THE SOCIAL SECURITY ADMINISTRATION'S MANAGEMENT OF THE TICKET TO WORK PROGRAM

HEARING

BEFORE THE

SUBCOMMITTEE ON SOCIAL SECURITY

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

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THE SOCIAL SECURITY ADMINISTRATION'S MANAGEMENT OF THE TICKET TO WORK PROGRAM

THURSDAY, MARCH 18, 2004

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON WAYS AND MEANS,
SUBCOMMITTEE ON SOCIAL SECURITY
Washington, DC.

The Subcommittee met, pursuant to notice, at 10:08 a.m., in room B–318, Rayburn House Office Building, Hon. E. Clay Shaw, Jr. (Chairman of the Subcommittee) presiding.

[The advisory announcing the hearing follows:]

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

SUBCOMMITTEE ON SOCIAL SECURITY

FOR IMMEDIATE RELEASE
March 11, 2004
No. SS–8

CONTACT: (202) 225–9263

Shaw Announces Hearing on the Social Security Administration's Management of the Ticket to Work Program

Congressman E. Clay Shaw, Jr. (R–FL), Chairman, Subcommittee on Social Security of the Committee on Ways and Means, today announced that the Subcommittee will hold a hearing on the Social Security Administration's (SSA's) management of the Ticket to Work Program. **The hearing will take place on Thursday, March 18, 2004, in room B–318 Rayburn House Office Building, beginning at 10:00 a.m.**

In view of the limited time available to hear witnesses, oral testimony at this hearing will be limited to the SSA, the U.S. Department of Education, and other invited witnesses. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Subcommittee or for inclusion in the printed record of the hearing.

BACKGROUND:

The Ticket to Work and Work Incentives Improvement Act of 1999 (P.L. 106–170), signed into law on December 17, 1999, established the Ticket to Work and Self-Sufficiency Program, expanded the availability of health care coverage, and provided for demonstration projects and studies. The Ticket to Work Program, administered by the SSA, increases choice in obtaining rehabilitation and vocational services, and provides greater opportunities for Disability Insurance (DI) and Supplemental Security Income (SSI) recipients to receive assistance to help them return to work.

As part of the program, individuals receive a "ticket" from the SSA, which they may voluntarily assign to their State Vocational Rehabilitation Agency (SVRA) or to an Employment Network (EN) of their choice. An EN is a public agency or private organization that provides employment services, vocational rehabilitation services, or other support services necessary to achieve a vocational goal. The ENs are paid by the SSA for results, and choose between two payment systems—one based on the individual no longer receiving cash benefits because of work, the other based on attainment of certain vocational milestones. The program is being phased in over a 3-year period and will be in place nationwide in September 2004.

Most Social Security DI and SSI adult disability beneficiaries are automatically eligible to receive tickets, and to date, almost 7 million tickets have been issued. Some 40,000 beneficiaries have chosen to assign their tickets to service providers. Of these, 10 percent have been assigned to one of more than 1,100 ENs and 90 percent have been assigned to a SVRA.

The bipartisan Ticket to Work and Work Incentives Advisory Panel, established in law to advise the President, the Congress, and the Commissioner of Social Security on issues related to work incentive programs, is monitoring the implementation of the ticket program. It has expressed growing concerns about the SSA's management of the program. In particular, the panel is deeply concerned that too few ENs are willing to accept tickets and assist beneficiaries to return to work. It's recently issued report to the Congress and the Commissioner entitled, "The Crisis in EN

Participation—A Blueprint for Action," *http://www.ssa.gov/work/panel/panel_documents/pdf_versions/CrisisEnParticipation.pdf* made a number of recommendations, including: clarify the Ticket Program as a funding source that supplements, rather than displaces, other existing funding sources; improve the EN payment system and EN claims administration; expand EN and beneficiary marketing; and improve EN training and communication.

In addition, unresolved issues between ENs and many SVRAs may also be discouraging ENs from participating in the Ticket Program. These issues include: questions regarding automatic ticket assignments to SVRAs; pressure for ENs to contract with SVRAs rather than accepting tickets themselves; ineffective cooperative agreements between SVRAs and ENs; and lack of consumer information.

In announcing the hearing, Chairman Shaw stated, "Work—essential for individuals with disabilities to achieve their goals and support their families—won't happen without an effectively run Ticket to Work Program. The Social Security Administration's management of this important program must fully meet the needs of those wanting to return to work as well as those assisting them in this effort."

FOCUS OF THE HEARING:

The Subcommittee will review the SSA's management of the Ticket to Work Program, including results achieved to date and challenges hampering program success.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person or organization wishing to submit written comments for the record must send it electronically *hearingclerks.waysandmeans@mail.house.gov* along with a fax copy to (202) 225–2610, by close of business Thursday, April 1, 2004. In the immediate future, the Committee website will allow for electronic submissions to be included in the printed record. Before submitting your comments, check to see if this function is available. **Finally,** due to the change in House mail policy, the U.S. Capitol Police will refuse sealed-packaged deliveries to all House Office Buildings.

FORMATTING REQUIREMENTS:

Each statement presented for printing to the Committee by a witness, any written statement or exhibit submitted for the printed record or any written comments in response to a request for written comments must conform to the guidelines listed below. Any statement or exhibit not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

1. All statements and any accompanying exhibits for printing must be submitted electronically to *hearingclerks.waysandmeans@mail.house.gov*, along with a fax copy to (202) 225–2610, in WordPerfect or MS Word format and **MUST NOT** exceed a total of 10 pages including attachments. Witnesses are advised that the Committee will rely on electronic submissions for printing the official hearing record.

2. Copies of whole documents submitted as exhibit material will not be accepted for printing. Instead, exhibit material should be referenced and quoted or paraphrased. All exhibit material not meeting these specifications will be maintained in the Committee files for review and use by the Committee.

3. All statements must include a list of all clients, persons, or organizations on whose behalf the witness appears. A supplemental sheet must accompany each statement listing the name, company, address, telephone and fax numbers of each witness.

Note: All Committee advisories and news releases are available on the World Wide Web at *http://waysandmeans.house.gov*.

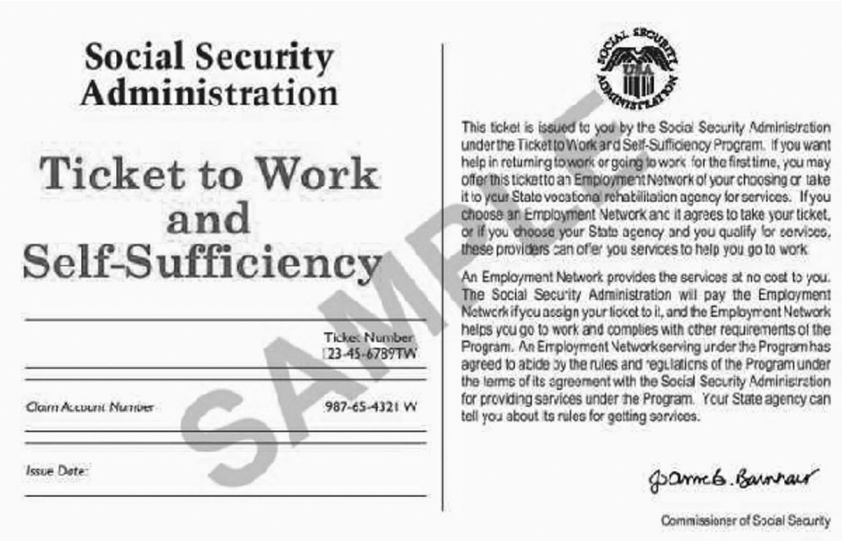
The Committee seeks to make its facilities accessible to persons with disabilities. If you are in need of special accommodations, please call 202–225–1721 or 202–226–3411 TTD/TTY in advance of the event (four business days notice is requested). Questions with regard to special accommodation needs in general (including availability of Committee materials in alternative formats) may be directed to the Committee as noted above.

Chairman SHAW. Good morning. Today our Subcommittee will examine the Social Security Administration's (SSA's) management of the Ticket to Work Program. The Ticket to Work and Work Incentives Improvement Act (P.L. 106–170) was signed into law in December 1999. The goal of this landmark legislation is to remove barriers and increase incentives for individuals with disabilities to seek work. These incentives empower beneficiaries with choices of job training and placement services.

Prior to enactment of the bill, less than 1 percent of the individuals with disabilities receiving Social Security Disability Insurance (SSDI) or Supplemental Security Income (SSI) left the rolls to return to work. Now the SSA is reaching the end of its three-phase implementation plan of this program. To date almost 7 million tickets to individuals with disabilities in all 50 States have been distributed and all program components are operational. This has been no small effort and I commend the agency for extraordinary efforts.

I have a sample of a ticket right here and you can see that it allows the ticket holder to obtain employment services by turning the ticket to a State Vocational Rehabilitation (VR) agency or Employment Network (EN). So far 40,000 tickets have been assigned yet 90 percent of these tickets have been assigned to State VR agencies and only 10 percent have been assigned to ENs. In the Ticket to Work Program choice is paramount. To continue to grow the success of the program we need to understand why a market of ENs has failed to materialize.

[The information follows:]



Social Security Administration

Ticket to Work and Self-Sufficiency

Ticket Number
123-45-6789TW

Claim Account Number 987-65-4321 W

Issue Date:

This ticket is issued to you by the Social Security Administration under the Ticket to Work and Self-Sufficiency Program. If you want help in returning to work or going to work for the first time, you may offer this ticket to an Employment Network of your choosing or take it to your State vocational rehabilitation agency for services. If you choose an Employment Network and it agrees to take your ticket, or if you choose your State agency and you qualify for services, these providers can offer you services to help you go to work.

An Employment Network provides the services at no cost to you. The Social Security Administration will pay the Employment Network if you assign your ticket to it, and the Employment Network helps you go to work and complies with other requirements of the Program. An Employment Network serving under the Program has agreed to abide by the rules and regulations of the Program under the terms of its agreement with the Social Security Administration for providing services under the Program. Your State agency can tell you about its rules for getting services.

James B. Barnhart

Commissioner of Social Security

SAMPLE

The bipartisan Ticket to Work and Work Incentives Advisory Panel has been examining issues relating to the service providers marketplace since it first convened. Today we will hear the panel's latest recommendation, along with the testimony from three ENs that are currently accepting tickets and helping the individuals return to work. Although the low number of ENs participating in the

Ticket to Work Program is troubling, we must not lose sight that this program is having a positive impact on the lives of many individuals who do have disabilities.

Therefore, I think it is only fitting that our hearing begin with the testimony of two individuals who have changed their lives by taking advantage of the Ticket to Work Program. Following their testimony, we will hear from representatives of the SSA and the U.S. Department of Education, and then from other key stakeholders. Taking the first step to try to work is one of the most difficult decisions someone with a disability can make. Our challenge is to ensure that the Ticket to Work Program helps make this decision easier, not harder. I look forward to hearing the thoughtful counsel of each of our witnesses today and I thank you for joining us. Now I would yield to the gentleman from Maryland, Mr. Cardin.

[The opening statement of Chairman Shaw follows:]

Opening Statement of The Honorable E. Clay Shaw, Jr., Chairman, and a Representative in Congress from the State of Florida

Good morning. Today, our Subcommittee will examine the Social Security Administration's management of the Ticket to Work Program.

The Ticket to Work and Work Incentives Improvement Act was signed into law in December of 1999. The goal of this landmark legislation is to remove barriers and increase incentives for individuals with disabilities to seek work. These incentives empower beneficiaries with choices for job training and placement services.

Prior to enactment of the bill, less than 1 percent of individuals with disabilities receiving Social Security Disability Insurance or Supplemental Security Income left the rolls to return to work. Now, the Social Security Administration is reaching the end of its three-phase implementation plan of this program.

To date, almost seven million tickets to individuals with disabilities in all 50 states have been distributed and all program components are operational. This has been no small effort, and I commend the Agency for its extraordinary efforts.

I have a sample of a ticket here and you can see that it allows the ticket holder to obtain employment services by turning in the ticket to a State Vocational Rehabilitation Agency or an Employment Network. So far 40,000 tickets have been assigned, yet ninety percent of these tickets have been assigned to State Vocational Rehabilitation Agencies and only 10 percent have been assigned to Employment Networks.

In the Ticket to Work Program, choice is paramount. To continue to grow the success of the program, we need to understand why a market of Employment Networks has failed to materialize.

The bipartisan Ticket to Work and Work Incentives Advisory Panel has been examining issues related to the service provider marketplace since it first convened. Today, we will hear the Panel's latest recommendations, along with testimony from three Employment Networks that are currently accepting tickets and helping individuals return to work.

Although the low number of Employment Networks participating in the Ticket to Work Program is troubling, we must not lose sight that this program is having a positive impact on the lives of many individuals with disabilities.

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Taking the first step to try work is one of the most difficult decisions someone with a disability can make. Our challenge is to ensure that the Ticket to Work Program helps make this decision easier, not harder. I look forward to hearing the thoughtful counsel of each of our witnesses today, and thank them for in advance for joining us.

Mr. CARDIN. Let me thank Chairman Shaw for calling this hearing. It is very important that this Committee follow-up on the Ticket to Work Program. I thank you for convening this hearing and for calling these panels so that we can hear from all of the different stakeholders, from people who are in the program, to the agencies that administer it at the Federal level, as well as other interested parties.

The Ticket to Work Program was one of the major accomplishments passed by Congress in 1999. It was an effort to reward individuals who were willing to take a risk to work. They had certain protections while on the disability rolls and they would have to give up to enter the employment market. We recognized that and passed the Ticket to Work Act to give them more opportunity for VR and to provide certain safety nets, particularly in regard to their health care benefits. We passed the law in 1999. It is now 2004. In my own State of Maryland, we just started receiving the tickets in November of 2003. So, Mr. Chairman, we do not yet have a lot of experience as far as people who are participating in the program. One of our objectives today is to determine how we can expedite the program and make it as effective as possible.

When we look at the individuals who are participating in the ENs, we find that the success rates are pretty much what we had predicted. Yet we think those rates can be even higher, if we improve the program's effectiveness.

So, there is more that we need to do. We have to encourage greater participation in the program. We have to provide necessary administrative support to the agencies. I am concerned that the agencies' budgets have not been realistic for carrying out this mission. It has been reported to us that, in some instances, the ticket may be replacing access to VR services rather than supplementing those programs. That certainly was not the intent of Congress.

No amount of outside assistance can convince beneficiaries to attempt to work if they believe that working will lead to a loss of vital health benefits and income support before they are financially ready. The Ticket Act recognized the importance of these incentives in helping beneficiaries work and the importance of SSA administering the work rules promptly and accurately. Although the SSA has taken some steps in the right direction, much remains to be done. Beneficiaries can not yet be confident that if they go to work, the SSA will adjust their checks in time to prevent a large overpayment of benefits.

Some of the obstacles can be addressed by the SSA and the Department of Education, which are charged with the administrative responsibilities. Others may require direction or clarification from Congress. This hearing will give us an opportunity to hear firsthand how the program is being implemented, so that the agencies can take the appropriate steps and we, in Congress, can carry out our oversight responsibilities.

Mr. Chairman, I want to raise one additional issue that was recently brought to my attention. It is my understanding that nearly a decade ago, officials at the SSA were made aware of a situation involving more than 500,000 SSI recipients who subsequently became eligible for Social Security disability benefits. Due to a computer error, these recipients were never identified. So, for over the

last 10 years there have been literally thousands, hundreds of thousands of SSI recipients who were entitled to additional payments, but did not receive them.

The SSA is now trying to identify these individuals, but because of the lack of administrative support they have had to prioritize the group they are going after in trying to correct the situation. As a result, in some cases, these corrections will not take place for many, many years to come, obviously causing a major problem for the people who are entitled to additional benefits. I might point out it also affects our States, because if these beneficiaries were eligible for SSA disability they would have been covered by the Medicare Program rather than the Medicaid program. This means that our States are overpaying and are entitled to some adjustments.

Mr. Chairman, I would hope that in the future we would have an opportunity to review this issue and to try to expedite the process of correcting this error since it has been 10 years and we really need to clear up this record and do what is right for the beneficiaries and for our States. I look forward to hearing the testimony of all the witnesses today and working with the Chairman and the Members of this Committee to carry out our very important oversight responsibility and to see what we can do to make the Ticket to Work Program as effective as possible. Thank you, Mr. Chairman.

Chairman SHAW. Thank you, Ben. We now have our first panel. I will introduce Ms. Nelson, and Mr. Collins will introduce Ms. Hancock. Benjearlene Nelson is a Ticket to Work participant from my own area of West Palm Beach, Florida and she is accompanied by Ron Ratty, who is with Gulfstream Goodwill Industries (GGI), West Palm Beach, Florida. Ms. Nelson has had some pretty rough sledding. She has shown a tremendous amount of courage and I think her story should be an inspiration to all of us. Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman. It is my pleasure to welcome Ms. Teri Hancock from Newnan, Georgia. I spoke with Ms. Hancock briefly before the hearing began and she has a very impressive resume that I have already read. Just listening to her, talking to her, the things that she has overcome based on a problem that she had several years ago and would not let it be something that would end her desire to be a career person again, because she has, as I say, a very impressive resume. She also is a very special strong advocate for this program, the Ticket to Work, and we appreciate that very much. I think you are going to find her testimony very interesting.

I regret to say, though, that she may be leaving Georgia in the very near future. She is formerly from the Washington area here and she may be moving back to the city rather than staying in some of the rural areas of Georgia. That will be our loss but it will be Washington's gain. Ms. Hancock, thank you very much for being here and for your testimony. It is very impressive, and your background is very impressive, and I know your future will be very impressive. Thank you.

Chairman SHAW. Mr. Rattay will be our first witness.

STATEMENT OF RON RATTAY, GULFSTREAM GOODWILL INDUSTRIES, INC., WEST PALM BEACH, FLORIDA

Mr. RATTAY. Thank you. First, let me say that I am extremely privileged in having Benjearlene ask me to escort her here today. The GGI became an EN in November of 2001; it has been in the business of changing people's lives for approximately 105 years. We have many programs that are suited to individual's specific needs. Basically our mission is, and always will be, to help people with disabilities and other barriers to return to employment and become working members of our communities. So, becoming an EN was a natural transition for us. Approximately 7 months ago GGI engaged a fill team to implement and launch the Ticket to Work self-sufficiency program. We have researched, we have studied, and we learned the Ticket to Work self-sufficiency program in order to better it toward self-sufficiency.

With the support of our program manager, Maximus, national Industries for the Severely Handicapped (NISH), and, specifically, the local West Palm Beach Social Security office and the advisory panel, we have moved forward. Today we hold 26 people, all of whom want to become self-sufficient. Ten of these people have succeeded far beyond Substantial Gainful Activity (SGA), either in the milestone or outcome status. The others are only a job away, and we have yet to scratch the surface. We recognize the concerns and issues of the Ticket to Work Program but for now GGI continues to be proactive and place the needs of our participants first. With this said, please allow me to introduce one of our heroes and participants, Ms. Benjearlene Nelson.

Chairman SHAW. Ms. Nelson?

STATEMENT OF BENJEARLENE NELSON, TICKET TO WORK PARTICIPANT, WEST PALM BEACH, FLORIDA

Ms. NELSON. Thank you. I am very honored to be here today. My name is Benjearlene Nelson. I am 33 years old. I am a mother of two wonderful children, a loving mother—I have a loving mother, and I am also the loved one of a very supportive family. I am here today to testify for the Ticket to Work Program and to let you know how the Ticket to Work has worked for me. I am also a Social Security beneficiary. Because of my disability, I have had a lot of downfalls in life. It has affected me mentally, emotionally and physically

I am here to let you know that I have always been a striver to reach for the hills. Because of my disability, it has taken a lot from me, but with the Ticket to Work and GGI, I tell you they have given me an inner strength to continue to go on. Back in 2002 I was faced to pull out my Ticket to Work. I had received it 9 months ahead of time. I looked at it and put it away. At the time I was married, had a husband that was supporting the family. Because of my disability, I did not feel the need to work or to experience the outside world. I had kind of put myself in a closet and just felt that I did not need to be exposed to the world.

Back in 2002 my husband, who is an alcoholic, attempted to set the house on fire while my children and I were sleeping. By the grace of God I am here today. I want to say that at that time he was taken away I knew that I had to stand up and step out and

stand on my own to support my family. I used my Ticket to Work. I went to GGI. I told them what my situation was and they were there with open arms. Goodwill has given me the strength that I needed to stand up. They have encouraged me. They have given me confidence and motivation to continue to go on and to lead my family as the head of the household.

I also want to say that I have come to some very low points in life where I did not feel that I could accomplish different things and in certain areas. I just did not feel that I was good enough. Being encouraged through the Ticket to Work and GGI, they have just inspired me. A lot of times I went in there feeling down and did not know what I can do. I know that I have a disability with my eyes, as well, and I had a long road ahead of me and I could not even see it. Goodwill has guided me in the direction that I needed to be in. Together, I know that they are a great team and I also want to say that through the Ticket to Work I have achieved a position at Crystal Marketing where I am working now, where I am the top seller. I enjoy working there. I look forward to moving on and going to better places.

I also want to let you know that without the Ticket to Work, I do not think that I would have stepped forward. I do not know where I would have been at this point in my life. The Ticket to Work gave me courage. They explained the Ticket to Work with me. It sounded like a great idea. They have backed me the whole way and I just want to say that the Ticket to Work is such a great program. It lets you know that they are standing behind you. You do not have to worry. I just think that more people should know about the Ticket to Work Program who are disabled so that they can get their life on the road and accomplish some of the things that I have in life.

[The prepared statement of Ms. Nelson follows:]

Statement of Benjearlene Nelson, Ticket to Work Participant, West Palm Beach, Florida; accompanied by Ron Rattay, Gulf Stream Goodwill Industries Inc., West Palm Beach, Florida

Let me first say I'm privileged in having Benjearlene ask me to escort her and be with her on this very important day.

Gulfstream Goodwill become an Employment Network in November of 2001, Goodwill Industries has been "*in the business of changing peoples lives*" for about 105 years. We have many programs that are geared to the individual's specific needs. Basically, our mission is to help people with disabilities and other barriers to employment to become self-sufficient, working members of our community. So becoming an Employment Network was a natural transition.

Approximately seven months ago GGI engaged a full time team to launch the TTW program. We have researched and studied the TTW program in order to make it geared toward self-sufficiency. With the support of Maximus, NISH, the local WPB SSA office, and the Advisory Panel we have moved forward. Today we hold 26 tickets for people who want to become self sufficient. Ten of these people have succeeded far beyond SGA and are in the "milestone" or "out-come" status; the others are only a job away.

We recognize that there are concerns and issues with the TTW Program, but for now GGI continues to be proactive and place the needs of our participants first.

With this said, please allow me to introduce to you one of our participants Benjearlene Nelson.

How Gulfstream Goodwill Industries and Ticket to Work Helped Me

It was the night in 2002 that changed my life forever. My husband attempted to set our house on fire while my children and I were sleeping.

I am not a person that likes to talk a great deal about misfortune. I am not a negative person. It is because of this, and my loving Mother, that I have stayed strong.

I became disabled in 1991. It wasn't until I came down with pneumonia in 1995 that the reality of my condition hit me. I lay in the hospital and heard the shocking words from my doctor, "Prepare a Living Will. You are not expected to live." Because I want to hang on long enough for my two children to be able to live without me, I fought. And I survived. But I was exhausted, both physically and emotionally. I hadn't worked a steady job in fifteen years. The burden of supporting Adrian (then 8 years old) and Greivondra (then 6 years old) in a fire-ravaged home was overwhelming. To add to this, my children and I were forced to jail "Dad," which meant an additional fight and family upheaval.

I reached my lowest point after the arson and attempted murder by my husband. I had no energy, no direction, and no future. Looking about my room I saw a "Ticket to Work" certificate on my dresser that I had received about eight months before the fire. I don't believe it was a coincidence that I hadn't thrown it away. And it wasn't a coincidence that I knew about Goodwill either. I know Goodwill has a reputation for "doing good things," and I know they help people find jobs.

I took control again. Meeting with Elizabeth Jennings at Goodwill in May of 2003 was a good experience. She gave me encouragement and told me that I could get a job right away. I was in an emergency situation because I really needed to get a job and fast. There were bills to pay and no food to eat. It had to be a job with good pay, but one that would allow me to keep my Social Security benefits. To add to my worry, I don't have a high school diploma. It felt like I was walking another tight rope, and I was scared.

Goodwill was there for me. Judy Roy took over once Elizabeth completed the paper work. I told Judy about my work experience and how I always wanted a better education. (I have taken several courses from local universities.) Goodwill gave me benefits counseling, and Judy's job search produced three job opportunities for me within the first week. I decided that I wanted to go to the job interviews alone, even though Judy told me that she would go with me. I wanted to prove to myself that I COULD! I was offered all three jobs, and I took the one that paid the best: a telemarketing job at Kristel Marketing where I invite people to a vacation resort in the Poconos.

Today I look forward, not backward. I have a good job, and achieved "Best Sales" within my company last year. I have two wonderful children who know the importance of a good education, and a fantastic mom, who has been supportive in the worst of times. And I have my Goodwill family.

It is important to have my Goodwill family because my fight isn't over. To keep my disability at bay I am forced to take medication that has attacked my joints and liver. I have been diagnosed with Avascular Necrosis of the hip and a chronic liver disease. Hip replacements are in my future, and I know Goodwill will be there for me again.

The "Ticket to Work" program has proved invaluable to me. Because I didn't believe in myself after all that happened to me, I really needed a helping hand. I think of Goodwill as offering me a much-needed hand up. The Ticket to Work program and Goodwill people gave me a lift so I could get up, work and support my children on my own.

Chairman SHAW. Thank you, Ms. Nelson. Ms. Hancock?

STATEMENT OF CHARMAINE TERI HANCOCK, TICKET TO WORK PARTICIPANT, NEWNAN, GEORGIA

Ms. HANCOCK. Good morning, everyone. I am Teri Hancock and my story is a shade different. I, on the other hand, was at the height of my career when my injury happened, and because of that, I was in rehabilitation for about 4 years. I was in a wheelchair, couldn't walk, and I had to develop my muscles at the bottom of my body all over again. Having to learn how to walk is quite a task, believe me.

When you are young and you think you are invincible and you have everything to live for, your life goes from sugar to poop, and

that is the thick of it. When you find yourself in a situation where everything is a gray area, you look around—I looked around because I wanted my old life back and I was willing to do anything to get that old life back. The problem was, society would not allow me to have that life back. There was no one there to listen, because I had a big white brace at the time. Mind you, I have had seven surgeries to correct my injury.

You would be surprised at how you are viewed when you have a handicap. Employers do not listen to you. People ignore you. You are ostracized. While working at the national Cancer Institute after my return to work after the initial injury, I was ridiculed, taunted, made fun of, poked fun at, the butt end of a joke. For someone that has come from my background, which is radio-television, behind the camera, in front of the camera mostly, talk show host, it was devastating. My self-esteem went to just about zero.

With my will and determination, I wasn't going to stay there long. I was looking for an out. I was looking for a helping hand. I was looking for an avenue to stroll that would bring me back to where I was. Actually, in the fifth year, I got a letter in the mail from Ticket to Work, Social Security. I said to myself, hmmm, a government agency. That means they are going to be around. I said to myself, an opportunity for the government to take a listen to what I have to say. Somebody is finally paying attention. I was very happy about that, very elated.

To find the right program—you get a list when you get your letter. When I got my list, I went through four—three agencies before I found the fourth one. Now, Integrated Disabilities Resources (IDR) in Connecticut—I live in Georgia—but not all Ticket to Work Program vendors are good, and I will have to tell you that. Not everybody does what they are supposed to do. There are some that do what they are supposed to do, and they are superior. For a win situation for myself, people like myself, we need the program to come back into life, to be reborn again.

Now, I worked with a woman by the name of Meg Moran, and Meg Moran understood where I was going, where I had come from, my level. Others may say to you, well, I want to teach you how to write a resume. I can teach you how to write a resume. You don't need to teach me that. I can set up an interview. I can set up my own interview. I didn't need that. I needed contacts. I needed somebody to listen. I needed a voice. They supplied the voice. Social Security backed it. The IDR was there to make the contacts. I went forward, got it done.

When you are called terrible names because of your handicap or made fun of, which I cannot even repeat the things I was called, the only thing you want to do is show them they are wrong. Well, I was able to show them that they were wrong with Ticket to Work. Not only do I counsel, not only do I counsel other people, not only have I written a book, not only do I tour with my book, but my self-esteem is back up to 100 percent. No more big white brace. Ticket to Work listened. They heard my cry. There are thousands, probably millions of people like myself out there. They need Ticket to Work. They need a voice. They need an entry. I am here to say, thank God for them, and if you have a position for me at Ticket

to Work, Social Security, you had better come get me because here I am.

[Laughter.]

I can say nothing except the program is a viable program. You have, as I said, a million intelligent people out here that want to go to work. Yes, we do have people that don't want to go to work, but we have so many that still want life. I am crying for life for these people, for myself, and I am saying, whatever you do, God bless Ticket to Work and that is where we want to be. Thank you.

[Applause.]

[The prepared statement of Ms. Hancock follows:]

Statement of Charmaine Teri Hancock, Ticket to Work Participant, Newnan, Georgia

The challenge to move forward in life and live it as you once knew it after the affects of serious illness or injury, brings about idle yet common reflections of what could have been. Living and adjusting to life as it now presents itself, challenges the will to live, the necessity to thrive, the purpose of one's being and poses the age-old question of devastation—why? Or why me?

One never knows what may lie ahead in life, we live each day in health as if it will be there forever. We often times choose to close our eyes and minds to what does not directly effect us at that given moment but when the unexpected happens and life turns a sharp and warningless curve the cold hard vengeance of reality can hit you like a brick.

Which brings us to my own reality. After having had a massive cerebral hemorrhage totally out of the blue, while at the height of my success, life for me went from sugar to poop! On top of the world one day and flat on my back the next, helpless with no relief or hope in sight.

Once I was finally lucid enough to understand the condition I was left in immediate depression consumed me, leaving me breathless, lost and very alone. I really did not know who I was or what life held for me.

Well, after countless years of rehab, pain staking surgeries, endless therapies, never ending questions and people treating you like a mangled yarn, I ventured to pick myself up and get back I the race.

For over four years I tried to break back into the work force on my own. Between operations (seven to be exact) the healing process, the rehabilitation's, the weakness and the struggle to exist. But at many points because of how I was treated by others I viewed myself as less than whole, even a waste, and certainly not the person I use to be. I questioned who or what had I become anyway? Moreover why was this foreigner living in my body invading my wonderful life and when was it leaving?

I wanted to get back in the work force, but doors are often close to cripples, people seen as less than perfect, people who's presence one might find disturbing. During my period of healing I was indeed one of those people.

Although I held a wealth of knowledge, experience and information, it did not matter because my physical presentation was less than acceptable (hard on the eye) the public viewed me as less than whole, less than perfect.

I tried to get back into Telecommunications at MCI only to be taunted, laughed at and made fun of, always the butt end of a crippled joke.

My self-esteem totally destroyed, my sprit broken. Over and above all of this, I was still there inside of this broken body, no one would listen or give me the time of day.

TTW came in my life at a time when I had exhausted every avenue, literally. So for me this program was a "God send" my rescue from the hell of disablement. A real voice, a real person to join forces with. After receiving my ticket I view my options, spoke with four venders and settled on Integrated Disabilities Resources (IDR). Understand, not every ticket holding agency is equipped nor do they really understand their job. So IDR was the right choice for me.

This outfit seemed to understand my level and mindset really connecting with me. This is where I linked with an individual who seriously wanted to support me and understood my cry for help. This woman was Meg Moran of IDR, she saw me as a crop that simply needed to be harvested, a bountiful land full of nutrients and aid to bestow.

I started working Meg at IDR and soon people started listening because I now had a connected voice. Using IDR's connections, assistance and referral systems, new avenues of opportunity were made available.

In fact, working with one of their consultants (Dan T. Mcaneny) opened up a whole new world. Mr. McAneny helped me realize just how much I did have to offer; I was amazed with myself once we explored just what jewels I did posses. I realized that I had allowed society to beat me down like a bush in a rainstorm.

After working with IDR I took on new challenges and capitalized on what I had already had under my belt. As an air personality, I had lectured and counseled on radio and television before my injury and developed quite a following. While these people were still out there and hundreds more, people who needed my help as much as I needed to help them for my own esteem. With the help of Dan McAneny I turned my lectures into a book, did something constructive and came back into the forces of life. Thank goodness for the TTW program.

Much like myself there are thousands of people who have so much to give, so much to share, teach, produce, contribute, so much life to still live but with no practical means to display or showcase their abilities. Therefore they sit and waste, many are so beat down by the barriers of society until they have lost their fight or so terrified of rejection until they simply give up and concede.

So, Social Security developed an incentive program for the displaced, handicapped and physically challenged individuals to display their capabilities as to redeem their self worth. I think their original idea or mindset may have been to get able-bodied people back to work, off the system and help relieve the deficit. However the real gem of this program is that millions of Americans that lost who they use to be before that devastating injury or illness can once again become viable, productive, happy salary earning individuals!

Thus still helping with the world's deficits and financial crunch. Which leads into just what having a ticket has done for my life.

The Ticket to work Program provides an entry back to a productive life. It supplies one with direction, hope and guidance granting a solid home base to rise from. Because TTW is part of our Government its stability speaks for itself, the injured can trust and take refuge in a program such as this. Therefore, We really do need TTW and agencies with caring hard working advocates for the disabled such as IDR. TTW/IDR helped save my sanity and got me on track because I certainly could not do it alone.

Please, help me help others get their life back and be productive, whole individuals who contribute to the face of this universe.

Save TTW, help Social Security help its contributors and please save the agencies that give human beings back their dignity and self worth.

Chairman SHAW. I can tell you that applause applies to both of you ladies. I can't recall a single time in my 24 years of Congress where a panel has been applauded.

[Laughter.]

Social Security, if you need somebody to sell your stuff, I think you have found her.

[Laughter.]

Mr. Collins?

Mr. COLLINS. I told you, Mr. Chairman, she was going to be very impressive. I really have no questions other than just to thank each of you for being here. You have very humbling stories to tell and we appreciate the fact that you had the will not to take these roadblocks and let them stand before you, but knock them down and get things done, and I would appreciate your support for the program and we wish you the best in the future, which I know it will be. Thank you.

Chairman SHAW. Mr. Cardin?

Mr. CARDIN. Let me join the Chairman in thanking you for coming before our Committee. The SSA tells us there are 40,000 people who have taken advantage of the Ticket to Work. That is a small fraction of the number of people who could benefit from the

Ticket to Work. A lot of times in Congress, we debate numbers. We debate dollars. Your testimony has really put a face on the issue to us, that we are dealing with real people and their lives and affecting their lives. So, we very much appreciate your testimony and what it means to us when we work for programs that we think can make a difference in people's lives. The two of you come from different backgrounds, but it was the same program that benefited both of you. You were able to take advantage of this program, and I very much appreciate the manner in which you expressed that.

Ms. Nelson, it was very courageous of you to get into this program because you knew there were certain risks involved. You gave up certain safety nets that were available to you, but the importance of work, the importance of being the head of your household and taking care of your family, the Ticket to Work gave you a chance to use that and to use those talents and we thank you for having the courage to move forward. Ms. Hancock, as you said, your case was different. You needed the bridge to bring you back to be able to use your talents, and the Ticket to Work worked for both. So, I think that is really a testament to the flexibility of this program, and exactly what we intended in Congress. We intended this program to be a ticket to be used outside the conventional rehabilitation services that were available through the States, that you could use it to get the help that you needed to be able to reenter the employment marketplace.

We wanted to be flexible. We wanted to have a variety of vendors out there that were available, and I think you have raised a very good point, one that I want to make sure we follow up on, and that is there are different types of ENs that are out there. Some are better than others for your particular needs. One of the things we have to make sure that we have adequate information so that the ticket is used by the recipient in the most effective way in order to accomplish the results, and I think your testimony has helped us to focus in on that. So, to both of you, we thank you for being here. We thank you for your testimony. I can tell you it has a major impact on our work.

Ms. NELSON. Thank you.

Ms. HANCOCK. Thank you.

Chairman SHAW. Thank you, Ben. Mr. Hayworth?

Mr. HAYWORTH. Thank you, Mr. Chairman. Again, let me thank the witnesses. Just a couple of questions, and we appreciate the testimony. Ms. Nelson, do you have any piece of advice for others who are receiving benefits who are just now thinking about getting back to work? Is there anything that is just really important for people to remember as they take a look at this Ticket to Work Program?

Ms. NELSON. I think that it is very important that they look at the Ticket to Work Program, also that it will also protect their benefits, their medical. The Ticket to Work is there so that you don't have to worry about your benefits or your medical. So, that is one thing that is very important if they decide to use the Ticket to Work. They don't have to worry that their medical will be taken away from them.

Mr. HAYWORTH. So, the real thing is to emphasize the message and expand, and that leads me to Ms. Hancock, a fellow broad-

caster. I worked in television and many a television news director said I had a face for radio. Maybe that is how I ended up in the Congress.

[Laughter.]

I think we get into the real challenge we are confronting today with these hearings, because as our colleague from Maryland pointed out, we passed this program in 1999. Now, Mr. Chairman and my colleagues, witnesses and others gathered here, this is a critical time because we have the irony of some really gratifying success stories and we appreciate the presence of television cameras here today, and yet the ability of folks to take advantage of this seems to be the real challenge, to make sure the word gets out.

Ms. Hancock, I could not help but notice in your testimony your willingness, your invitation to the SSA and others to take advantage of your background in broadcasting and of your story to get the message out. It is a bit unfair, but we have both been in the broadcasting business, and sometimes in Washington, we get involved in—I am not here to castigate, it is just sometimes in the order of doing things. We introduce pilot projects to get the word out, and sometimes things are very laudable on the surface, but the results are projected a year or two down the road, and there may be a lag time that is not at all satisfactory. As a fellow broadcaster, what is the best way to get the message to the people who are qualified for the Ticket to Work? What do you think would be the most effective means of communication?

Ms. HANCOCK. I am so glad you asked that, because I do have an answer, and that answer is when people go to apply for their disability and you see your counselor there, the Ticket to Work needs to be introduced at that juncture because they need to know—for example, if you are on short-term disability, we have got a program called Ticket to Work. You don't lose anything. You don't lose your benefits. You get to work. You have got a trial work period. If you can't succeed, you lose nothing. You start over. Disability benefits stay. If you go past the 9 months, then we take the Social Security away. You get back into the mainstream of life. It is a win-win situation for all. You are helping to stop the deficit in terms of all the moneys going out to people that don't really need to be on Social Security.

Let us face it. We have got people, excuse me, that don't need to be on Social Security. They are there because they are afraid to come back into the workforce, or it is just plain easier not to go back to work because you are getting that money. You have some people that will stay at that safe house because they are lazy. You have got other people, such as the two people you have here. We want to get back into society. We want to do the right thing.

If it was simply introduced when you had your review or when you had your initial interview, it is an option that is open without passing any type of legislative law. It is already there. The counselors can simply do it at that point, and let you know what your options are. Many people do not read the mail. I read the mail. She reads the mail. Many people don't open the mail, so the ticket goes in the drawer. The Ticket goes in the trash. So, to get it out, you have got to have a one-on-one communication with a human being, so the person will understand what the ticket is.

Mr. HAYWORTH. So, job one of the counselor is to bring up Ticket to Work?

Ms. HANCOCK. Absolutely, and the benefits of Ticket to Work.

Mr. HAYWORTH. Ms. Nelson, you want to make a comment on that?

Ms. NELSON. I just want to make a comment as to what she said. She is telling the truth, because when I received the Ticket to Work, the first place I put it was in the filing cabinet. At the time, my husband was there. I didn't read it over. I didn't think that I needed it. Nine months later is when I pulled it out, and at the time, I wasn't even sure if it had expired, or if I was still able to use it. So, I agree with her.

Mr. HAYWORTH. Thank you both very much. Thank you, Mr. Chairman.

Chairman SHAW. Thank you. Just to follow up on that, in looking at the Ticket to Work, I don't know whether the Members have it in their back-up material, but it is a pretty cold document. I think we can do a better job of making it more consumer-friendly. When you read it, you don't know if you are getting in trouble or what.

[Laughter.]

Whether to put it in the filling cabinet or in the round filing cabinet.

[Laughter.]

I think it is a little intimidating, and I think maybe we can do something to help that out. Ms. Tubbs Jones?

Ms. TUBBS JONES. Thank you, Mr. Chairman. Ms. Nelson, Ms. Hancock, on behalf of all of the folks who are receiving SSI across this country, I want to thank you for your wonderful commentaries and reports. I am interested, even though you are not here for this purpose, how, when you made an application for disability, how long that took for you. Was it a long process? Was there delay? What happened for you? I hate to go to another part, and maybe it is not as glorious as your commentary, but I need to know that if you could help me out.

Ms. HANCOCK. Yes. For me, it was short. This is a true story. My mother was visiting me in Atlanta, Georgia. We were at a CHU facility and a woman saw me, and I was limping. She said to me, "Excuse me, are you receiving Social Security," and I really ignored her, because I was trying to ignore the condition. In fact, I was a little hurt, and I said, "No, I am not receiving," because it was one of those things where you don't want to be bothered. The injury was too new. So, to make a long story short, my mother says, "Listen to what this woman has to say," and I did.

Ms. TUBBS JONES. Mothers always say that, don't they?

[Laughter.]

Ms. HANCOCK. So, the woman worked at Social Security and she said, "You need to see me at my office." It was almost like a Godsend, like a little blessing. I went in and mine actually didn't take long at all. When people say they are denied, I just went through the process fairly quickly. Within 3 months, I was getting Social Security. So, I didn't have a bad time at all.

Ms. TUBBS JONES. Where are you from, again?

Ms. HANCOCK. Washington, D.C.

Ms. TUBBS JONES. Okay. Thank you. I thought they had some other State on there.

Ms. HANCOCK. I live in Newnan, Georgia.

Ms. TUBBS JONES. That is what I am saying. Okay. I am not totally confused. Great. What about you, Ms. Nelson?

Ms. NELSON. For me, it didn't take long at all. I was in the hospital for about a month and they weren't expecting me to live. When I did start to recover, to get better, they did it in the hospital so when I returned home, I was eligible for Social Security.

Ms. TUBBS JONES. So, tell me what you are doing right now, Ms. Nelson. What type of work are you doing?

Ms. NELSON. Right now, I work for a marketing company. I invite people to a vacation resort in the Poconos, the Pennsylvania and New Jersey area.

Ms. TUBBS JONES. What about you, Ms. Hancock?

Ms. HANCOCK. Right now, I am mediating, mostly divorce cases. Daily, I teach, and I am a master's candidate for counseling.

Ms. TUBBS JONES. If there was one thing, and I am almost done, Mr. Chairman, if there was one thing that you would improve in addition to how people are noticed of Ticket to Work, what would that proposal be for either one of you?

Ms. NELSON. I would say a lot of people watch television. Put it on television.

Ms. HANCOCK. Yes, they do. That is good.

Ms. TUBBS JONES. Ms. Hancock?

Ms. HANCOCK. For me, again, I would build a campaign, an actual campaign, because when we campaign and we get things done through campaigns, we stir up, again, from the broadcasting, we stir up interest.

Ms. TUBBS JONES. If there was an opportunity for either of you to serve on an advisory Committee to the Ticket to Work Program, would you consider that?

Ms. HANCOCK. I would be your girl.

Ms. NELSON. Yes.

Ms. TUBBS JONES. Okay.

[Laughter.]

Thank you very much, Mr. Chairman.

Chairman SHAW. Thank you. Mr. Hulshof?

Mr. HULSHOF. Thanks, Mr. Chairman. I promised Mr. Hayworth—he had to step out just for a moment, and I promised that we would not ask for a recorded roll call vote on whether we believe he has a face for radio.

[Laughter.]

Chairman SHAW. We are still wondering if he has a face for politics.

[Laughter.]

That will teach him to leave the hearing.

[Laughter.]

Mr. HULSHOF. I am sure he will be back any minute now. I certainly don't have the breadth of experience as the Chairman as far as the number of hearings, but I do look around the room, and I think of the number of hearings that this Subcommittee has had regarding this issue, and I see some familiar faces here in the hearing room who have been with us working on this issue, actually

even back to 1997. I think is when we began under a former Chairman, and now Senator, Jim Bunning of Kentucky, when he chaired this Subcommittee.

We have a very active disability community in Central Missouri. I will confess that before they brought this issue to my attention about things like the income cliff, and things like losing health insurance, and things like the barriers and obstacles in place to keep people who want to return to the workforce and be productive, and the self-esteem and all those things, they are the ones who brought it to my attention. So, it is great that we can come and talk about a successful program, but also then to see what we need to do to make sure that this program continues, that we go and recruit others and tell others about this very successful program.

This was an interesting political lesson for me because this was the first time I actually got to be on a Conference Committee, that is, to work with Senator Kennedy and Rick Lazio of New York, again, a former Member, and we were trying to work the details of this out. I know that when the bill, the final version, there were folks that were concerned about the final version, but I think we had a good product. There is my friend back.

[Laughter.]

So, again, whatever suggestions that you have, and I applaud each of you and I know, Ms. Hancock, just as a final question, I know you are not here for self-promotion, but where can I get your book?

Ms. HANCOCK. I will send you a copy.

Mr. HULSHOF. Okay. Thank you, Mr. Chairman.

Chairman SHAW. Thank you. Mr. Becerra?

Mr. BECERRA. Thank you, Mr. Chairman, and thank you very much for what was compelling testimony. I think you bring real life to what we try to do sometimes, so it is nice to see that oftentimes policy is put in practice, and it is great to see that. I know we are going to have an opportunity to talk to the folks from the agencies that are equipped and empowered to administer these programs, and hopefully what we can do is try to perfect them, because we know that there have been some difficulties, whether it is not the best providers being out there or just not having the access and to beneficiaries not knowing about them. So, we thank you for the testimony and appreciate that you shared your stories. Just so you know, my understanding is that there is an opening right now with the Ticket to Work Program for the Director, so if any of you are interested in applying, you might want to consider submitting your resume.

[Laughter.]

I think Congresswoman Tubbs Jones asked a question that I wanted to ask, which was give us your on-the-ground impressions of what we should do, and you mentioned two very good ones, the publicity campaign, doing something on television, maybe through public service announcements. Any other thoughts about what we should know about making the program more user friendly? The simplest things, just so we know how you all need to access the program.

Ms. NELSON. I think one thing to make the program more user friendly is to emphasize on the medical part of it protecting med-

ical benefits. That was one of my biggest issues of even beginning to work and to continuing to work. We are always going to need medical help, and me personally, I know that I am going to have hip replacements soon. I never know when I am going to need another eye surgery. So, that is always a major concern as far as me working at this time.

I am in training to become supervisor on my job, but at the same token, I am afraid to take the position because I know with a certain amount of money, the medical benefits are taken away and that is one of my biggest concerns. Even with the medications I take, it is really a big concern of mine. So, if there is some way that you can assure Social Security beneficiaries that they will be protected in that aspect, I am sure that a lot of people will take advantage of the Ticket to Work.

Mr. BECERRA. Ms. Nelson, have you had or do you have a good experience that you can tell us about with regard to VR services? Has that continued? Now that you have used the Ticket to Work Program, are you still accessing the VR services?

Ms. NELSON. Yes. Goodwill has helped me. Everything that I need, I went to GGI, any encouragement, counseling. Regardless as to what it was, I have been to GGI. I consult GGI. I always consult Ron Rattay, who has answered all of my questions. If he didn't know the answer, he found the answer, and this made me feel confident.

Mr. BECERRA. So, you had a pretty good experience working with the agencies involved?

Ms. NELSON. Yes.

Mr. BECERRA. Good. Ms. Hancock, I don't know if you have anything you would like to add.

Ms. HANCOCK. I think I have probably said enough. I do want to say that she is absolutely right. If we could just alleviate the fear of, "Are we going to lose this?" People just don't understand that you can benefit in a win-win situation, and that everything is not taken away from you at once. They think if they are working 4 or 5 months, that is 4 or 5 months into their ticket period, not understanding that if you start over, the whole process starts over, so you are losing nothing. I think that should be made more clear. Other than that, I am done.

[Laughter.]

Mr. BECERRA. Thank you for coming. Mr. Chairman, thank you.

Chairman SHAW. Thank you. I am going to just read something into the record off of an actual Ticket to Work ticket. It has been a successful program, I am not knocking it, but I think there are many people out there like you two who would avail themselves of this instead of being too quick just to throw it away or being intimidated by it.

I am reading right from the ticket. It says, "This ticket is issued to you by the SSA under the Ticket to Work and Self-Sufficiency Program." Now, that has got to mean a lot to people who are on disability. "If you want help in returning to work or going to work for the first time, you may offer this ticket to an EN of your choosing or take it to your State VR agency for services. If you choose an EN and it agrees to take your ticket, or if you choose your State

agency and you qualify for services, these providers can offer you services to help you go to work. An EN provides the services at no cost to you. The SSA will pay the EN if you assign your ticket to it, and the EN helps you go to work and complies with the other requirements of the program. An EN serving under the program has agreed to abide by the rules and regulations of the program under the terms of its agreement with the SSA for providing services under the program. Your State agency can tell you about its rules for getting services."

Now, if you are going to be informed about the program after reading this, you have got a sense that I think is rather remarkable. I do understand there is a letter accompanying this, but I don't have a copy of it. I am sure it gives us a lot more information, but, all of us here on this panel have been involved in advertising ourselves in political campaigns and we would never send out something like this, because it would never be read. I think that we must become a little more imaginative if we are going to get more people into the program. You people have demonstrated, Ms. Nelson and Ms. Hancock, you have demonstrated what you can do for yourself.

This Subcommittee and the entire Committee on Ways and Means has, I think, done some wonderful things, and Ticket to Work, I think, is another program in which we show that we have faith in the human spirit if we just let it fly. You have certainly proven that to us. Ms. Nelson, I am really very proud to have you. I think you just live outside of my congressional district. I checked you out. I don't think you live in my district.

[Laughter.]

You do live in the West Palm Beach area, which I do represent a portion of, and I am very proud to—I will claim you as a constituent, even if you live out of the district.

Mr. BECERRA. So do we.

[Laughter.]

Chairman SHAW. California is a stretch.

[Laughter.]

I have heard of gerrymandering——

Mr. BECERRA. We stretch a lot of things in Congress.

Chairman SHAW. I have heard of gerrymandering, but it doesn't go from Palm Beach to Los Angeles.

[Laughter.]

Ron, do you have a question?

Mr. LEWIS. No.

Chairman SHAW. I want to thank you for being here and sharing your story. Hopefully, it will be an inspiration to many, and Mr. Rattay, just keep up what you are doing. You are obviously doing the right thing and we very much appreciate your being here with us this morning.

Ms. HANCOCK. Thank you for having us.

Ms. NELSON. Thank you.

Mr. RATTAY. Thank you.

Chairman SHAW. Our next panel is made up of Martin Gerry, who is Deputy Commissioner, disability and Income Security Programs, SSA, and Troy Justesen, who is the Acting Deputy Assistant Secretary, Office of Special Education and Rehabilitation Serv-

ices at the Department of Education. We welcome both of you back to this panel and we look forward to your testimony. As both of you know, we have your full testimony and it will be made a part of the record. You may proceed as you see fit. Mr. Gerry?

STATEMENT OF MARTIN H. GERRY, DEPUTY COMMISSIONER, DISABILITY AND INCOME SECURITY PROGRAMS, SOCIAL SECURITY ADMINISTRATION

Mr. GERRY. Thank you, Mr. Chairman. Mr. Chairman and Members of the Subcommittee, as you know, Mr. Chairman, the SSA administers both the SSDI, and the SSI programs. These programs provide benefits to about 10.5 million Americans with disabilities. The Ticket to Work Program allows these beneficiaries greater flexibility and expanded choice in obtaining the rehabilitation, employment, and other support services that they need in order to go to work and to attain their employment goals.

Mr. Chairman, I would like to express my thanks to you, Mr. Matsui, and to the other Members of this Subcommittee for all of the hard work and support that you have provided in making the Ticket to Work Program a reality. I look forward to continuing to work together closely with the Subcommittee to strengthen the program in a way that builds on our early experience and significantly expands participation in the program by both our beneficiaries and by ENs.

In his New Freedom Initiative, President Bush pledged that his Administration will work tirelessly to help Americans with disabilities become fully integrated into the American work force so that they may realize their dreams for meaningful and successful careers. The Ticket to Work Program will help us tear down many of the barriers that currently prevent Americans with disabilities from full participation in the economic mainstream of American society.

With the Ticket to Work Program, beneficiaries have more opportunities to obtain employment support services to help them reach their employment goals. In addition, the program will help us fulfill the promise of the Americans with Disabilities Act. Commissioner Barnhart and I are deeply committed to achieving the goals of this very important program.

Mr. Chairman, I would like to begin by briefly describing how the Ticket to Work Program operates and making some comments on where we are in implementation of the program. The SSA currently provides benefits under the SSDI and SSI Programs, as I said, to approximately 10.5 million Americans with disabilities. Under current agency regulations, an SSDI or SSI beneficiary with a disability receives a Ticket to Work if he or she is between the ages of 18 and 64 and has a medical condition that is not expected to improve in the near future. Approximately 9.2 million, or a little over 85 percent of the 10.5 million of all our current beneficiaries with disabilities meet this standard.

Under the act, the SSA enters into agreements with ENs, and State VRs. The ENs are qualified State, local, or private organizations that offer employment support services. A beneficiary who receives a Ticket to Work can choose to assign it to the State VR agency or to any EN that provides services within his or her com-

munity. Together, these agencies serve as ticket providers under the program. The act does require that a ticket provider accept a measure of risk whenever it agrees to provide services to a beneficiary. The ENs and State VR agencies may only be paid under the program based on success in assisting beneficiaries to secure and maintain employment and to move off the disability benefit rolls. An EN might never be paid if a beneficiary's cash benefits do not stop as a result of work. An EN may decide whether or not to accept the assignment of a ticket. State VR agencies incur less risks than ENs do because those agencies are already funded and fully capitalized through the Rehabilitation Act (P.L. 93–112).

Once a ticket is assigned by a beneficiary to a ticket provider, the beneficiary and the provider jointly develop and implement a plan of employment, vocational, or other support services designed to lead to and maintain employment. Providers may offer these services directly or by entering into agreements with other organizations or individuals to provide the appropriate services at no cost to the beneficiary. The Ticket to Work Act provides three additional incentives to encourage work activity by beneficiaries. First, the SSA will not schedule a periodic continuing disability review (CDR), for a beneficiary who is receiving services from a ticket provider. Second, work activity by a beneficiary will not trigger a CDR if the beneficiary has received benefits for at least 24 months under the Disability Insurance program. Finally, an individual whose benefits terminated because of work activity can request that benefits start again without having to complete a new application for benefits.

Mr. Chairman, as you know, we have implemented the Ticket to Work in three phases and it is currently available in all States and U.S. territories. Through February 2004, tickets have been mailed to over 6.9 million disabled beneficiaries, and by September of this year, the remaining 2.2 million eligible beneficiaries will have received a Ticket to Work. As of the beginning of this month, 40,441 beneficiaries who had received Tickets to Work had assigned them to ticket providers. Of this total, 36,525, or approximately 90 percent, have been assigned to a State VR agency, and 3,916, or 10 percent, have been assigned to an EN. It is interesting, however, to note that 30 percent of the ticket assignments have been made in the last 5 months. This suggests to me, Mr. Chairman, that there is a significant acceleration going on in the use of tickets and the assignment of tickets.

The first milestone payment was made by Maximus in May of 2002, and the first outcome payment was paid in July of 2002. We now have more than 1,600 payments based on the work of 450 beneficiaries going to 116 ENs and totaling over $530,000. Over the last few months, we have received valuable information from several sources regarding the initial implementation of the Ticket to Work Program. The Ticket to Work Act requires the Commissioner to submit periodic evaluation reports of the Ticket to Work Program to the Congress. The SSA has contracted with Mathematica Policy Research to evaluate the impact of the Ticket to Work Program.

Mathematica has provided a draft of the first in a series of evaluation reports, and while Mathematica notes in its draft report

that, overall, the SSA has made great progress in developing a system to assist individuals with disabilities to find work and to remain in the work force, it points out that most beneficiaries who use the Ticket to Work have assigned them to traditional State VR agencies and the ticket assignments to ENs have been concentrated among a few. It reports that ENs as a group feel that the SSA needs to move quickly to make the process friendlier to providers, and I will be happy, both to provide the Subcommittee with a copy of the final version of this report, which we expect to be available shortly, and to brief Members and staff as to its findings.

The Ticket to Work Act also identifies four groups of beneficiaries with disabilities as potentially at risk and requires the Commissioner to study the adequacy of incentives for ENs to serve people in these populations. To this end, the SSA formed an Adequacy of Incentives Advisory Group that has been meeting quarterly and will complete its work this spring. I think I have attended all but one half-day of their meetings.

Last fall, the Advisory Group issued an interim report recommending regulatory and administrative changes. The Advisory Group will also issue a final report, we believe by the end of next month, that proposes projects to evaluate the effectiveness of adjusted incentives and provides recommendations regarding the most promising of these incentives. The Ticket to Work Advisory Panel has been a valuable partner in studying the Ticket to Work Program and making recommendations for improvements. The panel has been concerned about the balance between State VR agencies and other ENs and about ways in which we can encourage more beneficiaries to assign their tickets to ENs. It has also advised us on ways to improve our marketing of the program to both beneficiaries and potential ENs, provided specific recommendations with respect to establishing a core of work-incentive specialists, and offered suggestions on a way to reduce the incidence of overpayments caused by work.

Commissioner Barnhart and I believe that it is our mission to see that the ticket program lives up to its potential, and I think it has great potential to return people to work. Based on all of the information that we have received, we have already taken a series of actions to improve our return to work service. These include steps to simplify the payment process for ENs, to increase the pool of ENs, and to improve our wage reporting process. We have jointly funded with the U.S. Department of Labor new positions in the One-Stop Career Centers to help people with disabilities increase their employment opportunities and have expanded the pool of SSA field employees who are available to answer questions relating to return to work, including the employment of 58 full-time employees who serve as Area Work Incentive Coordinators.

I want to thank the Subcommittee for its advice and guidance as we work closely with you to develop this approach. In summary, Mr. Chairman, our early experience and the preliminary evaluation, analyses, and recommendations that I summarized earlier have shown us both that the Ticket to Work Program can provide beneficiaries with more opportunities to obtain employment support services to help them reach their employment goals, and also

that we need to do more to increase program participation and build on program success.

Finally, I want to thank you, Mr. Chairman, Mr. Matsui, and all the other Members of the Subcommittee for showing continued dedication to the program. Thanks to that commitment, we look forward to providing more beneficiaries with additional opportunities and the tools that they need to enter or reenter the workforce.

In addition, I would also like to thank the Subcommittee for its work to pass H.R. 743, the "Social Security Protection Act" (P.L. 108–203). With the provisions in that bill regarding SSA demonstration projects, we can move forward with our agenda of projects designed to provide alternative return to work services. We look forward to working with the Subcommittee as we continue our efforts to make the Ticket to Work Program a success. I would be happy to answer any questions.

[The prepared statement of Mr. Gerry follows:]

Statement of Martin H. Gerry, Deputy Commissioner, Disability and Income Security Programs, Social Security Administration

Mr. Chairman and Members of the Subcommittee:

Thank you for inviting me today to discuss implementation by the Social Security Administration (SSA) of the Ticket to Work and Self-Sufficiency Program (the "Ticket to Work program") authorized by The Ticket to Work and Work Incentives Improvement Act of 1999 (the "Act"), PL 106–170.

As you know, Mr. Chairman, SSA administers both the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. These programs provide benefits to about 10.5 million Americans with disabilities. The Ticket to Work program allows these beneficiaries greater flexibility and expanded choice in obtaining the rehabilitation, employment and other support services that they need to go to work and attain their employment goals.

I would like to express my thanks to you, Mr. Chairman, Mr. Matsui, and members of the Subcommittee, for your hard work and support in making the Ticket to Work program a reality. I know we will continue to work together closely to strengthen the program in a way which will build on our early successful experience and expand the participation we have already seen in the program.

Commissioner Barnhart and I have been fortunate to participate in Ticket to Work program activities throughout the nation. I know that she has especially fond memories of kicking off the Ticket to Work program in February 2002 alongside the late Senator William Roth. Among the other Ticket events she attended that year was one in Representative Hayworth's district. In addition, senior agency staff have traveled throughout the country to help introduce this program to the American people. Today I would like to provide an update on the implementation of the Ticket to Work program, and touch on a few related issues.

An Overview of the Ticket to Work Program

First, let me briefly describe how the program works. SSA currently provides benefits under the SSDI and SSI programs to approximately 10.5 million Americans with disabilities. Under current agency regulations, an SSDI or SSI beneficiary with a disability receives a Ticket to Work *if* he or she is between the ages of 18 and 64 *and* has a medical condition that is not expected to improve in the near future. Approximately 9.1 million, or over 85 percent, of all beneficiaries with disabilities meet this standard.

Under the Act, SSA enters into agreements with Employment Networks (ENs) and with State Vocational Rehabilitation Agencies ("State VR Agencies"). ENs are qualified State, local, or private organizations that offer employment support services. These organizations include One-Stop Career Centers established under the Workforce Investment Act of 1998; single providers of services; or groups of providers organized to combine their resources into a single entity.

A beneficiary who receives a Ticket to Work can choose to assign it to any EN that provides services within the community or to the State VR Agency. Together, these organizations are referred to as "Ticket Providers." An EN may decide whether or not to accept the assignment of a Ticket. The Act requires that an EN accept a measure of risk whenever it agrees to provide services to a beneficiary. ENs may

only be paid based on their success in assisting beneficiaries to secure and maintain employment and move off the disability benefit rolls. An EN might never be paid if a beneficiary's cash benefits do not stop as a result of work. State VR Agencies are receiving approximately $2.6 billion from the Department of Education for the primary purpose of providing employment services to individuals with significant disabilities. VR agencies are therefore better capitalized than small or new ENs and incur less financial and actuarial risk than ENs serving smaller numbers of individuals.

Once a Ticket is assigned by a beneficiary to a Ticket Provider, the beneficiary and the Provider jointly develop and implement a plan of employment, vocational, or other support services designed to lead to and maintain employment. Providers may provide these services directly or by entering into agreements with other organizations or individuals to provide the appropriate services at no cost to the beneficiary.

Ticket Providers may be paid based only on their success in assisting beneficiaries to secure and maintain employment and move off the disability benefit rolls. Where this occurs, an EN may elect to receive payment under one of two systems. Under the Outcome Payment System an EN will be paid for each month, up to sixty months, in which a beneficiary it is serving does not receive cash benefits due to work or earnings. Under the Outcome-Milestone Payment System, an EN will receive payment when a beneficiary it is serving reaches one or more milestones toward self-supporting employment. Under this second

payment system, the EN will also receive reduced outcome payments for each month, up to sixty months, that a beneficiary does not receive cash benefits due to work or earnings. The agency has provided up to four milestones for which an EN can be paid.

The Ticket to Work Act provides three additional incentives to encourage work activity by beneficiaries. First, SSA will not schedule a periodic continuing disability review (CDR) for a beneficiary who is receiving services from a Ticket Provider. Second, work activity by an SSDI beneficiary will not trigger a CDR if the beneficiary has received benefits for at least 24 months. Finally, an individual whose benefits terminated because of work activity can request that benefits start again without having to complete a new application for benefits.

Implementation of the Ticket to Work Program

SSA is implementing the Ticket to Work program in three phases. During the first phase of the program, from February through October 2002, about 2.4 million beneficiaries with disabilities in 13 states received Tickets to Work. During the second phase, which ran from November 2002 through September 2003, we mailed Tickets to approximately 2.6 million beneficiaries in 20 additional States and the District of Columbia. Then beginning in November 2003, we started releasing Tickets to the approximately 4.1 million beneficiaries in the remaining 17 States and the U.S. Territories during the third and final implementation phase.

Through February 2004, Tickets have been mailed to over 6.9 million disabled beneficiaries. By September 2004, the remaining 2.2 million eligible beneficiaries will have been mailed a Ticket to Work, and any eligible beneficiary who has yet to receive a Ticket to Work in the mail can obtain one by asking for it. To date, we have certified almost 1,100 ENs to participate in the Ticket program.

The Act calls for the Commissioner to enter into agreements with Program Managers to assist the Agency in administering the Ticket to Work program. Among the duties of our Program Manager, Maximus, Inc., are recruiting, recommending, and monitoring the ENs selected by SSA to provide services; facilitating beneficiary access to the ENs; facilitating payment to Ticket Providers; and resolving disputes between beneficiaries and Ticket Providers under the program.

Ongoing Operation of the Ticket to Work Program

As of the beginning of this month, 40,441 SSDI and SSI beneficiaries who had received Tickets to Work ("Ticket Holders") had assigned them to Ticket Providers. Of this total, 36,525 (90%) were assigned to a State VR Agencies and 3,916 (10%) were assigned to other ENs. Approximately 30 percent of ticket assignments have been made in the last 5 months.

The first milestone payment was made by Maximus during May 2002. The first outcome payment was paid in July 2002. Through February 2004 we have made more than 1,600 payments to nearly 120 ENs totaling over $530,000 based on the work of 450 beneficiaries.

Our early experience shows us that the Ticket is already proving it can provide beneficiaries with more opportunities to obtain employment support services to help

them reach their employment goals. It is our mission to see that the ticket lives up to its potential to return people to work

Evaluation of the Ticket to Work Program

Section 101(d) of the Ticket to Work Actrequires the Commissioner to submit periodic evaluation reports of the Ticket to Work program to Congress. SSA has contracted with Mathematica Policy Research, Inc. ("Mathematica ") to evaluate the impact of the Ticket to Work program. Mathematica has provided a draft of its first in a series of evaluation reports. I will be happy to provide the Subcommittee with a copy of the final version of this report which we expect to be available shortly, and will also be happy to brief you on its findings.

Mathematica's preliminary findings are generally consistent with our experience with the program. Most beneficiaries who use Tickets to Work have assigned them to traditional State VR agencies. Ticket assignments to ENs have been concentrated among a few ENs, and the ENs as a group feel that SSA needs to move quickly to make the process friendlier to providers.

As Mathematica notes in the draft report, overall, it is clear that SSA has made great progress in developing such a system to assist individuals with disabilities to find work and remain in the workforce. This undertaking, which required SSA to develop new capabilities to integrate information

from the SSI and DI programs, so that beneficiaries work could be appropriately considered in determining theirs and their service providers eligibility to benefits.

The Work of the Adequacy of Incentives Advisory Group

The Ticket to Work and Work Incentives Improvement Act of 1999 identified four groups of people with disabilities as potentially "at risk." These groups are: 1) individuals with a need for ongoing support and services; 2) individuals with a need for high-cost accommodations; 3) individuals who earn a sub-minimum wage; and 4) individuals who work and receive partial cash benefits.

The Act requires the Commissioner to study the adequacy of incentives to Employment Networks in the Ticket to Work program for serving these four groups of beneficiaries. SSA formed an Adequacy of Incentives Advisory Group to help determine the best approach for conducting a targeted, in-depth analysis of the "at risk" groups. The Advisory Group has been meeting quarterly, and will complete its work this spring 2004. Last fall, the group issued an interim report, "Recommendations for Improving Implementation of the Ticket to Work and Self-Sufficiency Program (Regulatory and Administrative Changes)." The group will also issue a final report, which will propose projects to evaluate the effectiveness of adjusted incentives and recommendations regarding the most promising adjusted incentives.

Recommendations of the Ticket to Work Advisory Panel

The Ticket to Work Advisory Panel has been a valuable partner in studying the program and making recommendations for improvements. They too have been concerned about the balance between State VR agencies and other ENs, and about ways in which we can encourage more beneficiaries to assign their Tickets to ENs. They also advise us on ways to improve our public education of the program and how to market the program to both beneficiaries and potential ENs.

We have carefully considered the recommendations of the Panel with respect to establishing a corps of work incentive specialists, who will be available to advise beneficiaries on the effects of work on benefit payments, and on ways to reduce the incidence of overpayments caused

by work. They recognize, as do we at SSA, that the fear of creating overpayments is a powerful disincentive to returning to work that our beneficiaries face.

The $1 for $2 Benefit Offset Demonstration

The Ticket to Work legislation required SSA to test a DI benefit offset similar to what is provided in the SSI program. Generally, SSI benefits are reduced $1 for every $2 earned over the $65 earned income monthly exclusion. Because there is no parallel provision for the DI program, DI beneficiaries are often reluctant to attempt work because of the abrupt loss of all cash benefits faced if they engage in substantial gainful activity.

Therefore, we plan to conduct a national demonstration project to test a $1 reduction in benefits for every $2 in earnings over a certain level in the DI program in combination with interventions that offer a range of ongoing employment supports, which may include some combination of employment services, health care services, transportation assistance, training, and other similar supports.

In addition, we plan to conduct a small-scale process demonstration of the benefit offset in four sites. We expect this project to begin enrolling participants this fall.

Program Improvements

I would now like to discuss a number of initiatives we have already put in place on a number of fronts to improve our return to work services based on all the information that we have received. They include simplifying the payment process for ENs, increasing the pool of ENs, improving our wage reporting process, and jointly funding with the Department of Labor a new position to help people with disabilities increase their employment opportunities. I will discuss these in more detail.

Work Incentive Specialists

Section 1149 of the Social Security Act, as enacted by Section 121 of the Ticket Act requires SSA to establish a corps of specialists devoted to issues related to work incentives. We have worked closely with Subcommittee staff to develop and implement this concept.

Commissioner Barnhart has expanded the pool of field employees who would be available to answer questions relating to return to work, while establishing a dedicated number of employees in each area of the region who will serve full time as Area Work Incentive Coordinators (AWICs), for a total of 58 employees nationwide. I want to thank the Subcommittee for its advice and guidance as we worked closely with you to develop this approach.

AWICs are the focal point of contact for advocates area-wide, and serve as ombudsmen. They monitor the area employment support workloads and work with the Area Directors to ensure that we effectively manage work incentive workloads. In addition, we have trained all of our public service employees, including staff in all local Social Security offices, on SSA employment support programs. AWICs work with other staff to develop any area training needs to maintain the level of expertise on work incentives for all direct contact employees and they are a ready resource for providing accurate information to those employees when questions arise.

An Improved EN Payment Process

Because many ENs found the payment process too cumbersome, we have developed a new, simpler process for paying them. Under the new process, SSA will pay ENs upon receiving a certification from the EN that a Ticket Holder is still working, provided that the EN initially submits return to work evidence. Prior to this change, ENs were required to send in evidence of the work, such as pay stubs, monthly. Now ENs have several options for requesting payments on either a monthly or quarterly basis without needing to submit pay stubs.

Expanded Choice of Employment Networks

In order to attract sufficient providers of employment services and in concert with Maximus, we have conducted 90 Employment Network Opportunity Conferences across the country. We did this so beneficiaries will enjoy the degree of choice when selecting an EN that the Congress envisioned when the Act was passed. These events were attended by more than 8,000 individuals, representing 6,100 organizations. To date, 483 conference attendees have applied to become employment networks. In addition, Maximus has made presentations about the Ticket to Work program at nearly 300 events nationwide and delivered the message to 20,000 different organizations and 50,000 individuals through 250,000 distinct contacts. We will continue to seek out EN recruitment opportunities and process improvements so we may offer more choices for our beneficiaries who want to work.

Because we learned that the lack of upfront funding was a barrier to EN participation, SSA has developed an EN capitalization initiative that helps ENs locate and apply for additional funding to support their efforts.

Eliminating Barriers and Disincentives

Overpayments to beneficiaries with disabilities attempting to work are a major barrier to participation in the Ticket to Work program. Disability recipients who try to return to work deserve to know that their work information will be processed right away to prevent large overpayments that are a burden to the recipient as well as an important program integrity issue. Accurate and prompt wage report processing is critically important.

The Social Security Protection Act of 2004 (P.L. 108–203) imposes a requirement for a work report receipt, and we expect that our current software, known as the Modernized Return to Work, or MRTW, and our PC–CDR processes that field offices have been using, should be able to fulfill that requirement. The issue of handling work reports is a major priority of Commissioner Barnhart, and we expect several new processes to have a positive impact on the problem, reducing both overpayments and the work disincentives caused by the threat of such overpayments.

In January 2004, we began a phased rollout of our eWork application for controlling and processing disability work activity and work CDR workloads. It replaces the stand-alone MRTW and PC–CDR that I have just mentioned. The eWork system automates and simplifies the processing of work issues in Title II disability cases; its key functional areas are workload management and control, case development, adjudication and decision-making, notices and forms, and automated mainframe systems inputs. In summary, eWork connects all of the separate pieces to the whole through an electronic interface usable by authorized personnel nationwide and work to minimize the occurrence of overpayments due to work..

Expansion of Work Opportunities

Over the last 18 months, SSA has worked closely with the Department of Labor's Employment and Training Administration and its State and local partners to jointly fund the establishment of a new position, the Disability Program Navigator. Approximately 110 Navigators have been hired to work in DOL One-Stop Career Centers in 14 states. A key role for Navigators is to help people with disabilities to increase their employment opportunities. Locating of the Navigator in the One-Stop Career Centers provides an important link to local employers in fulfilling this role. Navigators will also facilitate access to programs and services that impact

successful entry or reentry into the workforce. This includes access to housing, transportation, health care, and assistive technologies as needed to effectively participate in training services or for successful placement in employment.

SSA is also continuing to use the Employer Assistance Referral Network (EARN) managed by the Department of Labor's Office of Disability Employment Policy and the Ticket to Hire, a specialized subunit of EARN that matches employers with job ready candidates from the Ticket to Work program.

Conclusion

Finally, I thank you, Mr. Chairman, Mr. Matsui, and all the members of the Subcommittee, for showing continued dedication to the Ticket to Work program. Thanks to that commitment, we look forward to providing more beneficiaries with the additional opportunities and tools they need to enter or reenter the workforce.

In addition, I would like to thank you for your work to pass H.R. 743, the Social Security Protection Act of 2004(P.L. 108–203). Because of the provisions in the bill regarding SSA demonstration projects, including ensuring that projects can continue to move beyond this December, we can move forward with our agenda of projects designed to provide alternative return to work services.

I would also like to acknowledge the valuable input we have received from the Ticket Advisory Panel and the Social Security Advisory Board. We are committed to achieving the goal set by Congress to improve access to jobs for Americans with disabilities. I believe, and I am sure you will agree, that the nation benefits greatly when all of its citizens have the opportunity to make the most of their talents. We look forward to working with you as we continue our efforts to make the Ticket to Work program a success.

Chairman SHAW. Thank you. Mr. Justesen?

STATEMENT OF TROY R. JUSTESEN, ACTING DEPUTY ASSISTANT SECRETARY, OFFICE OF SPECIAL EDUCATION AND REHABILITATION SERVICES, U.S. DEPARTMENT OF EDUCATION

Mr. JUSTESEN. Thank you, Mr. Chairman and the Committee for having me here today and for having me join my colleague, Martin Gerry from SSA, of which we are developing a very strong relationship between the SSA and the Department of Education to implement the success of the ticket program with the VR Services Program.

The State VR Program is the Nation's longest-running public employment program serving people with disabilities. In its 80-plus-year history of the program, over 10 million individuals with disabilities have achieved employment through the VR Program. Each year, approximately 220,000 individuals go to work with the help of the VR Program. Based on a recent study of this program, ap-

proximately 85 percent of individuals with disabilities who get jobs maintain employment at least 3 years after they have been employed and their hourly wage increase over this same 3-year period is over 78 percent.

Social Security recipients and beneficiaries presently account for about one-fourth of the total VR caseload nationwide, but each State agency's caseload varies depending on the unique characteristics of the State, the flexibility of the VR Program, and referral sources within the State. For example, in California 43 percent of its individuals with disabilities served through the VR Program, there are also SSDI and SSI beneficiaries, whereas in Wisconsin, only 8.6 percent of individuals whose cases were closed received SSI or SSDI benefits.

Other factors, such as VR's requirements to serve individuals with the most significant disabilities when there are insufficient funds to serve all eligible individuals may also have an impact on the number of SSI and SSDI beneficiaries served by the VR Program. Further, the 1998 amendments to the Rehabilitation Act requires VR agencies to presume eligibility for individuals who have already been determined eligible for SSI and SSDI services. State VR agencies are a significant partner in implementing the options available in the Ticket to Work Program for many individuals with disabilities. As of this March, and you know this, Mr. Chairman, you said this earlier, 40,950 tickets have been assigned by SSI and SSDI recipients. Over 90 percent of those issued tickets are assigned to VR agencies.

Since the passage of the Ticket to Work legislation, the Office of Special Education and Rehabilitative Services (OSERS), the office within the Department of Education charged with working with VR State agencies, has held training programs for State VR agency staff during SSA's roll-out phase of the ticket program in order to facilitate success of the program. In addition to providing ongoing training to State VR agencies, OSERS is committed to continuing its work with the SSA to help evaluate the ticket program and the role State VR agencies play in this overall program.

To this end, we at the Department of Education have been working very closely with the SSA to complete a Memorandum of Understanding which will be allow for both agencies to share and link valuable data concerning individuals with disabilities who are served by both of these programs. We are doing this because we can better determine the long-term benefits of the VR Program and its relationship to the overall ticket program. We know there are several issues that have arisen regarding the program interactions between VR Programs and private and public ENs. One complication is that the Rehabilitation Act requires VR agencies to seek comparable services and benefits from other providers, which may include ENs. The issue of comparable services is discussed in greater length in my written testimony, but let me just say that we recognize the importance of collaboration on this issue and we will work with all of our partners to provide guidance on this issue and to resolve the concerns.

Second, many of our private ENs have expressed concern regarding agreements that are required when private ENs refer ticket holders to a State VR agency for services. It is our understanding

at the Department of Education that in the majority of cases, these agreements are regarded by both parties as fair and inclusive of the principle of shared risk and reward. However, we recognize that some agreements may not reflect the principles of true partnerships and fairness. We are committed to continuing our work with the SSA to provide guidance to the State agencies and other ENs on this issue and are hopeful that we can continue to work together to be able to resolve issues regarding these agreements.

Third, we, and particularly I, Mr. Chairman, want you to know that we have heard of many concerns about ENs competing with State VR agencies for ticket assignments. It is important to recognize that State VR agencies have a long history that predates the ticket program with most ENs operating today. Without the assistance of Community Rehabilitation Programs that are now ENs, the success of the program I mentioned earlier would not have been possible. I would like to highlight a couple of beneficial aspects of our continuing dialog between the advocacy community regarding the ticket program. Since its inception, the Ticket Advisory Panel continues to be a main conduit of information for us at the Department of Education. From the panel, we have learned what is working and what needs to be improved.

For example, as a result of our work with the panel, we have seen a need to more closely monitor the cooperative agreements between the State agencies and private ENs and we are working with the initial 13 States in the program to examine their agreements and provide feedback to Social Security and with Social Security and with the Members of your Committee. As we are learning more about the implementation of the ticket program, we understand that there is more that needs to be done to improve the participation of both beneficiaries in the program and private and public ENs. This is a vital effort. It is an area particularly important to the Department of Education and we hope this information that we have provided you today in my extended written comments and our continuing work with Social Security will improve the ticket program, and more importantly, improve the lives of people with disabilities. I am happy to be here, and I am also happy to take any questions you have. Thank you, Mr. Chairman.

[The prepared statement of Mr. Justesen follows:]

Statement of Troy R. Justesen, Ed.D., Acting Deputy Assistant Secretary, Office of Special Education and Rehabilitation Services, U.S. Department of Education

Mr. Chairman, members of the Committee, thank you for the opportunity to appear before you today to discuss the Ticket-to-Work program. I am pleased to join you and my colleague, Martin Gerry, to discuss the Ticket-to-Work program and its relationship to the State Vocational Rehabilitation (VR) Services Program administered by the Department of Education. The Office of Special Education and Rehabilitative Services (OSERS) is committed to working with the Social Security Administration (SSA) to ensure the effective implementation and success of the Ticket-to-Work program.

The State VR Services Program is the nation's longest-running public employment program serving individuals with disabilities. In our 80-plus year history, over ten million individuals served by VR have achieved employment. Each year, approximately 220,000 individuals go to work with the help of VR. Based on a recent longitudinal study of the State VR Services Program, approximately 85 percent of the individuals who obtain jobs maintain employment for at least three years after leaving the program. The longitudinal study also found that these individuals increased

their average hourly wage from $7.56 to $13.48 per hour, a 78 percent increase in earnings over the same three-year period.

As you may know, Social Security beneficiaries account for approximately one-fourth of the total VR caseload. It should be noted, however, that the Rehabilitation Act of 1973, which authorizes the State VR program, provides substantial flexibility to States. Because of this flexibility, the referral sources and the characteristics of each State agency's caseload vary. For example, in California, 43 percent of individuals whose cases were closed in Fiscal Year 2002 after receiving VR services were Supplemental Security Income recipients and/or Social Security Disability Insurance (SSI/DI) beneficiaries, while in Wisconsin, only 8.6 percent of individuals whose cases were closed in Fiscal Year 2002 after receiving VR services received SSI and/or SSDI. Other factors, such as the Rehabilitation Act's requirement that States give priority to individuals with the most significant disabilities when there are insufficient funds to serve all eligible individuals, may have an impact on the number of SSI recipients and SSDI beneficiaries served.

The 1998 Amendments to the Rehabilitation Act reflected Congress' desire to provide seamless access to VR services for SSI recipients and SSDI beneficiaries. The Amendments required State VR agencies to presume VR eligibility for individuals who receive SSI and/or SSDI. Presumed eligibility allows individuals who have already gone through the arduous Social Security benefit-eligibility process to avoid providing similar information to State VR agencies in order to be determined eligible for VR services.

Since the start of the Ticket program, State VR agencies have been a significant partner in implementing options under the Ticket program for individuals with disabilities. As of March 8, 2004, a total of 40,950 tickets have been assigned by SSI recipients and SSDI beneficiaries. Just over 90% of those Tickets (36,972) were assigned to VR agencies. It is clear how important the State VR Services Program is to the success of the Ticket-to-Work program.

Since the passage of the Ticket-to-Work and Work Incentives Improvement Act (TWWIIA), we have held training programs for State VR agency staff as Social Security conducted its three-phase "roll-out" of the Ticket program. At each training session, we brought together SSA staff, SSA's Ticket Program Manager (Maximus), and State VR agency staff to discuss emerging issues and to build long-term relationships designed to facilitate the return to work of individuals with disabilities. We have recognized throughout the early implementation phases of the Ticket-to-Work program that there is a critical need for on-going discussions across Federal programs and we are committed to keeping the dialogue open. We monitor and provide updates via several listservs that are dedicated to the interaction between State VR agencies and the Ticket program. We are hopeful that, in the future, joint training opportunities for State VR agency staff and private Employment Networks (ENs) will be possible.

In addition to providing ongoing training to State VR agencies, OSERS is committed to working with SSA to conduct research and evaluation of the Ticket program and the involvement of State VR agencies in the program, as well as other issues affecting the ability of individuals with disabilities to achieve employment outcomes. To this end, we are completing a Memorandum of Understanding, or MOU, with SSA, which will allow both agencies to share and link data concerning individuals with disabilities served by both the VR program and SSA. By linking this data, SSA and OSERS can better determine the long-term outcomes for SSI and SSDI beneficiaries who receive services through the VR and Ticket programs.

The Ticket program unquestionably presents new challenges to OSERS and the State VR Services Program, and we have a great deal more work to do as we attempt to redefine our role and those of our State partners. Several issues have arisen regarding program interactions between the VR programs and the private Employment Networks (ENs) and we are working with SSA to address these issues.

First, many private ENs are concerned about the impact of the "comparable services and benefits" requirement under the Rehabilitation Act when they and the State VR agency are jointly serving the same individual. With only a few exceptions, section 101(a)(8)(A)(i) of the Act requires the State VR agency to determine whether a comparable service or benefit is available from any other program to an eligible individual with a disability prior to providing a VR service. The VR Regulations (34 CFR 361.5(b)(10)) define a "comparable service or benefit" as a service available from another public source, health insurance or employee benefit that is (1) *available* when the individual needs it, and (2) is *commensurate* with the service that the individual otherwise would receive from the VR agency. Therefore, if an individual is served by both the State VR agency and a public-funded EN, then VR can consider services provided by the EN that are available and commensurate with the services that would be provided by the VR agency to be a "comparable benefit or

service." Let me give you an example. An EN that receives public funding may provide general job-placement services. However, if that EN does not have experience in providing job-placement services to individuals with severe and persistent mental illnesses, then the EN's job-placement services may not meet the specific needs of such an individual. In that circumstance, the State VR agency may not consider the EN's job-placement services to be "commensurate" and, therefore, not a comparable benefit or service. So, VR could then provide the job-placement service to the individual. We will continue to work with SSA to provide guidance to State VR agencies on this issue.

A second issue is that many private ENs have expressed concern regarding agreements that are required when a private EN refers a Ticket holder to a State VR agency for services. These agreements are called for by TWWIIA. It is our understanding that, in a majority of States, these agreements are regarded by both parties as fair and inclusive of the principle of shared risk and reward. However, we also recognize that some agreements may not reflect the principles of true partnership and fairness. We are committed to working with SSA to provide State agencies and other ENs with guidance on this issue. Office of Management and Budget Circular A–87 may affect these agreements in regard to proportionality of effort by various parties. However, we are hopeful that together SSA and OSERS will be able to resolve issues that arise in this regard.

Third, some private ENs have made statements that they do not wish to "compete" with State VR agencies for Ticket assignments. It is important to recognize that, typically, State VR agencies have long histories that pre-date the Ticket program with most ENs operating today. Without the assistance of community rehabilitation programs that are now ENs, the successes of the VR program that I mentioned earlier would not have been possible. We value our EN partners and recognize the need for their participation, not only for the services they provide, but also for the choice of service provision that their participation ensures Ticket holders.

Now that I have enumerated some of the challenges we face in moving forward with the implementation of the Ticket program, I would like to take a moment to highlight what I consider to be a truly beneficial byproduct of continued dialogue with the advocacy community regarding this new program. Since its inception, the TWWIIA Advisory Panel has been a main conduit of information for us. From the Panel, we at OSERS have learned about what in the VR/EN relationship is working and what needs to be improved. Without the meaningful exchange that occurs regularly between OSERS and the Panel, we would be at a distinct disadvantage in determining areas of concern as well as aspects of the VR/Ticket interface that are working well.

As a result of our interaction with the Panel, we have seen a need to more closely monitor the cooperative agreements between State VR agencies and private ENs. We have just started that effort. We are working closely with the 13 State VR agencies that were involved in the first-phase roll-out of the Ticket-to-Work Program and we are examining their agreements with ENs and providing feedback on those agreements. We hope to provide our findings to both SSA and the TWWIIA Advisory Panel.

What we are all learning as we implement the new Ticket program is that more needs to be done to improve the participation of both beneficiaries and private ENs in this vital effort. I hope that the information I have provided today will assist you in your work with the Ticket program. Again, I thank you for the opportunity to share our experiences to date. OSERS and our partners in the State VR Services Program stand ready to do our part to facilitate the successful employment of Ticket holders.

I will be happy to answer any questions that you may have.

Chairman SHAW. Thank you very much. Mr. Gerry, you heard Ms. Nelson, her testimony, and one of the things that she was emphasizing was making these programs known to other people and she mentioned that it would be good to put some of this stuff on television. Now, I don't know what extent you can. People are griping about us talking about Medicare and the drug bill on television. Has any thought been given to, in some way, getting more of this information out through the media?

Mr. GERRY. Yes, Mr. Chairman. Perhaps what I might do is explain. We have entered into a contract with Fleischman-Hillard, which is a large public relations consulting firm, to design—and they are in the process of creating, a strategic plan for this very question of how we effectively communicate, not only with beneficiaries, but also potential ENs.

Over a 2-year period they are conducting telephone interviews with beneficiaries and with other stakeholders. They are trying to figure out the most effective way, and it goes to your comments earlier about the design of the ticket and the kind of language that is used. They are really trying to figure out how to get the message across in the most effective way. Now, part of that would obviously be what medium you would use and part of it would be what you would say in terms of the content. They are developing a national marketing strategy and materials that we would use.

We really believe that given the importance of this task and the ticket itself, it was important to get people who are really experts to help us do this design. So, that is the process that we are involved in. That task order was met on September 30 of last year, so we are about 6 months into the process now. My sense of what is going on is it has been very positive. I think we are getting some insights, and we are continuing to have dialogs with other organizations, which we do believe is very important. On the other hand, as you mentioned, without getting people with that kind of expertise to give us advice, television advertising is very expensive and it has, at least recently, become somewhat controversial. So, we thought it important to do it as quickly as we could, but to do it prudently, as well, and so we are trying to balance these two tasks.

Chairman SHAW. I would say one of the things you have to do is to try to make a determination of people with disabilities that are not in the work force, how do they spend their day. I would say that you will probably find out that a large part of that day is sitting in front of the television set. Then, what are they watching? That would be something. So, you can be very selective as to where you put it. Of course, cable is always an inexpensive option. I think, too, I think one of the most effective ways you can do it is to get people like Ms. Nelson and Ms. Hancock to get on the television and say, "If I can do it, you can do it." It just gets people thinking.

Mr. GERRY. Like everyone else in the room, I was very much moved by what they had to say and I certainly would agree with that point. We are not going to sit and wait for this period to go by. We expect to get feedback throughout the process from Fleischman-Hillard and I would certainly be happy to take up that specific topic with them.

Chairman SHAW. I think the ticket—I have been very critical of this, and in all fairness, I don't know what else is in the envelope, but just looking at this, it is a document that I think is not very understandable in the verbiage and I think it can be jazzed up considerably with some kind of illustration on it, such as somebody gainfully employed while sitting in a wheelchair or with crutches or showing obvious signs of blindness or another type of disability.

Mr. GERRY. I have to say, Mr. Chairman.

Chairman SHAW. I applaud you for getting the advertising agency or public relations agency involved in it because these programs have to be sold to people and they are getting courage. I can tell you, if you are on disability, probably every time you get something from the Social Security office that you know is not a check, you probably hold your breath when you open the envelope. It is kind of like getting something from the IRS that is unexpected. I think we all have experienced having to open that envelope to see what is in there. I just think that we can go a long way toward helping them. Mr. Collins?

Mr. COLLINS. Thank you, Mr. Chairman. I just wonder what the postage is to mail those. Mr. Gerry, what did you think about Ms. Hancock's idea that when an individual files, that they be given the information at that point of contact with Social Security?

Mr. GERRY. Well, I thought it was an interesting idea. The Ticket to Work Program, of course, applies to beneficiaries so that we could explain when someone filed an application, what their options would be if they were to become a beneficiary. Under the statutory language, I think we can only actually make the program available to beneficiaries.

Now, we do have an early intervention demonstration which we have been in the process of designing and will actually start in the next 3 or 4 months that really focuses on applicants and is designed to try to help people who might not wish to continue even to pursue their application because they might be able to go to work through a somewhat parallel structure. I think the only problem right now would be, although we could explain the Ticket to Work, there is no way that we could offer the ticket itself until someone actually became a beneficiary. Although we heard good stories about how long it took from the panelists, sometimes, obviously, it takes a much longer period of time.

I think everything we know about the psychology of people in the population that we serve would strongly argue that the earlier we can make an offer of assistance in returning to work, probably the better in terms of what will happen, but we would be somewhat constrained right now by the statutory requirement that only beneficiaries can be served.

Mr. COLLINS. You don't have to be a beneficiary to be given the information.

Mr. GERRY. Absolutely not.

Mr. COLLINS. All right. That is probably too simple. Ms. Hancock also mentioned that she went through three ENs before finally finding one in Connecticut, I believe it was, that would actually listen to her. What kind of feedback have you had from others in this same area?

Mr. GERRY. We certainly have had all kinds of feedback. We have had people who are very happy with the EN, and that was true of obviously one of the panelists who preceded us, and others who were dissatisfied and changed. I think it is inherent in the choice model. I think what the Congress wanted us to do is to maximize the opportunity for people to choose, and as a result of that, although we do through Maximus review the applications from people who are ENs, there is likely to be a pretty significant variation out there in terms of not just the ability of people to re-

late to particular beneficiaries but the kinds of services and strategies that they offer. That seems to me to be kind of inherent in the way the program was designed, in that the idea was to get as much competition and choice as possible.

Mr. COLLINS. Do we have any method, are we putting in place any method to keep some statistics on these ENs?

Mr. GERRY. Yes. We do collect information about the ENs and we are developing strategies for tracking payments. What we haven't attempted to do, and again, it would be a question of how consistent it is with the overall goal of the statute, is to try to do any kind of qualitative assessment of ENs. Now, these are risk-bearing activities, so when the ENs accept tickets, they do put money out to provide services, which, if they are not successful, they wouldn't receive payment.

Of course, we also have in our regulations rules that say that not only do ticket holders have a choice of ENs, but they can discharge them, and as the witness testified, can change. So, we have really been, frankly, looking at the market as the primary way in which ENs who would better serve our beneficiaries would be the ENs people choose and keep. We have also assumed that if they are not successful in providing those services, they won't be paid, so that their incentive should be for ENs to be as responsive as they can. I am not arguing that is always true.

Mr. COLLINS. You mentioned Ticket Tracker. I was just looking at the Georgia statistics here earlier. There have been 285,000-plus tickets issued in Georgia. Assigned to State VR agencies, 780; assigned to ENs, 181, for a total of 961, or 0.34 of 1 percent.

Mr. GERRY. I am looking at the same numbers, Mr. Chairman.

Mr. COLLINS. The number I don't see is how much success have we had with the 961?

Mr. GERRY. I don't have that information—I would be happy to provide it for the record—broken down by State. I can talk about.

Mr. COLLINS. This is broken down by State.

Mr. GERRY. That is, and I don't know specifically.

Mr. COLLINS. Would that be an important statistic, to keep track of that?

Mr. GERRY. I think it sounds to me like it would be an important statistic——

Mr. COLLINS. It would be some good information. Is Ms. Hancock the only one in Georgia?

Mr. GERRY. As I indicated, Mr. Collins, I don't know.

Mr. COLLINS. You don't know, do you?

Mr. GERRY. No, I don't.

Mr. COLLINS. Well.

Mr. GERRY. I will find out and make it available.

[The information follows:]

The following information is through March 29, 2004:

State	Tickets Issued	Tickets Assigned to SVRA	SVRA Payments for Work Activity *(Cost Reimb.)/# Beneficiaries	Tickets Assigned to ENs	EN Payment for Work Activity/# Beneficiaries
Alabama	89,065	160	2	22	0
Alaska	14,770	70	0	2	0
Arizona	167,662	463	4	272	81
Arkansas	136,370	97	5	100	0
California	369,343	968	13	156	1
Colorado	102,854	385	1	36	5
Connecticut	94,787	530	2	28	3
Delaware	26,990	493	5	14	5
District of Columbia	20,729	61	1	25	0
Florida	581,072	2,836	58	463	45
Georgia	287,627	911	22	184	11
Hawaii	11,016	8	0	4	1
Idaho	14,851	126	0	7	0
Illinois	389,456	4,850	65	256	45
Indiana	191,759	365	0	53	1
Iowa	86,467	755	13	59	11
Kansas	71,129	251	1	63	3
Kentucky	252,598	353	6	45	5
Louisiana	200,537	1,246	2	67	4
Maine	24,086	92	0	6	0
Maryland	51,688	60	8	32	0
Massachusetts	240,821	694	29	125	16
Michigan	358,958	3,061	8	154	16
Minnesota	47,910	102	1	29	0
Mississippi	160,833	233	0	138	9
Missouri	213,754	485	1	154	11
Montana	28,265	156	1	2	0
Nebraska	17,052	103	0	2	0
Nevada	57,053	251	0	115	419
New Hampshire	37,339	33	1	11	1
New Jersey	219,116	398	1	87	7

State	Tickets Issued	Tickets Assigned to SVRA	SVRA Payments for Work Activity *(Cost Reimb.)/# Beneficiaries	Tickets Assigned to ENs	EN Payment for Work Activity/# Beneficiaries
New Mexico	64,345	67	1	19	2
New York	721,629	7,844	24	426	59
North Carolina	125,719	244	0	19	0
North Dakota	15,289	16	0	7	0
Ohio	148,667	1,594	1	20	0
Oklahoma	132,799	1,597	7	20	48
Oregon	108,967	282	0	75	8
Pennsylvania	173,216	432	0	32	0
Rhode Island	16,290	12	0	4	0
South Carolina	185,861	1,461	21	95	8
South Dakota	20,327	347	0	1	0
Tennessee	256,261	1,041	6	330	13
Texas	209,248	186	6	99	0
Utah	15,321	105	0	0	0
Vermont	22,643	500	1	4	2
Virginia	222,186	621	3	154	12
Washington	68,673	76	0	45	125
West Virginia	48,671	48	0	5	0
Wisconsin	162,498	2,044	1	150	33
Wyoming	4,979	4	0	0	0

*data for the period 1/01/2002 through 2/29/2004

Mr. COLLINS. Well, one-third of 1 percent assigned to either one the EN or the State VR agency, but that leaves 99 and two-thirds percent tickets issued and never followed up on.

Mr. GERRY. Well, they haven't been assigned. Let me just suggest that——

Mr. COLLINS. They have been issued.

Mr. GERRY. They have been issued. It is accurate, they haven't been assigned. They may still be assigned. We do note, and one of the findings that Mathematica had in its preliminary report is that for a variety of reasons, people do wait, and actually, we heard that from one of the witnesses, often many months, I think an average of 10 or 11 months, before they actually use the ticket. So, it isn't necessarily true that that is going to be all of the tickets that are assigned.

Mr. COLLINS. The whole goal of the whole program is to get people back to be active in the workplace if that is their desire to do so, but the follow-up oftentimes to something that is in the mail, follow-up like I believe it was Ms. Nelson put hers on the dresser and found it after the fire.

Mr. GERRY. We are planning.

Mr. COLLINS. I think there are a lot of loose ends that you learn as you go. You are learning. I appreciate your time.

Mr. GERRY. Thank you.

Chairman SHAW. Mr. Gerry, I got a little bit of clarification from Kim Hildred while you were answering Mr. Collins's questions. Obviously, you can't offer someone a Ticket to Work if they are not a beneficiary, because by definition, you have got to be a beneficiary before you can get a ticket, and that is certainly a reasonable part of the legislation. However, when somebody is advised that they have been approved for disability, are they advised—now, I assume they are advised through the mail?

Mr. GERRY. Yes, they receive a notice.

Chairman SHAW. At that point, do they receive any information on the Ticket to Work?

Mr. GERRY. I don't believe so.

Chairman SHAW. This would be a good time to let them know that this doesn't have to be a permanent part of their life and that we do have ways for them to escape the dependency of SSI if they feel able to go into the workplace.

Mr. GERRY. I would like to check on that, Mr. Chairman. I am not sure of the answer to that, that is, whether we——

Chairman SHAW. I would say when somebody is advised that they have been approved, you have got their attention, and they are probably going to read very carefully anything you send to them and I think that is important. Ms. Tubbs Jones?

Ms. TUBBS JONES. Mr. Chairman, thank you very much. Mr. Gerry, Mr. Justesen, good morning. I wasn't here at the early part of your testimony because I took a few moments to call the Vocational Guidance and Rehabilitation Services Center in Cleveland, Ohio, to kind of get a feel for what is going on with them and their ability to provide Ticket to Work. They said they were referred 25 Ticket to Work folks but were only able to take 1 because of the situation of the other 24 people that were referred, but a young woman by the name of Nora Owens gave me about 7,000 things she wanted to tell you, but I told her I didn't have that much time.

[Laughter.]

Before I get to what Nora talked about, I understand how difficult it is sometimes to administer large programs like this particular program. What I might suggest to you, that you find the media agency that the Administration used to do prescription drug benefits and have them do the work that you need to do to do media for the people on disability, because they were able to turn it out real quick. I believe that this issue is as important as the prescription drug benefit, and the people who are receiving disability across this country would love to hear about Ticket to Work as quickly as the others did. I say that tongue-in-cheek, but I really am sincere about it. I am confident that the people who are representatives in this audience kind of agree with me, as well.

From the Cleveland Vocational Guidance and Rehabilitation Services, one of the issues raised is that, for example, if they receive a person referred for a particular service, they get a fee-for-service for whatever the referral is. Very seldom will they get a referral like a State agency referral where they have the opportunity to get a longer term payment and that the reason that a number of the smaller agencies are not ENs is because the payment is so long in coming, you deliver a service and it is 9 months, 2 years down the line, that they are not able to get the service. I am going to just put on two or three of these points and then you can use the rest of my 5 minutes to respond.

The other problem that they seemed to say, for example, the need for someone who is ultimately given a Ticket to Work to be able to do a Medicaid buy-in. They gave me, for example, a young man who was an excellent computer person, but his medical service needs far exceeded anything that he would be able to pay or receive in their health care program and that he ought to be able to work as many hours as he would like to work and they ought to be able to employ him as many hours as they can without him being put in the position to be removed from the program because there are a limited number of hours he can work and a limited amount of money that he could pay. They said that if he, in fact, could work full-time, he could make $40,000 or $50,000 a year, but he still would need the supplemental benefit of a Medicaid buy-in.

I talked about the small agencies. I talked about the Medicaid. The first point they made was that the way it is operated or the payment for the services through Ticket to Work makes it exceptionally costly to provide some of the services and that a review of how services are provided and how they are paid might make a better use of dollars.

Finally, she said to me that if, in fact, you got, for example, 10 Ticket to Works, that the referral to a Ticket to Work EN really reduces the number of dollars that a State agency actually gets to provide VR services so that, in essence, instead of providing additional services for those with disability, we are supplanting some of those services with these services instead of extending the service. I asked a lot of questions, put a lot out there, but you are free to use the rest of the time to do what you can do to respond to my questions.

Mr. JUSTESEN. Thank you.

Ms. TUBBS JONES. I used all my time, Mr. Chairman? Doggone it.

[Laughter.]

Maybe you can write back to me.

Chairman SHAW. Go ahead.

Mr. JUSTESEN. First of all, Congresswoman, I counted 15 questions.

[Laughter.]

Ms. TUBBS JONES. I am a trial lawyer.

[Laughter.]

Mr. JUSTESEN. Well, first of all, the State of Ohio is under an order of selection with regard to the VR Services Programs which, in a nutshell, means that when the State agency's funds are not sufficient enough to serve all potentially eligible consumers of the

VR system, the State must prioritize a service to those individuals with the most significant disability. In addition, I want to say that.

Ms. TUBBS JONES. Are any other States like that?

Mr. JUSTESEN. I think there are—it is in the early twenties. We can supply you with those exact facts.

[The information follows:]

ORDER OF SELECTION STATUS FOR STATE VR AGENCIES
2004—FINAL

TOTAL 80 agencies	ORDER OF SELECTION 42 agencies	NO ORDER 38 agencies
Region I	Connecticut G; Maine G & B; Massachusetts G; Rhode Island; Vermont G	Connecticut B; Massachusetts B; New Hampshire; Vermont B
Region II	New Jersey G; Virgin Islands	New Jersey B; New York G & B; Puerto Rico
Region III	Delaware B; Maryland; Pennsylvania; Virginia G & B; West Virginia	Delaware G; District of Columbia
Region IV	Georgia; Kentucky G & B; Mississippi; North Carolina G; Tennessee	Alabama; Florida G & B; North Carolina B; South Carolina G & B
Region V	Indiana; Illinois; Minnesota G; Ohio; Wisconsin	Michigan G & B; Minnesota B
Region VI	Arkansas G & B; Louisiana; New Mexico B; Oklahoma	New Mexico G; Texas G & B
Region VII	Iowa G; Kansas; Missouri G; Nebraska G	Iowa B; Missouri B; Nebraska B
Region VIII	Colorado; North Dakota; Wyoming	Montana; South Dakota G & B; Utah
Region IX	Arizona; California; Hawaii	American Samoa; CNMI; Guam; Nevada
Region X	Oregon B; Washington G	Alaska; Idaho G & B; Oregon G; Washington B

Changes from previous year: Indiana, Virginia G, and Virginia B moved to an order.
Of the 24 general VR agencies: 14 (58 percent) were on an order
Of the 24 agencies serving blind individuals: 7 (31 percent) were on an order
Of the 32 combined VR agencies: 21 (66 percent) were on an order
Revised Dec 2004

Ms. TUBBS JONES. Thank you.

Mr. JUSTESEN. John Connelly is the State VR Director for the State of Ohio and is a very good resource with us at the Federal level and with Social Security in working through some of these challenges that are unique to the State of Ohio. Let me also say before Martin answers more of the technical questions, since I am 2 months on the job from moving over from the White House that individuals with disabilities who receive SSI—who are recipients of SSI or SSDI beneficiaries are presumed eligible for VR services. That is regardless of their choosing to use their ticket for other public or private EN providers. In other words, individuals in Ohio with significant disabilities, or the most significant disabilities, are entitled to the services that the State ER agencies provide and make available regardless of their use or choice to use the ticket options that they have available to them. I will turn it over to Martin to be more specific on your questions.

Mr. GERRY. Thanks, Troy. The first point that I wrote down was that agencies don't become ENs because it takes too long to get

paid, and that is a serious problem. That is to say that there is risk involved in this program and there is a need, of course, for agencies that are providing services who accept a ticket to finance the initial provision of those services in hopes that they will be paid later when an individual achieves SGA, then goes off benefits and then for a period of time payments are made. So, it is, in fact, fairly common to hear from smaller agencies that might be interested in becoming ENs that the period of time and the way in which payments are set, the amount of those payments, is a disincentive.

The issue of capitalization, obviously, what the VR agencies have is an advantage in that they have money. They have a flow of money under the Rehabilitation Act that allows them to, in effect, front the cost of some of these services in the hopes that they will collect under the program. So, I think one of the things that we have been looking at and one of the things we have been getting advice on from several of the organizations that I mentioned, the Advisory Panel and others, is the need to really look carefully at the payments, the way we have set the payments, the amounts of the payments, things that we could do that would make it at least more attractive for ENs, where they could be paid at least earlier.

The capitalization problem is a much tougher one for us in that we want to help, we want to see if we can provide as many inducements to others to provide initial capital, but it is not something that we are really able to do under the statute as it is drafted. I do think it is a significant problem, and I think that what you heard on the telephone, which was probably something we could have heard in several other States——

Ms. TUBBS JONES. Mr. Chairman, Mr. Gerry, thank you very much. In deference to my colleagues, you have been very generous with time. I would be willing to accept my answers in writing at a subsequent time, Mr. Chairman. Thank you, Mr. Gerry.

[The information follows:]

Ms. Tubbs Jones: And that the reason that a number of the smaller agencies are not ENs is because the payment is so long in coming. You deliver a service, and it's 9 months, 2 years down the line, that they're not able to get the service.

The SSA has taken aggressive steps to address the need to get timely payments to ENs by establishing a Certification Payment Request Process. The Certification Payment Request Process allows ENs to submit a signed written statement that the ticket holder's work and earnings are sufficient to warrant outcome payments, in lieu of having to provide proof of the ticket holder's earnings, ENs can request payments under the Certification Payment Request Process after a ticket holder meets specific work requirements and has achieved a level of earnings from employment to qualify an EN for outcome payments. This new process can be used either on a monthly or quarterly basis. The SSA will pay outcome payments based on the EN's certification, unless our records indicate that the Ticket holder is receiving cash disability benefits.

In addition, the SSA launched the Employment Network Capitalization Initiative in September 2002. Through this initiative, our Program Manager, MAXIMUS, has been training ENs on how to identify and secure alternative funding sources. Such funding can be used by ENs to cover the costs of services to beneficiaries under the ticket program until such time as the EN receives payments based on the employment outcomes achieved. In addition to offering training online, MAXIMUS has conducted a series of regional seminars (with five completed, and 3 more planed for 2004) and distributed an Employment Network Capitalization Resource Directory to all ENs.

Ms. Tubbs Jones: The other problems that they seem to say—for example, the need for someone who is ultimately given a Ticket to Work to be able to do a Medicaid buy-in.

An SSI beneficiary may keep Medicaid benefits while he/she is working if his/her earnings e insufficient to replace SSI cash benefits, Medicaid benefits, and publicly funded healthcare that would be lost due to those earnings. We use a formula that includes the SSI Federal benefit rate (FBR) plus the average per capita Medicaid expenditures for each state to calculate the amount of earnings that is considered sufficient to replace all benefits that could be lost, The resultant figure is called the threshold amount and is different for each State. As long as a person earns under their state's threshold amount, he/she will keep Medicaid eligibility. In some states, a person could earn $40,000 and still be under the threshold amount.

If a person's earnings are higher than the threshold amount for his/her State, we can calculate individualized threshold amount if he/she has medical expenses that are higher than the State's average per capita Medicaid expenditures. In calculating an individualized threshold, we use the person's actual medical expenses instead of the state's per capita Medical expenditures to determine the amount of earnings that are sufficient to replace all benefits. If that person's earnings are below his/her individualized threshold amount, he/she will keep Medicaid benefits.

States have the option of providing Medicaid coverage to people with disabilities whose earnings are too high to qualify under other rules (such as under the SSI threshold amount). A state may extend Medicaid coverage to working people with disabilities between ages 16 and 65 who have income limits to allow a working person with a disability to buy into Medicaid. At least 27 states have a Medicaid buy-in program.

Ms. Tubbs Jones: the way it's operated, or the payment for the services through Ticket to Work, makes it exceptionally costly to provide some of the services and that a review of how services are provided and how they're paid might make it better—a better use of dollars.

Section 1148(h) of the Social Security Act provides that ENs will be paid under the Ticket to Work Program on the basis of outcomes and/or milestones achieved by beneficiaries using their tickets in going to work and achieving self-sufficiency. The total payment available to an EN is limited to the amount of outcome payments available over 60 months, in addition tomilestone payments (and reduced outcome payments) if the EN elects the outcome-milestone payment system.

Section 1148(c) of the Act provides a State VR agency witha choice of receiving payment for serving beneficiaries using their tickets either on the same basis as an EN, or on the basis of reimbursement for the cost of services provided to beneficiaries by the State VR agency. e total reimbursement payable to a State VR agency under the cost reimbursement system is limited to the estimated savings to the trust funds and general revenues which will result in the rehabilitated beneficiary leaving the beneficiary rolls. This choice is not available under the Act to ENs.

Ms. Tubbs Jones: the referral to a Ticket to Work EN really reduces the number of dollars that a State agency actually gets to provide VR services. So that, in essence, instead of providing additional services or those with disability, we're supplanting some of those services with these services instead of extending the service.

The Ticket to Work and Work Incentives Advisory Panel and other observers of the Ticket to Work Program have noted that services and supports provided by other programs should. be combined with, rather than offset by, services and supports provided by the Ticket to Work Program.

We are working with the Office of Special Education and Rehabilitation Services in the Department of Education, as well as other agencies including the Center for Medicare and Medicaid Services, to ensure that the Ticket to Work, State VR programs, and other programs work together to ensure that our beneficiaries are provided with the services and supports they need to return to work and *attain self-sufficiency.*

Chairman SHAW. Thank you. Mr. Hayworth?

Mr. HAYWORTH. Thank you, Mr. Chairman. Deputy Commissioner Gerry, Mr. Justesen, thank you both for being here. Deputy Commissioner Gerry, please extend my good wishes to Commissioner Barnhart. It was great, because she came to Arizona. We had the first Tickets to Work in Arizona. If could just say, and we all lived happily ever after, that would be delightful, but we are in, as we documented earlier, really the challenging phase, from the notion of drafting a bill, seeing the good work of folks, and on con-

ference Committees, having it voted out of both Houses, having it signed into law, and now implementation.

We heard from the previous panel the challenges of letting people know the word and emphasizing what has happened here. You touched on in answering the question, Deputy Commissioner Gerry, about the marketing firm or the firm that is developing a marketing strategy, but I have heard from representatives of ENs on our next panel, there is a real concern that even with this contract, it will take at least 2 years for the SSA to implement a full-blown marketing campaign.

Now, here is the problem we have in Arizona. We have already seen the number of ENs accepting tickets drop from 27 to just a handful, in part because there seems to be no demand. The ENs need help now. I appreciate the professionalism that a marketing firm can bring, but is there not an interim step that could be taken? What can be done now to get the word out to the folks about Ticket to Work?

Mr. GERRY. Thank you, Mr. Hayworth. There are things that we are doing now. I think it is a combination of both you mentioned the ENs that are dropping out and it is a concern that we have. Part of it is the whole question of what beneficiaries now—the whole question of providing information and prompting beneficiaries.

I think we also have to look at the other problem I was just talking about with Ms. Tubbs Jones, which is that one of the things we have envisioned, of course, was ENs coming in who had contacts with beneficiaries because they were organizations that routinely served those beneficiaries. So, the more we could bring ENs that had those kinds of contacts, the more likely we would be able to get beneficiaries. So, I think it is both of those issues together.

The other thing I would have to say, having worked with the populations of people for many years who are being served by the program, is that there is a trust factor that we have to overcome. The history of the relationship between the SSA and some of our beneficiary groups has not necessarily engendered trust in the likelihood of what is going to happen and we have to sell the reality of the ticket, as we know it really is to people who have had reasons to be concerned about what will happen. So, we have to overcome that.

I think word of mouth is probably something that is going to have to go a long way in doing that. I think what really happens when you have those kinds of problems often is you need successes and then you need people talking to other people about the successes. So, I think it is all three of those things. I didn't mean to suggest that we were going to wait 2 years to do anything about it. What I really wanted to suggest is that we are 6 months into a 2-year activity to really come up with a national marketing plan. Now, we have been doing a lot of conferences around the country. We have been doing a lot of talking to organizations. I won't read the numbers. I would be happy to provide them for the record.

[The information follows:]

- The SSA has been working on outreach and marketing activities to raise the public's awareness about the Ticket to Work Program through;

- Partnering with the Department of Labor's Office of Disability Employment Policy to use their Employer Assistance Referral Network (EARN) and a specialized subunit of EARN, named Ticket to Hire, which specializes in matching employers with job ready candidates from the Ticket to Work Program. Ticket to Hire links employers to Employment Networks in their community that have job-ready candidates.
- Partnering with other agencies to expand awareness and understanding of the Ticket legislation, Ticket to Hire, and other employment supports, including the Office of Personnel Management, the U.S. Chamber of Commerce, and the Department of Education.
- Publishing Ticket to Work success stories in newsletters, electronic publications and on websites such as the Office of Employment Support Program's "Work Site" and MAXIMUS' Web site. We also share success stories with numerous disability organizations for use in their publications and websites.
- Participating in conferences, meetings and forums that promote the hiring of people with disabilities.
- Maintaining the Internet "Work Site", http://www.socialsecuritv.aov/work, that educates and provides resources to people interested in the Ticket to Work and other employment supports for people with disabilities. The "Work Site" has an entire section dedicated to Ticket to Work information for beneficiaries, advocates and service providers. This includes Frequently Asked Questions, statistics on Ticket assignments and directories of ENs, Benefits Planning, Assistance, and Outreach organizations and Protection and Advocacy organizations.
- Contracting with The Arc of the United States to provide an analysis and evaluation of beneficiary data to determine how to segment markets and target beneficiaries with marketing efforts to maximize participation in the Ticket to Work Program.

In addition, MAXIMUS, the SSA's Program Manager for the Ticket to Work Program, is **Marketing the ticket program to prospective employment networks. Their primary marketing vehicle has been the Employment Network Recruitment Fair. Through December** 00.3, MAXIMUS had held 90 of these events, at least one in *every* State and Puerto Rico, employment Network Recruitment Fairs allowed MAXIMUS to reach more than 8,000 individuals representing nearly 6,400 different organizations. In addition, by invitation

MAXIMUS made presentations at more than 200 other events. The combination of onsite marketing with direct mail and telephone outreach has resulted in MAXIMUS delivering the ticket program message to about 50,000 individuals, representing approximately 20,000 different organizations. In total, MAXIMUS has made over 250,000 distinct contacts. This presents a ratio of about 200 direct outreach contacts to each Employment Network proposal received.

Maximus has made a lot of presentations, and we are significantly working on our field offices. That is a place where we can have right now some significant impact—it has come up two or three times already. As we talk to our beneficiaries, we could be saying more about the ticket. We could be giving out more information.

I mentioned in both my written and oral testimony that we have hired 58 Area Work Incentive Coordinators. Those are in our areas within the 10 regions that we have, and one of their major tasks is to train our staff in the field offices who come into daily contact with our beneficiaries to talk about the ticket and to answer questions about the program. That is pretty important, and probably ultimately one of the crucial things we need to do, which is to change the culture of our field offices so that these capabilities are there. Is it going to happen overnight? I wish I could say yes. I think where we have these people in place, we see significant differences. I think that is an important strategy, as well. I would be very interested in any other specific things that we can do as we get this marketing plan. It is not that we don't have an interest in it or

that we aren't willing to devote resources to it, but it is not clear to me precisely how we should do it.

Mr. HAYWORTH. I thank you for that, and as I was listening to you talk, I thought about a marketing slogan for a certain sports attire firm that is three words that I think is really important here. "Just do it."

[Laughter.]

Just do it. The most basic things are here, and I have to admit we understand Congress is a deliberative body. You talked about the trust factor. One of the problems we have is if Congress is a deliberative body, I don't know how we describe the pace of the bureaucracy. It is glacial. Despite the best of intentions, we have a glacial pace here. So, to the extent that we bring, I like to think, light and maybe a little heat from Arizona, we appreciate the efforts, but my friend Susan Webb will be on the following panel. For purposes of full disclosure, she is my friend from Arizona and obviously part of ENs and part of the EN Association in the State of Arizona, but she made this point to me earlier this morning.

If Binder and Binder and other Social Security attorneys can advertise on television day in, day out, over and over about getting people onto benefits, why can't the SSA advertise at least as often to get people off benefits and back into the world of work? A comment, a thought on that from either of you gentlemen?

Mr. GERRY. I tried to address earlier the question of television advertising, which is not without controversy and also not without expense. I don't mean that in some penny-pinching sense, but as a practical matter. One of the things I hope that we will get is a recommendation on how to do that. It would not be difficult to spend $50 or $100 million to do ineffective television advertising.

Mr. HAYWORTH. Maybe I will just talk to the Arizona Association of Broadcasters saying, hey, if you are receiving Social Security disability and need to go back to work, why not find out about the Ticket to Work Program? You can keep your medical benefits and go back to work. Contact your counselor for more information. Ta-dah. There it is, and it didn't take me 2 years to explain that, and I can get that right to the Arizona Broadcasters Association. I appreciate the good efforts, and I am not here to beat you up. I really do. I just believe we have got to get moving to get the word to folks, and I thank you.

Chairman SHAW. We are going to have to move on to Mr. Becerra.

Mr. BECERRA. Thank you, Mr. Chairman. Commissioner Gerry, Mr. Justesen, thank you very much for your testimony. Let me ask a quick question. How much did the Fleischman and Hilliard contract cost the SSA and the taxpayers?

Mr. GERRY. It is about $900,000 for 2 years.

Mr. BECERRA. You might want to explore paying Fleischman and Hilliard the way you pay the ENs. Maybe they will act a little faster and give us more outcome if they know that they don't get paid until they have some outcome.

Mr. GERRY. If we can get it consistent with the statute, I am sure we will do that.

Mr. BECERRA. It might be tough. I know that you receive no resources to administer this Ticket to Work Program. First, I want

to mention something that I mentioned to the Commissioner when she was last here. You all do yeoman's work. You have what is a large agency, but you deal with tens of millions of people and beneficiaries, so first and foremost, to all the people who work very hard at the SSA, we want to say thank you very much.

In that hearing that we had last week with the Commissioner, she mentioned that her budget request was half-a-billion dollars higher than what the Bush Administration allocated in its budget. Obviously, tough times. We are in deficit so everyone is having to tighten the belt, but given that the SSA is receiving less money than it asked for from the Administration and given that you never received any new resources to try to administer the Ticket to Work Program, how can you tell us that you will be able to deal with some of the bureaucratic delays that have been raised by my colleagues and others and that you have identified with fewer resources?

Mr. GERRY. First, let me just say for the record, although I wasn't present during the Commissioner's testimony, actually, had the agency received what the President requested from the Congress, this budget problem that you are talking about wouldn't have existed. The problem was not what we received from the Administration or from the Office of Management and Budget but, frankly, what we received from the Congress.

Mr. BECERRA. So, we need to do.

Mr. GERRY. The President's budget request for 2004 was significantly higher than that approved by Congress.

Mr. BECERRA. So, a clear message, then. I hope all of us then in Congress will hear that.

Mr. GERRY. I just wanted to clarify where the shortfall came from.

Mr. BECERRA. Clarion call. Make sure we are clear.

Mr. GERRY. We appreciate very much the efforts of this Subcommittee.

Mr. BECERRA. I want to make sure there is no doubt. Let the buck stop where it should. If you are not getting the resources that you should have, then Congress has to do more to allocate resources so you can have the personnel to administer the programs properly.

Mr. GERRY. Well, I certainly would agree with that. I think the Commissioner has also testified that she is very pleased with the 2005 budget as proposed by the President, which is a substantial increase, 6.5 percent——

Mr. BECERRA. Well, remember, she also said that she is going to have to put off implementing some of her programs to try to reduce the backlog in disability determinations because she is not getting what she asked for. So, while she may be pleased, I suspect if we had a chance to give her a couple of drinks in private times, she would probably tell us something a little differently, as well. [Laughter.]

Mr. GERRY. I think if she is displeased, it may be with the outcome of the appropriations process in the Congress, not with the President's request.

Mr. BECERRA. The whip has to be used both ways.

Mr. GERRY. As far as your question about our ability to do the work, I think we have the resources. I would not want to leave the impression with the Subcommittee that the problems that we are encountering in the ticket program that we need to overcome are resource-driven. I don't think that is the situation.

Mr. BECERRA. I want to make sure, then. You are not going to come back to us later on and say, we just didn't have the personnel. So, let me get to another question. Is it correct to say that for the last 7 months, the Ticket to Work Program has been without a Director?

Mr. GERRY. No. It would be incorrect to say that. There has been an acting Associate Commissioner throughout that entire period.

Mr. BECERRA. Not a permanent Director.

Mr. GERRY. That is right, and we are.

Mr. BECERRA. How long have we had an Acting Director?

Mr. GERRY. We have had an Acting Director since, I believe, September.

Mr. BECERRA. When do you think we will have someone?

Mr. GERRY. Actually, it is an acting Associate Commissioner, to be accurate.

Mr. BECERRA. When do you think, Commissioner, that we will have a permanent individual in that position?

Mr. GERRY. We have permanent people there, Mr. Becerra, but the position will be filled, I think as a result of the posting we have right now. The position is being posted. I think it was alluded to earlier in the hearing. I am not sure whether it closes tomorrow or a week from tomorrow, but that is roughly the timeframe.

Mr. BECERRA. Okay. Do you think?

Mr. GERRY. I would anticipate we would have an Associate Commissioner who would be selected within the next month.

Mr. BECERRA. That is good to know. The ENs, a question for you. Of the 1,100 that have participated, how many of them are nonprofits?

Mr. GERRY. I don't know that. I would have to provide that for the record.

[The information follows:]

Approximately 75% of the 1,137 Employment Networks currently available to assist beneficiaries are not-for-profit.

Mr. BECERRA. Could you get that for me, because it seems that one of the difficulties that we are having, and I am not sure if there is an easy way to resolve it, is that the ENs don't get paid until after they have a positive outcome, and for a lot of folks, it is tough to go that long before you get some dollars in for the services you have been providing.

Now, I don't want to put a further burden on a nonprofit, but nonprofits tend to run under very tight budgets and often they get their funding from various sources in lump sums, so they sometimes have to go periods without a regular source of income flowing in. Since they are nonprofits, their status depends on their abiding by Federal laws.

I am wondering with a nonprofit as opposed to a for-profit, which has to generate the moneys to continue to pay employees and stay in business, that maybe there is an opportunity to work with nonprofits where you can come up with a creative system of payment where you might not be able to do it with a for-profit, because if a for-profit ultimately goes under, we all lose because they can claim bankruptcy and we will never get the money, but a nonprofit, if it goes under, chances are it is going to have a tough time ever reenergizing itself and asking for nonprofit status from the Federal Government again.

So, I am wondering if there may be some work that we can do. Obviously, Goodwill Industries does tremendous work in so many different areas, and I bet you they could use 10 times the budget they do all the work on. Again, not to impose something on Goodwill or any of these other noble nonprofits, but maybe there is a way to address the payment problems you have with the EN by working with the nonprofits that aren't trying to make the buck to make a living but are doing this because of the charitable and noble purpose behind it and work out a creative way to find a way to fund these ENs in a way that keeps them going and adds more of these ENs to the system, because it seems like if you are only going to live with 1,100 of them, it is always going to be tough nationwide to let the beneficiaries have that full sense of who is out there, who can help them. I put that out there. Maybe if you can let us know later on how many of these nonprofits are out there, that would be very helpful.

Mr. GERRY. If I can just make one comment.

Mr. BECERRA. Yes, sir.

Mr. GERRY. You mentioned in passing about living with the 1,100, and I am not satisfied that we have adequately recruited ENs. I think that the number is perhaps less crucial than the reality of what is actually available to our beneficiaries. There are still significant areas of this country where there isn't a good competitive market available. The 1,100 are not evenly distributed around the country and they don't serve all of the beneficiary groups.

So, I just didn't want to pass by the idea that that is enough or that I would imply that it is enough. I think we have to really do a better job of reaching out to ENs. The other observation I make is that I don't believe anywhere in the statute Congress differentiated within the category of ENs, and that could create some difficulty in trying to come up with separate payment schemes, but I am perfectly willing to look at the options.

Mr. BECERRA. Just to look at it. I don't know, either, but I am just wondering if because they operate under different scenarios, that maybe we can do that. Mr. Chairman, if I can ask one last question, I will make it very quick. The notice to beneficiaries, I thought Ms. Hancock made a great suggestion of providing the information upon first point of contact, which is when the then-applicant for benefits first reaches the SSA, no telling whether the person will actually qualify for the benefits. It seems to make perfect sense to just give the notice up front and say, by the way, should you end up qualifying for these benefits, we hope that you will consider the possibility of returning to work at some point soon and

here is your Ticket to Work. Maybe you don't have the authority right now, but is there any reason why the SSA would not want to consider that?

Mr. GERRY. I don't think it is a question of authority. I think it is an interesting idea and I would be happy to look into it. I think we have the legal authority to do it. I would be happy to pursue it and give you a more complete answer.

[The information follows:]

While we cannot issue a ticket to an individual who is not yet a beneficiary, we believe that providing information about the program as early as possible to applicants who might later become eligible for the Ticket program is an excellent idea and are considering various ways to ensure that accurate information is offered to individuals so that they can make sound decisions about **work activity.**

Mr. BECERRA. Mr. Chairman, thank you very much.

Mr. HULSHOF [presiding]. Let me announce there are votes upcoming and there are some Members on the next panel that actually have flights to catch, so, if Members could try to confine their remarks to the time allotted, I would appreciate it. I am going to make a quick comment and a question, taking my time. I appreciate, Mr. Justesen, in your testimony you recognize—you are absolutely correct that State VR agencies do have long histories that predate the ticket program and most of the ENs today, but I also appreciate that you in that same paragraph on page 6 of your testimony state unequivocally that you value the EN partners and recognize the need for their participation, not only for the services that they provide, but for the choice of service provisions that they offer.

If you mention in Columbia, Missouri, the name Advent Enterprises, everybody immediately understands that this is a private VR service that has a good relationship with the State VR, and so I appreciate that. Mr. Gerry, I know that we have beaten you up a bit about the fact that 90 percent of the tickets are being assigned to the State VR agencies, only 10 percent to the ENs. The only comment I would have, and you set out a number of reasons why that is the case, what I wanted to just reiterate in anticipation of the next panel, there are those that are expressing the burdens of the payment process. One referred to it as, I think, quote, "administrative drag," and I enlisted that term from the next panel, which forces these ENs to spend time and their resources dealing with Maximus, and/or the agency rather than helping the beneficiaries, and a couple of examples that seemed to be a bit egregious, let me ask if you agree.

Twenty-thousand dollars due from the agency 3 to 12 months or longer. I recognize what you said earlier about capitalization and some of the smaller networks, and yet waiting for that amount of funds for any private agency seems to be a pretty substantial burden, or some citing the fact that they spend more money and staff time to collect the payment than the payment amount. I know, again, you have talked about Maximus briefly. What can you do or the SSA do to address their concerns on administrative drag?

Mr. GERRY. We actually have been doing several things, and in my written testimony, I provide a little more detail about this. On

the payment collection issue, I think we have done some things that make it much easier, much less time consuming, and, frankly, less expensive for ENs. We have changed our administrative procedures. We used to require a much more rigorous verification of ongoing employment. In other words, we had the issue of pay stubs. We had expectations that beneficiaries would continue to provide evidence on a monthly or quarterly basis that they were continuing to be employed. Now, many beneficiaries, once they are employed, don't particularly want to go back and forth to the EN and that makes perfectly good sense. So, we have actually changed our administrative procedures to allow some of the good faith verification that the EN is not aware of any change in the employment status rather than requiring the collection of pay stubs.

Now, that is a big change in terms of the amount of work that has to go on. So, the first time that a payment is claimed, we want some proof that the individual went to work, but we are not requiring that kind of documentation for all of the payments, and we have also created three or four different ways in which payments can be made, either quarterly or monthly, and we have given choices to the ENs of how to basically manage the payment process.

So, those are efforts to try to make it easier, and I think on the pay stub collection of information front, we have done a pretty good job of eliminating a lot of the problems. The staggering and the timing of payments, the amounts of the payments, those are problems that we are actively reviewing. I think Congress intended in the legislation that the Commissioner look at that, and we are doing that right now.

Mr. HULSHOF. A last comment and then I will yield briefly to Mr. Pomeroy, then Mr. Brady. Even before the ticket program was signed into law, this Subcommittee has actually been concerned about overpayments. We have had hearings on this issue. Each time, overpayments has been one of the serious concerns, and so I also wanted to, at least on the record, express that matter. Mr. Pomeroy?

Mr. GERRY. If I can just comment, and I will do it briefly.

Mr. HULSHOF. Okay.

Mr. GERRY. I have a lot of detail about what we are doing right now in terms of some of the systems changes, but I want to say for the record that this is a matter of the highest priority to the Commissioner and to me personally. I think we have to move and we have to move extremely quickly on the overpayment problem. I think it is one of the most serious barriers to getting people to work and I think that even though it has been accelerated, it is something that we cannot just leave to the routine changes of our systems, and wait for that. I think we are looking at as many different ways as we can right now to make that problem disappear because I think it is a serious problem.

Mr. HULSHOF. There are those in the audience nodding their heads in assent to that statement. Mr. Pomeroy?

Mr. POMEROY. Thank you, Mr. Chairman. Years ago, I spoke to the North Dakota Mental Health Association and a young woman followed me out and explained to me her situation. She was a nurse who no longer could work because of a bipolar disorder and

she desperately needed an SSA disability determination for the medicine that she required, but when she didn't work, her condition got worse and she was just desperate to get to work. So, when we passed this Ticket to Work, I thought of her and I thought of that situation and I was thrilled about the potential.

I look at the chart. North Dakota has got 22 people that have actually been able to access this, and needless to say, that is so far short of what my hope and expectation was for this program. I don't recall a program where I have been as excited about the launch of it and disappointed about the mid-term implementation of it.

So, from both sides of the dais here, we have given one message, and that is we can do a better job of getting this program available to people whose lives will turn around if they have access to it and can fully implement it. I couldn't have been more impressed by the initial panel this morning as an indication of what can happen to people when they can get back to work. I am looking at the Advisory Committee's recommendations to you and among their recommendations, they call for congressional action to make it clear that Congress did not intend to make beneficiaries ineligible for the full range of services from VR, Medicaid, or other Federal and State programs. To me, that ought not take an additional act of Congress. Isn't it pretty clear from Ticket to Work legislation that this is to be additive, not a zero-sum game in terms of these benefits?

Mr. GERRY. I am a recovering lawyer, Mr. Pomeroy, and I don't want to give you a legal opinion about it, particularly because I think it applies probably partly to the Rehabilitation Act. In other words, I think when Troy was talking earlier about provisions of the Rehabilitation Act, which we don't administer, the Department of Education administers, there are provisions there about comparable benefits that have been interpreted in different ways. It is up to the Department of Education, of course, to interpret that statute, but it is, of course, up to the Congress what the content of that statute is and what that means.

So, the question which you are raising involves partly the SSA and Ticket to Work, but it also involves the question of what acceptable practice under the Rehabilitation Act would be, and that is really a question that I am not prepared to answer. I think it is an important question, and Troy, I don't know if you want to try to respond, or——

Mr. JUSTESEN. You asked a complex question, Congressman, and one which is very important to the Rehabilitation Services Administration that is under my office and its interaction between that statute, the Rehabilitation Act, and the Ticket to Work and Work Incentives Improvement Act, and that is one in which we would be happy to supply for the record a more——

Mr. POMEROY. I actually will want from both agencies a clear explanation of where Congress needs to clarify, if clarification is needed. Just specifically on this one, Mr. Justesen, to follow up, if I can get this straight. If a beneficiary assigns a ticket to an EN, is he or she still entitled to VR services under the Rehabilitation Act if the EN's services are not comparable to what was being provided by VR?

Mr. JUSTESEN. As I understand your question, the answer is yes.

Mr. POMEROY. They are still entitled to compensation, because the education.

Mr. JUSTESEN. They are entitled to services and benefits under VR.

Mr. POMEROY. Services, right. I am sorry, wrong word. Services and benefits. Are you monitoring States to make certain that they are implementing the VR Act (P.L. 105–220) in that fashion?

Mr. JUSTESEN. Yes, and it is important for us, as I said in my comments earlier, that we are valuing the input from the Advisory Board, the Ticket Advisory Board, and our collaboration with Social Security. Anecdotally, we have received in the Department of Education communications, concerns expressed by advocates and others throughout the country that this is an issue in which we in the Rehabilitation Services Administration under the Department of Education need to pay particular attention to. We are doing that.

Mr. POMEROY. Great.

Mr. JUSTESEN. It is important for us to make sure that each of the three phases, and we are beginning with the first 13, of review of the agreements between the State VR agencies and other public and private ENs, to make sure that individuals with disabilities are protected under the Rehabilitation Act as well as the opportunity for them to benefit under the ticket program.

Mr. POMEROY. That is terrific, because what this is about is an additional level of support to get people back to work, not just another source of funding to then have other funding withdrawn.

Mr. JUSTESEN. As I said, I will be happy to submit for the record a clear explanation of this issue. Individuals with disabilities, regardless of their option of exercising the ticket, if they are individuals who receive SSI benefits or SSDI benefits, those individuals are presumed eligible for VR services without the need in the past to have completed a great deal of extra paperwork to be eligible for both programs.

Mr. POMEROY. As you do supply that information, I would like you to reference the Advisory Committee's recommendation. I am not trying to at all point fingers at anybody. If Congress has more clarification to do, let us go ahead and do it. I am not, frankly, at all certain that we do. I believe that it is relatively clear on what has been enacted already.

Mr. JUSTESEN. Perhaps. I would be happy to submit it for the record.

Mr. POMEROY. All right.

[The information was not received at the time of printing.]

Mr. JUSTESEN. Let me tell you, I don't think, and we don't take in any way your questions to be those of criticism. These are areas of partnership building for us at all of the Federal agency levels and one of the efforts we need to do at the Federal agency levels is model interaction and interagency implementation of the ticket program even better than we have done in the past, and I think we are making efforts to do that.

Mr. POMEROY. The only final question—I asked a lot of questions, comments—this business of getting this marketed in an effective way so that people that might avail themselves of these

services know that they can is just terribly important. I right now extend an invitation to SSA to have a meeting with me in North Dakota. Hopefully, with media coverage, we will be able to get the word out on it. We have about the lowest rate of participation in the entire country, and I know that does not reflect the work ethic of North Dakotans on disability payments. They want to get off. We have got a program to get them off. I will personally work with you to do that.

Mr. JUSTESEN. I would be happy to accept your invitation right now. I have actually worked in North Dakota on the Special Education Program and know a little bit about the population. I certainly would be happy to do that. I am sure Commissioner Barnhart would.

Mr. POMEROY. Terrific. We look forward to it, and we are coming into springtime, so it is not even that bad of a draw.

[Laughter.]

Thank you very much. I yield back.

Mr. BRADY [presiding]. Thank you, Congressman. Commissioner, Secretary, the Ticket to Work Program is a great concept. It is real important that it succeed and it is appropriate at this hearing that we focused a lot because of the roll-out on process, but let us conclude the panel with this question. We are at different phases in different areas. For our customers, for our clients, for the ones we really want to serve, what are the results so far for those especially choosing ENs? Are the disabled getting services more tailored to their individual needs? Are they getting them better or faster or in a way that helps them get to the workplace sooner? For those, we are really concerned. They happen to be our employers, as well. What are the results for them so far?

Mr. GERRY. Let me see if I can set the stage to answer that question by going back to where we were before the ticket and where we had consistently two-tenths of 1 percent of our beneficiaries leave our rolls for reasons other than death. I can't testify they all went to work, but some significant number of the two-tenths of 1 percent. That is where we were. That is where we have been for 20 years. That was the status quo that the ticket changed.

I think it is important to remember that that is where we were because the ticket has, I think, had significant effects on that as demonstrated. Specifically, we have about 670 people that we are paying, that have generated EN payments. So, it is people who are working, that have been working for some time, that are off cash benefits. While that doesn't sound like a huge number of people, even out of the 40,000, we have to remember where we are in the process, because in order to be paid, you have to have worked for a significant period of time—in the case of VR, it is 9 months, and in the case of the ENs, it is an even longer period of time. So, I expect that number to expand fairly significantly over the next year or two.

Now, I think that is impressive compared to where we started. Is it what Congress looked for as the outcome or the final effect? No. I think we have to work on a lot more things in order to make this program work. I think in reading the statute, as I read it anyway, and looking at the legislative history, I think Congress knew that we were going to learn a lot as we implemented the statute,

and what the Commissioner is dedicated to, and I am, too, is to make changes as soon as we learn, not to wait, not to hesitate, but to do it and to do it with this Subcommittee. There may be things that ultimately have to come back to the Subcommittee and say, these are statutory issues.

We are, at this point, trying to do everything we can within the Commissioner's regulatory authority, and in some cases, I mentioned even changing administrative procedures. So, I think, yes, there are real people who are getting real benefits and I think that there is real promise and that the vision that this Subcommittee had when it passed the ticket is the right vision and one that we can reach. I just think we are, as you say, we are at a critical point in time and I think that we have to do—and I can pledge to you on the behalf of the agency what we are doing is trying to think about all the changes we can make or recommend to the Congress that would really make this program work more successfully.

I think the one concern I have is that we have to keep going back to who the program is supposed to work for, and that is the beneficiaries. The fundamental issue is the choice of beneficiaries of different kinds of services that will allow them to achieve their employment goals, and that is what I keep reminding myself of, because we can get drawn off on other interests.

Now, to have a vibrant and an active set of ENs and to have VR agencies become competitive. What we really want is not to repeat the two-tenths of 1 percent experience that we had before, but through competition to see good things happening. So, instead of seeing VR agencies as associated with a program that hasn't produced much in the past, they would become part of a new program where they actively compete and cooperate. I think that is what we want and what we want to achieve, but I am very optimistic that we are going to get there. I just don't want to over-promise or overcommit. At the same time, we couldn't be more dedicated to getting there.

Mr. BRADY. Thank you, Commissioner. I appreciate it. Mr. Secretary?

Mr. JUSTESEN. It is important for the Committee to understand, and I know that you do, but I want to reemphasize this, that the success of the Ticket to Work Program is not solely on the shoulders of the SSA. They are the lead. We at the Department of Education look to the SSA to provide us with guidance on how to best implement the Ticket to Work Program. The VR Services Program administered at the Department of Education is a very important partner, together with the Department of Labor's efforts, that are new in terms of our understanding how this evolution has evolved for us to all begin to work together at the Federal level.

The VR Program has an important component and access in the advocacy community that may well be the primary access for entry into the world of employment. The Social Security may not always be in all cases. We have a large Independent Living Advocacy Program in which we partner that with the VR Services Program that is a vital first entry point for many individuals who may later become recipients of SSI or SSDI in which we are looking to build on that partnership and, frankly, we haven't done as well as we could, but the Secretary of Education, Secretary Paige, is very interested

in our efforts to increase the employment opportunities for people with disabilities and we look forward to doing that.

Mr. BRADY. Thank you. I think this is important because my experience is everything looks perfect on paper in Washington, D.C. How it works in life is usually a whole different matter. Staying on top of it to make it work the right way is our job, so, thank you, panelists. We appreciate it.

Mr. BRADY. The next panel, I would like to invite up at this point. Thank you for being here today. We have with us Sarah Wiggins Mitchell, who is Chair of the Ticket to Work and Work Incentives Advisory Panel; Tom Golden, who is a member of the same panel; Paul Seifert, Social Security Task Force, Consortium for Citizens with Disabilities (CCD); Tom Foran, Vice President of Integrated Disability Resources (IDR); Quintin Mitchell, who is Director of VR Services in Richmond; Susan Webb with the Arizona Employment Network Association; and John Coburn, Staff Attorney for Health and Disability Advocates in Chicago, Illinois. In that order, why don't we begin with Sarah Wiggins Mitchell for her 5-minute statement.

STATEMENT OF SARAH WIGGINS MITCHELL, CHAIR, TICKET TO WORK AND WORK INCENTIVES ADVISORY PANEL; AND THOMAS P. GOLDEN, MEMBER, TICKET TO WORK AND WORK INCENTIVES ADVISORY PANEL

Ms. WIGGINS MITCHELL. Thank you, Mr. Chairman, and good afternoon. On behalf of the Advisory Panel, we would like to thank you for this opportunity to speak to you today. The panel appreciates the support this Committee demonstrates for people with disabilities and the SSA disability programs. We have submitted written testimony for the record and now will simply be highlighting some of the points we made in that testimony.

The panel believes that the ticket program has much unrealized potential. Beneficiaries are showing interest in the program in two ways. Forty thousand people have assigned their tickets to receive VR and employment support services. In addition, the program manager, Maximus, received over 23,000 calls about the ticket in the month of February alone and over 10 million hits were made to their Ticket to Work website in the calendar year 2003.

The support programs established by the Ticket Act are also proving to be very successful. Almost 100,000 beneficiaries have sought information and assistance from the Benefits Planning and Assistance and Outreach Program (BPA&O). The SSA's customer satisfaction survey supports what the panel has been hearing from beneficiaries across the country. The BPA&O services are excellent and essential to people with disabilities who want to work. The panel was pleased that the BPA&O and PABS Programs were reauthorized in H.R. 743 and thanks this Committee for their hard work in passing that legislation.

The establishment of the Area Work Incentive Coordinator (AWIC) position within the SSA is a very positive development. The panel was very pleased that SSA decided to create a position that is permanent and devoted full-time to work incentive duties as part of their internal core of work incentive specialists. The panel has heard positive testimony and comments regarding the

AWIC positions and hopes that SSA will expand the number of AWIC positions to meet the enormous demand for their services.

Mr. GOLDEN. While the SSA is making some progress in a number of areas, the panel has serious concerns in three key areas which threaten the success of the ticket program. Of most concern to the panel is the current low participation of ENs. As you are aware, the panel issued a report last month entitled, "The Crisis in EN Participation: A Blueprint for Change." Central to this report is the assumption that recruiting and retaining a large number of ENs is crucial to accomplishing the primary Stated goal of the ticket program, giving people with disabilities a real choice in rehabilitation and employment.

Our report identified a number of issues that are causing providers not to participate or to drop out of the program altogether. These are the need for Congress to clarify that the ticket program should be used as a supplemental, rather than a substitute, funding source; the design of the EN payment system; the inadequacy of provider incentives, the administration of claims for payment; marketing; EN training; and the treatment of American Indian VR Programs. While all of these issues are important, I will briefly discuss only two.

The design of the payment system for the ticket program and the administration of claims for payment by ENs pose immediate threats to the success of the program, placing too much financial risk on ENs, who must make large investments up front and wait a long time for payments. The panel has recommended moving more of the payment into the first 12 months of employment, increasing the payment to greater than 40 percent of the average benefit amount, reducing the difference between milestone and outcome payments, and increasing the sum of payments for SSI to equal that of the payments for SSDI.

Second, the requirements SSA places on ENs to make a claim for and receive payment are burdensome and costly. SSA not only does not make payments to ENs in a timely manner, sometimes taking up to 120 days, but also has established a quarterly payment schedule. Finally, the panel is concerned that SSA has yet to undertake a demonstration project addressing any of these issues. These administrative problems must be addressed without delay.

The second major area hindering the success of the program is the lack of marketing and public education about the program itself. Over the past 3 years, the panel has repeatedly recommended that SSA undertake a national coordinated marketing and public education campaign to increase awareness of and interest in the program. While the panel is pleased that SSA has awarded a contract for the design of a strategic marketing plan, no actual marketing plan will have been implemented until the plan is completed. The panel urges SSA to move forward quickly with other interim marketing activities such as possibly sending a reminder letter to beneficiaries who have received a ticket in the past and not used them, or other suggestions that were made by our esteemed panel earlier today.

Finally, the panel is concerned about the insufficient training SSA field staff receive about SSA work incentives and the ticket program. The panel continues to hear stories of beneficiaries who

received inaccurate information about work incentives from SSA field staff. Receiving bad information can cause a person not to make a job attempt, to receive an overpayment, or to be forced to stop working altogether. It also increases mistrust and fear. This situation is unacceptable to the panel and Americans with disabilities.

The Ticket Act requires the SSA to have staff available and accessible that possess a thorough understanding of the work incentives and are able to provide this information to beneficiaries who want to work. As Stated earlier, AWICs represent the best type of customer service. However, the training received by AWICs does not seem to filter down to the Work Incentive Liasons and other field staff. We urge SSA to expand the training available to all SSA field staff and put in place quality assurance measures.

Ms. WIGGINS MITCHELL. In conclusion, the panel believes the ticket program has great potential to help many people with disabilities improve their lives by going to work. While it is still early in the implementation process, the failure of SSA to take steps to immediately address the concerns outlined in this statement could have a dire effect on the success of the program. Thank you again for your opportunity to speak with you today. Normally, I would say we would be happy to stay and answer questions, but my colleague and I need to be in other areas of the country and are going to have to leave.

Mr. BRADY. That is fine.

Ms. WIGGINS MITCHELL. We would be glad to answer in writing any questions that you would have for the panel.

Mr. BRADY. Thank you. Have a safe trip.

Ms. WIGGINS MITCHELL. Thank you.

Mr. BRADY. I noticed that I don't think either of you took a breath during your——

[Laughter.]

I thought, man, things are speeding up in this room now.

[Laughter.]

So, anyway, we appreciate you being here. Thank you.

Ms. WIGGINS MITCHELL. Thank you very much again.

[The prepared statement of Ms. Wiggins Mitchell follows:]

[The prepared statement of Mr. Golden follows:]

Statement of Sarah Wiggins Mitchell, Chair, Ticket to Work and Work Incentives Advisory Panel

Introduction

The Ticket to Work and Work Incentives Advisory Panel (the Panel) would like to thank Chairman Shaw for holding this hearing. The Panel appreciates the Committee's high level of interest in ongoing oversight regarding the Ticket Program and the other important programs and policies of the Ticket to Work and Work Incentives Improvement Act. The Panel would also like to take the time to recognize the support this committee demonstrates for people with disabilities and the Social Security Administration Disability programs.

Good News

The Panel believes that the Ticket Program is a very popular program with still much unrealized potential. Advocates for people with disabilities at the national and grassroots levels are very supportive of this program and are working with their Federal partners to make the program succeed.

Positive Sign: Consumer Interest

Consumers are also showing great interest in the program. Forty thousand people have assigned their tickets to receive vocational rehabilitation and employment support services. While only about 4000 of those are with Employment Network providers, or what we call ENs, that is a big number for the short time that the Ticket Program has been around. This is especially true given the fact that the roll out of the Ticket program was delayed and is not yet completed. The rest of the Tickets have been assigned to State Vocational Rehabilitation agencies.

Even beneficiaries who have not assigned a Ticket are very interested in finding out about the program. The Program Manager, Maximus, received over 23,000 calls in the month of February alone. Almost 20,000 of those were inquiries made by or on behalf on beneficiaries with interest in the Ticket program. In addition, MAXIMUS reports that during calendar year 2003, over 10 million hits were made to the Ticket to Work website.

TWWIIA Support Programs are Excellent

The support programs established by the Ticket to Work and Work Incentives Improvement Act are also proving to be very successful. Almost 100,000 beneficiaries have sought information and assistance from the benefits planning assistance and outreach program, or BPAO. The results of the customer satisfaction survey that were just released by the Social Security Administration supports what the Panel has been hearing from beneficiaries across the country: BPAO services are excellent and essential to people with disabilities who want to work. Eighty nine percent of those surveyed rated the service they received as excellent, very good, or good. And, the percent of the people who reported they were working jumped by 19 % subsequent to their contact with the BPAO. The Panel is pleased that the BPAO program was reauthorized in HR743 and thanks this Committee for their hard work in passing that legislation.

Positive Implementation Step: Area Work Incentive Coordinator

The establishment of the Area Work Incentive Coordinator, or AWIC, position within SSA is a very positive development in implementation of the Ticket program, as well as in the overall administration of work incentives. The Panel is very pleased that SSA decided to create a position that is permanent and devoted full time to work incentive duties as part of their internal corps of work incentives specialists. The Panel has repeatedly heard very positive testimony and comments regarding the dedicated and skilled SSA employees that fill the AWIC positions. As we all know, the provision of accurate and timely information on work incentives is a critical factor in making people feel secure in their attempt to go to work. AWICs help to make that happen for SSA beneficiaries. The Panel hopes that SSA will expand the number of AWIC positions to meet the enormous demand for their services.

Three Areas of Concern

While the Agency is making good progress, the Panel has serious concerns in three key implementation areas that threaten the success of the Ticket Program. Of most concern to the Panel is the current low participation of ENs. Second, we are concerned about the lack of public education and marketing of the Ticket Program to beneficiaries, their families, and ENs. A third major area of concern is the inadequate training provided to SSA field staff about work incentives in general, and the Ticket Program specifically.

Concern One: EN Participation

As you probably know, the Panel issued a report last month on the crisis in EN participation and its potential impact on the Ticket Program. The Executive Summary of that report is included at the end of this statement (beginning on page 8).

Central to this report is the assumption that recruiting and retaining a large number of active ENs is a critical factor in accomplishing the primary stated goal of Ticket Program—giving people with disabilities a real choice in rehabilitation and employment services. Our report identified a number of issues related to the structure of the Ticket Program that are causing providers not to participate as ENs or to drop out altogether. These are: the need for Congress to clarify that the Ticket Program should be used as a supplemental, rather than a substitute, funding source; the design of the EN payment system; the inadequacy of provider incentives; the administration of claims for payment; marketing; EN training; and the treatment of American Indian VR programs.

Finally, the Panel is concerned and puzzled that in the fourth year of the Ticket Program, SSA has yet to undertake a demonstration or pilot project addressing some of these issues especially the payment issue. The problems outlined below in

the Executive Summary must be addressed without delay to make the Ticket Program more attractive to current and potential ENs and to ensure that current ENs to remain in the program.

Concern Two: Marketing and Public Education

The second major area the Panel believes maybe hindering the success of the program is the lack of marketing and public education being conducted by SSA in support of the program. The Panel has repeatedly recommended that SSA undertake a national coordinated marketing and public education campaign in order to increase awareness of and interest in the Ticket program. Currently, beneficiaries are informed only once about the Ticket Program and they may not be informed at all about other TWWIIA provisions and work incentives. The only marketing material most beneficiaries receive on the Ticket Program is a letter describing the program when the Ticket is being rolled out, or when they first become eligible for benefits.

The Panel is pleased that SSA has awarded a contract for the *design* of a strategic marketing plan for the program that will be completed this year. However, in the meantime, many ENs report having trouble finding people willing to assign their Tickets and many beneficiaries and local advocates remain completely in the dark about the Ticket program and the other work incentives. Although these SSA contracting efforts are very positive steps, the Panel is concerned that the next year or two will be devoted to *planning* marketing efforts rather than actual marketing of the Ticket Program. Extensive planning activities may delay implementation of a national marketing plan even further. The Panel believes it is reasonable to expect that marketing would occur prior to, or during, the rollout of a new program, not after.

The Panel urges SSA to move forward quickly with other marketing activities, such as sending reminder letters to all people who have received but not yet used their ticket.

Concern Three: Training

The final area that is of most concern to the Panel is the insufficient training SSA field staff receive about work incentives and the Ticket Program. The Panel has heard in public testimony across the country, stories of beneficiaries who have received inaccurate information about work incentives from SSA staff in the field office. Receiving bad information can cause a person not to make a job attempt, to receive an overpayment, or to be forced to stop working. It also increases mistrust and fear. This situation is unacceptable to the Panel and Americans with disabilities. Every SSA field office should have accessible and available staff that possess a thorough understanding of the work incentives and be able to provide accurate basic information to SSA beneficiaries with disabilities who want to work.

On that note, the Panel wants to again recognize the very positive step the Agency took in the creation of the AWIC position as part of their internal corps of work incentive experts. This represents the best type of customer service. The AWICs received good basic training (two full weeks) and many of them were former Employment Support Representatives (with six weeks of training). AWICS are reported to be very knowledgeable and highly regarded in the field and by beneficiaries.

There are not nearly enough AWICs to be available to answer every question beneficiaries have but the training that AWICs have received on SSA work incentives and the Ticket Program is exemplary. SSA cannot, however, rely on AWICs to provide all information and advice to beneficiaries on work incentives and the Ticket Program. SSA created a filter down, train the trainer approach to build their corps of internal work incentive specialists. AWIC's train Work Incentives Liaisons (or WILs), the people who provide information on work incentives on top of their regular duties in the field office. WILs receive their limited training from the AWICs and then are expected to train the remainder of the field office staff. SSA work incentives and their interaction with the Ticket Program are very complicated and technical topics. The problem with SSA's current strategy is that the necessary knowledge does not seem to filter down to the claims representatives and service representatives who are answering beneficiary questions about work incentives on a day-to-day basis. We trust that SSA will make more intensive training, along the lines of what AWICs receive, available to all SSA field staff.

Conclusion

The Panel believes the Ticket Program has great potential to help many people with disabilities improve their lives by going to work. This statement outlines a number of concerns the Panel has about SSA's administration of the Ticket Program. While it is still early in the implementation process of this new program, the failure of SSA to take steps immediately to address these concerns may have a dire effect on the success of the program.

The Crisis in EN Participation: A Blueprint for Action (February 2004)

Executive Summary

Thousands of people with disabilities and their advocates shared a dream that the Ticket to Work and Work Incentives Improvement Act of 1999 (the Act) would greatly expand employment opportunities for people on the Social Security Administration (SSA) disability rolls. Three years after enactment of the law, it is clear that their dream is faltering. The Ticket to Work and Self-Sufficiency Program (Ticket Program) is failing to recruit the anticipated numbers of new employment service providers, called Employment Networks (ENs). In addition, those enrolled as ENs are serving only a fraction of the beneficiaries thought to be interested in participating in the Ticket Program. Nearly 1,000 providers have enrolled in the program, but only about one-third of those operating have accepted any tickets. The Panel believes that without immediate attention to the very real problems affecting EN participation, the Ticket Program will fail. The Panel urges Congress and the Commissioner to act quickly on the following recommendations.

Issues and Recommendations

Ticket Program as a Supplemental Funding Source—*ENs are uncertain about whether and how they can use funds from other public sources to serve ticket holders and have chosen not to actively participate in the Ticket Program because of fear of losing other stable funding sources.*

Recommendations

- Congress should develop statutory language that clearly articulates its original intent that the Ticket Program's outcome and milestone payments should provide **additional** resources to assist beneficiaries in attaining and retaining employment. In general, the Panel believes that Congress did not intend to make beneficiaries ineligible for the full range of services from vocational rehabilitation (VR) programs, Medicaid, or other Federal and State programs by making them **eligible** for the Ticket Program.
- Congress should direct the Commissioner to implement the Ticket Program as a complement to the traditional SSA VR Reimbursement Program, paying State VR agencies for up-front services and paying ENs for long-term employment outcomes.
- As part of the mandated evaluation of the Ticket Program, the Commissioner should conduct an assessment of the Ticket Program and the SSA VR Reimbursement Program, running in combination, to determine whether that approach produces better long-term, cost-effective outcomes than the historical VR Reimbursement Program alone, and to ensure the financial viability of running the two programs in combination.

The EN Payment System—*Two problems in the EN payment system discourage the active participation of many providers: (1) the payment system places too much financial risk on ENs and (2) the payment system provides significantly lower reimbursements to ENs for serving Supplemental Security Income (SSI) recipients than for serving Social Security Disability Income (SSDI) beneficiaries.*

Recommendations

- The Commissioner should immediately modify the EN payment system to move more of the payment into the first 12 months of employment and reduce the difference between the milestone and outcome payments.
- The Commissioner should test two or three creative approaches that place more up-front financial risk on SSA but, if successful, could significantly increase Ticket Program participation by both ENs and beneficiaries, thereby increasing long-term savings to SSA.
- Congress should amend the statute to permit payments to ENs to be set at a level greater than 40 percent of average benefits for both SSDI and SSI beneficiaries and after the statutory change the Commissioner should implement an increase in EN payments for beneficiaries of both programs.
- Congress should amend the statute to permit the Ticket Program to increase the sum of payments available for serving SSI recipients to a level equal to the sum of payments available for serving SSDI beneficiaries.
- The changes to the EN payment system should be implemented as quickly as possible.

Adequacy of Provider Incentives—*Because little is known about outcome payments for providers, the Act authorizes the Commissioner to review, refine, and alter the payment system to ensure that it provides adequate incentives for ENs to serve*

beneficiaries and produce savings to the program. Despite major problems with the payment model, no alterations have been made to the original program payment system. The Commissioner has established an advisory group on Adequacy of Incentives (AOI) to assist SSA with the design of a workable payment system, including financial incentives to serve four groups of beneficiaries with special needs that were referenced in the Act.

Recommendations

- The Commissioner should implement a modified EN payment system that generally incorporates the principles outlined in the AOI Advisory Group's interim report. (The Panel supports the principles in the report but has not endorsed a specific model.)
- For any new payment system to be successful, the Commissioner must first implement the Panel's recommendations relating to the EN payment system and EN claims administration.
- The Commissioner and Congress should make clear in statute and in program regulations that payments to ENs must supplement funding from other public programs (such as State VR, Mental Health, Medicaid, Housing and Urban Development, Department of Labor) and should not pay for services for which beneficiaries are already eligible.

EN Payment Claims Administration—*Two factors compound the financial risk and working capital problems of Employment Networks: (1) long-term tracking of beneficiary earnings is labor intensive and administratively burdensome for ENs and (2) there are often long delays in processing EN claims for payment.*

Recommendations

- Once a beneficiary has been certified as employed above the substantial gainful activity (SGA) level or leaves cash benefit status, the Commissioner should continue to pay the EN on a monthly basis as long as the beneficiary remains in zero benefit status and the EN has not yet received 60 months of outcome payments, or until the beneficiary requests a new EN.
- The Commissioner should refine the EN payment claims processing system to ensure timely payments to ENs within businesslike timeframes. A widely accepted business standard for turnaround time on receivables is 30 days.

Marketing to ENs and to Beneficiaries—*To date, there is no national marketing plan for the Ticket Program and the Program is not well understood by the vast majority of beneficiaries or by those who influence a beneficiary's decision to attempt work. Further, ENs spend considerable time explaining the Program and dispelling misconceptions. Also, the lack of marketing contributes to the insufficient demand for EN services. However, SSA has recently awarded contracts to support development of a strategic marketing plan and EN marketing and recruitment efforts. The Panel has made numerous recommendations to the Commissioner on this issue in past reports.*

Recommendation

The Commissioner should create opportunities for the Panel to (1) review the work plans and proposed activities under the strategic marketing plan contract and the project designed to improve EN participation and (2) engage in a dialogue with the contractors and relevant SSA staff so that the Panel can provide timely and substantive input on these marketing activities.

EN Training and Communication—*There is inadequate training, technical assistance (TA), and timely information available to ENs. Existing TA and training resources are inadequate, nonuniform, piecemeal, uncoordinated, and of varying quality, with no coordinated means for ENs to identify and share best practices.*

Recommendations

- The Panel, in partnership with the Commissioner, should convene a meeting of key stakeholders to develop a national training and communications conference for all ENs.
- The Commissioner should appoint a working committee to develop the plan for this training conference and to develop the overall strategy for bringing together a broad-based coalition of stakeholders to oversee and sponsor the event. Panel members should be active participants.

American Indian VR Program Eligibility for the SSA VR Reimbursement Program—*Despite having to meet the same service standards as State VR agencies, American Indian Vocational Rehabilitation (AIVR) programs operated by Tribal Na-*

tions programs are not exempt from the Ticket Program EN application process and are excluded from the traditional SSA Reimbursement Program for State VR agencies.

Recommendation

Congress should amend the statute to permit AIVR programs operating under section 121 of the Rehabilitation Act to participate in Ticket to Work in a manner equivalent to State VR agencies; that is, they should be exempt from the EN application process and be subject to the same reimbursement rules.

Statement of Thomas P. Golden, Member, Ticket to Work and Work Incentives Advisory Panel

Introduction

The Ticket to Work and Work Incentives Advisory Panel (the Panel) would like to thank Chairman Shaw for holding this hearing. The Panel appreciates the Committee's high level of interest in ongoing oversight regarding the Ticket Program and the other important programs and policies of the Ticket to Work and Work Incentives Improvement Act. The Panel would also like to take the time to recognize the support this committee demonstrates for people with disabilities and the Social Security Administration Disability programs.

Good News

The Panel believes that the Ticket Program is a very popular program with still much unrealized potential. Advocates for people with disabilities at the national and grassroots levels are very supportive of this program and are working with their Federal partners to make the program succeed.

Positive Sign: Consumer Interest

Consumers are also showing great interest in the program. Forty thousand people have assigned their tickets to receive vocational rehabilitation and employment support services. While only about 4000 of those are with Employment Network providers, or what we call ENs, that is a big number for the short time that the Ticket Program has been around. This is especially true given the fact that the roll out of the Ticket program was delayed and is not yet completed. The rest of the Tickets have been assigned to State Vocational Rehabilitation agencies.

Even beneficiaries who have not assigned a Ticket are very interested in finding out about the program. The Program Manager, Maximus, received over 23,000 calls in the month of February alone. Almost 20,000 of those were inquiries made by or on behalf on beneficiaries with interest in the Ticket program. In addition, MAXIMUS reports that during calendar year 2003, over 10 million hits were made to the Ticket to Work website.

TWWIIA Support Programs are Excellent

The support programs established by the Ticket to Work and Work Incentives Improvement Act are also proving to be very successful. Almost 100,000 beneficiaries have sought information and assistance from the benefits planning assistance and outreach program, or BPAO. The results of the customer satisfaction survey that were just released by the Social Security Administration supports what the Panel has been hearing from beneficiaries across the country: BPAO services are excellent and essential to people with disabilities who want to work. Eighty nine percent of those surveyed rated the service they received as excellent, very good, or good. And, the percent of the people who reported they were working jumped by 19% subsequent to their contact with the BPAO. The Panel is pleased that the BPAO program was reauthorized in HR743 and thanks this Committee for their hard work in passing that legislation.

Positive Implementation Step: Area Work Incentive Coordinator

The establishment of the Area Work Incentive Coordinator, or AWIC, position within SSA is a very positive development in implementation of the Ticket program, as well as in the overall administration of work incentives. The Panel is very pleased that SSA decided to create a position that is permanent and devoted full time to work incentive duties as part of their internal corps of work incentives specialists. The Panel has repeatedly heard very positive testimony and comments regarding the dedicated and skilled SSA employees that fill the AWIC positions. As we all know, the provision of accurate and timely information on work incentives

is a critical factor in making people feel secure in their attempt to go to work. AWICs help to make that happen for SSA beneficiaries. The Panel hopes that SSA will expand the number of AWIC positions to meet the enormous demand for their services.

Three Areas of Concern

While the Agency is making good progress, the Panel has serious concerns in three key implementation areas that threaten the success of the Ticket Program. Of most concern to the Panel is the current low participation of ENs. Second, we are concerned about the lack of public education and marketing of the Ticket Program to beneficiaries, their families, and ENs. A third major area of concern is the inadequate training provided to SSA field staff about work incentives in general, and the Ticket Program specifically.

Concern One: EN Participation

As you probably know, the Panel issued a report last month on the crisis in EN participation and its potential impact on the Ticket Program. The Executive Summary of that report is included at the end of this statement (beginning on page 8).

Central to this report is the assumption that recruiting and retaining a large number of active ENs is a critical factor in accomplishing the primary stated goal of Ticket Program—giving people with disabilities a real choice in rehabilitation and employment services. Our report identified a number of issues related to the structure of the Ticket Program that are causing providers not to participate as ENs or to drop out altogether. These are: the need for Congress to clarify that the Ticket Program should be used as a supplemental, rather than a substitute, funding source; the design of the EN payment system; the inadequacy of provider incentives; the administration of claims for payment; marketing; EN training; and the treatment of American Indian VR programs.

Finally, the Panel is concerned and puzzled that in the fourth year of the Ticket Program, SSA has yet to undertake a demonstration or pilot project addressing some of these issues especially the payment issue. The problems outlined below in the Executive Summary must be addressed without delay to make the Ticket Program more attractive to current and potential ENs and to ensure that current ENs to remain in the program.

Concern Two: Marketing and Public Education

The second major area the Panel believes maybe hindering the success of the program is the lack of marketing and public education being conducted by SSA in support of the program. The Panel has repeatedly recommended that SSA undertake a national coordinated marketing and public education campaign in order to increase awareness of and interest in the Ticket program. Currently, beneficiaries are informed only once about the Ticket Program and they may not be informed at all about other TWWIIA provisions and work incentives. The only marketing material most beneficiaries receive on the Ticket Program is a letter describing the program when the Ticket is being rolled out, or when they first become eligible for benefits.

The Panel is pleased that SSA has awarded a contract for the *design* of a strategic marketing plan for the program that will be completed this year. However, in the meantime, many ENs report having trouble finding people willing to assign their Tickets and many beneficiaries and local advocates remain completely in the dark about the Ticket program and the other work incentives. Although these SSA contracting efforts are very positive steps, the Panel is concerned that the next year or two will be devoted to *planning* marketing efforts rather than actual marketing of the Ticket Program. Extensive planning activities may delay implementation of a national marketing plan even further. The Panel believes it is reasonable to expect that marketing would occur prior to, or during, the rollout of a new program, not after.

The Panel urges SSA to move forward quickly with other marketing activities, such as sending reminder letters to all people who have received but not yet used their ticket.

Concern Three: Training

The final area that is of most concern to the Panel is the insufficient training SSA field staff receive about work incentives and the Ticket Program. The Panel has heard in public testimony across the country, stories of beneficiaries who have received inaccurate information about work incentives from SSA staff in the field office. Receiving bad information can cause a person not to make a job attempt, to receive an overpayment, or to be forced to stop working. It also increases mistrust and fear. This situation is unacceptable to the Panel and Americans with disabilities. Every SSA field office should have accessible and available staff that possess

a thorough understanding of the work incentives and be able to provide accurate basic information to SSA beneficiaries with disabilities who want to work.

On that note, the Panel wants to again recognize the very positive step the Agency took in the creation of the AWIC position as part of their internal corps of work incentive experts. This represents the best type of customer service. The AWICs received good basic training (two full weeks) and many of them were former Employment Support Representatives (with six weeks of training). AWICS are reported to be very knowledgeable and highly regarded in the field and by beneficiaries.

There are not nearly enough AWICs to be available to answer every question beneficiaries have but the training that AWICs have received on SSA work incentives and the Ticket Program is exemplary. SSA cannot, however, rely on AWICs to provide all information and advice to beneficiaries on work incentives and the Ticket Program. SSA created a filter down, train the trainer approach to build their corps of internal work incentive specialists. AWIC's train Work Incentives Liaisons (or WILs), the people who provide information on work incentives on top of their regular duties in the field office. WILs receive their limited training from the AWICs and then are expected to train the remainder of the field office staff. SSA work incentives and their interaction with the Ticket Program are very complicated and technical topics. The problem with SSA's current strategy is that the necessary knowledge does not seem to filter down to the claims representatives and service representatives who are answering beneficiary questions about work incentives on a day-to-day basis. We trust that SSA will make more intensive training, along the lines of what AWICs receive, available to all SSA field staff.

Conclusion

The Panel believes the Ticket Program has great potential to help many people with disabilities improve their lives by going to work. This statement outlines a number of concerns the Panel has about SSA's administration of the Ticket Program. While it is still early in the implementation process of this new program, the failure of SSA to take steps immediately to address these concerns may have a dire effect on the success of the program.

The Crisis in EN Participation: A Blueprint for Action (February 2004)

Executive Summary

Thousands of people with disabilities and their advocates shared a dream that the Ticket to Work and Work Incentives Improvement Act of 1999 (the Act) would greatly expand employment opportunities for people on the Social Security Administration (SSA) disability rolls. Three years after enactment of the law, it is clear that their dream is faltering. The Ticket to Work and Self-Sufficiency Program (Ticket Program) is failing to recruit the anticipated numbers of new employment service providers, called Employment Networks (ENs). In addition, those enrolled as ENs are serving only a fraction of the beneficiaries thought to be interested in participating in the Ticket Program. Nearly 1,000 providers have enrolled in the program, but only about one-third of those operating have accepted any tickets. The Panel believes that without immediate attention to the very real problems affecting EN participation, the Ticket Program will fail. The Panel urges Congress and the Commissioner to act quickly on the following recommendations.

Issues and Recommendations

Ticket Program as a Supplemental Funding Source—*ENs are uncertain about whether and how they can use funds from other public sources to serve ticket holders and have chosen not to actively participate in the Ticket Program because of fear of losing other stable funding sources.*

Recommendations

- Congress should develop statutory language that clearly articulates its original intent that the Ticket Program's outcome and milestone payments should provide **additional** resources to assist beneficiaries in attaining and retaining employment. In general, the Panel believes that Congress did not intend to make beneficiaries **ineligible** for the full range of services from vocational rehabilitation (VR) programs, Medicaid, or other Federal and State programs by making them **eligible** for the Ticket Program.
- Congress should direct the Commissioner to implement the Ticket Program as a complement to the traditional SSA VR Reimbursement Program, paying State VR agencies for up-front services and paying ENs for long-term employment outcomes.
- As part of the mandated evaluation of the Ticket Program, the Commissioner should conduct an assessment of the Ticket Program and the SSA VR Reim-

bursement Program, running in combination, to determine whether that approach produces better long-term, cost-effective outcomes than the historical VR Reimbursement Program alone, and to ensure the financial viability of running the two programs in combination.

The EN Payment System—*Two problems in the EN payment system discourage the active participation of many providers: (1) the payment system places too much financial risk on ENs and (2) the payment system provides significantly lower reimbursements to ENs for serving Supplemental Security Income (SSI) recipients than for serving Social Security Disability Income (SSDI) beneficiaries.*

Recommendations

- The Commissioner should immediately modify the EN payment system to move more of the payment into the first 12 months of employment and reduce the difference between the milestone and outcome payments.
- The Commissioner should test two or three creative approaches that place more up-front financial risk on SSA but, if successful, could significantly increase Ticket Program participation by both ENs and beneficiaries, thereby increasing long-term savings to SSA.
- Congress should amend the statute to permit payments to ENs to be set at a level greater than 40 percent of average benefits for both SSDI and SSI beneficiaries and after the statutory change the Commissioner should implement an increase in EN payments for beneficiaries of both programs.
- Congress should amend the statute to permit the Ticket Program to increase the sum of payments available for serving SSI recipients to a level equal to the sum of payments available for serving SSDI beneficiaries.
- The changes to the EN payment system should be implemented as quickly as possible.

Adequacy of Provider Incentives—*Because little is known about outcome payments for providers, the Act authorizes the Commissioner to review, refine, and alter the payment system to ensure that it provides adequate incentives for ENs to serve beneficiaries and produce savings to the program. Despite major problems with the payment model, no alterations have been made to the original program payment system. The Commissioner has established an advisory group on Adequacy of Incentives (AOI) to assist SSA with the design of a workable payment system, including financial incentives to serve four groups of beneficiaries with special needs that were referenced in the Act.*

Recommendations

- The Commissioner should implement a modified EN payment system that generally incorporates the principles outlined in the AOI Advisory Group's interim report. (The Panel supports the principles in the report but has not endorsed a specific model.)
- For any new payment system to be successful, the Commissioner must first implement the Panel's recommendations relating to the EN payment system and EN claims administration.
- The Commissioner and Congress should make clear in statute and in program regulations that payments to ENs must supplement funding from other public programs (such as State VR, Mental Health, Medicaid, Housing and Urban Development, Department of Labor) and should not pay for services for which beneficiaries are already eligible.

EN Payment Claims Administration—*Two factors compound the financial risk and working capital problems of Employment Networks: (1) long-term tracking of beneficiary earnings is labor intensive and administratively burdensome for ENs and (2) there are often long delays in processing EN claims for payment.*

Recommendations

- Once a beneficiary has been certified as employed above the substantial gainful activity (SGA) level or leaves cash benefit status, the Commissioner should continue to pay the EN on a monthly basis as long as the beneficiary remains in zero benefit status and the EN has not yet received 60 months of outcome payments, or until the beneficiary requests a new EN.
- The Commissioner should refine the EN payment claims processing system to ensure timely payments to ENs within businesslike timeframes. A widely accepted business standard for turnaround time on receivables is 30 days.

Marketing to ENs and to Beneficiaries—*To date, there is no national marketing plan for the Ticket Program and the Program is not well understood by the vast majority of beneficiaries or by those who influence a beneficiary's decision to attempt work. Further, ENs spend considerable time explaining the Program and dispelling misconceptions. Also, the lack of marketing contributes to the insufficient demand for EN services. However, SSA has recently awarded contracts to support development of a strategic marketing plan and EN marketing and recruitment efforts. The Panel has made numerous recommendations to the Commissioner on this issue in past reports.*

Recommendation

The Commissioner should create opportunities for the Panel to (1) review the work plans and proposed activities under the strategic marketing plan contract and the project designed to improve EN participation and (2) engage in a dialogue with the contractors and relevant SSA staff so that the Panel can provide timely and substantive input on these marketing activities.

EN Training and Communication—*There is inadequate training, technical assistance (TA), and timely information available to ENs. Existing TA and training resources are inadequate, nonuniform, piecemeal, uncoordinated, and of varying quality, with no coordinated means for ENs to identify and share best practices.*

Recommendations

- The Panel, in partnership with the Commissioner, should convene a meeting of key stakeholders to develop a national training and communications conference for all ENs.
- The Commissioner should appoint a working committee to develop the plan for this training conference and to develop the overall strategy for bringing together a broad-based coalition of stakeholders to oversee and sponsor the event. Panel members should be active participants.

American Indian VR Program Eligibility for the SSA VR Reimbursement Program—*Despite having to meet the same service standards as State VR agencies, American Indian Vocational Rehabilitation (AIVR) programs operated by Tribal Nations programs are not exempt from the Ticket Program EN application process and are excluded from the traditional SSA Reimbursement Program for State VR agencies.*

Recommendation

Congress should amend the statute to permit AIVR programs operating under section 121 of the Rehabilitation Act to participate in Ticket to Work in a manner equivalent to State VR agencies; that is, they should be exempt from the EN application process and be subject to the same reimbursement rules.

Mr. BRADY. Mr. Seifert?

STATEMENT OF PAUL J. SEIFERT, SOCIAL SECURITY TASK FORCE, CONSORTIUM FOR CITIZENS WITH DISABILITIES

Mr. SEIFERT. Thank you, Mr. Chairman. I am testifying today on behalf of the CCD and Work Incentives Task Forces. The CCD is a national organization representing over 100 disability organizations, membership organizations of people with disabilities, provider organizations, a good many people who are participating in the ticket program and a good many organizations providing those services as ENs. It was with a great deal of support from the disability community and, of course, bipartisan support from Congress that the ticket legislation passed in 1999. However, an array of factors, we believe, have kept the ticket program from meeting its full potential and we have four areas of concern that we would like to mention today.

As previously mentioned, the reimbursement schedule for ENs is wholly inadequate, and is creating a major barrier to ENs who

want to participate in the program. There are issues between State VR agencies, ENs, and beneficiaries that have resulted in many potential ENs not participating in the program and beneficiaries unknowingly assigning their tickets to VR, overly burdensome reporting requirements on EN and State VR agencies in order to receive reimbursement, and as I think has been gone over in great detail, poor marketing to ENs in terms of recruitment and a lack of awareness about the ticket among SSA beneficiaries, not to mention the other work incentives.

I want to talk about the reimbursement scheme, and just skip right to our proposals. First of all, we think Congress should eliminate the statutory requirement that the milestone outcome payment system pay less than the outcome payment only system. Congress should clarify that a partial reduction of benefits under the SSI Program for working SSI beneficiaries is, in fact, an outcome, deserving a payment to an EN, maybe not the full amount, but certainly that is something we want to reward and not penalize.

Congress should shorten the period in which outcome payments are made and should raise the percentage of the average monthly benefit used to determine payments to ENs. Waiting 60 months for the full repayment is just too long for most small nonprofits to capitalize expenses over that period of time. Fourth, the SSA should increase the value of the milestone payments and allow the partial payment for some work that is under the SGA level. Again, we endorse the recommendations of the Employment Network Work Group that the panel put together and also the Adequacy of Incentives Work Group report which will be coming out shortly.

The interplay between State VR agencies and beneficiaries and ENs is another area of concern to us and has been a concern ever since this legislation was developed. Quite frankly, we believe Congress needs to repeal the language that requires agreements between ENs and VR agencies. Second, we think that the legislative language should be enacted that prohibits VR agencies from collecting ticket payments from ENs who refer beneficiaries to State VR agencies. We think that Social Security ought to pay VR its cost reimbursement under its current situation, and keep the ticket intact so ENs can regain or at least get reimbursed for the payments and services that they provide over the 60-month period for which a beneficiary has deposited that ticket.

The marketing issue is one that we discussed with Social Security in the early rollout of the ticket, and one that we had several concerns with. First of all, we were worried that the tickets would roll out before enough ENs were signed up, and part of the reason why so few tickets are being deposited or so many are being deposited with VR agencies is we rolled it out so fast that there aren't enough ENs to potentially provide enough services to all the people who may want them.

Number two, mailing the ticket to beneficiaries was probably not the best marketing device. Beneficiaries get essentially two things from Social Security, a check and bad news, and probably since this was not a check, at best it was probably kept in a drawer or on top of a dresser somewhere where it might be gotten later or forgotten. So, that was probably not the best technique. In addition, the cost of mailing out millions of these tickets was probably pro-

hibitive and not the best use of the agency's resources. We believe that use of the advocacy community to advertise the ticket as well as the other work incentives, the use of television and radio public service announcements would do a lot to promote the use of the ticket among beneficiaries, and a more aggressive strategy for signing up ENs plus a modification of the payment and reimbursement schedule will convince more smaller nonprofits to get involved in the program.

It was touched on briefly by Mr. Hulshof, but the issue of overpayments is a staggeringly frightening phenomena for anyone who has ever experienced it and it has got to be dealt with. It not only affects ENs in the sense that when an overpayment is made, a payment to an EN is not being made when it should be, but perhaps most significantly, beneficiaries are stuck having to repay at times tens of thousands of dollars of benefits they were not supposed to get even when they have reported their earnings to Social Security in accordance with the statute. Worse than that, beneficiaries have to pay taxes on the overpayment that they get and they can't pay it out of the benefits they get. So, we have imposed an additional tax burden on a working beneficiary for getting an overpayment they are not supposed to get. Now, they can always file for reimbursement in a later tax year, but do we really have to do this to people who are trying to work?

In conclusion, we believe the ticket has a great deal of potential. We think these modifications will go a long way to help the ticket realize that potential. We applaud the agency for its rapid and extraordinary rollout and we hope that some adjustments are forthcoming. Thank you.

[The prepared statement of Mr. Seifert follows:]

Statement of Paul J. Seifert, Social Security Task Force, Consortium for Citizens with Disabilities

Mr. Chairman, Mr. Matsui, members of the Subcommittee, my name is Paul J. Seifert. I am the Director of Government Affairs for the International Association of Psychosocial Rehabilitation Services (IAPSRS) and today I am testifying on behalf of the Consortium for Citizens With Disabilities (CCD) Work Incentives and Social Security Task Forces. CCD is a coalition of nearly 100 national organizations advocating on behalf of people with physical, mental, and sensory disabilities. On behalf of CCD I thank you for this hearing to examine the Social Security Administration's management of the Ticket to Work program.

With a great deal of support from the disability community and near unanimous, bi-partisan support in both the House and Senate, Congress enacted and President Clinton signed into law the Ticket to Work & Work Incentives Improvement Act (TWWIIA) in December 1999. This legislation was designed to expand the rehabilitation services and health care coverage for Social Security beneficiaries who want to go back to work. A key component of the TWWIIA legislation is the Ticket-to-Work Program.

There are high expectations in both the disability community and among members of Congress for the Ticket to Work program. And though those expectations have not been fully realized, a couple of key positive points should be mentioned. First, SSA should be recognized for their rapid regulatory development and rollout of the Ticket program. The first tickets were issued to beneficiaries a little over two years after passage of the legislation, and today just four years after the final regulations were approved, beneficiaries in every state, the District of Columbia and the territories are able get a Ticket to Work. This is an extraordinary accomplishment given that the Ticket to Work is a brand new program that required the creation of a new Office of Employment Support Programs within SSA and the hiring or reassignment of many SSA staff.

Second, while much criticism has been leveled at the Ticket Program for its real or perceived failures the fact is, when compared to the old SSA Alternate Provider

(AP) Program, more people are using the Ticket and SSA is making payments to more Employment Networks for serving more beneficiaries than they did under the old AP program. The numbers speak for themselves. Under the AP Program only 428 private agencies participated. Today 1,100 Employment Networks are participating in the Ticket. Under the old AP program only about 15 successful outcomes were achieved resulting less than $50,000 in payments to providers. As of March 17, 2004, the Ticket has paid $583,000 in payments have been made to 160 ENs for serving 473 beneficiaries.

However, the standard for success was not merely to do better than the AP program, but rather to significantly expand the array of employment services for people with disabilities and increase the resources available to provide those services. Unfortunately, an array of factors has kept the Ticket from reaching its full potential. Those factors are 1) a wholly inadequate EN reimbursement schedule that is keeping potential ENs from participating and keeping most of those who do participate from taking Tickets, 2) issues between State Vocational Rehabilitation Agencies and ENs and beneficiaries have resulted in many potential ENs deciding to not participate and has beneficiaries unknowingly assigning their Tickets to State VR, 3) overly burdensome reporting requirements on ENs seeking reimbursement, and 4) poor marketing to ENs and a lack of awareness about the Ticket among SSA beneficiaries.

REIMBURSEMENT IS INADEQUATE

Reimbursement under the Ticket to an EN occurs when a beneficiary who has assigned their Ticket goes to work and no longer receives cash benefits. Small milestone payments are available to the EN and paid when the beneficiary's work effort reaches Substantial Gainful Activity for a certain period of months. The outcome payments are spread out over 60 months, payable for a month whenever the beneficiary is not receiving cash benefits. The payments are calculated as forty percent of the average monthly SSI and SSDI benefit.

SSA's payment methodology has several flaws. ENs who choose to receive milestone payments (all but a couple have chosen milestones) have their total payment cut by fifteen percent compared to the outcome-only payment scheme. No upfront funding means ENs must capitalize all the costs until the person is working above SGA and then completely off cash benefits and the milestone payments are too small to be attractive to ENs. The policy of requiring SSI beneficiaries to go completely off cash benefits ignores that many SSI beneficiaries who offset much of their SSI benefit through work generate much savings that ENs get no credit for under the current payment scheme developed by SSA.

Participation by ENs will continue to be weak unless they can foresee a more reasonable level of payment made in a more timely fashion.

We propose several improvements: 1) Congress should eliminate the statutory requirement that the milestone-outcome payment system pay less than the outcome-only payment system, 2) Congress should clarify that a partial reduction of benefits under the SSI program is an "outcome" deserving of some reward to ENs, 3) Congress should shorten the period in which outcome payments are made and raise the percent of average monthly benefit used to determine payments to ENs, and 4) SSA should increase the value of the milestone payments and allow partial payment for some work that is under the SGA level.

STATE VR AGENCIES, ENs and BENEFICIARIES

The interplay between State VR agencies, ENs and beneficiaries was a concern from the day the first Ticket legislation was developed. State VR agencies have developed stand alone, take it or leave it, one size fits all agreements for ENs in their states. These agreements all contain one common provision—the full and total repayment of all of VR's costs out of the ENs ticket payment by an EN who refers a beneficiary to VR. In two states we found the VR agency demanded a percentage of the ENs ticket reimbursement ABOVE the state VR agencies actual costs. In two other states the VR agency has required ENs to join the state VR agency's "Employment Network." It was hoped by advocates that the Ticket would supplement existing VR funds for employment services, not supplant those funds.

In addition, in one state we found examples of state VR counselors who had failed to file the beneficiaries Ticket when the beneficiaries went to VR for services. As a result, the beneficiary was not eligible the Continuing Disability Review (CDR) protections Congress incorporated into the Ticket and the person was denied that protection. Fortunately the action taken by local Protection and Advocacy program was able to stop the CDR and restore the protection afforded under the Ticket.

Finally, in an SSA document known as "Transmittal 17," SSA has essentially allowed state VR agencies to involuntarily assign a beneficiary's ticket apparently

without their knowledge or signed consent. Furthermore, we just discovered that the Florida state VR agency is going back through their case files and retroactively assigning the Tickets of every person who had received VR's services after February 2002 without notice to the beneficiary and regardless of whether the beneficiary had intended to assign that Ticket to VR or not.

It is abundantly clear that, after more than two years of Ticket roll out, no resolution of the issues between state VR agencies and ENs and beneficiaries is in sight. Further, the Rehabilitation Services Administration (RSA) and SSA have been unable to resolve matters at the federal level. However, we want to also be clear that it would be unfair to vilify VR agencies. The Federal-State VR Program remains woefully under funded given its broad mission and the number of people who seek VR services. One example of the strain on the system is the number of cases VR counselors must handle. It is not uncommon for a state VR counselor to be assigned 150 to 200 cases. This strain is unlikely to ease as state budgets tighten. Consequently, we hope the recommendations below will both make the Ticket more successful and help State VR agencies play a more significant part.

We urge Congress to amend the Ticket program by eliminating the requirement that there be agreements between ENs and state VR agencies when the EN refers a beneficiary to VR. Congress should adopt language prohibiting state VR agencies from requiring ENs who refer clients to state VR from demanding repayment from the EN. Most significantly, a recommendation of the Adequacy of Incentives Work Group that was created under the TWWIIA law would allow cost reimbursement for state VR agencies separately from the Ticket program, and would thus keep intact the Ticket for the beneficiary's use.

EN REPORTING REQUIREMENTS and OVERPAYMENTS

Payment under the Ticket program occurs when the beneficiary is no longer receiving benefits. Because SSA is unable to verify in a timely way the wages and income of working beneficiaries or former beneficiaries, SSA is requiring ENs to produce the beneficiary's wage verification for each month the EN is requesting a payment. The EN payment request system leaves major difficulties for the vast majority of ENs. Those ENs who are using the Milestone/Outcomes payment system still must turn in copies of pay stubs until the beneficiaries reach zero cash benefit. This means that they may be faced with one to two years or more of collecting pay stubs. Current ENs and potential ENs need to know that a reliable system exists to provide payments for their successful efforts.

In addition, because SSA does not stop checks to working beneficiaries in a timely fashion, many beneficiaries continue to receive benefits that SSA should have stopped, even when the beneficiary has reported their income to SSA. The few people who figure out this problem just put the money in the bank and wait for SSA to ask for it back, a request that may come years later. The vast majority of beneficiaries simply believe the money is theirs and spend it, then don't have it when SSA demands repayment. Often times calls to SSA offices are of little help or the wrong information is given. These overpayments often go one for months and sometimes years and total tens of thousands of dollars. More astounding is the fact that beneficiaries must pay taxes on the overpayments they receive. An adjustment can be made in later tax years, but must we really put beneficiaries though this?

Public Law 108–203, which President Bush recently signed on March 2nd, calls on SSA to issue "receipts" whenever a beneficiary reports earnings to SSA. This receipt may well help a beneficiary waive an overpayment, but it does not solve the tax problems facing beneficiaries or the payment issues facing ENs. Worse, overpayments reinforce the fears that many beneficiaries have about returning to work.

We call on Congress to allocate resources to SSA to put an end to their inability to process earnings reports. With overpayments causing massive problems for beneficiaries and ENs, it is time to act decisively on this issue.

PROMOTING THE TICKET and RECRUITING ENs

SSA's plan to mail Tickets to beneficiaries was viewed skeptically by advocates. The cost was high and we know that beneficiaries would be apt to ignore the mailings without knowing more about the work incentives, vocational services and employment options. Also, to date while the TWWIIA legislation has provided over seventy-five million to states to start their Medicaid Buy-in programs, all ENs received was a burdensome application form, a fight with their state VR agency, and a stingy reimbursement scheme. The wonder isn't that too few ENs have signed up or that they are taking too few Tickets, the real wonder is that any signed up at all and that they take any Tickets.

To do better SSA must make real changes in the program. SSA should make use of the networks of advocacy groups and PSAs on radio and TV to advertise the Tick-

et to beneficiaries and non-traditional potential ENs. Most of all, more must be done to explain the Ticket and the work incentives to beneficiaries. Early results show that the Benefits Planning Outreach and Assistance program, as well as the Protection and Advocacy program, are a success. It is time for Congress to dramatically increase funding for these effective programs. Finally, Congress unintentionally excluded Vocational Rehabilitation Programs for American Indians from participating in the Ticket program.

Disabled Adult Child Benefits

KWe want to thank this Subcommittee and Congress for resolving a problem in the way the Title II work incentives, including the Ticket program, affect people who receive Disabled Adult Child (DAC) benefits. P.L. 108–203, has a provision to extend indefinitely the time-frame for a DAC beneficiary to re-enter the Title II program with DAC benefits if the individual is still disabled and the termination was due to work over the SGA level. When this provision becomes effective in October 2004, people receiving DAC benefits will no longer be faced with the potential permanent loss of DAC benefits if they are at first successful in leaving the rolls due to work but later need to return to the Title II program.

We urge the Subcommittee to consider addressing the situation of people who are on the SSI program who are likely to receive DAC benefits in the future when their parents retire, die, or become disabled. If the individual with disabilities earns income above the SGA level before applying for DAC benefits, access to DAC benefits may be permanently barred. This is a substantial work disincentive for people who are severely disabled during childhood and who may need the benefits earned for them by their parents. But for the fact that their parents have not yet retired, died, or become disabled, they stand in the same position as those for whom the provision was included in P.L. 108–203. We would be happy to work with the Subcommittee to explore possible solutions to this problem.

There is one remaining work disincentive for people who qualify for DAC benefits that could be resolved through regulatory change. We understand that SSA's interpretation regarding the value to be placed on a worker's work effort (regarding whether it exceeds SGA or not) is different for people in supported employment depending upon whether the individual is supported directly by an employer or whether the individual is supported by services from an outside source, such as a state-funded supported employment agency. As a result, an individual's work effort could be found to exceed SGA when the support is from a third party while that same work effort could be found not to exceed SGA when the support is from the employer. From the perspective of the individual, this is an arbitrary distinction. Further, there may be additional complications in that the nature and scope of the support provided to the individual may be misunderstood when making the valuation of work effort. For instance, while the individual may be performing the actual task (bagging groceries, assembling a package, etc.), it may be that the individual would be unable to perform the task without the help of the job coach in ensuring that the individual arrives at work on time properly attired, that he/she interacts appropriately with customers and co-workers, and that he/she remains focused on the assigned job tasks, among other things. We believe that this is an area that needs further examination if work incentives are to work as intended by TTWWIIA. We urge the Subcommittee to collaborate with SSA to ensure resolution of this problem.

In conclusion, the Ticket program is full of potential, but that potential can only be realized with action by Congress and SSA to make the necessary changes. We knew that it would take time to shape this program into a successful effort and that changes large and small would be needed. We are on the right track but it is time make those changes as mentioned earlier.

Again thank you Mr. Chairman, and members of the Committee, for the opportunity to testify on this important issue.

Mr. BRADY. Thanks for racing through that and giving us a lot of good information. Tom?

STATEMENT OF TOM FORAN, VICE PRESIDENT, INTEGRATED DISABILITY RESOURCES, INC., BLOOMFIELD, CONNECTICUT

Mr. FORAN. Thank you. I represent IDR. We are the EN that Ms. Hancock worked with. I would like to share with you some of our experiences with the ticket program to date which is a bit of

a good news/bad news scenario. Currently, we have about 162 active tickets from 30 different States. We are negotiating ticket assignments with an additional 400 beneficiaries. We have 65 people currently employed, 35 of them over SGA. We are on target to return an additional 120 beneficiaries back to work by the end of 2004. We have received over 5,000 inquiries from beneficiaries interested in returning to work and we have invested over $1.3 million into the ticket to Work Program structure to allow us to handle a large number of beneficiaries.

On the bad news side, we have earned about $50,000 in payments to date. We have only been paid about $22,000. We have several outstanding payments due from November of 2002. We spend in many instances as much in time and energy to collect our first payment as the first payment amount. Administrative drag can be mind-numbing at times. Due to the negative cash flow and the administrative burden that we experience on a day-to-day basis, we have had to turn away over 4,000 beneficiaries who wanted to return to work that we just could not afford to provide services to.

Without some change in the payment structure and the administration of the program, we may be forced to shut down in the near future, at least for beneficiaries who our only source of revenue is from the Ticket to Work Program. However, given all that, we do think this program has tremendous potential. You heard this morning from individuals who have been served already. We are regularly serving folks. This is an exciting program. It really hurts my staff personally to have to turn people away. They get very, very upset with me when I tell them we can't work with certain folks.

We fully support the recommendations that were laid out in the Ticket to Work and Work Incentives Advisory Panel report, "The Crisis in EN Participation: A Blueprint for Action." We would actually suggest taking the recommendations a step further by implementing the payment structure that was outlined from the Adequacy of Incentives Group in the interim report from September of 2003, basically moving about 25 percent of the payments into the first year of service, which is when the majority of expenses are incurred.

We feel the key to success of this program is really basically a demand and supply issue. The first piece, obviously, is creating demand amongst beneficiaries for return to work services, and Susan Webb will be talking a bit more about that. So, I am not going to touch on that right now. On the supply side, we currently have over 1,000 ENs. However, only about a third of them are actively taking tickets and I would like to know what the definition of actively taking tickets is. If it is one or two tickets, I would not call that being an active EN.

Two critical issues that we have already heard today are, one, the amount and the duration of the negative cash flow that is created. As I said before, we have invested over $1.3 million and we have only earned about $50,000. If we shut down today and only served the people that we would be working with and they were successful in returning to work or remaining at work for the full 60 months, we probably would be almost close to break even, but

trying to convince an investor to wait 60 months is a pretty hard thing to do. They get very impatient.

The other issue is the lack of access to capital for ENs. Typically, an EN has no collateral to take to a bank and get a loan. Additionally, the risk is too great, the negative cash flow too high, and there is no history to the program to show demonstrated success to attract venture capital. Our suggestion would be, one, to adopt the changes in the payment structure. Two, create some type of loan guarantee program or tax credit program whereby investors who take the risk in this program are rewarded down the road with tax credits.

There are many other improvements that can be made to this program. However, without addressing these two critical issues for ENs, which is really the supply side of the whole equation, addressing those issues is tantamount to fixing or setting an individual's broken leg after an accident when they are actually in cardiac arrest. The ENs will not be here 6 months from now. I know I won't be. I don't think Susan Webb will be if some changes aren't made soon. I think this would be a tremendous loss to the program, to have the experienced ENs who have already gone through the process drop out of the programs because they can no longer fund it.

Some of the other suggestions we have are, again, increasing the administrative efficiency. Help Maximus change their focus from purely recruiting new ENs, that ultimately don't become active, into the system, to making the existing ENs successful. I think that is a critical thing. Reducing the administrative drag, increasing the efficiencies, increasing the supports to them. Educating beneficiaries on the quality active status of ENs. Right now, a beneficiary gets a list of about 20 to 30 ENs that are serving their area with no idea whether those ENs are actually taking tickets or what their track record is. I don't look at that as choice. I look at that as a bunch of phone calls that a beneficiary has to make and just get disappointed over and over again.

So, in conclusion, if we can provide more information to the beneficiaries about what is out there and provide them with successful ENs, I think you will start seeing a significant amount of momentum being generated, and again, success always breeds success. Thank you very much.

[The prepared statement of Mr. Foran follows:]

Statement of Tom Foran, Vice President, Integrated Disability Resources, Inc., Bloomfield, Connecticut

Thank you for the opportunity to provide testimony today. Integrated Disability Resources (IDR) is one of the largest national Employment Networks (EN). IDR's experience with the Ticket to Work program to date is a good news/bad news story.

The good news is, we:

- Have 161 active tickets assigned from beneficiaries in 30 different states
- Are negotiating ticket assignment with over 400 additional beneficiaries
- Have returned 65 beneficiaries (40% of active tickets) to work with 35 of them already over SGA
- Are on target to return an additional 120 beneficiaries to work by 12/31/2004
- Have invested over $1,300,000 in the TTW program to date
- Have received over 5,000 inquiries from beneficiaries interested in returning to work

On the surface, this appears to be a very successful program. However, without some significant changes in the program's design and administration we will be

forced to stop accepting tickets resulting from new inquiries, which of course is the bad news side of our story. Given our success rate in helping individuals return to work, this would also be bad news for the SSA. To date, we:

- Have earned only $50,000 compared to the $1,300,000 investment mentioned above. Of this $50,000
  - $7,000 is on beneficiaries who will not provide us with their pay stubs
  - $21,000 has been received from Social Security
  - $20,000 is due from Social Security much of this has been outstanding for three to twelve months or longer (as of our last EN payment report from Maximus we have 2 open requests for payment that are with the SSA field office from November of 2002)
- .Often have had to spend more money in staff wages to physically collect the first payment than the amount of the payment itself.
- Have spent an enormous amount of time managing unrealistic beneficiary expectations (e.g. "buy me a $100,000 tractor trailer" or "pay for my college education")
- Have experienced an incredible amount of "administrative drag" that requires us to spend valuable resources dealing with Maximus and or the SSA, instead of helping beneficiaries execute their individual work plans. We suggest implementing:
  - On-line access to information from Maximus for:
    - Status of a ticket regarding its ability to be assigned
    - Past history of a beneficiary's ticket to determine if multiple ENs will need to share payments
    - Status of payment requests
  - Automated reimbursement processes
    - Currently, each EN must create its own billing and ticket tracking system instead of having Maximus maintain one online system.
    - Follow-ups with SSA field offices are sporadic and not automated
    - The milestone portion of the payment process still requires pay stubs as documentation.
  - Have had to "screen out" over 4,000 interested beneficiaries. Initially, we were willing to work with a much higher percentage of interested beneficiaries but have determined that due to capital restraints caused by the reimbursement structure and process, we need to limit the scope of our program.
  - Will soon have to stop working with beneficiaries for whom our only source of revenue is the Ticket to Work program. This represents about 90% of our active tickets.

While our situation and current level of participation is tenuous, it is important to note that we feel with some relatively moderate changes, the TTW program can be a tremendous success for both the SSA and its beneficiaries.

We strongly support the changes suggested in the Ticket to Work and Work Incentives Advisory Panel's February, 2004, Advice Report to Congress and the Commissioner of the Social Security Administration *The Crisis in EN Participation—A Blueprint for Action.* In fact we recommend taking it one step further, and suggest adopting the payment system outlined in the Adequacy of Incentives (AOI) Advisory Group's September, 2003 Interim Report.

The AOI Advisory Group suggested moving a significantly greater portion of the TTW payments into the first 12 months and decreasing the threshold of success for milestone payments to a $600 earnings level.

Modeling the AOI suggested payment structure revealed that our earned revenue to date would have been closer to $80,000. While this is still nowhere near our overall investment in the program, it dramatically reduces our negative cash flow on any one beneficiary allowing us to reinvest in serving more beneficiaries sooner.

What follows is IDR's perception of the issues diminishing the success of the program and our suggestions for change. It is our belief that the success of the Ticket to Work program comes down to its ability to create both demand and supply.

Demand for return to work services must be created within the beneficiary population. Once created, there needs to be an adequate supply of return to work services from quality employment networks.

Demand

Experience has shown us that the mailing of tickets to beneficiaries creates a significant amount of interest and demand for return to work services. We regularly see a dramatic spike in inquiries for services from beneficiaries seven to fourteen days after each batch of ticket mailings.

For states in which the mailings are completed (phase one and two states) we see a drop in the volume of inquiries that correlates closely with the amount of time since the last mailing.

Given the success of the mailings to date, we suggest regular re-mailings to beneficiaries encouraging them to consider returning to work. These mailings could be as simple as a postcard including success stories and reminding them of the incentives in place to help them in the return to work process.

For EN's that are limited to serving phase one and two states, the time to execute these re-mailings is now. Without them, the few successful "local" EN's may go out of business.

Supply

While the demand for return to work services appears to be relatively easy to create, the supply is critically low. In general, beneficiaries tend to identify the list of EN's serving their area and begin contacting EN's at the top of the list (typically an alphabetical listing) to see what is available.

IDR is typically mid-way through an alphabetical listing of 30 to 50 EN's serving a beneficiary's area. By the time they get to us, 75% of the beneficiaries are completely frustrated by the process. With 2/3 of EN's listed not actively taking tickets, a beneficiary has typically received no response from 12 to 30 EN's before reaching IDR!

Supply Issues

The overwhelming issues driving EN's to either stop or never begin serving beneficiaries are:

- The negative cash flow created by the current program design; and
- The lack of access to working capital.

Most EN's do not have the collateral to qualify for a loan and the payback time, lack of historical results and overall risks are too great to attack venture capital.

The Solution

To ensure an adequate and effective supply of return to work services for motivated beneficiaries the negative cash flow and overall risk to EN's needs to be dramatically reduced, while increasing access to working capital. Implementing the AOI Advisory Group's suggested payment structure, or something similar, will go along way in reducing the negative cash flow issue.

Access to capital can be accomplished through the use of loan guarantees and or tax credits for qualified investments in the TTW program. For example, the State of Connecticut has a program in place that provides a dollar for dollar tax credit to investors that invest in new businesses that create insurance jobs within the state.

Other Suggested Improvements

- Providing more information and/or education to beneficiaries would facilitate greater participation in the program and help improve its overall effectiveness. Areas of concern are:
  - Each EN's status in regard to its ability to accept new tickets and its track record in serving beneficiaries
  - What a beneficiary can expect from an EN
  - Clarity regarding the types of return to work services to expect from and EN. We have found that many individuals request unrealistic programs, such as funding a four-year college education or the purchase of a $100,000 tractor-trailer, and feel that managing expectations would improve the success of the program and save time on the part of the EN.
- Change Maximus' focus from recruiting more EN's to making the existing EN's more successful, which will in turn make recruiting EN's easier. Areas to consider are:
  - Improve the administrative efficiency of the program with more on-line reports and processes
  - Provide training by successful EN's to inactive EN's improving their likelihood of success
  - Establish and support regional EN associations to foster communication and the sharing of best practices
- Congress should set a clearly defined target for reducing the Social Security roles and identify the entities that are accountable for attaining this goal. We suggest setting the goal for job placements at a minimum range of 5 to 10% of the current beneficiary population with incentives in place for success above this level.

Thank you again for the opportunity to testify today.

Mr. BRADY. Thank you, sir. Quintin, welcome. The microphone is yours, sir.

STATEMENT OF QUINTIN M. MITCHELL, DIRECTOR, VR SERVICES, RICHMOND AREA ARC, RICHMOND, VIRGINIA

Mr. MITCHELL. Thank you. I am Quintin Mitchell. Thank you for the opportunity, Mr. Chairman. I am Director of Rehabilitation Services for Richmond Area ARC in Richmond, Virginia. Our agency became a—upon reviewing the Ticket to Work incentive, one of the motivating factors of ARC to become an EN was having the opportunity to provide employment services to individuals who want to work and become self-sufficient, additionally, provide a non-traditional referral base to ticket holders or individuals who have the appropriate skill set to filing the positions we have open and other jobs in the community.

Our agency has traditionally serviced the Mentally Retarded population. However, other areas of service provision includes individuals with diagnoses of mental illness, autism, developmental delay, brain trauma, and individuals with physical disability. Our agency's NISH contracts have provided the opportunity to service a vast array of individuals. Individuals' backgrounds include undergraduate and graduate degrees as well as persons who are Ph.D. candidates. When positions become available within our organization, individual ticket holders are encouraged to apply when their skill set matches the advertised position.

Since ticket participants don't have to use their tickets, we have found that those who elected to do so really have the incentive to work because they aren't forced to. There are many participants who want to get off the benefit rolls and this desire benefits not only participants, but also other sources, as well. Employees who are in need of skilled, reliable employees, ENs who have the resources to provide employment and other related services, and the reduction of benefits being paid out by SSA are all win-win situations.

Richmond ARC's initial experience with the Ticket to Work Program was that of being bombarded by ticket holders wanting employment services. We began providing services in March of 2003. To date, we have screened over 340 calls from individuals who wanted us to provide employment services. While this may not be an astronomical number by comparison with other ENs, however, in Virginia, we have billed for the most milestones, which is 15, which Tina Chang, Financial Director for Maximus, provided me with the information the day before yesterday.

We have accepted and have been assigned so far, 90 ticket holders. Holding orientation twice per month at two locations has resulted in meeting the needs of individuals who don't have the means to come to our facility. As of this date, the need to conduct intakes more frequently has resulted in weekly one-on-one consultations as well as screenings. In order to meet the various needs of the ticket holders, we have elected to implement features in the orientation to expedite the process. Initially, as tickets began to roll

out in Virginia, calls jammed the switchboard. Now all inquiries are routed either to the employment specialist or me with an extension just for ticket holders. ARC makes it a policy to return calls promptly.

Additionally, recruitment is not limited to just call ins. We also are viewing the monthly disk of ticket holders that Maximus supplies and send letters of introduction to a random sampling of the unassigned ticket holders, specifying what services we provide and inviting them to an orientation. Employment specialists also post flyers at the local SSA office or to the Metro Richmond networking meeting, participates in focus groups and job fairs, and have been fortunate enough to be the recipient of marketing expertise by the leadership of Metro Richmond organization. Additionally, an advertisement is placed in the Employment Guide publication by our agency at our expense.

It should also be noted that no additional staff was hired in order to meet the undertaking. Even though no additional staff was hired, the ARC still meets the presenting needs of all inquiries and works toward effectively and efficiently addressing areas of concern that most have about their benefits and how they may be affected. Maximus has provided much support and endless help in maneuvering through the maze of red tape we have encountered in many instances.

While there are many positives in the Ticket to Work and Self-Sufficiency Program, there are also obstacles that impede and deter ticket holders from participating in this program. Unfortunately, some ticket holders have elected, after having gone through the screening, the interviewing, counseling, placement on the job, to leave their jobs in some cases, decide against being employed at all because of the lack of critical information having been provided to them by SSA.

It has been our experience that most ticket holders are unaware of the most basic information concerning their benefits and how they can be affected and/or knowledge of work incentives. This information now has become part of our orientation process when we meet with the ticket holder.

Some of the problems that impede and interrupt the provisions of services for our agency to the ticket holders revolve around the lack of information provided to them by the SSA. A few examples that we have encountered and continue to encounter are SSA has provided inaccurate and sometimes inconsistent information to the ticket holders. An example is a ticket holder was told that there was an application for the 1619(b) by an SSA individual but they couldn't find it, while another person told the ticket holder there was no such application.

Inconsistency of providing EN payment processing report so as not to know the status of receiving payment for services already rendered. ticket holders who have been working before contracting services with our agency have not been informed that they were required to turn in their pay stubs. This lack of information causes the individual to be in overpayment and the EN doesn't receive payment. Not notifying beneficiaries that they are not eligible for benefits, but a check is still mailed and/or deposited in the beneficiary in overpayment. The lack of advertising or marketing in the

SSA office about the Ticket to Work Program. Our agency has taken initiatives to go down to the SSA buildings and place flyers and posters at our own expense.

The Ticket to Work Self-Sufficiency Program is a viable entity to beneficiaries who want to work. However, identifying and rectifying the problems that impede a successful placement of individuals in jobs has to be addressed. The potential for other agencies becoming an EN is sometimes thwarted by the lack of manpower, resources, and investment coupled with the slow turnaround time and being paid for the services that they provide. Having had the opportunity to provide services to wide range of individuals who have the desire and initiative to be gainfully employed and the continuation of inquiries regarding our employment services are all indicators that the ticket program can be a success. In order to facilitate this success, it is absolutely essential that all stakeholders work collaboratively and consistently.

In closing, I thank you for this opportunity to share our agency's experiences with the Ticket to Work Self-Sufficiency Program. It is my hope that after identifying these areas of concerns that impact the ticket holder in an adverse manner, we can move forward toward a resolution.

[The statement of Mr. Mitchell follows:]

Statement of Quintin M. Mitchell, Director, Vocational Rehabilitation Services, Richmond Area Arc, Richmond, Virginia

Mr. Chairman, Members of the Committee, my name is Quintin M. Mitchell and I am Director of Rehabilitative Services for the Richmond Area Arc in Richmond, Virginia. Thank you for the invitation for me to comment on Social Security Administration's management of the Ticket to Work and Self-Sufficiency Program.

I would like to take a brief moment to provide some background information on how our agency elected to become a participating Employment Network (EN).

Upon reviewing the Ticket to Work initiative, one of the motivating factors of Richmond Area Arc to become an EN was having an opportunity to provide Employment Services to individuals who want to work and become self-sufficient. Additionally, it provides a non-traditional referral base and the Ticket-holders are individuals who have the appropriate skill set for filling positions that we have open, and other jobs in the community. Our agency has traditionally serviced the M.R. population. However, other areas of service provision includes individuals with diagnosis of M.I., autism, developmentally delayed, brain trauma and individuals with physical disabilities.

Our agency's NISH contracts have provided the opportunity to service a vast array of individuals. Individual's backgrounds include undergraduate and graduate degreed persons as well as Phd. Graduates.

When positions become available within our organization individual Ticket-holders are encouraged to apply when their skill set matches the advertised position.

Since Ticket participants don't have to use their Ticket we have found that those who have elected to do so really have the incentive to work because they aren't forced to. There are many participants who want to get off the benefit rolls and this desire benefits not only the participants but other sources as well. Employers who are in need of skilled, reliable employees, ENs who have the resources to provide Employment and other related services and the reduction of benefits being paid out by the Social Security Administration (SSA) are all win-win situations.

Richmond Area Arc's initial experience with the Ticket to Work Program was that of being bombarded by Ticket-holders wanting Employment Services. We began providing services in March of 2003. To date we have screened over three (340) hundred forty calls from individuals wanting us to provide Employment Services. While this may not be seen as an astronomical number by comparison with other ENs, however, in Virginia, we have billed for the most Milestones, fifteen (15). (Tina Chang, Financial Director for Maximus). We have accepted and have been assigned, so far, ninety (90) Ticket-holders. Holding Orientation twice per month at two (2) locations has resulted in meeting the needs of individuals who do not have the

means to come to our facility. As of this date the need to conduct Intakes more frequently has resulted in weekly one-on-one consultations/screenings.

In order to meet the various needs of the Ticket-holders we have elected to implement features in the orientation to expedite the process. Initially, as Tickets began to rollout in Virginia, calls jammed the switchboards. Now all inquiries are routed either to the Employment Specialist or me with an extension just for Ticket-holders. ARC makes it a policy to return all calls promptly. Additionally, recruitment is not limited to call-ins of inquiries. We also, after viewing of the monthly disk of Ticket-holders, that Maximus supplies, sends letters of introduction to a random sampling of the unassigned Ticket-holders, specifying what services we provide and inviting them to an orientation. Employment Specialists also post flyers at the local SSA office, attend the Metro Richmond networking meetings, participates in focus groups and job fairs and have been the fortunate recipient of marketing expertise by the Leadership Metro Richmond organization. Additionally, an advertisement is placed in the Employment Guide publication.

It should also be noted that no additional staff was hired in order to meet this undertaking. Even though no additional staff was hired, the ARC still meets the presenting needs of all inquiries and works towards effectively and efficiently addressing areas of concerns that most have about their benefits and how they will be affected.

Maximus has provided much support and endless help in maneuvering through the maze of red tape we have encountered in many instances.

While there are many positives in the Ticket to Work and Self Sufficiency Program there are also obstacles that impede and deter Ticket-holders from participating in the program. Unfortunately, some Ticket-holders have elected, after having gone through screening, interviewing, counseling and placement on the job, to leave their jobs and in some cases, decide against being employed at all because of the lack of critical information having been provided to them by S.S.A.

It has been our experience that most Ticket holders are unaware of the most basic information concerning their benefits and how they can be affected and/or knowledge of Work Incentives. This information, now, has become a part of the orientation process when we meet with the Ticket-holder.

Some of the problems that impede and interrupt the provision of services, for our agency, to Ticket-holders, revolve around the lack of information provided to them by the Social Security Administration. A few examples that we have encountered, and continue to encounter are:

1. S.S.A. has provided inaccurate and sometimes inconsistent information to Ticket-holders. Ex.: Ticket-holder was told there was an application for 1619b by S.S.A. but they couldn't find it while another person told the Ticket-holder there was no application.
2. Inconsistency of providing EN Payment Processing Report so as not to know the status of receiving payment for services rendered.
3. Ticket-holders, who have been working before contracting services with our agency, have not been informed that they were required to turn in their pay stubs. This lack of information causes the individual to be in overpayment and the EN doesn't receive payment.
4. Not notifying beneficiary that they are not eligible for benefits, but check is mailed/deposited and beneficiary is in overpayment.
5. The lack of advertisement/marketing in the S.S.A. office building about the Ticket to Work Program.

The Ticket to Work Self Sufficiency Program is a viable entity to beneficiaries who want to work. However, identifying and rectifying the problems that impede the successful placement of individuals in jobs has to be addressed.

The potential for other agencies becoming an E.N. is sometimes thwarted by the lack of manpower, resources, and investment coupled with the slow turnaround time of being paid for the services they provided.

Having had the opportunity to provide services to a wide range of individuals, who have the desire and initiative to be gainfully employed, and the continuation of inquiries regarding our Employment Services are all indicators that the Ticket Program can be a success. In order to facilitate this success it is absolutely essential that all stakeholders work collaboratively and consistently.

In closing, I thank you for this opportunity to share our agency's experiences with the Ticket to Work Self Sufficiency Program. It is my hope that after identifying

areas of concerns, that impact the Ticket-holder in an adverse manner, we can move towards resolution.

Ticket to Work can be a beneficiary's best option.

Mr. HAYWORTH [presiding]. Thank you, Mr. Mitchell, for your testimony from someone from Virginia. I turn to a fellow Arizonan, Susan Webb. Welcome.

STATEMENT OF SUSAN WEBB, ARIZONA EMPLOYMENT NETWORK ASSOCIATION, PHOENIX, ARIZONA

Ms. WEBB. Mr. Chairman from the great State of Arizona, it is always good to see you. My name is Susan Webb and I am the Director of Arizona Bridge to Independent Living (ABIL) Employment Services in Phoenix, Arizona, and I am here today on behalf of the Arizona EN Association. I want to thank you for the opportunity to testify today on behalf of the association. In general, our association agrees with the outcomes and recommendations of the EN Summit that was sponsored last May by the Ticket to Work Advisory Panel. We believe that several issues that were identified during that summit contribute to the current lack of participation among ENs nationwide.

Those issues are, first, high capitalization costs and risks; second, inadequate payment structure and pay stub processing burdens; third, the need for comprehensive training and technical assistance for EN staff; and fourth, the need for a national marketing campaign conducted by SSA to motivate beneficiaries to contact ENs about the program. We believe that all of these issues are equally important and their solutions must be implemented concurrently for the ticket program to sustain itself and achieve the goals that you, Mr. Chairman, were very, very adamant about when this legislation first passed. However, my testimony today is designed to focus solely on the marketing issues.

I, however, would remind you, as some of my colleagues have been testifying, I feel the need to say that some of the information that has come forward, for example, there has been $523,000 paid out in payments to ENs nationally, there are 1,100 existing ENs. We understand about a third are accepting tickets in some form. I want to make the point that our little agency, 1 EN out of 1,100, has received $71,000 of that $523,000 and we have about another $20,000 pending. For one EN to be representing that much of the outcome is very disturbing. There is something wrong. Even though I feel very fortunate to be here to give my opinion, I think that somehow we are in the trenches here and I think we need to be heard in terms of what we are saying about these four major areas, and they need to be solved concurrently and right now. So, I just wanted to make that point very strongly.

Arizona is one of the first 13 States to implement the Ticket to Work Program. It is now more than 2 years since the tickets were first distributed in our State. I would disagree with some of the comments made about—I think Martin Gerry may have made this comment, actually. During the initial phases of the ticket rollout, there were approximately 27 ENs signed up in our State. Today,

there are only a handful left that are accepting tickets. I talked to one of my colleagues in Tucson just before coming here and he told me he accepted one ticket last month. Is that an active EN out of the handful? That is certainly not going to get those 150,000 ticket holders in Arizona off the rolls and back to work.

We believe the reasons for this statewide rescission are several. However, many have simply stopped taking tickets due to the lack of sufficient demand by beneficiaries to justify maintaining the qualified staff they need to do this work. Since the initial ticket mailing, beneficiary inquiries to ENs have dropped to just a trickle. They are just not even on the radar screen with this anymore.

I guess this is where I probably want to take issue with Martin Gerry, and that is that we are seeing in the trenches, honest-to-goodness ENs out there doing this work. As a Center for Independent Living, our center since 1981 has served primarily people with significant disabilities. Those are not the people coming forward in the ticket program. It is the people that have job skills and experience and much to offer an employer. They are coming forward. They are not the ones that go to organizations like ours. They don't go to disability-related stuff. They don't hang out at the field offices, as I believe one of the—in fact, I believe it was Clay Shaw who said that, in fact, these people are sitting in their living rooms and that is where we need to get to them, hence the reason for my testimony today.

The members of our EN association recognized this problem more than a year ago and we decided to pool our resources to market the program. We began by making cold calls from the compact disk we receive monthly from Maximus. Unfortunately, this yielded very, very little return on our investment. Beneficiaries refused to talk to us because they thought we were telemarketers and they wanted us to take them off our call list. Then, those who did talk to us were totally unfamiliar with the program and required an average of 15 minutes per call, which is very, very expensive for any EN to be able to undertake that kind of activity. Even though there is benefit to that, it is not a solid return on investment because very few of those people end up being actual ticket users.

We then decided to approach the SSA about a piggyback approach. We knew that the SSA was going to be doing something and we were very, very pleased that they were very willing to work with us and to talk with us, and we have been doing that systematically. As a result of those teleconferences we have had, we conducted some focus groups and I would have to again disagree with my colleague, Paul Seifert, that, in fact, from the focus group what came out loudly and clearly was that if they get a letter from the SSA, they do read it, even if it is only because they fear bad news.

So, our association recommends the following: that the SSA be allocated the resources to send reminder letters or postcards about the Ticket to Work Program at least once annually and to stagger those in one-twelfths, so, that it doesn't create this up front demand and then nothing toward the end of the year.

Second, we believe the notices should direct ticket holders to contact their local BPA&O Program and should be specific about that BPA&O Program in their area. The reason for that is because our local BPA&Os contact which ENs are currently accepting tickets

and so that beneficiaries are not forced to call from a long list of ENs just to be told, "I am sorry, we are not participating anymore." Thirdly, we believe that the SSA should begin distributing the interim reminders to beneficiaries in the year one rollout States no later than June this year. Year two States could begin in June of next year, and year three States in 2006 if SSA hasn't begun a national campaign by that time.

I want to make one final comment, and that is that we have read the statement of work for the 2-year marketing contract to Fleischman-Hillard. We believe it is excellent. The problem is, 2 years will mean 3 and a half years into this program and we will only have a pilot done by then. We will be dead in the water. We will not be an EN by that time without something done in the interim.

Although I applaud the response from the SSA, I applaud the statement of work in that contract, we are a rollout State in year one; and last month, I received 24 inquiries from 150,000 tickets, and we are the number one EN in the country. Something has got to be done, and I encourage SSA and this body to work together to find the money to do that. Thank you, Mr. Chairman.

[The prepared statement of Ms. Webb follows:]

Statement of Susan Webb, Arizona Employment Network Association, Phoenix, Arizona

Thank you for the opportunity to provide testimony on behalf of the Arizona Employment Network (EN) Association. In general, our association agrees with the outcomes and recommendations of the Employment Network Summit sponsored last May by the TWWIIA Advisory Panel. We believe that several issues identified during that Summit contribute to the current lack of participation by ENs nationwide. Those issues are 1) high capitalization costs and risks; 2) inadequate payment structure and pay stub processing burdens; 3) the need for comprehensive training and technical assistance for EN staff; 4) the need for a national marketing campaign conducted by SSA to motivate beneficiaries to contact ENs about the Ticket to Work Program.

We believe all of these issues are equally important and their solutions must be implemented concurrently for the TTW Program to sustain itself and achieve the goals Congress intended when it overwhelmingly passed the TWWIIA legislation. However, my testimony today will focus solely on the marketing issues.

Arizona is one of the first 13 states to implement the TTW Program. It is now more than two years since tickets were first distributed in our state. During the initial phases of ticket rollout there were approximately 27 ENs on the approved list. Today there are only a handful left who are accepting tickets. There is only one ENs in the Tucson metropolitan area accepting only a small number of tickets any longer. Tucson is the second largest metro area in our state with more than 850,000 residents and 16% of our state's population. We believe the reasons for this statewide rescission are several; however, many have stopped taking tickets due to the lack of sufficient demand by beneficiaries to justify maintaining the necessary qualified staff to do so. Since the initial ticket mailing beneficiary inquiries to ENs have dwindled to a trickle.

The members of our EN Association recognized this problem more than a year ago. We decided to pool our resources to market the program. We began by making cold calls from the CD we receive monthly from MAXIMUS. Unfortunately, this yielded very little return on our investment. Beneficiaries refused to talk to us and asked us to take them off our "call lists" as they thought we were telemarketers. Those who did talk with us were not familiar with the ticket program and required an average of 15 minutes per call. While there is value in such calling as it certainly gives beneficiaries good information, it does not result in solid return on investment for the EN in terms of signed-on, qualified ticket users.

We then decided to approach SSA about a "piggyback" approach; that is, if SSA did some sort of marketing, our ENs could follow up with the necessary contacts. That approach would strengthen SSA's marketing efforts and be less resource-intensive for ENs. We are pleased that SSA staff has been very responsive to us in this

regard and we have participated in several teleconferences with them to pursue the idea. From those teleconferences our association's marketing committee agreed to conduct focus groups among our existing ticket users to determine what marketing activities caused or would cause them to respond to the program. We completed those focus groups, and our final report of the outcomes is attached to this testimony.

Last September SSA awarded a two-year contract to a marketing firm to design a marketing plan. We have reviewed the statement of work and believe the end result will be a good one. However, at the end of the two-years of that contract, only a pilot program will have been completed. There is no time frame stipulated as to when an actual full-blown national campaign will be implemented. Arizona and the other first-year rollout states will have been implementing the ticket program for 3½ years when the pilot is completed. Without an effective, interim marketing campaign we fear the TTW program will be dead by then.

Our Association recommends the following:

1. SSA should be allocated the resources to send reminder letters or post cards about the TTW Program at least once annually to all current ticket holders. 1/12 of the notices should be distributed monthly to even out the demand upon MAXIMUS, ENs, BPAOs, PABBS and SSA Field Offices. This will ensure better service to beneficiaries.
2. The notices should direct ticket holders to contact their local BPAO program and should include the specific BPAO contact information for their area/state. The BPAOs will track which ENs in their communities are currently accepting tickets and will give contact information to beneficiaries only for those ENs who have indicated that they are currently accepting tickets. The BPAOs should be allocated appropriate resources to accommodate this additional demand.
3. SSA should begin distributing the interim reminders to beneficiaries in the year-one rollout states no later than June of this year. Year two states could begin in June of next year and year three states in June of 2006 if there is no comprehensive, national marketing campaign developed and implemented by that time.

We believe an interim plan as outlined above will have the following benefits:

1. Rekindle beneficiary demand and interest in the Program. The initial mailing generated significant inquiries from beneficiaries. We believe periodic reminders will generate at least as much response and will capture potential participants who might not have been ready to work during the initial rollout.
2. Increased beneficiary demand could create interest by ENs to accept tickets again, thus improving the choice among providers as originally envisioned by Congress.
3. Periodic reminders will help beneficiaries accept the "new" SSA culture that Social Security Disability programs are not early retirement, but are in fact offering ways for individuals and their families to become self-supporting.
4. Provide TTW Program information in beneficiaries' living rooms rather than requiring them to go to disability-related or public service-related locations to get the information. Our focus group respondents stressed the fact that they always read mail they get from SSA, even if it is only because they fear bad news.
5. Having local BPAOs be the initial point of contact will relieve that burden from MAXIMUS and will take advantage of the excellent training and skills that have been demonstrated by the BPAOs across the country.

In conclusion, I am posing a question to the Social Security Subcommittee that I have asked many times and have yet to receive an answer:

If Binder and Binder and other social security attorneys can advertise on TV day in, day out, over and over about getting people ONTO benefits, why can't SSA advertise at least as often to get people OFF benefits? This is especially puzzling since the money that pays for those attorneys' ads comes directly from the SSA Trust Fund.

Once again, on behalf of the Arizona Employment Network Association we thank you for the opportunity to comment.

Mr. HAYWORTH. I thank you very much for your testimony, Susan. Now we turn to Mr. Coburn.

STATEMENT OF JOHN V. COBURN, STAFF ATTORNEY, HEALTH AND DISABILITY ADVOCATES, CHICAGO, ILLINOIS

Mr. COBURN. Thank you, Mr. Chairman. Thank you for the opportunity to share our organization's recommendations on how to improve the Ticket to Work Program. I actually as I got up here realized going last, I get to tie up some of the loose ends and get us going so that we can continue on.

The Health and Disability Advocates is my employer and they are the convener of the Midwest Employment and Training Partnership. The Partnership currently has roughly 80 active members and is comprised of employment and training service providers participating in the Ticket to Work Program in Region V, which includes Illinois, Indiana, Michigan, Minnesota, Ohio, and Wisconsin. Also participating in the Partnership are the SSA-funded BPA&O projects and the Protection and Advocacy for Beneficiaries of Social Security projects.

As you might suspect, our first policy recommendation is to enhance the payment system for ENs. This is key to the viability of this program, and you heard on the panel today that recommendation. The Partnership fully endorses the recommendations of the Adequacy of Incentives Advisory Group and the EN Summit which is mentioned in the panel report you received. Second, the Partnership strongly recommends that SSA abandon its sub-regulatory Transmittal 17 and completely disconnect cost reimbursement to State VR agencies from ticket assignment. This is a clear point that I want to make today. We believe that this policy is directly contrary to the intent of Congress and the authorizing statute. State VR agencies rely on a projected amount of SSA reimbursement as a base for their annual budgets. As a result of Transmittal 17 and SSA policy, many State VR agencies have been put into the position of having to aggressively seek tickets from beneficiaries just to meet their annual budget.

I think this explains the enormous differential, with 90 percent VR ticket assignment and 10 percent private EN, along with the payment system. I think it also, I suspect, may account for the increase recently in ticket participation. I think that the State VR agencies have been assigning more tickets and I would submit that we need to look into that to see, is it that there are more ticket participants coming forward to participate in this program, or has the State VR agency under Transmittal 17 submitted the tickets for assignment, and that is accounting for the increase.

The problem with not separating cost reimbursement from the ticket assignment is that you have a system right now as it stands with these statistics that 10 percent of the beneficiaries are participating in, which is the system Congress intended to create, a system that is designed to assist beneficiaries in leaving the Social Security rolls. The other 90 percent are potentially—we don't know—participating in the pre-Ticket Act cost reimbursement system, which does not have as its ultimate goal the leaving of the beneficiary rolls. Cost reimbursement has a different standard for payment. If this continues, the Ticket Act will never come close to reaching its goal of doubling the number of beneficiaries leaving the Social Security rolls because of employment.

Another recommendation from our Partnership which was mentioned today is that SSA has to immediately address this problem with overpayments. We heard testimony today about how long it is taking on claims administration. I think that Maximus and SSA have been doing a good job on their part in claims administration by passing some new policies that deal with quarterly reporting. However, in order to get paid, that still has to go through the SSA reporting system at the local offices, which still is not modernized and still is not up to date in all circumstances.

The Partnership recognizes that SSA is working toward modernizing the current worker reporting system and that this will take time. In the interim, SSA can make minor operation changes to speed up this process. We heard mention today about the recently retooled Work Incentive Liaison in the local SSA offices. The Partnership believes that it should become a specific job duty of each of these Work Incentive Liaisons to take the ticket participant work histories and work on those cases. The Partnership also recommends that SSA set up a system for itself where claims with proper documentation have a 30-day turnaround in order to keep them viable.

Since launching the Midwest Employment and Training Partnership in June of 2003, Health and Disability Advocates has received an overwhelming number of requests for training or technical support from employment service providers on topics ranging from what is the ticket program, what are these regulations, how does this work, to requests for assistance in building a service model that ensures successful and financially feasible participation in the Ticket to Work Program. Fortunately, we do have some private foundation funding to do some of this, but our limited funding will not meet this need. Based on this experience, the Partnership recommends that a technical assistance and training system built off of the current existing SSA-funded technical assistance and training systems be created.

Finally, I want to briefly mention the Chicago Ticket to Work Pilot Program that we are going to be starting here in a few months. We created this pilot and secured funding for it from the City of Chicago and the Illinois Division of Rehabilitation Services. The pilot is designed to demonstrate to you as a committee, SSA, and others how an adequate payment system with up front funding can result in the positive outcomes that the Ticket to Work legislation intended. The project's payment system is based upon and resembles the up front payment system recommended by the AOI Advisory Group and the EN Summit. We have created this project to put into action what everybody has been saying about the payment system, and we hope that SSA will follow our lead. Thank you.

[The prepared statement of Mr. Coburn follows:]

Statement of John Coburn, Staff Attorney, Health and Disability Advocates, Chicago, Illinois

Chairman Shaw and Members of the Committee—

I thank you for the opportunity to share our organization's recommendations on how to improve the Ticket to Work program. I work for the Health & Disability Advocates, a national policy and advocacy group headquartered in Chicago, Illinois. The Health & Disability Advocates (HDA) is the convener of the Midwest Employment and Training Partnership (Partnership). The Partnership currently has roughly 80 active members and is comprised of employment and training providers and

state Vocational Rehabilitation agencies (VR) that are participating as Employment Networks (ENs) in the Social Security Administration's (SSA) Region V, which includes Illinois, Indiana, Michigan, Minnesota, Ohio and Wisconsin. Also participating in the Partnership are the SSA-funded Benefits Planning Assistance & Outreach (BPAO) and Protection & Advocacy for Beneficiaries of Social Security (PABSS).

Today I am going to share with you policy recommendations developed by the Partnership. I will also talk to you about the Chicago Ticket to Work Pilot, a project that our organization has developed to demonstrate a more integrated and responsive payment model for Employment Networks.

As you might suspect, our first policy recommendation is to enhance the payment system for Employment Networks. You will hear from many today about the need to change the payment structure, so I will not dwell on this in my testimony. The Partnership fully endorses the recommendations of the Adequacy of Incentives Advisory Group for structuring the payment system on gross wages, with some payment upon job placement, and allowing payment for partial self-sufficiency. It is our belief that you will never get adequate participation from employment and training providers outside of the traditional state vocational rehabilitation model without changing the current payment system. The current payment structure provides no financial incentives for providers to become active ENs. Until the Ticket Work Program payment structure is on par with how state vocational rehabilitation services are funded and how services under the Workforce Investment Act are funded, the Ticket to Work Program will always be subpar.

As our second policy recommendation, the Partnership strongly recommends that SSA change how it compensates state VR under the Ticket to Work Program. The current SSA policy—explained in SSA Transmittal 17—often only allows cost reimbursement to state VR agencies on those cases in which individuals have assigned their Ticket to that state VR agency. We believe that this policy is directly contrary to the intent of Congress and the authorizing statute.

State VR agencies rely on a projected amount of SSA reimbursements as a base for their annual budgets. As a result of Transmittal 17, many state VR agencies have been put into the position of having to aggressively seek Tickets from beneficiaries just to meet their annual budget. This creates an employment and training services environment where state VR is given little or no encouragement, nor reward, for creating innovative partnerships with other employment training service providers or the private sector.

The numbers bear this out—there are 3,978 (10%) beneficiaries participating in a system that Congress intended to create, a system that is designed to assist beneficiaries in leaving the Social Security roles. The other 36,972 (90%) beneficiaries are potentially (and most likely) participating in the pre-TTWWIIA cost reimbursement system, a system that does not base payment upon assisting a beneficiary in leaving the roles. If this continues, TWWIIA will never come close to reaching its goal of doubling the number of beneficiaries leaving the Social Security roles because of employment.

Our next policy recommendation is that the SSA immediately address the inadequacy of its work reporting system to eliminate problems with overpayments. The work reporting system must be drastically improved to assure the maintenance of up-to-date records on work history. If it does not improve, Employment Networks can face significant payment delays. It only takes a few experiences with payment delays and complications for a service provider to decide continued participation in the Ticket to Work Program is not worth it. In addition, problems with this work reporting system continue to discourage beneficiaries from seeking employment, which diminishes interest in seeking services from the Ticket to Work Program.

The Partnership recognizes that SSA is working toward modernizing the current work reporting system and that this will take time. Prior to achieving full modernization, the Partnership believes SSA can make minor operation changes to improve EN claims administration. We suggest that SSA give the recently re-tooled Work Incentives Liaisons in the local SSA offices the specific job duty of maintaining ticket participant's work activity. Upon assignment of a ticket, the EN should be notified of the name and contact information of the local Work Incentive Liaison assigned to that ticket holder's case. With this information, the EN could follow up with the local Work Incentive Liaison if payment is not made in a timely manner. The Partnership also recommends that SSA provide payment on EN claims with proper documentation within 30 days of submission.

The last recommendation I will share with you today deals with the lack of technical assistance and support available to those Employment Networks currently trying to make a success of the Ticket to Work program. Since launching the Midwest Employment and Training Partnership in June of 2003, HDA has received an over-

whelming number of requests for training or technical support from employment service providers on topics ranging from the Ticket to Work Program regulations to building a service model that ensures successful and financially feasible participation in the Ticket to Work Program. Fortunately, we have private foundation funding to do some of this, but our limited funding will not meet the need. Based on this experience, the Partnership recommends that a technical assistance and training system built off of the existing SSA-funded technical assistance and training system be created. The system must be built on a regional and local level so that employment service providers can receive services without extensive travel costs and lost staff time. Such a model will also foster information sharing and replication of promising practices among ENs.

Chicago Ticket to Work Pilot

I will use the balance of my time to talk the Chicago Ticket to Work Pilot Project designed to demonstrate to you, SSA, and others how an adequate payment system can result in the positive outcomes that the TWWIIA legislation intended. Health & Disability Advocates and other members of the Partnership have successfully engaged the Chicago Mayor's Office for People with Disabilities, Chicago Mayor's Office of Workforce Development, and the Illinois Department of Human Services—Division of Rehabilitation Services to pilot an up-front payment system for ENs in the city of Chicago.

The Chicago Ticket to Work pilot is slated to begin in April or May of 2004, and will be the **only** project of its kind in the country that combines municipal and state dollars. The purpose of this pilot is to demonstrate a payment system that provides ENs with guaranteed payment within the first year of placement, encourages active participation by ENs and, more importantly, results in successful transitions to self-sufficiency. The Pilot Project will be implemented as follows. Through a neutral application process, three ENs serving residents of Chicago will be chosen to participate in the Project. These three ENs will be eligible to receive payment on 8 to 10 of their assigned tickets. Upon placing one of these ticket holders in competitive employment, the EN will receive $2000. After 6 months of successful placement, the EN will receive another $2000. Upon completion of one year of successful employment, the EN will receive $1000. After this, the Employment Network will continue to be paid by the Social Security Administration through the current payment system.

Each EN will be assigned to work closely with one of the Department of Labor/Social Security Administration-funded Disability Program Navigators (DPN) and/or the Department of Labor-funded Work Information Navigator (WIN). The DPN and/or WIN will provide recruitment and referral services to the EN. The EN will only be paid under the Pilot Project for tickets assigned as a result of a referral from the DPN and/or WIN. Through this requirement, the Project hopes to build new and lasting relationships between the Employment Network and the One-Stop Center system.

Many stakeholders and experts have stated that the payment structure needs to change for TWWIIA to meet its goals. We have created this Project to put into action what so many have said and hope that SSA will follow our lead.

Mr. Chairman, and members of the committee, I thank you for your time and welcome any questions you may have.

Mr. HAYWORTH. Thank you, Mr. Coburn. I appreciate that you appreciate the importance of going last and the advantage of tying everything up. All of you on this third panel should know, and I think you do after listening to the discussion today, your testimony, all of your testimony, is very important to us and was used to inform us as we brought your issues to Mr. Gerry and Mr. Justesen. As we continue to move through this process to the implementation and to ensure the effectiveness of Ticket to Work, we will be continuing to monitor and be calling on you again in the future, because we are at a critical juncture in this program. Your testimony today is very much appreciated and we thank you for it. With that, this hearing of the Subcommittee on Social Security is adjourned.

[Whereupon, at 12:52 p.m., the hearing was adjourned.]

[Questions submitted from Chairman Shaw to Mr. Gerry, Mr. Justesen, Mr. Foran, Mr. Mitchell, and Mr. Coburn, and their responses follow:]

Questions from Chairman E. Clay Shaw, Jr. to Mr. Martin H. Gerry

Question: Why are 90 percent of tickets being assigned to State VR (VR) agencies and only 10 percent to Employment Networks (ENs)? The Subcommittee has heard concerns about the payment system for ENs since the SSA first proposed it over 2 years ago. When will the SSA address this and how?

Answer: Section 1148(h)(5) of the Social Security Act requires the Commissioner to review the EN payment systems and alter them to better provide incentives for ENs to assist beneficiaries to enter the workforce, while providing for appropriate economies. Based on this authority, we are considering changes in the payment system.

The SSA also h as taken aggressive steps to address the need to get timely payments to ENs by establishing a Certification Payment Request Process. The Certification Payment Request Process allows ENs to submit a signed written statement that the ticket holder's work and earnings are sufficient to warrant outcome payments, in lieu of having to provide proof of the ticket holder's earnings. ENs can request payments under the Certification Payment Request Process after a ticket holder meets specific work requirements and has achieved a level of earnings from employment to qualify an EN for outcome payments. This new process can be used either on a monthly or quarterly basis. SSA will pay outcome payments based on the EN's certification, unless our records indicate that the ticket holder is receiving cash disability benefits.

Question: A procedural directive, known as "Transmittal 17" from the SSA requires VR agencies to be assigned a ticket before they can receive any reimbursement for costs from the SSA. Many argue that this requirement denies ticket holders the right to make an informed choice. Also, since the budgets of VR agencies often rely on income from the SSA, many believe that VRs are aggressively seeking ticket assignments, rather than creating partnerships with ENs so that beneficiaries can receive services from both a State VR provider and an EN. What is the SSA doing to resolve this issue?

Answer: The operating guidelines issued to the State VR agencies in Transmittal Number 17 are based on the policies in the Social Security Regulations. The Social Security Regulations require that each State VR agency must participate in the Ticket to Work Program by accepting ticket assignments if it wishes to receive payments from SSA for serving beneficiaries who are issued tickets. (A State VR agency can receive payment under the cost reimbursement system for the cost of reasonable and necessary services provided to a beneficiary who has not been issued a ticket.) This ensures that all beneficiaries with tickets receiving services from State VR agencies will receive the same protection from continuing disability reviews based on their employment that are provided to beneficiaries receiving services from ENs.

The pamphlet that we provide to beneficiaries with their tickets allows them to make an informed choice by explaining that they will be assigning their tickets when they sign a plan. Beneficiaries also receive a letter after they assign their ticket. This letter tells them their ticket has been assigned and includes a fact sheet with information about continuing disability review protection. In addition, a beneficiary whose ticket has been assigned to a State VR agency retains the opportunity under the Social Security Regulations to choose to unassign the ticket and reassign it to receive services from an EN.

We are working with the Rehabilitation Services Administration to foster better partnerships between the State VR agencies and ENs when they provide services to beneficiaries with tickets.

Question: Given that less than 1 percent of disabled beneficiaries return to work, it is easy to understand why field office staff in 1,800 offices across the country, buried in other work, can't stay current with their understanding of how work and work incentives affect benefits. Given advances in technology, why doesn't the agency centralize expertise in a cadre of experts to ensure beneficiaries get the right answer the first time? Couldn't these individuals also help address work reports to avoid overpayments?

Answer: Since the Ticket to Work and Work Incentives Improvement Act was implemented, SSA has worked to establish a corps of trained, accessible, and responsive specialists within the agency who specialize in disability work incentives. At

the Regional level, the Plan for Achieving Self Support (PASS) cadre members have been participating in this effort, along with Public Affairs Specialists and other field personnel.

In May 2003, the Area Work Incentives Coordinator (AWIC) position was established. The AWIC position is a full-time permanent position and is part of SSA's approach to assist beneficiaries with disabilities to obtain accurate and timely information regarding work, and to expeditiously process work reports and other disability work-issue workloads.

Work Incentives Liaison (WIL), located directly in local offices, train all direct-service personnel on SSA's disability employment support programs. WILs have the technical background to provide improved service and information related to SSA's employment support programs to SSA beneficiaries, applicants, advocates and service providers.

The SSA has ongoing automation enhancements directed to improving work incentive workloads. SSA is currently in the process of implementing an application called eWork, which will enable SSA to provide better, more timely service by consolidating work reporting and documentation on one, universally available system. eWork will also generate a work report receipt and provide improved management information, workload controls and processing tools for work incentive. Our automation enhancements c ombined with our establishment of a network of experts will help ensure work reports will be addressed timely, thereby avoiding overpayments.

Question: The Ticket Advisory Panel recommends that Congress clarify in law that the ticket program should be used as a supplemental, rather than a substitute-funding source. In other words, that Congress did not intend to make beneficiaries ineligible for the full range of services from VR programs, Medicaid, or other Federal and State programs by making them eligible for the ticket program. Can you provide more details about the genesis of this recommendation and your reactions to it?

Answer: The Ticket to Work and Work Incentives Advisory Panel has noted that services and supports provided under other programs should be combined with, rather than offset by, services and supports provided by the Ticket to Work Program. They also reported that some ENs have chosen not to participate in the Ticket to Work Program because they are uncertain about whether and how they can use funds from these other sources to service ticket holders. We are working with other agencies, including the Rehabilitation Services Administration and the Centers for Medicare and Medicaid Services, to ensure that the guidance they provide is clear and does not unnecessarily restrict the use of their program funds when the Ticket to Work Program offers additional assistance to a beneficiary.

Questions from Chairman E. Clay Shaw, Jr. to Dr. Troy R. Justesen

Question: A procedural directive, known as "Transmittal 17" from the SSA requires State VR (VR) agencies to be assigned a ticket before they can receive any reimbursement for costs from the SSA. Many argue that this requirement denies ticket holders the right to make an informed choice. Also, since the budgets of State VR agencies often rely on income from the SSA, many believe that State VR agencies are aggressively seeking ticket assignments, rather than creating partnerships with employment networks (ENs) that allow a beneficiary to receive services from both a State VR provider and an EN. What is the Department of Education doing to resolve this issue and encourage partnerships between State VRs and private ENs?

Answer: For purposes of this question, SSA's "Transmittal 17" requires two things: 1) VR can assign an individual's "ticket" to itself if the individual has been determined eligible for the VR program, has signed an agreed-upon Individualized Plan for Employment (IPE) with the VR agency, and has not yet assigned the ticket to another Employment Network (EN); and 2) VR (or any EN) must have an assigned "ticket" before VR can receive payment, including the traditional cost-reimbursement payment method, for VR services rendered under the Ticket-to-Work program. My answer to your question is lengthy and technical because the issues you have raised involve complicated interrelationships between two complex programs. I would like to assure you that "Transmittal 17" and its various implications and effects as they are now understood are under close joint review by the Department and SSA. Above all, we must remain focused on the larger purpose of enabling and assisting consumers with disabilities to achieve the dignity, sense of self-worth and capacity for social and economic contributions to society. Good policies will lead to good jobs.

The Ticket to Work and Work Incentives Improvement Act (TWWIIA) is designed to give consumers more options when seeking employment-related services. To this

end, TWWIIA gives consumers the right to assign the ticket to the EN of their choice. This means that the individual can assign the ticket to the VR agency or to an EN that will accept it. However, Transmittal 17 removes this choice in certain circumstances, namely when the individual has a ticket that he/she has not yet assigned and seeks services from the VR agency. Transmittal 17 advises the VR agencies that individual consent is not required to make the assignment in this scenario. To accomplish the assignment of the ticket in this case, Transmittal 17 advises VR agencies to submit the signature page of the IPE to Maximus, the contractual program manager for the Ticket-to-Work program. Maximus then treats the assignment as voluntary on the basis of the signed IPE. This situation has caused some advocates to argue that individuals are being denied the ability to choose an EN as required by TWWIIA.

The principle of informed choice is a central theme throughout the State VR services program. section 102(d)(4) of the Rehabilitation Act 1973, as amended (Rehabilitation Act), requires that a State VR agency's written policies and procedures must "provide or assist eligible individuals in acquiring information that enables those individuals to exercise informed choice under this title in the selection of—(A) the employment outcome; (B) the specific VR services needed to achieve the employment outcome; (C) the entity that will provide the services; (D) the employment setting and the settings in which the services will be provided; and (E) the methods available for procuring the services." Because of these requirements of the Rehabilitation Act and an individual's right to choose an EN under TWWIIA, we have advised State VR agencies to discuss openly the options available to the individual with regard to choosing an EN. We have advised State VR agencies to inform SSI recipients and SSDI beneficiaries holding unassigned tickets that the IPE signature can be interpreted as the individual's willingness to assign his or her ticket to the State VR agency. In doing this, we believe the State VR agencies are operating within the requirements of both the Rehabilitation Act and TWWIIA in ensuring that the individual has the opportunity to exercise informed choice.

The issue of payment is interrelated to the issue of ticket assignment because TWWIIA authorizes payment for services rendered to the EN holding the assigned ticket. The payments are incentives for ENs and VR agencies to assist SSI recipients and SSDI beneficiaries to become employed. ENs can choose to receive payments under the Outcome system or the Milestone/Outcome system. VR agencies have a third payment option; that of receiving payment pursuant to the traditional cost-reimbursement method authorized by the Social Security Act. However, Transmittal 17 appears not to distinguish among these three payment methods. It requires that the EN or VR agency have the assigned ticket before being able to seek any payment (including cost-reimbursement) from SSA. For this reason, ENs and VR agencies are anxious to get a ticket assigned as soon as possible.

Certainly some State VR agencies have come to rely on income from the traditional cost reimbursement payment system, as you mention. VR agencies use this income to supplement the formula grant funds received from the Department of Education. The amount of SSA cost reimbursements, as a percentage of the overall VR agency budget is relatively small, however, the level of such reimbursements varies widely among VR agencies as a percentage of the total agency budget. A few agencies, particularly active and successful in SSA rehabilitations, receive higher levels of reimbursement. Because Transmittal 17 seems to have subsumed the traditional cost reimbursement option under the Ticket-to-Work program, VR agencies are on an equal footing with the other ENs with regard to needing an assigned ticket in order to be eligible for payment at a later date. Thus, VR agencies and other ENs need to make concerted efforts to inform individuals about the ticket assignment process.

Question: The Ticket to Work Advisory Panel has found that some State VR agencies have determined that the "comparable services and benefits" requirement under the Rehabilitation Act prevents them from providing services to Social Security Disability Insurance and Supplemental Security Income recipients who assign their ticket to a private EN. Can you explain how the Department of Education will work with State VR agencies to provide the maximum amount of services available under the law? Do you believe that any legislative changes are needed to the Rehabilitation Act to allow for ENs and State VR agencies to coexist and complement each other as envisioned under the Ticket to Work Act, or can needed change be accomplished through regulation?

Answer: We are not aware of any State VR agency that has refused as a general practice to provide services to an SSI recipient or SSDI beneficiary who has assigned his/her ticket to a private EN. However, we are aware that State VR agen-

cies in certain circumstances are asking that the private ENs holding the ticket provide some of the necessary services as a "comparable service and benefit."

Section 101(a)(8)(A)(i) of the Rehabilitation Act requires the VR agency, except in very limited circumstances, to determine whether comparable services and benefits exist prior to providing services to an eligible individual. The VR regulations define "comparable services and benefits," in pertinent part, as those services and benefits "that are—(A) provided or paid for, in whole or in part, by other Federal, State, or local public agencies. . . .; (B) available to the individual at the time needed to ensure the progress of the individual toward achieving the employment outcome. . . .; and (C) commensurate to the services that the individual would otherwise receive" from the State VR agency (34 CFR 361.5(b)(10)). This means that VR must determine whether another appropriate source can provide the services that VR otherwise would provide in accordance with the individual's IPE in a timely manner. As you know, the intent behind this requirement was to ensure that VR funds could be maximized in order to meet the needs of more eligible individuals, especially those with the most significant disabilities.

We do not view a ticket by itself as representing a comparable service and benefit. Nor do we consider the fact that an individual has assigned his/her ticket to a private EN by itself as constituting a comparable service and benefit under the Rehabilitation Act. However, we do consider the ticket as being a comparable service and benefit under the Rehabilitation Act when: 1) the individual has assigned the ticket to an EN; 2) the EN has listed the service in its own individualized work plan (developed between the EN and the individual) pursuant to TWWIIA requirements; 3) the EN is capable of providing a service that is listed on the individual's IPE; 4) the service offered by the EN is commensurate to the service that otherwise would be provided by the State VR agency; and 5) the EN is capable of providing the service when it is needed by the individual. If any of the above factors are not met, the ticket does not constitute a comparable service and benefit for purposes of the VR program. In that instance, assuming comparable services and benefits do not exist from another source, the State VR agency should provide the services pursuant to the IPE.

Our interpretation encourages a cooperative effort between both the VR agencies and the ENs to serve individuals as effectively as possible while maximizing funds from each program. We will continue to provide technical assistance to the State VR agencies to ensure that the search for comparable services and benefits does not result in a delay in services to individuals. We also will continue to remind State VR agencies that the requirement for seeking comparable services and benefits should be done in such a manner to ensure cooperation among programs serving individuals with disabilities.

As a policy matter we recognize that the intent of the Ticket program is to establish a cadre of rehabilitation service providers, in addition to the traditional VR services program present in every State that can provide multiple opportunities and pathways for SSI recipients and SSDI beneficiaries to obtain the services necessary for gainful employment. For decades, the VR program has been essentially the sole public program assisting individuals with disabilities to achieve gainful employment. The current situation in which the potential for competition between VR agencies and ENs for both clients and payments from SSA is new and the implications are not fully understood.

The Department has not taken a position on the need for a legislative change. However, we are aware the current Senate Bill (S. 1627) reauthorizing the Work force Investment Act 1998 (which includes the Rehabilitation Act in Title IV) proposes clarifying language on comparable benefits.

We must defer to SSA concerning regulatory changes governing the Ticket program, but we will of course work with SSA if changes are proposed.

Question: It has been reported that private providers perceive that if they sign up to be an EN, their current relationship with their State VR agency may be jeopardized. It has also been reported that some current VR clients were threatened with termination from VR if they did not assign their ticket to the VR agency, or worse, weren't informed that they could be better served by taking their ticket to elsewhere versus staying on a waiting list at the VR agency. This is deeply disappointing and completely opposed to the goals of the ticket program. Have you heard similar allegations? Are they true? If so, what are you doing to address the situation?

Answer: I am not aware of any individual threats concerning termination of clients or willful "noninformation" about ticket options being provided to VR clients. However, if complaints are brought to our attention we will certainly respond to them.

State VR agencies have typically had longstanding cooperative or purchaser-vendor relationships with many, if not most ENs. Thus, it is understandable that some providers could be concerned about the potential for jeopardizing their relationship with the VR agency. However, perceptions that a relationship "may be jeopardized" provide little basis for investigation in the absence of specific complaints. I have heard anecdotal references similar to the allegations you have mentioned. However, no documented and specific examples have been brought to my attention. However, we will work with our colleagues at SSA to address any specific complaints that may be presented.

Question: As you mention in your testimony, many EN perceive that negotiated agreements they have entered into with the State VR agencies do not reflect the principles of true partnership and fairness. This is especially a concern given the low percentage of tickets assigned to ENs. When do you plan to complete your review of all agreements between the State VR agencies and ENs?

Answer: TWWIIA authorizes ENs and VR agencies, when serving mutual consumers, to share payments received from SSA when the two entities have developed an agreement that outlines how services will be provided and income shared. ENs and VR agencies may, of course, enter into a wide range of agreements for various purposes for their mutual benefit.

We are aware that some ENs, including some VR agencies, believe the agreements they have developed do not reflect the principles of true partnership and fairness. This has prompted OSERS to begin reviewing these agreements. Although there is no legal requirement for us to conduct this review or for the VR agencies to submit these agreements to us, we believed such a review would be helpful in order to get a better understanding of the actual working relationships between State VR agencies and ENs.

We are currently reviewing agreements that were developed by ENs and VR agencies in the 13 first-phase States. We hope to review all available agreements within the next 6 months. We will provide the Subcommittee with a report of our findings once our review and analysis are completed.

Questions from Chairman E. Clay Shaw, Jr. to Mr. Tom Foran

Question: Can you share with me on average, what are the costs of returning an individual to employment? Even with adjustments to the milestone payments, can employment networks cover their costs and still make a reasonable profit, given the potential total payment of $16,740 for Social Security beneficiaries and $10,620 for Supplemental Security Income beneficiaries?

Answer: Because of the tremendous variation in costs, at the individual level, giving an average cost may be less meaningful than focusing on the second part of this question. We've seen beneficiaries that are able to return to work with an outlay of only several hundred dollars. We've also seen others that would require more than $50,000 and even at that level the success is not guaranteed.

When looking at the second part of your question it is important to understand the effects of:

- The time value of money on payments,
- The cost of Maximus and SSA imposed administrative costs (drag),
- Success rate in returning beneficiaries to work,
- Once at work the effect of beneficiaries dropping out of the work force due to death, economy related work force reductions, choice and worsening of their physical state.

Additionally, we need to define "reasonable profit" which is directly tied to the source and cost of capital.

Once all of these parameters are determined a present value of future cash flows can be created to determine the amount of resources that can be provided to any one individual in the return to work process. An employment networkthen looks for beneficiaries that can be returned to work with that level of resources.

Taking into account the above items, IDR has estimated the present value of future payments per successful ticket as follows:

- SSDI current milestone structure = $2,800
- SSI current milestone structure = $1,420
- SSDI with AOI workgroup suggested changes $3,800
- SSI with AOI suggestions (diff. Reflects lower success rate) $3,000

With the current dramatically lower payments for SSI beneficiaries, we feel the risk/reward is too great and therefore do not work with SSI only beneficiaries. Under the current milestone structure only 1 in 25 beneficiaries that contact us meet our screen of being a SSDI beneficiary with a 75% likelihood of successful full-time return to work for $2,800 in time and services.

We believe it is dangerous to use a cost figure that represents an average per individual placement, however. We fear that policy makers will use such a number to reduce payouts for the program without realizing the actual costs to operate the program include far more than just the cost of an individual placement. The aggregate program costs for screening all the people who never actually deposit their ticket as well as the people we are never actually able to place represents the *majority* of the costs incurred to operate a successful employment network.

Additionally, for the reasons mentioned above, a significant percentage of those who are placed for whom we are eligible for a milestone/outcome payment will never actually achieve 60–72 months of employment. It is also impossible to compute the total cost of any placement at this time since the ticket program is so new. For example, we do not know the cost or amount of future services that will be required to help those ticket users who are working now stay at work. Consequently, the total possible payout for any one beneficiary (i.e. $16,750 for SSDI and $10,620 for SSI) not only has to cover our costs and generate a reasonable profit for those we actually place but also must cover the aggregate costs incurred for all the people we do not place.

We believe placement rates could be increased by restructuring the payment system. By changing to the AOI workgroup recommended payment structure we estimate we would be able to work with 1 in 10 to 1 in 15 beneficiaries. By removing much of the administrative drag we would likely be in 1 in 8 to 1 in 12 ranges. Improving access to capital (reducing cost) would also allow us to work with more beneficiaries.

So, yes it is possible for an employment network to earn a fair profit at the $16,740 (or current $17,170) total payment for SSDI beneficiaries. The question is how many beneficiaries is an employment network able to serve?

When IDR decided to become an employment network, we planned to do so on a significant scale. Our initial plans were to serve 2,000 plus beneficiaries per year. Our infrastructure was built to handle at least that amount.

Unfortunately, given the level of screening we have to do to deal with unexpected issues like administrative drag and lack of appropriate education given to beneficiaries on the Ticket to Work Program it is unlikely we will come anywhere near our goal without improvements in the program.

Question: What has been your experience in working with the State VR agencies? What suggestions do you have for improvements?

Answer: Our main office is in Connecticut and we have had a very positive experience in dealing with Connecticut's Bureau of Rehabilitation Services. The problem we face in dealing with other State VR agencies is that each state takes a different approach with different agreements in dealing with EN's. To be honest, we made the decision early on that it was not worth the time and expense to enter into negotiations with each state and simply refer beneficiaries to their State VR agency if we can't help them.

We would be much more likely to work on a collaborative basis with other State VR agencies if there was a uniform agreement applicable to all states.

It is important to note the comments we get from beneficiaries about their experiences with State VR agencies. In general, they revolve around frustrations the beneficiaries have with not being served by State VR for the following reasons:

- Lack of funding
- The beneficiary not having a disability "severe" enough to be assisted
- The waiting list for services is "years" long
- Rehab Counselors don't get back to the beneficiary for months on end

Another suggestion would be to more strongly encourage State VR to focus their limited resources on providing services designed to get beneficiaries "job ready" under the existing cost reimbursement program and to rely on EN's to provide the placement services under the ticket program.

Although some more traditional ENs have recommended operating the ticket program payment system similarly to the cost-reimbursement scheme currently in use with State VR, we believe that such a plan would create more administrative burden "proving" to SSA that the costs for which we are requesting reimbursement are legitimate. Further, it would designate a bureaucratic approach to the types of services provided rather than the "whatever it takes" approach we are free to use under the current Ticket structure. This has been demonstrated clearly by the Projects

with Industry programs that exist today. Originally, they were intended to be more community and employer-focused. However, because of the manner in which PWIs are funded and monitored their programs today are so restricted that they, too, are not able to place as many people as they could if their program contained more flexibility.

Question: What can be done to assist recipients who want to use their Ticket in selecting one employment network from the often long list of employment networks available to recipients?

Answer: Provide adequate and timely information on each employment network servicing their area. Examples of information/services to provide include items currently tracked by Maximus such as:

- Tickets assigned to date
- Tickets unassigned by ENs
- Tickets unassigned by beneficiary
- Number of successful placements to date

Regularly updated (at least monthly) list of what EN's are still active

Offer workshops via the BPAOs on how to choose an EN and what an EN and a consumer can offer each other.

I want to emphasis that the information provided needs to be readily available information that Maxims is ALREADY collecting. Asking EN's report and track additional statistics will only add to the administrative drag and reduce resources available to provide services to beneficiaries.

Questions from Chairman E. Clay Shaw, Jr. to Mr. Quintin M. Mitchell

Question: Can you share with me on average, what are the costs of returning an individual to employment? Even with adjustments to the milestone payments, can employment networks cover their costs and still make a reasonable profit, given the potential total payment of $16,740 for Social Security beneficiaries and $10,620 for Supplemental Security Income beneficiaries?

Answer: On average the costs of returning an individual to employment, for our agency, is $15,819.00. This figure is at the low end. Even with adjustments to the milestone payments, it is a very slim margin for our agency to cover cost and still make a profit.The profit is really not a reasonable one.

Question: What has been your experience in working with the State VR agencies?What suggestions do you have for improvements?

Answer: Our agency has opted not to work with the State VR agencies in our area. From the start of this initiative we decided that working with the State Voc Rehab would not be in our best interest, economically or providing the Ticket participants with expedient service delivery.

Question: What can be done to assist recipients who want to use their Ticket in selecting one employment network from the often long list of employment networks available to recipients?

Answer: One approach to assist recipients who want to use their Ticket in selecting one employment network from the often long list of EN.s available is to narrow the list to their service area within 30 miles. We are finding that more and more Ticket holders are contacting our agency, which is outside of our service delivery area. To accommodate these individuals we have set up satellite meeting space in that area and travel to meet them on an as needed basis. Because of fewer E.N. participation and more Ticket participants, slim margin of profit and already stretched staff it is becoming increasingly more challenging to ensure that the program is successful.

Questions from Chairman E. Clay Shaw, Jr. to Mr. John V. Coburn

Question: Can you share with me on average, what are the costs of returning an individual to employment? Even with adjustments to the milestone payments, can employment networks cover their costs and still make a reasonable profit, given the potential total payment of $16,740 for Social Security beneficiaries and $10,620 for Supplemental Security Income beneficiaries?

Answer: The cost of returning an individual to employment can vary greatly depending on many factors, including but not limited to, the nature of the individual's disability, the individual's employment history, and the individual's education and experience. In addition to the costs expended to assist a particular individual in returning to work, there are general overhead costs associated with actively participating as a provider in the Ticket to Work Program. These costs may include staff

costs associated with performing intake, staff costs associated with assessing an individual's service needs prior to accepting their ticket, marketing of the Ticket to Work Program, and so forth. These costs are incurred on all individuals who contact the agency, including individuals who the agency may ultimately decide not to serve under the Ticket to Work Program.

In order to develop response to your questions, I polled members of the Midwest Employment and Training Partnership (Partnership). I have received several different responses with a range of costs for employment and training services One Employment Network, which serves exclusively blind individuals, stated that the average cost per individual to train, educate, and place the individual in competitive employment ranged from $35,000 to $40,000. This was the highest amount reported. On the lower end, another agency that works with a cross-disability population reported that it was currently costing about $2000 per individual to place a person in competitive employment through the Ticket to Work Program. This figure does not include what it may or may not cost to keep the person in competitive employment throughout the Ticket to Work payment timeline, nor does it include some of the overhead costs mentioned previously. A third agency that works with younger adults reported an average cost of between $5000 and $6000 to obtain employment, with follow-up services costing approximately $3000 per year. Finally, another agency, which works with a cross-disability population, reported a range of $5200 to $12,000 to assist an individual in returning to work with 3 months of intensive follow-up services.

So, our experience has been that there is a great variance in expenditures needed to assist a person in securing and maintaining employment. However, in almost all cases, the greatest percentage of these expenditures are incurred by agencies prior to and upon placement in competitive employment. Therefore, adjustments in the milestone payments to further increase the funds available during the beginning of the employment services process will increase the ability of Employment Networks to accept more Tickets.

The current total payment system under the Ticket to Work Program will not make it possible to serve all beneficiaries. For some beneficiaries, payments of $16,740 or $10, 620 will never cover the expenditures required in order to return them to employment. However, these amounts, if paid out in a greater percentage during the first year, would make it financially feasible for Employment Networks to accept more Tickets and increase their participation over time.

Question: What are the one or two most significant benefits of the upcoming City of Chicago Pilot that represent an improvement over the current Ticket to Work payment systems for employment networks?

Answer: In the Midwest, we have learned that Employment Networks have been hesitant to meaningfully participate in the Ticket to Work Program because the agency must bear all the costs associated with the placement of the individual in employment. And, even after incurring these costs, the Employment Network may never receive payment if it is not successful, or the EN receives payments over a significant period of time at very low rates. Quite simply, the current system of payment requires agencies to incur costs that it cannot carry for the period of time it must wait in order to be reimbursed. To be frank, the current Ticket to Work milestone and outcome payment model is not a strong business model that will bring new players into the system much less attract many of the experienced employment and training providers to this new program.

First and foremost, the City of Chicago Pilot (CCP) provides the Employment Networks with a significant income to cover their cost of service within the first year of a ticket participant's employment. The Employment Networks can be assured of reimbursement of at least some of their costs at placement ($2000), when the greatest costs have been incurred. In addition, subsequent payments of $2000 at 6 months and $1000 at 1 year allow the Employment Networks to recoup a larger amount of their overall costs within a short period of time. This is done without discouraging the Employment Networks from continuing to work with the individual over the next 5 years as Employment Networks will continue to receive payments from the SSA system after the first year if the individual maintains employment.

Second, the CCP allows for payment to the Employment Network within the first year without requiring the individual to earn Substantial Gainful Activity (SGA) or greater within that first year. Employment Networks believe that the process of returning an individual to full-time employment at or above SGA can often be accomplished over time. For some individuals, particularly those receiving SSI benefits with no work history, securing employment at or above SGA can best be accomplished by first gaining some work experience, sometimes at a part-time level. For other individuals, the best way to return them to work at or above the SGA level is to first allow them to work at any level, gain confidence in their ability to main-

tain employment, and address their fears about returning to work and losing their cash benefits. Once this is done, the transition to full-time, self-sustaining employment is the next natural step and the Employment Networks can realistically assist them in getting there.

The current payment system will not pay the Employment Networks during the time in which they are gradually assisting the individual in gaining full-time employment. Therefore, it is not financially feasible for the Employment Networks to work with the large group of beneficiaries described above. On the other hand, the CCP makes payments to Employment Networks when they assist the individual in gaining competitive employment, regardless of that person's employment income. This is done without losing sight of the ultimate goal—-self-sustaining employment. The Employment Networks must still create a plan for returning the individual to self-sufficiency, as required by current SSA regulations, and will receive payments through the SSA system when they do so.

[Questions submitted from Mr. Matsui to Dr. Justesen, and his responses follow:]

Question: If a Social Security beneficiary assigns a ticket to an Employment Network, is he or she still entitled to services and benefits under title I of the Rehabilitation Act? Please describe the interpretation of "comparable benefits and services" as it relates to the ticket program. Are state agencies complying with this requirement of the Rehabilitation Act with respect to Social Security beneficiaries who have been assigned tickets? Is your agency monitoring state's compliance with this requirement?

Answer: VR is an eligibility program rather than an entitlement program but Social Security beneficiaries are deemed presumptively eligible. Assignment of a ticket to an employment network does not limit an individual's potential eligibility for VR services. That eligibility is governed by the Rehabilitation Act.

Section 101(a)(8)(A)(i) of the Rehabilitation Act requires the VR agency, except in very limited circumstances, to determine whether comparable services and benefits exist prior to providing services to an eligible individual. State VR agencies must comply with this requirement as a matter of law, and it is to the advantage of the agencies to do so because use of third-party resources allows the agencies to serve more clients or provide enhanced services. The Rehabilitation Services Administration is currently reviewing agreements that were developed by ENs and VR agencies in the 13 first-phase States and hopes to review all available agreements within the next six months. The reviews will necessarily involve consideration of the use of comparable benefits.

The VR regulations define "comparable services and benefits," in pertinent part, as those services and benefits "that are—(A) provided or paid for, in whole or in part, by other Federal, State, or local public agencies. . . .; (B) available to the individual at the time needed to ensure the progress of the individual toward achieving the employment outcome. . . .; and (C) commensurate to the services that the individual would otherwise receive" from the State VR agency (34 CFR 361.5(b)(10)). This means that VR must determine whether another appropriate source can provide the services that VR otherwise would provide in accordance with the individual's IPE in a timely manner. As you know, the intent behind this requirement was to ensure that VR funds could be maximized in order to meet the needs of more eligible individuals, especially those with the most significant disabilities.

We do not view a ticket by itself as representing a comparable service and benefit. Nor do we consider the fact that an individual has assigned his/her ticket to a private EN by itself as constituting a comparable service and benefit under the Rehabilitation Act. However, we do consider the ticket as being a comparable service and benefit under the Rehabilitation Act when: 1) the individual has assigned the ticket to an EN; 2) the EN has listed the service in its own individualized work plan (developed between the EN and the individual) pursuant to TWWIIA requirements; 3) the EN is capable of providing a service that is listed on the individual's IPE; 4) the service offered by the EN is commensurate to the service that otherwise would be provided by the State VR agency; and 5) the EN is capable of providing the service when it is needed by the individual. If any of the above factors are not met, the ticket does not constitute a comparable service and benefit for purposes of the VR program. In that instance, assuming comparable services and benefits do not exist from another source, the State VR agency should provide the services pursuant to the IPE.

Question: A number of concerns have been raised about whether the ticket program may be replacing, rather than supplementing, other pre-existing publicly funded services such as VR services provided under Title I of the Rehabilitation Act. The intent of Congress in enacting the ticket program was not to deny access to these other services. Does Congress need to clarify the law? If so, where?

Answer: State VR agencies are serving the great majority of persons holding tickets and seeking services. Experience to date with implementation does not support concerns about the ticket program replacing services such as VR. This is unsurprising because the VR agencies are well-established entities with operating capital provided by their formula grants from the Department. The Department has not taken a position on the need for any legislative change. We would in any event expect to work closely with but defer to SSA as the administering agency if legislative recommendations are to be developed.

[Submissions for the record follow:]

California Department of Rehabilitation
Sacramento, California 95815
March 30, 2004

Chairman E. Clay Shaw, Jr.
Subcommittee on Social Security
1102 LHOB
Washington, DC 20515

Dear Congressman Shaw:

As the Director of the California Department of Rehabilitation (DOR) I want to take this opportunity to provide written testimony for the official record of the above referenced hearing. This testimony will provide some information on DOR's activities relevant to the implementation of the Ticket to Work Program specifically as they relate to Transmittal 17 of the SSA VR Provider Handbook and the development of agreements between DOR and Employment Networks (EN).

Several months prior to Ticket rollout in California, DOR convened a Ticket to Work Workgroup that consisted of field and management staff, community partner agencies and several constituency groups representing a unified approach to DOR's role in the Ticket to Work Program. The workgroup was charged with the task of extensively reviewing Social Security Administration's Ticket to Work (TTW) regulations and policies related to TTW including the Transmittal 17 document. In addition, the workgroup carefully researched, studied and compared policies implemented by first and second round ticket states. As a result, the workgroup developed guidance and procedures consistent with the TTW regulations and Title I of the Rehabilitation Act of 1973, as amended.

Transmittal 17 of Social Security Administration's (SSA's) Vocation Rehabilitation (VR) Provider Handbook allows for the "automatic" assignment of a Ticket to State VR agencies when a consumer signs the Individualized Plan for Employment (IPE). The SSA's position has been that if a beneficiary receives a Ticket and then enters into an IPE they have decided to use their Ticket. California DOR does not practice this "automatic" ticket assignment. A statement has been added to our IPE template to emphasize the voluntary nature of the Ticket and consumer informed choice. All consumers eligible or potentially eligible for a Ticket are provided verbal and written information on TTW program including a fact sheet that emphasizes that TTW is a voluntary program. Finally, guidance has been developed so that DOR counselors review and revisit TTW with each consumer at the time of progress and annual reviews.

Concern has been raised about the various EN/VR agreements requiring full repayment of the entire VR costs out of the EN ticket payments and the reported "one size fits all agreements." State Vocational Rehabilitation (VR) agencies have been working with SSA beneficiaries under a reimbursement program legislatively authorized by the Social Security Act since 1981. Under this reimbursement program SSA reimburses State VR agencies for reasonable and necessary service costs incurred in assisting consumers who engage in employment with earnings equal to or above SSA's standard for substantial gainful activities (SGA) for at least 9 months. Indirect and tracking costs are also reimbursed. The annual SSA Reimbursement report for Federal Fiscal Year 2003 indicates SSA realizes savings from this pro-

gram. In FY 2003 $84.6 million dollars were reimbursed to VR agencies nationwide. SSA projected the savings in benefits to be $458.7 million dollars.

As is true for many state VR agencies, DOR has come to rely on these reimbursements to maintain ongoing programming. The TTW program has introduced a new way of doing business. With an estimated 1,000,000 Tickets scheduled to be released in California by September 2004, DOR certainly supports increased consumer choice and the addition of EN's to provide services. California's EN Agreement only requires the EN to reimburse DOR at the rate of 50% of each payment received from SSA until DOR's direct costs (not indirect and tracking costs) are reimbursed or until DOR has received 50% of all payments, whichever is first. Furthermore, DOR does not ask for more than 50% of the total payments the EN receives.

Finally, California DOR supports the proposals that have been made by others to this hearing and the Ticket to Work Advisory Panel for SSA to create a dual payment system in which state VR agencies continue to be reimbursed for services provided to assist beneficiaries in preparing for and entering the labor market. EN's then will be paid for the long-term follow up and support for beneficiaries to maintain their employment and freedom from reliance on cash benefits.

California DOR appreciates this opportunity to provide testimony. We look forward to future collaboration in improving the TTW program and support your ongoing efforts to help make this program a success for beneficiaries with disabilities.

Sincerely,

Catherine Campisi
Director

Statement of Robert Kilbury and Louis Hamer, Council of State Administrators of Vocational Rehabilitation, Chicago, Illinois

In Illinois there are 60 ENs with 32 ENs having an active agreement with State VR. Since the Ticket program started two years ago in Illinois we have gone from 73 ENs to 60 ENs now. Many ENs have stopped taking the Ticket assignment from customers. Most community based providers have attributed the lack of Tickets accepted due to the payment system. In Illinois we do have an agreement that was developed with cooperation with community providers. The EN agreement calls for State VR to pay for services and to eventually receive payment back for its cost once the EN receives payment from SSA. The EN will keep any monies received over State VR's cost. In most cases it could be a large sum. Illinois does not ask for any cost reimbursement above what it pays out.

″Transmittal 17″ allows State VR to submit the Ticket Registration Form (TRF1365) along with a copy of the signed IPE signature page for assignment when the customer does not sign the TRF1365. The customer is informed by State VR that by signing the IPE (Plan) they are assigning their Ticket to VR. In Illinois we only submit in this manner with the customer's approval. This is no different than when a customer goes to an EN and signs a Individual Work Plan (IWP), they are in essence assigning their Ticket to that EN. This happens and not all customers are informed they have assigned their Ticket to that EN. In Illinois over 98% of all Tickets to date have been submitted with customer signature on the TRF1365.

It is very unfair to vilify State VR agencies over the Ticket program. In Illinois not every customer that comes through the door is a SSA recipient. The funds captured from SSA reimbursement goes back into the pool to pay the cost for all it's customers, including SSA recipients. State VR does indeed continue to be woefully under-funded. The amount of reimbursement has been steadily shrinking over the last two years with a large reduction expected again this year.

We disagree with the recommendation of eliminating the requirement that there be agreements between ENs and State VR agencies when the EN refers a beneficiary to VR unless SSA allows cost reimbursement for State VR agencies separately from the Ticket program.

Illinois State VR spent significant resources the first year training staff, hiring Ticket operators, setting-up a Ticket Cost Center and meeting with ENs in development of the EN agreement. We continue to spend large amounts training staff on SSA revisions and communicating with Maximus and customers who have no intent to return to work. This program would be most effective if there were unlimited funding for State VR with some additional funds for ENs. Since there is no endless trail of money, SSA should not consider changing the system to reward ENs that are able to cherry-pick it's customers. We must remember that State VR must work with every customer that comes through the door.

Making further changes to provide more incentives to return to work would benefit customers more. Give the customer to try to work for a year if they assign there ticket and allow them to keep all their benefits would open the door to more customers making a real attempt to get off benefits, not making ENs rich on the backs of the customer.

Statement of Mike Hedden, Indiana Vocational Rehabilitation Services, Indianapolis, Indiana

In regard to the Hearing on March 18, 2004, the testimony given does not accurately reflect the situation in Indiana. Indiana has invested significant resources in its training of Vocational Rehabilitation Counselors. We have held several training seminars explaining the Ticket program as well as developing detailed intake procedures, flow charts and updating our computer system. We do not use a "stand alone, take it or leave it, one size fits all agreement" with the ENs with whom we have Memorandums of Understanding. Our agreement with ENs states that "both the IWP and the IPE will be written by the respective party in a manner, consistent with law, to reinforce common goals, policies and procedures for Ticket customers referred by the EN to VRS." Our agreements do not necessarily require full and total repayment of all of VR's costs. Our reimbursement agreement states that VRS will be reimbursed by the EN for all actual service costs provided through VRS at the rate of 50% of all outcome or milestone payments to the EN until VRS is reimbursed for all actual service costs (these costs do not include the costs associated with VR Counselor time or in support of the VR Counselor). In other words, once an EN begins to receive payments, VR is entitled to 50% of each payment received until service costs are paid in full or until no further payments are made to the EN. The EN, in other words, will always receive 50% of the total payments and may receive more than 50% once VR's costs are reimbursed. If payments to the EN stop prior to full service costs being reimbursed to VR, VR expects no further reimbursement from the EN.

Statement of James Wallace, Louisiana Rehabilitation Services, Department of Social Services, Baton Rouge, Louisiana

Louisiana Rehabilitation Services (LRS) has taken a very active role in promoting Ticket to Work (TTW) in the state of Louisiana. Our agency, which is located in a second phase Ticket rollout state, began training our personnel statewide in 2001. The agency has done follow-up training in 2002. Louisiana Rehabilitation Services (LRS) personnel also participated in providing training to beneficiaries, potential Employment Networks (ENs), and other entities in 2002 in conjunction with the Medicaid Buy In (MBI) program. The MBI training was repeated in 2003 with LRS participation. Furthermore, the agency was involved in statewide teleconference training in 2003.

In our agency training, beneficiary options with special emphasis on informed choice to the consumers was stressed. Additionally, the training stressed that Rehab Act guidelines preclude denying services to any eligible consumer even if a Ticket is assigned to another entity.

The LRS does have EN agreements with four Employment Networks throughout the state. The agreements do call for Ticket assignment to LRS and payment to the EN on typically a fee-for-service basis. LRS would be reimbursed under the traditional cost method. Any excess payments from Social Security would be split on a 50/50 basis.

The LRS has neither solicited ENs nor coerced them into partnerships to "control competition." ENs in the state appear to be reluctant to accept Ticket assignments because of the uncertainty and duration in payment and tracking. ENs and LRS negotiated so that in instances where the EN can independently serve the recipient, that recipient will not be referred to LRS. That said, current TTW procedures do allow appeals to Maximus and Social Security when Ticket assignment and payment is in question.

The LRS, as a whole, is as well trained or in many cases better trained on Ticket issues, including informed choice, as any other entity in the state. In our state, as in many others, LRS has over 90% of the Ticket assignments. It is our viewpoint that Ticket indifference is due to the payment system for ENs and the burdensome

administrative and tracking system. Further the lack of marketing to recipients by ENs contributes to the very low number of cases handled through them.

Thank you for the opportunity to respond to this very topical subject.

Maryland Division of Rehabilitation Services
Baltimore, Maryland 21201
March 31, 2004

The Honorable Benjamin L. Cardin
Member of Congress
2207 Rayburn HOB
Washington, DC 20515

I want to respond to testimony that was provided by the Consortium of Citizens with Disabilities (CCD) at the March 18th hearing convened by the House Social Security Subcommittee on SSA's Ticket-to-Work program. The comments of Paul Seifert stating "State VR agencies have developed stand alone, take it or leave it, one size fits all agreements for ENs in their states", comes as a shock to this administrator of the Maryland VR program. Let me assure you that Mr. Seifert's statement could not be further from the reality of what has occurred in our state.

First, Maryland Division of Rehabilitation Services (DORS) implementation planning was guided by the following principles:

- Persons with disabilities in Maryland are entitled to the opportunities, rights and remedies afforded under Title I of the Rehabilitation Act regardless of ticket status or assignment.
- Maryland DORS implementation will foster the goals of the Ticket-to-Work legislation: to expand service delivery capacities; and provide greater choice to ticket-holders to prepare for and obtain employment.
- Implementation will occur in a manner that is fiscally responsible and fair to ticket-holders, our community partner agencies and DORS.

We have steadfastly adhered to those principles throughout the process.

Second, Maryland DORS initiated an interagency implementation team to ensure that our roll-out strategies were consistent with our principles. Representatives from a number of community rehabilitation programs participated on the state team in addition to representatives from Maryland's benefits planning assistance and outreach (BPAO) organizations; the Client Assistance Program; and the state's protection and advocacy program.

Third, Maryland does not have a "one size" agreement with ENs but rather varies the agreement based on which entity will provide the Ticket-to-Work administrative functions. We also tailor specific elements of the agreements to the unique relationship we have with each provider.

While disagreeing categorically with Mr. Seifert's comments regarding implementation of the Ticket-to-Work for Maryland, I agree with his support of a recommendation of the Adequacy of Incentives Work Group. The current design of Ticket-to-Work by the Social Security Administration is seriously flawed. **I strongly support the Work Group recommendation to reestablish cost reimbursement for state VR agencies separate from the Ticket-to-Work program and thereby keep intact the Ticket option for the consumer.**

I appreciate your consideration of these comments, and would ask that this letter be submitted as part of the official record of the hearing. Please do not hesitate to call me if you need additional information. Thank you.

Sincerely,

Robert A. Burns
Assistant State Superintendent in Rehabilitation Services

Statement of Elmer C. Bartels, Massachusetts Rehabilitation Commission, Boston, Massachusetts Introduction

The Massachusetts Rehabilitation Commission (MRC) thanks Chairman Shaw for the opportunity to provide the Committee with its comments concerning the implementation of the programs of the Ticket to Work and Work Incentives Improvement Act, with particular attention focused upon the Ticket Program. Massachusetts was among the first states to roll out the Ticket Program and the MRC has actively

worked to fashion a collaborative system of specialized training, support, and placement services with the state's community rehabilitation program providers, working as Employment Networks, in an effort to maximize choice and value for its consumers.

BPAO Program Success

The Benefits Planning Assistance and Outreach Program (BPAO) has been an unqualified success in Massachusetts. The MRC operates its "Project IMPACT" BPAO program in partnership with state independent living programs, non-profit community based organizations, and One-Stop Career Centers. The collaboration has resulted in referrals exceeding expectations and the development and implementation of over 1600 benefits plans. Reauthorization of the Program in HR 743 will have a direct and positive impact on the employment efforts of hundreds of individuals with significant disabilities in the Commonwealth.

Traditional Cost Reimbursement and the Ticket Program

A tension has existed in the Ticket program since the issuance of the first SSA instructions concerning State Vocational Rehabilitation Program participation in the Ticket Program and the continued relevance of the SSA/VR cost reimbursement program. That tension has continued to grow during the first several years of program implementation and it threatens to undermine the Ticket Program's potential for success.

From the time the idea of the Ticket Program was first discussed in Congress, the CSAVR and interested state programs have emphasized the need to preserve the successful and vitally important SSA/VR cost reimbursement program. We believe that the SSA has promulgated policy regarding the administration of the Ticket Program, through its regulations and Transmittal 17 that is contrary to the intent of Congress, the language of TWWIIA, and the law as it relates to the administration of the VR cost reimbursement program. The Ticket Program has great potential to stimulate creative collaboration among community rehabilitation providers and state VR agencies. That collaboration could result in increased choice, quality, and funding for SSI/DI recipients interested in obtaining and retaining employment. However, as others have stated in their testimony, the programs working to assist individuals with disabilities to obtain real and meaningful work are woefully underfunded. A Ticket Program designed to redistribute rather than supplement existing funds is destined to fail. The work that State VR agencies and community rehabilitation providers perform is difficult, it is important, and it has real value to people with disabilities. It can be improved upon but what is good must be maintained. The threat of a new program diverting scarce funding from a collaborative system of proven effectiveness causes apprehension and at times conflict rather than promoting enthusiastic and creative participation.

It is in the interest of the Social Security Administration, ENs, State Vocational Rehabilitation Programs and most importantly people with significant disabilities hoping to work, that this tension be relieved. Congress and the SSA should make it clear that the Ticket Program and the VR cost reimbursement program complement one another; supplement one another, and together work to creatively address the needs of individuals with disabilities seeking to maximize their economic independence.

How the Ticket Program and VR Cost Reimbursement Program Could Together Improve the Prospect of Long Term Employment for Individuals With Disabilities

The State VR Program is mandated to provide an eligible individual with any service described in an individualized plan of employment necessary to assist them in preparing for, securing, retaining, or regaining an employment outcome that is consistent with the strengths, resources, priorities, concerns, abilities, capabilities, interests, and informed choices of the individual. It is neither uncommon nor unrealistic for many individuals with significant disabilities to seek and obtain costly vehicle modifications or payments for the costs of college degrees from the State VR Program. Yet, such expectations are justifiably viewed as unrealistic or beyond the scope of the capacity of ENs to address.

Many individuals with disabilities require long-term ongoing supportive services to enable them to successfully obtain and retain employment. Long-term supports to employment are often beyond the scope of services available to consumers from the State VR agency. Community rehabilitation providers, serving as ENs, have the expertise and staff to provide this necessary and relatively low cost on the job service to individuals with disabilities. All that is needed is a funding mechanism. In Massachusetts, we have developed some means by which we are able to support these activities. However, the need is only partially met.

A Ticket payment mechanism that supports EN efforts to provide the services necessary to ensure that individuals with disabilities are able to retain employment, complimented by a VR reimbursement system funding the up front costs associated with all aspects of individuals preparing for and obtaining employment, will undoubtedly result in increased, long-term, quality employment for SSI/DI recipients who desire increased social and economic autonomy.

In Conclusion

The TWWIIA BPAO Program has been a tremendous success. There has been positive cooperation among state and community based partners that has resulted in an impressive number of consumer referrals with a very high level of consumer satisfaction. The reauthorization of the BPOA Program is a very positive development.

It is not the belief of the MRC that a lack of interested and qualified Employment Networks is threatening the success of the Ticket Program. 1,100 ENs is a sizeable network of service providers. It is our belief that ENs make business decisions based upon their assessment of what is in their and their consumers' best interests. A Ticket Program that secures the funding base of ENs, through the preservation of the VR cost reimbursement program, and provides ENs an opportunity to expand existing services and resources, through a Ticket payment system that funds the provision of long term support services, will go a long way toward assuring the success of the Ticket Program.

Thank you again for providing the Massachusetts Rehabilitation Commission with the opportunity to share with you some of its concerns regarding the operation and improvement of the Ticket to Work Program.

Statement of Dan O'Brien, Oklahoma Department of Rehabilitation Services, Oklahoma City, Oklahoma

Chairman Shaw, Ranking Member Matsui and Members of the Subcommittee, thank you for holding this Hearing to evaluate the state of Ticket to Work implementation. The Oklahoma Department of Rehabilitation Services was one of the 13 initial rollout states for the Ticket to Work in 2002.

The reality of the Ticket from the street level perspective is that the system is broken and if not fixed will go the way of the failed Alternate Participant (AP) Program. Most of the problems have been predictable and the Adequacy of Incentives (AOI) Interim Report and the Ticket Panel's Employment Network (EN) Summit report summarize both the problems and make workable recommendations for solutions. We would encourage Congress and SSA to adopt their recommendations forthwith before any more potential energy is squandered. As they say in Oklahoma, beneficiaries are beginning to wonder if they have been sold a "pig in a poke", at this point the Ticket seems long on promise and short on delivery.

It is our position that there is a substantial consensus among experts and EN's alike that the Ticket can be salvaged if quick and decisive action is taken soon. The market based competitive model envisioned for the Ticket was undone by the lack of funding of the Ticket payment structure. Baring a huge influx of new funding, a blended funding approach, using existing resources to complement the Ticket, is the only logical solution. The AOI Committee recommendations (report link below), which operationalize this approach, should be implemented rapidly and to the fullest extent possible.

http://www.dri.uiuc.edu/research/p03-08h/interim_report_03-08h.pdf

Oklahoma DRS has made every effort to ensure the Ticket's success in Oklahoma. To that end we conducted the following activities:

Recrkuitment of EN's: When the Ticket legislation passed the DRS agency assumed that it would be structured as complementary to the traditional VR reimbursement program, much like the AOI study group has recently recommended. We recruited our traditional partners in delivering Supported Employment, a total of 26 Community Rehabilitation Programs, to be Alternate Providers under the previous SSA return to work program. It was our understanding that these organizations would be grand fathered into the Ticket EN system, thus ensuring Oklahomans a health EN network once the Ticket rolled out. However, SSA decided not to grandfather in the AP providers and required them to resubmit an application. The combination of this paperwork burden with the low rates of payment resulted in few of our CRP recruits becoming EN's. Those that did complete the paperwork

have not been active. The primary problem is the low payment rates, the Ticket milestone payments represent a small fraction of what it costs for CRP/EN's to provide Supported Employment services. Implementation of the AOI Interim Report recommendations #1, to increase Milestone payments and allow payment for partial self-sufficiency, and #3 known as the Partnership Plus, would address the EN underfunding/undercapitalization problems that are restricting the Ticket's EN provider systems growth.

Ticket Outreach Pilot: Under an SSA state partnership grant, Oklahoma DRS piloted an assertive outreach/marketing effort combined with Work Incentive education and choice of vendor using a vocational voucher, similar to the Ticket but better funded. Beginning in 1999 and ending in 2003 the ODRS developed systems for recruiting, educating on work incentives and providing Job Coaching services to beneficiaries with a Mental Health diagnosis. The techniques developed under this grant were used to develop the procedures described in #3 through #7 below.

Required Benefits Planning: Supported Employment Contractors are required to provide benefits planning assistance to all beneficiaries who are placed in a job.

Active Recruitment of Ticket holders: Oklahoma DRS created a Ticket Unit that works with the Workforce system to actively recruit Ticket holders. Since February 2002 the Ticket staff have invited all callers to the agency toll free Ticket hotline to Ticket Orientation meetings held at the Workforce One Stop Centers. Thousands of Ticket holders received basic work incentive training at a One Stop to enable them to make use of their Ticket and plan their return to work.

Expected Eligibility Process: Oklahoma DRS developed an expedited eligibility process for Ticket holders that resulted in determination of eligibility and assignment to a VR/VS counselor within 3–5 days after application. This is significantly faster than the normal paperwork processing time prior to the Ticket rollout.

Training of DRS Staff: All DRS staff including front line staff received training on the Ticket to Work and the agencies assertive collaboration with Workforce on Ticket rollout.

Direct Marketing of the Ticket with the Disability Program Navigators: The DRS and Workforce system have recently collaborated on a pilot direct Marketing campaign designed to reinvigorate the Ticket. Beginning in February and ending in April 2004 a pilot is being conducted where every Ticket holder in a suburban county near Oklahoma City is being invited to attend a Ticket Orientation meeting at the Local Workforce One Stop conducted by the Disability Program Navigator. In addition the SSA funded Benefits Planner, SSA's Area Work Incentive Coordinator and local VR staff are present to answer questions about available work incentives. This effort has received excellent feedback from those involved and will be evaluated for it's expansion potential.

We share the CCD's concern, expressed in Paul Siefert's written testimony, about SSA's rule on automatic assignment of the Ticket. As one of our staff has said, "We don't make the rules, we just abide by them." SSA considers the signature on the IPE to be an indication that an individual decided to use the ticket to obtain services from the State VR Agency. SSA memos state ". . . the Ticket is assigned when the IPE (VR Individualized Plan for Employment) is signed." The separation of the Ticket and Reimbursement systems, as recommended by the AOI study group, would resolve this problem.

SSA reimbursement funds, over $100 million per year nationally, provide services to thousands of additional beneficiaries each year. Loss of reimbursement funds, as is happening this year across the country, primarily due to the slow economy, reduces our ability to serve beneficiaries. The VR system is the only part of the Ticket system that is providing a significant level of services. SSA seems to be in the process of dismantling the Reimbursement program without having a working system to replace it. The logical step is to cross breed the two systems, as the AOI group has recommended, which will correct the deficiencies in both systems.

Our agency has collaboratively developed an EN agreement with our EN/CRP partners, which both parties consider fair. Any funds recouped under these agreements, strictly a theoretical case as to date there are none, would allow the agency to serve additional SSA beneficiaries. Our VR–EN agreement only requires EN's to pay VR 50% of payments *received* from SSA under the Ticket up to the amount actually expended by VR on direct client services. Theoretically, as no shared cases have been developed, this is only necessary in the small minority of cases where beneficiaries actually leave the SSA rolls. It is our understanding that only one out of 14 beneficiaries who have work activity ever leave the rolls, so most likely DRS will only receive *any* reimbursement in less than 7% of the cases where we expend money. And most beneficiaries do not work the entire 60 months of the outcome period. Therefore DRS, hypothetically, would expend an average of $10,000 per case and on 93% of the cases get nothing back from the EN and on 7% of the cases would

get back considerably less than the cost of services. One would not be far wrong if you said this argument is much ado about nothing.

Pennsylvania Office of Vocational Rehabilitation
Harrisburg, Pennsylvania 17102
November 24, 2004

Kim Hildred
Majority Staff Director
1025 Connecticut Avenue NW
Suite 205
Washington, DC 20036

Dear Kim:

The Pennsylvania Office of Vocational Rehabilitation (OVR) takes exception to the testimony provided by Paul Seifert on March 18, 2004 to the House Social Security Subcommittee on Social Security's Management of the Ticket to Work Program. OVR has invested a lot of time, energy and resources into the Ticket to Work program in order to maintain and continue the partnerships we have established over the past years with other employment programs, schools, agencies and facilities.

Employment Network Referral Agreements

A committee composed of representatives from the Pennsylvania Association of Rehabilitation Facilities (PARF) and OVR staff spent considerable time developing an agreement that met with the approval of the committee. The federal guidelines established for Social Security reimbursement were followed when determining reimbursement for services provided. OVR's agreement does require repayment of services provided whereby OVR receives fifty percent of each payment that the Employment Network (EN) collects from Social Security until repaid. However, OVR does **not** require repayment from the EN if the EN takes a loss on a Ticket customer. OVR only receives payment from the EN if the EN receives a payment.

Training and Outreach

OVR has invested significant resources to provide outreach and training to the community and OVR staff about the Ticket to Work Program. Individual training programs were designed and directed specifically to OVR staff. In addition to training staff, the OVR Ticket to Work Coordinator has presented to special interest groups, advisory councils, schools, parents and Career Link staff. Many of these presentations have been co-presented with members from the Benefits Program Assistance and Outreach Programs, Social Security and Employment Networks.

A letter has or will be sent to all OVR Pipeline cases as Tickets are distributed informing them of the program. Included in the mailing is a Fact Sheet that explains the Ticket program and the choices available.

Transmittal #17

OVR **does not** involuntarily assign a beneficiary's Ticket without his/her knowledge. OVR is following the guidelines established by Social Security in Transmittal #17.

OVR counselors have been instructed to discuss the assignment of the Ticket per Social Security regulations. In addition, a form has been developed for counselors to give the beneficiary that specifically addresses the assignment of the Ticket when the Individual Plan of Employment is signed.

Employment Networks

OVR staff has reported that there are beneficiaries coming to OVR with their Ticket, as other ENs have not accepted them for services. Some of the reasons for refusal include:

- Ticket holders only want to work part time
- The EN doesn't have the resources to provide the services needed
- Lack of EN providers
- EN can receive direct payment for services from OVR faster than through Social Security
- If customer isn't employment ready, they are referred to OVR

OVR strives to facilitate and maintain viable working relationships with agencies, schools, rehabilitation facilities, employers and all other entities interested in pro-

viding services to people with disabilities. Partnering with others is an intricate link in providing quality services to those we serve.

Sincerely,

Stephen R. Nasuti
Executive Director

Statement of Larry C. Bryant, South Carolina Vocational Rehabilitation Department, West Columbia, South Carolina

Based on the hearing that took place on March 18, 2004 regarding the Social Security Administration's (SSA's) Management of the Ticket to Work Program, it is evident that the concerns regarding the Ticket to Work program continue to escalate. The South Carolina Vocational Rehabilitation Department believes that the successful services that the state vocational rehabilitation departments are providing to social security beneficiaries are being over looked due to the unresolved issued that have resulted from the 1999 Ticket to Work and Self-sufficiency legislation. Therefore, we feel that it is necessary to provide written documentation regarding the positive services to social security beneficiaries that take place in South Carolina.

Since the program's inception in 1999, the South Carolina Vocational Rehabilitation Department has actively supported the program. Our agency has invested a significant number of resources to train our staff regarding the ticket program and the impact that this program has on social security beneficiaries who desire to obtain independence through employment. Not only do we feel that our staff members should be educated about the ticket program, we feel strongly that our clients should have a full understanding of the program and work incentives that go along with it. Therefore, we request that ALL of our applicants and existing clients in the VR program who are receiving SSI and/or SSDI meet with a Benefit Specialist to discuss these issues. We encourage this regardless of ticket "assignability."

Our agency is especially proud of the relationship that we have developed with our local Social Security offices. During the roll out phase of the ticket program in our state, we invited Social Security staff to attend and present at our ticket to work training sessions. Currently, we are working closely with the Work Incentive Coordinator in our state to provide additional ticket training in our 22 local offices located through the state. We feel that this relationship with SSA exemplifies the importance that South Carolina Vocational Rehabilitation Department places on providing services to the social security beneficiaries of South Carolina.

We are also in the process of fostering a positive working relationship with the Employment Networks that serve South Carolina. We feel that it is necessary to develop an Employment Network (EN)/Vocational Rehabilitation (VR) agreement that caters to the needs of the client not to the needs of "reimbursement." It is our intention to provide the best services to social security beneficiaries as possible. Therefore, as we establish agreements with Employment Networks, not only will they outline an agreed method of payment, but most importantly shared service provisions. We do not agree with a "take it our leave it, one size fits all" attitude toward EN/VR agreements. Service provision is our number one priority. The reimbursement that we receive is to supplement our services to social security beneficiary, not to supplant these services. Again, our client's needs and employment objectives drive the services provided to them. We encourage input from employment networks and other agencies regarding service provision for our clients. I will say, however, that the negative attitude displayed by other entities regarding Vocational Rehabilitation and Ticket to Work activities has been discouraging.

As the Ticket to Work program continues to evolve, we feel that it is imperative to continue obtaining input from all parties who have been affected by this legislation. Resolutions to the issues surrounding the ticket program need to occur quickly in order to maintain the highest quality of service to social security beneficiaries.

Tennessee Division of Rehabilitation Services
1Nashville, Tennessee 37248
April 1, 2004

The Honorable E. Clay Shaw, Jr.
Chairman
Subcommittee on Social Security
U.S. House of Representatives
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Shaw:

On March 18, 2004, the Subcommittee on Social Security held a hearing on the Social Security Administration's Management of the Ticket to Work Program. The Division of Rehabilitation Services (DRS), with Tennessee Department of Human Services, would like to submit written comments for the hearing record in rebuttal to testimony presented by Mr. Paul J. Seifert, with the Social Security Task Force, Consortium for Citizens with Disabilities.

Staff Training on the Ticket Program

Tennessee DRS State Office staff has traveled the state training its field counselors on the Ticket to Work Program. The agency also trains all new Vocational Rehabilitation (VR) Counselors on the Ticket to Work Program as part of its New Counselor's Training. Additionally, the agency often and regularly communicates to its staff updated and important information on this subject.

Informing SSA Beneficiaries of the Ticket Program

A couple of months before the Ticket to Work Program was to be implemented in Tennessee, the agency sent out thousands of letters to its SSI/SSDI clients informing them of the forthcoming Ticket Program. The letter explained the program and pointed out that this new program was soon to start up in Tennessee. Clients were told that they may be getting a "ticket" to use to help enable them to get employment. Clients were told about the options they would have in choosing service providers, as well about the CDR benefit in using the Ticket.

The Agreement with Employment Networks

The agency has a standard Employment Network agreement that is applicable to all those ENs who wish to partner with the agency. There are currently five such agreements in place in Tennessee. No EN has voiced any concern to the State Office about the contents of this Agreement.

According to the Ticket to Work regulations, if an EN holds a ticket on an individual that they want to refer to a state VR agency, they must first have an agreement in place with that agency. The agency's agreement with ENs allows these referrals to be made under the ticket rules.

As partners under the agreement, the Ticket Program lets the EN and the state VR agencies decide how they wish to share the Ticket payments from SSA.

Tennessee's agreement with their EN partners lets the state VR agency recover monies it spends in serving the EN referrals. The money comes through a percentage of the periodic payments the EN gets from SSA via the EN payment system. This way, the EN always gets a portion of the SSA payment and the state VR agency gets a portion up until the state VR agency recovers its actual costs in serving the individual. The state VR agency receives no monies above its actual costs.

A Possible Solution

Most state VR agencies across the nation would possibly welcome the recommendation of the Adequacy of Incentives Work Group—i.e., that cost reimbursement be made to state VR agencies separately from the Ticket Program, with the Ticket money going to ENs serving the beneficiary. In his testimony, Mr. Seifert seems to support this recommendation. This solution lets state VR agencies recover their costs and lets ENs receive money via the Ticket Program.

Sincerely,

Carl Brown
Assistant Commissioner

Statement of Terrell I. Murphy, Texas Department of Assistive and Rehabilitative Services, Austin, Texas

I would like to take a moment to comment on the March 18, 2004 Hearing on the Social Security Administration's Management of the Ticket to Work Program.

The Department of Assistive and Rehabilitative Services (DARS) administers the public vocational rehabilitation program in Texas. DARS has invested a significant amount of time and other resources in order to train VR counselors about the Ticket program. We have responded to numerous calls from consumers inquiring about the program, and do our best to explain not only the program but also the options available to them. We routinely refer consumers to the Benefits Planning Assistance and Outreach programs around the State, and encourage consumers to contact other Employment Networks (EN) in Texas so they can make informed decisions regarding the service provider that can best meet their individual needs.

We originally developed a template for an EN agreement based on models from other States. This template basically required full repayment of VR's costs. For example, when VR expends less than $10,000 on a beneficiary referred by an EN that holds the beneficiary's ticket assignment, VR may ask for 50 percent of the EN's outcome payments until VR has received full reimbursement for the services purchased for that beneficiary. For cases where VR expends more than $10,000, VR may seek a greater percentage of the EN's outcome payments. Our rationale was that it was in the best interest of our consumers for us to reclaim as much money as possible in order to be able to serve additional consumers. Our experience has been that Employment Networks have demonstrated little interest in entering into this type of agreement. As a result, we have initiated a process to meet with representatives from Employment Networks to discuss creating an agreement that would be more suitable.

Our goal is to work cooperatively with Employment Networks and all other interested individuals and organizations in order to best meet the employment needs of individuals with disabilities.

Utah State Office of Rehabilitation
Salt Lake City, Utah 84114
April 1, 2004

Committee on Ways and Means
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Dear Honorable Congressmen E. Clay Shaw Jr. and Members of the Subcommittee,

In regard to the March 18th Hearing on the Social Security Administrations management of the Ticket to Work program, we respectfully provide the following input.

We applaud the efforts of Congress and Social Security to create work incentives for individuals with disabilities. These new provisions have created countless opportunities for individuals who otherwise would not have engaged in work activity. We respect an individual's right to choose how and whether rehabilitation services will be provided. Furthermore, we support the efforts of Congress, the Social Security Administration and the Ticket to Work Advisory Panel to make improvements to the Ticket to Work program. It is due to our interest in helping make this program a viable and affable program for beneficiaries and Employment Networks (EN's) (in-

cluding State Vocational Rehabilitation Agencies), that we want to ensure Congress have access to accurate information regarding states implementation of the Ticket to Work program.

Many of the concerns regarding the Ticket to Work program have been well documented over the past two years. Others have not. The Utah State Office of Rehabilitation (USOR) agrees with the recommendations made recently by the Ticket to Work Advisory Panel. The problems associated with low EN participation have been attributed to the high amount of risk involved in assigning tickets with little or no hope for claiming any payment from Social Security. However USOR feels that EN participation has not been affected in the manner espoused by Mr. Seifert. In Paul Seifert's testimony, he asserts that "State VR agencies have developed stand alone, take it or leave it one size fits all agreements for EN's in their states". He further asserts that these agreements "require full and total repayment of all of VR's costs". In the state of Utah, we have conducted focus groups with our EN's to explore the fairness of our draft agreement. The Employment Networks were given a draft copy of the agreement and encouraged to make comments. We have maintained the position that EN's in our state are not obligated to sign any agreement, and we have encouraged them to draft their own agreements for our consideration. Furthermore, we have conducted countless focused training sessions in conjunction with our Area Work Incentive Coordinator to ensure that EN's were up to date on the provisions of the Ticket to Work legislation and to empower them to draft their own agreements. We held our own "EN recruitment" symposium and dedicated almost ½ day to discuss creative partnerships. Despite our outreach efforts and openness to creative partnerships, none of the EN's have submitted an EN agreement for our consideration and have unanimously agreed to sign the agreement posed by our agency.

The reasons cited by the EN's remain consistent with earlier and well documented implementation issues with the Ticket to Work program. The EN's in Utah are afraid of the financial risk involved in accepting tickets, with or without VR as a partner. The EN's in Utah including USOR meet periodically to discuss ticket issues and to provide general support to each other. At all times, this has been done in a spirit of cooperation and collaboration, not just between USOR, but also among all seven of the Utah EN's. On one occasion, one of the EN's called the Ticket to Work coordinator at USOR to ask her technical assistance in assigning a ticket to his EN. She walked him through the process of how he could assign a ticket to his company. In the end, the EN made the decision not to accept the ticket, and referred the individual to VR because he felt that the administrative work associated with the ticket was burdensome. Our state has worked hard to create a healthy working relationship with Employment Networks, and to emphasize the importance of those relationships in our own staff training.

Frankly, we are offended by Mr. Seifert's testimony to the contrary.

In further testimony, Paul Seifert criticizes the state VR agencies who failed to register tickets in a timely fashion, with the unfortunate circumstance of benefits being reduced (and later restored) for a beneficiary. We would just like to assure Congress as well as Mr. Seifert that our state database system allows us to track where all our tickets are during the entire assignment process. We have created an electronic system of completing the SSA1365 form and recording when the ticket is actually assigned by Maximus thereby hoping to alleviate any of the potential problems mentioned in testimony.

Finally, Mr. Seifert addresses transmittal 17. The Utah State Office of Rehabilitation shares concern over this policy decision made by the Social Security Administration. Informed Consent has been a guiding force in our daily operations prior to Ticket to Work, and remains integral to our Ticket policy and procedure today.

During the first two years of the Ticket Implementation process I chaired the Council of State Administrations of Vocational Rehabilitation (CSAVR) Committee on Social Security Relationships. The committee had numerous meetings with SSA, RSA and others to identify issues and seek solutions regarding implementation problems associated with the Ticket to Work and Work Incentives Act. Quarterly teleconferences were held between the states currently implementing the ticket, CSAVR, RSA, and SSA to determine how the ticket was being implemented and to provide technical assistance. In addition CSAVR, SSA and RSA sponsored national training conferences prior to each group of states that were implementing the Ticket program. Even before the ticket program began, CSAVR was providing input to SSA and Congress regarding these issues. In the last four years, upper management from SSA and Maximus have participated in every CSAVR conference.

Contrary to Mr. Seifert's testimony, it has been my observation that State VR agencies have bent over backwards to assist in the development of the ticket program. Yes, a few states have made some mistakes which have been corrected. In

the final analysis the Ticket program would be dead in the water without the State VR agencies.

The State of Utah is still in early implementation phase. There have only been 11,698 tickets mailed thus far, with 72 tickets assigned. Utah, like other states has made great preparations for this program. We are hopeful that measures will be taken to ensure the success of this program. We support the recommendations made by the Adequacy of Incentives Advisory Committee and as well, the Ticket to Work Advisory Panel recommendations. We urge Congress to seek input from all states regarding Ticket to Work Implementation. The Ticket to Work and Work Incentive Improvement Act holds much potential for job seekers with disabilities, but to realize the potential of this program we must work together to overcome the barriers rather than pointing fingers. The Utah State Office of Rehabilitation is committed to working with Congress and the Social Security Administration in realizing the potential of this important program.

Respectfully,

Blaine Petersen
Executive Director

Statement of Michael O'Brien, Washington Department of Social and Health Services, Division of Vocational Rehabilitation, Lacey, Washington

Mr. Chairman, Mr. Matsui, and members of the House Social Security Subcommittee, I am writing on behalf of Washington State Division of Vocational Rehabilitation (DVR) in order to provide written testimony in connection with the hearing on the Social Security Administration's implementation of the Ticket to Work and Self-Sufficiency Program, authorized under the *Ticket to Work and Work Incentives Improvement Act of 1999.*

I am writing in response to the comments made in Mr. Seifert's testimony under the heading "State VR Agencies, Employment Networks (ENs) and Beneficiaries." Mr. Seifert's written testimony states: "State VR agencies have developed standalone, take-it-or-leave-it, one-size-fits-all agreements for ENs in their states. These agreements all contain one common provision—the full and total repayment of all of VR's costs out of the EN's ticket payment by an EN who refers a beneficiary to VR."

This is not our practice in Washington State. The fact is, we want and *need* ENs. Washington State has a capacity issue and we believe ENs can assist in addressing this issue. Our agreements with ENs do not require more than a forty percent reimbursement to DVR on a shared Ticket. We have provided technical support to the local Workforce Development Councils to assist them in becoming Employment Networks. We are in the process of providing training on Ticket and work incentives to One-Stop staff. We will be holding focus groups this spring with ENs to figure out what else can be done to assist them.

Washington State DVR took an active role a year prior to the phase three rollout in order to ensure that Ticket was successful in our State. We formed an interagency Ticket Advisory Group whose purpose was to prepare the state for Ticket, to encourage and support the development of Employment Networks, and to ensure that work incentives were understood throughout the system so that customers would take advantage of the incentives. Sixteen of DVR's staff have gone through the SSA certification to become benefits planners. Washington State DVR developed its own training modeled after the SSA training and has trained one third of its staff in benefits planning.

The Ticket Advisory members also have coordinated numerous joint and solo presentations on Ticket to Work, SSA work incentives, and the Medicare Buy-In program. Washington State DVR sponsored and coordinated two spring conferences on Ticket to Work to encourage EN development. Those conferences were attended by over 400 people. Washington State DVR paid for national experts on Ticket to speak.

Under the leadership of Washington State DVR, this committee developed a Ticket brochure with basic information on Ticket that could be used system wide, as well as a Ticket brochure for transition students. We compiled a list of frequently asked questions which is posted on all partners' websites. We currently are planning six one-day conferences statewide that will enable customers to better understand Ticket and the related work incentives.

Washington State DVR set up a toll-free line that anyone with a Ticket question can call. What we are finding is that, as a state, there is a serious problem of Ticket

holders having nowhere to use their Ticket. Few ENs in our state are accepting Tickets and many Ticket holders are *very* frustrated. Unfortunately, DVR cannot be the answer because we are in "order of selection" and have a long waiting list.

Mr. Seifert, in his testimony, faults VR agencies for delaying or failing to assign a beneficiary's Ticket, resulting in the beneficiary being subjected to a Continuing Disability Review (CDR). I would like to state that this does not occur in Washington State. We have made it very clear to Ticket holders and DVR staff that a Ticket is assigned only when the 1365 form and the Individualized Plan for Employment (IPE) is signed. We have held four statewide trainings on the Ticket program, and 31 additional trainings at every DVR office in the state to insure our staff understands when and how a ticket is assigned.

However, there *is* a problem. Transmittal 17 states that a beneficiary's signature on the IPE indicates that the beneficiary has decided to use the ticket to obtain services from the State VR agency, if the ticket is assignable. This effectively takes away any choice from the individual. If ticket holders sign the IPE—which must occur in order to receive services—then according to TM 17 they have assigned their ticket.

Washington State has chosen to submit only Tickets that the beneficiary has deliberately assigned to us. I would suggest that the problem is with TM 17, not with public rehabilitation.

Thank you for the opportunity to share information about Ticket implementation and issues in Washington State.

Statement of West Virginia Division of Rehabilitation Services, Charleston, West Virginia

Reference Hearing on SSA Management of the Ticket to Work program held on M arch 18, 2004

The West Virginia Division of Rehabilitation Services (WV DRS) provides the following comments as it relates to the above referenced hearing:

1. WV DRS has invested significant resources to train all VR Counselors and administrative staff in the Ticket to Work program, developed a brochure to educate beneficiaries about the program and updated the Electronic Case Management system to collect additional data needed for the program.
2. WV DRS has provided training to our Consumer Advisory Committee, State Rehabilitation Council and Statewide Independent Living Council on the ticket program, as well as, facilitated training provided to the Community Rehabilitation Programs in our state.
3. WV DRS has worked with Social Security Administration and asked for their input into developing our processes and procedures for implementing the Ticket to Work program.
4. WV DRS refers all Social Security recipients to the Benefits Planning Assistance and Outreach program specialist to discuss how working will effect their benefits and any incentives they can take advantage of when entering or reentering the workforce.
5. Our interpretation of the SSA Transmittal 17—If an individual applies for VR services, is determined eligible, meets our order of selection of having a most significant disability and works with the Rehabilitation Counselor to develop their Individual Plan of Employment and would not agree to assign their ticket to the agency; then DRS would send MAXIMUS the front and back page that includes signatures of the IPE and the unsigned SSA 1365. This effectively establishes that DRS is working with the individual and gives MAXIMUS the data it needs to determine ticket assignment and/or sharing of reimbursements.

Since West Virginia is a third round state, we do not yet have any agreements with Employment Networks in our state but we are not experiencing negative relationships with other Employment Networks.

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