

Hearing on Promoting Opportunity for Disability Insurance Beneficiaries

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Hearing on Promoting Opportunity for Disability Insurance Beneficiaries

U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C.

The committee met, pursuant to notice, at 10:00 a.m. in Room 1100 Longworth House Office Building, Hon. Paul Ryan [chairman of the committee] presiding.

*Chairman Ryan. The committee will come to order. I think we have most of our members present.

This is our first, full-committee hearing on Social Security since 2008. Our goal here is to get ahead of the curve. As we all know, the Disability Insurance Trust Fund, it runs out of money next year. And that means, if we do nothing, under current law everybody on the program will see a 20 percent benefit cut.

Now, Subcommittee Chair Sam Johnson, along with the ranking member, Mr. Becerra, they have been working on solutions all year long. And a few months back, Mr. Johnson laid out four principles for reforming DI, all of which I fully endorse.

First, no 20 percent cut. Stop that from happening. Not going to happen. Second, make sure all the benefits are paid on time. Third, make the program work better. Fourth, help people who can and want to work get back to work. This is the last point, the last point here I want to dwell on, because Chairman Johnson and his team have been looking at how to strengthen the DI program. And what they have found is the rules actually make it harder for people to work more.

Here is the crux of it. If you make just one dollar more than you are allowed, you get kicked off the program. In other words, it is a lot safer to stay on the sidelines. It is no surprise, then, that only one half of one percent earn enough to get off the program. The program is way too complex. If you want to work -- and 40 percent of recipients do -- there are all sorts of rules and regulations you have to follow.

[\[Chart\]](#)

*Chairman Ryan. To give you an idea, here is a chart on work incentives from the Social Security Administration. If looking at this makes your head hurt, then you are not the only one.

We need to reboot our thinking here. Later this month we will celebrate the 25th anniversary of passing the Americans with Disabilities Act. And I agree that a disability should in no way diminish a person's right to fully participate in all aspects of our society. And that should be the spirit of DI. It will be there for you if you can't work. But if you want to work, we don't want to get in the way.

We should recognize everybody has something to offer. Everybody can contribute. And we should encourage that. So I want to make clear to members on both sides of the dais that we are not here to cut DI. We are here to strengthen Disability Insurance. That is our mission.

I also want to thank our witnesses for joining us here today. Every one of you here brings a unique perspective on Disability Insurance. And we are very interested in hearing your perspective. So I want to thank you again for taking the time to share your expertise.

And I just want to say to our friends on the other side of the aisle we want your ideas, as well. We want to work together. We want to come up with a bipartisan solution. So let's get to it.

*Chairman Ryan. And, with that, I want to recognize the ranking member for any opening statement that he would like to make.

*Mr. Levin. Thank you very much. Today's hearing is on work incentives for Americans who qualify for Social Security because of a severe disability, illness, or injury. Nine million Americans and two million of their spouses and children currently receive Social Security Disability Insurance.

All Americans pay into SSDI -- I want to emphasize that -- so that one accident or one diagnosis doesn't mean a lifetime of poverty. In order to qualify for SSDI, disabled workers have to prove that their condition is so severe that it prevents them from working at a self-supporting level, and will last for more than a year. They must also provide evidence to the Social Security Administration that they have worked long enough to qualify for their benefits.

On average, SSDI recipients worked hard, and paid into the program for 22 years -- for 22 years -- before receiving benefits. Despite the severity of their impairments, some of these Americans with disabilities continue to make efforts to work, and we should continue to support their efforts, while not harming those who cannot.

Congress has created special benefit rules in Social Security called work incentives. These rules are designed to encourage work by giving individuals time to test whether they can work at a self-supporting level before their benefits end. Before Congress enacted these work incentive rules, many disabled Americans were afraid to even try to return to work, fearing they could lose their Social Security just for trying.

In addition to these work incentives, Congress has also created a wide range of other programs designed to assist disabled Americans to work. The Ticket To Work program, enacted on a bipartisan basis in 1999, provides services to help Social Security beneficiaries understand the impact of work on their benefits, and get the employment support they need to be successful.

The federal-state vocational rehabilitation program, which is not in our committee's jurisdiction, helps people retrain for new work if they cannot do their old job. I hope there will now be displayed a chart. Let's see if modern technology works.

[\[Chart\]](#)

*Mr. Levin. It does. As you can see, this is a chart on the return-to-work experience. Even with the support of services, vocational retraining, and special benefit rules, only about 15 percent of beneficiaries have any earnings within 5 years of qualifying for Social Security. Many attempt to work, but are not able to sustain a job because of their impairment. Of those who do, most are only able to work part-time, or for very low pay, earning less than \$750 a month. Under current law, those individuals are able to keep all of their earnings to help support themselves. As seen in this chart, a very small fraction -- about four percent -- mostly younger workers, are able to earn enough to work their way off of Social Security.

So -- and I emphasize this -- as our committee reviews the Social Security Disability Insurance program, and considers improvements, it is important that we know the full facts, and not rely on anecdotes. I would like to repeat that. It is important that we know the full facts, and not rely on anecdotes. We should do so with an understanding that all of us support combating fraud.

Indeed, Mr. Becerra and Mr. Johnson have similar proposals, although a key difference is whether we provide the resources needed to make the proposals work. And we should do so, understanding the power of work. People want to work, both because of the earnings and the dignity that comes with having a job.

So I just want to emphasize, as we proceed, we need to understand the facts, and understand who are the people, the vast majority of people, who are now on Social Security disability, and who have gone back to work. And, because of their disability, for how long they can work.

Social Security Disability Insurance plays a vital role in the lives of millions. I hope we can work together to make sure that it continues to be there for all Americans. I yield back.

[The statement of Mr. Levin follows:]

*Chairman Ryan. Thank you. I would like to just invite the witnesses to paraphrase your remarks to conform with the five minutes. Your full written statement will be included as a part of the record.

And, Mr. Zelle, why don't we start with you?

STATEMENT OF MIKE ZELLE, PRESIDENT, THE DISABILITY NETWORK,
FLINT, MICHIGAN

*Mr. Zelle. Good morning, Chairman Ryan, and Ranking Member Levin from Michigan, as I am, and members of the Ways and Means Committee. I am honored to speak to you today regarding barriers to work actually caused by our Social Security Disability Insurance system, which I will call DI.

I am the president of the Disability Network, a company that provides services and supports to thousands of people in Flint and Genesee County. I am also a paraplegic, use a wheelchair, who has benefitted from and been frustrated with disability insurance policies. My experience with DI began 36 years ago, following an auto accident that took me out of the work force for several months, as I went through surgery and rehab at Craig Hospital in Denver. I was the senior vice president of a bank holding company at the time. And while at Craig I was encouraged to apply for DI benefits because I had a significant disability that could affect my ability to work. And, after all, like you, I paid for disability insurance coverage.

So, even though I wanted to return to work, my company -- and my company wanted me back, nothing was certain. So I was awarded DI, and received the benefit of about \$800 a month, which is not a meaningful wage, with a family. I had seven children at the time.

So, after months of rehab, I gradually returned to full-time work. And when I informed Social Security that I was going back to work, they told me that I was beginning a trial work period, and, if successful, my DI benefits would stop. That didn't make much sense to me. The remarkable paradox was that Social Security strongly encouraged me to return to work right after I told them that I was injured seriously enough to affect my ability to return to work. It just didn't make sense.

So, eventually, the DI check stopped coming, including an overpayment, which I paid back, and that is a whole other story. My career continued until I founded the Disability Network organization, where we believe the best way to lift people out of poverty and not be poor is gainful employment. People with disabilities need supports from organizations

and companies like us, and DI policies that encourage employment and have an expectation of work.

Why would we require people to pay for federal disability insurance to help them in the event of a disabling condition that affects their ability to work, and then penalize them if they do work and make a meaningful wage? When people with disabilities access the very benefit we require them to pay, we immediately take it away when they earn more than a so-called substantial gainful activity, SGA, about 1,000 a month, which is not substantial. Most people would call this a cliff, a poverty wage activity, rather than a substantial gainful activity, because it does not allow for a meaningful income.

This is especially true when the cash benefit is commonly used for products and services related to our disability, like aids to daily living, or transportation, or personal assistant care. So I strongly encourage you to consider a proposal to ramp off the current wage cliff associated with SGA that prevents people from the American Dream of independence and freedom. Our policies discourage work, force people into spectator stands, watching the world go by, and we know life is not a spectator sport.

We need people in the game, in the economy, working. All of our people. And, unfortunately, because of these DI policies, they are not even on our talent bench. A recent study -- ACS from Cornell -- showed that there are half-a-million working-age people with disabilities in Michigan who are not working. And yet 43 percent of them have a college education or degree. What is wrong with this picture?

Leaders from across the nation you will hear today -- like Randy Lewis from Walgreens; Rick Keyes from Meijer in Michigan; Jeannie Stone from Trijicon -- are publicly stating that they want to hire not only people with disabilities, 20 percent. They have a quota of doing that. They see the talent, dependability, motivation, and proved workforce that occurs when people with disabilities are back in the workforce.

It is hard to imagine a cost-neutral, simple way to change DI policies, and yet, at the same time, it is common sense that working people with DI will pay back a portion on that two-to-one sliding scale, pay back the actual benefit they are receiving. So you have the opportunity to make a difference, to replace a fear-driven poverty-entrapping system with a simple ramp-off change. Don't let our intended safety net system continue to actually trap people in a poverty net, like a spider web, rather than help them bounce back to work, like a trampoline.

So, thank you for this opportunity to appear before you today, and I look forward to any questions you may have.

*Chairman Ryan. Thank you. Thank you very much. Very well said. I appreciate your comments.

Mr. Smith?

STATEMENT OF JAMES SMITH, BUDGET AND POLICY MANAGER, DIVISION OF VOCATIONAL REHABILITATION, VERMONT AGENCY OF HUMAN SERVICES, BURLINGTON, VERMONT

*Mr. Smith. Chairman Ryan, Ranking Member Levin, and members of the committee, thank you for this opportunity to talk to you about a major work disincentive built into the Social Security Disability Insurance, or SSDI, program. My name is James Smith, and I work for the Vermont Division of Vocation Rehabilitation.

Over the years, my staff and I have talked with thousands of SSDI beneficiaries about returning to work. Based on our experience, the SSDI program rules do not make work pay. In fact, they do the opposite. They discourage work and encourage dependence. In particular, I am referring to the so-called SSDI cash cliff. The cash cliff works as follows. After a nine-month trial work period and a three-month grace period, if a beneficiary earns a single dollar over the so-called substantial gainful activity, or SGA level, \$1,090 per month, that single dollar results in a complete loss of the SSDI cash benefit. It also could result in loss of eligibility for the program all together.

In my written testimony I share Susan's story. Despite her severe mental illness and repeated hospitalizations, Susan worked with VR to try to go to work. At first she was careful to keep her earnings below the cash cliff level, because she received a benefit for herself and her dependent child. In 2014 she was offered a supervisory role that would have put her earnings over the SGA cash cliff. She was thrilled to be recognized for her good work. However, she understood that taking the promotion would result in a net loss in her total income that she simply could not afford. She did not take the promotion, and is currently keeping her earnings below the cash cliff. She is only in her forties, and I suspect she will never leave the SSDI roles.

The obvious alternative to the SSDI cash cliff is a gradual one-dollar-for-two-dollar earnings offset, just like the SSI program. A one-for-two offset would gradually reduce the SSDI benefit, as the beneficiary increases earnings. So the beneficiary is always better off, the more they work.

There is research to support this approach. Data from a four-state pilot study, including Connecticut, Wisconsin, Utah, and my state, Vermont, provides clear evidence that an earnings offset for SSDI would result in increased earnings above SGA. Overall, the studies showed an offset led to a 25 percent increase in the number of beneficiaries working above the SGA, or cash cliff, amount.

In my written testimony I share Donna's story to show what the offset meant to one beneficiary. Donna was diagnosed with stage three melanoma. Because of the severity of her illness, she was not expected to survive. Donna made multiple attempts to return to work through four separate reoccurrences of her illness. In 2013 she was able to access a one-for-two offset through the benefit offset national demonstration. The offset allowed Donna to work at a level that her health allowed, and keep a portion of her benefits. It also gave her extra income to help her children through college. Donna was

recently offered a job with the Veterans Administration at a level that will help -- that will zero out her SSDI benefit.

So, how do we improve the SSDI work incentives for people like Donna and Susan, and be cost effective to the trust fund?

First, implement a graduated one-dollar-for-two-dollar earnings offset to always make work pay.

Second, start the offset at a threshold of less than the substantial gainful activity, or cash cliff level, to generate savings to the program. Right now, Social Security pays 100 percent of a beneficiary's benefit, unless the beneficiary earns above the SGA threshold. Therefore, most work activity does not result in any savings for the program. Starting an offset at less than SGA would be more likely to generate savings to the program, just like the SSI program.

Third, eliminate the trial work period. Right now, Social Security pays 100 percent of the benefit during the nine-month trial work period, regardless of how much a beneficiary is earning. With an offset, savings could be generated from the first month the beneficiary goes to work, just like the SSI program.

Finally, allow beneficiaries' continued attachment to the SSDI program, regardless of how much they work, as long as they continue to be medically eligible. Disability can be unstable and unpredictable. Beneficiaries like Donna and Susan may have periods of time when they can work full time, and other periods of time when they may not be able to work at all. Continued attachment will give beneficiaries the security they need to try work without the fear of being completely cut off.

So, in summary, the current SSDI work rules provide a powerful disincentive to work. In contrast, our proposed changes would support return to work by always making work pay, potentially save money by eliminating the trial work periods, and starting the offset of the -- in SGA, and provide security to beneficiaries who want to try to increase their work activity. Such an approach would provide people like Donna and Susan a change for a better life, despite the challenges of living with a severe disability.

Thank you for giving me the opportunity to speak to you today.

*Chairman Ryan. Thank you. Ms. Houghton? Did I pronounce it correctly?

*Ms. Houghton. You did.

*Chairman Ryan. Thank you.

STATEMENT OF JILL HOUGHTON, EXECUTIVE DIRECTOR, U.S. BUSINESS LEADERSHIP NETWORK

*Ms. Houghton. Chairman Ryan, Ranking Member Levin, and members of this Committee, thank you for the opportunity to provide testimony today. My name is Jill Houghton. I lead an organization called the U.S. Business Leadership Network. We are a national, non-partisan, business-to-business network focused on the premise that business responds to their peers, and can teach each other how to include people with disabilities across the business.

We have more than 50 BLN affiliates across the nation. We represent more than 5,000 businesses. And I am here to tell you that countless companies across this nation are recognizing that there is a value to include people with disabilities, to -- in jobs, earn the same pay, work side by side, and be held to the same standards.

My testimony is grounded in my professional experience working with these businesses who represent the demand side of the employment equation, as well as my personal experience. I am married to a gentleman with a spinal cord injury who is one of the people who worked his way off of the Social Security Disability Insurance program.

In preparation for our -- for my testimony, we reached out to our members. And here is what they had to say. One of the greatest challenges that they face is finding the qualified candidates with disabilities that can do the job with or without a combination. That is a really complicated matter.

But if we dig through it, there is a couple things that come to mind. One, it is very hard to business to navigate government and all of the sea of non-profit organizations out there. But, secondly, it is also hard for them to understand that the Social Security Disability Insurance program eligibility requirements do not appear to be supportive of the individuals that want to remain employed or increase their hours worked.

Now, while the SSDI program provides a very vital, important safety net, to those with disabilities that meet the eligibility requirements the complexity of the rules appear to cause some individuals who want to remain employed to reduce or limit their hours worked, to limit their earnings, and to, in some instances, quit their jobs. In fact, we hear regularly from mid-level managers that are really perplexed. They don't know how to help their employees.

Now, while our members are not experts on the SSDI program, they would be the first to admit that there are significant obstacles that these beneficiaries face related to losing program eligibility, loss of health care benefits, and fear of overpayments. These type of challenges inhibit businesses' ability to recruit and hire people with disabilities. And this is a really large, growing problem, because many of these companies are federal contractors, and they are subject to the new Section 503 regulations that were issued by the U.S. Department of Labor, Office of Federal Contract Compliance Programs.

Now, this new regulation basically encourages federal contractors to set a utilization goal, to set a goal that seven percent of their workforce across job groups be people with disabilities. And this -- they have to hold themselves accountable. And if they don't

meet this goal, then they have to show that they are going to fix this goal. And while this isn't a bad thing -- it is not a bad thing -- and countless companies are trying to do better, we need Congress to make the SSDI program work better for the beneficiaries, and to promote opportunity for those who want to work. This, in turn, is going to help our members to hire people with disabilities.

From an opportunity perspective, I would just like to call your attention to the fact that we created a Disability Equality Index, in partnership with the American Association of People with Disabilities. This is a benchmarking tool. It is an aspirational recognition tool that we are using to help corporate America advance their disability inclusion.

We launched the first annual DEI, and 80 Fortune 1000 companies participated. Nineteen of those companies that participated received 100. Now, 100 doesn't connote perfection, but what it does demonstrate is that these companies are committed, and they want to do better. When a company puts their commitment out there, that speaks loud and clear to people with disabilities, that these are companies that want to recruit, want to hire, want to retain, want to advance employees with disabilities.

We are getting ready to celebrate the 25th anniversary of the Americans With Disabilities Act. And my organization has launched a disability rights mobile museum that is traveling the nation. In fact, we were at the Pittsburgh Pirates field yesterday. We are going to be at the U.S. Chamber of Commerce on Friday, July 31st. We did this because business wants to work together. We want to raise awareness, and leverage the untapped potential of Americans with disabilities.

We applaud your leadership, and we will look forward to working together.

*Chairman Ryan. Thank you very much.

And Mr. Kregel?

STATEMENT OF JOHN KREGEL, ED.D., PROFESSOR, SPECIAL EDUCATION AND DISABILITY POLICY, VIRGINIA COMMONWEALTH UNIVERSITY, RICHMOND, VIRGINIA

*Mr. Kregel. Chairman Ryan, Ranking Member Levin, and members of the committee, my name is John Kregel, and I am principal investigator of the Work Incentive Planning and Assistance National Training Center at Virginia Commonwealth University. Thank you for this opportunity to discuss ways in which the Social Security disability benefits program can work better to assist DI beneficiaries to obtain and maintain employment, improve their financial independence, and decrease their reliance on federal benefits.

My testimony will address four major points. First, SSDI beneficiaries make employment decisions based on their personal financial situation, health, and other personal factors. Seventy percent of the beneficiaries are over the age of 50. Many

report their health to be poor or very poor. An estimated 28 percent live in poverty. Most have not worked for a long time. Yet many SSDI beneficiaries have long-term employment goals, and have recently taken the steps to reach those goals.

Based on analyses of the National Beneficiaries Survey that identified work-oriented individuals, it is estimated that 1.5 million DI beneficiaries have work goals or aspirations, and an additional 1.4 million beneficiaries have the same ambitions, and have taken steps toward achieving their goals in the past 12 months. We should focus our efforts on helping these beneficiaries overcome the obstacles that currently make it difficult for them to pursue their employment goals.

Second, we must keep in mind that virtually all DI beneficiaries are dealing with a major disruption in their lives, such as severe injury, debilitating illness, or progressive condition. They face many challenges when attempting to return to work, and need time to adjust to a new career. Extensive research over the past two decades has documented that beneficiaries repeatedly identify very specific barriers to employment that restrict their ability to pursue their vocational goals.

Foremost among these barriers are fear of losing benefits, fear of overpayments, and lack of confidence in SSA's ability to accurately administer their DI payments. As a result, DI beneficiaries who are capable and desire employment are, far too often, choosing not to work, restricting their earnings so as not to jeopardize their entire DI payment, or leaving employment in the face of disruptive overpayments or benefit termination, all related to the all-or-nothing rules of the DI program.

Third, working DI beneficiaries must comply with rules that are complex, difficult to understand, time-consuming, and, too often, result in unnecessary overpayments and unexpected benefit suspension. In my written testimony I included the chart referred to by Congressman Ryan in his opening remarks. The chart provides a very complete, accurate description of the DI return-to-work path. It is important to note that each of the steps requires significant processing by SSA, and may result in sometimes lengthy delays, and require time-consuming actions on the part of the beneficiary.

For example, beneficiaries are required to continuously report earnings, including actually mailing paper copies of pay stubs, and submitting other records manually to SSA. Also, SSA processing of substantial gainful activity determination or work incentives, may sometimes take several months leaving beneficiaries uncertain as to their future income or potential overpayment. The current DI return-to-work process is not sufficiently automated, and often results in confusion and uncertainty on the part of the beneficiary.

Fourth, future improvements to the DI program rules should eliminate the all-or-nothing aspect of a beneficiary's decision to return to work. Under current program rules, each beneficiary must decide if the personal or financial benefits of working will outweigh the potential risk of abrupt benefit suspension. Extensive research has been

done to understand how individuals make financial decisions by examining the risks and rewards of their potential actions.

We know that individuals who are not in good health, who are not employed, or who have fewer resources may be more risk-averse than other individuals when making employment decisions. Research also shows that a person is more likely to choose what is certain or established over what is possible, even if the possible event would be a much better circumstance. Unfortunately, the perceived high-risk nature of their employment decision too often leaves beneficiaries unnecessarily restricting their earnings below the SGA level, referred to as "parking under the cash cliff."

SSDI beneficiaries would benefit from a change in the DI program rules that would provide a gradual reduction in benefit payments as the individual advances in their career and avoids the abrupt total loss of payments after completion of the trial work period. This change would allow beneficiaries to pursue their employment goals, while moderating the high-risk choices that are inherent in the current program rules. Thank you, Mr. Chairman.

*Chairman Ryan. Thank you.

Mr. Van de Water?

STATEMENT OF PAUL N. VAN DE WATER, PH.D., SENIOR FELLOW AND
DIRECTOR OF POLICY FUTURES, CENTER ON BUDGET AND POLICY
PRIORITIES

*Mr. Van de Water. Thank you, Mr. Chairman, Congressman Levin, and members of the committee. I appreciate the invitation to appear before you this morning.

Promoting opportunity for Social Security Disability Insurance beneficiaries, especially those trying to return to work, is an appropriately lofty goal. Policy-makers should continually seek new and better ways of helping people with serious impairments return to the workforce. But expectations should be realistic, and grounded in experience.

Disability Insurance already provides many inducements for beneficiaries to work. Most important, beneficiaries can earn up to \$1,090 a month, called substantial gainful activity, or SGA, indefinitely, and still collect benefits. For an average beneficiary, this would nearly double his or her income. Beneficiaries are also eligible for employment services and supports to help them return to work.

DI's eligibility criteria are very stringent, however, and research consistently finds that most beneficiaries have limited work capacity. Only a minority ever work again, and just four percent are able to earn enough to work their way off the DI rolls.

Social Security has undertaken many demonstration projects over the years to test new ways to encourage beneficiaries to return to work. But they have consistently shown limited results, or proved not to be cost-effective. Further efforts to promote work are, therefore, likely to have only a small payoff. In fact, some options could increase DI costs, harm vulnerable beneficiaries, increase payment errors, or even discourage work, rather than encourage it.

One approach would eliminate DI's cash cliff, which several of the other witnesses have discussed this morning. Instead, this proposal would reduce benefits gradually by \$1 for each \$2, once earnings exceed a certain level. Applying this benefit offset, starting at the \$1,090 SGA level, would indeed create an incentive for beneficiaries to earn more than that amount, but would also raise program costs.

Starting the offset at a lower earnings level would reduce costs, but it would also create a work disincentive for beneficiaries with monthly earnings between the proposed threshold and \$1,090. These beneficiaries would face an extra 50 percent tax rate on their earnings in that range, thereby reducing their income and making work less attractive.

For example, consider a typical DI beneficiary with a benefit of \$1,200 a month. If he earns \$800, his total month income would be \$2,000, under the current rules. But if Congress passed a benefit offset that started at \$300 in earnings, his benefit would drop by \$250, 50 percent of his earnings above the threshold amount, and he would lose one-eighth of his income.

As a result, it is uncertain whether proposals such as a benefit offset would increase or decrease work overall. In addition, a benefit offset with a threshold below the current SGA level would shift income from poorer, sicker beneficiaries to those with higher earnings. In view of these concerns, any benefit offset proposal should be thoroughly tested and evaluated before it is implemented.

It is worth testing some promising changes to DI through carefully structured demonstration projects, but those demonstrations won't yield quick answers. Congress should also consider other ways of rewarding work for people with impairments. Extending provisions of the earned income tax credit and child tax credit that are now slated to expire after 2017, and improving the EITC for childless workers, a proposal that is backed by both Chairman Ryan and President Obama, would boost the rewards for work for many low-wage workers with disabilities.

First and foremost, however, Congress should take steps to assure sufficient financing for Disability Insurance, and thereby avert a 20 percent cut in benefits. The Congress should not expect to find a magic bullet that will simultaneously trim costs, make

beneficiaries better off, and avert the need to replenish the DI trust fund in 2016 and beyond. Thank you.

*Chairman Ryan. Thank you. I would like to ask each of you a lot of questions, but I want to be mindful of everybody's time here.

First, like the retirement trust fund, once the disability trust fund is exhausted, then the across-the-board cut comes. That comes, in this case, next year. And so, we have to prevent that from happening, and that is our goal, is to prevent that from happening. That is point number one.

Point number two, there is a lot of experience right here that we want to gain some insight from.

So, Mr. Zelle, let me ask you. You went into this in your testimony, but go a little deeper, if you could, about the cliff. How, in your view, from just seeing it in people's lives, does the cliff affect a person's ability and willingness to work? What fear is associated with this? Do people plan and organize their lives around this cliff? Give me a sense of what this is like, what people are experiencing right now.

*Mr. Zelle. Well, I agree that the testimony -- we heard about people want certainty in their lives. And the system we have is so complex, it gets in the way.

The fear comes in two ways. Fear comes from people with disabilities, having gone through a traumatic experience, and also fear on business's side, in terms of "I am going to say the wrong thing," or, "My health care costs are going to go up," "I will never be able to fire them because of this ADA thing," all of which are not true. You will hear businesses testify just the opposite of that.

The fear comes as I am certain that I am going to get \$1,000 a month, and if I get one dollar more, I will lose everything. I faced that, but the reason it wasn't a problem for me at the time is that I had a company who wanted to hire me back. I was fortunate that I wasn't a plumber, electrician. I had a skill that was valued, and I could return to that job, and the company wanted me back. So I was able to return, hit the floor running. And then the \$800 a month went away. It would have been nice, because that helped with my disability-related expenses.

But again, Chairman, you are asking about the fear, and the fear is the cliff, more than anything. It is not a fear of going back to work. We all want the dignity of work. We all want the value of how -- what is the second question people --

*Chairman Ryan. Well, we see the statistics. We see the economics. We see the tax rates, and things like this. But we want to get a sense of what a person is experiencing as they try to get themselves back to where they were in life, or where they want to get to. And that is -- the cliff fear is what I am trying to get a sense of, and I think that is pretty helpful.

Let me -- since you talked about the complexity of it, let me just go to one person over. Mr. Smith, you ran the demonstration project in Vermont.

*Mr. Smith. Yes.

*Chairman Ryan. And the results, from what your testimony says, a 25 percent increase in the number of beneficiaries who worked above the SGA amount, correct?

*Mr. Smith. Yes, that was for all four states.

*Chairman Ryan. That is right, that is right, for all four states, including Wisconsin.

Walk me through your belief, your impression, on whether we can scale this up, nationwide. Do you think Social Security can administer a benefit offset approach? That is question number one, meaning can we scale this up. Because the purpose of a demonstration project is to see if an idea works. And then, if it does, scale it up for the rest of the country. That is the whole purpose of it. So, can we do that?

Number two, your recommendation. And some others have been recommending this. Why do you recommend starting a benefit offset at an amount lower than was tested at the four-state pilot? Other groups also recommend starting the benefit offset below the SGA level. Tell us why you proposed doing it that way.

So, can we scale it up? And give us the rationale for your recommendation.

*Mr. Smith. Sure. Yes. I believe that the Social Security Administration can certainly implement benefit offset. They already do so for the --

*Chairman Ryan. SSI, right.

*Mr. Smith. -- program. And if you get rid of some of the -- if you get rid of the complexity of the trial work period, the extended period of eligibility that is built into the SSDI program, and have a simple offset, it would be simpler to administer for Social Security. And Social Security has made that proposal under what they call the Work Incentives Simplification Project. So, yes, I believe Social Security could administer an offset.

The second question. The reason why I and others have proposed an offset starting at less than SGA is that we recognize that if the offset started at SGA, that it would indeed increase cost to the program. And so, it's, in a sense, a real -- you know, the -- it is a balance, from my perspective, in that we see the -- from our experience, we see the offset, the -- sorry, the cash cliff, and the fear of going off the program completely, and going into an overpayment as a far more powerful disincentive to work than a more graduated approach, a more predictable approach that folks can rely on.

That is why -- in addition to that, that is why I think continued attachment to the program, based -- allowing folks to -- continued attachment to the program, no matter how much they work, would be a key balance to that.

*Chairman Ryan. Meaning if you have a good month and a bad month, you can go back --

*Mr. Smith. Right. And so, I -- you know, my staff, who work with thousands of beneficiaries, could say to someone, "Look, no matter what happens, the more you work, the better you are going to be off," and that would be wonderful.

*Chairman Ryan. Yes, that makes perfect sense, because, I mean, we have two issues here. We have got a fiscal problem, we have got bankruptcy coming, you know, insolvency, and we have got a messed up work disincentive. And so we have got to try and find a way of harmonizing those two objectives and fixing both those problems.

I could go on and on. I don't want to, because I want to recognize we have a lot of Members who want to ask questions. So I would like to recognize Mr. Levin.

*Mr. Levin. Thank you. As you said, Mr. Chairman, there is agreement. We have to avoid the 20 percent cut. Also, we want to reduce complexity.

But I want to get, if I might, to the nub of this. All of us want very much that those who are disabled and who are able to work, and want to, should be able to do so. There is much talk about the cliff. But the challenge is this. If you adopt a position of revenue neutrality, the danger is you are going to end the cliff by deepening the hole for those who are making much less as they work.

So, Mr. Van de Water, your testimony talks to us about this. So, talk to us about how much most of the people who are disabled who are now working, how much they earn, and what the consequences might be if you set a level in terms of this new proposal. What happens to many people, disabled, who have returned to work?

*Mr. Van de Water. Mr. Levin, the data that we have indicate quite clearly that, of the beneficiaries who work, most of them are earning amounts that are substantially below the so-called substantial gainful activity level that I and the other witnesses have been talking about. That is, there are very few beneficiaries who are earning near this \$1,090-a-month cutoff.

Now, the implication of that is that, the lower the threshold at which you start the benefit offset, the more people would be potentially disadvantaged. I have seen estimates that suggest, for example, if we wanted to have a benefit offset that was truly cost neutral, it would have to start at around \$300 a month. So that would mean that for someone who was earning \$500 a month, which would be more typical than someone earning, say, \$1,000, that person would face losing part of his benefit. So, in that case, instituting a

benefit offset would actually be a work disincentive for that person, rather than an incentive.

So, in order to figure out whether the program, as a whole, and the proposal as a whole, was a work incentive, you would be balancing the benefits for some and the disadvantages for others.

*Mr. Levin. Let me ask. Who disagrees with that? Indeed, I think it is very clear, Mr. Smith, that CBO estimates that changing it the way it was done in the states that you discuss would increase the overall cost for SSDI.

I mean we face a real challenge here, and a real dilemma. You go to an offset, and you are focusing on those who are making more than 1,090, and you are going to essentially, if you have revenue neutrality, reduce the amount that is being received by those who are disabled, which -- they are earning \$300, \$400. They are not rich. And you end the cliff for those who are making more than 1,090 if you have a 1-2 proposal.

So, everybody who is proposing that has to face up to this issue, and that is why the chairman and I and Mr. Becerra and our good friend from Texas have said we need to look at the facts. Those who are disabled who are able to return to work should have an incentive to do that, not a disincentive, and to also make sure that the system gives them a decent standard of living.

So, anybody who says, "Let's have an offset, it has to be absolutely revenue neutral," is essentially, I think, having to deal with consequences for the individual lives of, I think numerically -- we don't know exactly how many. The vast majority of people who are returning to work are earning much less than 1,090.

I mean, Mr. Smith, that is true, isn't it?

*Mr. Smith. Yes, that is true. Based on our experience in my state, we serve currently about 10 percent of the SSDI beneficiaries in the state. And my staff, we looked at it yesterday, over the last decade, have spoken to about 10,000 beneficiaries, about half of whom were SSDI beneficiaries.

And what we see clearly is that people are -- if you look at this like an economist, and you are assuming that people are doing the math, and they understand the -- exactly, you know, where the cliff is, the reality is -- what we see is that folks are fearful. And so they actually suppress their earnings well below the SGA level, because they have heard a story from a friend or a neighbor who was suddenly cut off the program, and suddenly got a letter saying they had a \$10,000 overpayment because of the all-or-nothing nature of the DI program.

And that is the other issue, I think, that is critical to understand is that the all-or-nothing nature of the SSDI program creates large overpayments, because if you get

it wrong -- and it is very easy to get it wrong -- it takes months for my staff to learn the SSDI --

*Mr. Levin. So I think we need a system so that overpayments are corrected more quickly. And many of us have been asking for more funding to carry out the program. And often, for years, that has been resisted. And there is under-funding, I think, of the personnel of the department. We have to adjust that. But we need to look at this not only as economists, but as the people who are disabled.

*Mr. Smith. Yes.

*Mr. Levin. In most cases severely disabled. And where there is a desire to return to work, make sure that, as we worry about those who would be affected by the cliff, look at those who are not earning anywhere near where they would reach the cliff.

And so, you have to make sure, when you are talking about offsetting, that you are not essentially setting off some consequences for a lot of people who have returned to work who can't make anything close to \$1,000, and who, under a proposal, would have their monthly benefit reduced.

I yield back.

*Chairman Ryan. I think this is a great conversation, and we want to continue. I want to turn it to Mr. Johnson.

But I think that what we are trying to get at here is the existence of the cliff, what does it do to the psychology of the person? And it is not something that we can look antiseptically as a statistical problem, like an economist. But what does it do to the nature of a person and their decision-making? And that is what we are trying to get a hand on here.

Mr. Johnson?

*Mr. Johnson. Thank you, Mr. Chairman. I appreciate you holding a hearing on promoting opportunity for those with disability. Mr. Chairman, I would say that we have a moral responsibility to help those with disabilities who can get back to work. And you know, according to a recent survey, 40 percent of the beneficiaries said they were interested in working. Yet in 2013 only one-half of one percent left the rolls. Bottom line, we can and must do better.

Ms. Houghton, welcome. Good to see you again. As you may know, a few years ago I had the pleasure of touring the Walgreens Distribution Center in Waxahachie, near my district. And there, with the help of the Texas Department of Assistive and Rehabilitation Services, those with disabilities, including former disability beneficiaries, worked side by side with other workers, doing the same job for the same pay with the same performance. What I saw there was impressive, and spoke to the fact that a business can

know the value of individuals with disabilities, and wants to make these folks be part of the team.

Ms. Houghton, let me ask you, does your organization help companies who want to employ individuals with disability?

*Ms. Houghton. Nice to see you, Congressman. And, absolutely, the answer is yes. We are at a tipping point. Business is -- countless companies, large, medium, small, in all different sectors, are joining our organization. And the way that we help business is twofold. Most importantly, we connect them with each other. There is a lot that they can learn from Walgreens, from Procter and Gamble, from Microsoft, from IBM. They can teach each other best practices. And we become a bridge to the myriad of resources that are out there through strategic alliances that we have with different non-profits.

*Mr. Johnson. Well, I appreciate you seeking help from the business community overall. Is Walgreens a rare exception, or is someone else in the area doing the same thing?

*Ms. Houghton. They used to be a rare exception, but not any more. There are numerous -- I repeat, numerous -- companies that see value, that see that disability is helping them drive their financial performance, and innovate and develop new products and services.

*Mr. Johnson. Thank you. Dr. Kregel, while we talk a lot today about how to help disability beneficiaries return to work, I am also concerned about those individuals that apply for benefits, are denied, and then try to return to work. At a local hearing office, it takes 435 days, on the average, for someone to receive a decision by a judge. That is well over a year, waiting on a decision, and valuable time spent out of the workforce.

As you may know, I have got a bill to require Social Security to provide denied applicants with information on organizations that do provide employment support. What are your thoughts on that?

*Mr. Kregel. We think that that would be a very helpful benefit to people who apply but do not get awarded benefits. Remember, well over half of the individuals who apply for Social Security do not get accepted at the disability determination level. The longer that they are out of engagement with the workforce, the longer they go unemployed, the more challenging it will be for them to return to work.

So, as soon as they can receive help, that will give them the assistance that they really need in order to do this. So we would be very supportive of sending information to employment service providers and other organizations who could help those folks.

*Mr. Johnson. Yes, it -- unfortunately, it seems to me that it is just too complicated for folks right now to do something about it. Some are able to work with benefit counselors, but what about those who aren't working with a benefit counselor? Would a

website, as outlined in my Promoting Opportunity Through Informed Choice bill help at all?

*Mr. Kregel. Yes, I think that all additional information, accurate, complete information that can be provided to beneficiaries, help them make the choices that they need to make. A lot of them, when they first are awarded benefits, they get a brochure about what will happen if you return to work, but they may go a lengthy period of time, they may be still dealing with their illness or their condition. When they think about working, it is hard to locate that brochure and move forward.

There are resources available in the community that can help them do that. But, just as significantly, if they can search the web, if they can identify resources, all those tools are very, very valuable. They need to be specific to individual states, because the health care programs in states may vary considerably. But all tools will be useful to the beneficiaries.

*Chairman Ryan. Thank you.

*Mr. Johnson. Thank you.

Thank you, Mr. Chairman.

*Chairman Ryan. Mr. Rangel?

*Mr. Rangel. Thank you, Mr. Chairman. And let me really thank this panel. It has been a political process that the Majority picks most all of the members of the panel, and then the Minority selects one member. But the credibility and experience that all of you have, it is hard for me to see any sense of partisanship or politics in your roles, or the testimony which you have given.

And I certainly hope that it would be possible to take advantage of this opportunity for you to see the issues that we are wrestling with, and know that we recognize that you deal with these issues far more than we do, every day, and sometimes lifetime career, and try to get together and help us with recommendations as to what we should be doing.

And I hear Chairman Johnson talk about our moral responsibility, and I am certain that other people on his side of the aisle will be talking about the Federal Government's obligation to do something for people who work hard every day and, through no fault of their own, need a little help.

I want to take advantage of this moment, because there are just some people in this Congress that, if the President of the United States says he wants it, they are going to be against it. There are other people who believe that the United States Government has no responsibility to our citizens in education or in health, but that should be a local issue.

I think this hearing gives us an opportunity to see what can we agree on, and how we can use this to bring us together so the American people might have reason to believe that when there is a crisis, it is going to affect millions of people that Congress, and especially this historic committees, can come together and deal with it.

So, I hope you would consider outside of this hearing room getting together and giving to all of us the recommendations you have, especially to the politically challenging questions that we will be facing.

In addition to that, I have been annoyed with my profession of lawyers, as I see their appeal on television. "Do you believe you are entitled to the disability benefits? If you are working and still think you are entitled, come see us. We have doctors, we can examine you, there is no charge, there is no payment. You don't owe us anything if we get you on Social Security. So get on with your life and let us get you Social Security benefits."

I know all of you have heard anything -- heard about these. Do you have anything positive or negative to say about these advertisers that encourages people to get on disability?

*Mr. Zelle. I am not a lawyer, and I don't want to disparage lawyers --

*Mr. Rangel. If you don't want to wrestle with the question, please don't take time of the five minutes. To me, it is clear cut. They do it for accidents, they do it for everything. They do it for one-third of the commission of any awards. And I know it is immoral, and I know it is probably legal. Now, if you don't want to say anything one way or the other, I can go to the bar and get attitudes. But you are professional, and they either help or hurt.

How about you, Mr. Van de Water?

*Mr. Van de Water. Well, I do, Congressman, believe that we are -- this is something you are paying for, right? You are paying. And when you are working for this benefit, so --

*Mr. Rangel. I am trying to really zero my question in on just one issue. And I am not going to repeat it, because I don't have the time. So why don't we pass? I apologize for being short.

Mr. Smith, you have any views on this?

*Mr. Smith. This is not an area that I --

*Mr. Rangel. Okay. Ms. Houghton?

*Mr. Smith. -- am expert in, but I -- but we --

*Mr. Rangel. Has anyone any views on the encouragement of people to get on Social Security disability, and they come into the law firm, and they will provide you with the necessary documents and they get paid for doing if they are successful? If you don't, then just say that. If anyone has any views, I would appreciate it this time --

*Mr. Kregel. Congressman Rangel?

*Mr. Rangel. Yes, sir.

*Mr. Kregel. I think that the Social Security Disability Determination Office does a very good, very accurate job.

*Mr. Rangel. Of doing what?

*Mr. Kregel. Of determining who is eligible for benefits and who isn't.

*Mr. Rangel. But I was talking about --

*Mr. Kregel. Goes to the level --

*Mr. Rangel. -- paid advertisement on TV.

*Mr. Kregel. Yes. It goes to the level, then, of an administrative law judge, and that is where the lawyers get involved. And that is where a decision -- do you meet eligibility criteria --

*Mr. Rangel. This is the problem that some of us had in Congress, and not rocking the boat, and I am surprised that this panel is affected the same way by powerful people that decide policy on health care, as well as disability. Thank you, Mr. Johnson.

*Mr. Johnson. [Presiding] Thank you. The time of the gentleman has expired.

Mr. Brady, you are recognized.

*Mr. Brady. Thank you, Mr. Chairman. There is a lot of common ground in this hearing today. Both parties, I believe, want to help those who are truly disabled. We want to eliminate fraud in the system. There is too much robs from those who are truly disabled. And then we want to encourage those who want to go back to work to go back to work.

The good news our economy has changed. Fewer people are digging ditches. You know, other skills are needed in the workforce. The workforce has never been more accommodative, both from the new technologies that are remarkable, plus the changes businesses have made to encourage workers who are disabled to get back to work. So what a perfect time to look at 21st century fresh eyes on the disability program.

Mr. Smith, you know, while Disability Insurance and the Supplemental Security Income program share many things, they are often very different in how they treat earnings. You gave a hypothetical example. I just want to sort of highlight that again.

Let's say Dan Disability gets \$1,100 a month. That is about average. Sally Supplemental -- and, believe me, I already regret using those names, but we are going to stick with them -- Sally Supplemental gets about \$700 a month. Again, right with averages. So, if they both get jobs of \$1,200 a month, roughly minimum wage -- but above substantial gainful activity. In this example, Dan Disability loses his entire disability benefit. So his income goes from \$1,100 to \$1,200 a month. Sally Supplemental, though, because there is a glidepath, gets an extra \$650 a month. So she has nearly a \$1,000 gain for going back to that first economic rung on the ladder back to work.

So, \$100 loss to get off disability and go back to work, nearly \$1,000 gain to do the exact same thing, two people who sincerely want to get back into the workforce. In your experience, have you worked with individuals and disabilities who have faced that exact choice when they want to return to work?

*Mr. Smith. Yes, all the time. And it is made sometimes more complicated because there is -- I don't think -- I forget the exact number. There is about 20 percent, 25 percent of beneficiaries receive both benefits at the same time, and so they have one work incentive for the SSI program, an offset, and then the cash cliff built into the DI program.

But until I heard your question, I never really thought about the disparity in the example that you give. But, yes, indeed, the person on SSI would be financially better off taking the same job than the person on SSDI who would lose their entire check. So the person with SSI's net income would be greater in that example, which is not -- which is -- doesn't seem equitable to me.

*Mr. Brady. And I use that example because I think those who are on disability who want to go back, the biggest decision they make is for that first job back, you know, because they have to weigh what are the pros and cons of doing it. Once they get back on that first economic ladder, you know, they start building from there. And the way I see it, there is a huge incentive -- or disincentive for those on disability to make that first leap back into the workforce, even at roughly a minimum wage job, because we just -- that cash cliff is just -- you just cut it off behind them, you know?

And it seems to me the proposals we have heard today about eliminating the cash cliff, giving people incentives to go back to work, sort of have that safety net under them, so they are actually, A, encouraged to go back to work and to earn more money, you know, stay in the workforce, continue to grow. It seems to me to be sort of the 21st century thinking that we need to bring back to disability.

And so, Ms. Houghton, from your standpoint, does that make sense, that a -- illuminating that cash cliff would encourage that first step back? And I am almost out of time.

*Ms. Houghton. Yes. I am -- we are certainly not experts, but it absolutely makes sense.

*Mr. Brady. All right. Thank you, Chairman.

*Mr. Johnson. Thank you.

Mr. McDermott, do you care to question?

*Mr. McDermott. Yes. Thank you, Mr. Chairman. I would take this hearing more seriously if, on the 7th of January 2015, the House had not passed a set of rules that set in place a 20 percent cut on these SSDI folks. The Washington Post reported -- and their title is "Social Security Disability Payments Will Be Cut By a Fifth if the Congress Does Not Act." So they have set in place the cut already. They have said you can't shift money from old age assistance to the SSDI program. So we are stuck. We have to act in this Committee.

Now, we can't pass a transportation bill, we can't hardly pass an ESEA bill yesterday. We can't pass anything around here. And to think this is going to get through by 2016 is really believing in the Tooth Fairy, because you are talking about passing through two Houses of Congress, conference committee and everything, and we have to cut people off the program to have enough money to keep the benefit plan up.

Now, Mr. -- Dr. Van de Water, you have a Ph.D. in economics and all of that. Tell me. How many people will have to be cut off of disability benefits in order to have enough money that we can have the same benefit level for the ones who stay on?

*Mr. Van de Water. Well, the short answer is that it is not possible in any reasonable way to assure sufficient financing for the disability insurance trust fund simply by cutting people off the rolls. Instead of --

*Mr. McDermott. What are the --

*Mr. Van de Water. Instead of cutting the average benefit by 20 percent, you could, theoretically, somehow remove 20 percent of the people from the benefit rolls. But, as I say, there is no practical way to do that between now and the end of next year, nor, I am sure, would anyone on this Committee, Republican or Democrat, have any interest in doing that.

*Mr. McDermott. So there is going to be a cut in benefits. Because, practically, it is not possible to do what -- it is Q in the rules, in case anybody wants to look -- it is the

Social Security solvency rule that we passed that says you can't shift money. So we are stuck with this problem, right?

*Mr. Van de Water. Well, the rule doesn't say that you have to achieve a balance solely by cutting benefits, but it does say you have to include some overall savings as part of a package.

*Mr. McDermott. Somebody who is on Social Security -- I agree there are problems in this program. I could give anecdotes of people who wanted to go back to work. None of the testimony I have heard up here is unusual, because -- the AIDS epidemic is a perfect example where people had a death sentence. They got an SSDI. Then came ARTs, and they are treated, and they could go back to work, but they would lose their health care. And if they had a relapse in their disease, they then would have a big problem getting back on to Medicare SSDI. So they didn't want to leave. So there is -- I know there are problems.

But the question is how many people do you think really can be taken off the rolls in order to get the savings necessary? I mean we are doing four percent now come off. That is about 360,000 people out of 9 million. How many more people have to be somehow bumped off by these new rules that we are going to put together here in the committee in the next 18 months?

*Mr. Van de Water. Well, I think the likelihood of encouraging large numbers of people to leave the benefit rolls is fairly small. Mr. Smith discussed the experience with this benefit offset pilot demonstration. He talked about a 25 percent increase in people earning more than substantial gainful activity. That is great, but that is 25 percent of a fairly small number. And that demonstration project as a whole -- again, as Mr. Smith indicated -- showed that adding a benefit offset starting at the \$1,090 SGA threshold would add to program costs.

*Mr. McDermott. If somebody is on Social Security disability, they have \$1,090 that they have earned, plus their benefit. What is their average benefit from SSDI?

*Mr. Van de Water. The average benefit is a bit under \$1,200 a month.

*Mr. McDermott. A bit under?

*Mr. Van de Water. Twelve hundred. It is \$1,165 per month --

*Mr. McDermott. So that is \$2,200 a month to live on. What is the poverty level for a person?

*Mr. Van de Water. Oh, it is roughly at the poverty level. I don't know what the exact --

*Mr. McDermott. So we are talking about people at the poverty level.

*Mr. Van de Water. Well, if that were their only source of income. Now, for single individuals, it is often the only source of income. For married beneficiaries, they may also have spousal earnings.

*Mr. McDermott. And that is not counted against their income.

*Mr. Van de Water. No, DI is not income-tested.

*Mr. Johnson. The time of the gentleman has expired, thank you.

Mr. Tiberi.

*Mr. Tiberi. Great testimony from all of the witnesses. Thank you so much. First slide, please.

[[Slide](#)]

*Mr. Tiberi. Kind of to pick up on Mr. Brady's point, Dan DI here, the cliff that has been talked about that some of you actually have in your testimony, pretty darn clear at 1,090. Sally SSI, the offset approach.

Next slide, please.

[[Slide](#)]

*Mr. Tiberi. Oh, there you go, the offset approach with Sally SSI.

Just a one-word answer, yes or no. Starting to my left, do you support us going to some sort of offset system for DI?

*Mr. Zolley. I am going to say yes, if that is what I am limited to. Lots of ways to skin a cat.

*Mr. Tiberi. Yes, agreed, agreed.

*Mr. Zolley. You could raise --

*Mr. Tiberi. I understand that. Just an offset system. I am not saying what type of offset system. Next?

*Mr. Smith. Yes, I would support an offset.

*Mr. Tiberi. Thank you.

*Ms. Houghton. Yes, it appears that people would be better off.

*Mr. Kregel. Yes, Congressman.

*Mr. Van de Water. It would depend upon the details of the proposal.

*Mr. Tiberi. So we all know, and you all know, that Social Security runs these systems. And the two programs share many things, but the work rules are obviously different, even aside from this approach to what happens to the beneficiary when they work. Aside from the offset in the SSI program, how earnings are counted, as you know, is very different, as well.

Dr. Kregel, in the DI program earnings are counted when they are earned. In the SSI program they are counted when they are received. Can you tell us, from your experience, do beneficiaries know the difference? And what is the difference?

*Mr. Kregel. Yes. This adds tremendous complexity, unnecessarily complexity, to the calculations that individuals make and the administrative work that Social Security has to do.

So, in the SSI program, as you mentioned, it is when you are paid. So it is easy to do documentation if you have to do things related to earnings or impairment-related work expenses, or that type of thing. SSDI counts in terms of when you did the work. And so there may be people who are paid throughout the year, but only work 10 months out of that year.

*Mr. Tiberi. So that change, if we change the DI work rules and earnings requirements to the SSI ones, that would be a simplification that would be helpful?

*Mr. Kregel. That would greatly reduce the administrative burden, and it would definitely help concurrent beneficiaries, people both on SSI and SSDI, not to have to follow two sets of rules when they communicate with Social Security.

*Mr. Tiberi. Ms. Houghton, can you comment on that from your experience?

*Ms. Houghton. That seems to make sense.

*Mr. Tiberi. Oh, very good. Mr. Smith?

*Mr. Smith. Yes, I agree with Dr. Kregel.

*Mr. Tiberi. Mr. Zelle?

*Mr. Zelle. Yes.

*Mr. Tiberi. Sir?

*Mr. Van de Water. I think that simplifying the work rules would, in general, be a good thing, yes.

*Mr. Tiberi. Wow, we are finding agreement. Except for the Tooth Fairy. I hope my daughters aren't watching; they would be very disappointed.

So, in just another way that the DI program is complicated, Mr. Smith, you talked in your testimony about the disincentive for the beneficiary. Can you expand upon that, in terms of the comparison between the two programs?

*Mr. Smith. Sure. So, from the -- from our experience, from the beneficiary's perspective, the SSI program is far more simple to explain, in terms of you have -- if you earn above this level, your benefit will be adjusted \$1 for \$2. The SSDI program has a trial work period that can be non-consecutive, it has a grace period, it has an extended period of eligibility --

*Mr. Tiberi. So all those things -- the point that I think you made --

*Mr. Smith. Right.

*Mr. Tiberi. -- is all those things actually put fear into the beneficiary --

*Mr. Smith. Right.

*Mr. Tiberi. -- to fall well short of what they could actually earn. And so, going to some kind of benefit offset, as well as simplifying those rules, will give beneficiaries less stress. Is that what you are trying to tell us?

*Mr. Smith. Yes, yes, that we -- that my staff would be able to tell beneficiaries and -- that would be able to -- it would be simple enough that most beneficiaries would be able to understand, and would be much easier for the folks that support those beneficiaries to understand.

Currently, the DI rules are terribly complex. I have to send my staff to training with Dr. Kregel's staff to understand the rules.

*Mr. Tiberi. Thank you.

*Mr. Johnson. The time of the gentleman has expired.

Mr. Lewis, you are recognized.

*Mr. Lewis. Thank you very much, Mr. Chairman. Let me thank each of the witnesses for being here today.

Dr. Paul Van de Water, thank you so much for being here. Thank you for all of your learning. You know a great deal about this issue. Some of the witnesses have suggested that disabled workers receiving Social Security choose not to return to work. They have suggested that these workers may intentionally lower their earning so they won't lose Social Security benefits. I want you to tell members of the committee. Does the data support that theory?

*Mr. Van de Water. Mr. Lewis, that is an excellent question. There have been a lot of studies over the years about precisely this issue. And I think the general conclusion is that, while there are certainly some beneficiaries for whom that is true, as I said in answer to a previous question, the fraction seems to be pretty small.

In particular, some writers talk about something which, in the jargon, is known as "parking." That is whether beneficiaries earn just below the \$1,090-a-month level to avoid triggering loss of benefits. And the various studies have suggested the number of beneficiaries who engage in that sort of behavior is on the order of a few tenths of a percent. So it is a phenomenon, but it is not a very large one.

*Mr. Lewis. Let me ask you. Why is it so difficult for individuals receiving disability Social Security benefit to return to work?

*Mr. Van de Water. The reason is, as I and the other witnesses have indicated, that beneficiaries have very severe impairments, they tend to be older. Dr. Kregel mentioned that 70 percent are age 50 or above. They tend to have very limited education. In many cases, not having completed high school. And all of these factors create great impediments to their ability to return to work.

*Mr. Lewis. Is there some correlation between people who go out and do the hard, back-breaking work, and others who sort of desk work, people that work on the farms and the mills?

*Mr. Van de Water. Oh, absolutely. The likelihood of a person, with a college education receiving disability insurance is much, much less than for someone who has only a high school education. And, in turn, that person's likelihood of receiving disability insurance is much, much less than for a person who has never completed high school. So there is a very close relationship between receipt of disability insurance and the person's education and training.

*Mr. Lewis. Thank you very much.

Mr. Chairman, I yield back.

*Mr. Johnson. Thank you. Appreciate that.

Mr. Reichert, you are recognized.

*Mr. Reichert. Thank you, Mr. Chairman, and thank the witnesses for your testimony and taking time from your busy schedule to be here. I really like the analogy used by Mr. Smith, the spider web versus the trampoline. I think that clearly illustrates a picture that everybody can attach themselves to and understand.

I want to see if I can continue on with Mr. Tiberi's successful efforts in getting agreement. So the chairman mentioned early in his comments that we don't want a 20 percent cut, we want the system to pay on time. We want the program to work better, and we want to help people get back to work. We want to strengthen the disability insurance program to protect those beneficiaries. Everyone agree with that, with those premises?

*Mr. Zelle. Absolutely.

*Mr. Reichert. Okay, good. We are on -- we are still on the positive side, then.

So I want to ask Dr. Kregel a question that relates to one of those anecdotal stories. There is a disabled veteran in my district who has shared with us that, because of the complexities and confusing rules of SSDI work incentive programs, he went back to work, was hit with overpayments, and now he is struggling to pay those overpayments back. And he also understands and recognizes that he actually would have been better off, he would have had more money, if he had simply remained on disability and not gotten a part-time job.

So, we know the Social Security Subcommittee has recently had a hearing on overpayments. How common is it to receive an overpayment, and what causes overpayments? Mr. Kregel?

*Mr. Kregel. Congressman Reichert, it is very common for individuals to receive overpayments. If you look at the percentage of overpayments, SSA says that they make 99 percent of their payments on time and accurately. Well, 10 percent of the people on DI work. And so, if it is 10 percent, then it is 10 percent of people who are on DI who may have an overpayment at some point in time.

What happens then is it relates to another huge administrative issue, and that relates to reporting earnings -- beneficiary has to report earnings to Social Security. If they do that accurately, and if Social Security immediately logs it in, then it should not result in an overpayment. However, it may take weeks or more for it to be logged in, and it may be logged in inaccurately, or the individual may not understand the rules. And so they don't report their earnings, and that is when you get overpayments of 40, 60, \$70,000 that you may hear of.

There are also overpayments in the SSDI system that has the gradual ramp-off, as individuals' work progresses. But these are smaller overpayments, that may be affected one month, and then recovered in the next month, and you don't have these traumatic tens of thousands of dollars of overpayments that some individuals receive.

*Mr. Reichert. And, just out of curiosity, why does it take weeks to log in this information?

*Mr. Kregel. I am sorry?

*Mr. Reichert. Why does it take weeks? You said it sometimes takes weeks to log in the information provided.

*Mr. Kregel. This has to do with the workload within the local offices, the priority that is given to this particular work. Remember, they are dealing with a paper process. To log it, you mail in your actual pay stubs, or copies of your pay stubs, and somebody manually logs that in. We are not using automation in the process that could be done that would really reduce the administrative burden and make these payments more accurate.

*Mr. Reichert. All right. I have one other question. My father is on disability. I am the oldest of seven children, Mr. Zelle, so I can identify with this in a different way. My father was injured at work, and so I worry about the kids.

So, the recipient loses his or her benefits, the injured parent. What about the kids' benefits? They also get benefits. Mr. Kregel, what happens to those benefits?

*Mr. Kregel. Yes. If your benefits go into suspension because you have completed the trial work period and you go over substantial gainful activity, your benefit is suspended, and then the children's benefits are immediately suspended, as well. This is a very, very important issue that needs to be taken into account.

*Mr. Reichert. I am sure it affects the person's decision as to whether to go back to work or not go back to work. Right?

*Mr. Kregel. That is very true.

*Mr. Reichert. And my time is expired. I was going to go to Mr. Zelle, but, Mr. Chairman, I yield back.

*Mr. Johnson. Thank you.

Mr. Neal, you are recognized.

*Mr. Neal. Thank you, Mr. Chairman. And thank the panelists. This has been very helpful, as we try to sort data and try to get information from those who are experts in the field. And I appreciate the conciliatory tone of the members of the committee today as we try to probe the issue.

Would you agree that there has been an uptick or, some would argue, a surge in disability applications during the recession? You could just shake your heads, because I will pursue the questioning after that.

*Mr. Van de Water. Yes, there is generally an uptick in applications during recessions. But the rate of awards goes down, so that the number of beneficiaries goes up only slightly during poor economic times.

*Mr. Neal. The others agree that there was an uptick during the midst of the recession. And some of this is linked to the worker participation rates. Some would ascribe the problem to being -- but it is hard, after Mr. Zellely testified that he had gone from gainful employment to a benefit of \$9,600 a year, I don't think there was an incentive for him to say, "I would like the \$9,600," as opposed to what had been a pretty good career. And I think -- and part of the atmosphere that we have been discussing this in, there has been the suggestion in some quarters that there had been more disability income applications because of the fact that it has been harder to find work.

Do any of you want to comment on that?

*Mr. Zellely. I would comment that I don't believe that is true. I believe that we are following the population increase of Baby Boomers. We just heard testimony that says the actual awards are less. So, even if you are applying for it, so what? The actuality is that, no -- I mean people, if acquire a disability, are looking for ways to get back to work. And Social Security is one way to ramp -- it can be one way to ramp back on. It is just too complicated.

So, I don't know if I answered your question --

*Mr. Neal. Yes, that is perfect, as a matter of fact, yes.

Any other panelists who would like to --

*Mr. Smith. I just had one thing to add. I can't speak to the increase in the rolls, but I -- as working within vocational rehabilitation, we serve folks both who receive SSDI and SSI and folks who don't. And it is clear to me that there are folks who are not currently on SSI or SSDI --

*Mr. Neal. Can you speak up, please?

*Mr. Smith. There are folks who are currently not on SSI or SSDI who would probably be eligible, but also, given some early intervention and some employment supports, may be able to delay or maybe never go on to the program if they are given the appropriate employment supports at that point.

*Mr. Neal. And other -- for the panelists, anybody who wants to offer an answer -- if one gets back to the workforce and they give up their benefits, if the problem reoccurs, can they reclaim, or can they go back to disability, Social Security disability?

*Mr. Zelle. I can state that that actually happened to me.

*Mr. Neal. Okay.

*Mr. Zelle. And I can testify to that. I was able to bounce -- went from a job, off the job, SSDI came back right away with the health care insurance. Granted, it wasn't a lot of money in my case, but it did come back. So, yes, that occurs. And that trial work period starts right again. You bounce, you are back into it. And it is the same thing.

I do want to comment that you have done this, you know, this 20 percent cut. Don't do that. You figured this out. I know it must be so complex, but you have done it on SSI, you have done it on early retirement. You guys can -- men and women can figure this out.

And because people are depending upon you to figure it out, just let -- get out of the way and let us go back to work. I mean that is really what we are trying to get across to you today, is that there are barriers in the system that prevent us who want to go to work going to work. And I see thousands of people with disabilities. That is who I am speaking about. I am not a math major. You have got very talented math folks, and -- but it must be very frustrating when you got CBO that says you can't count tax income, you can't count new taxes, or you can't count the fact that you are going to be paying SSDI when you are receiving it. Makes no sense.

So you have tough jobs. I admire you for what you are doing. But please figure this out.

*Mr. Neal. I think the metaphor you used was the correct one in your testimony, Mr. Zelle, when you suggested the trampoline effect. Thank you.

Thank you, Mr. Chairman.

*Mr. Johnson. Thank you.

Mr. Boustany, you are recognized.

*Mr. Boustany. Thank you, Mr. Chairman. And I want to thank you all for your testimony. It has been very helpful.

I chair the Human Resources Subcommittee of this Committee, and we have been looking at work incentives across a number of programs, and whether they are actually working or not. And it was kind of interesting. My colleague, Mr. Tiberi, just a moment

ago highlighted the more gradual cliff with the SSI program versus what we see with the DI program. And it seems to make a difference.

I mean some numbers I have, SSI recipients have worked less experience than DI recipients, but an average of 5 percent leave SSI rolls each year, due to income from work or other sources, which is about 10 times higher than what we see with the DI recipients. But even then, five percent is still a pretty low rate.

And as we look at work incentives, there are many, many different organizations across the spectrum that work in this space. And so, Dr. Kregel, I want to ask you, do you think the current work incentives and policies designed to help these low-income individuals and individuals with disabilities, do they successfully promote work? And are we actually measuring outcomes with all this?

*Mr. Kregel. Congressman, I think that the work incentives within the SSI program do help. Basically, these individuals, many of them, have minimal employment histories, in contrast to the DI population. And so, starting out, starting a career, working for the first time, the offset that they receive helps them get comfortable with work, and they can move their way forward.

But that is just part of the picture. There are also parts of the service system that other witnesses have referred to, vocational rehabilitation and all of those kind of things, and employers that are involved in the process, as well.

So, in combination with the work incentives, there needs to be support for those individuals to put them in contact with the employers who stand ready to do that. One of the primary agencies for that is vocational rehabilitation, who has a responsibility for doing that.

*Mr. Boustany. Is there more than we can do to help streamline this approach, make it more effective?

*Mr. Kregel. Within the SSI program I think that there are a couple of things that could be done readily. The first one would be to try to do a better job of linking the SSI beneficiaries to employment. There is the Ticket to Work program, but there is also maybe other opportunities that you could look at, so that people are aware of the services and the supports that are out there.

And then, looking at the other array of benefits that the SSI population may look at, as well, because, as they work, they have to worry about are they jeopardizing their food stamps, their children's health programs, and those kinds of things. So it is also the interaction of benefits at the SSI level.

*Mr. Boustany. I appreciate that. And our subcommittee has been looking at some of these cross-jurisdictional programs to try to understand the interactions, so that we can, hopefully, better design programs that help people in need.

But if you could step back for a minute and start from scratch, how would you design a system that actually provides employment assistance? I mean if you could just kind of rewrite things from the beginning, how would you do that?

*Mr. Kregel. Everybody has two reasons to go to work. One, they want to work, work is meaningful in their lives. And then the second thing that hasn't been talked about is these people are in poverty. And some of them are making choices between food and medications, really, on a monthly basis. They are really living at a subsistence level. Seventy percent of the SSI folks are working below the federal poverty level, have income below the federal poverty level.

So those folks need the same kinds of supports that other individuals in poverty need in order to get that done. Child care. They are more likely to have children. Transportation. They may have to do specialized transportation because of needs for certain kinds of support that they effectively need. So, looking at those kinds of things that surround the individual, we hear stories weekly about people who are working, their truck broke down, they went to a payday loan person, they got their truck repaired, they can go back to work, they have been paying \$50 a month on their \$600 principal, and they still have a \$600 principal. So it is all these things that surround the individual, in addition to their own work ability.

*Mr. Boustany. And, ultimately, we do have to measure results, outcomes, what is really working and what isn't, as you know, because, as you look at all these different programs, we need to see which programs are really effective and actually moving people onto the work rolls versus those that aren't.

*Mr. Kregel. Yes.

*Mr. Boustany. Well, I appreciate that, thank you. I yield back.

*Mr. Johnson. Thank you. Mr. Becerra, you are recognized.

*Mr. Becerra. Thank you, Mr. Chairman. And thank you all for your testimony.

And I think, actually, Mr. Zelle, I think you are right. We can come up with a solution. And I think, especially for someone who, like you, figured out a way to get himself/herself back into a position where you could be gainfully employed, I think, ultimately, that is what we want to do.

And when we -- when our previous leaders had the vision to come up with a program like Social Security, it was essentially for that, because most people want to pick themselves back up. So I thank you for everything you are trying to do to help us get there.

I just want to make sure I clarify a couple of things. Because we talk about this stuff because we know we talk SSDI -- we talk the lingo all the time, but most Americans

probably wonder what the heck we are talking about. SSDI is not SSI that some people hear about. SSI is Supplemental Security Income, which is an income for low-income Americans that you get, not because you worked and paid into it, but because you are low-income. SSDI, disability insurance, Social Security Disability Insurance, is not welfare. Welfare you get whether you worked or not, and it is because you are in a difficult circumstance.

SSDI goes only to Americans who, as Mr. Zellely pointed out in his testimony, you worked. Not only did you work, but you paid taxes into Social Security to be able to get those benefits. So, every time you work, and you see that paycheck, you see that deduction, it goes for Social Security. It is for your potential retirement, or your potential, like Mr. Zellely, to become disabled. Or, unfortunately, for some, if they die, it is for your survivors. That is the purpose of Social Security, that three-pronged system, right? And folks should be very clear. We are not talking about some welfare program. No, you paid into it, right?

At the same time, I think we have to be clear. All of us, as Americans who have been paying into the Social Security system, have provided the system more money than it needs right now to pay out all benefits, to the tune of close to \$3 trillion, which we have right now in the trust fund. And that is to help Americans, whether they are getting ready to retire or, by some misfortunate, become disabled. They can get those benefits.

This so-called 20 percent cut, it is not a cut that is required in law, or a fait accompli. It is only because, 20 years ago, when the formula was created by Congress on how to distribute the Social Security dollars that we contribute to our taxes into the pots of money for retirement, disability, or for our survivors was off. Twenty years ago, would we have known exactly -- actually, they actually knew that they were only providing about twenty years' worth of funding for DI out of the pot of money that Americans are contributing.

But that doesn't mean that we should cut disability insurance for Mr. Zellely or folks who had disability insurance, simply because we didn't put the right amount into each pot 20 years ago. We have got the money, Americans have paid for it. So this 20 percent cut is fictitious, if we want to be serious about Americans who have earned this. And, again, remembering that most Americans who are on disability, SSDI, worked for over 20 years, paying into the system.

Having said all that, let's also make sure that we get rid of another confusion. There are about 30 million Americans, working Americans, who are disabled. Not all of them qualify for SSDI. Only the most severely disabled do. That is why only around 9 million of those close to 30 million actually receive Social Security Disability Insurance.

So the population we are talking about is not all disabled Americans, it is those with the severest of impairments. And the folks that we are talking about specifically today aren't just disability insurance beneficiaries, it is those who are trying to go to work, because so many of them have no opportunity to go to work. In fact, there is a study that

shows that close to one in five Social Security Disability Insurance beneficiaries die within five years of qualifying for the benefit. That is how disabled they are.

Okay, so now we are talking about this universe of those who really want to work. I think there is universal agreement here. If we could help them get to work, if we could provide incentive, let's do it.

But I think Mr. Tiberi's chart was very illustrative. If I looked at that chart correctly, this offset, to me, is troubling. Because I look at this chart, and, for those who want to work and start working, if you start doing an offset so that you lose \$1 in benefit, disability benefit, for every \$2 you earn in work, just about everybody that earns less than \$1,100 is going to lose, come out a loser, at the end of the day.

So, I ask a question to anyone who will wish to answer. Are we in this to create an incentive program that creates winners and losers, where the less-able to work are punished to try to help those who can work?

*Mr. Johnson. The time of the gentleman has expired.

*Mr. Becerra. I don't know if anyone -- Mr. Chairman, if I could just try to get a quick response from anyone, and --

*Mr. Johnson. We will give you two seconds.

[Laughter.]

*Mr. Becerra. A yes or no is --

*Mr. Zelle. I would just -- I would add that we are not -- for goodness sakes, do not penalize people, of course not. That is not the intent. We should be incentivizing.

I would add -- I know it is not going to be a popular statement, but the Ticket to Work -- and I know it is affecting 90,000 people or so -- in many ways, they are taken to nowhere, because we are incentivizing VR agencies, rather than incentivizing the individual. If I go back to work, let me keep the money. Why are you giving it to somebody else to help me get back to work? Businesses want the connection, businesses want me to work. I have skills and talent to work. Only 85 percent -- or 15 percent of people are born with a disability who have -- the rest of us have education and work skills and experience. Just incentivize us to go to work.

And so, I know this is complex with this offset. It is not intended -- and I don't think you are hearing it is intended -- to hurt people. It is all about this doing it cost neutral. If you will let me work, believe me, you are going to be getting more revenue and more income from me. So, Congressman, I am hopeful that it isn't interpreted that way.

*Mr. Becerra. Okay. Others?

*Mr. Johnson. Thank you. The time of the gentleman has expired.

*Mr. Becerra. Thank you all very much.

*Mr. Johnson. Mr. Price, you are recognized.

*Mr. Price. Thank you, Mr. Chairman, and I want to thank you for holding this hearing. This has been fascinating.

And, Mr. Zelle, I am struck by your passion, and I appreciate it. And I want to pick up on what you have just said in response to the previous question, and that is -- you telling me that some of this money gets sidelined, doesn't go to the worker?

*Mr. Zelle. I am sorry, sir?

*Mr. Price. You are -- what you just said is, "Let us go to work, but let us keep the money." Where is -- but you mentioned that the money is going elsewhere.

*Mr. Zelle. What I was talking about is the Ticket to Work --

*Mr. Price. Yes?

*Mr. Zelle. -- actually incentivizes a rehab company that helps me go to work, because Social Security rewards them. They take my Social Security benefit and gives it to them to put me to work. And I am saying stop that. Let me keep it. I am the one that is going to work. And so, reward me, or incentivize me for going to work.

So, again, I know that is controversial, because there are people using the ticket, it is helping some people. I just think we are pointing it the wrong way.

*Mr. Price. Yes, yes. No, I appreciate that. Look, as I say, this has been fascinating, to hear the testimony. I am a physician. I was an orthopedic surgeon. So I have done hundreds, if not thousands, of disability evaluations. And one thing that I was struck with when I was in practice, in medical practice, is that the program is static. It says that if you have got this disease, or if you got this problem, or you got this disability, that that is it, that you are punished to consider going back into the program, for fear that you might lose the disability insurance or the payment.

Mr. Smith, have you had any experience with that in the programs that you have run? Is that a real fear? I know it is a fear that many of my patients described.

*Mr. Smith. Absolutely. And I -- and it was clear from one of the -- for example, some of the folks that we had in the benefit offset who did, for a period of time, have a gradual ramp-down, when the pilot ended and the ramp-down went away, we estimated about half of those folks then reduced their earnings to -- because of their fear of being -- losing eligibility for the program. So, yes, I think it is very powerful.

I also want to point out I might mention the Ticket to Work program. And I am chuckling, because I am one of those voc rehab providers that gets paid under the Ticket to Work program. But the Ticket to Work program is based on VR agencies and employment networks paid if a person zeroes out their cash benefit. And it presents -- for me, it presents a conflict of interest, because I am sitting in front of a beneficiary, and under the current rules, I get paid if he or she works themselves off of benefits. But there are definitely situations when that is clearly not in that person's financial best interests.

So, obviously, my staff and my program, you know, give people the correct information to make sure that there is no -- you know, that they are not harmed, and if they do choose to go off the program, it is -- that they are fully informed. But there is a clear conflict of interest for us in that, you know, we essentially could be paid for something that is not in the individuals --

*Mr. Price. Provides a disincentive, yes. I want to touch with you, Mr. Smith, a little more, though, because I am struck by the experience that you have with an alternative program, this benefits offset and the real-life examples that you can provide, and have provided, about how that incentivizes individuals to get back to work when they want to, because the four percent number doesn't seem like it -- you have got 40 percent of the folks out there saying that they want to work, and we got less than 1 percent of the folks who are actually working.

So do you have statistics or a comparison of this benefits offset program that you have -- the pilot that you have experience with?

*Mr. Smith. It wouldn't speak -- our pilot was a small, short-term pilot, so it wouldn't provide data on how many people could potentially, on a nationwide level, participate in the program.

What we -- what I do know is that, in my state, like, 10 percent of the SSDI population is engaged in our program, which means they have raised their hands and said, "Yes, I want to go to work." And, obviously, there are many other people who don't need -- who don't want VR services who are probably also trying to return to work.

So, I am a bit more optimistic, perhaps, than others on the potential that folks can return to work and work at higher levels.

*Mr. Price. Great. I appreciate it.

Thank you, Mr. Chairman.

*Mr. Johnson. Thank you.

Mr. Doggett, you are --

*Mr. Doggett. Thank you very much, Mr. Chairman. I suppose it is encouraging that this hearing began with Chairman Ryan telling us not to worry about the prospects of a 20 percent, across-the-board benefit cut for disability recipients next year. I see only one major problem with that, and that is that a partisan rule was adopted at the beginning of this Congress to prohibit the Congress from resolving this issue, as we have 11 times before, and that is to recognize, as Mr. Becerra said, that this fund distinction is artificial, and that one way of solving the problem, independent of our discussion of work this morning, is to do a fund transfer. And that rule says that you have to solve this 20 percent cut by either raising taxes -- and we know they are committed to not raising taxes -- or finding some other way to cut the amount of money being spent on disability payments in order to make up for the 20 percent.

So, the real -- the complete statement should be there won't be a 20 percent benefit cut, because we are planning to find some other way to cut disability payments to make up for what would be necessary to avoid a 20 percent payment cut. Beyond that point, this morning's hearing begins to look, in a more sophisticated way, like the standard Republican stump speech, that the only thing that is wrong is that people, poor people, don't work hard enough, and that bureaucrats get in the way with red tape and unnecessary regulations.

Dr. Van de Water, I want to ask you about the type of people, first, who are getting disability. As Mr. Becerra pointed out, it is not all the disabled people in the country, it is only someone that a judge has determined has a mental or physical impairment which prohibits them from performing substantial gainful activity at any job in the national economy. Is that basically the standard that applies before someone begins receiving a disability check?

*Mr. Van de Water. Yes, that is the standard that --

*Mr. Doggett. And, in fact, as far as men who receive disability checks, some of them are in such bad condition that I believe it is about one in five of them actually die within five years of getting their first check.

*Mr. Van de Water. Yes. The death rate for disability insurance beneficiaries is much, much higher than --

*Mr. Doggett. I very much believe in work, and I appreciate the testimony that has been given here this morning. I think we need to provide incentives for people to work, and remove any disincentives that exist. But in terms of whether we can just have disabled poor people work their way out of this 20 percent cut and solve the problem that way, if you actually provide more incentives like this 2-for-1 payment instead of an absolute cliff, doesn't it end up costing more for the system, and not less?

*Mr. Van de Water. That is exactly right.

*Mr. Doggett. And so the -- you mentioned that is true of administrative costs and otherwise.

So, I guess really, the question is do those who believe in work -- and I certainly do -- are they willing to pay more out of the disability trust fund to encourage work, to incentivize work, rather than to pay less? And I don't see any indication that they are willing to do that. In fact, they are talking about cuts that would be very severe -- if you offset everything you do about incentivizing work, won't you actually reduce benefits to many more people than you help? Won't you hurt more people than you help?

*Mr. Van de Water. Well, you are absolutely right, Mr. Doggett, that providing work incentives, obviously, is what we are all talking about here this morning. But trying to do that and also save money at the same time is very difficult.

You have heard the problems involved if one started a benefit offset at less than \$1,090 a month substantial gainful activity level. You heard a story one of the other witnesses told about the problems created by the Ticket to Work and its effort to save money in the process of encouraging beneficiaries to return to work. And, actually, we failed when Mr. Tiberi was asking us about work incentive simplification. One of the things which --

*Mr. Doggett. Let me just interrupt you as the time goes down to say is there enough red tape, change in work rules, and more work that people could do, if incentivized, that can -- would be enough to make up for this 20 percent cut that is about to take place?

*Mr. Van de Water. No, by no means.

*Mr. Doggett. Not even close, is it?

*Mr. Van de Water. No.

*Mr. Doggett. Thank you.

*Mr. Johnson. Thank you, Mr. Doggett. Mr. Smith, you are recognized.

*Mr. Smith of Nebraska. Thank you, Mr. Chairman. And thank you to our witnesses, for sharing your expertise and insight today. I know I hear from constituents who find the program's work incentives difficult to understand and, actually, who have unexpectedly had their benefits turned off because they crossed the earnings threshold without realizing it.

You know, just frustration in so many ways, and especially looking at the forward timeline of the solvency concerns, we have waited a long time. And it appears there will be no way to actually keep DI solvent, as you know, without transferring funds into the program, most likely from the Old-Age and Survivor's trust fund. Without reform, we

will reach the point of insolvency again, and not just with DI, but with the old age trust fund, and with Medicare, and many concerns across the board there.

Ms. Houghton, in your testimony you note that, while businesses aren't experts on DI, the obstacles individuals can face can cause them to reduce their hours, limit their earnings, quit their job, or not try to return to work at all. Do you think a benefit offset would make it easier for people to try to work more hours, increase their earnings, or take a promotion?

*Ms. Houghton. Absolutely. You know, I think that, right now, the way the rules are, you have to be a rocket scientist to figure out how to make work pay.

*Mr. Smith of Nebraska. That is very interesting. And speaking to the complexity -- and I know my colleagues have just kind of pointed to the various channels that are pursued because of the complexity, and, really, I would hope we could avoid the complexity and the expenses associated with that.

So, with that, I yield back. Thank you, Mr. Chairman.

*Mr. Johnson. Thank you.

Ms. Jenkins, you are recognized.

*Ms. Jenkins. Thank you, Mr. Chairman. Thank you for holding this hearing. And I want to thank the panel for the great discussion this morning. Special thanks to Ms. Houghton. It is always great to see a native Kansan, a KU alum, and a former Bob Dole intern, before us. It has been nice to find a little common ground with our colleagues on the other side of the aisle this morning, as well.

I have long been an advocate for mental health, and service to help those who deal with mental illness. And I noted in Mr. Kregel's testimony that almost half of the younger beneficiaries -- which, to me, means under 50 -- have mental impairments. This is compared to roughly 30 percent of all beneficiaries. Since these folks are facing a lifetime of challenges, it really is important to focus on helping them return to work.

So, Mr. Smith, it seems your pilot program had some findings in this area. And I just am curious, working to see, with those suffering with mental illness, what you feel their likelihood of returning to work is, and what we can do as policy-makers to help that happen.

*Mr. Smith. Sure. There is a very well-researched approach to supporting folks with psychiatric disabilities return to work called the IPS, or Individual Placement and Support model out of the New Hampshire Psychiatric Research Center, next door to us in Vermont. And I think Bob Drake has been -- that program has been studied in a Social Security demonstration. And while I am not familiar with that demonstration, I did talk to Bob Drake, who ran it for Dartmouth. And he said -- you know, he said the IPS

approach clearly helps people, and multiple random assignment studies have shown it can get younger folks with psychiatric disabilities back to work.

But he found that they ran up against -- once folks started to really get their feet wet, and start moving towards employment, they ran into the cash cliff. And so the findings ended up not sort of saving Social Security funds, because they were running into this -- the cash cliff.

So, yes, I -- and this is, again, why I am somewhat more optimistic about the potential of folks, especially younger folks with psychiatric disabilities, to -- if they are given time and given the right incentives to get themselves to a position where they can earn, they can increase their earnings and have a better life.

*Ms. Jenkins. Okay, great. Thanks, I yield back.

*Mr. Johnson. Thank you.

Mr. Larson, you are recognized.

*Mr. Larson. Thank you, Mr. Chairman. And, again, I want to thank the chair and Mr. Levin for this hearing. I especially want to thank our witnesses for your outstanding testimony and your passion and commitment, as well.

I find myself associating with the remarks of Mr. Zelley, especially as it relates to our responsibility. I think your frustration is shared by Members on both sides of the aisle here. And I know, based on the honor that the members of this Committee bring to this effort, that there is a path forward, and we just simply have to find it.

I am going to yield a portion of my time. Mr. Becerra didn't get an answer on the question that he posed at the end of his statement. And then, after you answer, I will just have a suggestion. But I deeply appreciate the -- both what the committee is doing in this respect, in trying to resolve this issue, both in the short term and long term.

But, Mr. Becerra, I will yield to you to finish your question that you had asked.

*Mr. Becerra. I thank Mr. Larson for yielding. And let me just pose it again quickly, because I don't want to use up any more time than necessary.

So, if you do the offsets, if you start to -- at a lower level, to remove some of the disability insurance benefit for money earned -- so, in the case of this example given, if you lose \$1 of your disability insurance earned benefit for every \$2 you make in wages, and you start it early, instead of at \$1,090, which is the full disability benefit, you start it early, you've got a whole bunch of folks at that early stage, up to \$1,000 or so, who are getting cut, their benefit. Even if they get -- have a chance to earn money, many of them are not able to earn that much, but they still get the cut.

And so, my question was, are we interested in creating losers in this? Are we interested in punishing people as we try to create an incentive to let those who can, as Mr. Zelle was able to, earn more money? And so, are we looking to punish those who don't have the ability to earn more money?

*Mr. Zelle. I am not in favor of whacking somebody's benefits. But I think there is a perception issue that I would like to address, if I may, Congressman, and that is that when you see that international symbol -- and we see it when we park. You have got it here, at Congress. We have it at businesses, we have it in our life. We see that international symbol. I wear one that shows somebody carrying a briefcase, meaning that people with disabilities can work.

When we see that, that there is this stereotyping -- you talk about mental illness, specifically -- when you see that, you think, well, what is that? That is someone who needs help, needs a parking spot, a medical problem, needs public -- lacks education, not working, is a drain on our society. There, but for the grace of God go I. Or, do we see past that wheelchair, past the eyeglass, and see a person who is dependable, as businesses have found out, dependable and motivated and loyal? And healthy. They are not sick. I don't need to be healed. I am working. I have education, talent. See that, and see that there, with the grace of God, go I.

So, my point is we have this tendency to think that everybody is really poor. Well, they are poor in a system that doesn't work well. That is the reason they are poor. The expectation should be higher, starting early, starting very early, with parents. And even at the low teenage years, that, yes, there is an expectation of work, and that, yes, you will be part of our society and community, and we have a support system that will bring you on that journey.

*Mr. Becerra. And, Mr. Zelle, I don't -- this is Mr. Larson's time, so if I could just ask if anyone else wishes to comment on this, I open it up to you very quickly, because I know Mr. Larson probably has other questions.

*Mr. Kregel. Congressman Becerra, I really agree that this is an insurance policy. And if we start the offset below the current SGA level, we are effectively cutting the insurance payments for a certain group of individuals.

At the same time, we have to recognize that we are talking about people at the subsistence level, at the poverty level. And a reduction in insurance benefits, as they make up for that, by increasing their earnings may, for some individuals, be a path to greater self-sufficiency. So it is a delicate balance, but your point is well taken.

*Mr. Becerra. Thank you.

*Mr. Johnson. The time of the gentleman has expired.

Mr. Paulsen?

*Mr. Paulsen. I just want to start by thanking the chairman for holding this hearing. This has been some really outstanding testimony, based on the wealth of experience that all of you have offered here.

And it is interesting because, you know, our constituents back home, I mean, they expect us, as leaders in Washington, to get some things done. And this Social Security Disability Insurance program is the perfect opportunity for Congress to step in, make progress, come together, and make some real changes that are actually going to really, truly help people. And this is about making sure that those that do rely on that critical income safety net, they are not going to be put in jeopardy, right, from drastic benefit cuts, but also giving those tools and resources that are going to allow those who wish to return to work the opportunity to do so.

And, unfortunately, as we have heard -- and we have heard other stories from back home, but also from the testimony -- the SSDI programs become so complex that even those who want to return to work, they have difficulty in navigating that huge web of rules and regulations. The beneficiaries become so overwhelmed or nervous about losing their benefits due to the overwork -- due to overwork that they may actually stop looking for a job.

And, you know, Ms. Houghton, you mentioned actually, you know, you have to be a rocket scientist, right, to kind of figure your way through this. And businesses clearly want to hire and promote the best person for the job. And, Ms. Houghton, you have -- I mean this is your area of expertise. You work with all these different employers. And we have heard today that, for those that are receiving DI benefits, it is not that simple, just to say yes to a new job, yes to the next promotion, yes for more hours. It is not that simple.

Now, what about employers? How do employers navigate these rules? And if the program was simpler for employers also, do you think that employers could be more effective at providing opportunity for individuals with disabilities?

*Ms. Houghton. Yes. I mean absolutely, Congressman. Employers don't know how to navigate these rules any better than their employees know how to navigate these rules. And so, as a result, they are either losing talent, or not having access to talent.

If these rules -- you know, I think it is clear that everybody wants to make this program work better, and wants to help people be able to become employed. And if we could simplify the rules so that you didn't have to be a rocket scientist, that would absolutely help individuals and, ultimately, help business, who wants to hire or retain these beneficiaries.

*Mr. Paulsen. All right. Well, clearly, I think the ground work is laid here, based on a lot of the comments And testimony on a bipartisan basis. So I really want to thank you again for all the testimony we have had today.

And, with that, Mr. Chairman, I will just yield back.

*Mr. Johnson. Thank you for your questions.

Mrs. Black, you are recognized.

*Mrs. Black. Thank you, Mr. Chairman. And, again, I want to thank the panel for being here, and this most interesting conversation today. I want to thank the chairman for holding this hearing.

When I first came here to Congress in 2010, I was on the Human Resources Subcommittee, and that was my first time in understanding about the disability trust fund going defunct in 2016. And so I have been anxious about this now for five years, and I am glad we are finally getting a hearing.

One of the things that I did was to try to better understand this system. Because, as this chart shows, this is very complicated. You all know that. I think the audience and those at home -- that are home watching need to see this chart, as well, to understand how complicated it is. And, because of that, what I did is I said I am going to act as if I am applying for services, and I am going to start at the beginning and work my way all the way through. And it was very, very enlightening.

And we have talked a lot about the cash cliff here, which is a very important piece of this, and one of the barriers to getting people back to work. But as I was going through the process, one of the things I heard from the workers that I was so impressed with, those who I met with and the workers that were really trying to help the beneficiary get everything that they needed, at the same time to help them get back to work, was the whole issue of the lack of services there for those who, as has already been said in the testimonies that we have -- let me see here, 70 percent of those that are applying are 50 years or older with a limited education and a limited amount of work experience to translate from whatever they were doing into something new. And there was a lot of frustration there, even though there are voc rehab programs, in getting someone from where they are back into the workforce, because the human capital is a big piece of that.

And that is something that I did here, is that people who are not able to get back to work then go into depression, and there is a lot of things that occur as a result of them not being able to feel like they are self-sufficient, that they are worthy. And so, that really worried me. And that is a component I don't think we speak enough about.

Mr. Kregel, I found it interesting in your testimony, and I highlighted this, a lack of training and support services are frequently cited by beneficiaries as a major obstacle to employment, training, and education to launch a new career, or need specialized employment services, have achieved mixed results.

Can you help me to, from your perspective, on what can we do better to help somebody to be able to transition, especially those that are at the lower income with lower education, to get them back into that workforce?

*Mr. Kregel. In addition to the individuals who say, "An obstacle to my employment is the work incentives," and those kinds of things, they also say things like, "There is no jobs in my community that I can do." They also say, "There is no one to help me get a job. Employers don't think that I can do a job for them," and those kinds of things.

And so, the issue is to get connections between those individuals and the business sector, which is very accommodating and very willing to hire these individuals. So, for low-income individuals who have significant health problems, it is a particularly daunting task. But the idea is there are people out there, employers, who are not the problem, who will accept you if we can enable folks to make that connection with them.

So, the recruitment is just as important as the retention work that employers do to keep people who have had injuries or illnesses on the job retain -- stay in employment.

*Mrs. Black. And, Ms. Houghton, that is where I want to say thank you for the work that you are doing, because I know in your testimony you said there are challenges finding the talent, and navigating the governmental system for these employers is very difficult. I am very excited about what you are doing, but can you help me in how we might be able to help you do a better job in getting these employers to where they need to be to get folks that are hired in the right places?

*Ms. Houghton. You know, I -- obviously, we have got a lot of work to do. But if ever there was a time, it is now. And we need these systems. We need the education system, we need the vocational rehabilitation system. We need the workforce system to help people with disabilities focus on what they can do and how they can do it, so that, as they interface with business, folks aren't talking about what they can't do, but they are talking about what they can do, and how they can get the job done.

*Mr. Black. Thank you. That is very helpful, and I would really like to be able to stay in touch with you to see how we might actually be able to do that in some form. Not necessarily in a bill, but working with those existing forces that we have currently, and beefing those up, and making those better.

Thank you, Mr. Chairman, and I yield back the balance of my time.

*Mr. Johnson. Thank you. Mr. Davis, do you care to question?

*Mr. Davis. Thank you very much, Mr. Chairman. And I ask unanimous consent to have entered into the record an article from the Washington Post printed on January 7, 2015.

*Mr. Johnson. So ordered.

[The information follows: [The Honorable Danny Davis](#)]

*Mr. Davis. Thank you very much, and I want to thank you for the hearing. I certainly want to thank all of the witnesses for their participation in this very serious, sanguine, rational, what I call logical discussion of a way to look at trying to be of benefit and help some of the most vulnerable members of our society.

And so, I relish the fact that we have talked about the Social Security Disability Insurance, realizing that there are no simple solutions to very complex issues and very complex problems. But, at the end of the day, I think we have to remember that, no matter what happens, these are individuals who have worked for their disability insurance. It is, indeed, insurance and not a means-tested program. These workers paid for their benefit over decades of hard work, and they have earned their Social Security benefits.

In Illinois alone, we have 289,730 DI recipients; 18,601 in my district alone. The monthly average payment for a disabled worker in Illinois covers less than half the actual amount they earned before disability. And, if you consider the fact that rent for a one-bedroom apartment in Chicago is \$1,752 a month, anyone on DI can hardly make a living.

I agree that we must do everything that we possibly can to get as many of these individuals back into the workforce with meaningful jobs. But, at the same time, we cannot neglect the needs of the majority of recipients who have worked hard to pay into the trust fund all their lives. Cutting the benefit amount or altering program eligibility would take away already scarce resources of many vulnerable Americans.

Dr. Van de Water, I would like to ask you this one question. Considering the fact that, since 2011, Social Security has received an average of \$1 billion a year less than it needed to administer its programs, even though the number of Americans collecting earned Social Security benefits has grown by 7.5 million, could SSA administer a benefit offset program accurately within its current congressionally-provided benefit? And how have the budget shortages affected SSA's ability to administer the current work incentives that already exist?

*Mr. Van de Water. Mr. Davis, as another witness has indicated, I think that the Social Security Administration is quite capable of administering a benefit offset, but that if the funding is short, as you point out, that will provide a practical impediment to doing the job well.

One of the themes I think that has emerged from this morning's hearing is that there are a number of ways to encourage disability insurance beneficiaries to work. But many, if not all of them, are going to cost money, whether that is administering a benefit offset, whether it is doing additional continuing disability reviews, whether it is providing work simplification of the sort that Mr. Tiberi was asking about, all of these things require

either program money or administrative money. And the attempt to achieve these goals and reduce program spending at the same time is an overly constrained problem. But the shortage of funding is key.

*Mr. Davis. Thank you very much. So the bottom line is you can't get blood out of a turnip. Thank you, Mr. Chairman.

*Chairman Ryan. [Presiding] Thank you.

*Mr. Davis. And again, thank you all for being here.

*Chairman Ryan. Thank you, Mr. Davis.

Mr. Renacci?

*Mr. Renacci. Thank you, Mr. Chairman, and thank you for holding this hearing. I want to thank the witnesses.

I have been sitting here, listening to all the testimony. And I realize there is no silver bullet to fix this shortfall that we are going to have next year, and I don't think this hearing was about finding that silver bullet to fix the shortfall next year. I do think the hearing, though, was about promoting opportunity for Disability Insurance beneficiaries.

And so, keeping with that theme, I think back of a couple constituents in my district. And I always try and go back and think of constituents in my district, and how we can change things for those constituents. So there are some constituents out there that I know that would like to work. They are on Disability Insurance. They see a very difficult system to get into, but they deserve to get into it, and they have gotten into it, and now they are fearful they are going to lose it. In fact, I ran into one of them the other day and said, "If you see the complicated form I got to report back on, I am not sure if I make the wrong election or say the wrong thing I am going to lose everything."

But these are also people who would like to work, too. So -- And I agree, I am hearing some things that -- you know, if you change the payout system -- in fact, Mr. Zelley, you even mentioned let them keep all their DI payments. Well, it is an interesting concept, because, you know, if people could do that, and still work, there probably is an incentive. But, again, it doesn't fix the system. But I think the goal here was really promoting opportunities.

So -- And the other thing -- And when you say that -- And I am not saying that is the answer -- I was sitting here thinking the more that they are able to make, the more wages they are able to make, the more Social Security they pay, actually, back in on those wages. So there is some benefit to that.

But the other thing I keep hearing today is the system doesn't work well, it is too complex, it is overwhelming. And that is actually what I am hearing from my

constituents that I know are on the system, as well, those that want to work. Now, again, there are some that it would be very difficult to get back into the job market, but there are some that can.

So, what I am trying to do after all of this is figure out what can we do different. What can the system do different? Because, Mr. Kregel, I heard you say, you know, that many people just feel there is no jobs in the community. And that is a problem, because there are jobs in the community. I know, when I was a business owner for 28 years before I came here, I hired many people that were disabled, and put them to work. And there were job opportunities for them. They weren't able to maybe lift, or they weren't able to fix a car in the automobile dealership, but they were able to sit at the desk and greet people, and they did a great job.

But the question is, so now I am disabled, I get on the system, and it is a complicated system, and I am scared I am going to lose the dollars I am getting. So what can we do within the system to fix the system? That is really what I am looking for, so that that individual can have, maybe, an opportunity for work. Mr. Kregel, you have any thoughts there?

*Mr. Kregel. I think that one of the advantages of the offset that hasn't been mentioned is that people who are afraid to work at that level presently -- I think that there are people who are not working, and they just hear this stuff about, "I am going to lose my benefits. If I work at all I am going to lose my benefits," and all of the information or inaccurate information that they receive.

So, with the offset, it will enable people who are not working at the present time -- and I would anticipate it would increase the percentage of DI beneficiaries who would actually attempt work and go to work, because we create this huge fear for folks at the present time. And then we have to automate the system. The form that you are talking about, the work activity report, the Form 821, there is another one we haven't talked about for self-employed individuals, all of those things just create tremendous burden, and really, fear on the part of individuals, "If I say the wrong thing, I am going to lose my check. If I lose my check, I can't take care of my basic shelter and food."

And so, those kinds of choices that people are forced to make right now, those are the things that have to be changed, if we can.

*Mr. Renacci. Could it be as simple as a follow-up from the Social Security Administration, saying, "Hey, have you been looking for work," or, "Is there something we can help you with?" That seems like a very simple change that I am not sure if we are doing.

Mr. Zelle, do you have any thoughts on that?

*Mr. Zelle. Well, if you are talking about encouraging people to work, absolutely. And, you know, there is this word, "bureaucracy," and we all get afraid of

it. But it is in our lives, and so let's take advantage of it. Let's absolutely encourage people, as you are applying for disability, that there are alternatives.

And the two-for-one ratio, I think it is -- I am all in on this, you are hearing the panel that this is a good thing, because you are not penalized for going to work. That is what we want.

The other thing I will just say that -- if I may, Congressman, that when I was first injured, and I am laying in intensive care with bolts in my head on a striker frame, thinking, you know, we depend on our faith and family and friends to get us through, and just -- my life was over. What can I do? I have these children I can't provide for. And my brother-in-law, Gene Hamilton, brought in a fellow in a wheelchair, a friend of his, the same level of injuries I had, and he started talking about life in a wheelchair. And come to find out he was a stockbroker, making a lot of money. And I thought to myself -- it was an epiphany.

Well, if he can do it, if he can have a career, if he can make money, I can do it. And so that just changed everything, that pure support. There is organizations called Center for Independent Living, they are made up of, governed by, led by people with disabilities who are working. And I encourage you to support that engage -- Social Security engage with them early on, early on, as people apply. Because when you see somebody else, and you get that peer support, it is a bridge to work. It is a "Yes, I can."

So, I don't know if I have answered your question --

*Mr. Renacci. No, you did, thank you. And I want to thank all of the -- all the witnesses. And that is what I am talking about. We got to make sure -- when I go back to those constituents, they just complain about the forms, and they never say to me, "Hey, it would be great if somebody would show me how to get back to work, or give me that" -- as you said, that inspiration, that here is an opportunity --

*Chairman Ryan. Thank you.

*Mr. Renacci. So thank you. I yield back.

*Chairman Ryan. Mr. Reed?

*Mr. Reed. Thank you, Mr. Chairman.

And, Mr. Zelle, you just summed it up. That was the best testimony of the day, your story right there. That is what we are trying to do on this side of the aisle, is to promote that work ethic, that opportunity that you sought and you achieved and you recognized in your peer. So I applaud you in your story. I truly and honestly do.

And before I ask my question of Mr. Kregel, I want to just note for the record what I heard from my colleagues on the other side -- Mr. McDermott -- about the fact that we

are not going to be able to solve this problem because of a rule change, and that we should do what has been the status quo in Washington, D.C. for 11 times and multiple times over the decade, it is just transfer money for the retirees into the disability trust fund, and that will solve this problem. It doesn't solve the problem. It takes what is a \$270 billion problem today that we are facing in 2016 with the disability trust fund, kicks it down to 2031 or 2033, and couples it with a \$3.7 trillion problem.

And so, if my colleagues on the other side of the aisle think we can't solve a \$270 billion problem within the next 18 months, how in the hell are we going to solve a \$3.7 trillion problem just 16 years down the road? That is asinine. That is stupidity. And I came here in 2010 to change the status quo, and I am standing here in seizing this opportunity in the disability trust fund to implement reforms that are going to help people. And your story inspires me to continue in that effort, Mr. Zelle, and I appreciate it.

We had a chance on the subcommittee, the Social Security Subcommittee, to have the Social Security Administration come before us. And during that questioning, I pulled up the Red Book and I gave it to the Social Security Administration who writes it. And I said, you know, "This book says it is written in plain English language." That is the goal of the book, right, when you read the introduction. And I just flipped open the page. And I am looking at the smiles of the witnesses. You have read this book, right? This is D.C.-speak like I wouldn't believe. This is not plain English. My favorite: "The EPE begins the month after the TWP ends. If you are not working that month, the first 36 months of EPE is -- then you got to deal with the SGA then. Then the EPE is different than the EPX or the EXR." That is not plain English to me, ladies and gentlemen.

So, Mr. Kregel, you are contracted by Social Security Administration to teach counselors how to help people with the work incentive program. How long does that program take?

*Mr. Kregel. We would say in our training program, between training and testing and ongoing support, it takes about a year to get to a basic level of competence.

*Mr. Reed. So one year to train a professional to help a beneficiary to figure out the Social Security work incentive program is essentially what I heard from your testimony. Is that accurate?

*Mr. Kregel. Yes, to help beneficiaries, right, yes.

*Mr. Reed. To help a beneficiary counselor who is going to help a beneficiary.

*Mr. Kregel. Right.

*Mr. Reed. So it takes one year to teach them this program. And so, our beneficiaries, who don't have the benefit of that training, who don't have that level of

professionalism when they deal with this situation, they are expected to know what this work incentive is on their own, because of a Red Book given to them by the Social Security Administration. That is generally the position of the Administration?

*Mr. Kregel. That is where the state of the art is right now.

*Mr. Reed. Yes. See, that is the problem. So, when I read your testimony I was so impressed with -- and we saw common ground. Mr. Tiberi's question led to common ground, that we need to simplify this program, we need to simplify the work incentive program.

So, let's take it one step further, Mr. Kregel. You are clearly an expert in this area. What are the top three things we can do to simplify this work incentive program, from your perspective and your experience?

*Mr. Kregel. Well, I think that the first thing is to always make work pay. You are never going to go wrong betting on the willingness and the ability of individuals with disabilities who want to pursue their work goals. They want to work, like everybody else. They have their own personal lives, and they really need to do it.

So, what we want to do is make sure that -- people who can't go to work, we want to help them. People who want to work, we want to be focused on doing everything that we possibly can to assist those individuals.

The second thing that we really need to do is reduce the burden on the beneficiary at various points in time. If you look at this particular chart, each one of these squares can be expanded into another couple charts, in terms of what happens in this instance, and what happens in this instance. What happens that we haven't talked about, if you are self-employed, and you run your own business. So, reducing burden of individuals who want to go back to work, to get past this mailing stuff, and doing it in a way that simplifies it from their perspective, would really, really be helpful.

And then we have to get to accurate information. So the ability of the local field offices and the service providers and VR and other places to actually provide the right information, or make sure they follow up and make sure the individual understands that information, so that people aren't making wrong decisions based on what they think is the right information but is erroneous information, And it ends up causing major turmoil in their life, as a result of an overpayment.

*Mr. Reed. I appreciate those suggestions. And what I hear is proactive, get into it early, educate individuals, and then stand with those individuals as they go back to work.

*Mr. Kregel. Correct.

*Mr. Reed. Thank you. With that, I yield back.

*Chairman Ryan. Fantastic. Thank you very much. I thought this was a very insightful hearing, and I hope that we can move in a bipartisan way. I heard some partisan comments. Hopefully that is not what is to come, because I think you can see that we have a deep interest in avoiding this problem, this 20 percent cut, and making work pay, and making this law work like we all want it to work.

So I want to thank each of you for bringing your fantastic testimony. It was very enlightening.

This hearing stands adjourned.

[Whereupon, at 12:36 p.m., the committee was adjourned.]

[Questions for the Record](#)

[Public Submission for the Record](#)