

## *SSI At Its 25th Year*

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Beginning in January 1974, the three previously existing State adult assistance programs were amalgamated into the Supplemental Security Income (SSI) program, to be administered by the Social Security Administration. This change was made to provide a nationwide floor of income for needs-based assistance, and to make such payments more efficiently by working through SSA's existing network of field offices.

This article traces the 25-year patterns of growth and changes in the number of persons applying for assistance, the number and proportion of those applicants who were awarded payments, and the overall number of persons who received SSI. Three major age groups are considered separately: those aged 65 or older, disabled adults aged 18-64, and children age 18 and younger. The last group was newly eligible under SSI for payments based on their own blindness or disability and not, as was the case previously, because they were a member of a needy family.

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In January 1974, the first payments were made under the Supplemental Security Income (SSI) program. In the 25 years since that time, many things about the SSI program have changed, while at the same time many things have remained the same.

The purpose of this article is to present brief summaries of the program's status at its 25th anniversary year, to describe the basic program provisions, and finally, to attempt to answer the following questions:

- How has the program implemented in 1974 developed into the program we know today?
- What historical patterns can be identified in the number of persons who came to SSI for assistance (applications); those whose application was allowed (awards); and the ongoing caseload (recipients).

### ***Program Background***

SSI is the federally administered program of needs-based cash assistance which replaced the previously existing state administered programs of Old-Age Assistance, Aid to the Blind, Aid to the Permanently and Totally Disabled, and Grants to the States for Aid to the Aged, Blind, and Disabled. SSI was established in 1972 by enactment of Public Law (P.L.) 92-603. This law was the end product of several years of public discussion, legislative debate, and compromise about the best way to restructure the existing programs of adult assistance, which were administered at the state or local level, with costs shared between the states and the federal government.

The goals for this legislation included (1) the desire to have a national program for cash payments to poor aged, blind, and disabled persons with minimum payment levels and eligibility standards; and (2) the development of more efficient administration for this program. The national scope of the SSI program would, it was hoped, accomplish the first goal. Placing the new program within the Social Security Administration (SSA), with its existing nationwide network of field offices, was intended to foster the second.<sup>1</sup>

In addition to the federal SSI payments, states without a constitutional barrier were required to make supplementary payments to maintain an individual's payment level under a more advantageous predecessor program, and were permitted to make supplementary payments to meet local situations. The states could contract with SSA to administer those supplements.

One major addition to eligibility under the new program was the inclusion of blind and disabled children under age 18, who previously had been eligible for cash payments only as members of AFDC families, and not in their own right, based on their medical conditions.

The Congress was somewhat concerned about the potential for caseload growth, as the estimates of participation were as high as 7.0 million persons by fiscal year 1975, compared with about 3.2 million recipients under the old programs at the end of 1972. The first payments under SSI began in January 1974.

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### ***Program Provisions***

SSI makes monthly payments to persons who establish categorical eligibility based on age (age 65 or older), blindness, or disability, *and who* also meet the income, resource, and other requirements set forth in the law (Title XVI of the Social Security Act) and regulations (20 CFR 416). The amounts of the payments are increased annually, by the same cost-of-living adjustment (COLA) as Social Security benefits.

The definition of disability is the same as that used for the Disability Insurance program under Title II of the Act, and the determinations of disability under both programs are made by state Disability Determination Services.

There is a resource limit of \$2,000 for an individual and \$3,000 for a couple, with certain exclusions, including a home, a car (based on use or value), limited amounts for life insurance and burial funds, exclusions designed for work incentive purposes, as well as other exclusions for special situations.

The applicant's other income is considered when determining the amount of the federal SSI payment, although there are exclusions, including a general exclusion of \$20 monthly, as well as the first \$65 per month of earned income plus one-half of the remainder. In some cases, a portion of another person's income is considered when determining the amount of the SSI payment. This process is called "deeming of income," and applies between spouses, from a parent to a child applicant, and from an immigration sponsor to a noncitizen applicant.

For the most part, payments are made directly to all eligible persons aged 18 or older. This reflects SSA's general policy that every legally competent person has the right to manage his or her own benefits. However, when it would best serve the interests of the individual, SSA will select either a person or an organization to receive payments for their use and benefit.

There are two payment levels in the SSI program. For those who live in an institution where the majority of the expenses are covered by the Medicaid program, SSI pays a maximum of \$30 per month. For all others, the maximum in 1999 is \$500 per month for an individual, and \$751 for a couple where both members are

eligible. If a recipient is living in a household headed by someone other than the individual or spouse, and receiving substantial amounts of food, clothing, or shelter there, the maximum monthly payment will be reduced by one-third.

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### ***Caseload in 1998***

As of December 1998, almost 6.6 million persons were receiving monthly SSI payments, totaling \$ 2.5 billion. Of these, 1.3 million were eligible on the basis of age, that is, they applied after they attained age 65. The remaining 5.2 million had been determined to be blind or disabled. In terms of age, about 887,000 (14 percent) were under age 18, 3.6 million (56 percent) were aged 18-64, and 2.0 million (30 percent) were aged 65 or older. SSI recipients were more often women than men, although the reverse was true for those under age 18.

The average federal SSI payment in December 1998 was \$336. Since the maximum federal SSI payment in 1998 was \$494 per month, *on the average* an SSI recipient had countable income of about \$158. The most common source of this countable income was benefits under the OASDI program. About 2.4 million SSI recipients (36 percent) received this type of monthly income, based either on their own work or that of a spouse, parent, or grandparent.

The remainder of this article will describe the trends and changes in the SSI program from 1974 through 1998, using three measures: the number of persons who sought assistance from the SSI program (applications); those who were awarded such payments (awards), and the number of persons who received a monthly payment (recipients). For analytical purposes we have looked separately at the SSI experience of three major age groups, those aged 65 or older (table 1), blind and disabled adults aged 18-64 (table 2), and children under age 18 (table 3).

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### ***Persons Aged 65 or Older***

Among the 3.2 million persons who received SSI in January 1974, 1.9 million were persons aged 65 or older. For them, SSI eligibility rested on their age and their lack of income and resources, and they made up 59 percent of the caseload. By the end of 1974, the number of persons 65 or older had grown to 2.4 million (61 percent), and by the end of 1975, to 2.5 million (58 percent of a rapidly increasing caseload).

Beginning in 1976, the 65 or older caseload fell each year, to just over 2.0 million persons in 1988, with the exception of a small 'spike' in 1984.<sup>2</sup> Another period of small increases began in 1989, and continued through 1994. During this time, the caseload 65 or older rose to just over 2.1 million (34 percent of all SSI recipients).<sup>3</sup> In the 4 years since, the number of older recipients has continued to decline, and, as of December 1998, totaled just over 2.0 million (table 1).

Not only did the number of SSI recipients aged 65 or older ebb and flow over the life of the program, but, as time went on, these recipients increasingly shared another characteristic—they had been eligible for SSI before they became age 65, based on an SSA determination of blindness or disability. In the SSI

program, an individual continues to be classified as aged, blind, or disabled based on his or her situation at the time of application. Thus, a person who is under age 65 and blind or disabled when awarded benefits will continue to be so classified, even after turning 65.<sup>4</sup> The number of blind or disabled recipients aged 65 or older was very small at the beginning of the SSI program, about 136,000 at the end of 1974 (5 percent of all recipients 65 or older), but increased steadily until 1998, when there were almost 700,000 older blind or disabled recipients (33 percent).

Despite this growth based on the aging of blind and disabled recipients, the caseload of persons aged 65 or older has declined almost continuously over the 25 years of SSI. The number receiving payments at the end of 1998 was 17 percent lower than at the end of 1974. These two factors imply a continuing de-

crease in the number of persons who apply for SSI at or after age 65, and this is what has occurred. Over 957,000 applications were received from this age group by the end of 1974, and another 391,000 in 1975. Since that time, applications have declined almost every year to their level at the end of the study period, 148,000 in 1998.

There are several reasons for this decline in the number of persons who find themselves at age 65 or older with so little income and resources that they seek assistance from SSI.

One main reason is the growth and maturity of the Social Security programs over the same period. This has provided income for an increasing proportion of those aged 65 or older, *and* the amounts of benefits have also increased for a variety of reasons, making some applicants ineligible for SSI.<sup>5</sup> Further,

Table 1.—SSI: Persons aged 65 or older, by number of recipients, annual applications and awards, and awards as a percent of applications, December 1973-98

Year	Recipients	Annual		Awards/ applications
		Applications	Awards	
Total.....	(1)	8,493,500	6,615,650	77.9
State conversions.....	(1)	1,977,870	1,844,040	93.2
Federal applications:				
1973.....	0	171,370	0	(1)
1974.....	2,422,009	786,310	772,750	98.3
1975.....	2,507,855	391,040	351,280	89.8
1976.....	2,396,933	261,720	221,490	84.6
1977.....	(1)	272,550	210,900	77.4
1978.....	2,303,900	263,340	189,880	72.1
1979.....	2,245,716	266,260	171,870	64.5
1980.....	2,220,776	280,120	180,590	64.5
1981.....	2,121,090	190,610	117,600	61.7
1982.....	2,010,741	146,150	100,420	68.7
1983.....	2,003,400	198,110	148,860	75.1
1984.....	2,037,287	293,210	209,610	71.5
1985.....	2,031,469	232,850	145,870	62.6
1986.....	2,017,528	241,500	148,030	61.3
1987.....	2,015,387	239,530	154,000	64.3
1988.....	2,006,020	227,430	156,480	68.8
1989.....	2,026,243	244,130	176,910	72.5
1990.....	2,058,641	251,210	182,380	72.6
1991.....	2,079,784	246,090	178,080	72.4
1992.....	2,099,703	245,960	177,870	72.3
1993.....	2,113,239	237,220	173,130	73.0
1994.....	2,119,057	203,210	145,940	71.8
1995.....	2,114,830	179,570	129,700	72.2
1996.....	2,090,151	167,180	118,430	70.8
1997.....	2,053,532	131,330	95,460	72.7
1998.....	2,032,983	147,630	114,080	77.3

<sup>1</sup> Not applicable.

Source: For recipients, Revised Management Information Counts File; for applications and awards, SSI 10-percent sample file.

many of the older applicants appear to have some savings or other usable resources in early retirement, which are expended in a few years. Almost half of the 1997 applicants were aged 70 or older.

Not all who apply for SSI payments are awarded them, and a sizeable change over time in the proportion of awards could affect the caseload. This has not happened among SSI applicants older than 65.<sup>6</sup> The number of awards rose and fell along with the number of applications. The proportion, which had been over 85 percent in the 1974-77 period, fell into the 62- to 77-percent range between 1977 and 1988. Beginning in 1989, the annual proportion of awards to applications remained fairly steady, in the low 70s, although 1998 was somewhat higher. The most common reasons for denial have been excess income and resources.

In sum, since its beginning, including converted cases, SSI has received almost 8.5 million applications from persons 65 or older, and made 6.6 million awards.

### ***Blind and Disabled Adults Aged 18-64***

When SSI payments started, the 1.3 million blind or disabled adult recipients aged 18-64 made up about 41 percent of the recipients. Growth came quickly, and by the end of 1976 there were 1.7 million persons, still about 41 percent. The yearly increases continued through 1980, then turned down in 1981 and 1982. Beginning in 1983, growth resumed, and continued each year until, at the end of 1998, the 3.6 million blind and disabled adults made up 56 percent of all SSI recipients<sup>7</sup> (table 2).

Table 2.—SSI: Persons age 18-64, by number of recipients, annual applications and awards, and awards as a percent of applications, December 1973-98

Year	Recipients (December)	Annual		Awards/ applications
		Applications	Awards	
Total.....	(1)	28,662,910	11,937,620	41.6
State conversions.....	(1)	1,423,900	1,303,490	91.5
Federal applications:				
1973.....	0	70,130	0	(1)
1974.....	1,503,155	1,042,080	497,910	47.8
1975.....	1,699,394	976,710	513,590	52.6
1976.....	1,713,594	866,720	408,010	47.1
1977.....	1,736,879	904,150	381,620	42.2
1978.....	1,747,126	905,250	329,170	36.4
1979.....	1,726,553	950,880	299,330	31.5
1980.....	1,730,847	1,016,740	299,950	29.5
1981.....	1,702,895	863,660	254,880	29.5
1982.....	1,655,279	775,060	206,550	26.6
1983.....	1,699,774	832,380	267,620	32.2
1984.....	1,780,459	866,400	331,340	38.2
1985.....	1,879,168	1,047,910	335,340	32.0
1986.....	2,010,458	1,099,000	404,470	36.8
1987.....	2,118,710	1,068,710	386,970	36.2
1988.....	2,202,714	1,008,090	374,290	37.1
1989.....	2,301,926	1,016,440	401,060	39.5
1990.....	2,449,897	1,136,070	459,800	40.5
1991.....	2,641,524	1,314,960	518,610	39.4
1992.....	2,910,016	1,460,500	650,260	44.5
1993.....	3,148,413	1,567,750	644,810	41.1
1994.....	3,335,255	1,512,000	595,620	39.4
1995.....	3,482,256	1,379,820	586,120	42.5
1996.....	3,568,393	1,285,540	535,270	41.6
1997.....	3,561,625	1,130,410	461,590	40.8
1998.....	3,646,020	1,141,650	489,950	42.9

<sup>1</sup> Not applicable.

Source: For recipients, Revised Management Information Counts File; for applications and awards, SSI 10-percent sample file.

The 5-year period 1990 through 1994 saw particularly large growth, an increase of 1,033,000 recipients. The slight decline from 1996 to 1997 may reflect SSA's renewed emphasis on Continuing Disability Reviews, as well as case reviews required under recent welfare reform legislation (Public Laws 104-193 and 105-33). Another factor is that applications from this age group were lower in 1997 and 1998 than in any year since 1989 (1.1 million).

Over the past 25 years, the number of applications from persons aged 18-64 has been quite high. In 16 of those years, more than 1.0 million applications were received. This placed great strain on the resources of SSA, as claims based on disability

require the collection of more (and more complex) evidence, the involvement of the State Disability Determination Services, and greater claims processing time, than do claims based on age.

Annual award rates for blind and disabled adults were much lower than was true for those aged 65 or older. This is largely due to the consideration of the applicant's medical condition in the decision process, which drops the proportions of awards to applications substantially. Even so, in 19 years the proportion of awards was 36 percent or higher.

In sum, over 25 years SSA has received almost 28.7 million

Table 3.—SSI: Persons under age 18; by number of recipients, annual applications and awards, and awards as a percent of applications, December 1973-98

Year	Recipients (December)	Annual		Awards/ applications
		Applications	Awards	
Total.....	(1)	5,380,130	2,212,760	41.1
State conversions.....	(1)	4,700	3,160	67.2
Federal applications:				
1973.....	0	43,720	0	(1)
1974.....	<sup>2</sup> 70 900	232,190	66,970	28.8
1975.....	107,026	100,220	62,900	62.8
1976.....	125,412	84,360	45,060	53.4
1977.....	147,355	95,630	50,960	53.3
1978.....	165,899	99,530	47,060	47.3
1979.....	177,306	108,120	45,810	42.4
1980.....	190,394	113,200	46,240	40.8
1981.....	194,890	95,020	39,020	41.1
1982.....	191,570	94,820	35,680	37.6
1983.....	198,323	101,710	42,110	41.4
1984.....	211,587	104,880	45,750	43.6
1985.....	227,384	120,640	46,580	38.6
1986.....	241,198	125,450	51,060	40.7
1987.....	250,902	125,090	48,490	38.8
1988.....	255,135	125,320	47,570	38.0
1989.....	264,890	132,080	51,530	39.0
1990.....	308,589	163,690	76,120	46.5
1991.....	397,162	247,620	126,190	51.0
1992.....	556,470	380,350	221,120	58.1
1993.....	722,678	503,820	236,250	46.9
1994.....	841,474	541,420	203,220	37.5
1995.....	917,048	503,190	177,620	35.3
1996.....	955,174	462,780	144,300	31.2
1997.....	879,828	332,940	116,340	34.9
1998.....	887,066	337,640	135,650	40.2

<sup>1</sup> Not applicable.

<sup>2</sup> Includes 43,720 persons aged 18-21.

Source: For recipients, Revised Management Information Counts File; for applications and awards, 10-percent SSI sample file.

applications from blind and disabled adults aged 18-64, and has made 11.9 million awards.

## ***Blind and Disabled Children Under Age 18***

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As discussed earlier, SSI was the first federally administered program generally available to children under age 18, based on their own blindness or disability. Few children (about 3,200) were brought onto the SSI program during the conversion from the previously existing state assistance programs.

Nevertheless, this group has been the fastest growing segment of the SSI program, increasing from less than 2.0 percent of recipients (71,000) at the end of 1974, to a high of 14 percent (955,000) at the end of 1996 (table 3). By the end of 1998, there was a slight decline in both the number of children (down 78,000), and in the proportion of caseload (down one percentage point). In only two years, 1982 and 1997, has the number of young recipients declined from the previous year.<sup>8</sup>

While growth was steady throughout the period, it accelerated in the 1990s. During this period the number of children more than tripled. This represents the combined effect of the publication of revised regulations for the determination of certain mental impairments, SSA's review of children's cases under the Supreme Court decision in *Sullivan v. Zebley*, and the increased public awareness of the program that was engendered by these major changes.

The number of children applying for SSI each year presents the same general pattern as the disabled adults. That is, a period of growth in the early years of the program and a short-lived decline in the early 1980s, followed by sustained and accelerating growth through 1994 (541,000). Over the next three years, the number of applications from children under age 18 declined to 333,000, then increased again in 1998.

Awards to these young applicants were high in the first years of the program, more than 60,000 annually in 1974 and 1975.<sup>9</sup> Between 1979 and 1989, the number ranged from 36,000 to 52,000. The next four years saw this number quadruple to over 236,000 in 1993, as the review of *Zebley* cases was completed, fall off to 116,000 in 1997, then rise again in 1998. In 16 of the 25 years, awards represented at least 40 percent of applications.

Over the 25-year period, almost 5.4 million applications were received from children under age 18, and 2.2 million awards were made.

## ***Conclusion***

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Throughout almost all of its first 25 years, the SSI program has experienced growth, both in numbers and in the payments made. The caseload has more than doubled, from 3.2 million to almost 6.6 million, and the maximum monthly payment has increased from \$140 in January 1974, to \$500 in 1999.

The major source of other income for SSI recipients has been, and remains, a Social Security benefit (36 percent have a benefit). The majority of recipients live alone, or with one other person.

From the program's beginning, SSA has evaluated SSI eligibility based on 42.5 million applications, and has made 20.8 million awards. Total federally administered payments to SSI recipients from 1974 through 1998 were \$365 billion, of which \$311 billion were federal payments, and \$54 billion were state supplementation.

While the factors of eligibility have remained essentially the same, there have been changes—in the meaning and counting of income, in the impact of institutionalization on recipients, in the rules under which the SSA makes a determination of disability, and in the eligibility requirements for noncitizens.

Perhaps the most important change in SSI since 1974 has been in the nature of the population. Initially, the SSI caseload was predominately eligible on the basis of their age and limited income and resources (almost 60 percent aged 65 or older). However, over the years, the SSI population has become increasingly younger and comprised of severely disabled persons (70 percent in 1998). This change has implications for program costs because younger recipients are likely to remain on the rolls for longer periods.<sup>10</sup> Administrative costs will also be affected for many reasons, including the higher costs of determining, and redetermining, disability.

## ***Notes***

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<sup>1</sup> Senate Finance Committee Report on the Social Security Amendments of 1972. Senate Report No. 92-1230, p. 383 ff.

<sup>2</sup> This increase is related to several 'outreach to the aged' projects undertaken at that time, including a major project by SSA. The increase appeared to be transient, in many cases because these recipients had small SSI payments which were 'wiped out' by subsequent cost-of-living adjustment increases in their Social Security benefits.

<sup>3</sup> Based on other analyses, these increases represent, to a substantial degree, the large number of noncitizens who began to receive SSI during the early 1990s. (See article on SSI and Noncitizens by Parrott, Kennedy, and Scott in the *Social Security Bulletin*, Vol. 61, No. 4, 1998.)

<sup>4</sup> This differs from the OASDI program, under which a disabled worker reaching age 65 will be reclassified as a retired worker. Classification there is based on the trust fund from which the benefits will be paid.

<sup>5</sup> More than 90 percent of all persons aged 65 or older get a Social Security benefit, compared with 61 percent of the SSI recipients aged 65 or older.

<sup>6</sup> The last column of the tables, showing awards in a year as a percent of applications in that year, is a statistic of convenience, and not the same as a true award rate, which would be obtained by following a cohort of cases over time.

<sup>7</sup> The rules and the process governing SSA's determination of disability were the subject of many debates during the 1980s. Court mandates, and legislative and regulatory decisions contributed to the variations in the size of the caseload, as well as in the number of applications and awards.

<sup>8</sup> The decline from 1996 to 1997 reflected initial reviews of children under the provisions of the welfare reform legislation of 1996 and 1997. During the first half of 1998, the number of young recipients began to rise again.

<sup>9</sup> In the first years of the program, many applications for children came from large residential facilities, which were themselves guardians for their patients. This probably accounts for the higher proportion of awards to applications in these years.

<sup>10</sup> Official SSA estimates and projections of SSI caseload and costs are found in the *Annual Report of the Supplemental Security Income Program*, prepared by the Office of the Actuary.