

SECTION 3 - SUPPLEMENTAL SECURITY INCOME (SSI)

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Changes in Number of Recipients, 1970-2002**SSI Program Costs****Legislative History****104th Congress****105th Congress****106th Congress****107th Congress****References****BACKGROUND**

The Supplemental Security Income (SSI) Program is a means-tested, federally administered, income assistance program authorized by title XVI of the Social Security Act. Established in 1972 (Public Law 92-603) with benefits first paid in 1974, SSI provides monthly cash payments in accordance with uniform, nationwide eligibility requirements to needy aged, blind, and disabled persons.

The SSI Program replaced the Federal-State Programs of Old-Age Assistance and Aid to the Blind established by the original Social Security Act of 1935 as well as the Program of Aid to the Permanently and Totally Disabled established by the Social Security Amendments of 1950. Under the former programs, Federal matching funds were offered to the States to enable them to give cash relief, "as far as practicable" in each State, to eligible persons whom the States deemed needy. The States set benefit levels and administered these programs. The Federal-State adult assistance programs continue to operate in Guam, Puerto Rico, and the Virgin Islands. Under the Covenant to Establish a Commonwealth of the Northern Mariana Islands, enacted as Public Law 94-241 on March 24, 1976, the Northern Mariana Islands became the only U.S. jurisdiction outside the 50 States and the District of Columbia authorized to operate an SSI Program.

The Congress intended the new SSI Program to be more than just a Federal version of the former State adult assistance programs which it replaced. In describing the new program, the report of the Committee on Finance stated: "The Committee bill would make a major departure from the traditional concept of public assistance as it now applies to the aged, the blind, and the disabled. Building on the present Social Security Program, it would create a new Federal program administered by the Social Security Administration (SSA), designed to provide a positive assurance that the Nation's aged, blind, and disabled people would no longer have to subsist on below poverty-level incomes" (U.S. Senate, 1972, p. 384).

The SSI Program was envisioned as a basic national income maintenance system for the aged, blind, and disabled which would differ from the State programs it replaced in a number of ways. It would be administered by SSA in a manner as comparable as possible to the way in which benefits were administered under the Social Security Program. While it was understood that modifications would be necessary to make SSA's systems work for the new program, SSI was seen as an add-on rather than a new system. SSA had a longstanding reputation for dealing with the public on a fair and humane basis, but with scrupulous regard for

the requirements of law. Thus, it was expected that both recipients and taxpayers would be pleased with the outcome.

Under the former adult assistance programs the amount of assistance could vary from person to person according to an evaluation of the individual's needs. The SSI Program, by contrast, represented a "flat grant" approach in which there would be a uniform Federal income support level.

In contrast to the former State programs with their provisions for liens against property and relative support requirements, the SSI Program was intended to have minimal barriers to eligibility other than a lack of income. Even here, the new SSI Program incorporated more generous provisions for disregarding income — particularly earned income — than was provided under the Old-Age Assistance Program. The report of the House Committee on Ways and Means stated that the SSI Program was designed to provide incentives and opportunities for those able to work or to be rehabilitated that would enable them to escape dependency (U.S. House, 1971, p. 147).

For the most part, the nature of the SSI Program is expressed by its title. It was conceived as a guaranteed minimum income for the aged, blind, and disabled which would supplement the Social Security Program and act as an income-related program to provide for those who were not covered or minimally covered under Social Security or who had earned only a minimal entitlement under the program.

It should be noted that even though SSA administers the SSI Program, SSI is not the same as Social Security. The SSI Program is funded by general revenues of the U.S. Treasury - personal income taxes, corporate taxes, and other taxes. Social Security benefits are funded by the Social Security taxes paid by workers, employers, and self-employed persons. The programs also differ in other ways such as the conditions of eligibility and the method of determining payments. In addition, States have the option of supplementing the basic Federal SSI payment. In some cases, State supplementary payments are administered by the State instead of SSA.

TRENDS

Table 3-1 summarizes the trends in the SSI Program:

1. The number of recipients on SSI has risen from nearly 4 million in 1974 to 6.8 million in December 2002. The number of SSI recipients declined early in the program as the number of aged individuals on SSI declined, but that trend reversed in the mid-eighties as rapid growth in disabled recipients outstripped the minimal change in the elderly and blind SSI populations.
2. Total annual benefits paid under the SSI Program rose from about \$5.2 billion in 1974 to \$34.6 billion in 2002.
3. The monthly Federal benefit rates for individuals and couples rose from \$140 and \$210 in 1974 to \$552 and \$829 in 2003 (2003 figures are not in table), respectively. Nearly all of these changes resulted from the statutory indexation of the Federal benefit rates to the Consumer Price

Index (CPI).

4. The proportion of SSI recipients receiving Social Security benefits declined from nearly 53 percent in 1974 to 36 percent in 2002. The fraction of SSI recipients receiving some other type of unearned income rose slightly from about 11 percent in 1974 to 12 percent in 2002, and the fraction with earnings increased slightly from less than 3 percent in 1974 to more than 4 percent in December 2002.
5. The Federal benefit rate as a percent of the appropriate poverty level for individuals has ranged from 72 to 77 percent and was 76 percent in 2002; for couples it has ranged from 86 to 91 percent and was 90 percent in 2002. Most States supplement the Federal benefit for at least some participants.
6. The SSI Program pays benefits to children who are blind or have other disabilities. Some of the increases in participation since 1991 reflect the revised definition of disability for children as a result of the Supreme Court's decision in the *Sullivan v. Zebley* case. Public Law 104-193 (enacted August 22, 1996) established a more restrictive disability definition for children which is expected to result in a slower rate of growth in the number of children receiving SSI benefits.

BASIC ELIGIBILITY

CATEGORICAL REQUIREMENTS

To qualify for SSI payments, a person must satisfy the program criteria for age, blindness, or disability. The aged are defined as persons 65 years and older. The blind are individuals with 20/200 vision or less with the use of a correcting lens in the person's better eye, or those with tunnel vision of 20 degrees or less. Disabled individuals are those unable to engage in any substantial gainful activity by reason of a medically determined physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for a continuous period of at least 12 months. The test of "substantial gainful activity" in calendar year 2003 is to earn \$800 monthly in counted income, with impairment-related expenses subtracted from earnings. Generally, the individual must be unable to do any kind of work that exists in the national economy, taking into account age, education, and work experience.

Children may qualify for SSI if they are under age 18 (or under age 22 if a full-time student), unmarried, and meet the applicable SSI disability or blindness, income, and resource requirements. Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, established a new disability definition for children under age 18 which requires a child to have "a medically determinable physical or mental impairment which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months."

TABLE 3-1--SUPPLEMENTAL SECURITY INCOME SUMMARY, SELECTED YEARS 1974-2002

| Item | 1974 | 1978 | 1980 | 1984 | 1988 | 1992 | 1994 | 1996 | 1998 | 2000 | 2002 |
|---|-----------|-----------|-----------|------------|-----------|------------------|-----------|-----------|-----------|-----------|-----------|
| Recipients: ¹ | | | | | | | | | | | |
| Aged | 2,285,909 | 1,967,900 | 1,807,776 | 1,530,289 | 1,433,420 | 1,471,022 | 1,465,905 | 1,412,632 | 1,331,782 | 1,289,339 | 1,251,528 |
| Blind | 74,616 | 77,135 | 78,401 | 80,524 | 82,864 | 85,400 | 84,911 | 82,137 | 80,243 | 78,511 | 77,658 |
| Disabled | 1,635,539 | 2,171,890 | 2,255,840 | 2,418,522 | 2,947,585 | 4,009,767 | 4,744,470 | 5,118,949 | 5,154,044 | 5,233,836 | 5,458,671 |
| Total | 3,996,064 | 4,216,925 | 4,142,017 | 4,029,333 | 4,463,869 | 5,566,189 | 6,295,786 | 6,613,718 | 6,566,069 | 6,601,686 | 6,787,857 |
| Number with Section 1619(a) | NA | NA | NA | 406 (8/84) | 19,920 | 17,603 | 24,315 | 31,085 | 37,271 | 83,572 | 79,494 |
| Number with Section 1619(b) | NA | NA | NA | 6,804 | 15,625 | 31,649 | 40,683 | 51,905 | 59,542 | 27,542 | 16,995 |
| Annual Payments (In Millions of Current Dollars): | | | | | | | | | | | |
| Federal Benefits | \$3,833 | \$4,881 | \$5,866 | \$8,281 | \$10,734 | \$18,247 | \$22,175 | \$25,265 | \$26,405 | \$27,290 | \$29,899 |
| Federally Administered State Supplementation | 1,264 | 1,491 | 1,848 | 1,792 | 2,671 | 3,435 | 3,116 | 2,988 | 3,003 | 3,381 | 3,820 |
| State Administered State Supplementation | 149 | 180 | 226 | 299 | 381 | 556 ² | 579 | 539 | 808 | 892 | 911 |
| Total | \$5,246 | \$6,552 | \$7,940 | \$10,372 | \$13,786 | \$22,238 | \$25,870 | \$28,252 | \$30,216 | \$31,564 | \$34,630 |
| Annual Payments (In Millions of 2002 Dollars) | | | | | | | | | | | |
| Maximum Monthly Federal Benefits: | \$19,937 | \$18,566 | \$18,074 | \$18,026 | \$21,102 | \$28,518 | \$31,338 | \$32,406 | \$33,114 | \$33,116 | \$34,630 |
| Individuals | \$140.00 | \$177.80 | \$208.20 | \$314.00 | \$354.00 | \$422.00 | \$446.00 | \$470.00 | \$494.00 | \$513.00 | \$545.00 |
| Couples | 210.00 | 266.70 | 357.00 | 472.00 | 532.00 | 633.00 | 687.00 | 705.00 | 741.00 | 769.00 | 817.00 |
| Average Federal SSI Payments: ¹ | | | | | | | | | | | |
| All Recipients | \$95.11 | \$111.98 | \$143.35 | \$196.16 | \$227.49 | \$329.74 | \$325.26 | \$339.24 | \$359.45 | \$378.82 | \$407.42 |
| Aged Individuals | 78.48 | 91.22 | 112.45 | 143.24 | 159.36 | 195.86 | 211.55 | 227.42 | 271.66 | 292.67 | 322.26 |
| Aged Couples | 93.02 | 120.48 | 157.56 | 221.98 | 273.18 | 448.61 | 505.64 | 563.39 | 611.00 | 665.60 | 730.49 |

TABLE 3-1--SUPPLEMENTAL SECURITY INCOME SUMMARY, SELECTED YEARS 1974-2002--continued

| Item | 1974 | 1978 | 1980 | 1984 | 1988 | 1992 | 1994 | 1996 | 1998 | 2000 | 2002 |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Percent of Recipients with Other Income: ¹ | | | | | | | | | | | |
| Social Security Benefits | 52.7 | 51.7 | 51.0 | 49.6 | 47.8 | 41.3 | 39.1 | 37.0 | 36.5 | 36.1 | 35.5 |
| Other Unearned Income | 10.5 | 11.5 | 11.0 | 11.2 | 12.4 | 14.5 | 13.1 | 12.4 | 11.7 | 11.7 | 11.7 |
| Earnings | 2.8 | 3.1 | 3.2 | 3.5 | 4.4 | 4.4 | 4.2 | 4.4 | 4.5 | 4.4 | 4.1 |
| Average Amount of: ¹ | | | | | | | | | | | |
| Social Security Benefits | \$130.01 | \$156.50 | \$196.94 | \$250.61 | \$286.49 | \$335.72 | \$345.20 | \$382.56 | \$374.60 | \$378.82 | \$407.42 |
| Other Unearned Income | 61.10 | 66.93 | 74.35 | 84.56 | 85.92 | 91.96 | 101.13 | 112.46 | 129.90 | 292.67 | 322.26 |
| Earnings | 80.00 | 99.32 | 106.95 | 126.47 | 173.09 | 207.55 | 225.01 | 258.42 | 282.52 | 665.60 | 730.49 |
| Poverty Thresholds (Age 65 and Over): | | | | | | | | | | | |
| Individual | \$2,364 | \$3,127 | \$3,949 | \$4,979 | \$5,674 | \$6,729 | \$7,108 | \$7,525 | \$7,818 | \$8,259 | \$8,628 |
| Couple | 2,982 | 3,944 | 4,983 | 6,282 | 7,158 | 8,489 | 8,967 | 9,491 | 9,862 | 10,414 | 10,874 |
| Federal Benefit as a Percent of Poverty: | | | | | | | | | | | |
| Individual | 74.1 | 72.7 | 72.3 | 75.6 | 74.9 | 75.3 | 75.3 | 75.0 | 75.8 | 74.5 | 75.8 |
| Couple | 88.1 | 86.4 | 86 | 90.2 | 89.2 | 89.5 | 89.5 | 89.1 | 90.2 | 88.6 | 90.2 |

¹ December data. Includes Federal SSI and federally administered State supplements.

² Fiscal year 1992 data.

NA: Not available.

Source: Social Security Administration (various years) and unpublished data.

Under pre-1996 law, low-income children could qualify for SSI benefits in two ways: their disability could match one of the impairments in the medical “listing of impairments” or they could be evaluated under an individualized functional assessment disability determination procedure (generally considered a less stringent process) that determined whether an unlisted impairment seriously limited a child's ability to perform activities normal for his age. Both methods were stipulated in Federal regulations. Until the Supreme Court's 1990 ruling in *Sullivan v. Zebley*, the medical listings were the only way to determine a child's eligibility for SSI benefits. Adults, in contrast, could receive an assessment of their functional and vocational capacities even if they did not meet one of the listings. The Court ruled that sole reliance on the listings did not satisfy the law's requirement to gauge whether children's disorders were of comparable severity to impairments that would disable adults.

The 1996 welfare reform law discontinued the individualized functional assessment and the “comparable severity” standard upon which it was based. Many children on the rolls as a result of an individualized functional assessment had their benefits terminated, and future awards based on individualized functional assessments were barred. Thus, the SSI Program for Children is restricted to those who have impairments that meet or equal at least one of the listings. Pursuant to the 1996 law, the listing of impairments has been changed to reflect the new disability definition for children.

CITIZENSHIP AND RESIDENCY REQUIREMENTS

To qualify for SSI a person must be a citizen of the United States or, if not a citizen, be a refugee or asylee who has been in the country for less than 7 years, or be a “qualified alien” who was receiving SSI as of August 22, 1996 or who was living in the United States on August 22, 1996 and subsequently became disabled. Subsequent to 1996, changes were made to the alien eligibility requirements that extended to certain groups of aliens, added new categories to the list of qualified aliens, exempted certain Native Americans from the eligibility limitations and granted SSI eligibility to aliens who are determined to be victims of “severe forms of trafficking in persons.” (For more detailed information on eligibility requirements for noncitizens, see Appendix J.)

In addition to the citizenship requirement, a person must be a resident of the United States or the Northern Mariana Islands, or a child of a person in the military stationed outside the United States, or a student temporarily abroad; must apply for all other benefits to which she is entitled; and must, if she is disabled, accept vocational rehabilitation services if they are offered.

PROHIBITION OF PAYMENT TO FELONS AND FUGITIVES

The 1996 welfare reform law provides that, as of August 22, 1996, SSI benefits may not be paid to individuals who are fleeing to avoid prosecution for a felony crime, or fleeing to avoid custody or confinement after conviction for a

felony crime, or violating a condition of probation or parole imposed under Federal or State law.

INCOME AND RESOURCE REQUIREMENTS

Income

Individuals and couples are eligible for SSI if their incomes fall below the Federal maximum monthly SSI benefit, currently \$552 for an individual and \$829 for a couple (calendar year 2003 standards). If only one member of a couple qualifies for SSI, part of the ineligible spouse's income is considered to be that of the eligible spouse (this procedure is called "deeming"). If a couple separates, each person is treated as an individual in the month following the month of separation. If an unmarried child living at home is under age 18, some of the parent's income is deemed to that child. If an immigrant is sponsored into the United States, some of the sponsor's and the sponsor's spouse's income may be deemed to that immigrant.

Income includes cash, checks, and items received "in kind" such as food and shelter. Wages, net earnings from self-employment, and income from sheltered workshops are considered earned income. Social Security benefits, workers or veterans compensation, annuities, rent, and interest are counted as unearned income.

An individual does not have to be totally without income to be eligible for SSI benefits. Maximum SSI benefits are paid, assuming the other conditions of eligibility are met, if the individual or couple has no "countable" income in that particular month. If the individual or couple has "countable" income, a reduction is made against the maximum payment. Not all income is counted for SSI purposes. Since 1972, the major exclusions have included the first \$20 of monthly income from virtually any source (such as Social Security benefits), and the first \$65 of monthly earned income plus one-half of remaining earnings.

Income received in sheltered workshops and work activity centers is considered earned income and qualifies for the earned income exclusion. Table 3-2 shows the maximum income that an individual and couple can have, taking into account these income exclusions, and still remain eligible for Federal SSI benefits.

TABLE 3-2--MAXIMUM INCOME FOR ELIGIBILITY FOR
FEDERAL SSI BENEFITS, 2003

| | Receiving Only Social Security | | Receiving Only Wage Income | |
|------------|--------------------------------|----------|----------------------------|----------|
| | Monthly | Annually | Monthly | Annually |
| Individual | \$572 | \$6,864 | \$1,189 | \$14,268 |
| Couple | 849 | 10,188 | 1,743 | 22,916 |

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

Work-related expenses are disregarded (i.e., subtracted from income) in the case of blind applicants or recipients and impairment-related work expenses are disregarded in the case of disabled applicants or recipients.

The SSI Program also does not count income and resources that are set aside as part of an approved plan for achieving self-support (PASS). A PASS is an

income and resource exclusion that allows an SSI recipient who is blind or disabled to set aside income and resources for a work goal. The money set aside can be used to pay for such items or services as education, vocational training, or starting a business.

The value of any in-kind assistance is counted as income unless such in-kind assistance is specifically excluded by statute. Generally, in-kind assistance provided by or under the auspices of a federally assisted program, or by a State or local government (for example, nutrition, food stamps, housing, or social services), will not be counted as income. As described later, if an SSI applicant or recipient is living in the household of another and receiving in-kind support and maintenance from him, the SSI benefit standard for such an individual is reduced by one-third. By regulation, SSA also has ruled that the value of any in-kind support and maintenance received (other than in-kind assistance received by reason of living in another's household) is presumed to equal one-third of the Federal SSI benefit standard plus \$20. The individual can rebut this presumption. If it is determined that the actual value is less than the one-third amount, the lower actual value will be counted as unearned income.

In-kind support and maintenance provided by a private nonprofit organization to aged, blind, or disabled individuals is excluded under the SSI Program if the State determines that the assistance is provided on the basis of need. Certain types of assistance provided to help meet home energy needs also are excluded from income. For example, certain assistance provided to an aged, blind, or disabled individual for the purpose of meeting home energy costs by a home heating oil or gas supplier, a utility company, or a private nonprofit organization also is excluded.

As countable income increases, a recipient's SSI benefit amount decreases. Generally, ineligibility for SSI occurs when countable income equals the Federal benefit standard plus the amount of State supplementation, if any.

Resources

Since 1974 SSI eligibility has been restricted to qualified persons who have resources of not more than \$2,000, or \$3,000 in the case of a couple. The resource limit for a couple applies even if only one member of a couple is eligible. If the couple separates, the person is treated as an individual in the following month. If an unmarried child living at home is under age 18, the parent's assets are considered to be the child's (i.e., deemed to the child).

In determining countable resources, a number of items are not included, such as the individual's home, and, within reasonable limits set by SSA, household goods, personal effects, an automobile, and a burial space for the individual, spouse, and members of the immediate family. Regulations place a limit of \$2,000 in equity value on excluded household goods and personal effects and exclude the first \$4,500 in current market value of an auto (100 percent of the auto's value is excluded if it is used to obtain medical treatment or for employment or has been modified for use by or transportation of a handicapped person or is necessary to perform essential daily activities because of distance, climate, or terrain). The

value of property which is used in a person's trade, or business, or by the person as an employee also is excluded. The value of certain other property that produces income, goods, or services essential to a person's self-support may be excluded within limits set by SSA in regulations. SSI and Social Security retroactive benefit payments may not be considered as a resource for a period of 6 months after the month in which the retroactive benefit is received. Resources set aside under a PASS also are excluded.

The cash surrender value of life insurance policies if the total face value of all policies is \$1,500 or less is not counted toward the \$2,000 or \$3,000 countable resources limit. The entire cash surrender value of life insurance policies, if the total face value of all policies on an individual's life is greater than \$1,500, counts toward the resources limit, but may be excludable under one of the other resource provisions.

An individual and spouse may have excluded up to \$1,500 each of burial funds. However, the \$1,500 maximum amount is reduced by the face value of any excluded life insurance policies and the value of any irrevocable burial contracts, trusts, or arrangements. If left to accumulate, interest earned on excluded burial funds and burial spaces is not countable as either income or resources for SSI purposes.

Individuals who give away or sell any nonexcludable resource for less than fair market value may be subject to penalty. Also, such a transfer may make the individual ineligible for certain Medicaid covered nursing services. SSA must notify individuals of the penalty and provide information upon request to the States regarding transfers of resources.

The Deficit Reduction Act of 1984 (Public Law 98-369) requires the Internal Revenue Service (IRS) to furnish SSA with certain nonwage information about SSI recipients. The IRS information consists primarily of reports of interest payments submitted to IRS by financial institutions but also includes income from dividends, unemployment compensation, and other sources. In fiscal year 1987, computer matches between IRS tax files and SSI records resulted in 239,000 matches. Only cases involving IRS reports of interest income of \$51 or more were examined. The resulting savings to the SSI Program were \$64 million. As a result of SSA's evaluation of these cases, the tolerance level was lowered to \$41 beginning with fiscal year 1988 and 398,000 matches were identified. In fiscal year 1989, there were 508,000 matches. SSA has evaluated and adjusted the tolerance levels several times over the years. Effective October 1993, the tolerance level for income from resources—e.g., interest and dividends—is \$60. The tolerance level for other nonwage income not from resources—e.g., unemployment compensation and pensions—is \$1,000. Also, a special tolerance was developed for cases that had been matched before; if the current year's resources are less than \$10 more than the prior year's resource indicators, the IRS report is not examined. All match information is sent to Social Security offices for verification of the information. For fiscal year 2002 there were 92,000 matches.

Based on a study of the 1993 matches, SSA decided to apply a statistical profiling technique to the IRS matches. Statistical profiling increases the cost

effectiveness of the IRS process by targeting the more error-prone matches and eliminating the less productive matches. The resulting savings to the SSI Program were \$45 million.

Prior to the 1984 Deficit Reduction Act, if in any month a recipient's assets exceeded the asset limit, the individual was ineligible for benefits in that month and the entire amount of the benefit paid for that month was considered an overpayment subject to recovery. Effective October 1, 1984, SSI law provides that in cases where there is an overpayment based solely on an excess of assets of \$50 or less, the recipient is deemed to be without fault for purposes of waiving the overpayment and the overpayment is not recovered unless the Secretary finds that the failure to accurately and timely report the excess was knowing and willful on the part of the recipient.

An individual may receive SSI benefits for a limited time even though he has certain nonliquid property that, if counted, would make him ineligible. These benefits are conditioned upon the disposal of the property, and are subject to recovery as overpayments when the property is sold. The 1987 Budget Reconciliation Act provides, in addition, for the exclusion of real property if it cannot be sold because it is jointly owned and sale would cause undue hardship to the joint owner due to loss of housing, because there are legal impediments to its sale, or because reasonable efforts to sell it have been unsuccessful.

Deeming of Income and Resources

The income of an ineligible spouse who lives with an adult SSI applicant or recipient is considered in determining the eligibility and amount of payment to the individual. The income of the parents of a child under the age of 18 who is blind or disabled also is considered in determining the eligibility and payment for the child. However, since 1990, children with disabilities who are eligible for Medicaid at home under State home care plans, who previously received SSI personal needs allowances (PNAs) while in medical institutions, and who otherwise would be ineligible for SSI because of their parents' income or resources, have been eligible for the \$30 monthly PNA that would be payable if they were institutionalized, without regard to their parents' income and resources. Effective October 1, 1993, an ineligible parent or spouse who is absent from a household due solely to a duty assignment as a member of the Armed Forces is considered, absent evidence to the contrary, to be living in the same household as the SSI applicant or recipient for deeming purposes.

By regulation, the Commissioner of Social Security has provided that in determining the amount of the income of an ineligible spouse or parent to be deemed to the SSI applicant or recipient, the needs of the spouse or parent and other children in the household are taken into account. In addition, the SSI earned and unearned income exclusions are applied in determining the amount of income to be deemed to the SSI applicant or recipient. If the combined countable income of an SSI applicant and an ineligible spouse does not exceed the SSI benefit standard for an eligible couple in that State (including any federally administered State supplementary payment), the SSI applicant would be eligible to receive an SSI

and/or State supplementary benefit.

For example, in 2003 in a State with no supplementation, here is how the deeming procedure would work in the case of an ineligible spouse earning \$600 per month living with an eligible individual with \$200 of Social Security benefits:

| | |
|---|----------|
| Unearned income of eligible individual | \$200.00 |
| Less \$20 exclusion | -20.00 |
| Countable unearned income | 180.00 |
| Earned income of ineligible individual | 600.00 |
| Less \$65 earned income disregard | -65.00 |
| Less one-half of remaining earnings (\$535) | -267.50 |
| Countable earned income | 267.50 |
| Plus countable unearned income | 180.00 |
| Couple's total countable income | 447.50 |
| SSI payment standard for couples | 829.00 |
| Less countable income | -447.50 |
| Benefit payable to eligible individual | 381.50 |

Thus, the benefit for the eligible individual will be \$381.50 (SSI law requires that benefits be rounded down to the next lower dollar). Without deeming and as an individual, the recipient would have received \$372 [\$552 - (\$200 less \$20 exclusion)]. The \$20 exclusion can be used only once and is applied first to unearned income, which in this example is the \$200 of Social Security income.

An individual's resources are deemed to include those of the ineligible spouse (or in the case of a child under the age of 18, those of the parents) with whom the individual is living. Under SSI regulations, in determining the amount of the spouse's or parents' resources that can be deemed, all applicable exclusions are applied. In the case of a child, only the value of the parents' resources that exceeds the applicable limits (\$2,000 for a single parent, and \$3,000 for two parents) is deemed to the child. Also, under regulations, pension funds of an ineligible spouse or parent are excluded from deeming.

In December 2002, there were about 167,970 children's cases in which deeming reduced benefits. This figure does not take into account, however, the number of children who were not eligible because of the deeming provision. (For a discussion of deeming rules for noncitizens, see Appendix J.)

PRESUMPTIVE ELIGIBILITY FOR PERSONS WITH AIDS AND HIV

Section 1631(a)(4)(B) of the Social Security Act provides that the Commissioner of Social Security may pay up to 6 months of SSI benefits to a person applying for benefits based on disability or blindness prior to the determination of the individual's impairment if the individual is presumptively disabled or blind, and otherwise eligible. A finding of presumptive disability or blindness may be made at the Social Security field offices only for specified impairment categories because the field office employees generally are not trained disability adjudicators; however, at the State agencies where there are disability adjudicators a finding of presumptive eligibility may be made for any impairment category.

On February 11, 1985, acquired immune deficiency syndrome (AIDS), as defined by the Centers for Disease Control, was added (pursuant to interim Federal regulations) to the impairment categories, thus allowing field offices to find presumptive disability for persons claiming they had AIDS. These regulations were scheduled to expire February 11, 1988, but were extended until December 31, 1989; and in 1989 they were extended until December 31, 1991. In December 1991, a new more liberal regulation was implemented. Under the new procedures, the Social Security field offices may make a finding of presumptive disability for any individual with the human immunodeficiency virus (HIV) whose disease manifestations are of listing-level severity, rather than only for those who have been diagnosed with AIDS.

SSA standards governing presumptive SSI eligibility for persons with HIV disease have been challenged in court in at least one State on the grounds that they discriminate against women. The contention is that the listing of impairments reflects the course of HIV disease in men, while women tend to have different symptoms and therefore are excluded. Others have argued that the Centers for Disease Control definition and the somewhat broader SSA listing have failed to keep pace with changing manifestations of HIV disease.

PUBLIC INSTITUTION REQUIREMENTS

Public institutions are prisons, hospitals, nursing homes, or any institution that is operated or administered by a governmental unit. The governmental unit could be the Federal, State, city, or county government, or another political subdivision of the State. Residents of public institutions for a full calendar month are ineligible for SSI unless one of the following exceptions applies:

1. The public institution is a medical treatment facility and Medicaid pays more than 50 percent of the cost of care.
2. The individual is residing in a publicly operated community residence which serves no more than 16 residents. Such a facility must provide an alternative living arrangement to a large institution and be residential (i.e., not a correctional, educational, or medical facility).
3. The public institution is a public emergency shelter for the homeless. Such a facility provides food, a place to sleep, and some services to homeless individuals on a temporary basis. Payments to a resident of a public emergency shelter for the homeless are limited to no more than 6 months in any 9-month period.
4. The individual is in a public institution primarily to receive educational or vocational training. To qualify, the training must be an approved program and must be designed to prepare an individual for gainful employment.
5. The individual was eligible for SSI under one of the special provisions of section 1619 of the Social Security Act (see section on "Special SSI Provisions for the Working Disabled") in the month preceding the first full month of residency in a medical or psychiatric institution which agrees to permit the individual to retain benefit payments. Payment may

be made for the first full month of institutionalization and the subsequent month.

6. A physician certifies that the recipient's stay in a medical facility is likely not to exceed 3 months and the recipient needs to continue to maintain and provide for the expenses of the home to which she may return. Payments may be made for up to the first 3 full months of institutionalization.

To help institutionalized individuals return to community living, the SSI Program includes a prerelease procedure for institutionalized individuals. Some individuals are medically ready to be released from an institution but are financially unable to support themselves. The prerelease procedure allows such individuals to apply for SSI payments and food stamps several months in advance of their anticipated release so benefits can commence quickly after release. A formal prerelease agreement can be developed between an institution and the local Social Security office. However, an individual can file an application for SSI under prerelease without the existence of such an agreement.

Under Federal law, residents of public institutions for a full calendar month generally are ineligible for SSI benefits. Prisons are considered public institutions. The bar against SSI benefits to prisoners has been enforced through an exchange of computerized data between SSA and the Federal Bureau of Prisons, State prisons, and some county prisons. According to the SSA's Office of the Inspector General, these computerized arrangements generally covered about three-quarters of inmates—all Federal and State prisoners but only about 15 percent of county prisoners. The agreements were voluntary and until recently involved no payments to the institutions. However, the 1996 welfare reform law (Public Law 104-193), required the Commissioner of Social Security to enter into a contract with any interested State or local institution (such as a prison, jail, or mental hospital) under which the institution regularly would provide to the Commissioner the names, Social Security numbers, dates of birth, and such other identifying information concerning the inmates or residents of the institution to help the Commissioner enforce the "prohibition of payments to residents of public institutions" rule. To encourage such reporting so benefits can be ended as Federal law intends, the Commissioner must pay the institution up to \$400 for each resident found to be wrongly receiving SSI payments if the information is provided to the Commissioner within 30 days after such individual becomes a resident, or up to \$200 for each SSI - receiving inmate if the information is provided after 30 days but within 90 days of the person's becoming a resident.

Between March 1, 1997 and March 6, 2003, SSA paid \$87.4 million for 240,105 incentive payments.

In 1999, Congress acted to further tighten restrictions on the payment of Federal benefits to prisoners. Public Law 106-170, signed into law on December 14, 1999, expands the SSI Program's benefit suspension rules and incentive payments regarding State and local prisoners to include individuals receiving Old-Age, Survivors, and Disability Insurance (OASDI) benefits. (Payments to prisons will be reduced by 50 percent for multiple reports on

individuals who receive both SSI and OASDI benefits.)

Public Law 106-170 also requires State prisons to provide inmate information to Federal and federally assisted benefit programs, including SSA. To help reduce fraudulent benefit payments of food stamps, veterans benefits, unemployment benefits, and educational aid, Public Law 106-170 directs SSA to share its prisoner database with other Federal agencies and departments.

APPLICATION TO OTHER PROGRAMS REQUIREMENT

Since SSI payments are reduced by other income, applicants and recipients must apply for any other cash benefits due them. SSA works with recipients and helps them get any other benefits for which they are eligible.

ELIGIBILITY FOR SOCIAL SECURITY

Since its inception SSI has been viewed as the “program of last resort.” That is, after evaluating all other income, SSI pays what is necessary to bring an individual to the statutorily prescribed income “floor.” As of December 2002, 35.5 percent of all SSI recipients also received Social Security benefits (57.8 percent of the aged, 34.3 percent of the disabled, and 30.3 percent of the blind). Social Security benefits are the single highest source of income for SSI recipients. The SSI Program considers Social Security benefits unearned income and thus counts all but \$20 monthly in determining the SSI benefit amount.

ELIGIBILITY FOR MEDICAID

States have three options as to how they treat SSI recipients in relation to Medicaid eligibility. Section 1634 of SSI law allows SSA to enter into agreements with States to cover all SSI recipients with Medicaid eligibility. SSI recipients are not required to make a separate application for Medicaid under this arrangement. As of January 1, 2003, 32 States and the District of Columbia chose this option, and SSI recipients in these States account for approximately 79 percent of all SSI recipients nationwide.

Under the second option, States elect to provide Medicaid eligibility for all SSI recipients, but only if the recipient completes a separate application with the State agency which administers the Medicaid Program. Alaska, Idaho, Kansas, Nebraska, Nevada, Oregon, and Utah and the Commonwealth of the Northern Mariana Islands, affecting about 5 percent of SSI recipients nationwide, have elected this option.

The third and most restrictive option is known as the “209(b)” option, under which States may impose Medicaid eligibility criteria which are more restrictive than SSI criteria, so long as the criteria chosen are not more restrictive than the State's approved Medicaid State plan in January 1972. The 209(b) States may be more restrictive in defining blindness or disability, and/or more restrictive in their financial requirements for eligibility, and require a Medicaid application with the

State. However, aged, blind, and disabled SSI recipients who are Medicaid applicants must be allowed to spend down in 209(b) States, if the State uses more restrictive income criteria, regardless of whether the State has a medically needy program. Currently 11 States use the 209(b) option for Medicaid coverage of aged, blind, and disabled SSI recipients. About 16 percent of the SSI recipient population nationwide lives in these 209(b) States. The 11 States that use this option are Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Dakota, Ohio, Oklahoma, and Virginia.

An amendment included in the 1986 SSI Disability Amendments (Public Law 99-643) required, effective July 1, 1987, that 209(b) States continue Medicaid coverage for individuals in section 1619 status if they had been eligible for Medicaid for the month preceding their becoming eligible under section 1619 (see section below on “Special SSI Provisions for the Working Disabled”).

The same legislation required States to provide continued Medicaid coverage for those individuals who lose eligibility for SSI on or after July 1, 1987 when their income increases because they become newly eligible for Social Security benefits as an adult who was disabled as a child (disabled adult child) or because of an increase in their benefits as an adult who was disabled as a child. “Disabled adult children” who otherwise would be eligible for SSI continue to be considered SSI recipients for Medicaid purposes. Protection against loss of Medicaid also is provided for certain blind or disabled individuals who lose their SSI benefits when they qualify for Social Security disabled widow or widower's benefits beginning as early as age 50. The Omnibus Budget Reconciliation Act of 1990 provides that such individuals, who otherwise would continue to qualify for SSI on the basis of blindness or disability, will be deemed to be SSI recipients for purposes of Medicaid eligibility until they become eligible for Medicare.

ELIGIBILITY FOR FOOD STAMPS

Except in California, which has converted food stamp benefits to cash that is included in the State supplementary payments, SSI recipients may be eligible to receive food stamps. SSI beneficiaries living alone or in a household where all other members of the household receive or are applying for SSI benefits can file for food stamps at an SSA office. If all household members receive SSI, they do not need to meet the Food Stamp Program financial eligibility standards to participate in the program because they are categorically eligible. However, SSI beneficiaries living in households where other household members do not receive or are not applying for SSI benefits are referred to the local food stamp office to file for food stamps. These households must meet the net income eligibility standard of the Food Stamp Program to be eligible for food stamp benefits.

The interaction with the Food Stamp Program has important financial implications for a State which desires to increase the income of its SSI recipients by \$1. Because food stamps are reduced by \$0.30 for each additional \$1 of SSI income including State supplements, the State must expend \$1.43 to obtain an effective \$1 increase in SSI recipients' total income.

SELF-SUFFICIENCY AND SSI

Section 1615(d) of the Social Security Act requires SSA to reimburse State vocational rehabilitation agencies for reasonable and necessary costs of services which resulted in disabled SSI recipients' being successfully rehabilitated. The objective of vocational rehabilitation for SSI recipients is to help disabled individuals achieve and sustain productive, self-supporting work activity. SSA provides funds to reimburse vocational rehabilitation agencies for costs incurred in successfully rehabilitating SSI recipients. A successful rehabilitation is defined by law as one in which vocational rehabilitation services result in performance of substantial gainful activity for a continuous period of 9 months.

In 1999, Congress expanded the Vocational Rehabilitation Program. Public Law 106-170, signed into law on December 17, 1999, creates a Ticket to Work and Self-Sufficiency Program. The purpose of the program is to help recipients leave the SSI rolls through greater accessibility to a broader pool of vocational rehabilitation providers than was previously available to them.

Under the new law, the Commissioner of Social Security will provide tickets to work to disabled SSI beneficiaries that they can use as vouchers to obtain employment services, case management, vocational rehabilitation, and support services from providers of their choice, including State vocational rehabilitation agencies. The program is implemented on a graduated basis, beginning within 1 year of enactment at sites selected by the Commissioner and within 4 years of enactment in every State. The program is permanently authorized.

The elements of the ticket system include program managers, employment networks, individual work plans, program evaluations, and a Ticket to Work and Work Incentives Advisory Panel composed of 12 members. The Commissioner is required to contract with program managers (one or more public or private organizations with expertise and experience in the field of vocational rehabilitation or employment services) through a competitive bidding process to help SSA administer the program. Program managers are to recruit and recommend employment networks to the Commissioner, ensure that adequate choices of services are available to beneficiaries, ensure beneficiary access to services, and provide assurances to SSA that employment networks are complying with agreement terms.

The ticket to work law requires employment networks to consist of a single public or private provider or an association of providers combined into a single entity which assumes responsibility for the coordination and delivery of services. Employment networks are required to have experience providing relevant employment services and support for individuals with disabilities and will have to provide an array of such services under the program. Employment networks and beneficiaries must develop an individual employment plan so that the beneficiary can exercise informed choice in selecting an employment goal and specific services needed to achieve that goal. Employment networks prepare and provide periodic performance reports to beneficiaries holding a ticket and provide periodic quality

assurance reviews of employment networks. The Commissioner is required to establish a method for resolving disputes between beneficiaries and employment networks. The ticket to work law also requires that State vocational rehabilitation agencies and employment networks enter into agreements regarding the conditions under which services will be provided when an individual is referred by an employment network to State vocational rehabilitation agencies. The Commissioner must establish a timeframe for these agreements and a dispute resolution method.

Payment to employment networks is based on outcomes and long-term results by providing one of two payment systems: an outcome payment system or an outcome-milestone payment system. Under the outcome payment system, employment networks are provided with up to 40 percent of the average monthly disability benefit for each month benefits are not payable to the beneficiary due to work (but not for more than 60 months). Under the outcome-milestone payment system, the employment networks receive early payments based on the achievement of one or more milestones toward permanent employment. The total amount payable under the outcome-milestone payment system must be less than the total amount that otherwise would have been payable for an individual under the outcome payment system. Regardless of which payment system is used, SSI beneficiaries forgo SSI payments to participate in the ticket to work system, and instead receive earnings from work. Providers use the ticket, or voucher, to claim payment from SSA for services they provide to beneficiaries. Providers are paid for each month in which an SSI beneficiary is not receiving benefits because the individual is working or has earnings. The Commissioner is required to design and conduct a series of evaluations of the payment system to assess the cost effectiveness and effects of the program, in consultation with the Advisory Panel, and report the findings to Congress.

SSI BENEFITS

FEDERAL SSI BENEFIT STANDARD

The Federal SSI benefit standard for 2003 is \$552 a month for an individual and \$829 for a couple. As is discussed later, most States supplement the Federal SSI benefit. The result is a combined Federal SSI/State supplemental benefit standard against which countable income is compared in determining eligibility and benefit amount. However, many States limit their supplementation to certain categories of individuals based on specific indicators of need—especially special housing needs.

Like Social Security benefits, Federal SSI benefits are indexed to the Consumer Price Index (CPI). Indexing occurs through a reference in the SSI law to the Social Security cost-of-living adjustment (COLA) provision. Prior to the Social Security Amendments of 1983 (Public Law 98-21), the SSI and Social Security cost-of-living increases occurred in benefits paid in July. Public law 98-21 delayed the Social Security and SSI COLAs from July 1983 to January 1984. However, in lieu of a COLA increase in the SSI benefit standard, the Federal SSI benefit was

increased in July 1983 by \$20 a month for an individual and \$30 a month for a couple. Table 3-3 shows the Federal SSI benefit from the beginning of the SSI Program until the present time.

In calendar year 2002, about 818,050 applicants were awarded SSI benefits. Under previous law, new recipients received a prorated SSI benefit for the month in which they applied. For example, a person who applied on the 15th of the month could receive 2 weeks of benefits for that month. (The typical applicant did not get that money immediately because SSA might take several months to process the application.) The 1996 welfare reform law changes the effective date of an SSI application to the later of the first day of the month following the date the application is filed or the date the individual first becomes eligible for SSI benefits.

BENEFITS FOR PERSONS LIVING IN THE HOUSEHOLD OF ANOTHER

SSI law provides that if an applicant or recipient is “living in another person's household and receiving support and maintenance in kind from such person,” the Federal SSI benefit applicable to such individual or couple is two-thirds of the regular Federal SSI benefit. As shown in Table 3-3, the Federal SSI benefit in 2003 for those determined to be living in the household of another is \$368 for an individual and \$552.67 for a couple.

Regulations specify the criteria for determining when this reduced benefit applies. It does not apply to an individual who owns or rents, buys food separately, eats meals out rather than eating with the household, or pays a pro rata share of the household's food and shelter expenses.

In December 2002 4.2 percent, or about 285,000 SSI recipients, had their benefits determined on the basis of this "one-third reduction" benefit standard. Sixty-five percent of those recipients were receiving benefits on the basis of disability (See Table 3-4).

BENEFITS FOR PERSONS LIVING IN A MEDICAID INSTITUTION

When individuals enter a hospital or other medical institution in which more than half of the bill is paid by the Medicaid Program, their monthly SSI benefit standard is reduced to \$30, beginning with the first full calendar month of residence. This benefit, called a personal needs allowance (PNA), is intended to take care of small personal expenses, with the cost of maintenance and medical care being provided through Medicaid. The 1996 welfare reform law requires that children (under age 18) residing in medical institutions who have private medical insurance be eligible only for the \$30 SSI PNA, just like those with Medicaid coverage. The Federal PNA benefit of \$25 was increased to \$30 a month on July 1, 1988—the first increase since the SSI Program began in 1974. The annual cost-of-living increase for SSI does not apply to the PNA. However, the 1987 Budget Reconciliation Act provides that if a physician certifies that the recipient's stay in such a medical institution is not likely to exceed 3 months and they need to continue to maintain a home to which they may return, SSI benefits

will not be reduced and recipients will continue to receive full SSI benefits for up to the first 3 months of institutionalization.

Approximately 143,636 or 2.2 percent of SSI recipients received benefits as of December 2000 on the basis of this personal needs allowance. The average benefit was \$21.80. For those individuals whose income from non-SSI sources exceeds the \$30 benefit standard (including those who were receiving both Social Security and SSI before entering an institution), Medicaid regulations require States to allow SSI recipients (and other non-SSI Medicaid eligibles) to retain no less than \$30 a month of their income as a “personal needs allowance” when their income is applied, along with Medicaid reimbursement, to pay for their institutional medical care. These regulations are applicable to individuals whose income from non-SSI sources exceeds the \$30 benefit standard (including those who were receiving both Social Security and SSI before entering an institution).

Nineteen State programs have exercised their option to supplement the PNA. Prior to the 1985 Budget Reconciliation Act, SSI regulations would not allow for Federal administration of State PNA supplements. An amendment included in that legislation now requires SSA, at the request of a State, to administer such State supplementary payments. As of December 2002, California, the District of Columbia, Massachusetts, Michigan, New Jersey, New York, Rhode Island, and Vermont had opted for Federal administration. Approximately 30 States allow some or all of those individuals affected by the Medicaid PNA regulations to retain more than \$30 a month.

BENEFITS OF FORMER RECIPIENTS OF STATE ASSISTANCE

The essential person payment is a Federal benefit for an individual who was transferred to SSI from a former State Program of Aid to the Aged, Blind, or Disabled. As shown in Table 3-3, the Federal benefits of these persons are increased by up to \$277 monthly in 2003 to take into account an “essential person” living in the household.

Essential persons are those (generally an ineligible spouse or relative) who live with the eligible individual and who are considered necessary to provide essential care and services for the eligible individual and whose needs were taken into account in December 1973 in determining the need of the individual. Essential persons do not themselves receive SSI payments; rather, the standard of payment to which an eligible individual or couple is entitled is increased, and any income and resources of the essential persons are combined with those of the eligible individual or couple in calculating the amount for which the individual or couple is eligible.

Eligibility for such increased payments apply only to a person included as an essential person in December 1973 and ends when the person no longer lives with the eligible individual, becomes eligible for SSI in his own right, or becomes the eligible spouse of an eligible individual.

Some States have categories of State supplementation similar to the “essential persons” category for individuals transferred from the pre-SSI Program.

3-21
OVERPAYMENTS

A provision in the 1984 Deficit Reduction Act established limits on recovery by the Social Security Administration (SSA) of overpayments made to SSI recipients. The amount of recovery in any month is now limited to the lesser of: (1) the amount of the benefit for that month; or (2) an amount equal to 10 percent of the countable income (plus the SSI payment) of the individual (or couple) for that month. This limitation does not apply if there is fraud, willful misrepresentation, or concealment of information in connection with the overpayment. The recipient may request a higher or lower rate at which benefits may be withheld to recover the overpayment.

FASTER INITIAL SSI (AND SOCIAL SECURITY) PAYMENTS

Making initial payments faster for those who are presumptively or proven eligible is a goal of the SSI Program. The provisions for a one-time emergency advance payment continues to permit a faster response to presumptive or proven eligibility in new claims with critical needs. Pursuant to the 1996 welfare reform legislation, these emergency advance payments must be repaid through proportionate reductions in SSI benefits over a period of not more than 6 months. In fiscal year 2002, Social Security offices made 7,459 emergency advance payments using their third-party drafts in these new claims situations totaling \$4,234,503 with an average payment amount of \$569.

Beginning in October 1985, local Social Security offices were given the authority to make "immediate payments" for Social Security and SSI cases at management's discretion when the local offices found that benefits were due but unpaid and an expedited Treasury payment would be too slow. "Immediate" usually means while the beneficiary waits or the next day at the latest. Payments are made using third-party drafts issued by the local field office. Payments are limited to the maximum per beneficiary of \$999 or the amount due, whichever is less, once in a 30-day period. The payment must be approved by office management. During fiscal year 2002, 85,726 Social Security and 82,598 SSI immediate payments were issued under this procedure. The total amount of these payments equaled \$93,326,975 for an average of \$554 per payment.

STATE SUPPLEMENTATION

Mandatory State Supplementation

State supplementary payments are required by law to maintain income levels of former State adult assistance recipients transferred to the Federal SSI Program. The purpose of these mandatory State supplements is to assure that no person suffers a reduction in income as result of the transfer to the SSI Program.

TABLE 3-3--MONTHLY FEDERAL SSI BENEFIT RATES, 1974-2003

[In Dollars]

| | Individual | | Couple | | Medicaid Facility | Essential person increment |
|---------------------------|---------------|---------------------|---------------|---------------------|-------------------|----------------------------|
| | Own Household | Another's Household | Own Household | Another's Household | | |
| January 1974 | \$140.00 | \$93.34 | \$210.00 | \$140.00 | \$25.00 | \$70.00 |
| July 1974 | 146.00 | 97.34 | 219.00 | 146.00 | 25.00 | 73.00 |
| July 1975 | 157.70 | 105.14 | 236.60 | 157.74 | 25.00 | 78.90 |
| July 1976 | 167.80 | 111.87 | 251.80 | 167.87 | 25.00 | 84.00 |
| July 1977 | 177.80 | 118.54 | 266.70 | 177.80 | 25.00 | 89.00 |
| July 1978 | 189.40 | 126.27 | 284.10 | 189.40 | 25.00 | 94.80 |
| July 1979 | 208.20 | 138.80 | 312.30 | 208.20 | 25.00 | 104.20 |
| July 1980 | 238.00 | 158.67 | 357.00 | 238.00 | 25.00 | 119.20 |
| July 1981 | 264.70 | 176.47 | 397.00 | 264.67 | 25.00 | 132.60 |
| July 1982 | 284.30 | 189.54 | 426.40 | 284.27 | 25.00 | 142.50 |
| July 1983 | 304.30 | 202.87 | 456.40 | 304.27 | 25.00 | 152.50 |
| January 1984 ¹ | 314.00 | 209.34 | 472.00 | 314.67 | 25.00 | 157.00 |
| January 1985 | 325.00 | 216.67 | 488.00 | 325.34 | 25.00 | 163.00 |
| January 1986 | 336.00 | 224.00 | 504.00 | 336.00 | 25.00 | 168.00 |
| January 1987 | 340.00 | 226.67 | 510.00 | 340.00 | 25.00 | 170.00 |
| January 1988 | 354.00 | 236.00 | 532.00 | 354.67 | 25.00 | 177.00 |
| January 1989 | 368.00 | 245.34 | 553.00 | 368.67 | 30.00 | 184.00 |
| January 1990 | 386.00 | 257.34 | 579.00 | 386.00 | 30.00 | 193.00 |
| January 1991 | 407.00 | 271.34 | 610.00 | 406.67 | 30.00 | 204.00 |
| January 1992 | 422.00 | 281.34 | 633.00 | 422.00 | 30.00 | 211.00 |
| January 1993 | 434.00 | 289.34 | 652.00 | 434.67 | 30.00 | 217.00 |
| January 1994 | 446.00 | 297.34 | 669.00 | 446.00 | 30.00 | 223.00 |
| January 1995 | 458.00 | 305.34 | 687.00 | 458.00 | 30.00 | 229.00 |

| | | | | | | |
|---------------------------|--------|--------|--------|--------|-------|--------|
| January 1996 | 470.00 | 313.34 | 705.00 | 470.00 | 30.00 | 235.00 |
| January 1997 | 484.00 | 322.67 | 726.00 | 484.00 | 30.00 | 242.00 |
| January 1998 | 494.00 | 329.34 | 741.00 | 494.00 | 30.00 | 247.00 |
| January 1999 | 500.00 | 333.34 | 751.00 | 500.67 | 30.00 | 250.00 |
| January 2000 ² | 513.00 | 342.00 | 769.00 | 512.67 | 30.00 | 257.00 |
| January 2001 ² | 531.00 | 354.00 | 796.00 | 530.67 | 30.00 | 266.00 |
| January 2002 | 545.00 | 363.34 | 817.00 | 544.67 | 30.00 | 273.00 |
| January 2003 | 552.00 | 368.00 | 829.00 | 552.67 | 30.00 | 277.00 |

¹Cost-of-living adjustments to Federal SSI benefit levels are rounded to the next lower whole dollar beginning with the increase effective January 1984.

²These figures reflect the correction of an error in the consumer price index.

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

TABLE 3-4--PERCENTAGE AND NUMBER OF PERSONS
RECEIVING FEDERALLY ADMINISTERED PAYMENTS, BY
LIVING ARRANGEMENT AND CATEGORY,
DECEMBER 2002

| Living Arrangement ¹ | Total | Reason for Eligibility | | |
|---|-----------|------------------------|---------------------|------------------------|
| | | Aged | Blind | Disabled |
| Own household | 93.7 | 90.7 | 92.1 | 94.5 |
| Another's household | 4.2 | 7.5 | 5.4 | 3.4 |
| Institutional care covered by Medicaid | 2.1 | 1.8 | 2.5 | 2.1 |
| Total percent | 100.0 | 100.0 | 100.0 | 100.0 |
| Total number | 6,787,857 | 1,251,528 | 77,658 ² | 5,458,871 ³ |

¹ As defined for determination of Federal SSI payment standards.

² Includes approximately 19,200 persons aged 65 or older.

³ Includes approximately 690,400 persons aged 65 or older.

Source: Social Security Administration, Office of Research, Evaluation and Statistics, Division of SSI Statistics and Analysis.

Under mandatory supplementation rules, States are to maintain recipients of the Programs of Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled at their December 1973 income level. That level is the amount an individual received in December 1973 under the terms and conditions of the State plan in effect for the month of June 1973, plus her other income. Thus, State must provide a supplementary payment to any individual who, because of special needs or other reasons, had a December 1973 payment higher than the amount she received under the basic Federal SSI Program.

To remain eligible for Medicaid Federal matching funds, States were required to adopt a mandatory State supplementation program. In February 2003, approximately 1,200 recipients or less than 0.02 percent of all recipients were receiving federally administered payments based in part or solely on the mandatory supplementation rule.

Optional State Supplementation

In addition to any mandatory supplementation States must provide, a State (or political subdivision) may choose to provide an optional supplement to Federal SSI payments. This optional supplement also is intended to help individuals meet needs which are not fully met by the Federal payment. The State determines whether it will make such a payment, to whom, and in what amount. States have the option of covering recipients of mandatory supplementation under their program of optional supplementation.

At the present time, all but seven States and jurisdictions provide some form of optional State supplementation. States that provide no supplement are: Arkansas, Georgia, Kansas, Mississippi, Commonwealth of the Northern Mariana Islands, Tennessee, and West Virginia. States (or local jurisdictions) may elect to administer their supplementary payments themselves or may contract with SSA for Federal administration. Fourteen States and the District of Columbia have contracted with

SSA to administer the State optional supplementation program. Since the SSI Program began in 1974, eight States have shifted from Federal to State administration of their optional State supplementation program.

Section 1618 of the Social Security Act requires States that have chosen to supplement the Federal SSI benefit to continue to provide supplementation and to maintain the supplementary payments (or spending for supplements) at specified levels. The purpose of section 1618 is to require States to pass along to SSI recipients the amount of any Federal benefit increase. Some States had not done this before the enactment of section 1618 on October 21, 1976 (Public Law 94-585). Instead, when Congress enacted cost-of-living increases in the Federal SSI benefit amount, some States would reduce the levels of the State supplementary payments by the amount of the Federal benefit increase. Congress responded by enacting the section 1618 pass-along/maintenance-of-effort provision for State supplementary payments.

Section 1618 allows States to comply with the pass along requirement by either (1) maintaining their State supplementary payment levels for specified types of living arrangements at or above March 1983 levels (sometimes referred to as the payment level method) or (2) maintaining their supplementary payment spending so that total annual Federal and State expenditures will be at least equal to what they were in the prior 12-month period plus any Federal cost-of-living increase, provided the State was in compliance for that period (sometimes referred to as the total expenditures method). In effect, section 1618 requires that once a State elects to provide supplementary payments, it must continue to do so.

Under section 1618, a State that is found to be out of compliance under the maintenance-of-effort rules is subject to loss of its Federal Medicaid reimbursement. In California's case, a further "penalty" would be levied for failure to meet the pass along/maintenance-of-effort mandate. It would lose permission to "cash out" food stamp benefits for SSI recipients, and regular food stamp allotments would have to be offered to them.

Variation in Payment Amount

In addition to categorical variations which may apply (i.e., aged, blind, disabled), a State may elect a number of variations in optional supplementary payments to account for specific differences in living costs to a recipient. The type and amount of the variations selected must be specified in the Federal-State agreement. A State may make variations in its payments to account for both geographic and living arrangement cost differences.

A significant number of the aged, disabled, and blind receiving SSI cannot live alone because of mental or physical limitations and have a need for housing which includes services beyond room and board. These services often include supervision for daily living and protective services for the mentally retarded, chronically mentally ill, or the frail or confused elderly. Such nonmedical supervised and/or group living arrangements generally cost more than the Federal SSI benefit needs standard of \$552 a month in 2003, and often more than the combined Federal and SSI State supplementation for those classified as living

independently. Thus, all but 10 of the 50 States and the District of Columbia have Federal- or State-administered State supplementation which is specifically directed at covering the additional cost of providing housing in a protective, supervised, or group living arrangement.

These living arrangements are identified by a variety of terms including: adult foster care homes; domiciliary care homes; congregate care; group homes for the mentally retarded, and other terms. The amount of supplementation by the State also varies a great deal. For example, in 2001 in the State of Maryland under a State-administered supplementation program, a “specialized and intensive supervision” group living facility had a State supplementation of \$666 a month in addition to the Federal benefit of \$552. Thus, the maximum total Federal and State SSI payment in a month in Maryland is \$1,218. In Oregon, for example, the State supplementation is less than \$2 a month for those who need little supervision and care. However, in some States the cost of supervised group living care also is partially met by direct State funding of the staff. Some States make payments for nonmedical group care directly to private residential facilities based on a rate negotiated by the State with each facility. In such cases, there is often a PNA payment made directly to or on behalf of the residents of the facility.

Administrative Fees

The Omnibus Budget Reconciliation Act of 1993 amended the State supplementation provision to provide for State payment for Federal administration of State supplementary payments. For fiscal year 1994, the administration fee was \$1.67 per payment. The rate per payment rose to \$3.33 for fiscal year 1995, and \$5.00 for fiscal year 1996 and each succeeding year, or a different rate deemed appropriate for the State by the Commissioner.

The Balanced Budget Act of 1997 (Public Law 105-33) increased the fee charged by the SSA to administer a State's supplementary SSI payments. For fiscal year 1998, the fee was \$6.20. The rate per payment rose to \$7.60 for 1999, \$7.80 for 2000, \$8.10 for 2001, and \$8.50 for 2002. The fee for 2003 is \$8.59 per payment. Each succeeding year, fees are indexed to increases in the Consumer Price Index or set at a different rate as determined by the Commissioner of Social Security. Amounts of fees collected in excess of \$5 per check are credited to a special Treasury fund available for Social Security Administration administrative purposes. Such amounts are credited as a discretionary offset to discretionary spending to the extent that they are made available for expenditures in appropriation acts.

Public Law 106-170 authorizes SSA to penalize States that are late in paying their administrative fees. Specifically, SSA may charge a State for whom it administers supplementary payments a penalty equal to 5 percent of the supplementary payment and administrative fees due if that State has not paid SSA the administrative fees it owes. States must pay SSA on the business day preceding the date that SSA pays monthly benefits, or for the last month in a State's fiscal year, the fifth business day following the date that SSA pays monthly benefits.

State SSI Supplement Levels Over Time

Throughout the period from July 1975 to January 2003, 22 States have continuously provided supplemental SSI payments to aged individuals living independently.

During the period from July 1975 to January 2000, no State increased supplements faster than inflation for aged individuals living independently or aged couples living independently (see Tables 3-5 and 3-6).

As of December 2002, there were 2,462,652 beneficiaries (36.3 percent) receiving a State supplement. For those SSI recipients, other than those receiving a State supplement because they are living in some type of group living arrangement, the amount of State supplement ranges from \$1.70 a month to \$362 a month for an individual. At present, 26 States and the District of Columbia supplement the Federal standard for individuals living independently.

MAXIMUM SSI AND FOOD STAMP BENEFITS FOR INDIVIDUALS LIVING INDEPENDENTLY

Table 3-7 for individuals and Table 3-8 for couples illustrate by State the maximum potential payment from Federal SSI, State supplements, and food stamps for persons with no income. Approximately 65 percent of SSI households in the Food Stamp Program claim a shelter deduction for shelter expenses exceeding roughly one-third of their monthly income. About 3 percent of SSI households claim a medical cost deduction for out-of-pocket expenses over \$35 per month.

COMPARISON OF SSI PAYMENT LEVELS TO POVERTY THRESHOLDS

Table 3-9 compares the Federal SSI benefit for a single individual to the Bureau of the Census poverty threshold. Both the poverty threshold and the benefit level are indexed to the Consumer Price Index. (The percentage increase for the poverty threshold and the SSI benefit increase varies slightly because of a difference in the method of calculation.) As a result of Public Law 98-21, SSI benefit levels were increased by \$20 per month for individuals and \$30 per month for couples in July 1983. They were further increased by 3.5 percent in January 1984. This explains why SSI benefits, in relation to the poverty level, increased to approximately 76 percent in 1984 compared to 72 percent in the 1975 to 1980 period. In 2000, benefit levels were 76 percent of the poverty level.

Table 3-10 presents the same information for a couple. The SSI benefit for a couple is 90 percent of the poverty threshold in 2002.

| | | | | | | | | | | | | | | | | | |
|-------------------------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| Pennsylvania | 30 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 49 | 44 | 44 | 44 | 44 | 44 | 44 | 4 | -96 |
| Rhode Island | 59 | 79 | 54 | 120 | 127 | 120 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | 121 | -37 |
| South Dakota | 0 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | NA |
| Utah | 0 | 20 | 10 | 12 | 11 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | NA |
| Vermont | 61 | 76 | 53 | 115 | 118 | 103 | 92 | 103 | 103 | 103 | 103 | 108 | 111 | 111 | 111 | 111 | -44 |
| Washington ⁵ | 40 | 44 | 38 | 22 | 22 | 22 | 20 | 21 | 21 | 21 | 21 | 21 | 20 | 20 | 20 | 20 | -85 |
| Wisconsin | 105 | 161 | 161 | 166 | 146 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | 132 | -62 |
| Wyoming | 0 | 40 | 40 | 40 | 19 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 | NA |
| Median | 57 | 63 | 66 | 65 | 49 | 49 | 39 | 44 | 44 | 28 | 28 | 28 | 28 | 28 | 28 | 25 | -60 |

¹ The percentage change in constant dollars was computed by inflating July 1975 to January 2002 by the CPI-U price index.

² Through 1983 the State supplement was less if shelter costs were below \$35 monthly.

³ State decides benefit on a case-by-case basis.

⁴ State has various geographic payment levels. Level shown is for Hennepin County, the area with the largest number of SSI recipients. State supplemental SSI payment for individual whose entitlement began January 1, 1994. State supplemental for individuals whose entitlement began before January 1, 1994 is an additional \$15 per month.

⁵ State has two geographic payment levels – highest levels are shown in table. Sum paid in King, Pierce, Kitsap, Snohomish, and Thurston Counties. NA- Not available.

Source: Office of Supplemental Security Income, Social Security Administration and Congressional Research Service calculations.

TABLE 3-7--MAXIMUM POTENTIAL SSI AND FOOD STAMP
BENEFITS FOR AGED INDIVIDUALS LIVING
INDEPENDENTLY, JANUARY 2000 ¹

| State | Maximum SSI Benefit | Food Stamp Benefit ² | Combined Benefits | |
|---------------------------|------------------------|------------------------------------|-------------------|---------|
| | | | Monthly | Annual |
| Alabama | \$512 | \$89 | \$600 | \$7,200 |
| Alaska | 874 | 120 | 993 | 11,916 |
| Arizona ³ | 512 | 89 | 600 | 7,200 |
| Arkansas | 512 | 89 | 600 | 7,200 |
| California | 692 | 0 ⁴ | 726 | 8,712 |
| Colorado | 548 | 78 | 625 | 7,500 |
| Connecticut | 747 | 18 | 765 ⁵ | 9,180 |
| Delaware | 512 | 89 | 600 | 7,200 |
| District of Columbia | 512 | 89 | 600 | 7,200 |
| Florida | 512 | 89 | 600 | 7,200 |
| Georgia | 512 | 89 | 600 | 7,200 |
| Hawaii | 517 | 159 | 676 | 8,112 |
| Idaho | 565 ⁶ | 73 | 637 | 7,644 |
| Illinois | 512 ⁷ | 89 | 600 | 7,200 |
| Indiana | 512 | 89 | 600 | 7,200 |
| Iowa | 534 | 82 | 616 | 7,392 |
| Kansas | 512 | 89 | 600 | 7,200 |
| Kentucky | 512 | 89 | 600 | 7,200 |
| Louisiana | 512 | 89 | 600 | 7,200 |
| Maine | 522 | 86 | 607 | 7,284 |
| Maryland | 512 | 89 | 600 | 7,200 |
| Massachusetts | 641 | 50 | 690 | 8,280 |
| Michigan | 526 | 84 | 610 | 7,320 |
| Minnesota | 593 ⁸ | 64 | 657 | 7,884 |
| Mississippi | 512 | 89 | 600 | 7,200 |
| Missouri | 512 | 89 | 600 | 7,200 |
| Montana | 512 | 89 | 600 | 7,200 |
| Nebraska | 519 | 87 | 605 | 7,260 |
| Nevada | 548 | 78 | 626 | 7,512 |
| New Hampshire | 539 | 81 | 619 | 7,428 |
| New Jersey | 543 | 79 | 622 | 7,464 |
| New Mexico | 512 | 89 | 600 | 7,200 |
| New York | 599 | 63 | 661 | 7,932 |
| North Carolina | 512 | 89 | 600 | 7,200 |
| North Dakota | 512 | 89 | 600 | 7,200 |
| Ohio | 512 | 89 | 600 | 7,200 |
| Oklahoma | 565 | 73 | 637 | 7,644 |
| Oregon | 514 | 88 | 601 | 7,212 |
| Pennsylvania | 539 | 80 | 619 | 7,428 |
| Rhode Island | 576 | 69 | 645 | 7,740 |
| South Carolina | 512 | 89 | 600 | 7,200 |
| South Dakota ³ | 527 | 84 | 611 | 7,332 |
| Tennessee | 512 | 89 | 600 | 7,200 |
| Texas | 512 | 89 | 600 | 7,200 |
| Utah | 512 | 89 | 600 | 7,200 |

TABLE 3-7--MAXIMUM POTENTIAL SSI AND FOOD STAMP BENEFITS FOR AGED INDIVIDUALS LIVING INDEPENDENTLY, JANUARY 2000 ¹-continued

| State | Maximum SSI Benefit | Food Stamp Benefit ² | Combined Benefits | |
|---------------|---------------------|---------------------------------|-------------------|--------|
| | | | Monthly | Annual |
| Vermont | 570 ⁹ | 71 | 640 | 7,680 |
| Virginia | 512 | 89 | 600 | 7,200 |
| Washington | 539 ¹⁰ | 81 | 619 | 7,428 |
| West Virginia | 512 | 89 | 600 | 7,200 |
| Wisconsin | 596 | 63 | 659 | 7,908 |
| Wyoming | 522 | 86 | 607 | 7,284 |

¹ In most States these maximums apply also to blind or disabled SSI recipients who are living in their own households; but some States provide different benefit schedules for each category.

² For one-person households, maximum food stamp benefits from October 1999 through September 2000 are \$127 in the 48 contiguous States and the District of Columbia, \$158 in Alaska, and \$199 in Hawaii. For the 48 contiguous States and the District of Columbia, the calculation of benefits assumes: (1) a "standard" deduction of \$134 per month; (2) an excess deduction of \$250 per month (the 2000 average deduction based on all claimed values for elderly individuals living alone). For Alaska and Hawaii, higher deduction levels were used, as provided by law (\$663 and \$546, respectively, for combined standard and excess shelter allowance).

³ January 2000 State supplemental payments unavailable. Calculations based on January 1999 payment rates.

⁴ SSI recipients in California are ineligible for food stamps. California provides increased cash aid in lieu of stamps.

⁵ Individual budget process.

⁶ State disregards \$20 of SSI payment in determining the State supplementary payment.

⁷ State decides benefits on case-by-case basis.

⁸ Payment level for Hennepin County. State has two geographic payment levels--one for Hennepin County and the other for the remainder of the State.

⁹ State has two geographic payment levels--highest are shown in table.

¹⁰ Sum paid in King, Pierce, Kitsap, Snohomish, and Thurston Counties.

Source: Table prepared by the Congressional Research Service based on data from the Social Security Administration.

TABLE 3-8--MAXIMUM POTENTIAL SSI AND FOOD STAMP BENEFITS FOR AGED COUPLES LIVING INDEPENDENTLY, JANUARY 2000 ¹

| State | Maximum SSI Benefit | Food Stamp Benefit ² | Combined Benefits | |
|----------------------|---------------------|---------------------------------|-------------------|----------|
| | | | Monthly | Annual |
| Alabama | \$769 | \$126 | \$894 | \$10,728 |
| Alaska | 1,297 | 23 | 1,320 | 15,840 |
| Arizona ³ | 769 | 126 | 894 | 10,728 |
| Arkansas | 769 | 126 | 894 | 10,728 |
| California | 1,229 | 0 ⁴ | 1,216 | 14,592 |
| Colorado | 1,096 | 28 | 1,123 | 13,476 |
| Connecticut | 1,094 ⁵ | 28 | 1,122 | 13,464 |

TABLE 3-8--MAXIMUM POTENTIAL SSI AND FOOD STAMP
BENEFITS FOR AGED COUPLES LIVING INDEPENDENTLY,
JANUARY 2000¹ - continued

| State | Maximum SSI Benefit | Food Stamp Benefit ² | Combined Benefits | |
|---------------------------|------------------------|------------------------------------|-------------------|--------|
| | | | Monthly | Annual |
| Delaware | 769 | 126 | 894 | 10,728 |
| District of Columbia | 769 | 126 | 894 | 10,728 |
| Florida | 769 | 126 | 894 | 10,728 |
| Georgia | 769 | 126 | 894 | 10,728 |
| Hawaii | 778 | 254 | 1,031 | 12,372 |
| Idaho | 788 ⁶ | 120 | 908 | 10,896 |
| Illinois | 769 ⁷ | 126 | 894 | 10,728 |
| Indiana | 769 | 126 | 894 | 10,728 |
| Iowa | 813 | 113 | 925 | 11,100 |
| Kansas | 769 | 126 | 894 | 10,728 |
| Kentucky | 769 | 126 | 894 | 10,728 |
| Louisiana | 769 | 126 | 894 | 10,728 |
| Maine | 784 | 121 | 905 | 10,860 |
| Maryland | 769 | 126 | 894 | 10,728 |
| Massachusetts | 971 | 65 | 1,035 | 12,420 |
| Michigan | 797 | 117 | 914 | 10,968 |
| Minnesota ⁸ | 880 ⁹ | 92 | 972 | 11,664 |
| Mississippi | 769 | 126 | 894 | 10,728 |
| Missouri | 769 | 126 | 894 | 10,728 |
| Montana | 769 | 126 | 894 | 10,728 |
| Nebraska | 769 | 126 | 894 | 10,728 |
| Nevada | 843 | 103 | 946 | 11,352 |
| New Hampshire | 790 | 119 | 909 | 10,908 |
| New Jersey | 794 | 118 | 912 | 10,944 |
| New Mexico | 769 | 126 | 894 | 10,728 |
| New York | 873 | 95 | 967 | 11,604 |
| North Carolina | 769 | 126 | 894 | 10,728 |
| North Dakota | 769 | 126 | 894 | 10,728 |
| Ohio | 769 | 126 | 894 | 10,728 |
| Oklahoma | 875 | 94 | 968 | 11,616 |
| Oregon | 769 | 126 | 894 | 10,728 |
| Pennsylvania | 813 | 113 | 925 | 11,100 |
| Rhode Island | 890 | 90 | 979 | 11,748 |
| South Carolina | 769 | 126 | 894 | 10,728 |
| South Dakota ³ | 784 | 121 | 905 | 10,860 |
| Tennessee | 769 | 126 | 894 | 10,728 |
| Texas | 769 | 126 | 894 | 10,728 |
| Utah | 774 | 124 | 897 | 10,764 |
| Vermont | 877 ¹⁰ | 93 | 970 | 11,640 |
| Virginia | 769 | 126 | 894 | 10,728 |
| Washington | 790 ¹¹ | 120 | 909 | 10,908 |
| West Virginia | 794 | 118 | 912 | 10,944 |
| Wisconsin | 769 | 126 | 894 | 10,728 |
| Wyoming | 644 | 163 | 807 | 9,684 |

**TABLE 3-8--MAXIMUM POTENTIAL SSI AND FOOD STAMP
BENEFITS FOR AGED COUPLES LIVING INDEPENDENTLY,
JANUARY 2000¹ – continued**

¹ In most States these maximums apply also to blind or disabled SSI recipients who are living in their own households; some States provide different benefit schedules for each category.

² For two-person households, maximum food stamp benefits from October 1999 through September 2000 are \$234 in the 48 contiguous States and the District of Columbia, \$290 in Alaska, and \$365 in Hawaii. For the 48 contiguous States and the District of Columbia, the calculation of benefits assumes: (1) a "standard" deduction of \$134 per month, (2) an excess deduction of \$274 per month (the 2000 average deduction based on all claimed values for elderly individuals not living alone). For Alaska and Hawaii, higher deduction levels were used, as provided by law (\$663 and \$546, respectively, for combined standard and excess shelter allowance).

³ January 2000 State supplemental payments unavailable. Calculations based on January 1999 payment rates.

⁴ SSI recipients in California are ineligible for food stamps. California provides increased cash aid in lieu of stamps.

⁵ Individual budget process.

⁶ State disregards \$20 monthly of SSI income in determining the State supplementary payment amounts.

⁷ State decides benefits on case-by-case basis.

⁸ State supplemental SSI payment for individuals whose entitlement began before January 1, 1994 is an additional \$15 per month.

⁹ Payment level for Hennepin County. State has two geographic payment levels--one for Hennepin County and one for the remainder of the State.

¹⁰ State has two geographic payment levels--highest levels are shown in table.

¹¹ Sum paid in King, Pierce, Kitsap, Snohomish, and Thurston Counties.

Source: Table prepared by the Congressional Research Service based on data from the Social Security Administration.

TRENDS IN THE SSI CASELOAD

NUMBER OF RECIPIENTS

As shown in Table 3-11, in December 2002, nearly 6.8 million persons received federally administered SSI payments. Of these, about 1.3 million received federally administered payments on the basis of being aged, about 5.5 million on the basis of being disabled, and 78,000 on the basis of blindness. However, 743,800 of those receiving benefits on the basis of disability or blindness were over the age of 65.

Table 3-11 also indicates that approximately 4.3 million of those receiving federally administered SSI payments received only Federal SSI payments, 2.2 million received a combination of Federal and State payments, and 283,000 received State supplements only.

TABLE 3-9--COMPARISON OF COMBINED BENEFITS TO POVERTY THRESHOLDS FOR ELIGIBLE INDIVIDUALS RECEIVING SSI, SSI AND SOCIAL SECURITY; AND SSI, SOCIAL SECURITY, AND FOOD STAMPS, SELECTED YEARS 1975-2002

| Poverty Threshold and Benefits | 1975 | 1980 | 1984 | 1988 | 1992 | 1996 | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Poverty Threshold ¹ | \$2,572 | \$3,941 | \$4,980 | \$5,672 | \$6,729 | \$7,309 | \$7,818 | \$7,990 | \$8,259 | \$8,494 | \$8,628 |
| Federal SSI Benefits: | | | | | | | | | | | |
| Dollars Per Year | 1,822 | 2,677 | 3,768 | 4,248 | 5,064 | 5,640 | 5,928 | 6,000 | 6,156 | 6,372 | 6,540 |
| Percent of Poverty | 70.8 | 72.3 | 75.6 | 74.9 | 75.3 | 77.2 | 75.8 | 75.0 | 74.5 | 75.0 | 75.8 |
| Federal SSI and Social Security: | | | | | | | | | | | |
| Dollars Per Year | 2,062 | 2,917 | 4,008 | 4,488 | 5,304 | 5,880 | 6,168 | 6,240 | 6,396 | 6,612 | 6,780 |
| Percent of Poverty | 80.2 | 74.0 | 80.5 | 79.1 | 78.8 | 80.4 | 78.8 | 78.0 | 77.4 | 77.8 | 78.6 |
| Federal SSI, Social Security, and Food Stamps: ² | | | | | | | | | | | |
| Dollars Per Year | 2,350 | 3,345 | 4,294 | 4,848 | 5,820 | 6,372 | 6,672 | 6,792 | 6,980 | 7,182 | 7,360 |
| Percent of Poverty | 91.4 | 84.9 | 86.2 | 85.5 | 86.5 | 87.2 | 85.3 | 85.0 | 84.5 | 84.6 | 85.3 |

¹ Poverty threshold for individuals aged 65 and older.

² In computing the food stamp benefit for 1975, average deductions among all elderly households are assumed. For later years (except 1996), the applicable standard deduction plus average among all elderly households is assumed. For 1999 the food stamp benefit calculation is based on the 2001 average elderly individual deduction, the most current available. For 1996 the applicable standard deduction plus average shelter and medical deductions among all SSI households is assumed.

Source: Congressional Research Service.

TABLE 3-10--COMPARISON OF COMBINED BENEFITS TO POVERTY THRESHOLDS FOR ELIGIBLE COUPLES RECEIVING SSI, SSI AND SOCIAL SECURITY; AND SSI, SOCIAL SECURITY, AND FOOD STAMPS; SELECTED YEARS 1975-2002

| Poverty Threshold and Benefits | 1975 | 1980 | 1984 | 1988 | 1992 | 1996 | 1998 | 1999 | 2000 | 2001 | 2002 |
|--|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|----------|
| Poverty Threshold | \$3,232 | \$4,954 | \$6,280 | \$7,156 | \$8,489 | \$9,221 | \$9,862 | \$10,070 | \$10,409 | \$10,705 | \$10,874 |
| Federal SSI Benefits: | | | | | | | | | | | |
| Dollars Per Year | 2,734 | 4,016 | 5,664 | 6,384 | 7,596 | 8,460 | 8,892 | 9,000 | 9,228 | 9,552 | 9,804 |
| Percent of Poverty | 84.6 | 81.1 | 90.2 | 89.2 | 89.5 | 91.7 | 90.1 | 89.3 | 88.7 | 89.2 | 90.2 |
| Federal SSI and Social Security: | | | | | | | | | | | |
| Dollars Per Year | 2,974 | 4,256 | 5,904 | 6,624 | 7,836 | 8,700 | 9,132 | 9,240 | 9,468 | 9,792 | 10,044 |
| Percent of Poverty | 92.0 | 86.0 | 94.0 | 92.6 | 92.3 | 94.3 | 92.5 | 91.7 | 91.0 | 91.5 | 92.4 |
| Federal SSI, Social Security, and Food Stamps: | | | | | | | | | | | |
| Dollars Per Year | 3,430 | 4,906 | 6,393 | 7,200 | 8,700 | 9,540 | 10,056 | 10,260 | 10,508 | 10,762 | 11,058 |
| Percent of Poverty | 106.1 | 99.0 | 101.8 | 100.6 | 102.5 | 103.5 | 101.9 | 101.8 | 101.0 | 100.5 | 101.7 |

¹ Poverty threshold for 2-person household with householder aged 65 and above and older and no related children under age 18.

² In computing the food stamps benefit for 1975, average deduction among all elderly households are assumed. For later years (except 1996), the applicable standard deduction plus average shelter and medical deductions among all elderly household is assumed. For 2002, the food stamps benefit calculation is based on 2001 average elderly couple deduction, the most current available. For 1996 the applicable standard deduction plus average shelter and medical deductions among all SSI households is assumed.

Source: Congressional Research Service.

TABLE 3-11--NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED PAYMENTS,
TOTAL AMOUNT, AND AVERAGE MONTHLY AMOUNT,
BY SOURCE OF PAYMENT AND CATEGORY, DECEMBER 2002

| Source of Payment | Total | Category | | | Age | | |
|---|--------------------|------------------------|---|-----------------------|------------------|--------------------|--------------------------|
| | | Aged | Blind ¹ | Disabled ¹ | Under 18 | 18-64 | 65 or older ¹ |
| | | | Number of Persons | | | | |
| Federal payment only | 4,326,502 | 640,133 | 43,062 | 3,643,010 | 668,217 | 2,570,005 | 1,087,983 |
| Federal payment and State supplementation | 2,179,022 | 511,519 | 29,127 | 1,638,376 | 243,974 | 1,169,651 | 765,397 |
| State supplementation | 282,630 | 99,876 | 5,469 | 177,285 | 2,630 | 138,096 | 141,904 |
| Total | 6,787,857 | 1,251,528 | 77,658 | 5,458,671 | 914,821 | 3,877,752 | 1,995,284 |
| Total with | | | | | | | |
| Federal payment | 6,505,227 | 1,151,652 | 72,189 | 5,281,386 | 912,191 | 3,739,656 | 1,853,380 |
| State supplementation | 2,461,652 | 611,395 | 34,596 | 1,815,661 | 246,604 | 1,307,747 | 907,301 |
| | | | Amount of Payments (Thousands of Dollars) | | | | |
| Federal payments | 2,623,339 | 325,286 | 28,264 | 2,269,789 | 459,966 | 1,629,676 | 533,697 |
| State supplementation | 328,086 | 90,288 | 6,880 | 230,918 | 16,008 | 178,969 | 133,109 |
| Total | \$2,951,425 | \$415,574 | \$35,144 | \$2,500,707 | \$475,974 | \$1,808,645 | \$666,806 |
| | | Average Monthly Amount | | | | | |
| Federal payments | 376.76 | 280.86 | 384.79 | 397.71 | 472.67 | 398.82 | 286.20 |
| State supplementation | 127.53 | 146.17 | 194.32 | 119.94 | 60.72 | 127.71 | 145.22 |
| Total | \$407.42 | \$330.04 | \$444.54 | \$424.75 | \$487.73 | \$427.73 | \$332.03 |

¹ Includes approximately 17,900 blind and 725,900 disabled persons aged 65 or older.

² Included retroactive payments.

³ Excludes retroactive payments.

Source: Social Security Administration, Supplemental Security Records, 100 percent data.

Table 3-12 shows the trends in the numbers of persons receiving federally administered SSI payments from December 1975 through December 2002, both by reason for eligibility and by age categories. There was a steady decline in the number of SSI recipients from 1975 until 1983. However, in the last 19 years the number of SSI recipients has increased from about 3.9 million to about 6.8 million, an increase of 74 percent.

CHARACTERISTICS OF ADULT DISABLED AND BLIND RECIPIENTS

Major Disabling Diagnosis — As shown in Table 3-13, of the SSI disabled ages 18-64, 23.5 percent were eligible on the basis of mental retardation and 36.6 percent on the basis of other mental disorders. Therefore, over 60 percent of all SSI disabled recipients are eligible on the basis of a mental disability. The next three largest categories are: diseases of the musculoskeletal system and connective tissues—10.1 percent; diseases of the nervous system and sense organs—8.4 percent; and diseases of the circulatory system—5.2 percent.

In December 2002, 1.4 million or 23.6 percent of the adult disabled or blind receiving SSI benefits had a representative payee. Representative payees are individuals, agencies, or institutions selected by SSA to receive and use SSI payments on behalf of the SSI recipient when it has been found necessary by reason of the mental or physical limitations of the recipient.

Age — When a person who is receiving SSI on the basis of blindness or disability becomes age 65, SSA does not convert the individual to eligibility on the basis of age. As shown in Table 3-14, 16 percent of the SSI adult population receiving benefits on the basis of disability are age 65 or older (25.3 percent of the blind were age 65 or older).

Sex — In December 2002, 59.1 percent of those receiving SSI benefits on the basis of disability were women.

Race — In December 1999, the most recent available data showed that 64 percent of those receiving SSI benefits on the basis of disability were white; 30 percent were black; 6 percent other races. (Note: This is the same information that was in the 2000 edition of Green Book, and is still the most recent data available.) The 1999 race data came from the Survey of Income and Program Participation, matched to SSA program data on receipt of SSI benefits. They replace the previous series of numbers, which were based on SSA program data. The principle difference in the two sets of numbers is that Hispanics were coded as “other” in the older series, and may be of any race in the newer series.

Other Income — In December 2002, 30.3 percent of the disabled and 34.3 percent of the blind on SSI also received Social Security benefits. Table 3-15 shows the number of SSI recipients with other sources of income, both unearned and earned.

TABLE 3-12--NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS BY CATEGORY AND AGE, SELECTED YEARS 1975-2002

[In Thousands]

| Reason for Eligibility and Age | December 1975 | September 1983 | September 1986 | September 1990 | September 1994 | December 1998 | December 2002 |
|--------------------------------|---------------|----------------|----------------|----------------|----------------|---------------|---------------|
| Reason for Eligibility: | | | | | | | |
| Aged | 2,307 | 1,528 | 1,476 | 1,452 | 1,470 | 1,332 | 1,252 |
| Blind | 74 | 79 | 83 | 84 | 85 | 73 | 78 |
| Under 18 | 3 | 6 | 7 | 7 | 8 | 7 | 8 |
| 18-21 | 4 | 5 | 5 | 4 | 4 | 4 | 4 |
| 22-64 | 46 | 45 | 48 | 50 | 52 | 50 | 48 |
| 65 or Older | 22 | 23 | 23 | 22 | 21 | 19 | 18 |
| Disabled | 1,933 | 2,292 | 2,673 | 3,229 | 4,692 | 5,154 | 5,459 |
| Under 18 | 104 | 191 | 231 | 287 | 812 | 880 | 907 |
| 18-21 | 90 | 122 | 138 | 143 | 202 | 235 | 241 |
| 22-64 | 1,559 | 1,517 | 1,787 | 2,218 | 3,049 | 3,359 | 3,585 |
| 65 or Older | 179 | 462 | 517 | 579 | 629 | 684 | 726 |
| Age: | | | | | | | |
| Under 18 | 107 | 197 | 238 | 294 | 820 | 887 | 915 |
| 18-21 | 93 | 127 | 143 | 147 | 206 | 236 | 244 |
| 22-64 | 1,605 | 1,562 | 1,835 | 2,269 | 3,101 | 3,409 | 3,634 |
| 65 or Older | 2,508 | 2,013 | 2,016 | 2,051 | 2,120 | 2,035 | 1,995 |
| Total | 4,314 | 3,898 | 4,232 | 4,764 | 6,247 | 6,566 | 6,788 |

Source: Office of Research, Evaluation and Statistics, Social Security Administration.

TABLE 3-13--DISABILITY DIAGNOSIS OF SSI AND SECTION 1619
DISABILITY RECIPIENTS, DECEMBER 2002 ¹
[Percentage Distribution by Diagnostic Group]

| Diagnostic Group | All SSI Disabled 18-64 yrs. | SSI section 1619(a) Participants | SSI section 1619(b) Participants |
|--|--------------------------------|--|-------------------------------------|
| Infectious and Parasitic Diseases | 2.0 | 1.6 | 2.0 |
| Neoplasms | 1.2 | 1.0 | 1.2 |
| Endocrine, Nutritional, and Metabolic Disorders | 4.5 | 2.2 | 2.6 |
| Mental Disorders: | | | |
| Schizophrenia | 10.9 | 9.1 | 10.0 |
| Other Psychiatric | 25.7 | 23.0 | 22.3 |
| Mental Retardation | 23.5 | 39.3 | 35.7 |
| Diseases of: | | | |
| Nervous System and Sense Organs ² | 8.4 | 11.7 | 11.4 |
| Circulatory System | 5.2 | 1.6 | 2.0 |
| Respiratory System | 2.4 | 1.0 | 1.1 |
| Digestive System | 1.0 | 0.4 | 0.6 |
| Genito-Urinary System | 1.2 | 1.2 | 1.4 |
| Musculoskeletal System and Connective Tissues | 10.1 | 3.7 | 5.3 |
| Congenital Anomalies | 0.5 | 0.8 | 0.8 |
| Injury and Poisoning | 2.8 | 2.1 | 2.5 |
| Other | 0.8 | 1.2 | 1.1 |
| Total Percent ² | 100.0 | 100.0 | 100.0 |
| Total Individuals | 3,877,752 | 16,995 | 79,494 |

¹ Most disabled recipients classified as blind are included in this category. A few blind recipients with a primary impairment (other than diseases of the eye) are coded in other categories. Also, a few recipients are classified with diseases of the eye, but their impairment does not meet the definition of blindness.

² Includes only recipients whose diagnosis information is specifically identified on the source files. Source: Office of Supplemental Security Income, Social Security Administration.

CHARACTERISTICS OF RECIPIENTS RECEIVING BENEFITS ON THE BASIS OF AGE

Age — In December 2002, of SSI recipients receiving benefits on the basis of age (65 or older), 35.7 percent were 80 years of age or older (Table 3-14).

Sex — In December 2002, 70.1 percent of those receiving benefits on the basis of age were women.

Race — In December 1999, 58 percent of those receiving SSI on the basis of age were white; 26 percent were black; 16 percent were other races. (Note: this is the same information that was in the 2000 edition of the Green Book and is still the most recent information available). The 1999 race data came from the Survey of Income and Program Participation, matched to SSA program data on receipt of SSI benefits. They replace the previous series of numbers, which were based on SSA program data. The principle difference in the two sets of numbers is that Hispanics

were coded as “other” in the older series, and may be of any race in the newer series.

Other Income — In December 2002, 57.8 percent of SSI recipients receiving benefits on the basis of age also received Social Security benefits. Only 1.5 percent had earned income.

TABLE 3-14--NUMBER AND PERCENTAGE DISTRIBUTION OF
SSI RECIPIENTS RECEIVING FEDERALLY ADMINISTERED
PAYMENTS BY CATEGORY AND AGE GROUP,
DECEMBER 2002

| Sex and Age | All recipients | Adults | | | Blind and disabled, under age 18 |
|--------------------------------|----------------|-----------|--------|-----------|----------------------------------|
| | | Aged | Blind | Disabled | |
| All persons | | | | | |
| Total number | 6,787,857 | 1,251,528 | 70,896 | 4,550,612 | 914,821 |
| Total percent | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| Percentage distribution by sex | | | | | |
| Male | 42 | 29.9 | 43.4 | 40.9 | 64.3 |
| Female | 58 | 70.1 | 56.6 | 59.1 | 35.7 |
| Percentage distribution by age | | | | | |
| Under 5 | 2.2 | ----- | ----- | ----- | 16.1 |
| 5-9 | 3.6 | ----- | ----- | ----- | 26.8 |
| 10-14 | 5.0 | ----- | ----- | ----- | 36.9 |
| 15-17 | 2.7 | ----- | ----- | ----- | 20.2 |
| 18-21 | 3.6 | ----- | 6.0 | 5.3 | ----- |
| 22-29 | 6.8 | ----- | 11.4 | 9.9 | ----- |
| 30-39 | 10.5 | ----- | 14.9 | 15.4 | ----- |
| 40-49 | 14.8 | ----- | 17.2 | 21.8 | ----- |
| 50-59 | 14.6 | ----- | 17.2 | 21.5 | ----- |
| 60-64 | 6.9 | ----- | 8.0 | 10.1 | ----- |
| 65-69 | 7.6 | 15.3 | 7.0 | 7.0 | ----- |
| 70-74 | 7.4 | 23.8 | 6.3 | 4.5 | ----- |
| 75-79 | 6.3 | 25.3 | 4.9 | 2.4 | ----- |
| 80 or Older | 8.0 | 35.7 | 7.1 | 2.1 | ----- |

Source: Social Security Administration, Office of Research, Evaluation and Statistics, Division of SSI Statistics and Analysis.

CHARACTERISTICS OF CHILDREN RECEIVING BENEFITS

To be eligible for SSI payments as a child, an individual must be under age 18 (or under age 22 if a full-time student), be unmarried, and meet the SSI criteria for: disability or blindness; citizenship/residency; and income and resources.

At the end of SSI's first year (December 1974), 71,000 disabled and blind children received SSI benefits, less than 2 percent of the total SSI caseload. By December 1980, payments were made to almost 229,000 blind and disabled children, 5.5 percent of the SSI caseload. By December 1996, 1,018,000 blind and disabled children were eligible for SSI payments, nearly a fourteen fold increase

over December 1974. These children made up 15.4 percent of SSI recipients, and represented a fast growing segment of the SSI population.

Many analysts attribute the growth in the early and mid 1990s to outreach activities, the Supreme Court decision in the Zebley case (which mandated an individualized functional assessment process for children under age 18), expansion of the mental impairment category, and reduction in reviews of continuing disability.

The rapid growth in the number of children receiving SSI, as well as the debate over the procedures by which children's eligibility should be judged, led Congress to enact provisions as part of the 1996 welfare reform law that changed the SSI Program with respect to disabled children (Public Law 104-193). This law discontinued the individualized functional assessment disability determination procedure. Under this procedure, persons whose impairments were not equivalent to those in the Federal "Listing of Impairments" were reviewed under a less stringent process. The 1996 law established a new (separate) disability definition for children (under age 18) which requires a child to have "a medically determinable physical or mental impairment which results in marked or severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months." Changes in the eligibility rules applied to new applications and pending requests for administrative and judicial review effective beginning August 22, 1996.

The 1996 law also required SSA to conduct one-time redeterminations of the eligibility of children already on the rolls who might not meet the new eligibility criteria. SSA also is required, on an ongoing basis, to conduct continuing disability reviews (CDRs) of low birth weight babies, all other children whose impairments are likely to improve, and 18 year olds.

The Congressional Budget Office (CBO) estimated that the 1996 SSI reforms affecting children would result in direct (mandatory) Federal SSI savings of \$7.4 billion over 6 years (fiscal years 1997-2002). However, after writing the regulations implementing the 1996 children's reforms, SSA estimated that about 135,000 children (13 percent of SSI child recipients) would no longer qualify for SSI as a result of the new regulations. SSA expected the average number of SSI children to fall to 950,000 in fiscal year 1998, when the law became fully implemented, before rising again in subsequent years. SSA estimated that Federal program savings would amount to \$4.8 billion over the 6-year period – not \$7.4 billion as estimated by CBO.

SSA estimated that 288,000 children receiving SSI needed to be redetermined under the new law. As of April 1, 2002, 101,000 (38 percent) of children who received notices of redetermination were found to be ineligible for SSI benefits. Virtually all administrative appeals on the redeterminations have been completed.

The number of children receiving SSI payments, and the percentage of the caseload they represent, has declined from 955,174 (14.4 percent) in December 1996 to 846,784 (12.8 percent) in December 2000, before rising again to

914,821 (13.5 percent) in December 2002.

In December 2002, 64.7 percent of SSI children were 12 years old or younger, and about 16 percent were under 5 years old. About 35.3 percent, an estimated 322,100 children, were between the ages of 13 and 17. Child recipients were more likely to be boys than girls by a ratio of about 3 to 2.

TABLE 3-15--PERSONS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS AND ALSO RECEIVING OTHER INCOME, AND AVERAGE MONTHLY AMOUNT OF INCOME, BY SOURCE OF INCOME AND DISABILITY CATEGORY, DECEMBER 2002

| Source of Income | Total | Aged | Blind | Disabled |
|------------------------------|-----------|-----------|----------|-----------|
| SSI | 6,787,857 | 1,251,528 | 77,658 | 5,458,671 |
| Number with Other Income | | | | |
| Social Security Benefits | 2,406,327 | 723,022 | 26,600 | 1,656,705 |
| Other Unearned Income | 793,012 | 234,491 | 8,728 | 549,793 |
| Earned Income | 278,007 | 18,452 | 5,148 | 254,407 |
| Percent with Other Income | | | | |
| Social Security Benefits | 35.5 | 57.8 | 34.3 | 30.3 |
| Other Unearned Income | 11.7 | 18.7 | 11.2 | 10.1 |
| Earned Income | 4.1 | 1.5 | 6.6 | 4.7 |
| Average Monthly Other Income | | | | |
| Social Security Benefits | \$413.96 | \$412.46 | \$430.55 | \$414.35 |
| Other Unearned Income | 129.18 | 100.71 | 113.56 | 141.57 |
| Earned Income | 316.79 | 309.92 | 567.53 | 312.21 |

Source: Social Security Administration, Supplemental Security Record, 100 percent data.

An estimated 81.9 percent of children lived in their parent's household. Less than 2 percent of the children were patients in a medical facility where more than half of the cost of their care was covered by the Medicaid Program. Another 16.7 percent lived in other hospitals, nursing homes, residential schools, foster care, or independently.

The number of persons receiving federally administered SSI payments and unearned income, by type of income, is included in Table 3-16.

About 26.7 percent of the children had some type of unearned income. The three major types of unearned income were: support from absent parents (11.8 percent), Social Security benefits (7.1 percent), and in-kind support and maintenance (7 percent). In addition, about 21 percent of children had income "deemed" from their parents.

TABLE 3-16--NUMBER OF PERSONS RECEIVING FEDERALLY ADMINISTERED SSI PAYMENTS AND UNEARNED INCOME (OTHER THAN SOCIAL SECURITY) AND AVERAGE MONTHLY UNEARNED INCOME, BY TYPE OF INCOME, DECEMBER 2002

| Type of Income | Number | Average Income |
|---------------------------------|---------|----------------|
| Veterans Benefits | 80,087 | \$178.62 |
| Income Based on Need | 12,426 | 236.40 |
| Workers' Compensation | 5,053 | 370.98 |
| Support from Absent Parents | 112,018 | 196.28 |
| Employment Pensions | 59,721 | 159.61 |
| Support and Maintenance in Kind | 241,488 | 126.55 |
| Asset Income | 247,855 | 5.68 |
| Other | 74,113 | 241.35 |

Source: Social Security Administration, Office of Research, Evaluation and Statistics, Division of SSI Statistics and Analysis.

OVERVIEW OF CASELOAD DEVELOPMENTS

In summary, the trends in the nature of the SSI population show the following:

- A steady decline in the number of persons receiving SSI benefits on the basis of old age.
- A recent decrease in the number of blind and disabled children under 18 receiving SSI; from a high of 14.4 percent of total SSI recipients in December 1996 to 13.5 percent in December 2002.
- A continuing increase in the number of persons ages 18-64 receiving benefits on the basis of disability or blindness. Between December 1989 and December 2002, this group of beneficiaries grew by more than 1,595,000 persons (from 50 percent to 57 percent of the recipient population).

ELIGIBILITY OF DRUG ADDICTS AND ALCOHOLICS

Under both the SSI and the Social Security Disability Insurance (DI) Programs, disability is defined as a mental or physical impairment that is so severe that it prevents an individual from doing any kind of work that exists in the national economy, taking into account age, education, and work experience. Prior to January 1997, drug addiction and alcoholism were qualifying medical impairments under both SSI and DI. Thus, a person whose drug addiction or alcoholism was a contributing factor material to his disability was eligible for SSI. The SSI Program required that payments for drug addicts and alcoholics be made to a representative payee (i.e., a person or agency responsible for managing the recipient's finances), that recipients participate in treatment if available, and that the treatment be monitored.

SSI provisions relating to drug addicts and alcoholics were contained in the original SSI law (Public Law 92-603). Initially, the Senate sought to exclude these

individuals from SSI by putting them in a separate services program. During debate on the 1972 legislation, Members of the Senate argued that these drug addicts and alcoholics would need treatment, case management, and close monitoring so that they would not use the SSI benefits to “support their alcoholism or addiction.” The Senate provision that excluded drug addicts and alcoholics from the SSI Program was deleted in favor of the House provision that required recipients to undergo treatment. The Senate’s concern about providing direct payments to substance abusers was accommodated by the provision requiring that benefits be provided through representative payees. Although virtually all SSI recipients diagnosed as drug addicts or alcoholics received their payments via a representative payee, most representative payees were family members or friends of recipients, and it is suspected that some of them were likely to give in to threats, coercion, or persuasion of the recipient, thereby in some cases enabling recipients to obtain direct control of their SSI payments.

In 1994, Congress responded to concerns that significant numbers of SSI and DI recipients were using their Federal cash payments to support their addictions by passing legislation (Public Law 103-296) that placed a 3-year time limit on program benefits to persons disabled solely because of their addiction to drugs or alcohol, extended requirements on treatment and monitoring to DI recipients, required DI recipients classified as substance abusers to receive their benefits through representative payees, encouraged organizations and agencies to act as representative payees for recipients classified as substance abusers, and temporarily or permanently ended benefits of recipients who failed to comply with treatment requirements.

In 1996, Congress passed legislation that went even further by terminating drug and alcohol addiction as conditions that qualify individuals for SSI benefits. Under Public Law 104-121, individuals are not considered disabled for either SSI or DI if drug addiction or alcoholism is the contributing factor material to their disability. The law mandated the Commissioner of Social Security to require that persons who qualified for SSI or DI based on some other disabling condition, but who are nonetheless determined to have a drug or alcohol condition and are incapable of managing their own benefits, have a representative payee and be referred for treatment. The preferred representative payee for persons with a drug or alcohol condition who are not capable of managing their own benefits is an organization. Public Law 104-121 also authorized \$50 million for fiscal year 1997 and \$50 million for fiscal year 1998 for drug treatment services. Recipients classified solely as drug addicts or alcoholics became ineligible for SSI beginning January 1, 1997. Applicants were no longer eligible for benefits beginning March 29, 1996 if they were disabled solely on the basis of drug or alcohol addiction.

Following the passage of Public Law 104-121, SSA notified 209,372 individuals who were receiving SSI or DI benefits based on drug addiction and/or alcoholism. (According to SSA, approximately 90,000 recipients of DI—about 47,000 of whom were also SSI beneficiaries—were identified as drug addict and alcoholic beneficiaries in 1996. However, historical data on DI beneficiaries does not exist as the drug addict and alcoholic provisions of the

Social Security Act were not applicable until 1995.) As of April 2, 1999, approximately 140,978 beneficiaries responded to the notices. About 10,000 of these responses did not require medical determination because of erroneous coding of disability diagnosis or cessation of benefits before January 1, 1997.

Of all beneficiaries identified as having a drug or alcohol addiction, SSA terminated benefits for 124,746 (59.6 percent) and continued benefits based on another disability for 83,746 (39.9 percent). Another 859 individuals qualified for benefits based on age. [These figures will change as the agency processes more appeals and hearing decisions.]

ELIGIBILITY OF NONCITIZENS

Although the 1996 welfare reform law (Public Law 104-193) barred most noncitizens from receiving SSI, this prohibition was modified by Public Law 105-33, the Balanced Budget Act of 1997, for legal immigrants who were receiving SSI on August 22, 1996 and disabled legal immigrants who were living in the United States on August 22, 1996. The Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 (Public Law 105-306) provided continuing eligibility for SSI for nonqualified aliens who were receiving benefits on August 22, 1996. For more information on provisions and issues related to noncitizens, see Appendix J.

ELIGIBILITY OF THE HOMELESS

SSA field offices have established a variety of activities and special procedures to reduce the problems faced by homeless individuals in obtaining Social Security or SSI benefits for which they are eligible. Field offices and DDSs throughout the nation also have established liaisons with various organizations to assist homeless populations in applying for and maintaining entitlement to DI and SSI benefits. In support of the President's initiative to end chronic homelessness within 10 years, SSA participates in the Interagency Council on Homelessness. SSA received \$8 million dollars in the fiscal year 2003 SSI appropriation to administer a competitive demonstration grants program to provide outreach and application assistance to the homeless and other underserved populations.

SPECIAL SSI PROVISIONS FOR THE WORKING DISABLED

EARNED INCOME DISREGARDS

Since SSI began in 1974, the first \$65 of monthly earned income (or, up to the first \$85 if the recipient has no unearned income) plus one-half of the remaining earnings have been disregarded in determining eligibility for and the amount of SSI benefits. In addition, all work-related expenses are disregarded in the case of blind persons and impairment-related work expenses are disregarded in the case of

disabled persons. Finally, income and resources set aside under a plan for achieving self-support (PASS) are excluded.

ELIMINATING WORK DISINCENTIVES

Prior to enactment of the section 1619 program in 1980 on a temporary 3-year basis (see below), a disabled SSI recipient who worked faced a substantial risk of losing both SSI cash benefits and Medicaid. Work was treated the same way it was under the Social Security Disability Insurance Program: after a trial work period, work at the level of substantial gainful activity (\$800 or more of earnings per month; \$300 per month before January 1990) led to the loss of disability status even if the individual's total income and resources were within SSI Program limits. Loss of SSI disability status caused loss of categorical Medicaid eligibility as well. Thus, disabled individuals had a disincentive to work because of their fear of losing SSI and Medicaid.

In response to this work disincentive, in 1986 Congress enacted Public Law 99-643 which added section 1619 to the Social Security Act. Under this provision, SSI recipients who work can continue to receive benefits even if their earnings are at or above the level of substantial gainful activity and as long as there is not a medical improvement in the disabling condition. Under the income disregard formula, the amount of their cash benefits is gradually reduced as earnings increase until their countable earnings reach the SSI benefit standard or what is known as the "break-even point." In a State with no supplementation, as shown in Table 3-2, this earned income eligibility limit is \$1,189 per month in 2003 for a person who has no unearned income. People who receive section 1619 benefits continue to be eligible for Medicaid on the same basis as regular SSI recipients. If States supplement the Federal benefits standard, the "break-even point" increases \$2 for every \$1 of State supplementation above the Federal benefit standard.

Under section 1619(b), blind and disabled individuals can continue to be eligible for Medicaid even if their earnings take them past the SSI income disregard "break-even point." In some 209(b) States, workers may lose Medicaid eligibility before attaining 1619 (a) or (b) status if they did not have Medicaid coverage the month before section 1619 status began, thus making this provision inoperable for those workers. Special eligibility status granted by section 1619(b), under which the individual is considered a blind or disabled individual receiving SSI benefits for purposes of Medicaid eligibility, applies as long as the individual: (1) continues to be blind or have a disabling impairment; (2) except for earnings, continues to meet all the other requirements for SSI eligibility; (3) would be seriously inhibited from continuing to work by the termination of eligibility for Medicaid services; and (4) has earnings that are not sufficient to provide a reasonable equivalent of the benefits (SSI, State supplementary payments, Medicaid, and publicly funded attendant care) that would have been available if he did not have those earnings.

In making an initial determination under the fourth criterion, SSA decided to compare the individual's gross earnings to a "threshold" amount. The threshold amount is the amount of gross earnings, after the monthly \$20 general income, \$65 earned income, and one-half of the remainder exclusions are applied, that it would take to reduce to zero the Federal SSI benefit and State supplementary payment plus the average Medicaid expenditures for disabled SSI cash recipients for the State of residence. If the individual's earnings exceed this threshold, an individualized threshold is calculated which considers the person's actual Medicaid use, the State supplement rate for the person's actual living arrangement, and the value of publicly funded attendant care available to the person in the absence of earnings. In determining a person's income to compare to the individualized threshold, any applicable exclusions are deducted from earnings, including work expenses if the person is blind, impairment-related work expenses, and income set aside under a plan for achieving self-support.

In other words, Medicaid eligibility continues until the individual's earnings reach a higher plateau which takes into account the person's ability to afford both medical care and normal living expenses.

A disabled individual also has the ongoing protection of being able to be reinstated to eligibility for cash assistance benefits under regular SSI or 1619(a), or Medicaid only eligibility under 1619(b) if her work attempt fails or the physical or mental disability causes a pattern of erratic work. This protection is not indefinite, but SSA cannot terminate the disability status of an individual for 12 months after her most recent determination of eligibility for regular SSI or under section 1619 (a) or (b). However, if the individual recovers medically, a new application and new disability determination would be required to establish a new period of eligibility once the individual has been off the rolls for 12 months or more.

The ticket to work law enacted in 1999 (Public Law 106-170) contains a number of provisions designed to eliminate work disincentives that existed in the SSI Program. Under this law an individual whose eligibility for SSI benefits, including eligibility under section 1619(b), has been terminated due to 12 consecutive months of suspension for excess income from work activity, may request reinstatement of SSI benefits without filing a new application. To be eligible for this expedited reinstatement of benefits, an individual must have become unable to continue working due to a medical condition and must file the application for reinstatement within 60 months of the termination of benefits.

The ticket to work law also requires SSA to establish a community-based Work Incentive Planning and Assistance Program to provide individuals with information on SSI work incentives. Specifically, SSA must establish a corps of work incentive specialists within the agency and a program of grants, cooperative agreements, and contracts to provide benefit planning and assistance to individuals with disabilities and outreach to individuals who may be eligible for the Work Incentive Program.

SSA is authorized by the ticket to work law to make grants directly to qualified protection and advocacy programs to provide services and advice to SSI beneficiaries about vocational rehabilitation, employment services, and obtaining

employment.

States have the option of covering additional groups of working individuals under Medicaid. The ticket to work law allows States to provide Medicaid coverage to working individuals with disabilities who, except for their earnings, would be eligible for SSI and to working individuals with disabilities whose medical conditions have improved. Individuals covered under this new option could buy into Medicaid coverage by paying premiums or other cost-sharing charges on a sliding fee scale based on income established by the State. States are permitted to allow working individuals with incomes above 250 percent of the Federal poverty level to buy into the Medicaid Program.

SPECIAL BENEFITS FOR CERTAIN WORLD WAR II VETERANS

Section 251 of Public Law 106-169, enacted on December 14, 1999, provides special benefits to certain World War II veterans who served in the U.S. military during the period beginning September 16, 1940 and through July 24, 1947, or who served in the organized military of the Philippines during the period beginning July 26, 1941 and through December 30, 1946. The special benefits are payable each month after April 2000 that these veterans reside outside the United States.

In order to be eligible for the special benefits, an individual must: (1) be age 65 or older on December 14, 1999 (the date Public Law 106-169 was enacted); (2) be a World War II veteran as described above; (3) file an application for the special veterans benefits and be eligible for SSI for that month; (4) be eligible for SSI in December 1999; and (5) not have other benefit income above 75 percent of the current SSI Federal benefit rate.

Qualified veterans receive a monthly benefit equal to 75 percent of the current SSI Federal benefit rate less the amount of their benefit income for the month. The maximum benefit under this formula for 2003 is \$414. There is no provision for the payment of benefits to dependents or survivors. "Benefit income" means any recurring payments such as annuities, pensions, retirement, or disability benefits that the veteran received during the 12-month period immediately before applying for special benefits, or payments received later that are similar to benefits received during the 12-month period.

MEASURES OF SSI PARTICIPATION AND GROWTH

SSI PARTICIPATION RATES

Table 3-17 shows several measures of Federal SSI participation among the elderly and the total population. The numerator in the first three columns is the sum of columns 2 and 4 in Table 3-19. Thus, the number of SSI aged participants includes the disabled and blind population over age 65. Column 1 simply divides the SSI aged participants by the total number of elderly. That rate declined from 11.1 percent in 1975 to 6.5 percent in 1989, primarily as a result of increasing

incomes among the aged and decreasing participation among low-income elderly. The rate was 5.6 percent in 2001. Column 2 presents the number of elderly SSI recipients divided by the number of poor elderly. This rate declined from 76 percent in 1975 to 54 percent in 1982. Between 1982 and 1984, this percentage increased, perhaps as a result of outreach efforts mandated by the 1983 Social Security Amendments (Public Law 98-21). Since 1985 the rate fluctuated between 53 percent and 64 percent and was 58 percent in 2001. This rate is a gross measure of participation, in that it does not control for other SSI eligibility factors such as assets or the under counting of income.

The denominator for column 3 is the number of individuals age 65 and older who live in aged-only households and who would be in poverty without SSI benefits. This rate has fluctuated between 73 percent and 60 percent since 1979, and was 68 percent in 2001.

TABLE 3-17--PERCENTAGE OF GENERAL POPULATION
ENROLLED IN SSI, SELECTED YEARS 1975-2001

| Year | Among All Elderly | Among ElderlyPoor | Among Pretransfer Elderly | Among Entire Population |
|------|-------------------|-------------------|---------------------------|-------------------------|
| 1975 | 11.1 | 75.6 | NA | 2.0 |
| 1980 | 8.7 | 57.5 | 64.7 | 1.8 |
| 1985 | 7.1 | 58.7 | 64.5 | 1.7 |
| 1990 | 6.6 | 56.3 | 63.3 | 1.9 |
| 1991 | 6.8 | 55.0 | 61.1 | 2.0 |
| 1992 | 6.5 | 52.7 | 60.0 | 2.2 |
| 1993 | 6.7 | 56.3 | 63.7 | 2.3 |
| 1994 | 6.4 | 57.8 | 65.7 | 2.4 |
| 1995 | 5.9 | 59.9 | 71.5 | 2.4 |
| 1996 | 5.9 | 60.0 | 69.5 | 2.4 |
| 1997 | 5.9 | 59.9 | 68.2 | 2.4 |
| 1998 | 5.9 | 60.0 | 69.5 | 2.4 |
| 1999 | 5.9 | 63.8 | 72.7 | 2.4 |
| 2000 | 5.7 | 60.5 | 68.4 | 2.3 |
| 2001 | 5.6 | 58.4 | 67.8 | 2.4 |

NA- Not available.

Source: Congressional Research Service.

The final column of Table 3-17 shows the number of SSI participants as a percentage of the total population. The numerator for this calculation is the first column of Table 3-19. The percentage of the entire population receiving SSI benefits declined from 2.0 percent in 1975 to 1.7 percent for the 1982-85 time period, but increased to 2.5 percent—its highest level ever—in 1995 and 1996. In 2001, 2.4 percent of the population received SSI benefits.

Table 3-18 shows the percentage of a given State's population receiving SSI benefits for selected years.

TABLE 3-18--PERCENTAGE OF GENERAL POPULATION
ENROLLED IN SSI BY STATE, SELECTED YEARS 1975-2002

| State | 1975 | 1985 | 1990 | 1993 | 1996 | 1999 | 2002 |
|----------------------|------|------|------|------|------|------|------|
| Alabama | 3.98 | 3.29 | 3.29 | 3.64 | 3.91 | 3.71 | 3.65 |
| Alaska | 0.81 | 0.65 | 0.84 | 0.96 | 1.20 | 1.33 | 1.49 |
| Arizona | 1.24 | 1.04 | 1.22 | 1.54 | 1.71 | 1.69 | 1.60 |
| Arkansas | 4.09 | 3.14 | 3.23 | 3.66 | 3.80 | 2.72 | 3.15 |
| California | 3.09 | 2.59 | 2.93 | 3.14 | 3.29 | 3.24 | 3.21 |
| Colorado | 1.37 | 0.93 | 1.14 | 1.38 | 1.52 | 1.41 | 1.20 |
| Connecticut | 0.76 | 0.83 | 0.98 | 1.19 | 1.41 | 1.46 | 1.45 |
| Delaware | 1.19 | 1.21 | 1.21 | 1.34 | 1.58 | 1.59 | 1.55 |
| District of Columbia | 2.23 | 2.51 | 2.67 | 3.21 | 3.76 | 3.83 | 3.56 |
| Florida | 1.86 | 1.62 | 1.71 | 2.06 | 2.44 | 2.45 | 2.35 |
| Georgia | 3.27 | 2.56 | 2.46 | 2.65 | 2.74 | 2.59 | 2.32 |
| Hawaii | 1.08 | 1.08 | 1.25 | 1.40 | 1.64 | 1.70 | 1.73 |
| Idaho | 1.06 | 0.84 | 1.03 | 1.28 | 1.46 | 1.44 | 1.45 |
| Illinois | 1.22 | 1.18 | 1.55 | 2.00 | 2.28 | 2.14 | 2.00 |
| Indiana | 0.83 | 0.87 | 1.09 | 1.39 | 1.56 | 1.51 | 1.47 |
| Iowa | 1.00 | 0.96 | 1.18 | 1.37 | 1.49 | 1.43 | 1.42 |
| Kansas | 1.05 | 0.87 | 0.99 | 1.26 | 1.51 | 1.39 | 1.37 |
| Kentucky | 2.83 | 2.65 | 3.11 | 3.71 | 4.37 | 4.37 | 4.32 |
| Louisiana | 3.90 | 2.87 | 3.15 | 3.84 | 4.21 | 3.92 | 3.73 |
| Maine | 2.31 | 1.89 | 1.93 | 2.17 | 2.23 | 2.35 | 2.38 |
| Maryland | 1.17 | 1.16 | 1.25 | 1.44 | 1.67 | 1.69 | 1.65 |
| Massachusetts | 2.30 | 1.91 | 1.98 | 2.40 | 2.73 | 2.72 | 2.61 |
| Michigan | 1.31 | 1.35 | 1.54 | 1.93 | 2.23 | 2.16 | 2.12 |
| Minnesota | 1.00 | 0.78 | 0.92 | 1.17 | 1.38 | 1.36 | 1.33 |
| Mississippi | 5.21 | 4.28 | 4.42 | 4.98 | 5.23 | 4.83 | 4.47 |
| Missouri | 2.10 | 1.58 | 1.66 | 1.96 | 2.18 | 2.06 | 2.02 |
| Montana | 1.12 | 0.92 | 1.25 | 1.44 | 1.63 | 2.14 | 1.58 |
| Nebraska | 1.06 | 0.88 | 0.99 | 1.19 | 1.33 | 1.27 | 1.26 |
| Nevada | 1.00 | 0.85 | 0.95 | 1.14 | 1.36 | 1.37 | 1.31 |
| New Hampshire | 0.67 | 0.62 | 0.62 | 0.77 | 0.95 | 0.96 | 0.97 |
| New Jersey | 1.11 | 1.23 | 1.36 | 1.66 | 1.84 | 1.80 | 1.73 |
| New Mexico | 2.29 | 1.83 | 2.08 | 2.39 | 2.67 | 2.65 | 2.62 |
| New York | 2.24 | 2.00 | 2.31 | 2.85 | 3.33 | 3.35 | 3.27 |
| North Carolina | 2.71 | 2.21 | 2.24 | 2.47 | 2.67 | 2.56 | 2.32 |
| North Dakota | 1.25 | 0.96 | 1.17 | 1.34 | 1.41 | 1.33 | 1.29 |
| Ohio | 1.22 | 1.19 | 1.44 | 1.84 | 2.28 | 2.19 | 2.12 |
| Oklahoma | 3.03 | 1.81 | 1.92 | 2.13 | 2.28 | 2.19 | 2.11 |
| Oregon | 1.12 | 0.95 | 1.11 | 1.35 | 1.52 | 1.53 | 1.59 |
| Pennsylvania | 1.24 | 1.39 | 1.60 | 1.90 | 2.23 | 2.31 | 2.43 |
| Rhode Island | 1.72 | 1.62 | 1.74 | 2.05 | 2.53 | 2.71 | 2.70 |
| South Carolina | 2.84 | 2.60 | 2.59 | 2.80 | 3.04 | 2.84 | 2.59 |
| South Dakota | 1.32 | 1.19 | 1.45 | 1.72 | 1.92 | 1.77 | 1.68 |
| Tennessee | 3.24 | 2.71 | 2.87 | 3.22 | 3.40 | 3.09 | 2.80 |
| Texas | 2.23 | 1.57 | 1.73 | 2.00 | 2.16 | 2.07 | 1.97 |
| Utah | 0.76 | 0.53 | 0.73 | 0.94 | 1.05 | 0.97 | 0.91 |
| Vermont | 1.93 | 1.76 | 1.79 | 2.08 | 2.19 | 2.15 | 2.07 |
| Virginia | 1.53 | 1.49 | 1.54 | 1.76 | 2.00 | 1.95 | 1.82 |

TABLE 3-18--PERCENTAGE OF GENERAL POPULATION
ENROLLED IN SSI BY STATE,
SELECTED YEARS 1975-2002--continued

| State | 1975 | 1985 | 1990 | 1993 | 1996 | 1999 | 2002 |
|--------------------|------|------|------|------|------|------|------|
| Washington | 1.46 | 1.09 | 1.27 | 1.50 | 1.72 | 1.73 | 1.73 |
| West Virginia | 2.37 | 2.24 | 2.63 | 3.17 | 3.78 | 3.92 | 4.08 |
| Wisconsin | 1.44 | 1.50 | 1.75 | 2.04 | 1.86 | 1.70 | 1.60 |
| Wyoming | 0.67 | 0.45 | 0.76 | 1.04 | 1.24 | 1.22 | 1.16 |
| Total ¹ | 2.00 | 1.74 | 1.94 | 2.26 | 2.50 | 2.41 | 2.35 |

¹ The total number of SSI recipients used to calculate the total reciprocity rate includes a certain number of recipients whose State is unknown. For 1975, 1985, 1990, and 1993, the numbers of unknown (in thousands) respectively were 256, 14, 0, and 91.

Source: Social Security Administration, Ways and Means Committee staff, and Congressional Research Service. Percentages are calculated as the average number of monthly SSI recipients over the population of each State in July of the selected year. For 2002, percentages are calculated as the number of SSI recipients in July 2002 divided by the total population of each State in July 2002.

CHANGES IN NUMBER OF RECIPIENTS, 1970-2002

SSI is one of the largest cash assistance programs for the poor and, until recently, was one of the fastest growing entitlement programs (see Table 3-12 above); program costs grew 20 percent annually from 1991 through 1994. According to GAO, three groups accounted for nearly 90 percent of the SSI Program's growth between 1986 and 1993: adults with mental impairments, children, and noncitizens. These groups grew at an annual average rate of 11.0, 16.4, and 15.5 percent, respectively, from 1986 through 1993, compared with 4.9 percent for all SSI recipients. The SSI recipient population also changed dramatically: disabled recipients now account for nearly 80 percent of recipients. The GAO report found that SSI recipients now tend to be younger, stay on SSI longer, receive larger benefits, and depend more on SSI as a primary source of income. Factors contributing to caseload growth include the following: expansion in disability eligibility, notably for mentally impaired adults and for children; increased outreach by SSA; lack of effort to help recipients return to work; infrequent reviews of cases to confirm that the disability is continuing; immigration growth; and transfers from State programs, among others (U.S. General Accounting Office, 1995).

Table 3-19 illustrates the changes in the number of individuals receiving assistance under the federally administered SSI Program and prior programs. The total number of individuals receiving assistance was 3.1 million in 1970; this number increased to 4.3 million in 1975 and declined to 3.9 million in 1982. Since then, the number of SSI recipients has grown each year. In 2002, there were nearly 6.8 million SSI recipients. Despite this overall growth, the number of aged receiving SSI has declined sharply since 1975 from 2.3 million (or 2.5 million if disabled and blind persons over age 65 are counted as aged) to 1.25 million individuals in 2002 (approximately 2.0 million if disabled and blind persons over 65 are counted). Meanwhile, the number of blind or disabled receiving assistance increased sharply.

TABLE 3-19--NUMBER OF PERSONS RECEIVING FEDERALLY
ADMINISTERED SSI PAYMENTS AND ADULT ASSISTANCE
UNDER PRIOR PROGRAMS, SELECTED YEARS 1970-2008

[In Thousands]

| Year ¹ | Total ² | Aged ³ | Blind or Disabled | | Federal SSI ⁶ | State Supplemental Only |
|-------------------|--------------------|-------------------|--------------------|--------------------------|--------------------------|----------------------------|
| | | | Total ⁴ | 65 or Older ⁵ | | |
| 1970 | 3,098 | 2,082 | 1,016 | ----- | ----- | ----- |
| 1972 | 3,182 | 1,934 | 1,248 | ----- | ----- | ----- |
| 1974 | 3,996 | 2,286 | 1,710 | 7 | 8 | 8 |
| 1976 | 4,236 | 2,148 | 2,088 | 249 | 3,799 | 437 |
| 1978 | 4,217 | 1,968 | 2,249 | 344 | 3,755 | 462 |
| 1980 | 4,142 | 1,808 | 2,334 | 419 | 3,682 | 460 |
| 1982 | 3,858 | 1,549 | 2,309 | 462 | 3,473 | 384 |
| 1984 | 4,029 | 1,530 | 2,499 | 507 | 3,699 | 331 |
| 1986 | 4,269 | 1,473 | 2,796 | 540 | 3,922 | 348 |
| 1988 | 4,464 | 1,433 | 3,030 | 573 | 4,089 | 375 |
| 1990 | 4,817 | 1,454 | 3,363 | 605 | 4,412 | 405 |
| 1992 | 5,566 | 1,471 | 4,095 | 628 | 5,202 | 364 |
| 1994 | 6,296 | 1,466 | 4,830 | 653 | 5,965 | 331 |
| 1996 | 6,614 | 1,413 | 5,201 | 678 | 6,326 | 288 |
| 1998 | 6,566 | 1,332 | 5,154 | 701 | 6,289 | 277 |
| 2000 | 6,602 | 1,289 | 5,312 | 722 | 6,320 | 282 |
| 2002 | 6,788 | 1,252 | 5,563 | 744 | 6,505 | 283 |
| 2004 ⁹ | 7,059 | 1,221 | 5,838 | 768 | 6,771 | 289 |
| 2006 ⁹ | 7,243 | 1,202 | 6,041 | 800 | 6,946 | 296 |
| 2008 ⁹ | 7,390 | 1,192 | 6,198 | 842 | 7,085 | 305 |

¹ Data as of December of each year.

² Totals may not equal components due to rounding and/or federally administered State supplementation for 1974-2008. For 1970-72, the total is the number of recipients under the Old-Age Assistance and Aid to the Blind and Aid to the Permanently and Totally Disabled Programs.

³ For 1970-72, this column is the number of recipients under the Old-Age Assistance Program.

⁴ For 1970-72, this column is the number of recipients under the Aid to the Blind and Aid to the Permanently and Totally Disabled Programs.

⁵ Number of age 65 or older individuals included in the blind or disabled category.

⁶ All persons with Federal SSI payments, including those receiving Federal payments only or both Federal SSI and federally administered State supplementation.

⁷ Data not available for December 1974. In January 1974, there were 87,000 blind and disabled recipients aged 65 or older.

⁸ Data not available.

⁹ For 2004-2008, data are projections based on the President's budget estimates of February 2003. Source: Office of the Actuary, Social Security Administration.

The number of persons receiving SSI payments, by State, in December 2002 is provided in Table 3-20.

TABLE 3-20--NUMBER OF PERSONS RECEIVING SSI PAYMENTS,
BY STATE, DECEMBER 2002

| State | Federally Administered | | | | State-Administered |
|----------------------|------------------------|---------|--------|----------|--------------------|
| | Total | Aged | Blind | Disabled | Total |
| Alabama | 163,740 | 22,729 | 1,073 | 139,938 | 590 |
| Alaska | 9,658 | 1,568 | 114 | 7,976 | 15,329 |
| Arizona | 88,054 | 13,248 | 933 | 73,873 | 457 |
| Arkansas | 85,107 | 12,108 | 926 | 72,073 | ----- |
| California | 1,135,834 | 342,142 | 21,955 | 771,697 | ----- |
| Colorado | 53,689 | 8,663 | 550 | 44,476 | 32,848 |
| Connecticut | 50,368 | 6,960 | 494 | 42,914 | 18,485 |
| Delaware | 12,565 | 1,327 | 113 | 11,125 | ----- |
| District of Columbia | 20,221 | 2,281 | 190 | 17,750 | ----- |
| Florida | 396,976 | 95,691 | 3,237 | 298,048 | 15,224 |
| Georgia | 198,599 | 30,900 | 2,192 | 165,507 | ----- |
| Hawaii | 21,566 | 6,597 | 190 | 14,779 | ----- |
| Idaho | 19,394 | 1,782 | 200 | 17,412 | 11,184 |
| Illinois | 252,200 | 31,450 | 2,418 | 218,332 | 32,986 |
| Indiana | 90,893 | 6,596 | 1,031 | 83,266 | 1,140 |
| Iowa | 41,596 | 4,058 | 812 | 36,726 | 4,458 |
| Kansas | 37,063 | 3,566 | 383 | 33,114 | ----- |
| Kentucky | 176,768 | 16,635 | 1,374 | 158,759 | 4,657 |
| Louisiana | 166,884 | 21,945 | 1,832 | 143,107 | 5,044 |
| Maine | 30,935 | 2,987 | 230 | 27,718 | 32,557 |
| Maryland | 89,705 | 15,542 | 725 | 73,438 | 2,973 |
| Massachusetts | 167,027 | 45,024 | 4,059 | 117,944 | ----- |
| Michigan | 213,568 | 18,173 | 1,835 | 193,560 | 196,011 |
| Minnesota | 67,011 | 9,903 | 719 | 56,389 | 38,579 |
| Mississippi | 127,123 | 19,134 | 1,159 | 106,830 | ----- |
| Missouri | 114,127 | 11,271 | 973 | 101,883 | 8,969 |
| Montana | 14,220 | 1,260 | 134 | 12,826 | ----- |
| Nebraska | 21,659 | 2,265 | 241 | 19,153 | 5,574 |
| Nevada | 29,154 | 7,569 | 698 | 20,887 | ----- |
| New Hampshire | 12,316 | 958 | 129 | 11,229 | 16,784 |
| New Jersey | 148,115 | 33,957 | 1,040 | 113,118 | ----- |
| New Mexico | 48,790 | 8,761 | 536 | 39,493 | 177 |
| New York | 625,234 | 136,363 | 3,194 | 485,677 | ----- |
| North Carolina | 192,595 | 30,031 | 2,009 | 160,555 | 24,025 |
| North Dakota | 8,090 | 1,203 | 83 | 6,804 | 355 |
| Ohio | 241,476 | 16,383 | 2,142 | 222,951 | ----- |
| Oklahoma | 73,630 | 9,520 | 812 | 63,298 | 72,771 |
| Oregon | 56,218 | 7,580 | 633 | 48,005 | 16,972 |
| Pennsylvania | 301,981 | 34,156 | 2,374 | 265,451 | ----- |
| Rhode Island | 28,747 | 4,349 | 204 | 24,194 | ----- |
| South Carolina | 105,888 | 14,860 | 1,535 | 89,493 | 3,276 |
| South Dakota | 12,666 | 1,852 | 105 | 10,709 | 3,614 |
| Tennessee | 161,673 | 20,160 | 1,660 | 139,853 | ----- |
| Texas | 435,844 | 112,708 | 6,044 | 317,092 | 5,160 |

TABLE 3-20--NUMBER OF PERSONS RECEIVING SSI PAYMENTS,
BY STATE, DECEMBER 2002-continued

| State | Federally Administered | | | | State-Administered |
|--------------------------|------------------------|-----------|--------|-----------|--------------------|
| | Total | Aged | Blind | Disabled | Total |
| Utah | 21,003 | 2,124 | 261 | 18,618 | ----- |
| Vermont | 12,711 | 1,416 | 109 | 11,186 | ----- |
| Virginia | 132,176 | 22,984 | 1,396 | 107,796 | 6,252 |
| Washington | 105,520 | 14,074 | 937 | 90,509 | 20 |
| West Virginia | 74,022 | 4,952 | 593 | 68,477 | ----- |
| Wisconsin | 87,128 | 9,089 | 965 | 77,074 | 104,001 |
| Wyoming | 5,663 | 525 | 53 | 5,085 | 2,769 |
| Northern Mariana Islands | 654 | 146 | 14 | 494 | ----- |
| Total ¹ | 6,556,634 | 1,308,062 | 79,291 | 5,169,281 | 309,383 |

¹ Includes recipients not distributed by State.

Source: Social Security Administration, Office of Research, Evaluation and Statistics, Division of SSI Statistics and Analysis.

SSI PROGRAM COSTS

Table 3-21 shows total expenditures for the SSI Program in each State in 2002, including not only the federally administered Federal and State supplementation payments but also the State-administered State supplementation payments. Table 3-22 shows the total (Federal- and State-administered) State supplementation payments by State for SSI for selected fiscal years, 1986-2002.

TABLE 3-21--SUPPLEMENTAL SECURITY INCOME: TOTAL
PAYMENTS, FEDERAL SSI PAYMENTS, AND FEDERAL- AID STATE-
ADMINISTERED STATE SUPPLEMENTATION PAYMENTS,
CALENDAR YEAR 2002
[In Thousands of Dollars]

| State | Total | Federal SSI ¹ | State Supplementation | |
|----------------------|-----------|--------------------------|-------------------------------------|---------------------------------|
| | | | Federally Administered ¹ | State-Administered ² |
| Alabama | \$730,105 | \$729,691 | ----- | \$414 |
| Alaska | 99,520 | 43,872 | ----- | 55,648 |
| Arizona | 406,848 | 406,474 | ----- | 374 |
| Arkansas | 354,418 | 354,412 | \$6 | ----- |
| California | 7,230,494 | 4,606,666 | 279,828 | ----- |
| Colorado | 331,543 | 243,234 | ----- | 88,309 |
| Connecticut | 319,446 | 236,055 | ----- | 83,391 |
| Delaware | 56,374 | 55,350 | 1,024 | ----- |
| District of Columbia | 102,083 | 98,518 | 3,564 | ----- |
| Florida | 1,824,115 | 1,814,392 | 15 | 9,707 |
| Georgia | 854,414 | 854,411 | 3 | ----- |
| Hawaii | 110,657 | 98,495 | 12,163 | ----- |
| Idaho | 94,024 | 86,514 | ----- | 7,510 |
| Illinois | 1,275,885 | 1,246,787 | ----- | 29,098 |
| Indiana | 427,283 | 423,503 | ----- | 3,780 |
| Iowa | 191,069 | 172,391 | 2,899 | 15,779 |
| Kansas | 164,412 | 164,412 | ----- | ----- |

TABLE 3-21--SUPPLEMENTAL SECURITY INCOME:
TOTAL PAYMENTS, FEDERAL SSI PAYMENTS, AND FEDERAL- AND
STATE-ADMINISTERED STATE SUPPLEMENTATION PAYMENTS,
CALENDAR YEAR 2002-continued
[In Thousands of Dollars]

| State | Total | Federal SSI ¹ | State Supplementation | |
|--------------------|--------------|--------------------------|-------------------------------------|---------------------------------|
| | | | Federally Administered ¹ | State Administered ² |
| Kentucky | 821,504 | 802,898 | ---- | 18,606 |
| Louisiana | 761,420 | 760,944 | ---- | 476 |
| Maine | 138,104 | 130,762 | ---- | 7,342 |
| Maryland | 442,285 | 434,752 | 9 | 7,524 |
| Massachusetts | 849,101 | 683,294 | 165,807 | ---- |
| Michigan | 1,160,427 | 1,039,390 | 25,676 | 95,361 |
| Minnesota | 389,321 | 303,424 | 10 | 85,888 |
| Mississippi | 542,847 | 542,845 | 2 | ---- |
| Missouri | 541,328 | 515,040 | ---- | 26,288 |
| Montana | 62,959 | 62,136 | 823 | ---- |
| Nebraska | 99,177 | 92,780 | ---- | 6,307 |
| Nevada | 132,907 | 127,780 | 5,128 | ---- |
| New Hampshire | 67,382 | 55,785 | ---- | 11,597 |
| New Jersey | 721,272 | 640,486 | 80,786 | ---- |
| New Mexico | 217,053 | 216,882 | ---- | 171 |
| New York | 3,407,767 | 2,849,925 | 557,842 | ---- |
| North Carolina | 937,938 | 797,987 | ---- | 139,951 |
| North Dakota | 33,716 | 31,784 | ---- | 1,932 |
| Ohio | 189,946 | 1,189,936 | 10 | ---- |
| Oklahoma | 365,295 | 327,859 | ---- | 37,436 |
| Oregon | 282,957 | 262,681 | ---- | 20,276 |
| Pennsylvania | 1,550,661 | 1,406,743 | 143,917 | ---- |
| Rhode Island | 146,253 | 121,290 | 24,963 | ---- |
| South Carolina | 465,841 | 454,062 | ---- | 11,779 |
| South Dakota | 54,753 | 52,246 | 5 | 2,501 |
| Tennessee | 705,106 | 705,106 | 286 | ---- |
| Texas | 1,799,263 | 1,797,304 | ---- | 1,959 |
| Utah | 97,817 | 97,756 | 60 | ---- |
| Vermont | 55,462 | 46,161 | 9,301 | ---- |
| Virginia | 593,731 | 574,659 | ---- | 19,072 |
| Washington | 539,989 | 523,340 | 16,421 | 228 |
| West Virginia | 348,553 | 348,553 | ---- | ---- |
| Wisconsin | 508,120 | 386,334 | ---- | 121,786 |
| Wyoming | 25,353 | 24,680 | ---- | 673 |
| N. Mariana Islands | 3,358 | 3,358 | ---- | ---- |
| Total | \$34,630,162 | \$29,898,765 | \$3,820,234 | \$911,163 |

¹ Includes data not distributed by State.

² Includes amounts for six States not distributed by category.

Source: Social Security Administration, Office of Research, Evaluation and Statistics, Division of SSI Statistics and Analysis.

TABLE 3-22--STATE SSI SUPPLEMENTATION PAYMENTS, SELECTED YEARS 1986-2002¹

| State | 1986 | 1988 | 1990 | 1993 | 1996 | 1999 | 2002 |
|----------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Alabama | \$13,659 | \$10,436 | \$6,594 | \$2,083 | \$1,027 | \$655 | \$414 |
| Alaska | 12,970 | 12,970 | 12,972 | 12,972 | 12,972 | 16,691 | 55,648 |
| Arizona | 2,668 | 3,309 | 2,560 | 3,129 | 374 | 250 | 374 |
| Arkansas | 28 | 20 | 15 | 0 | 5 | 2 | 6 |
| California | 1,466,079 | 1,862,170 | 2,274,296 | 2,212,330 | 1,994,313 | 2,266,934 | 2,769,828 |
| Colorado | 38,320 | 24,132 | 42,649 | 55,057 | 59,114 | 71,502 | 88,309 |
| Connecticut | 36,578 | 54,584 | 67,670 | 96,836 | 98,235 | 90,738 | 83,391 |
| Delaware | 671 | 730 | 708 | 747 | 836 | 940 | 1,204 |
| District of Columbia | 4,202 | 4,538 | 4,365 | 4,899 | 2,879 | 3,246 | 3,564 |
| Florida | 9,718 | 11,309 | 14,656 | 18,608 | 18,384 | 24,281 | 9,722 |
| Georgia | 8 | 18 | 16 | 19 | 21 | 10 | 3 |
| Hawaii | 3,740 | 4,263 | 10,885 | 11,066 | 11,479 | 12,824 | 12,163 |
| Idaho | 4,136 | 4,205 | 4,212 | 4,212 | 4,753 | 10,735 | 7,510 |
| Illinois | 51,197 | 59,573 | 57,137 | 65,836 | 31,890 | 28,193 | 29,098 |
| Indiana | 1,744 | 3,619 | 3,285 | 3,817 | 3,540 | 4,576 | 3,780 |
| Iowa | 1,908 | 2,204 | 2,408 | 2,859 | 3,018 | 19,587 | 18,678 |
| Kansas | 27 | 25 | 21 | 0 | 1 | 2 | 0 |
| Kentucky | 9,795 | 10,467 | 11,611 | 15,313 | 16,327 | 16,982 | 18,606 |
| Louisiana | 42 | 33 | 25 | 4 | 2 | 516 | 476 |
| Maine | 5,413 | 7,540 | 7,494 | 7,233 | 3,916 | 8,760 | 7,342 |
| Maryland | 5,252 | 6,159 | 6,155 | 6,269 | 6,430 | 6,680 | 7,533 |
| Massachusetts | 109,452 | 120,010 | 117,113 | 147,866 | 159,629 | 165,189 | 165,807 |
| Michigan | 66,338 | 69,833 | 74,682 | 62,683 | 27,387 | 43,344 | 121,037 |
| Minnesota | 19,818 | 24,667 | 43,924 | 53,860 | 63,720 | 70,295 | 85,898 |
| Mississippi | 29 | 27 | 22 | 11 | 8 | 9 | 2 |
| Missouri | 5,132 | 4,009 | 2,808 | 25,866 | 25,154 | 25,397 | 26,288 |
| Montana | 834 | 839 | 864 | 902 | 905 | 783 | 823 |
| Nebraska | 5,348 | 5,454 | 5,793 | 6,705 | 6,293 | 6,201 | 6,307 |
| Nevada | 2,531 | 2,704 | 2,928 | 3,586 | 4,083 | 4,830 | 5,128 |

| | | | | | | | |
|----------------|-----------|-----------|-----------|-----------|--------------|--------------|-----------|
| New Hampshire | 7,326 | 5,865 | 6,843 | 8,512 | 10,489 | 11,218 | 11,597 |
| New Jersey | 48,124 | 50,446 | 53,697 | 71,965 | 77,380 | 78,754 | 80,786 |
| New Mexico | 216 | 248 | 263 | 329 | 287 | 234 | 171 |
| New York | 277,035 | 317,504 | 388,150 | 476,029 | 527,128 | 545,264 | 557,842 |
| North Carolina | 41,091 | 52,745 | 63,135 | 95,445 | 85,274 | 123,490 | 139,951 |
| North Dakota | 1,518 | 1,480 | 1,390 | 1,220 | 1,917 | 2,205 | 1,932 |
| Ohio | 35 | 31 | 34 | 28 | 1 | 15 | 10 |
| Oklahoma | 31,380 | 34,045 | 34,168 | 36,557 | 36,988 | 37,354 | 37,436 |
| Oregon | 9,767 | 11,843 | 17,946 | 20,169 | 28,045 | 20,342 | 20,276 |
| Pennsylvania | 69,186 | 74,670 | 79,571 | 109,947 | 129,618 | 130,364 | 143,917 |
| Rhode Island | 9,402 | 10,263 | 11,729 | 16,097 | 19,650 | 22,552 | 24,963 |
| South Carolina | 4,812 | 5,004 | 8,897 | 12,377 | 13,258 | 13,383 | 11,779 |
| South Dakota | 591 | 587 | 567 | 681 | 1,630 | 2,308 | 2,506 |
| Tennessee | 0 | 1 | 4 | 0 | ³ | 2 | 0 |
| Texas | 0 | 0 | 0 | 0 | ⁴ | ³ | 1,959 |
| Utah | 872 | 1,086 | 808 | 878 | 57 | 55 | 60 |
| Vermont | 7,236 | 7,841 | 8,685 | 9,927 | 9,402 | 9,176 | 9,301 |
| Virginia | 12,164 | 14,432 | 15,296 | 17,317 | 19,632 | 21,919 | 19,072 |
| Washington | 17,443 | 18,058 | 19,915 | 26,808 | 26,795 | 29,079 | 16,649 |
| West Virginia | 0 | 0 | 0 | 0 | ⁴ | ³ | 0 |
| Wisconsin | 80,288 | 90,642 | 100,276 | 132,761 | 32,510 | 126,189 | 121,786 |
| Wyoming | 216 | 226 | 279 | 527 | 690 | 686 | 673 |
| Total | 2,496,275 | 3,006,796 | 3,589,348 | 3,862,151 | 3,577,102 | 4,074,736 | 4,731,397 |

¹ In Thousands of Dollars for Fiscal Years 1986-1996, and Calendar Years 1999 and 2002.

² Less than \$500.

³ Amount not shown; negative adjustment exceeds amount paid.

⁴ Texas and West Virginia did not pay State supplementation in this year.

Source: Social Security Administration, Office of Research, Evaluation and Statistics, Division of SSI Statistics and Analysis.

TABLE 3-23--FEDERAL AND STATE BENEFIT PAYMENTS UNDER
SSI AND PRIOR ADULT ASSISTANCE PROGRAMS, SELECTED
YEARS 1970-2005¹
[In millions of dollars]

| Year ² | Total | Total Constant 2002 Dollars | Federal Payments | Total State Payments | State Payments | | SSI Administrative Costs (FY) |
|---------------------|---------|--------------------------------------|---------------------|----------------------------|---------------------------|-----------------------|-------------------------------------|
| | | | | | Federally Administered | State Administered | |
| 1970 | \$2,939 | \$13,627 | \$1,801 | \$1,138 | ----- | ----- | ----- |
| 1972 | 3,392 | 14,599 | 1,993 | 1,398 | ----- | ----- | ----- |
| 1974 | 5,246 | 19,143 | 3,833 | 1,413 | \$1,264 | \$149 | \$285 |
| 1976 | 6,066 | 19,179 | 4,512 | 1,554 | 1,388 | 166 | 500 |
| 1978 | 6,552 | 18,078 | 4,881 | 1,671 | 1,491 | 180 | 539 |
| 1980 | 7,941 | 17,337 | 5,866 | 2,074 | 1,848 | 226 | 668 |
| 1982 | 8,981 | 16,743 | 6,907 | 2,074 | 1,798 | 276 | 779 |
| 1984 | 10,372 | 17,959 | 8,281 | 2,091 | 1,792 | 299 | 864 |
| 1986 | 12,081 | 19,830 | 9,498 | 2,583 | 2,243 | 340 | 1,022 |
| 1988 | 14,375 | 21,860 | 11,368 | 3,007 | 2,645 | 362 | 975 |
| 1990 | 16,095 | 22,154 | 12,507 | 3,589 | 3,159 | 431 | 1,075 |
| 1992 | 21,258 | 27,258 | 17,270 | 3,987 | 3,431 | 556 | 1,538 |
| 1994 ³ | 28,288 | 34,339 | 24,461 | 3,827 | 3,219 | 608 | 1,781 |
| 1995 ^{3,4} | 28,124 | 33,199 | 24,443 | 3,681 | 3,060 | 621 | 1,978 |
| 1996 ³ | 27,429 | 31,450 | 24,038 | 3,391 | 2,845 | 546 | 1,949 |
| 1997 ^{3,5} | 30,120 | 33,761 | 26,580 | 3,540 | 2,918 | 622 | 2,055 |
| 1998 ^{3,5} | 31,154 | 34,384 | 27,390 | 3,764 | 2,987 | 777 | 2,304 |
| 1999 ^{3,5} | 32,153 | 34,720 | 28,117 | 4,036 | 3,219 | 817 | 2,493 |
| 2000 ^{3,5} | 35,454 | 37,039 | 31,004 | 4,450 | 3,640 | 810 | 2,401 |
| 2001 ^{3,5} | 31,480 | 31,978 | 27,430 | 4,050 | 3,160 | 890 | 2,488 |
| 2002 ^{3,5} | 35,969 | 35,969 | 31,350 | 4,619 | 3,735 | 884 | 2,522 |
| 2003 ^{5,6} | NA | NA | 32,805 | NA | 3,940 | NA | 3,063 |
| 2004 ^{5,6} | NA | NA | 34,198 | NA | 4,045 | NA | 3,149 |
| 2005 ^{5,6} | NA | NA | 38,269 | NA | 4,475 | NA | 3,263 |
| 2006 ⁶ | NA | NA | 37,069 | NA | 4,265 | NA | 3,272 |
| 2007 ⁶ | NA | NA | 35,599 | NA | 4,030 | NA | 3,343 |
| 2008 ⁶ | NA | NA | 39,713 | NA | 4,450 | NA | 3,428 |

¹ Payments and adjustments during the respective year but not necessarily accrued for that year.

² 1970-72 refers to Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled; 1974-2005 refers to Supplemental Security Income.

³ Additional administrative costs are reflected for the SSI Program share of disability investments in fiscal years 1994-95 and automation investment in fiscal years 1994-2002.

⁴ Fiscal year 1995 administrative expenses included funds to pay back the Old-Age and Survivors Insurance Trust Fund with interest for SSI administrative funding shortfalls in prior years.

⁵ SSA does not collect the information necessary for making a forecast of State-administered benefit payments. For 2000-2005, data are projections based on the President's budget estimates of February 2000.

⁶ All estimates for FYs 2003 and later are based on the assumptions underlying the President's Fiscal Year 2004 Budget.

NA-Not available.

Source: Office of the Actuary, Social Security Administration and Office of Budget, Social Security Administration.

Table 3-23 presents the total amount of Federal and State benefit payments from calendar years 1970-87 and fiscal years 1988-2005. From 1970-73, these were the benefits under the Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled Programs. In fiscal year 1999, Federal benefit payments totaled \$28.1 billion and State payments totaled \$3.2 billion, amounting to an overall total of \$31.3 billion. In fiscal year 2000, total (Federal and State) SSI benefits are estimated to total \$29.5 billion and are projected to increase to \$32.7 billion in fiscal year 2002.

LEGISLATIVE HISTORY

104th CONGRESS

Public Law 104-121, the Contract with America Advancement Act of 1996, among other changes, prohibits disability insurance (DI) and Supplemental Security Income (SSI) eligibility to individuals whose drug addiction and/or alcoholism (DAA) is a contributing factor material to the finding of disability. This provision would apply to individuals who file for benefits on or after the date of enactment and to individuals whose claims are finally adjudicated on or after the date of enactment. This provision also applies to current beneficiaries on January 1, 1997. It stipulates that SSI must: (1) notify current DAA beneficiaries of the new provisions within 90 days of enactment; and (2) complete new medical determinations by January 1, 1997 for affected current beneficiaries who request such a determination within 120 days after the date of enactment.

Public Law 104-121 applies representative payee requirements to DI or SSI beneficiaries who have a DAA condition, as determined by the Commissioner, and who are incapable of managing benefits. The Social Security Administration (SSA) would refer these individuals to the appropriate State agency for treatment. The representative payee and referral for treatment provisions would apply to applications filed after the third month following the month of enactment. In addition, the new law retains the \$50 fee that representatives can collect for beneficiaries who have a DAA condition. The legislation also authorizes an appropriation of \$50 million for each of fiscal years 1997 and 1998 to carry out activities relating to the treatment of drug and alcohol abuse under the Public Health Service Act.

Further, Public Law 104-121 authorizes additional funds to SSA for fiscal years 1996-2002 for the purpose of conducting Social Security disability insurance continuing disability reviews (CDRs) and Supplemental Security Income CDRs and disability eligibility redeterminations. This new funding level is achieved by increasing the amount of funds available for appropriations under the discretionary spending cap. The Commissioner of Social Security must ensure that the funds made available pursuant to this provision are used, to the greatest extent practicable, to maximize the combined savings to the Old-Age, Survivors, and Disability Insurance (OASDI), SSI, Medicare, and Medicaid Programs. Moreover, the Commissioner is required to report annually, for fiscal years 1996-2002, to

Congress on the amount of money spent on CDRs, the number of reviews conducted (by category), the disposition of such reviews (by program), and the estimated savings over the short-, medium-, and long-term for OASDI, SSI, Medicare, and Medicaid Programs from CDRs which result in cessations, and the estimated present value of such savings.

Public Law 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, signed on August 22, 1996, makes several major changes in SSI law. These include:

Limited Eligibility of Noncitizens for SSI Benefits —PRWORA prohibits SSI eligibility for all noncitizens except: refugees, asylees, and noncitizens whose deportation has been withheld (limited to their first 5 years of residence); certain active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children; and lawful permanent residents who have worked for 10 years or more. For purposes of the exception based on work, children are credited with all quarters worked by their parents, and married individuals (including widows) are credited with work performed by spouses during their marriage. However, after December 31, 1996, quarters of work during which an individual received Federal public assistance are not countable toward this exception.

Deeming of Sponsors' Incomes and Resources —For purposes of eligibility for sponsored noncitizens admitted under new, legally enforceable affidavits of support, PRWORA deems all of the sponsors' (and sponsors' spouses') incomes and resources to the noncitizen until citizenship. However, deeming is not required for lawful permanent residents who have worked for 10 or more years (not counting quarters of work after 1996 during which the individual received Federal public assistance), or for children and spouses of workers credited with work performed by them.

Requirements for Affidavits of Support for Sponsorship —Affidavits of support are made legally enforceable against the sponsor until the noncitizen becomes a U.S. citizen. The agency that provides assistance to a noncitizen must request reimbursement from the sponsor for assistance provided.

Reporting of Illegal Immigrants to the Immigration and Naturalization Service —The Commissioner of Social Security must furnish to the Immigration and Naturalization Service the name, address, and other identifying information of any individual that SSA knows is unlawfully present in the United States.

SSI Eligibility Based on Childhood Disability —The comparable severity standard is eliminated and replaced by the standard that a child is considered disabled if she has a medically determinable impairment which results in "marked and severe" functional limitations and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than 12 months. The Social Security Administration is directed to eliminate references to maladaptive behavior in the domain of personal/behavioral function in the listing of impairments for children and to discontinue the use of individualized functional assessments in evaluating a child's disability. SSA is also required to redetermine, using the new criteria and by no later than August 22, 1997, the eligibility of

recipients who may be affected by the new criteria. Benefits for those recipients who do not meet the new criteria would end on or after the later of July 1, 1997, or the date of the redetermination.

CDRs must be conducted once every 3 years for child recipients with nonpermanent impairments, and not later than 12 months after birth for low birth weight babies. Representative payees must present evidence to SSA that the recipient is receiving treatment that is medically necessary and available, unless SSA determines that such treatment would be inappropriate or unnecessary. An eligibility redetermination, using the adult initial eligibility criteria, must be performed within 1 year after child recipients turn 18.

Funding—PRWORA authorizes the appropriation of an additional \$150 million in fiscal year 1997 and \$100 million in fiscal year 1998 for the costs of performing CDRs and redeterminations.

Prisoner Reporting—The law provides for incentive payments (\$400 for information received within 30 days of confinement or \$200 for information received from 31 to 90 days after confinement) to State and local penal institutions that furnish identifying information to SSA which results in suspension of SSI benefits to prisoners.

Modifying the Effective Date of Applications —An individual's application for SSI benefits would be effective on the first day of the month following the date on which the application is filed, or on which the individual first becomes eligible, whichever is later. (This change effectively eliminates prorated payments for the month of application, while continuing emergency advance payments and subsequent repayments over several months in certain cases.)

Reduction in Cash Benefits Payable to Institutionalized Individuals whose Medical Costs are Covered by Private Insurance —PRWORA limits to not more than \$30 a month, cash benefits payable to children who are in an institution receiving medical care covered by private insurance.

Installment Payments of Large Past-Due SSI Payments —A schedule for paying large retroactive SSI benefit amounts at 6-month intervals is established.

Dedicated Savings Accounts —PRWORA requires the establishment of a bank account to maintain large retroactive SSI benefits, to be used for education or job skill training, special equipment, medical rehabilitation, or other appropriate items or services related to the impairment of the child.

Public Law 104-208, the Department of Defense Appropriations Act for fiscal year 1997, includes the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, which amends Public Law 104-193 with regard to noncitizens' eligibility for SSI benefits. Noncitizen individuals and their children who are battered or abused are added to the list of "qualified aliens." Sponsorship affidavits of support are made legally binding and sponsor-to-immigrant deeming of income and resources in the SSI Program continues until noncitizens become U.S. citizens or they, their spouses, or parents work 40 quarters in the United States. The law also provides additional exceptions to sponsor-to-immigrant deeming for indigent noncitizens whose sponsors do not provide them with income sufficient to obtain food and shelter and for battered individuals and their children.

In addition, Public Law 104-208 requires several reports to Congress. The Commissioner of Social Security is required to report the aggregate number of Social Security numbers issued to noncitizens not authorized to work but under which earnings were reported and the extent to which Social Security numbers and Social Security cards are used by noncitizens for fraudulent purposes. These two reports are due no later than 3 months after the end of each fiscal year, and within 1 year after the date of enactment, respectively. The General Accounting Office also is required to report to Congress and the Department of Justice within 180 days after the date of enactment on the extent to which means-tested benefits are being paid to noncitizens acting as representative payees who are not "qualified aliens."

105th CONGRESS

Public Law 105-18, an emergency supplemental appropriations bill, provides a 1-month extension for noncitizens who were receiving benefits on the date of enactment of Public Law 104-193 (August 22, 1996) and who would not continue to be eligible under the noncitizen restrictions in that law by changing the date by which SSI redeterminations of eligibility had to be completed from August 22, 1997 to September 30, 1997.

Public Law 105-33, the Balanced Budget Act of 1997, made several major changes in SSI. These include:

SSI Eligibility for Aliens Receiving SSI on August 22, 1996 and Certain Disabled Legal Aliens—Public Law 105-33 provides that, despite restrictions in the 1996 welfare reform law, noncitizens lawfully residing in the United States who were receiving SSI on August 22, 1996, remain eligible for SSI. In addition, noncitizens lawfully residing in the United States on August 22, 1996, are eligible for SSI if they become disabled in the future. The law also provides that members of Native American Indian tribes who are noncitizens are not affected by the SSI restrictions in Public Law 104-193. In addition, individuals who received SSI prior to January 1, 1979, continue to be eligible for benefits if the Commissioner of Social Security lacks clear and convincing evidence that such individuals are noncitizens ineligible for benefits.

Extension of Eligibility Period for Refugees and Certain Other Qualified Aliens from 5 to 7 Years for SSI and Medicaid; Status of Cuban/Haitian Entrants and Certain Amerasians—Public Law 105-33 extends from 5 years to 7 years the initial eligibility period for SSI and Medicaid for refugees, asylees, and noncitizens who have had their deportations withheld. In addition, Cuban and Haitian entrants and Amerasian immigrants are added to the categories of noncitizens who are considered "qualified aliens." These groups are eligible for SSI for their initial 7 years, and are exempt from the 5-year eligibility ban on noncitizens entering the United States after August 22, 1996.

Exceptions for Certain Indians from Noncitizen Limitations on Eligibility for Supplemental Security Income and Medicaid Benefits—Public Law 105-33 exempts noncitizen members of federally recognized Indian tribes or noncitizen Native Americans from the SSI and Medicaid restrictions in the 1996 act.

Exemption from Noncitizen Restrictions on SSI Program Participation by Certain Recipients Eligible on the Basis of Very Old Applications—Public Law 105-33 exempts certain individuals who have been on SSI rolls since before January 1, 1979, from the noncitizen restrictions in the 1996 act.

Derivative Eligibility for Noncitizens for Medicaid and Food Stamp Benefits—Public Law 105-33 provides that noncitizens who are otherwise ineligible for Medicaid under the 1996 act may be eligible for Medicaid if they receive SSI benefits and if the State's Medicaid plan provides Medicaid eligibility for SSI recipients. The legislation also clarifies that noncitizens who are otherwise ineligible under the 1996 act for food stamps would not be made eligible for food stamps because they receive SSI benefits.

Fees for Federal Administration of State Supplementary Payments—Public Law 105-33 increases fees for SSA's administering State supplementary payments, with added collections available for SSA administrative purposes.

Timing of Delivery of October 1, 2000, SSI Benefit Payments—In order to meet budget targets, Public Law 105-33 provides that the October 2000 SSI check be paid on October 2, which is a Monday, rather than on the last Friday in September.

Medicaid Coverage for Certain Workers and Children, Public Law 105-33 gives the States the option of permitting individuals who had been receiving SSI disability benefits, but are working, to buy into Medicaid if their family income is less than 250 percent of poverty. In addition, States are required to continue Medicaid coverage for children who were receiving SSI disability benefits as of August 22, 1996, but whose eligibility would end because they do not meet the new, more strict SSI childhood disability eligibility criteria.

Technical Amendments to the 1996 Welfare Reform Law —The legislation makes a number of technical clarifications with regard to the disabled children's redetermination and continuing disability review requirements. Technical changes also clarify the meaning of the term "final adjudication" with regard to SSI disability cases based on drug addiction or alcoholism and expands the applicability of provisions in Public Law 104-121 that require treatment referrals and authorization of fees for organizations serving as representative payees for SSI beneficiaries who have a DAA condition.

Technical corrections also are made that clarify when the reporting incentives involving prisoners apply and that allow SSA to charge a fee as a condition of processing requests for information by law enforcement authorities regarding SSI recipients who are fugitive felons and probation or parole violators. Clarifications are made concerning SSI dedicated savings account funds and terminology relating to medical treatment facilities and the applicability of the \$30 SSI payment limit are updated. Noncitizens technical correction provisions include adding battered parents to the definition of "qualified alien" and the exemptions from sponsor-to-immigrant deeming, clarifying that veterans widow(er)s may be eligible for benefits, and authorizing SSA to disclose noncitizens' quarters of coverage information to other governmental agencies for the purpose of carrying out the noncitizen restriction provisions.

Public Law 105-306, the Noncitizen Benefit Clarification and Other Technical Amendments Act of 1998 provided continuing eligibility for SSI for nonqualified aliens who were receiving benefits on August 22, 1996.

106th CONGRESS

Public Law 106-169, the Foster Care Independence Act of 1999, contains numerous provisions related to SSI fraud reduction and overpayment recovery. These provisions are summarized below.

Overpayments and Debt Collection—The law amends the Social Security Act to make representative payees liable for the repayment of Social Security benefit checks distributed after the recipient's death. SSA will monitor these repayments using representative payees' Social Security numbers. Beginning on December 14, 2000, SSA is authorized to recover up to 50 percent of lump sum SSI benefit payments made to individuals (or eligible spouses) who are themselves liable for the repayment of SSI benefits. The law also authorizes SSA to intercept Federal and State payments owed to individuals, use debt collection agencies, and other techniques to collect overpayments.

Treatment of Assets—Public Law 106-169 changes the way assets held in trusts are treated when determining SSI Program eligibility and benefit amounts. (A trust is defined by SSA as a legal arrangement involving property and ownership interests.) Assets and income in irrevocable trusts may not be revoked or used by an individual for personal support and maintenance. These trusts, previously exempt from SSI resource limit calculations, will be counted toward the resource limit for program eligibility and used to determine benefit amounts. All trusts established after January 1, 2000—regardless of the purpose of the trust, degree of trustee discretion, or restrictions on distribution—will be affected by the law. However, the new law allows the Commissioner of Social Security to waive the consideration of a trust if doing so would create an undue hardship for an individual. The criteria for undue hardship will be determined by the Commissioner.

Disposal of Resources—The law also imposes new rules regarding resources disposed of at less than fair market value. Individuals or their spouses who dispose of resources at less than fair market value will be ineligible for SSI benefits from the "look-back" date (the date the individual applied for benefits or, if later, the date the individual disposed of resources for less than fair market value) for a length of time calculated by SSA. The ineligibility period is determined by dividing the total value of the disposed resources by the maximum monthly benefit and the maximum applicable State supplementary payment. This ineligibility period may not exceed 36 months. Similar restrictions on the treatment of assets and the disposal of resources were already in effect for the Medicaid Program before enactment of Public Law 106-169.

Certain resources are exempt from this provision: resources transferred to a trust, if the trust is considered a resource available to the individual; the transfer of a home to family members under certain conditions; the transfer of resources to a

spouse for the spouse's sole benefit; or the transfer of resources to an individual's blind or disabled child (under age 65). Furthermore, a resource may be exempt if an individual proves to the Commissioner that he intended to dispose of the resource at fair market value; or that the resource was transferred for reasons other than to qualify for the SSI Program; or if the Commissioner determines that denial of eligibility would cause an undue hardship.

Penalties for False or Misleading Statements—The law contains provisions authorizing SSA to establish a new administrative process to determine whether individuals have fraudulently claimed benefits in cases considered too small to prosecute in court. The law provides for increasing penalties of 6, 12, and 24 months of ineligibility depending on the nature of the case. However, the imposition of these penalties will not impact an individual's receipt of other assistance. The penalty procedure applies only to false and misleading statements made after the date of the law's enactment, December 14, 1999. The Commissioner is mandated to develop regulations detailing the administrative process for imposing the penalties within 6 months of enactment.

Health care providers and attorneys convicted of fraud or administratively fined for fraud involving SSI eligibility determinations are barred from participating in the SSI Program for at least 5 years. SSA will provide individuals with reasonable notice and opportunity for a hearing and judicial review. SSA will also notify the State agencies that employ such individuals and the State licensing agencies that license or certify them. Attorneys and health care providers are required to inform SSA of any past violations or convictions. The Commissioner or Inspector General of Social Security may waive the exclusion from involvement with the SSI Program for an individual who is the only provider of services to a community and may terminate exclusions on a case-by-case basis.

Information Sharing Requirements —There are a number of provisions regarding information sharing between Federal and State agencies in the new law. SSA is authorized to obtain financial records for SSI recipients to ensure that they meet SSI's resource restrictions and remain eligible for benefits.

States are required to provide the Commissioner with information for determining individuals' eligibility for Social Security and SSI benefit programs. State prisons are also required to provide inmate information to Federal and federally assisted benefit programs. To help reduce fraudulent benefit payments to prisoners of food stamps, veterans' benefits, unemployment benefits, and educational aid, SSA is required to share its prisoner database with other Federal agencies and departments.

The law directs SSA to conduct computer matches with Medicare and Medicaid data maintained by the Department of Health and Human Services on individuals who are residents of public institutions. Data obtained from these matches may be used as a substitute for a physician's certification that an individual's stay in an institution will be less than 3 months. The Commissioner and the Secretary of the Department of Health and Human Services will mutually determine the terms of the data matching.

Study and Reporting Requirements —The law requires the Commissioner,

in consultation with the SSA Inspector General and the Attorney General, to study and report to Congress on legislative and administrative reforms that would reduce or prevent SSI and Social Security DI fraud and overpayments. Furthermore, the Commissioner must include an itemized account of the amount of funds required to support efforts to combat fraud by applicants and beneficiaries in the SSA annual budget. This requirement is effective for annual budgets prepared after fiscal year 1999.

Public Law 106-170, the Ticket to Work and Work Incentives Improvement Act of 1999, expands Medicaid coverage and provides work incentives for disabled beneficiaries of SSI. The law also creates a "ticket to work" system whose purpose is to expand the numbers and types of providers that SSI beneficiaries may choose to assist them in receiving employment and vocational rehabilitation services. In addition, the law has several other provisions:

Greater Accessibility to Vocational Rehabilitation Providers—Individuals on the SSI rolls are given access to a broader pool of vocational rehabilitation providers. SSI recipients are provided with "tickets" that they can use as vouchers to obtain employment services, case management, vocational rehabilitation, and support services from the providers of their choice, including State vocational rehabilitation agencies. This program will be implemented on a gradual basis within 1 year of enactment at test sites and within 4 years in every State.

The law also authorizes the Commissioner to make grants of up to \$7 million each year for fiscal years 2000-2004 to protection and advocacy organizations providing information and advice about obtaining vocational rehabilitation and employment services. The Secretary of Health and Human Services is authorized to award grants to States to design, establish, and operate infrastructures providing items and services to support working individuals with disabilities, and to conduct outreach campaigns to publicize the new benefits under the legislation (\$20 million, \$25 million, \$30 million, \$35 million, and \$40 million for fiscal years 2001-2005, respectively; for fiscal years 2006-2011, the law authorizes the prior year's amount adjusted for inflation.)

Creation of Employment Network—Employment networks are required to consist of a single public or private provider or an association of providers combined into a single entity which assumes responsibility for the coordination and delivery of services. Employment networks, which must be experienced in providing relevant employment and support services to individuals with disabilities will work with beneficiaries to develop employment plans and employment goals. The employment networks are responsible for providing periodic performance reports to beneficiaries holding tickets and periodic quality assurance reviews. The Commissioner will establish mechanisms for resolving disputes between employment networks and beneficiaries. State vocational rehabilitation agencies and employment networks must enter into agreements with individuals referred by an employment network to a State vocational rehabilitation agency for services.

Payment to employment networks is based on one of two payment systems. Under the outcome payment system, employment networks are provided with up to 40 percent of the average monthly disability benefit for each month (up to

60 months) benefits are not payable to the beneficiary due to work. Under the outcome-milestone payment system, employment networks receive early payments based on the achievement of one or more milestones toward permanent employment. The total amount payable under this system may not exceed the total amount payable under the outcome payment system. Regardless of the system used, beneficiaries forgo their SSI benefit and instead receive earnings from work. The cost effectiveness of the payment systems will be evaluated by the Commissioner.

Limitations on Continuing Disability Reviews (CDRs) for Ticket to Work Participants — The law prohibits the Commissioner from initiating a CDR for a beneficiary participating in the Ticket to Work and Self-Sufficiency Program. Further, if beneficiaries do not succeed at their work effort, the law provides for the reinstatement of SSI benefits without requiring re-application.

Medicaid Expansion — Under Public Law 106-170, States can opt to cover persons with disabilities at higher income and resource levels than otherwise permitted (i.e., over 250 percent of the Federal poverty level and over \$2,000, respectively), and whose medical condition would not otherwise permit them to be covered. States can require these individuals to "buy into" Medicaid coverage by paying premiums or other cost-sharing charges on a sliding fee scale based on income, as established by the State.

Demonstration Projects and Studies — The law extends Social Security demonstration projects relating to disabled beneficiaries and establishes a new demonstration project to test phasing out disability benefits for earnings above a certain level of income. Further, the General Accounting Office is required to study the effects of the substantial gainful activity level on recipients who return to work, and report on whether disregarding certain income for calculating benefits is appropriate.

Other — The law permits the Commissioner to withhold an assessment charge of 6.3 percent of the attorney's fees for the purpose of recovering costs to SSA of withholding and payment of attorneys fees. SSA is authorized to penalize States that are late in paying administrative fees to SSA.

107th CONGRESS

Public Law 107-73, the Economic Growth and Tax Reconciliation Act of 2001, was signed into law on June 7, 2001. The law increases child tax credit amounts gradually from \$500 for each child to \$1,000 in 2010 and expands the child tax credit by making it refundable for low-income workers. Previously, the

child tax credit was refundable in very limited situations. The credit will be excluded from income or resources in determining eligibility for means-tested programs, including SSI and is also excluded as part of resources in the month of receipt and the following month.

Public Law 107-116, Making Appropriations for the Departments of Labor, HHS and Education, FY 2002, was signed into law on January 10, 2002 and contained one provision affecting the SSI program. The law provides that \$7 million of the funds appropriated for the Supplemental Security Income program are to be used for outreach efforts under section 1144 of the Social Security Act to identify individuals who may be eligible for Medicare cost sharing under the Medicaid program.

Public Law 106-386, the Victims of Trafficking and Violence Protection Act of 2000, provides that noncitizens who are victims of “severe forms of trafficking in persons in the United States” shall be treated as refugees for purpose of SSI and be eligible for SSI benefits for the first 7 years they are in the United States.

Public Law 106-395, the Child Citizenship Act of 2000, provides that certain blind and disabled children may become citizens of the United States earlier than previously. This citizenship status would provide them eligibility for SSI benefits.

Public Law 106-245, the Radiation Exposure Compensation Act Amendments of 2000, would, among other things, exclude as countable income for SSI purposes the compensation received under this statute.

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