

SSI: Trends in State Supplementation, 1979-81

by Sue C. Hawkins*

In December 1979, the number of persons receiving State supplementary payments under the Supplemental Security Income Program for the Aged, Blind, and Disabled totaled 1,942,000. By December 1981, the number totaled 1,875,000—a decline of 67,000 or 3 percent. This decrease paralleled the reduction in the number of persons receiving Federal Supplemental Security Income payments, which dropped from 3,687,000 to 3,590,000 or 3 percent during the 3-year period. Changes also occurred in the distribution of persons by eligibility category. The number of persons eligible because of age declined 9 percent, from 823,000 to 745,000; persons eligible because of blindness increased 1 percent, from 41,000 to 42,000; and persons eligible because of disability increased 1 percent, from 1,076,000 to 1,086,000. In contrast to the trend in the State supplementation caseload, expenditures for State supplementary payments continued to increase as they have since the beginning of the Supplemental Security Income program.

The Supplemental Security Income (SSI) program—Public Law 92-603—replaced the Federal grants-in-aid program for the needy aged, blind, and disabled. It established uniform nationwide eligibility standards and Federal payment levels.

From the beginning, States have been given the option of supplementing the Federal SSI payment received by their residents. These supplements could apply broadly to all or virtually all SSI recipients in the State, or they could apply only to a limited number of SSI recipients, such as only those who were living in certain kinds of nursing homes. At the State's option, the supplements could be administered either by the Federal Government in conjunction with its administration of the Federal SSI program, or they could be administered independently by the State government.

In some States, the Federal SSI payment level would have been lower than the payment level under the former State assistance program if the State elected not to provide a sufficient optional State supplement. Since a number of States indicated that they did not wish to exercise the option to pay a supplemental benefit, the original law was amended to make some State sup-

plementary payments mandatory.¹ These mandatory payments applied only to persons who were being transferred to SSI from the former State assistance programs. They did not have to be paid to anyone receiving assistance for the first time after the creation of the Federal program.

This article updates a report on the first 5 years of State supplementation programs under SSI and focuses on changes that took place from December 1979 to December 1981. Recipient data are for the end of the calendar year, whereas expenditure data cover the entire year.

National Changes

During the first 5 years of SSI (1974-78), State supplementation programs underwent many changes.² The implementation of subsequent Federal legislation and State changes in scope of coverage contributed to increases in State supplementation caseloads and ex-

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¹ For the legislative history of the SSI program, see Sue C. Hawkins, "SSI: Characteristics of Persons Receiving Federally Administered State Supplementation Only," *Social Security Bulletin*, April 1983, pages 3-5.

² Sue C. Hawkins, "SSI: Trends in State Supplementation, 1974-78," *Social Security Bulletin*, July 1980, pages 19-27.

penditures, and, in some instances, tended to promote reductions.

After 1979, State supplementation programs continued to undergo changes but to a lesser extent. States did not expand the scope of their programs as readily as they had in the early years of operation, and fewer Federal laws were enacted mandating changes in State supplementation programs.³

Recipients

From December 1979 to December 1981, the number of persons receiving State supplementary payments declined slightly—67,000 or 3 percent (table 1). Accompanying the caseload reduction, a small change occurred in the distribution of recipients by eligibility category.⁴ At the end of 1979, the disabled comprised 55 percent of the total supplementation caseload; the aged and blind accounted for 42 percent and 2 percent, respectively. By the close of 1981, the percentage distributions were as follows: disabled, 58 percent; aged, 40 percent; and blind, 2 percent.

The overall reduction in the number of persons receiving State supplementation paralleled a similar decline in the total SSI population. Since the number of cases closed was larger than the number of new awards, the total caseload dropped. Deaths represented a major reason for such closings but case closings also occurred as a result of cost-of-living adjustments. SSI and OASDI payments increase by the same percentage amount when automatic cost-of-living adjustments are made. However, the amount of the OASDI benefit that

is disregarded in the calculation of SSI payments remains fixed at \$20 per month. Thus, an equal percentage increase in both payments can cause the OASDI benefit of persons who are entitled to both OASDI and SSI to rise to a level where they are no longer eligible for SSI.

Expenditures

Unlike the caseload, the total amount expended for State supplementation increased during the 3-year period. In 1979, State supplementation expenditures totaled \$1.8 billion. By 1981, these expenditures had increased 16 percent and amounted to \$2.1 billion (table 2). Meanwhile, expenditures for Federal SSI payments rose 23 percent, from \$5.3 billion to \$6.5 billion. Nevertheless, the distribution of total annual SSI expenditures between State supplementary payments and Federal SSI payments remained relatively stable around 25 percent and 75 percent, respectively.

State Changes

State supplementation programs can be divided into three groups based on their scope of coverage: mandatory only, limited optional, and broad optional.⁵

As would be expected, the programs vary by breadth of coverage. Chart 1 shows that mandatory-only States have an average of 4 supplementation recipients per 1,000 persons receiving a Federal SSI payment, whereas for those States with broad optional supplementation virtually all persons receiving a Federal payment also received a State supplement.

Mandatory State Supplementation Only

In January 1974, when the SSI program was implemented, 16 States provided the minimum supplement to

⁵ This analysis excludes Texas whose State constitution prohibits provision of the supplements.

³ The Social Security Disability Amendments of 1980, Public Law 96-265, may affect State supplementation programs for some disabled recipients participating in the work incentive experiments under this law. The experiments are designed to encourage disabled persons to leave the benefit rolls and return to work.

⁴ The blind and disabled categories include persons over age 65 who established their eligibility under the blind or disabled criteria before they reached age 65 and continue to be so classified after age 65 for program-related reasons.

Table 1.—Number and percentage distribution of persons receiving State supplementation, by reason for eligibility, 1979 and 1981

Reason for eligibility	Number of persons		Percentage distribution		Percentage change, 1979-81
	December 1979	December 1981	December 1979	December 1981	
Total ¹	1,941,801	1,875,081	100.0	100.0	- 3.4
Aged	822,761	745,057	42.4	39.7	- 9.4
Blind ²	41,478	42,052	2.1	2.2	1.4
Disabled ²	1,075,608	1,085,983	55.4	57.9	1.0

¹ Includes 1,954 recipients in 1979 and 1,989 recipients in 1981 not distributed by reason for eligibility.

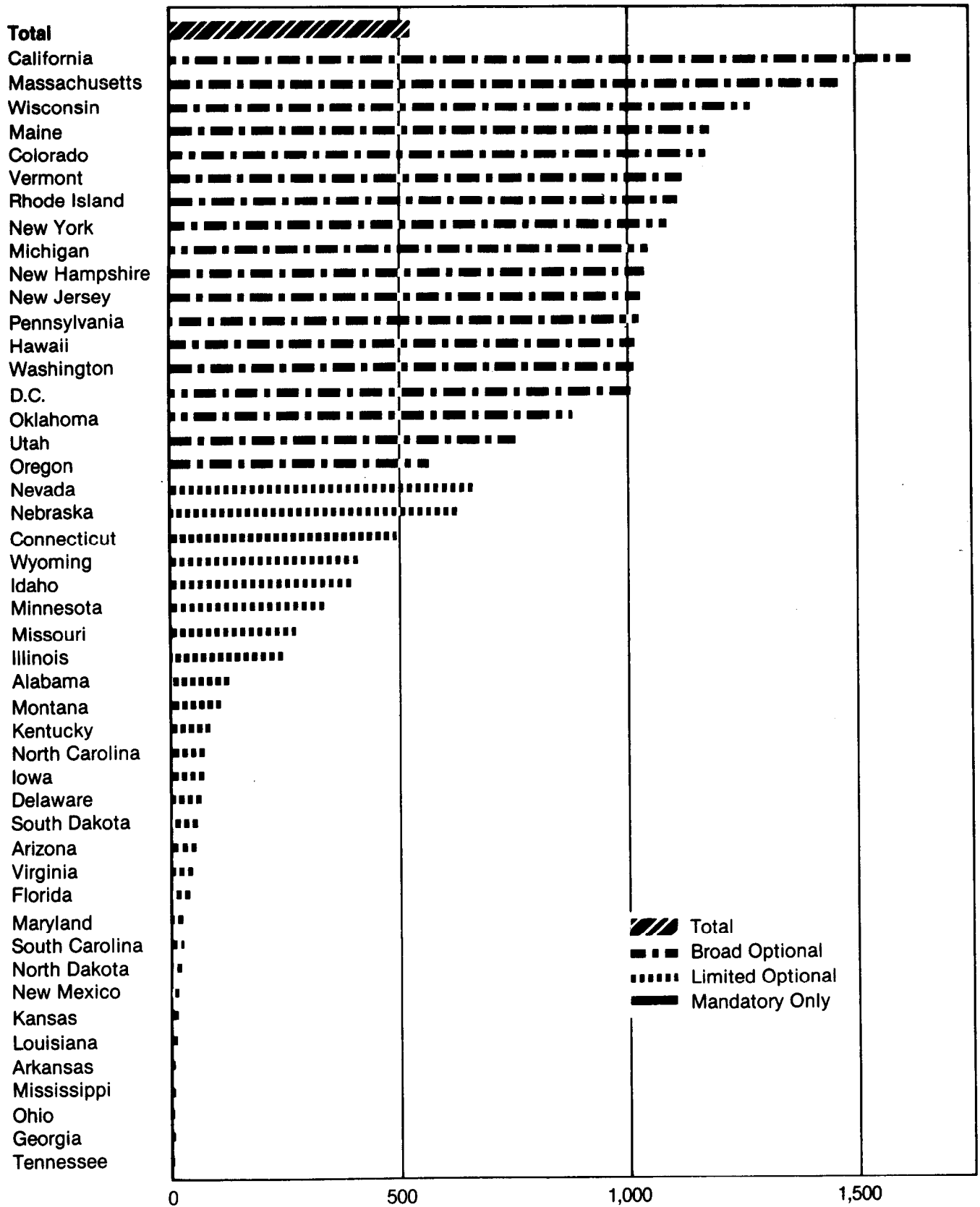
² Includes persons over age 65 who established their eligibility under the blind or disabled criteria before they reached age 65.

Table 2.—Total amount and percentage distribution of SSI payments, by type of payment, 1979-81

Year	Total	Federal SSI	State supplementation		
			Total	Federally administered ¹	State administered
Total amount (in thousands)					
1979	\$7,075,394	\$5,279,181	\$1,796,213	\$1,589,544	\$206,669
1980	7,940,734	5,866,354	2,074,380	1,848,286	226,094
1981	8,593,414	6,517,727	2,075,687	1,838,969	236,718
Percentage distribution					
1979	100.0	74.6	25.4	22.5	2.9
1980	100.0	73.9	26.1	23.3	2.8
1981	100.0	75.8	24.2	21.4	2.8

¹ Partly estimated.

Chart 1.—Number of persons receiving State supplementation per 1,000 Federal SSI recipients, December 1981



persons transferred from the former Federal grants-in-aid program.⁶ By December 1981, only seven States continued providing mandatory State supplementation.⁷ Eight of the other nine States initiated optional supplementation programs during 1979-81.⁸

States providing only the mandatory State supplementation continued to show relatively large declines in both caseloads and expenditures. In fact, had it not been for legislation enacted in 1976 that required States to pass along to their recipients Federal cost-of-living adjustments, all of these cases would have been removed from the rolls by now.

Recipients. For those seven States that continued to provide the minimum supplement only, a sustained downward trend occurred in the number of persons receiving such payments. During the first 5 years of SSI, the overall supplementation caseload for these seven States declined sharply—by 70,000 or 92 percent—to a level of 6,000 as of December 1978. By December 1979, persons receiving supplementary payments in these States totaled 4,300; at the close of 1981, they numbered only 2,900 (table 3).

Expenditures. The amount expended for supplementary payments by this group of States also declined dramatically. Nearly all of the decrease occurred during the first 5-year operation of SSI when annual supple-

mentation expenditures dropped \$27.7 million or 95 percent to \$1.4 million. Subsequently, the amount expended for supplements fell from \$0.8 million in 1979 to \$0.5 million in 1981.

In addition to the overall reduction in supplementation expenditures, each of the three eligibility categories experienced decreases as well. Moreover, the average payment for these States was lower than the national average and considerably below the average for the other two groups of States. Thus, not only were fewer persons receiving supplementary payments in the mandatory-only States, but also smaller supplements were made to those who remained on the rolls.

Limited Optional State Supplementation

Among those States with optional supplementation programs, 24 limited their coverage to selected categories of newly eligible persons such as the blind and persons in specified living arrangements.⁹ In those States with limited optional supplementation programs, most recipients were eligible for only a Federal SSI payment. All but one State (Montana) elected to administer their own programs.

Recipients. A continuation of the decreasing trend was observed in the number of persons receiving supplementation in this group of States. At the end of 1981, 143,300 persons received supplementary payments in these States; this number was 6,700 or 4 percent less than the figure for December 1979 (table 4).

The reduction from 1979 to 1981 reflected the net effect of decreases in 14 States that were partly offset by increases in eight States. Comparisons were not made for two States.¹⁰

Of those States with limited optional supplementation, Missouri alone more than accounted for the overall reduction in the number of persons receiving supplementary payments from December 1979 to December 1981. That State, which provides payments to a large number of aged persons in nursing homes, had a substantial number of cases closed each month due to deaths. For the remaining States that showed caseload reductions in this group, small but steady monthly declines were observed.

In the eight States that showed caseload increases, State program coverage for persons in specified living arrangements was broader than it was in other States in this group. That is, supplementation was generally pro-

⁶ The 16 States that initially had mandatory State supplementation only were Arkansas, Florida, Georgia, Indiana, Kansas, Louisiana, Maryland, Mississippi, New Mexico, Ohio, South Dakota, Tennessee, Utah, Virginia, West Virginia, and Wyoming.

⁷ The seven States providing mandatory supplementation only are Arkansas, Georgia, Kansas, Louisiana, Mississippi, Ohio, and Tennessee. All elected Federal administration of their supplementation programs.

⁸ West Virginia's mandatory supplementation obligations are met through State-administered vendor payments.

Table 3.—Number of persons receiving mandatory State supplementation only, and total amount of payments, 1979 and 1981

State (ranked by change in caseload)	Number of persons			Amount of payments (in thousands)		
	December		Percent- age change, 1979-81	1979	1981	Percent- age change, 1979-81
	1979	1981				
Total..	4,258	2,911	- 31.6	\$840	\$504	- 40.0
Georgia ..	665	400	- 39.8	124	71	- 42.7
Louisiana ..	1,695	1,099	- 35.2	294	141	- 52.0
Ohio	660	442	- 33.0	198	103	- 48.0
Arkansas ..	455	328	- 27.9	73	58	- 20.5
Kansas	255	199	- 22.0	94	71	- 24.5
Mississippi ..	480	400	- 16.7	¹ 57	¹ 60	¹ 5.3
Tennessee ..	48	43	- 10.4	(2)	(2)	(2)

¹ The actual outlays were lower in 1981 than in 1979; however, because adjustments for the collection of overpayments and returned checks during 1979 were much higher than in 1981, the net expenditures for payments to recipients only appears to be higher in 1981.

² Data not shown; adjustment totals exceed the actual amounts paid during the year.

⁹ The 24 States providing limited optional supplementation are Alabama, Arizona, Connecticut, Delaware, Florida, Idaho, Illinois, Indiana, Iowa, Kentucky, Maryland, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Mexico, North Carolina, North Dakota, South Carolina, South Dakota, Virginia, and Wyoming.

¹⁰ Alaska changed its reporting procedures in March 1980, and Indiana elected not to report supplementation data following a change to State administration in October 1976.

Table 4.—Number of persons receiving limited optional State supplementation, and total amount of payments, 1979 and 1981¹

State (ranked by change in caseload)	Number of persons			Amount of payments (in thousands)		
	December		Percent- age change, 1979-81	1979	1981	Percent- age change, 1979-81
	1979	1981				
Total	150,026	143,334	-4.5	\$136,113	\$150,907	10.9
Fla.	3,120	7,135	128.7	1,519	3,407	124.3
Va.	2,687	3,401	26.6	5,105	7,675	50.3
Nebr.	7,023	8,241	17.3	5,043	5,059	.3
Ariz.	1,437	1,674	16.5	1,123	1,322	17.7
S.C.	1,527	1,695	11.0	1,761	2,279	29.4
Mont.	681	709	4.1	647	699	8.0
N.C.	10,439	10,833	3.8	22,332	24,571	10.0
Nev.	3,769	3,775	.2	2,309	2,581	11.8
Iowa.	1,787	1,711	-4.3	868	988	13.8
Ala.	17,510	16,726	-4.5	13,387	11,643	-13.0
Wyo.	749	715	-4.5	183	174	-4.9
Conn.	12,072	11,502	-4.7	16,363	22,012	34.5
Minn.	10,733	10,214	-4.8	9,335	11,642	24.7
Md.	1,080	1,011	-6.4	696	902	29.6
Ill.	31,955	29,754	-6.9	24,702	28,685	16.1
N. Mex.	302	278	-7.9	157	241	53.5
Ky.	8,784	7,981	-9.2	12,441	11,184	-10.1
Idaho	3,320	2,924	-11.9	3,000	3,488	16.3
S. Dak.	563	466	-17.2	589	526	-10.7
Mo.	29,748	22,047	-25.9	13,271	10,156	-23.5
Del.	590	434	-26.4	504	449	-10.9
N. Dak. 2	150	108	-28.0	778	1,224	57.3

¹ Excludes data for Alaska and Indiana.

² Includes recipient data for mandatory supplementation cases only; recipient data are not available for optional supplementation cases. Expenditure data represent the total amount of payments made during the year for both the optional and mandatory supplementation programs.

vided to some persons living independently as well as to those living in various nonmedical institutional facilities. Throughout the 3-year period, these States exhibited a small sustained increase in the number of optional State supplementation cases but a consistent decrease in mandatory-only cases. Florida showed the largest caseload increase, in both absolute and relative terms. In January 1981, it expanded its program to provide supplementary payments to persons residing in nursing homes. No other State in this group changed its coverage during the 3-year period.

Expenditures. The total amount expended for payments by States with limited optional State supplementation during the 3-year period rose 11 percent, from \$136.1 million in 1979 to \$150.9 million in 1981. This increase occurred despite the overall decline in the supplementation caseload.

Of the 22 States for which comparisons were made, eight reported increases in the number of persons receiving supplementation as well as the amount expended for these State payments. Six reported decreases in both supplementation caseloads and expenditures. The remaining eight States showed increases in supplementation expenditures although their caseloads declined in the period.

Broad Optional State Supplementation

In those jurisdictions electing broad optional supplementation (17 States and the District of Columbia), nearly all persons who qualified for the basic Federal SSI payment were eligible for a supplementary payment.¹¹ These jurisdictions also extended coverage to persons who would have qualified for SSI had their income not exceeded the basic Federal payment level.

Recipients. Of those States with comprehensive programs, Colorado had the largest relative caseload growth (11 percent) from 1979 to 1981 (table 5). That State expanded program coverage in July 1979 to provide supplementary payments to persons residing in home-care and adult foster-care facilities. Also at that time, Colorado began providing supplementary payments to blind and disabled individuals who lived with an essential spouse.¹²

In contrast, Massachusetts had the largest relative caseload decline (12 percent) among this group of States—from 123,000 in 1979 to 107,900 in 1981. Effective July 1979, the State limited the pass-along of Federal SSI increases except for persons who resided in domiciliary care facilities and licensed rest homes. The largest number of SSI recipients leaving the rolls (nearly 9,000) occurred in July 1981 following an 11.2-percent increase in OASDI benefits and Federal SSI payments. The substantial caseload reduction in Massachusetts was attributed mainly to the limited pass-along of this increase to recipients with concurrent SSI payments and OASDI benefits.

In California and Massachusetts, State payment levels were considerably higher than those of other jurisdictions providing broad supplementation and substantially above the Federal payment level. These two States also had a larger proportion of SSI recipients who received OASDI benefits than most other States (only three States had larger proportions—Arkansas, Maine, and Wisconsin). Since the State payment levels and the average OASDI benefits in these two States were higher than in other States, many persons qualified for only a State supplementary payment because their countable income from OASDI benefits was greater than the Federal SSI payment level.

Expenditures. Most States with comprehensive supplementation programs expended more for State supplements in 1981 than in 1979. Some jurisdictions showed growth in both their caseloads and expenditures, but several States had increases in their expenditures despite

¹¹ The 17 States providing broad optional supplementation are California, Colorado, Hawaii, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Oklahoma, Oregon, Pennsylvania, Rhode Island, Vermont, Utah, Washington, and Wisconsin.

¹² An essential spouse is a husband or wife who is ineligible for a supplementary payment and needed in the home for the well-being of the eligible recipient; the needs of the spouse, however, are taken into account in determining the needs of the eligible individual.

Table 5.—Number of persons receiving broad optional State supplementation, and total amount of payments, 1979 and 1981

State (ranked by change in caseload)	Number of persons			Amount of payments (in thousands)		
	December		Percent- age change, 1979-81	1979	1981	Percent- age change, 1979-81
	1979	1981				
Total	1,784,608	1,727,553	- 3.2	\$1,651,643	\$1,914,613	15.9
Colo.	30,808	34,337	11.4	21,723	34,904	60.7
N.H.	4,125	4,413	7.0	3,827	5,520	44.2
D.C.	14,061	14,414	2.5	1,428	3,957	177.1
N.J.	78,014	79,809	2.3	23,377	32,191	37.7
Hawaii ¹ ..	9,436	9,551	1.2	4,179	4,336	3.8
Calif.	684,139	677,343	- 1.0	973,939	1,230,639	26.4
R.I.	13,771	13,502	- 2.0	5,512	6,724	22.0
Vt.	8,331	8,146	- 2.2	4,534	4,871	7.4
Utah.	5,900	5,712	- 3.2	735	702	- 4.5
Mich.	109,166	105,138	- 3.7	76,763	62,411	- 18.7
Wis. ¹	60,696	58,065	- 4.3	56,390	57,465	1.9
Okla.	58,192	55,594	- 4.5	39,029	41,697	6.8
Pa.	156,236	148,473	- 5.0	59,709	57,508	- 3.7
Maine.	20,845	19,745	- 5.3	4,870	4,706	- 3.4
N.Y.	351,805	332,736	- 5.4	226,558	225,391	- .5
Wash.	42,733	40,312	- 5.7	18,181	16,738	- 7.9
Oreg.	13,267	12,370	- 6.8	5,603	6,332	13.0
Mass. ¹ ...	123,083	107,893	- 12.4	125,286	118,521	- 5.4

¹ Included in the expenditure data are Federal contributions under the "hold-harmless" provision. Since these contributions are computed on a fiscal year basis, the calendar year amounts are not available.

having sustained caseload decreases. Over the 3-year period, the amount expended for these State supplements by this group totaled \$261 million more in 1981 than in 1979. By far, the largest dollar expenditure increases were in California, whose expenditures went up by an amount about equal to the national total. (Other States also had increases and some decreased their expenditures.) In addition to supplementing the largest number of persons, California raised its payment level three times during the 3-year period to reflect cost-of-living adjustments.

Of the 18 jurisdictions belonging to this group, the District of Columbia had the largest relative increase. Expenditures for supplementary payments in this jurisdiction were nearly three times greater in 1981 than in 1979. Partly accounting for this fact was the modification in the District of Columbia's optional State supplementation program in October 1979 to provide payments to all SSI recipients except those residing in Medicaid institutions. Before that time, optional supplementation was provided only to 975 persons in adult foster-care facilities. After the coverage change, the number of persons receiving State supplementary payments rose to over 14,000.

Reductions occurred in the amounts expended for supplementation programs in seven States. All of these States had accompanying declines in their supplementation caseloads. The reductions in these State expenditures were due in part to the OASDI benefit increases that raised the amount of countable income for some recipients, thereby reducing the amount of their State supplementary payments.

Summary

Nationally, the number of persons receiving State supplementation declined slightly (3 percent) from December 1979 to December 1981. In contrast, the amount expended for these State payments rose 16 percent during the 3-year period. As expected, the most pronounced relative decreases were observed in States that provided mandatory State supplementation only. Among States that provided limited optional State supplementary payments, caseloads tended to drop, but expenditures tended to increase. For States that provided broad optional State supplements, caseloads became somewhat stable although expenditures continued to rise. Despite the classification of their optional State supplementation programs, States that expanded the scope of coverage exhibited increases in both caseloads and expenditures.