

When the safety net breaks

What happens when the state's largest payee service for poor and disabled Oregonians closes its doors with short warning? The city's most vulnerable residents scramble to pick up the pieces

BY JAKE THOMAS
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The walls at Safety Net of Oregon, a nonprofit that once helped disabled people manage their federal benefits, are usually covered with collages and fake flowers. But now the plaster walls are bare except for a sign stating that there will be no tolerance for weapons, drugs, alcohol and threatening behavior to staff. There's also a sign stating that Safety Net will be shutting down April 1. "P.S. This is not an April fool's joke," the sign concludes.

A client walks into Safety Net's office on April 1. He's wearing a weathered red ski jacket and tattered ski pants. He recently got out of jail and has been sleeping on the streets. He speaks in rambling sentences to the staff about how his mother will start managing his benefits. The staff urge him to get on a shuttle outside that's taking people to the Social Security office downtown so he can get signed up with someone new to manage his money. If he doesn't do this, they explain, he won't have access to his money.

"I can't today," he tells them.

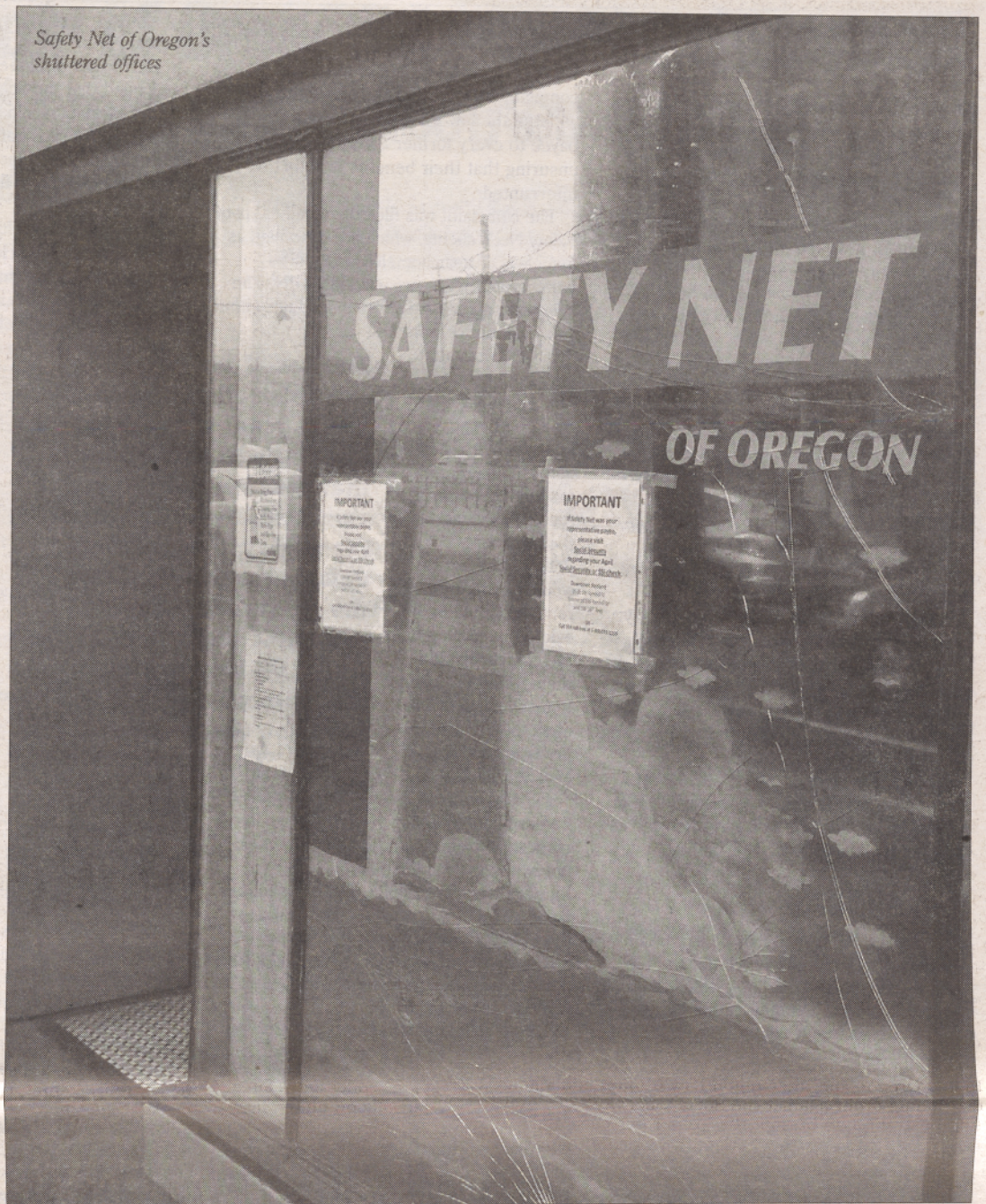
"Honey," a staff member replies in a voice that is both urgent and gentle. "You need to go to the Social Security office."

The man rambles about how he can't do it today, and he leaves Safety Net. It's unclear when, if ever, he'll make it to the Social Security office.

With more than a thousand clients, Safety Net of Oregon was the state's largest payee representative. Payees are individuals or organizations assigned by the Social Security Administration to manage the disability benefits for individuals who are unable to handle their money as a result of a physical or mental impairment. Payees write rent and utility checks for their clients. Payees make sure there is money set aside for their client's medication or bus pass. In essence, they are the gatekeepers that stand between disability recipients and financial catastrophe. And some disability recipients could be facing catastrophe as a result of the situation with Safety Net.

On March 6, as first reported by Street Roots, Safety Net was served with a federal search warrant based on allegations that it had mismanaged client funds. As a result of the investigation, Safety Net was directed to cease operations by the Social Security Administration. Safety Net served some of Portland's most vulnerable people, and its closure threw some into an uncertain situation.

The federal action taken against Safety Net is rare and has little precedent. The wind down of the troubled nonprofit organization has not been smooth. With Safety Net's closing, some of these individuals faced, and still face, the very real threat of being unable to access their



Safety Net of Oregon's shuttered offices

PHOTO BY JAKE THOMAS

benefit money to pay for rent, medications or other necessities. Throughout the process, the Social Security Administration has been guided by its own internal dynamic that was not always in alignment with some of the most challenged people it serves.

"I'm not aware of another case where a large number of clients lost their organizational payee as the way it's happened with Safety Net," says Anna Rich, litigation director at the Oakland, California-based National Senior Citizens Law Center.

Trouble began a year ago when a routine review of Safety Net by the Social Security Administration found that the nonprofit was not properly monitoring clients' money. According to the affidavit in support of the search warrant, obtained by Street Roots, Safety Net wasn't performing bank account reconciliations, checking fund balances prior to issuing checks, nor was it properly maintaining receipts and other documents. At the time, Safety Net, which has been approved to operate since 1998, was receiving more than \$700,000 per month in Social Security benefits, \$300,000 in veterans' benefits and about \$30,000 a month in compensation.

As the review of Safety Net continued, investigators found \$600,000 unaccounted for, according to the affidavit. Linda Stelling, Safety Net's CEO, told investigators that the missing money was due to a software problem. Stelling, who is described as appearing "overwhelmed" in the affidavit, told investigators that she was going to undergo a serious medical procedure. According to the affidavit, on Feb. 21, Stelling was sent a notice that she was no longer approved to be a payee effective April 1.

On March 6, federal agents wearing black jackets with the search warrant in hand descended upon Safety Net's office on Southeast Morrison Street. They took computers and files to find signs of malfeasance. Left on Safety Net's window

was a sign notifying clients that it was shutting down by the end of the month. Clients were told they would need to find a new payee by March 21.

No one at Safety Net has been charged with a crime at this time. No one at Safety Net would comment for this article.

In early March, the Social Security Administration sent out a salvo of letters written in bureaucratic language to the most recent addresses on file for all of Safety Net's clients. The letter, which was sometimes accompanied with a phone call, explained that Social Security Administration was delaying the client's benefits and that they needed a new payee.

The Social Security Administration's approach of sending out a form letter and making a phone call to Safety Net clients was bound to fail, according to homeless advocates and disability lawyers who've been monitoring the situation. They point out that many disability recipients are homeless or are marginally housed in a cheap hotel or other transitory living situation. As a consequence, many of these letters and phone calls were destined for outdated addresses or numbers. Many disability recipients suffer from severe mental illnesses, and there is concern that they will have a difficult time with the Social Security Administration bureaucracy. There is also concern that the first notification some former Safety Net clients will receive of the situation is an eviction notice.

"People are not really understanding what's happening and why, and what it's going to mean to transfer their payee representative and what happens if they can't," Marc Jolin, the executive director of the homeless outreach agency JOIN, told Street Roots. "We've got people coming into JOIN asking those questions pretty regularly, not really understanding what's happening and looking for help trying to

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