NATIONAL FEDERATION OF THE BLIND

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SENT VIA EMAIL

September 1, 2015

The Honorable Orrin G. Hatch, Chairman
Senate Committee on Finance
Dirksen Senate Office Building, 219
Washington, DC 20510

The Honorable Paul Ryan, Chairman
House Committee on Ways and Means
Longworth House Office Building, 1102
Washington, DC 20515

The Honorable Sam Johnson, Chairman
House Committee on Ways and Means
Subcommittee on Social Security
Rayburn House Office Building, B-317
Washington, DC 20515

Dear Chairman Hatch, Chairman Ryan, and Chairman Johnson:

The National Federation of the Blind, the oldest and largest advocacy organization of blind Americans, is pleased to have the opportunity to provide ideas to help strengthen the Social Security Disability Insurance (SSDI) program, especially for blind SSDI beneficiaries. The National Federation of the Blind knows that lack of eyesight is not what holds blind people back; rather it is low expectations set by society, and in this case the low expectations infused into the current rules of the SSDI system, that prevent blind people from reaching their full vocational potential. As an organization, the National Federation of the Blind has recommendations to help make the system as a whole work better for current and future blind beneficiaries; if our suggestions are put in place, more blind beneficiaries will be encouraged to return to work, and the trust fund overall will save money.

The biggest deterrent for blind SSDI beneficiaries in returning to work is the current "earnings cliff." We suggest adjusting the system to remove the earnings cliff; but that is only the first step. Our recommendations have three aspects. First, we recommend a $2-for-$1 phase-out of benefits, which will eliminate the earnings cliff. Second, we recommend that the trial work period (and in effect the extended period of eligibility) be eliminated for blind beneficiaries. Third, we recommend that blind work expenses, which are currently only offered to blind Supplemental Security Income (SSI) beneficiaries, be extended to blind SSDI beneficiaries. When concurrently put into place, these three adjustments will not only incentivize blind SSDI beneficiaries to return to work but will also streamline the system and save trust fund dollars.

<u>$2-for-$1 Phase-Out</u>

The biggest advantage of enacting at $2-for-$1 phase-out, starting at substantial gainful activity (SGA), is that it will smooth out the earnings cliff that now exists. Currently, as soon as a blind

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person earns $1,820 per month she is in jeopardy of having her benefits suddenly cut off, as demonstrated by Figures 1 and 2. Figure 1 compares monthly earnings from working to monthly SSDI benefits.

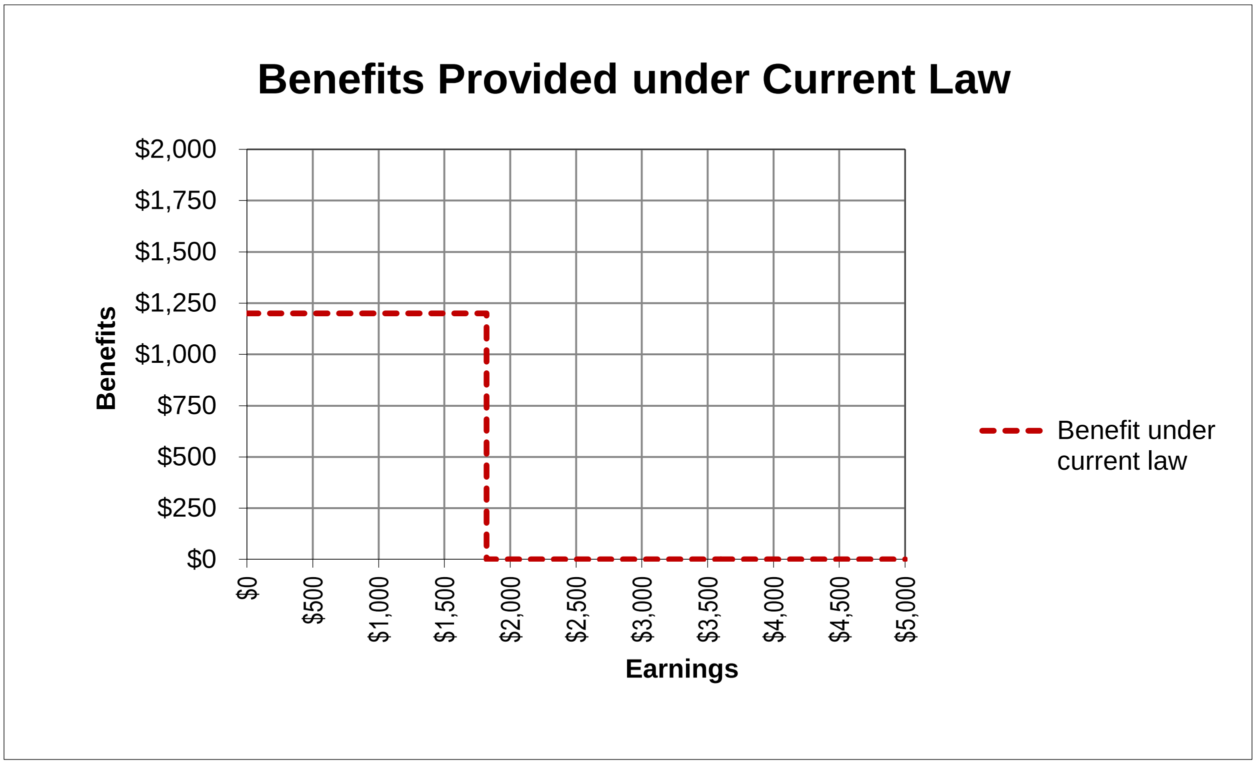

Figure 1

Figure 2 compares monthly earnings from work to total earnings (which include a $1,200 SSDI benefit when applicable). Notice that at ($1,820, $3,020), there is a sudden drop off to ($1,820, $1,820). This represents the cash cliff.

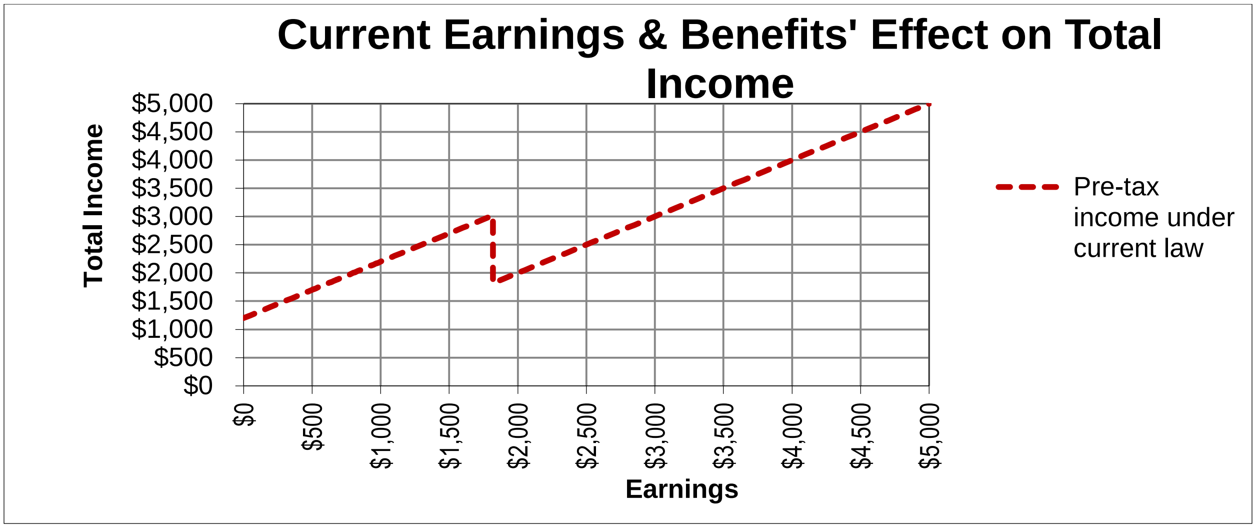

Figure 2

As you can see from Figure 1, blind SSDI beneficiaries will receive the same amount of benefit (marked at $1,200 per month) regardless of how much they work as long as they do not earn more than $1,820 per month. However, if they earn even one dollar over $1,820 per month (as demonstrated by Figure 2), their benefits are at risk of suddenly being cut off. This does not incentivize blind beneficiaries to work as many hours as they possibly can. It also does not incentivize them to work towards promotions. No one demonstrates this unfortunate reality better than Mr. Tony Jones.

A member of the National Federation of the Blind of Texas, Mr. Tony Jones is currently employed by Yellow Cab/Metro Sedan as an Americans with Disabilities Act (ADA) coordinator in Houston. He sincerely enjoys his work; his primary task is helping drivers understand the importance of treating passengers with disabilities respectfully and ensuring their safety. For example, Mr. Jones teaches drivers how to properly secure wheelchairs in their vehicles.

As the ADA coordinator for Yellow Cab, Mr. Jones works an average of twenty-nine hours per week at $12.00 per hour. His hours fluctuate week to week, but on average he makes just over $1,500 a month. Recently, Mr. Jones was offered an opportunity to increase his hours. He turned down the increase in pay because he was concerned that he might exceed $1,820 in a month. In Mr. Jones's case, increasing his workload could actually decrease his total income because he would be making more in his paycheck, but it would not be more than he would be foregoing if he exceeded SGA and lost his SSDI benefit. If his hours continued to increase, or he earned a raise, it is possible he could eventually get back to taking home the total amount he used to before losing his benefits, but there is no guarantee of that. For Mr. Jones, it does not pay to work more; it pays to stay on SSDI.

Figure 3 demonstrates the dilemma Mr. Jones faces.

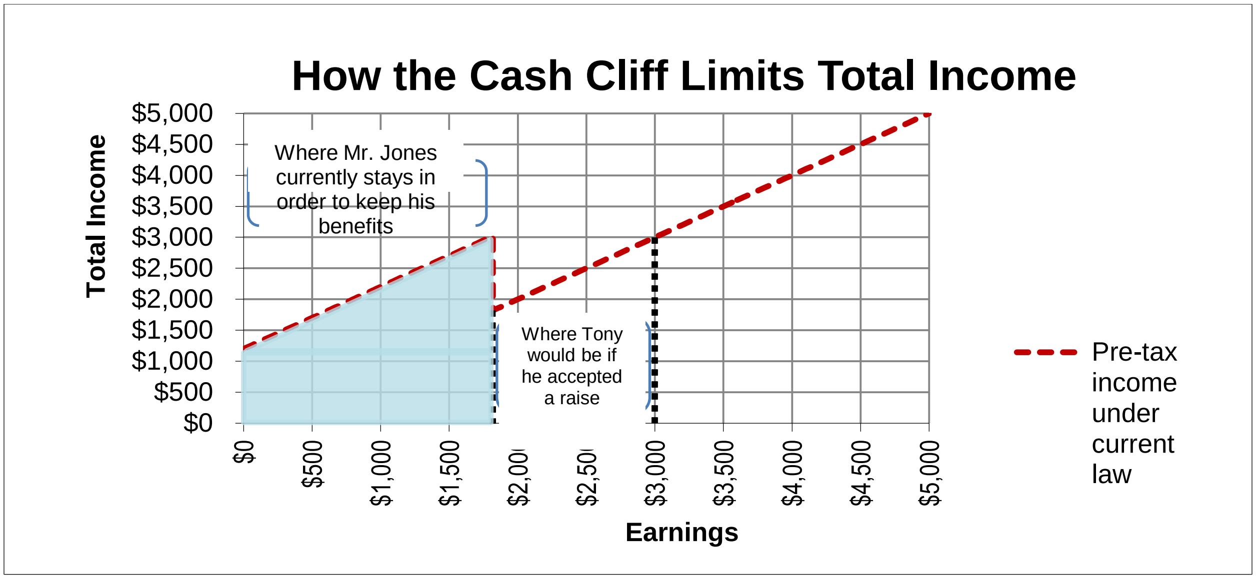

Figure 3

As an example, let's say Mr. Jones's SSDI benefit is $1,200 per month. When that is added to his monthly income from work of $1,500, his gross income is $2,700 per month. If Mr. Jones starts working forty hours a week at $12.00 per hour (instead of twenty-nine hours a week) and he works the average twenty-two days a month, he would earn about $2,112 ($12.00 x 40 hours x 4.4 weeks) per month. Since he would exceed SGA ($1,820), he would lose his $1,200 SSDI benefit entirely. Instead of grossing $2,700, as he does working part-time, he would only gross the $2,112 that he would earn as a full-time employee. That means it actually costs Mr. Jones $588 ($2,700-$2,112) a month to work more. This is the opposite of a work incentive. To look at the situation another way (as demonstrated by Figure 4) Mr. Jones could either work full time and earn $2,112, or he could earn this same amount by working just seventeen hours per week. Mathematically, that is his total income minus his SSDI benefit ($2,112-$1,200 = $912) divided by $12.00 per hour ($912 per month/$12 per hour = 76 hours per month) divided by 4.4 weeks per month (76 hours/4.4 weeks = 17.27 hours/week). Figure 4 demonstrates this point on a macro level.

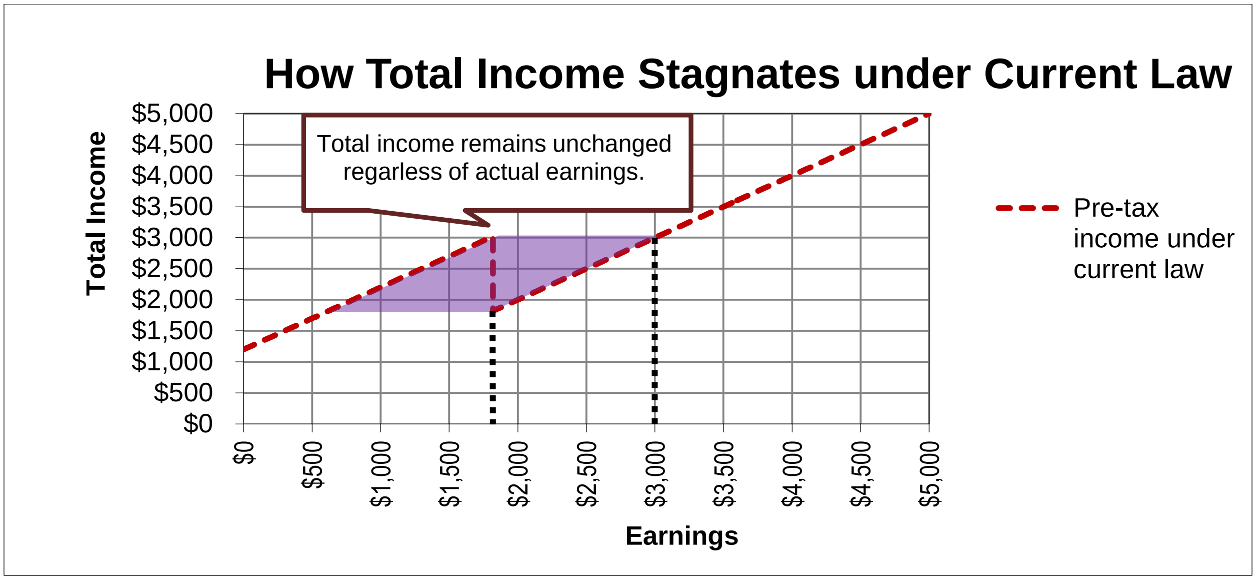

Figure 4

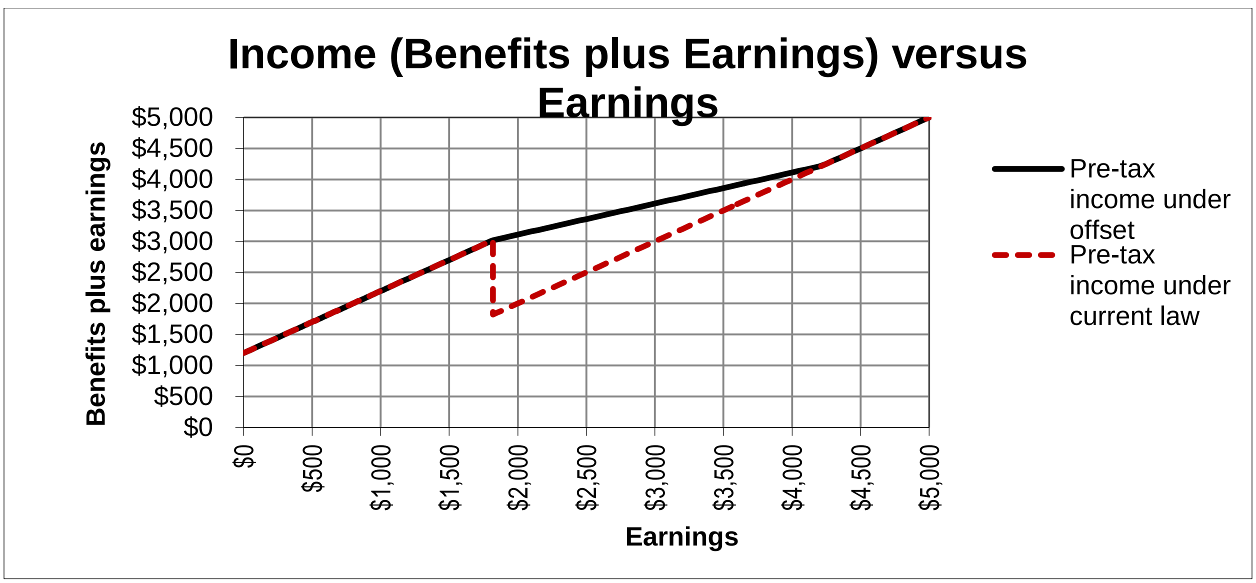

Figure 5

Notice the gap between the pre-tax income under current law (red dotted line) and pre-tax income under offset (black line). This gap represents many blind SSDI beneficiaries who will benefit from the benefit offset we have proposed. This is in stark contrast to Figure 3, which demonstrates many lost opportunities for work.

Elimination of Trial Work Period

The intended goal of the trial work period (TWP) is to offer flexibility for beneficiaries trying to return to work by allowing them to pursue those opportunities without losing benefits. In theory, this aspect of the SSDI program is supposed to incentivize work. However, the system fails to incentivize beneficiaries to work because the trigger for the TWP is significantly less than SGA, even though the purpose of the system is to allow people to earn more than SGA during this nine-month transition period without jeopardizing benefits. Why is the *trial* work period triggered by an income level well below SGA? Is the expectation that SSDI beneficiaries truly obtain a real taste of work and independence when they earn a mere $780 per month? As a result of the discrepancy between the TWP trigger and SGA, individuals who decide to work even part time often trigger their TWP, and, in effect, their extended period of eligibility (EPE), long before they are even near SGA. Then, when they do get close to the actual earnings limit, they are without a buffer period between receiving benefits and obtaining SGA-level work.

Not only are the TWP and EPE confusing, but they clearly do not achieve their intended goals. By replacing the TWP and EPE with a $2-for-$1 phase-out, the complicated, confusing system will be streamlined, making the SSDI system better now and for the future. Blind beneficiaries (and counselors) will no longer need to keep track of how many months beneficiaries have earned over $780, or keep track of when the EPE starts and concludes, or whether work incentives and flexibilities are available or accidently used up. Instead, a simple calculation made on income earned can occur each month. Individuals such as Ms. Terri Wilcox will no longer be confused about when her TWP and EPE started and ended; it will always pay to work, and it will always pay more to work more.

Ms. Terri Wilcox is a member of the National Federation of the Blind of Michigan. She taught students voice lessons for Home School Connection in Ann Arbor, Michigan, for many years. She worked as a seasonal worker and was compensated only when students were in school; she received monthly paychecks of $900 for four months out of the year. Ms. Wilcox was confident she could secure more students if she taught privately, but she never took this chance because she feared making too much money and losing her SSDI benefit. Ms. Wilcox knew it did not make financial sense for her to take on more students on a full-year basis because her pay from the school district would have potentially put her over SGA.

Even while staying underemployed and under SGA, the SSDI system penalized Ms. Wilcox's choices instead of incentivizing her to explore and expand. Because her pay schedule was set up to pay her twice in a three-month period ($900 a month for two months rather than $600 a month for three months), Terri's limited income still exceeded $780, meaning that each month she earned an income that triggered her trial work period and ate away at the months she was supposed to be spending exploring advanced employment options.

The $2-for-$1 phase-out model is very similar to the SSI model. Innovations in technology make it easy for SSI beneficiaries to report their earnings to the Social Security Administration (SSA) via phone or mobile app, and benefits and eligibility are determined according to that data. If the SSDI system were simplified, the same effective technology could be used by SSDI beneficiaries. This will save time, reduce the number of SSA employees needed to explain the complicated system, and reduce the number of visits confused or in-jeopardy SSDI beneficiaries frequently pay to SSA for clarification. In summary, simplifying the SSDI system will not only make it easier to understand for beneficiaries, but will also ensure the security of the system for decades to come because many costs will be eliminated.

Blind Work Expenses

In addition to the aforementioned benefit offset ($2-for-$1 phase-out) and the elimination of the trial work period, the third reform we recommend is streamlining the work expenses "deductions" for all blind beneficiaries. Under the current system, blind SSI beneficiaries may utilize blind work expenses (BWE) while blind SSDI beneficiaries can only utilize impairment-related work expenses (IRWE). Under both systems, beneficiaries can deduct work-related expenses from their "SGA cap." It would be clearer to everyone involved if blind SSDI beneficiaries could utilize BWEs, which allows them to deduct "any expenses reasonably attributable to the earning of any income." Blind individuals encounter more costs when returning to work than sighted people. For example, if a blind person lives in a rural area, there is often no public transportation available. These individuals have no choice but to use a cab service every day just to get to work. Since such commutes are likely long, fares add up quickly—leading to much more of a cost than a sighted person, who could drive, would have to pay to simply get to work. To even call a cab a blind person might use the browser or mobile app on their mobile phone, but there are very few accessible touch-screen handsets on the market today. Consequently, mobile phones that are accessible are almost always the most expensive option. In addition, blind SSDI beneficiaries who return to work might utilize a refreshable Braille display, a Braille embosser, and other specialized technology that can cost thousands of dollars. These are just a few of the barriers blind people face when considering whether to return to work, and then they have to consider whether these expenses are considered BWEs or IRWEs, as some often only fall into one category. To streamline the system, all blind beneficiaries, regardless of whether they are SSI or SSDI beneficiaries, should be able to utilize blind work expenses. This subtle change will motivate blind SSDI beneficiaries to return to work.

Conclusion

Blind SSDI beneficiaries around the nation would benefit from a simplified system that gradually phases out benefits. This gradual phase-out will result in a real work incentive that achieves its intended goal of helping blind SSDI beneficiaries return to and stay at work. For blind beneficiaries, it would mean accepting raises from their employers without fear that their benefits will suddenly disappear. The confusion that currently exists with regard to a TWP or EPE starting or ending would be completely erased. The government would also benefit from a system that gradually phases out benefits. For the DI Trust Fund, it means less people receiving full SSDI benefits every month, and more money into the system. Additionally, a simpler system will result in less work for SSA counselors whose main role is helping SSDI beneficiaries navigate the confusing system. It is generally accepted knowledge that success is reached in increments, and we must foster those increments if working SSDI beneficiaries are to reach the peak. With a phase-out of benefits, there will never be a situation in which a step up the ladder means reduced take-home pay.

By applying blind work expenses to all blind beneficiaries (SSI as well as SSDI), blind SSDI beneficiaries will have more of an incentive to work. Additionally, the system will be less confusing and streamlined. The combination of simplifying the SSDI system by using a $2-for$1 phase-out, eliminating the trial work period, and allowing blind individuals to deduct blind work expenses from their SGA cap will be just the motivation that blind SSDI beneficiaries need to return to work.

Thank you for the opportunity to share our ideas for improving the SSDI program. Blind SSDI beneficiaries, with the proper training and support, can be productive employees. However, navigating a confusing system and the risk of being worse off financially are real concerns for blind SSDI beneficiaries. We sincerely hope that when you are brainstorming ideas to help make the SSDI system work better, to encourage blind beneficiaries to return to work and save trust fund dollars, that our proposals will be taken into consideration. We are happy to answer any questions that may arise. Thank you again for the opportunity to submit ideas.

Sincerely,

John G. Paré, Jr.
Executive Director for Advocacy and Policy
National Federation of the Blind

JGP/rs