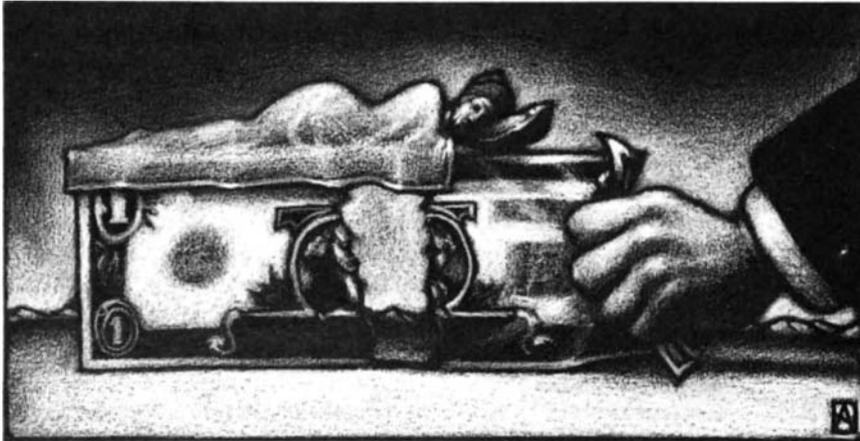


States of the Union

PAYBACKS FROM THE POOR

BY RICHARD J. MARGOLIS



IN AN ODD reversal of role and purpose, the Social Security Administration a few years ago launched a refund campaign aimed at collecting “paybacks” from the elderly poor and other beneficiaries of Federal programs. The upside-down crusade, scarcely reported in the press, has created new hardships for individuals already in distress. It stemmed from a conviction within the agency that vast sums were being squandered on people either ineligible for subsidy or else not entitled to the levels of assistance they were getting.

The climate three years ago at Social Security headquarters in Baltimore was

not exactly benevolent. A middle-level manager there, who asked that his name be withheld, told me his superiors “looked upon all those out there getting checks as welfare cheats. The idea was to figure out ways to beat on them, to get the money back.”

Heading the list of chiselers, in the opinion of some officials, were those who benefited from the Supplementary Security Income (SSI) program. Since 1974, it has been providing a modest base income to three categories of poor people: the blind, the disabled and the elderly. SSI has never been bountiful, yet it represents our sole attempt thus

far to guarantee an income floor to the poorest of the poor. Generously conceived and stingily implemented, the program has been both a beacon of hope and a swamp of disappointment.

Contrary to the public’s perception, the road out of poverty is not paved with SSI dollars. At present the maximum payment to a single person is \$314 a month, a sum that falls short of the official poverty line by 24 per cent. A couple can get up to \$472 from SSI, or 15 per cent below the poverty line. It is true that 24 states supply additional SSI benefits, but in only three states—Alaska, California and Massachusetts—are benefits sufficient to lift people out of “poverty.” Last year the Federal program distributed some \$8 billion in SSI “gold checks” (Social Security checks, in contrast, are green) to about 3.5 million people.

SSI is a means-tested program, requiring recipients to prove their penury. Although the rules are complex and often arcane—just applying for eligibility entails filling out a 12-page form—in general it can be said that they impose strict limitations on a beneficiary’s assets as well as on income. If SSI does not deliver one from poverty, proof of deep poverty can at least get SSI delivered.

But what the government gives it can also take away, and early in 1982—after much consultation with experts from private collection agencies—the Social Security Administration went on the offensive. District offices mailed out thousands of letters informing SSI clients that they had flunked the means test, *ex post facto*, and therefore owed the U.S. government money they had already received and spent—as much as \$9,000 in some instances. In classic collection-agency fashion, the creditors demanded full and instant payment, and they enclosed a self-addressed envelope for the purpose. One typical missive began with the word “NOTICE” in bold, inch-high type. “WE HAVE NOT RECEIVED PAYMENT ON YOUR ACCOUNT,” it continued, despite the fact that no previous request had been made. “WE MUST DISCUSS THIS TODAY. PLEASE CALL ME WITHIN
48 HOURS”

These astonishing letters from a Federal agency whose mission, among other things, is to befriend the poor have caused much pain in the ranks of the aged. Many have been too confused to understand the tough bureaucratic language, and too intimidated in any case to fight back. As an agency official in Providence has noted, "Some of them are really very docile. They'll give you all the money right away and then starve to death."

Another Social Security worker complained to her Congressman that the letters have caused SSI clients "so much worry that they have been unable to sleep for several days.... Occasionally some 80-year-old recipient dies soon after receiving an overpayment letter for a large amount. It is impossible to prove a direct connection."

In their eagerness to collect, officials have frequently violated their own due process rules. They have failed to inform clients of appeal procedures and have even threatened to reduce people's Social Security payments in order to redress SSI debts. Under instructions from T. Frank Hardesty, a consultant hired from the Payco American Corporation (a nationwide collection agency), Social Security collectors have been encouraged to "bring in maximum cash within a minimum amount of time." A trainer by profession, Hardesty says his mission is to "motivate people toward intelligent aggression."

I possess records of dozens of SSI overpayment cases. The picture they present is one of a hard-hearted government bullying a weak and perplexed constituency—people who are down on their luck and no match for the government's brand of "intelligent aggression." The collectors never let up. They send notices, they make phone calls, they even pay visits to the beneficiary's residence. "Haven't you ever owed money to Sears?" they ask the client. "Well, this is the same thing."

Sears customers, however, at least know what they are getting into. With SSI, the outcome is anybody's guess. The most common alleged violation of SSI rules, it appears, pertains to the assets ceiling of \$1,500 for an individual

and \$2,250 for a couple. If an SSI client has a savings account, for instance, the interest it accumulates can push it above the allowed limit. The size of a spillover does not matter: A 10-cent misstep on any given month can lead to a \$314 overpayment notice. Thus an elderly beneficiary can become a victim of his or her own frugality.

THAT IS precisely what happened to Pearl K., a 76-year-old ex-schoolteacher whom I interviewed recently in Miami. So well did she manage her meager SSI stipend that she accumulated \$1,538 in savings, which she mentally earmarked for her burial expenses.

Pearl K. is a tiny woman with bright green eyes and an innocent smile. She knows how to shop creatively at thrift stores and rummage sales. The day of our interview she was wearing a black-and-white print dress with a matching scarf knotted at the throat, and a rakish brown bowler bedecked with gauze of gaudy green. "Guess what this hat cost," she demanded of me. "Two dollars, that's what."

We sat side-by-side on stiff little chairs in the lobby of the Ritz hotel, where Pearl rents a room upstairs for \$190 a month. The Ritz has seen better days, as have most of its tenants. But Pearl is not easily discouraged. She described the Ritz as "a nice family hotel, a pleasant establishment," though later she conceded her room was "not all that spacious" and her stove, bought used for \$49, was "usually on the blink."

Pearl has been able to make ends meet on combined monthly incomes from Social Security (\$259) and SSI (\$75). "It isn't a great deal," she says, "but I'm a powerful bargain hunter. I don't shop frivolously."

Last May, when Pearl took her room at the Ritz, she dutifully visited the local Social Security office to report the move. SSI recipients are required to do that. "I met a very nice young Negro gentleman there," she recalls. "He couldn't have been more polite. We were just making small talk, I thought, when he asked me how much money I had in the bank. 'Oh, not much at all,' I assured

him. 'Just fifteen-hundred and thirty-eight dollars.' You see, I didn't *know*. I never dreamed the limit was as low as \$1,500."

The young man seemed reluctant to hear the news. "He put his hands over his ears," Pearl remembers. Then he told her she was over the "resource limit" and he would have to report the fact to his superiors.

There followed a sporadic investigation of Pearl's bank account, both past and present. To date, examiners have discovered "overpayments" amounting to nearly \$1,000, and they may find more before they are done. "All these years I've been putting in and taking out," she says. "I mean the totals keep changing. Lord knows how many times I went over that silly limit."

Pearl has sought help from Legal Services of Greater Miami Inc. "I didn't know where else to turn," she says. "I don't like a fuss but I can't afford to lose my income, and that's what I'm told could happen. They could cut off my monthly SSI check until I pay back what they say is owing."

Aside from the scariness of it all, what troubles Pearl most is that her government does not seem to trust her. "I'm very honest and straightforward," she says. "I don't believe in playing games." Furthermore, she is not "one of those people who sponge—I like to be independent. I could have applied for food stamps, but I never did. That's not for me."

"Think of all the money it would have cost them if I'd been getting food stamps all these years—much more than they say I owe them now. Why don't they see that? Why can't they balance their accounts? It seems so simple."

Pearl K.'s case is by no means the most difficult, yet in some respects she typifies many victims of the Great Collection Crusade. Gutsy, uncomplaining and, above all, thrifty, she is being punished now because she was able to save her pennies on an income well below the poverty line. She is one among several million reasons why we should begin worrying less about what poor people owe us and far more about what we owe them.