and certain administrative practices. In this connection, RSA and SSA will work together in exploring the development of a new monitoring strategy to identify the factors of success employed by agencies administering a cost-effective program. If it is possible to identify these factors, then technical assistance and attention can be concentrated on those agencies not employing them in an effort to bring all agencies up to a cost-effective level.

Finally, we would point out that legislation enacted with the 1978 Amendments to the Rehabilitation Act require a study of the impact of VR service upon SSDI and SSI recipients; specifically, an analysis of the savings in disability benefit payments under titles II and XVI of the Social Security Act as a result of the provision of vocational rehabilitation services.

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