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I begin by describing in a very brief fashion how the policymaking institutions are working today and, in particular, how this discussion fits into that setting. Focusing attention on institutional issues can help us to be more practical in our consideration of policy responses.

I served as a Public Trustee of the Disability Insurance Trust Fund from 1990 to 1995. As shown in Figure 11.1, the Public Trustees serve with the ex-officio Trustees (the Secretaries of the Treasury, Labor, and Health and Human Services) on the governing board of the Social Security Trust Funds and have an important oversight role in the management of the system. In that regard, I have a certain sense of responsibility for the Lewin-VHI work product that is being discussed at this conference. Also, from that vantage point, I offer some thoughts about what should be done with the important information produced by that study.

When the rapid expansion in applications and awards took place in the early 1990s, the Trustees were called upon to issue a "Section 709 letter" to the Congress in April of 1992 informing them that the reserves were projected to fall below 20 percent. This was the first time that this alarm bell was set off since this provision was enacted in 1983 in response to the concern that there should be some institutionalized early warning signals given to the Congress when trust funds were approaching insolvency.

Then, when the proposal for reallocation from the Old-Age and Survivors Insurance Trust Fund to the Disability Insurance Trust Fund was made in late 1992, my co-Public Trustee and I refused to approve unless a research agenda was pledged by the ex-officio Trustees, who were then members of the Bush administration. We felt strongly that the short-term palliative of a reallocation should not take place without providing for the Congress and the public to gain information that
would permit a more fundamental look at the program and hopefully lead to some reform efforts.

In April of 1993, with new ex-officio Trustees from the Clinton administration, we again had the commitment to a research agenda renewed and took the position that the Section 709 letter should continue to be issued until the conditions that called for it were corrected by legislation. In other words, the Public Trustees provided continuity in seeking a solution to the problem of the impending insolvency and persisted in persuading the executive branch and the Congress to reach a position where a substantive policy discussion would take place.

Legislative action to do the reallocation took place in 1994, somewhat over two years after the Section 709 warning was issued. In fact, it was very close to the last possible legislative moment, since funds
would have been unavailable to pay benefits sometime in mid 1995 without that action. As in 1983, there was procrastination, even on a relatively noncontroversial way of acting to avert the crisis.

The combination of the 1994 reallocation and the delivery to Congress in 1995 of the study we are discussing sets the stage for the possibility of a informed debate on the Social Security Disability Insurance program and the companion Supplemental Security Income program. I saw reallocation then, and I see it today, as providing time and opportunity to address the substance of a program that is fundamentally troubled and that clearly requires serious reconsideration. At the same time, we must not lose sight of the great importance of the social security programs to the social fabric of the nation and to the many deserving people who rely upon them. The considerable achievements of the Social Security Administration (SSA) over the years in carrying out its responsibilities for administering the program must also be acknowledged. As needed changes to the program are developed, it is important that such changes be done in a careful and considered manner.

A few basic points can provide perspective in considering the policy aspects of the new study.

1. Looking across the entire spectrum of OECD countries, all advanced industrialized countries have disability insurance programs and all are more or less troubled. The United States is not an isolated case and, indeed, its problems are not as severe as in some other countries. I say this not to lower enthusiasm for undertaking the necessary review and reform, but only to indicate that we must keep a sense of perspective as we go about this task.

2. The problems of the disability program to date seem to go in cycles, or, if not in cycles, at least in fits and starts. My first hands-on experience with the program was as Commissioner of Social Security in 1978 and 1979, when I worked on the legislation that resulted in the disability reforms of 1980. That policy reconsideration and legislative activity was produced as a result of the unexpected expansion of the rolls in the mid 1970s. Then as now, a rapid expansion was followed by a plateauing of the applications and awards.
3. I believe that at least part of the reason for the fits and starts, if not cycles, relates to administration of the program. This is not the time or place to go into this subject in detail, but my conclusion on this is that administration is as critical to the results of the program as the legal provisions. Unfortunately, the institutional arrangements underlying the program are flawed and sometimes unable to accomplish what the law requires or what any reform laws are likely to require. This is not to say that all of the institutional arrangements are flawed, because indeed some work well. But when the Disability Determination Services are allowing some 30 percent of claims and administrative law judges allow 75 percent, basic issues of administration in both of these processes are suggested. In short, unless the administration of the program can be improved dramatically, no amount of informed policy debate and reform legislation will truly be effective to meet the challenges that this troubled program presents.

4. While the law is hard to change, the program in fact changes as the society changes, but its shape today is not consistent with current thinking about such programs. When enacted in 1956, the legal concepts were more a product of the 1930s than of the contemporary society that then existed, much less the one we have now. The Americans With Disability Act of 1990, which emphasizes concepts of self-help and equal opportunity, is closer to current thinking. I recognized that anachronisms were present at some level when I had hands-on responsibility in the late 1970s, but the shift in underlying premises was just beginning to take place at that time. A new paradigm is clearly present today and needs to inform the policy debate and any reform legislation. There are changes in the economy, new patterns of work, and changes in the society that must be taken account of more fully than has heretofore been the case.

5. Among the new directions that require greater consideration today are employment strategies by which applicants for disability are given more help to return to work. Similarly, more effort might be given to considering privatizing aspects of the process. It is entirely possible that private contractors might do a better job than government agencies at providing rehabilitation, training,
and assistance with employment strategies. Recent experiences in other areas such as workers’ compensation, in which integrated approaches to providing medical treatment, long-term health care, rehabilitation, and return-to-work assistance, might well be instructive. The SSA programs for too long have tended to be isolated from innovative changes that are taking place in the private sector, and the use of privatization techniques might be a way to better relate aspects of these governmental programs to those private sector developments.

6. Underlying much of the current debate is the question of whether incremental changes can achieve a desired restructuring of the program or whether more fundamental or radical change is needed. I would submit that there is no reasonable alternative here but to provide for all changes to be incremental, with adequate transition periods. It may be that far-reaching, “radical”, change is appropriate, but the way to achieve that goal is not through drastic, precipitous action, but by moving incrementally in a measured and orderly way. We must constantly be aware of the disruption that can be caused by sudden changes in policy for which the affected people are not adequately prepared. Also, administrative agencies such as SSA, even though well intentioned with many dedicated people, are inherently limited in their ability to implement change. Political realism suggests that problems of implementation be given careful consideration at the time legislation is enacted and that the constraints imposed by the need for effective and reasonable implementation be taken into account in any reforms. There is a tension between more radical proposals and the administrative capacity to make them feasible. While there must be a presumption that needed new policies can be effectively implemented, it also must be recognized that making changes may require that additional resources and adequate time be provided to the agencies that are called upon to discharge these responsibilities.

7. Bipartisan approaches are needed. We need to overcome the inertia of Washington lobbyists and others representing what they think benefits their constituents, which is generally for maintaining as much of the status quo as possible. In our own limited area
of responsibility, the two Public Trustees, by operating in a biparti-
tisan, nonpolitical, professional way to stimulate research and
hopefully a substantive policy debate, show the benefits of this
approach.

Thus, I would urge that an open and candid discussion of alterna-
tives is needed, and I hope we can all contribute to an atmosphere that
permits that today and in the many difficult days ahead as the process
towards reform continues.