

**Edward Berkowitz**  
**Talk on “The Other Welfare: Supplemental Security Income and U.S. Social Policy”**  
**NASI Seminar, “The History and Promise of SSI”**  
**July 18, 2013**

---

A. Thanks to NASI, Elisa Walker, and Virginia Reno, the other participants, and to the audience for coming.

1. I want to talk about the book that Larry DeWitt and I wrote and that Cornell University Press recently published called *The Other Welfare: Supplemental Security Income and U.S. Social Policy*. We intended it as a history of the SSI program from its founding to 1996 and we wrote it in the hope that it would be of interest to academics who write about the welfare state and to policymakers and advocates who follow the program today.

2. I was the academic of the team. I was struck by the fact that much of the received wisdom on SSI in the history profession did not seem to match the program that we know today. One scholar wrote of how old age assistance, aid to the blind, and aid to the disabled were “folded into the social insurance system under the Supplemental Security Income program. That left only AFDC as a maligned welfare program.” This scholar seemed not to know that SSI was a welfare program, not a social insurance program, and that many recipients of SSI benefits, such as immigrants, substance abusers, parents who supposedly coached their children to act crazy, and the chronically mentally ill have been maligned in one way or the other.

3. Larry DeWitt was the public historian of the team. Because of Larry’s participation, the book probably has more about the effects of the program on the agency than it would otherwise have and more attention to the practical details of public administration.

3. If I had an academic model in mind, it was Martha Derthick’s *Policymaking for Social Security*, published at the end of the seventies. She tries to analyze the various institutions that affected Social Security policy and concludes that the Social Security Administration had a great deal of autonomy to run the program, free of Congressional and Presidential and even public influence. By the time SSI came along in 1972, a different policymaking system existed. No longer were groups like the AFL-CIO influential. Congress now granted much less autonomy to the executive branch and exerted far more oversight over the program. The courts were important and so were the media. So a history of SSI was a chance to look at the modern policymaking system.

4. What did we find? For one thing we found that origins matter in the history of a program.

4. Let me try to tell part of the story. The program was created in 1972 as part of President Nixon’s effort to reform the welfare system and replace AFDC with a guaranteed income for poor families with children. The effort failed but the political situation was such that the opponents of FAP needed an alternative and that turned out to be SSI. AFDC would not be reformed, but the adult categories would be folded into a new program, federally administered by the Social Security Administration, called SSI. A big proponent was Senator Russell Long of Louisiana, who was very opposed to FAP. He needed to be convinced that the federal

government should administer SSI but acquiesced. People thought that SSI would be a supplement to Social Security, intended as a supplement to people with low Social Security benefits, primarily the elderly. Unlike AFDC, the adult categories did not appear to be in crisis—the benefit rolls were actually declining—and the question of work incentives did not appear as pressing. SSI was going to be welfare done right, with none of the huge disparities that marked the existed system and with little of the stigma.

Like most programs, SSI reflected the conventional wisdom of its origins. SSI favored income over social services, the federal government over the state government, an awareness of work disincentives, and a hopeful sense that the federal government had the means, by using computers and other modern equipment, to automate the previous state systems and create a seamless federal system.

5. Things did not quite turn out that way for a number of reasons. Hence another of our lessons is that implementation matters. The program was passed in 1972, with a January 1, 1974 start date. As such it ran squarely into the energy crisis and the inflation of the seventies. That required adjustments in the benefit level in 1973, even before the program went into effect.

---Nixon had far less tolerance for the liberals in his DHEW in the second term than in the first—he purged the leader of the Social Security Administration, depriving the agency of valuable expertise. Congress also changed its character, with the revolt of the Watergate freshmen, the deposing of Wilbur Mills, and the creation of mandatory subcommittees. Most importantly, the disparities of the existing system made it hard to institute a new one. Congress wanted to protect the interests of welfare recipients, the states, and the federal government. Hence the simple idea of a national benefit level became quite complex.

6. The federal benefit was not going to be as high as the benefits in a high benefit state like New York or California. Congress invited states to supplement the basic benefit, with the administrative costs paid by the federal government if the state wanted. It would still be a good deal for the states. But then it became clear that some recipients would actually be worse off under the new system than under the old system. Hence, in 1973, Congress legislated mandatory state supplements to protect these recipients. But then the state worried that their expenses under SSI might be greater than under the old system. So they included hold harmless provisions. But then there was concern that the states would raise benefits, through the supplementation system, at federal expense. And Congress also included something called an adjusted payment level to protect the federal government against excessive costs.

7. The state supplementation programs, even though they were to be administered by the federal government, preserved some of the features that SSI was designed to eliminate. SSI paid uniform benefits across the nation. The states bargained with the Social Security to include regional differentials between, say, New York City and upstate New York in their supplementation programs. California bargained to preserve distinctions in living arrangements among recipients, so that someone living in a group home with meals received less than someone living independently and California preserved differentials between the blind and the elderly.

8. All of the various levels and provisions needed to be negotiated. The regime in power when SSI was created wanted to have national benefit levels and administrative simplicity. The regime in power when SSI was implemented had much more tolerance for diversity among the states.

9. SSA enjoyed a high reputation for administrative competence, having put in place the very complex Medicare program in 1966. The agency saw SSI as an opportunity to rely on the latest computer technology to run the program and do such tasks as computing benefits and writing checks in the correct amount. The agency made an effort to convert the state and local records, which existed in all sorts of forms—from paper records to computer records—into a new federal record that was stored in the computer. But the complexity of the program, its differences from the Social Security, and the time pressures all made the task more difficult.

10. When the program debuted on January 1, 1974 there were significant glitches that the press, in its full Watergate exposure mode, reported, setting a negative tone for the new program.

Let me read from the book—

A week into the new program, the *New York Times* ran a story that read like a dispatch from a battle zone. The paper reported on the thousands of poor people— some of whom were drug addicts— who jammed the city's twenty three Social Security offices. It described the resulting scenes as "chaos," with large crowds shivering in the cold or waiting in reception areas or drafty corridors for hours, "only to be told to return another day, as complaints mushroomed over missing or misdirected checks or other matters." Some of the clients refused to leave the office when asked to do so, and the employees began to fear for their safety. At the busiest Social Security office in the country, located on Broadway between 51st and 52nd Streets in the heart of midtown, employees refused to open the doors until the security detail had been increased from the usual two security guards to twelve private guards, two city policemen, and two U.S. marshals. In the South Bronx office, employees decided to lock the doors at 11:30 in the morning. By that time they had already admitted 450 people, triple the normal daily capacity and enough to keep the office fully occupied for the day. One of the people waiting in the midtown office, a drug addict, complained that he had not received his check and worried about being evicted from his single- room occupancy apartment. "I'm not angry," he said, "but it's a hassle waiting all day." He described the scene as "wild." "You could have a riot here." The next day the paper painted a picture of elderly and disabled people subjected to callous treatment at the hands of federal bureaucrats. In the below freezing weather, SSI applicants waited "in lines that stretched as much as a block outside many of the 23 local Social Security Administration offices and wound through corridors and up staircases." For the most part, it was a good- natured crowd, but the people on line complained of the SSA's lack of preparation for the new program. It was a slap in the face to the SSA's stellar reputation. "It's been a complete change of atmosphere" from the SSA's "well- established program," said Norman Berger, the Assistant District Manager at the South Bronx office.

Similar coverage attended the program in California.

11. At a more fundamental level, the program developed in different ways than policymakers had anticipated. From the beginning far more disabled people than elderly people applied for benefits. Fewer elderly people applied than was anticipated. So the disabled began as perhaps 40 percent of the caseload but by June 1978 they made up over half of the caseload. And the trend continued so that SSI, in effect, became a disability program.

12. What sorts of people were these? In 1977 the largest single category of new awards was for people with mental disorders. Mental retardation counted for over half of the people with mental disorders. These were people not likely to be on Social Security since they had sparse working records and many were people caught up in the new deinstitutionalization movement for the mentally ill.

13. As SSI became a disability program, it got caught up in a different policy discussion from the one in which it had originated. Disability rolls were rising in the seventies, in part because of the bad economy and changes in the labor force. Policymakers tried to lower the replacement rate of Social Security benefits and to create incentives for people with disabilities to work. That led to major legislation in 1980 and again in 1984. As a program for the disabled, SSI enjoyed a much less steady political base than it would have had as a program for the elderly.

4. Part of the difficulties centered on the disability determination process. SSI inherited its definition of disability and the process used to certify someone as disabled from the Social Security Disability Insurance program. That involved using state disability determination offices and a multi-stage appeals process. Rising disability rolls led to tightening, but tightening led to calls to expand the disability rolls.

15. And there was a peculiarity in the SSI program that went back to its origins. Congress decided that disabled children should be entitled to SSI, even though the program was supposed to cover adults. No one quite knows how this feature got added to the law. But it was anomalous. Disability meant an inability to engage in substantial gainful activity—in other words someone could no longer work because of a physical or mental impairment. But what did it mean for children? That was a harder problem.

Let me turn things over to Larry DeWitt.