
A 10-Year Review of the Supplemental Security Income Program

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January 1, 1974, marked the beginning of the Supplemental Security Income (SSI) program for the aged, blind, and disabled, and also marked the end of a 14-month period of preparation that began on October 30, 1972, when President Nixon signed into law the Social Security Amendments of 1972 (Public Law 92-603). As a way of marking SSI's 10th anniversary, it seems appropriate to review the development of the program since its enactment and compare the program's performance with its original goals and expectations. This article looks at the SSI program in the context of the program's goals as set out by Congress and discusses the legislative changes—and the motives behind those changes—since its implementation. Statistical data are examined to determine whether the program is accomplishing what it was designed to do, and whether, as a result of legislation or because of changes in the characteristics of the recipient population, trends are developing that may have a future impact on the program.

This article looks at the past 10 years of the Supplemental Security Income (SSI) program for the needy aged, blind, and disabled. It reviews the program's development and compares SSI's performance with its original goals and expectations.

The intent of the Social Security Act was to establish a social insurance program as the first line of defense against the future loss of income for persons who work. To buttress that defense, the Act provided Federal matching grants to the States for their means-tested programs of Old-Age Assistance (OAA), Aid to the Blind (AB), and later, Aid to the Permanently and Totally Disabled (APTD). These programs supplemented the incomes of persons who were either ineligible for Social Security or whose benefits could not provide a basic living. The intent of Federal participation was to encourage States to adopt such programs.

This State-operated, federally assisted welfare system drew criticism from within and outside of government. Some of the criticism was directed at the multiplicity of differing eligibility requirements and payment systems in 1,300 separate jurisdictions within the States. The payment levels were different among the States and

among geographic areas. Many States had low benefit levels. Other criticism centered on specific eligibility requirements, such as lien laws and relative responsibility provisions, that were thought to reinforce the "welfare stigma" and thus discourage needy persons from seeking aid.

In response to these criticisms, Congress passed and the President approved the Supplemental Security Income program (Public Law 92-603, October 30, 1972). This new program replaced the State programs of OAA, AB, and APTD. It was essentially a Federal operation—administered by the Social Security Administration and funded from general revenues—with collaboration at the State level.

The main objective of the new program was to provide basic support to the needy aged, blind, and disabled based on nationally uniform eligibility standards and payment levels. Congress also had specific views of what this new program would provide:

- An income source of last resort for the aged, blind, and disabled whose income and resources were below a specified level;
- Eligibility requirements and benefit standards that were nationally uniform and eligibility determinations based on objective criteria;
- Incentives and opportunities for those recipients able to work or to be rehabilitated that would en-

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able them to escape from their dependent situations;

- An efficient and economical method of providing this assistance;
- Inducements to encourage States to provide supplementation of the basic Federal benefit;
- Appropriate coordination of the SSI program with the food and medical assistance programs; and
- Protection for the eligibility and income levels of recipients under the OAA, AB, and APTD programs who were converted to the SSI program.

This article examines these goals in terms of legislative changes made to the program since its implementation and in terms of changes in the recipient population to determine if the expectations of the program have been achieved.

The Basic Plan

The SSI program is considered an income source of last resort. The Congress considered that the program, "financed as it would be from general revenues and with the benefits based on need, should pay people only to the extent that their needs are not met from other sources, including, among others, Social Security payments, payments by other agencies, and payments from private pension plans."¹ Therefore, persons eligible for SSI were required to apply for all other benefits for which they could be eligible. Persons who did not take appropriate steps to obtain such benefits after the Secretary of Health, Education, and Welfare (now Health and Human Services) notified them of the benefit's availability were to be found ineligible for SSI.

In general, inmates of public institutions are ineligible for SSI. This restriction, which was also present in the former OAA, AB, and APTD programs, was based on the view that Federal public assistance funds should not be substituted for State, local, or other public funds in the general maintenance and support of persons in public institutions. As an exception to this restriction, an SSI payment could be made to a patient in a public medical facility if the facility was receiving Federal/State Medicaid payments on the patient's behalf. The SSI payment rate would be \$150 a quarter for an eligible couple and \$75 a quarter for an individual in such a facility. These small payments were intended to enable persons with no other income to purchase small comfort items not supplied by the facility since the facility would be providing—under the Medicaid program—only the patient's medical and subsistence needs.

SSI eligibility for a person in a private institution would not be limited—although benefits would continue to be means tested—unless the person were an inpatient of a medical facility that was receiving Medicaid

payments on the person's behalf. In the latter case, the SSI payment, again, was to be limited through the use of the \$75 quarterly benefit rate so that the person with no income would get only \$25 a month for incidental personal needs rather than a full SSI benefit designed to help provide for the basic needs of food, clothing, and shelter.

To take into account the responsibility for support of an aged, blind, or disabled individual by ineligible relatives—specifically, a spouse of an adult recipient or a parent of a child recipient under age 18—the income and resources of the recipient were to be deemed to include the income and resources of the ineligible spouse or parent who lived in the same household with the individual. The Secretary determines how much of a spouse's or parent's income and resources are to be counted in determining the amount of the SSI payment.

The SSI program was developed as a domestic program of assistance to relieve need in its more chronic form in the 50 States and the District of Columbia.² Thus, the program required a recipient to be a U.S. citizen or an alien legally admitted for permanent residence or otherwise permanently residing in the United States under color of law.

Uniform Standards and Objective Criteria

The Social Security Amendments of 1972 repealed the federally assisted, State-administered OAA, AB, and APTD programs and established a 100-percent federally funded, means-tested program that used nationally uniform eligibility standards. The SSI standards included:

- A uniform limitation on the dollar amount or value of income and resources that a person could have and still qualify for Federal assistance. Initially, the income limitation was \$420 a quarter for an individual and \$630 for a couple who were both eligible, counting only the income that remained after applying exclusions provided by law. Generally, the quarterly income limitations amounted to monthly limits of \$140 for an individual and \$210 for a couple. The resource limitation, which has not changed, is \$1,500 in countable resources for an individual and \$2,250 for a couple whether or not both are eligible for SSI.
- Sixty-five as the minimum age requirement for assistance based on age. Under the OAA program, a given State could have used a lower—but not a higher—age requirement.
- A single definition of disability and of blindness. The definitions are the same as those used for the Social Security Disability Insurance program because Congress believed those definitions were reasonable, objective, and fair and were appropriate for the SSI program.³

¹ U.S. Congress, House, Committee on Ways and Means, *Social Security Amendments of 1971: Report to Accompany H.R. 1*, 92d Cong., 1st sess., 1971, H. Report 92-231, pages 149-150.

² In January 1978, the SSI program was extended to the Northern Mariana Islands under Section 202(a) of the Commonwealth Covenant.

³ *Social Security Amendments of 1971*, page 147.

The absence of a minimum age requirement for assistance based on disability or blindness allows the payment of SSI benefits to needy children. The House Committee on Ways and Means said that it included disabled (and blind) children in the SSI program (even though some of the replaced State programs only covered adults) because such children who were in low-income households were "certainly among the most disadvantaged of all Americans" and deserved "special assistance in order to help them become self-supporting members of our society."⁴

Some of the superseded State programs used an individual budget method to determine need. That is, a social worker, using a list of itemized budget items, talked with each applicant and tailored an individual budget for that applicant. The SSI program substituted an objective flat grant system for the individual budget system. Under the flat grant system, assistance amounts would be determined by subtracting countable income from the quarterly benefit rate. Under regulations, the quarterly payment amount was prorated over the 3 months in the quarter and paid in monthly installments.

The use of the flat grant system also recognized the importance of letting recipients decide how best to use their cash assistance. Many recipients under the matching programs considered the individual budget system demeaning. They resented the case worker's inquiry into their living habits. Moreover, the earmarking of funds for particular purposes would not have assured proper use of the funds without some direct supervision of the actual expenditure of the funds. Although the flat grant system assured recipients complete freedom in deciding how to use the assistance, the Congress recognized that some recipients would need help with the budgeting and management of these funds. Authority was given to permit SSA to appoint representative payees in cases where the best interests of recipients would be served by having another person manage their benefit payments.⁵ For example, the benefits of a person who was determined to be a drug addict or alcoholic and who met all of the program requirements were to be paid to a third party to use in the best interests of the recipient.

Work Opportunities and Incentives

To provide opportunity and incentive for the blind and disabled to support themselves through work activity, Congress included the following provisions for facilitating vocational rehabilitation and for encouraging recipients to prepare for and enter gainful employment:

- The SSI program would pay the full costs of the vocational rehabilitation services provided to

⁴ *Ibid.*, pages 147-148.

⁵ For details on characteristics of persons with a representative payee, see "OASDI and SSI Beneficiaries With a Representative Payee, 1981," *Social Security Bulletin*, October 1983, pages 16-17.

qualified individuals. However, SSI benefits would not be payable to a blind or disabled person who refused to accept such services or who refused appropriate treatment when determined to be a drug addict or alcoholic.

- The earnings of children who are students (up to an amount to be determined by the Secretary) would be excluded from income.
- The amounts of grants, scholarships, and fellowships received for use in paying tuition and fees at educational facilities would be excluded from income.
- The expenses of the blind reasonably attributable to working would be excluded from earned income.
- Earned income and certain resources of a blind or disabled recipient that were necessary for the fulfillment of an approved plan for achieving self-support would be excluded from income and resources.
- Certain property of any recipient that, as determined by the Secretary, was essential to income-producing activities, would be excluded from resources.

The Congress also recognized that some needy people, including the aged, would continue to work and attempt to be self-supporting long after others would have stopped. To encourage these attempts, Congress reasoned that those who work should find that their work resulted in a higher level of income than could be had without working. Therefore, in determining eligibility for and the amount of SSI benefits significant amounts of a worker's earnings were to be disregarded.

Efficient and Economical Administration

Congress, in the course of its deliberations leading up to the new federally administered program, believed that successful administration of the SSI program could be achieved by using SSA's administrative structure. Although Congress stipulated that the existing social insurance program and the new assistance program were to be kept distinct and separately identifiable, it was clear that Congress was looking to SSA with its existing nationwide network of offices and contact points, its experience with entitlement programs, and its existing system for paying monthly benefits to large numbers of people, as the agency that could run the SSI program in the most cost-effective manner. In fact, the SSI program was seen as an add-on to existing SSA systems and procedures.

However, Congress stipulated certain procedural requirements for the SSI program. These are:

- An advance of up to \$100 against SSI benefits could be made to an applicant faced with a financial emergency when there was a strong likelihood that such a person initially applying for payments would be found eligible. This provision recognized that there would be situations where an applicant

- for SSI would need immediate financial assistance.
- Up to 3 months' payments could be made to disabled applicants if a presumption could be made that their impairment would meet the definition of disability and if it is determined that they are otherwise eligible. This provision recognized that additional time was needed to obtain and evaluate medical and other evidence to establish disability and that a mechanism was needed for meeting living costs while the application was pending. These presumptive disability payments would not be considered overpayments and would not be recovered if the applicant were later found not to be disabled and thus ineligible.
 - Persons dissatisfied with decisions reached in their case had the right to both administrative and judicial review of the case. Administrative review involved a hearing. At any step in the process, the previous determination could be reversed and the process terminated. Application for a hearing had to be made within 30 days of receipt of the prior decision. If claimants were not satisfied with the decision at the conclusion of the administrative review process, they could appeal for judicial review of the case by filing an action in a Federal district court. However, administrative findings of fact were not subject to judicial review.
 - Recipients would be required to report any changes in circumstances that would be material to their eligibility and payment amounts as soon as possible after they occurred. Penalties would be imposed for not reporting any such changes unless the recipient were without fault or where good cause existed. Willful failure to report or willful delay in reporting would result in the individual's payment being reduced by \$25 for the first failure or delay, \$50 for the second, and \$100 for the third or subsequent failure or delay.

State Participation

Congress created the SSI program to provide a floor of income support with the expectation that the States would supplement the basic Federal payment—in benefits and services—to meet needs peculiar to their residents. Congress considered that the States, being closer to the situation, would be in a better position to determine those additional needs and, therefore, could be far more responsive to them.

Congress anticipated that States whose assistance levels under the matching programs were below the SSI payment level would find the SSI benefits adequate to meet essential needs in those States, while States whose assistance levels were higher would want to maintain those higher levels by supplementing the SSI benefits. Accordingly, each State was left free either to provide no supplementation or to supplement the Federal benefit to whatever extent it found appropriate. Also, each State could revise at any time its determination of whether and to what extent it would supplement the SSI benefit. However, Congress tried to ensure that persons on the State rolls who were to be converted to the SSI program would not suffer an income loss as a result of

the conversion. Congress required the States, as a condition for receiving Federal Medicaid funds, to maintain the payment levels of recipients transferred from the former State programs, if those levels were higher than the initial SSI payment level.

To encourage States to supplement the SSI benefit when appropriate, the Federal Government agreed to administer the supplemental payments and to absorb all of the costs associated with such tasks. Generally, the rules that applied to SSI payments were expected to be applied to State supplements with the difference being the level of payments. However, the Secretary could agree to variations in the State supplement that were not specifically provided by law if the variation could be administered without materially increasing administrative costs and if the variation were consistent with the objectives of the program and its efficient administration.

Congress recognized that certain States risked having to make expenditures for SSI-related supplementation that were greater than those they had made for the OAA, AB, and APTD programs. The States at risk were those where the pre-SSI assistance levels were higher than the Federal SSI payment levels, and where the State had decided to maintain those higher levels and had elected Federal administration of their supplementary programs. These new State costs would be the result of the new eligibles that were expected to be attracted to the SSI program.⁶ To deal with this risk, the SSI law included a "hold-harmless" provision under which States that elected Federal administration of their programs were protected against increased supplementation costs over which they had no control. The law guaranteed these States that if their supplementation costs increased under Federal administration because of increases in the caseload, they would have to spend no more as a result of such increases than the amount of their total expenditures for cash assistance to the aged, blind, and disabled during calendar year 1972. The Federal Government would pick up the difference. The guarantee protected only those States with supplementary payments that, when added to the Federal payment, did not exceed the average payment levels in effect under the matching program in the State for January 1972, increased by the January 1972 bonus value of food stamps. (Hold-harmless protection would terminate for a State when rising Federal benefit rates reduced the State's cost of supplementing (up to its January 1972 payment levels) to, or below, its calendar year 1972 expenditures.)

Food and Medical Assistance

Under the enabling legislation (Public Law 92-603), SSI recipients were to be precluded from participation in food assistance programs—primarily the Food Stamp

⁶ Social Security Amendments of 1971, pages 5 and 147.

program. However, the food assistance restriction applied to SSI recipients but not to needy families who continued to be covered by the Federal-State cash assistance program or to other people whose income and resources were too high to allow them to receive SSI but not too high to prevent them from qualifying for food stamps. Sensitive to the inequity of the situation in which people poor enough to receive SSI were not eligible for food stamps while other people less poor, as well as those receiving Aid to Families with Dependent Children, could qualify for them, the Congress approved a temporary remedy pending a more thorough review of the appropriate interrelationship of the SSI and Food Stamp programs. Under this temporary legislation, SSI recipients were allowed to participate in the Food Stamp program unless the State in which the recipient resided was receiving hold-harmless funding from the Federal Government and had included the bonus value of food stamps in its State supplementary payments—that is, had “cashed out” food stamps.

States that operated Medicaid programs were required to provide coverage for the aged, blind, and disabled using SSI eligibility criteria or, at State option, the State's January 1972 eligibility criteria if those criteria were more restrictive than SSI criteria. These States also were required to provide Medicaid coverage for converted recipients who, because of other income, would not be eligible for an SSI payment but would be eligible for a mandatory minimum State supplementary payment.

The Social Security Administration was authorized to enter into agreements with the States under which SSA would determine Medicaid eligibility for the aged, blind, and disabled. The provision was intended to obviate the need for a State that opted for Federal administration of its supplementation program to maintain an administrative structure to determine Medicaid eligibility for the same people. The provision also would avoid the inconvenience to applicants of having to apply separately for SSI and Medicaid at two different offices.⁷

Benefit Protection for Recipients Transferred to the Federal Program

The following provisions were added to limit the loss of individual eligibility or income for persons on the State program rolls because of more restrictive rules in the SSI program:

- Persons who received State assistance on the basis of blindness or disability for December 1973 (and, in the case of the disabled, for at least 1 month before July 1973) but who could not meet the SSI definition of blindness or disability would be deemed to meet the SSI definition so long as they

continued to meet the definition under the former State program.

- Persons who received State assistance on the basis of age, blindness, or disability for December 1973 and whose resources exceeded the SSI limitation but not the limits specified under the State plan would be deemed to have met the SSI resources test if they continuously resided in the State and, not counting periods of 6 months or less, continuously received SSI benefits.
- Persons who received State assistance on the basis of blindness for December 1973 would receive the advantage of any exclusion of earned or unearned income that applied under the former State program if they continuously resided in the State and, not counting periods of 6 months or less, continuously received SSI benefits.
- As previously mentioned, in cases where persons received, in December 1973, a higher benefit under one of the former State programs than they would receive when they were transferred to the SSI program, the State was required—as a condition for receiving Federal Medicaid funds—to provide mandatory State supplementary payments (a cash supplement that would maintain the total amount of the recipient's December 1973 income, including the State assistance).
- SSI recipients who, under the former State programs, had received payments for “essential persons” (that is, for a person, or persons, residing with a recipient in order to help care for the recipient) were to receive an increase in the SSI benefit to compensate for the former State payment.

Oversight Activity

Oversight activity of the program has been continuous and, at times, intense. A number of bodies have focused on the structure and operation of the program—congressional committees, the Government Accounting Office, organizations representing the interests of the needy aged, blind, and disabled. These bodies have suggested changes intended to improve the program—both administratively and in terms of program adequacy. The number and diversity of these recommended changes, more than reflecting the widespread interest in SSI, illustrate different perceptions of the program and the direction it should take.

Congressional oversight of SSI began almost immediately upon passage of the originating legislation. Amendments to SSI were enacted within the 14 months before the program was implemented. These early amendments not only signaled congressional intent to monitor SSI, but were indicative of the approach Congress would take in making changes in the program.

Along with Congress, SSA also recognized that changes might be needed in the program for it to fulfill its intended purpose. In April 1975, the SSI Study Group, a five-member panel of specialists in public administration and computer technology, was established by then HEW Secretary Caspar Weinberger to study the

⁷ *Ibid.*, page 196.

SSI program and make recommendations for improvements. The SSI Study Group was the earliest of a number of groups that would examine SSI policies and issues. Other organizations that later would recommend changes in SSI were the Advisory Council on Social Security, the National Commission on Social Security Reform, the American Public Welfare Association, the American Association of Retired Persons/National Retired Teachers Association, and the White House Council on Aging.

The SSI Study Group made extensive recommendations, the majority of which concerned administrative and operational aspects of SSI. Some of these could be implemented through executive branch policy changes. For others, it made specific legislative recommendations. These were primarily directed toward improving the adequacy of benefits. Some recommendations would specifically advantage the disabled, such as shortening the 12-month minimum a disability impairment is expected to last to only 6 months, and not counting earnings during a trial work period as income. The Study Group also recommended eliminating the one-third reduction; excluding consideration of household goods, personal effects, and automobiles as resources; raising SSI benefits to the poverty level; simplifying administration by eliminating the mandatory State supplementation requirement; and eliminating the requirement that benefits be paid to drug addicts and alcoholics only through representative payees. These recommendations are similar to proposals that subsequently were recommended and supported by various groups, but were not enacted.

In June 1975, the Subcommittee on Public Assistance and Unemployment Compensation of the House Committee on Ways and Means held a series of public hearings on the SSI program. The subcommittee heard testimony from the Commissioner of Social Security, witnesses appearing on behalf of State welfare departments and organizations representing the aged, blind, and disabled, and other interested parties. As a result of its deliberations, the subcommittee developed H.R. 8911, the Supplemental Security Income Amendments of 1976, which contained proposed amendments to the SSI program—some minor and technical and others substantive with major program impact—including proposals to permit direct payments to drug addicts and alcoholics; extend SSI to Puerto Rico, Guam, and the Virgin Islands;⁸ exclude certain gifts and inheritances from income; and terminate the mandatory minimum State supplementation in certain cases. H.R. 8911 was passed by the House but the Senate did not take action on the bill. Some of the proposals in H.R. 8911 subsequently found their way into later bills (H.R. 7200, the Public Assistance Amendments of 1977, and H.R. 4904,

the Social Welfare Reform Amendments of 1979), which also passed the House but were not acted on in the Senate.

Also in June of 1975, the staff of the Senate Committee on Finance began a 2-year study of the SSI program that culminated in a report issued in April 1977. The study centered primarily on policy and operational issues, and the final report recommended changes to remedy what was perceived by the staff as policies and procedures adopted by SSA that were contrary to the letter and the intent of the law. The staff also recommended legislation to provide for replacement of lost or stolen SSI checks and to limit the variations in State supplementary payments that SSA would administer. These proposals, however, did not become law.

Legislative Changes

The process of reviewing and refining the SSI program began well before the program became operational. Early changes were, for the most part, narrowly constructed to address the effect of the program on particular groups—for example, those receiving assistance under the prior State programs or particular situations such as the effect of the bar to Food Stamp eligibility. Later changes have followed this same pattern. Although considerable study of the program occurred and a large body of recommendations for changes were proposed, the legislative results of the oversight process have been selective. Consensus on the need for change has often resulted from public attention being brought to bear on a specific situation or on individual cases.

As a result of this approach, changes in the SSI program can be characterized as having been made on a piecemeal basis. SSI has been amended by provisions contained in 17 separate laws. In addition to these changes, the laws governing several other federally funded assistance programs have been amended to clarify how the benefits and services those programs provide are to be treated by the SSI program. These changes can be broadly categorized as:

- Protecting current recipients and/or improving program equity;
- Defining the SSI program's relationship with other Federal programs, the States, and private programs;
- Eliminating loopholes, improving administrative efficiency, and effecting budget savings; and
- Improving disability provisions.

In the sections that follow not all the legislative changes since 1974 are included, although all were taken into account in defining the four categories. What follows, rather, is a discussion based on a selection of the most important changes or of those that best illustrate the category in which they are placed.

⁸ Guam, Puerto Rico, and the Virgin Islands continued with the Federal grants-in-aid programs.

Program Equity

In the 14-month period between the October 1972 enactment date and the January 1974 implementation date, Congress altered the SSI program to provide specific and special protections for those individuals who had received assistance under the former State programs. These individuals were "grandfathered" into the SSI program. This same concern—a reluctance to disadvantage any current recipient—underlies many of the changes that have been made since January 1974.

The two benefit rate increases enacted between October 1972 and January 1974 demonstrated congressional concern that the needy aged, blind, and disabled be protected against inflation. One of the criticisms of the former State programs was that benefit levels had not been increased by the States to keep pace with the rise in the cost of living. The effect of inflation in eroding the buying power of the SSI benefit levels established in 1972 was clearly demonstrated by the situation in 1974. The original \$130 SSI benefit level established for an individual in 1972 represented an amount equal to 78 percent of the Government's poverty index. This ratio would have slipped to 66 percent by 1974 had the SSI benefit level not been increased to \$140 for January 1974 and to \$146 for July 1974. Another event, the March and June 1974 Social Security Old-Age, Survivors, and Disability Insurance (OASDI) benefit increases also demonstrated the need to closely coordinate both the timing and the percent of cost-of-living increases under OASDI and SSI. The effect of the OASDI increase was to raise benefits by 11 percent overall. The March benefit was increased by 7 percent and the June benefit by 11 percent of the pre-March rate. When the 7 percent OASDI benefit increase was paid (in April) to beneficiaries who were also SSI recipients, they received no increase in their total income because the SSI benefit was reduced dollar-for-dollar by the amount of the increase in the OASDI benefit. When the remainder of the overall 11-percent increase in the OASDI benefit was paid in July 1974, dually eligible recipients received

only a 4.3-percent increase in their total income—the percentage increase in the SSI benefit level for July 1974. Congress dealt with the problem by passing legislation (Public Law 93-368, August 7, 1974) that provided for automatic cost-of-living increases in SSI benefit levels. The increases were to be made at the same time and by the same percentage as increases in OASDI benefits that had been indexed by a provision in Public Law 92-336 (July 1, 1972) to increases in the Consumer Price Index (CPI). This SSI change, first effective July 1975, not only ensured that SSI recipients who were also eligible under OASDI would receive the effect of any automatic cost-of-living adjustment (COLA), but also went a long way toward insulating all other SSI recipients from the adverse effects of inflation on the value of their benefit dollars. Although the COLA provision would compensate the recipient for the effects of inflation, the original relationship of SSI benefits to the government's poverty index would not be maintained over the succeeding 8 years (table 1).

When the National Commission on Social Security Reform recommended a 6-month delay for the OASDI COLA, it also recommended that those individuals who received SSI be given a disregard up to \$50 of OASDI income. This would have meant SSI recipients who were also OASDI beneficiaries would have an additional \$30 of OASDI income disregarded in figuring their SSI benefits. In considering this recommendation, Congress concluded that creating this increased unearned income disregard for only one type of income would be inequitable to that half of the SSI population who did not receive OASDI benefits. In an effort to address this problem, while retaining program equity and maintaining the close coordination between the OASDI and SSI programs, Congress as part of the COLA delay included in Public Law 98-21 (April 20, 1983) also provided an ad hoc benefit increase of \$20 for individuals and \$30 for couples to be effective July 1, 1983. Because this increase affected the total SSI population, not just those receiving OASDI benefits, it had the effect of improving

Table 1.—Comparison of SSI payment standards with the poverty level for an individual and couple, 1974–83

| Calendar year | Individual | | | Couple | | |
|---------------|----------------------------|-------------------------|---|----------------------------|-------------------------|---|
| | Poverty level ¹ | Federal benefit rate | Federal benefit rate as percentage of poverty level | Poverty level ² | Federal benefit rate | Federal benefit rate as percentage of poverty level |
| 1972 | \$2,005 | ³ \$1,560.00 | 78.3 | \$2,530 | ³ \$2,340.00 | 92.5 |
| 1974 | 2,364 | 1,716.00 | 72.6 | 2,982 | 2,574.00 | 86.3 |
| 1975 | 2,581 | 1,822.20 | 70.6 | 3,257 | 2,733.60 | 83.9 |
| 1976 | 2,730 | 1,953.00 | 71.5 | 3,445 | 2,930.40 | 85.1 |
| 1977 | 2,906 | 2,073.60 | 71.4 | 3,666 | 3,111.00 | 84.9 |
| 1978 | 3,127 | 2,203.20 | 70.5 | 3,944 | 3,304.80 | 83.8 |
| 1979 | 3,479 | 2,385.60 | 68.6 | 4,390 | 3,578.40 | 81.5 |
| 1980 | 3,949 | 2,677.20 | 67.8 | 4,983 | 4,015.80 | 80.6 |
| 1981 | 4,359 | 3,016.20 | 69.2 | 5,498 | 4,524.00 | 82.3 |
| 1982 | 4,630 | 3,294.00 | 71.1 | 5,840 | 4,940.40 | 84.6 |
| 1983 | (4) | 3,531.60 | (4) | (4) | 5,296.80 | (4) |

¹ Weighted poverty threshold for residence of one person aged 65 or older.

² Weighted poverty thresholds for residence of two persons, one or both aged 65 or older.

³ Amounts based on SSI benefit levels contained in P.L. 92-603, October 30, 1972.

⁴ Not available.

benefit adequacy for the entire group. Based on preliminary projections of the 1983 poverty index, it appears that the ad hoc increase will have the effect of restoring the relationship between the SSI benefit level for an individual and the Government's poverty index that existed in 1974.

Another example of an effort to improve program equity is the change that was made in the way the home is treated. The originating legislation authorized the Secretary to establish the value of the home that could be excluded from consideration as a resource. The rapid inflationary increases in property values during the early 1970's created situations where the appreciation in the value of the home above the limit (\$25,000; \$35,000 in Alaska and Hawaii) set by regulations made recipients ineligible, even though their other circumstances had not changed. Despite considerable public interest, as evidenced by letters to Congressmen from affected recipients, their families or other advocates and the recommendations of various review groups, no regulatory amendment to increase this value limit was made. In 1976, Congress approved H.R. 7228 (Public Law 94-569) that excluded a home of any value from consideration as a resource. A side effect of this change was to broaden the eligibility criteria, but the overall SSI resource thresholds kept the liberalizing effect of the change from becoming costly.

Sometimes SSI eligibility rules were changed to protect recipients' eligibility under another assistance program. For example, for those SSI recipients whose OASDI income was near the level at which countable income precluded any SSI payment, annual cost-of-living increases in OASDI benefits could result in their becoming ineligible for continued SSI payments. In turn, SSI ineligibility can cause Medicaid ineligibility and this can result in a reduction in the amount of income persons have to meet their subsistence needs because they must pay for their own medical care. To protect individuals in this situation, Congress included a provision in Public Law 94-566 (October 20, 1976) that mandated continued Medicaid coverage for individuals who would have been eligible for SSI payments except for the fact that their OASDI benefit increased solely on the basis of an increase in the cost of living. The provision applied to benefit increases that occurred after June 1977.

Another instance where the Medicaid coverage was the target, but SSI the vehicle, occurred when the veterans pension program was restructured. The Improved Veterans Pension program, enacted following implementation of the SSI program, was intended to raise the Veterans Administration (VA) pension amounts high enough to preclude SSI assistance to those eligible for these pensions. However, in certain States, removal of these individuals from the SSI rolls terminated their Medicaid coverage. Because of the medical expenses they now had to pay, loss of Medicaid resulted in reduc-

ing the amount of income available to VA pensioners to meet their subsistence needs. Consequently, Congress approved Public Law 96-272 (June 17, 1980) permitting those veterans residing in States that used SSI criteria to determine Medicaid eligibility the option of selecting a lower veterans pension and thus retaining their SSI and Medicaid eligibility. This provision applied only to persons who had received VA pensions under the prior program, but not future recipients.

The change in the treatment of burial funds and plots is an example of a change that, in a certain sense, improved program equity. The particular problems posed by treating some kinds of prepaid burial arrangements as resources had long been a topic of discussion. Under SSA's administrative policies, if a burial trust arrangement was irrevocable or a plot was not legally salable, these items were not considered resources. If, however, this was not the case, the funds or the plot was a countable resource. (It should be noted that the laws of some States specifically prohibit irrevocable burial trusts.) This was a particularly difficult area since some of the earlier State programs had either excluded or provided special treatment of this type of asset when determining eligibility. In 1982, the inclusion of burial plots and funds in determining the value of a person's assets received renewed attention. Congress concluded that all SSI recipients should receive equivalent treatment, regardless of various State laws, and that the SSI program should not deny eligibility to those individuals who have made reasonable efforts to provide for their burial. Therefore, Public Law 97-248 (September 3, 1982) included a provision that excluded burial plots and the value of burial funds (up to \$1,500) from consideration as resources.

Relationship to Other Assistance Programs

Even before the SSI program went into effect, efforts were made to correct the effects of the program's interaction with other public and private assistance programs. The full extent of the difficulties created by these overlapping efforts did not become apparent, however, until after the program had been implemented and the effect of the law became apparent as actual cases were processed.

Federal programs. Legislative changes concerning the eligibility of SSI recipients to participate in the Food Stamp program are examples of congressional efforts to find and maintain the most effective relationship between these two different federally funded means-tested programs. Among the options examined were (1) categorical ineligibility, (2) limited eligibility for persons transferred from the State programs if the SSI benefit plus State supplement did not equal the amount of assistance plus food stamp bonus the person would have received under the programs in effect in December 1973,

(3) increasing SSI benefit levels to cash out food stamps, and (4) simply applying regular Food Stamp eligibility criteria to SSI recipients. The policy that emerged is an amalgam of the options considered in those early years. Currently, California and Wisconsin cash out food stamps for SSI recipients. All other States apply the regular Food Stamp rules to ascertain the eligibility of an SSI recipient. In addition to clarifying the eligibility of SSI recipients for food stamps, Congress also sought to simplify administration. Since 1977, Social Security district offices have been authorized to take applications for food stamps from SSI applicants, thus minimizing the amount of red tape the applicant encounters in applying for these complementing Federal benefits and eliminating duplicative administrative steps in making decisions of eligibility.

Insofar as the relationship between Medicaid and SSI is concerned, the eligibility criteria of a cash assistance program, particularly one that counts (deems) the income and resources of an ineligible spouse or parent who lives with the eligible person, have not always proved fully compatible with the best interests of the individual or the government. For instance, because under SSI law the eligible and ineligible persons must live together for deeming of income and resources to occur, the SSI eligibility of an institutionalized individual is determined without counting the income and resources of his ineligible spouse or parent. Consequently, in those States where Medicaid eligibility is dependent on SSI eligibility, individuals have remained institutionalized even though their medical care needs could be met as well and more economically at home. They remain institutionalized because if they returned home the income and resources of their ineligible spouse or parent(s) would have to be counted and would make them ineligible for SSI (and hence Medicaid). A situation of this kind involving Katie Beckett, an Iowa child who remained hospitalized despite her parents' desire and ability to care for her at home (provided that certain types of less costly medical assistance were available to them), received considerable media coverage. In response, not only did the Reagan Administration amend the regulations on the deeming of income as a result of public concern, but Congress also amended the Medicaid regulations to prevent recurrence of these situations. The amendment (Public Law 97-248) gave States the option of providing Medicaid eligibility for disabled children age 18 or under whose medical care needs could be met more economically at home.

Amendments to other Federal programs have established special relationships with the SSI program. These changes have not necessarily been consistent with the principles of the SSI program. More often than not, they were intended to assure that the specific purposes of the other program were not negated by the interplay between it and the SSI program. These amendments in-

clude measures to exclude from counting as income payments to certain Indian tribal members, home energy assistance funded by the Federal Government, payments made by the foster grandparents and similar programs, certain payments made under the Older Americans Act, and Federal housing assistance.

State programs. It became apparent almost immediately that the relationship between the Federal Government and the States would require further definition and refinement. It was originally anticipated that each would play a well-defined role in the SSI program—the Federal Government would provide a floor of income to all needy aged, blind, and disabled individuals and the States would supplement that amount and provide the special or emergency assistance these individuals required. In practice, these roles were not so clearly separable and certain impediments prevented efficient coordination between the Federal and State efforts. Following are examples of the problems encountered and their solutions.

Interim assistance: It was not anticipated that delays in claims processing would result in the applicant's relying on substantial amounts of public assistance provided by State or local governments during the processing period. When SSI began, processing times—particularly for the disabled—were lengthy. Adding to the problem was that, until 1976, all amounts of public assistance furnished to the individual by a State or local government other than State supplementary payments, were considered income based on need and thus were 100-percent countable against the SSI benefit. As a result, the retroactive SSI benefit was reduced by the amount of public assistance the individual had received while his SSI application was pending. The States believed that the lengthy processing times and the requirement to count the interim assistance they were providing as income resulted in the use of State monies to finance Federal inefficiency and reduce Federal program costs. As a preliminary remedy, some States redefined their assistance payments as "loans," which under SSI policy were not treated as "income," and required the successful SSI applicant to repay the amount once his retroactive benefits were paid. Although this approach did preclude reduction in the retroactive SSI benefit, the States found it difficult to collect the amounts recipients owed them. Consequently, the States pressed for an automatic method of recovering these amounts. The Congress responded by providing, in Public Law 93-368, a temporary interim assistance reimbursement mechanism that could be used to recover the amounts advanced by the States. (Public Law 94-365, July 14, 1976, made this provision permanent.) In cases where the applicant has given his consent, the initial SSI benefit check is sent directly to the State or locality that furnished the interim assistance. The amount of assistance provided is deducted from the check, and the remainder, if any, must be

passed on to the SSI recipient within 10 working days.

State supplementation: After providing cost-of-living adjustments based on increases in the CPI, there was concern that the increased Federal benefit levels would not be passed on to recipients because States might reduce the dollar amount of their State supplementary payments by the amount of the increase in the Federal benefits. The situation set up a basic conflict of intent. On the one hand, a reduction in State supplementation would be contrary to the basic purpose for providing cost-of-living increases and, of course, would short-change the recipient. On the other hand, such action by the States was not only legal, but apparently was in accord with what appears to have been original congressional intent to grant maximum freedom in the amount of assistance States provided through their supplementary programs. The Congress' overriding interest in protecting the recipient, however, resolved the issue. Under the provisions of Public Law 94-585 (October 21, 1976), States were required to pass through increases in the Federal benefit rate to SSI recipients. States were given two options in meeting this requirement—maintaining the December 1976 payment levels to all categories of recipients or maintaining the previous year's total supplementation expenditures (compliance is measured on a July 1 through June 30 basis). A State electing to use the second method was free to adjust payment levels of various categories of recipients so long as its aggregate yearly expenditures equaled expenditures over the previous 12 months. Many States that elected the aggregate expenditure method provided more than the Federal increase to some categories of recipients while passing through a smaller increase, or providing no increase at all, to other categories. Typically, the benefit levels of those receiving optional State supplements were increased, and those receiving a higher mandatory State supplementary amount were held constant. The effect was to bring these two categories of recipients into greater parity. If, however, that State later wished to switch to the payment level method, it was necessary to restore the levels in place in December 1976 for all categories, thus destroying this parity.

Congress, some 6 years after the institution of mandatory passthrough requirements, made three changes in rapid succession. These changes were made in response to States' fiscal worries and in recognition of the interaction of a declining SSI caseload and the two options available to the States under the passthrough provision. Because there were fewer eligibles to pay, States that had chosen to maintain expenditure levels could not meet that requirement easily. Their alternatives were either to raise payment levels so that the expenditures would equal the previous year's or to switch to the individual payment level methods that would entail going back to the December 1976 level and passing through all cost-of-living increases since that time.

The first change (Public Law 97-248, September 3, 1982) allowed States using the aggregate expenditure method to switch to the payment level method by maintaining the levels in effect in December of the previous period rather than those in effect in December 1976. This amendment permitted States to adjust their supplementation programs to current conditions and still operate them in the most economical manner for the State with little or no risk to the recipients.

The second change (Public Law 97-377, December 21, 1982) waived certain requirements of the passthrough provision to protect States—Alabama and Washington were the only States affected—from losing Medicaid funding because their expenditures for SSI supplementation during July 1980 through June 1981 had fallen short of expenditure levels in the preceding 12-month period. Again, this result was obtained without risk to the individual recipient because the shortfall in expenditures had not been caused by the States lowering their benefit levels, but by a declining caseload.

Mandatory passthrough was modified a third time by a provision of Public Law 98-21 (April 20, 1983). A State using the payment method for any period ending after June 30, 1982, now must maintain the combined Federal-State payment levels on March 1983 and, in July 1983, had to pass through at least the increase in the Federal benefit that would have occurred had the scheduled 3.5-percent COLA been effective in July 1983 rather than delayed until January 1984. This provision was related to the delay in the SSI COLA and its purpose was two-fold. It assured that recipients would receive at least as much of an increase as they would have gotten had the COLA not been delayed and, for the first time since 1977, it gave States the opportunity to reduce their supplementation costs.

Congress also reaffirmed, after an intervening departure, its original intent concerning the hold-harmless protection offered to States choosing Federal administration of their supplementation programs. The change was accomplished through a gradual withdrawal of Federal protection. It was originally intended that the hold-harmless protection provided for those States that elected Federal administration of their supplementation programs would phase out over time. (Initially, six States—California, Hawaii, Massachusetts, Nevada, New York, and Wisconsin—were eligible for hold-harmless funding.) The enactment of the automatic COLA should have accelerated this process. In 1976, as a result of pressure from the few States that retained hold-harmless status, Congress directed that the July 1977 and subsequent COLA increases in the Federal benefit level would not be considered in determining a State's hold-harmless status (Public Law 96-566, October 20, 1976, and Public Law 96-585, October 21, 1976). By 1982, only two States—Hawaii and Wisconsin—still retained hold-harmless status. The 97th Congress approved legislation phasing out hold-harmless

funding over a 3-year period ending with fiscal year 1984.

Deinstitutionalization: Public Law 92-603 barred assistance to inmates of public nonmedical institutions, carrying over to the SSI program a prohibition that existed in the OAA, AB, and APTD programs. The majority of these persons were the mentally impaired who were thought to require long-term custodial care. During the 1970's, in response to pressures from the Federal Government and the courts, States began efforts to deinstitutionalize this population and move these individuals back into society. Often these efforts involved transferring the individual to small, community-based group homes, operated either by a government or a private organization. In those instances where the group home was privately maintained, the residents could become eligible for SSI disability benefits upon release from the public institution, even though the State had assumed full responsibility for their expenses in the group home. However, when the home was a public facility, the residents were categorically ineligible for SSI benefits. To assure that the SSI program would not impede deinstitutionalization efforts, Congress amended SSI to exclude from the definition of public institution any publicly operated, community-based residence serving 16 or fewer individuals (Public Law 94-566, October 20, 1976).

Public Law 98-21 (April 2, 1983) further liberalized the treatment of residents of public institutions. Individuals living in public emergency shelters for the homeless were granted SSI eligibility for up to 3 months in any 12-month period.

Other State assistance: As mentioned in the discussion of interim assistance, from January 1974 to September 1976 the only form of State or local public assistance that was not counted as income for SSI purposes was optional and mandatory State supplementary payments. However, a change contained in Public Law 94-566 provided that all other assistance based on need that is furnished by a State or local government either to or on behalf of an individual would also be excluded from income counting. The effect of this provision was to permit States to make vendor payments on behalf of an individual and provide special assistance where necessary, but it also widened the discrepancy in the manner in which public versus private assistance based on need is treated.

Private programs. From the outset of SSI, the treatment of assistance based on need received from nonpublic sources has drawn criticism based on the argument that, when compared with treatment of State-funded public assistance, counting privately furnished assistance results in inequities. The law requires that such assistance—either in cash or in kind—be included in countable income unless it is received on an infrequent or irregular basis and has a value of \$20 or less in any

given month. The result has been that two individuals in similar circumstances—one of whom receives assistance based on need from a State or local government and the other from a private charitable organization—may receive differing treatment even though the purpose and amount of assistance received is identical. Often the privately furnished assistance is in the form of a needed service such as home repair, the gift of food, or a needed home appliance. In these cases, the value of the gift has been determined and counted as income to the recipient. This practice has also been criticized as being too harsh and as acting to discourage private efforts to provide even limited assistance to SSI recipients.

This long-standing problem received increased attention in 1982 as organizations in many States, responding to President Reagan's call for private sector initiatives, began special programs to provide energy assistance to needy individuals. It was assumed by many that, when the President asked the private sector to help, he was making the request in conjunction with his desire to reduce the Federal cost of providing assistance. However, when private sector energy assistance was extended to an SSI recipient, the SSI payment was reduced by the amount of assistance received, thus negating the effect of the private program. The result drew intense criticism of SSI policies. Late in the 97th Congress, two temporary measures were enacted to address this problem. The first, introduced by Representative Tauzin (D., La.), was attached to the fiscal year 1983 continuing resolution (Public Law 97-377, December 21, 1982) and expired on September 30, 1983. The second, introduced by Senator Danforth (R., Mo.), was attached to the Surface Transportation Act of 1982 (Public Law 97-424, January 6, 1983). It expires June 30, 1985. In essence, both amendments preclude consideration of energy assistance furnished on a basis of need by a nonpublic organization when determining the amount of an individual's SSI benefit.

The Tauzin and Danforth amendments dealt with only one aspect of charitable contributions, however. An amendment by Representative Rangel (D., N.Y.) added to the Social Security Amendments of 1983 (Public Law 98-21) broadened this exclusion to include all types of in-kind assistance furnished by a nonprofit organization and all types of in-kind and cash assistance provided by a home energy supplier. This broader exclusion is also temporary; it expires September 30, 1984.

Closing Loopholes, Improving Efficiency, and Reducing Cost

It became clear that additional legislation was needed to eliminate unintended loopholes, to affect some desired changes in program operations, and to reduce program cost. The most important of these changes are described in the following discussion.

Retroactive OASDI benefits received by persons who were already receiving SSI payments created windfalls. The SSI program counted the amount of retroactive OASDI benefits as income in the month it was actually received rather than attributing it to the months in which the benefits would normally have been paid. Because the SSI payments due for these prior months were calculated only on the amount of income actually received, dually entitled recipients received greater SSI payments for those months than they would have had the OASDI benefits been paid on a timely basis. This situation changed with enactment of Public Law 96-265, which required that, in cases where concurrent retroactive OASDI benefits are to be paid, the OASDI benefit check must be reduced by the full amount of SSI payments that would not have been payable had the OASDI amounts been paid when due.

An alien legally admitted to the United States for permanent residence who is aged, blind, or disabled can become eligible for SSI payments 30 days after entry. Public awareness of this source of support for aged and disabled family members grew during the mid- and late 1970's and the incidence of these types of cases increased significantly. Before issuing a visa, the Immigration and Naturalization Service requires the sponsor of an alien to sign an affidavit of support; however, this obligation is not legally enforceable. In reaction to evidence that relatively affluent persons were bringing aged relatives into the United States and relying on the SSI program to provide basic support for them, Congress in 1980, included a provision in Public Law 96-265 requiring that the income and resources of an alien's sponsor and the sponsor's spouse be deemed to the alien for 3 years after his or her lawful admission.

Another loophole existed in the resource test. SSI law placed no strictures on the manner in which an applicant or recipient arranged assets in order to become or remain eligible for SSI. In effect, an individual was at liberty to give away excess resources in order to establish or retain SSI eligibility. A home is an excluded resource only so long as it is the principal residence of the eligible individual or his or her spouse or dependent child. Should an SSI recipient be permanently institutionalized, the home ceases to be an excluded resource. The law did not bar an individual faced with permanent institutionalization from giving away his or her home to another before entering the institution. When this was done the house's value would not affect eligibility for SSI. In response to an increasing number of these situations, Congress included a provision in Public Law 96-611 (December 28, 1980) requiring that the uncompensated value of any nonexcluded resource disposed of for less than its fair market value continue to be taken into account as part of the individual's resources for 2 years after disposal.

During the 97th Congress, increased attention was fo-

cused on improving program operations and reducing costs. The Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35, August 13, 1981) contained two provisions of this sort. The first has considerable fiscal impact not only on SSI appropriation but on the States' cost as well. Before 1982, no effort was made to account for unnegotiated SSI checks (consisting of Federal benefits and/or State supplements) that were issued by the Treasury. The result of this practice was that those funds which were transferred to the general fund of the Treasury but never spent were not re-credited to the SSI appropriation or returned to the States. Public Law 97-35 established a procedure that results in the re-crediting to the SSI appropriation of any SSI checks remaining uncashed for more than 180 days which are found, after investigation, not to be payable. Amounts representing State supplementation included in such checks are returned to the States. The effect is to reduce the amount that must be allocated by both the Federal and State governments for future benefits and to eliminate the previous situation where, in essence, the amount of the unnegotiated checks represented an interest-free loan from the States and SSI appropriation to the general fund of the Treasury.

Public Law 97-35 also instituted a new method for determining benefit amounts. Under the original legislation, benefit amounts were calculated on a prospective, quarterly basis. This required recipients to predict more than 3 months in advance changes in resources or in income that would affect their eligibility and benefit amount. Under this procedure, no matter how promptly a change was reported, payment errors could not be avoided. Moreover, changes in the second or third month of the quarter affected benefit calculations for the entire quarter and overpayments occurred regularly. The retrospective monthly accounting procedures mandated by the law allow benefits to be based on actual circumstances occurring in a prior month. Under these procedures, if recipients report changes in circumstances promptly, it is possible to avoid payment errors because there is time to adjust future benefit amounts to reflect these changes. In theory, this reduces the frequency of overpayments and thereby reduces the administrative effort necessary to process these actions.

During the second session of the 97th Congress, the enactment of the Tax Equity and Fiscal Responsibility Act of 1982 (Public Law 97-248, September 3, 1982), mandated further changes in the manner in which benefits were calculated that were designed to reduce costs. These were the rounding down of monthly benefit amounts to the lower whole dollar and the proration of benefit amounts in the month of initial eligibility.

Disability Provisions

One primary goal for the SSI program was to encour-

age work efforts, particularly by the disabled and blind. The more liberal disregard of earned income and the inclusion of vocational rehabilitation requirements in Public Law 92-603 were intended to provide an employment incentive and to move disabled SSI recipients off the rolls and into gainful employment. A comparison of the characteristics of newly eligible recipients for the years 1974 and 1982 suggests that an increasing proportion of them are disabled—not aged, individuals. For that reason, the changes in the SSI program since 1974 that affect primarily disabled recipients deserve particular attention.

Changes in the SSI disability provisions made by the Social Security Disability Amendments of 1980 (Public Law 96-265) represent a departure from the congressional practice of dealing with the SSI program in a piecemeal fashion. This legislation was the end product of a comprehensive review of the SSA-administered disability programs. Although the legislation primarily focused on the OASDI program, it also made changes in SSI as it applies to the disabled, specifically in the area of work incentives. Some of the changes were to ensure that the two programs continued to operate in tandem. For example, Public Law 96-265 provided both Social Security Disability Insurance beneficiaries and SSI recipients who continue to be disabled but who complete a trial work period, and thus become ineligible for continued benefits, with an additional 15-month period during which automatic disability reentitlement is permitted. Other changes were made that take into account the fact that SSI benefits are income tested. The law permitted the disabled under both programs to exclude impairment-related work expenses from consideration as income for purposes of determining substantial gainful activity, but, for SSI, the law also applied the exclusion for purposes of determining the benefit amount.

However, in adding section 1619 to the SSI law, Congress eliminated the applicability of SGA as a test of continuing disability and, thus, in a sense provided two definitions of disability for SSI. Section 1619 allows the continued payment of Federal SSI benefits (and optional State supplementary payments) to SSI recipients who continue to be medically disabled, but who complete a trial work period and whose subsequent earnings are above the SGA level and below the breakeven point (the amount above which SSI benefits are not payable). It also provides continued Medicaid eligibility for individuals in this category whose earnings are above the breakeven point, but whose income is not judged sufficient to provide a reasonable equivalent of these benefits. The provisions of section 1619 were to expire as of December 31, 1983. Congress is considering proposals to make the provisions permanent or to extend the provisions either through June 30, 1986, or December 31, 1986.

Although SSI requires that all disabled recipients be

referred for appropriate vocational rehabilitation, Congress recognized that some recipients would be so disabled as to be unable to profit from this type of training. Identification of these cases was left to the discretion of the vocational rehabilitation agency. To better target the added expenditures involved in reimbursing States for vocational rehabilitation programs, the Omnibus Budget Reconciliation Act of 1981 provided that reimbursement would only be provided in those cases where successful rehabilitation of the recipient had been demonstrated through completion of a trial work period.

SSI and Its Effect on the Recipient Population and the States

The basic expectations for the SSI program were that it would provide the needy aged, blind, and disabled with a nationally uniform base level of income and that the new approach to administration would destigmatize welfare and thus attract the needy whose pride had prevented them from seeking help.

Because the Federal Government was taking over responsibility for the aged, blind, and disabled, it was reasoned that overall States would realize significant savings. This expectation was based on the facts that the States would no longer have the administrative costs associated with OAA, AB, and APTD programs, that many States would not find it necessary to supplement the Federal benefit levels, and that, for those States that decided to provide a supplement, administrative costs would be borne by the Federal Government, if the States contracted for Federal administration. However, when Congress mandated that States maintain at least the level of their supplementation efforts as Federal benefit levels were increased to reflect increases in the cost of living, it was thought that the program's potential for providing fiscal relief to the States was considerably reduced.

Whether these expectations were realized, and the question of what has really occurred over the past 10 years in terms of changes in the total recipient population, the characteristics of the three covered categories, the purchasing power of benefits, and the extent to which State expenditures have been affected by the SSI program are the subjects of the following material.

Characteristics of the Population

The first 10 years of the SSI program have been marked by initial rapid growth and a subsequent decline in the SSI caseload. There have been some, more subtle, changes in the characteristics of the SSI population. However, there has been little change from the demographics of the population that Congress set out to serve in the early 1970's and those of the current SSI popula-

tion. Perhaps the major difference in what was envisioned concerns the number of aged people who would come onto the SSI rolls. Far fewer aged persons have become eligible for SSI than was anticipated. It was estimated that about 4 million persons aged 65 or older would be eligible for SSI in the first year when, in fact, there have never been more than 2.4 million aged SSI recipients in any given year.⁹

In the first month of operation, more than 3.2 million persons received SSI benefits. Approximately 3 million of those eligible for SSI benefits had received public assistance payments under the State-administered OAA, AB, and APTD programs. From that initial month, the rolls increased to 4.3 million recipients in December 1975. Following this peak, the numbers have decreased each year to slightly less than 3.9 million recipients at the end of December 1982. The major reason for the decrease is that there has been a steady decline in the number of new eligibles. The overall decrease in new eligibles from 1974 through 1982 is about 66 percent. The most dramatic decrease has been the 83 percent decline in the number of newly eligible aged recipients. The number of newly eligible disabled recipients has declined by about 44 percent since 1974 (table 2). These decreases can be attributed primarily to the increasingly higher OASDI benefit levels.

Because such a large percentage of the SSI population was transferred from the State rolls, the ratios of men to women and those among the races are almost identical in comparing SSI with the former State programs (charts 1 and 2). Even in the 10 years since the conversion the percentages have not changed appreciably. The only significant change has been an increase in the percentage of aged female SSI recipients (73.7 percent) in 1982 over the percentage of female OAA recipients (68.3 percent) in 1973.

Approximately three fourths of the total U.S. population live in metropolitan areas. Both the proportion of persons who received APTD in 1973 and the proportion of persons who currently receive SSI disability benefits and live in metropolitan areas mirror the metropolitan trend of the general U.S. population. One-half of the persons eligible for OAA benefits in 1973 lived in metropolitan areas. This is nearly 10 percent less than the percentage of SSI aged recipients who live in metropolitan areas and may indicate a trend toward urbanization of the SSI population.¹⁰

⁹ SSA is currently studying the reasons for this apparently low participation rate of the aged. For the results of an earlier study, see John A. Menefee, Bea Edwards, and Sylvester J. Schieber, "Analysis of Nonparticipation in the SSI Program" (SLIAD Report No. 1), *Social Security Bulletin*, June 1981, pages 3-25.

¹⁰ For more detailed examination of the residential distribution of SSI recipients and changes in distributional patterns since the program began, see Arthur L. Kahn, *Geographic Distribution of SSI Recipients, December 1981* (Research and Statistics Note No. 3), Office of Research, Statistics, and International Policy, Social Security Administration, November 1983.

Table 2.—Number of persons awarded federally administered SSI payments, by reason for eligibility, 1974-82

| Calendar year | Total | Aged | Blind | Disabled |
|-------------------------|---------|---------|-------|----------|
| 1974 | 890,768 | 498,555 | 5,206 | 387,007 |
| 1975 | 702,147 | 259,823 | 5,834 | 436,490 |
| 1976 | 542,355 | 171,798 | 4,735 | 365,822 |
| 1977 | 557,570 | 189,750 | 5,753 | 362,067 |
| 1978 | 532,447 | 177,224 | 6,375 | 348,848 |
| 1979 | 483,993 | 159,927 | 6,476 | 317,590 |
| 1980 | 496,137 | 169,862 | 7,576 | 318,699 |
| 1981 ¹ | 378,515 | 107,297 | 6,515 | 264,703 |
| 1982 ² | 306,325 | 83,039 | 5,519 | 217,767 |

¹ Extrapolated from data for 10 months.

² Extrapolated from data for 11 months.

Note: Data does not include awards resulting from appealed decisions.

In January 1974, approximately 2.0 million persons received SSI because of age. That number has been decreasing since the end of 1975; as of December 1982, there were 1.6 million aged SSI recipients. The number of persons whose eligibility is based on blindness increased from 72,000 in January 1974 to 77,000 in December 1977 and has remained fairly stable since that time (table 3). The number of disabled recipients increased steadily from 1.3 million in January 1974 to 2.2 million by the end of 1982.

About 1.2 million of the 3 million persons who were receiving State assistance in December 1973 received SSI as of December 1982. Of these, 47 percent are aged, 50 percent disabled, and 3 percent blind. The principal reasons for the attrition in this group are that a large number were found to have been erroneously transferred to the SSI program and that many have died. Of the remaining 2.7 million current recipients (those who became first eligible in 1974 or later), 37 percent are aged, 53 percent are disabled adults, and almost 9 percent are blind or disabled children.

A significant change has occurred in the number of blind and disabled children receiving SSI. In December 1982, 222,000 disabled children received benefits—more than three times the number who received benefits in December 1974. The number of blind children has more

Table 3.—Number of persons receiving SSI payments, by reason for eligibility, 1974-82¹

| Month and year | Total | Aged | Blind | Disabled |
|---------------------|-----------|-----------|----------|-------------|
| January 1974 | 3,215,632 | 1,865,109 | 72,390 | 1,278,133 |
| December 1974 | 3,996,064 | 2,285,909 | 74,616 | 1,635,539 |
| December 1975 | 4,314,275 | 2,307,105 | 74,489 | 1,932,681 |
| December 1976 | 4,235,939 | 2,147,697 | 76,366 | 2,011,876 |
| December 1977 | 4,237,692 | 2,050,921 | 77,362 | 2,109,409 |
| December 1978 | 4,216,925 | 1,967,900 | 77,135 | 2,171,890 |
| December 1979 | 4,149,575 | 1,871,716 | 77,250 | 2,200,609 |
| December 1980 | 4,142,017 | 1,807,776 | 78,401 | 2,255,840 |
| December 1981 | 4,018,875 | 1,678,090 | 78,570 | 2,262,215 |
| December 1982 | 3,857,590 | 1,548,741 | 2 77,356 | 3 2,231,493 |

¹ Includes persons receiving a Federal SSI payment and/or federally administered State supplementation.

² Includes 23,000 persons 65 or older.

³ Includes 439,000 persons 65 or older.

Chart 1.—Comparison of total aged population with aged population below poverty level, by sex, 1973-82

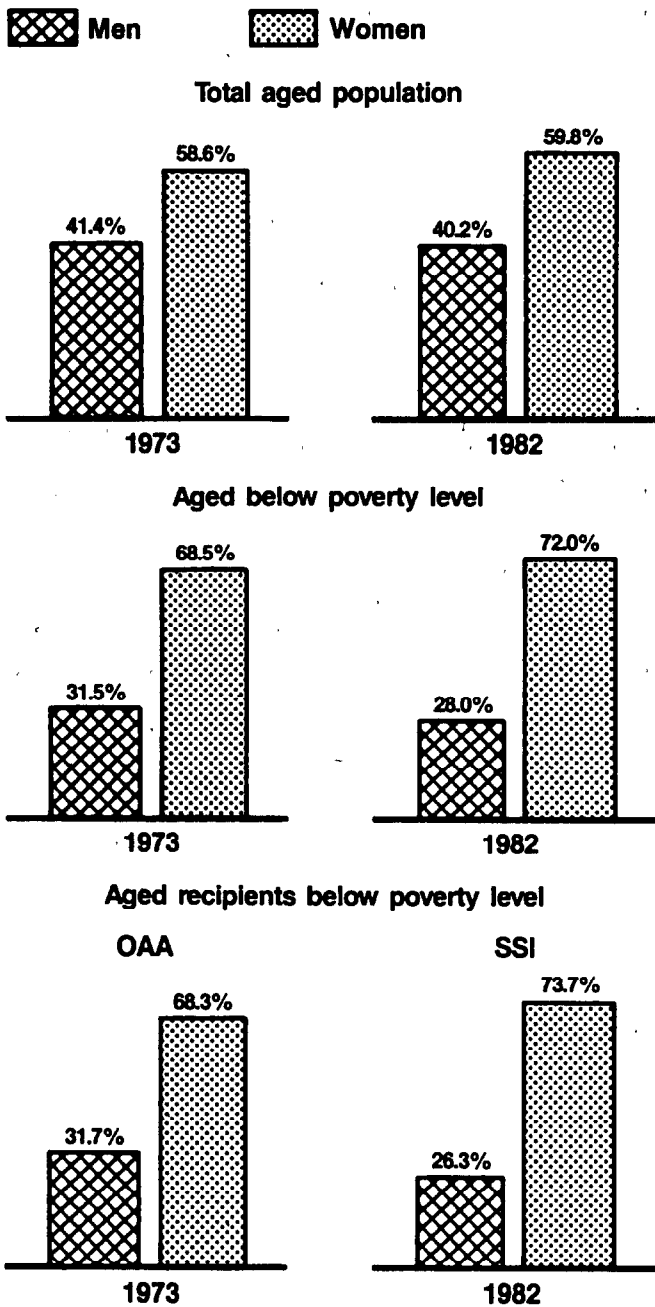
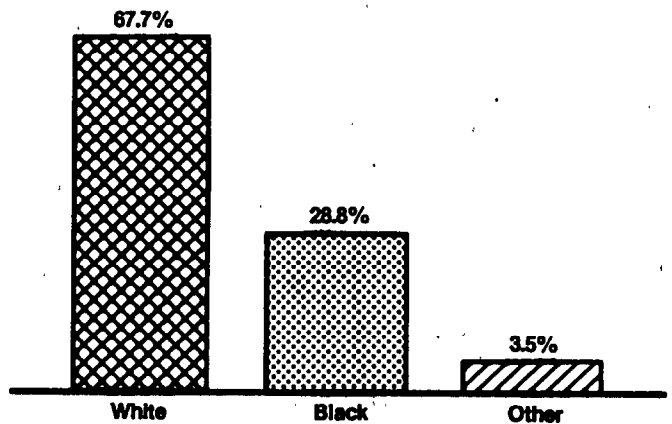
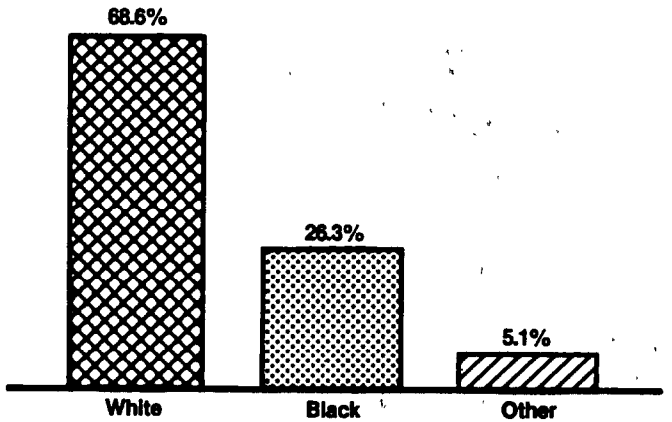


Chart 2.—Population below the poverty level, by race, 1973-82

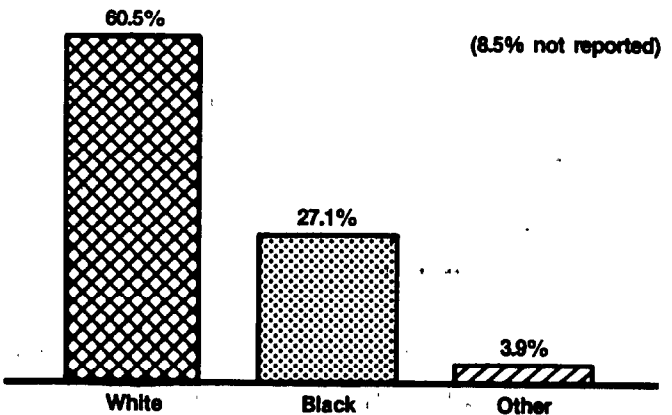
Total U.S. population: 1982



OAA, ATPD, AB: 1973



SSI: 1982



than doubled, going from 3,000 in December 1974 to 7,200 in December 1982 (table 4). Mental illness is the most common disability among children eligible for SSI. Fifty-nine percent of all children eligible for SSI suffer from mental illness, and 54 percent are classified as mentally retarded. Diseases of the nervous system and sense organs, including blindness, are the reason for disability for 19 percent, the next largest single impairment group.¹¹

¹¹ Social Security Bulletin: Annual Statistical Supplement, 1981, table 179.

About 10 percent of the persons receiving SSI based on disability in December 1975 were over age 65. By the end of 1982 that number had risen to almost 20 percent. Although the number of people who are classified as disabled but who are aged 65 or older has been increasing, the total number of recipients aged 65 or older has been decreasing. In January 1974, 61 percent of all SSI recipients were aged 65 or older, compared with 52 percent in December 1982 (chart 3). It is worth noting that

Table 4.—Number of children receiving federally administered SSI payments, by category, 1974–82

| Month and year | Total | Blind | Disabled |
|----------------|---------|-------|----------|
| December 1974 | 70,900 | 3,100 | 67,800 |
| December 1975 | 128,175 | 4,346 | 123,829 |
| December 1976 | 153,128 | 4,886 | 148,242 |
| December 1977 | 175,214 | 5,106 | 170,108 |
| December 1978 | 197,499 | 5,764 | 191,735 |
| December 1979 | 212,088 | 6,224 | 205,864 |
| December 1980 | 228,564 | 6,853 | 221,711 |
| December 1981 | 230,094 | 7,107 | 222,987 |
| December 1982 | 229,151 | 7,198 | 221,953 |

during the same period the percentage of recipients under age 22 increased from less than 1 percent to 8 percent of the total SSI population, while the percentage of recipients aged 22–64 has remained close to 39 percent (table 5). The negligible change in the proportion of blind and disabled adults aged 22–64 may reflect the same stability in the proportion of the general population who meet both the definition of disability and the income and resource criteria of the SSI program.¹²

SSI Income Levels

The most common measure of poverty is the “Orshansky Index”¹³ that was adopted in 1969 by the Federal Government as the official poverty measure. The index provides a range of income levels adjusted by such factors as family size, age and sex of family head, num-

¹² Lenna Kennedy, “SSI: Trends and Changes, 1974,” *Social Security Bulletin*, July 1982, pages 3–12.

¹³ Mollie Orshansky, “Counting the Poor: Another Look at the Poverty Profile,” *Social Security Bulletin*, January 1965, pages 3–29.

Chart 3.—Percent of SSI recipients aged 65 or older, by selected characteristics, 1974–82

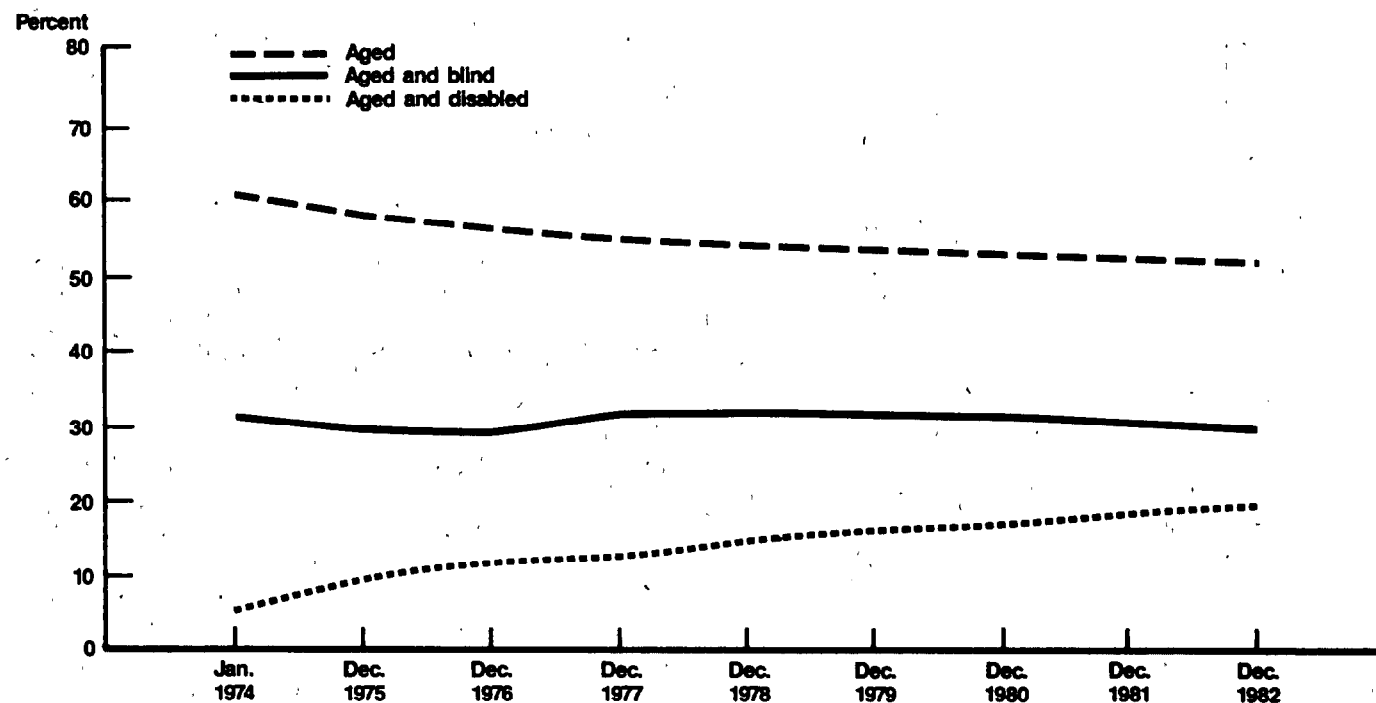


Table 5.—Percentage distribution of persons receiving SSI payments, by age, 1974–82

| Month and year | Total | Under 22 | 22–64 | 65 or older |
|----------------|-------|----------|-------|-------------|
| January 1974 | 100.0 | (1) | 39.1 | 60.7 |
| December 1975 | 100.0 | 4.7 | 37.2 | 58.1 |
| December 1976 | 100.0 | 5.4 | 38.0 | 56.6 |
| December 1977 | 100.0 | 6.0 | 38.4 | 55.5 |
| December 1978 | 100.0 | 6.7 | 38.5 | 54.8 |
| December 1979 | 100.0 | 7.1 | 38.5 | 54.3 |
| December 1980 | 100.0 | 7.5 | 38.7 | 53.7 |
| December 1981 | 100.0 | 7.8 | 39.3 | 52.8 |
| December 1982 | 100.0 | 8.1 | 39.7 | 52.1 |

¹ Not available separate for January 1974. Adults under age 22 are included with blind and disabled adults aged 22–64 for January 1974 only. Beginning December 1975, adults under age 22 and children are shown in the same category.

ber of children under 18 years old, and farm or nonfarm residence.¹⁴ Families and unrelated individuals are then classified as being above or below the poverty level based on their family or individual income. The poverty lines are updated annually to reflect increases in the Consumer Price Index.

Although there is no fixed definition of poverty, it is still possible to make an analytical comparison. The SSI program provides an annual income that in 1982 was approximately 71 percent of the poverty line for an aged individual and 85 percent of the poverty line for an aged couple. If the SSI yearly income for a disabled recipient is compared with the poverty line for persons under age 65 the percentages are lower—66 percent for a disabled individual and 76 percent for a disabled couple. This comparison takes into account only the Federal SSI lev-

¹⁴ The Census Bureau has made several technical changes in the official statistical definition of poverty. One of these changes eliminated the farm/nonfarm distinction.

els because these, like the poverty index, do not reflect geographic variations. When State supplementary benefits are included in the comparison the level of income provided by SSI more closely approaches the poverty level depending on the amount of a State's supplementation levels. In three States (Alaska, California, and Massachusetts) supplementary payments actually raise the SSI assistance levels above the national poverty index.

In the first year of the SSI program, comparatively few persons were moved out of poverty by SSI and State supplementation but most recipients who were transferred from the State programs did have an increase in income. As intended, the people with the greatest increase in income were those who have been the poorest before January 1974. An analysis of the impact of SSI on the economic status of 1973 recipients of assistance under the State-administered OAA, AB, and APTD programs who were transferred to the SSI program showed that "a majority of these populations achieved a significantly higher economic status because of increased welfare benefits." From the analysis, it was concluded that the SSI program "generally benefited most of the poorest of the individuals who were transferred to SSI."¹⁵

Although both the poverty line and the SSI benefit standards (since 1975) have been increased each year based on the previous year's CPI increase, before 1984 the poverty line adjustments occurred 6 months earlier than increases in the SSI benefit standard. The Government's poverty index was adjusted each January; the SSI benefit standards were changed every July. In order to compare the SSI benefit levels with the poverty level for the purposes of this analysis, the SSI benefit was determined on a January to January basis and compared with the poverty level for the same period. In 1974, the SSI benefit level for an individual represented 73 percent of the poverty line for an aged individual. By 1980, it was about 68 percent of the poverty level (chart 4). Partly because of the 6-month difference in when the percentage increases of the previous year's CPI were applied to the poverty line and SSI benefit standards and partly because of the different methodologies used in applying CPI increases to the poverty level and SSI benefits, the gap in the percentage relationship between the two was inconstant and slowly widening. The SSI benefit increases for July 1983, which were authorized by Public Law 98-21, will have the effect of narrowing this gap between the SSI payment standard and the poverty index. Based on preliminary projections of the 1983 poverty index, the July 1983 SSI increase will restore the original relationship between the poverty line and the SSI benefit for an individual. However, the in-

crease in the benefit for eligible couples will not achieve the same result, although it will move that benefit level closer to its 1974 relationship to the poverty level. Public Law 98-21 also moved the cost-of-living adjustment from July to January each year. The effect of this latter change should be that, beginning with 1984, the percentage relationship between SSI and the poverty level will no longer be affected by the 6-month period by which the SSI benefit increases lag behind changes in official poverty levels.

Of the nearly 34 million persons in the United States who are below the poverty level, approximately 41 percent live in the South.¹⁶ Not only do the Southern States have the highest percentage of people below poverty, those States also have a greater number of SSI recipients (43 percent) than any other geographic region. The South also has the lowest combined average SSI and State supplementary payment amount. Alabama, Oklahoma, and the District of Columbia are the only jurisdictions in the South that provide State supplements to individuals in their own households. Despite the lower average check amount, the largest proportion (approximately 46 percent) of the total Federal outlay for SSI benefits goes to the South.

The SSI benefit rate for individuals with no other income and living in their own household will have increased 124 percent—from \$140 in January 1974 to \$314 in January 1984 (table 6). During the same period, the CPI has risen 118 percent (projected as of January 1984). As of July 1983, the actual CPI increase since January 1974 was 113.5 percent.

The average amounts of actual benefit payments, including both SSI and federally administered State supplements, have not increased in proportion to the benefit standards. Between 1974 and 1982 the payment amount for an aged recipient increased 52 percent from \$95.69 to \$145.69. During the same period, average payments to disabled recipients increased 65 percent while average payments to blind recipients rose 94 percent (chart 5).

OASDI benefits are the primary source of SSI recipients' countable income. In December 1975, nearly 70 percent of the aged SSI recipients and 36 percent of the disabled recipients received OASDI benefits averaging \$130 a month. By December 1982, the proportion of disabled recipients with OASDI benefits increased to 39 percent, while the proportion of aged recipients with OASDI remained steady. The average OASDI benefit in December 1982 for all SSI recipients was \$231.

Only 10 percent of all SSI recipients have countable unearned income, other than OASDI, that is used to compute the SSI payment amount. This percentage has

¹⁵ Sylvester J. Schieber, "First Year Impact of SSI on Economic Status of 1973 Adult Assistance Populations" (SLIAD Report No. 2), *Social Security Bulletin*, February 1978, pages 18-47.

¹⁶ The Census Bureau in its *Statistical Abstract of the United States* lists the Southern States as Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

remained fairly constant since 1974. Support and maintenance in kind is the second most frequent source of unearned income for SSI recipients (3.5 percent), followed by Veterans Administration payments (2.2 percent).

Of the total SSI population, 3.2 percent have countable earned income. In December 1982, the average monthly gross amount was \$105 for aged recipients, \$93 for disabled recipients, and \$414 for blind recipients. The higher amount of earned income for blind recipients can be attributed partially to the larger portion of income that they may exclude for expenses related to working and approved plans for achieving self-support.

Expenditures

In December 1973, the average payment to an OAA recipient was \$76.16. SSI benefits in January 1974 to an aged recipient averaged \$74.54 (not including State supplements). The average combined Federal and State payments in jurisdictions with federally administered supplements in January 1974 were higher than payments made through the former adult assistance programs in 1973 (except for payments for the blind in California, the District of Columbia, and Montana).¹⁷

¹⁷ James C. Callison, "Early Experience Under the SSI Program," *Social Security Bulletin*, June 1974, pages 3-11.

Table 6.—Federal benefit rate for an individual and couple living in their own household, 1974-84

| Effective date | Individual | Couple |
|-------------------|------------|----------|
| January 1974..... | \$140.00 | \$210.00 |
| July 1974..... | 146.00 | 219.00 |
| July 1975..... | 157.70 | 236.60 |
| July 1976..... | 167.80 | 251.80 |
| July 1977..... | 177.80 | 266.70 |
| July 1978..... | 189.40 | 284.10 |
| July 1979..... | 208.20 | 312.30 |
| July 1980..... | 238.00 | 357.00 |
| July 1981..... | 264.70 | 397.00 |
| July 1982..... | 284.30 | 426.40 |
| July 1983..... | 304.30 | 456.40 |
| January 1984..... | 314.00 | 472.00 |

Currently, 16 States and the District of Columbia have their optional State supplements administered by the Federal Government, 27 States have federally administered mandatory supplements, and the remainder administer their own supplements (chart 6). The total amount of federally administered State supplements has increased by 42 percent from almost \$1.3 billion in 1974 to \$1.8 billion in 1982. The total amount of State-administered supplements rose from \$149 million in 1974 to \$237 million in 1982, an 85-percent increase.

The total amount of Federal SSI benefits paid, not including State supplementation, increased from \$3.8 billion in 1974 to \$6.9 billion in 1982, an increase of 82 percent. For fiscal year 1973, the States paid \$1.3 billion to OAA, AB, and APTD recipients (table 7). In calen-

Chart 4.—SSI payment standards compared with the poverty level for an aged individual living alone and aged couple, 1972-82

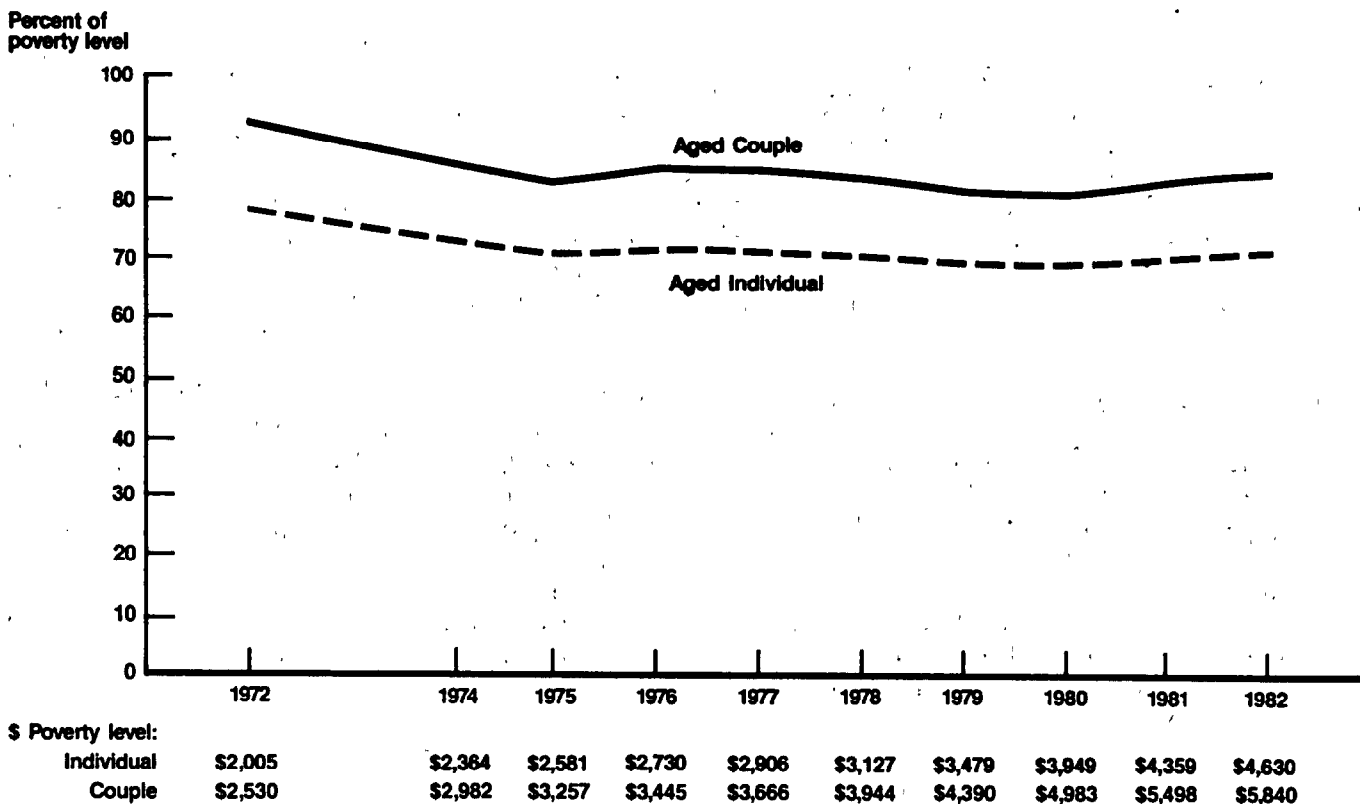
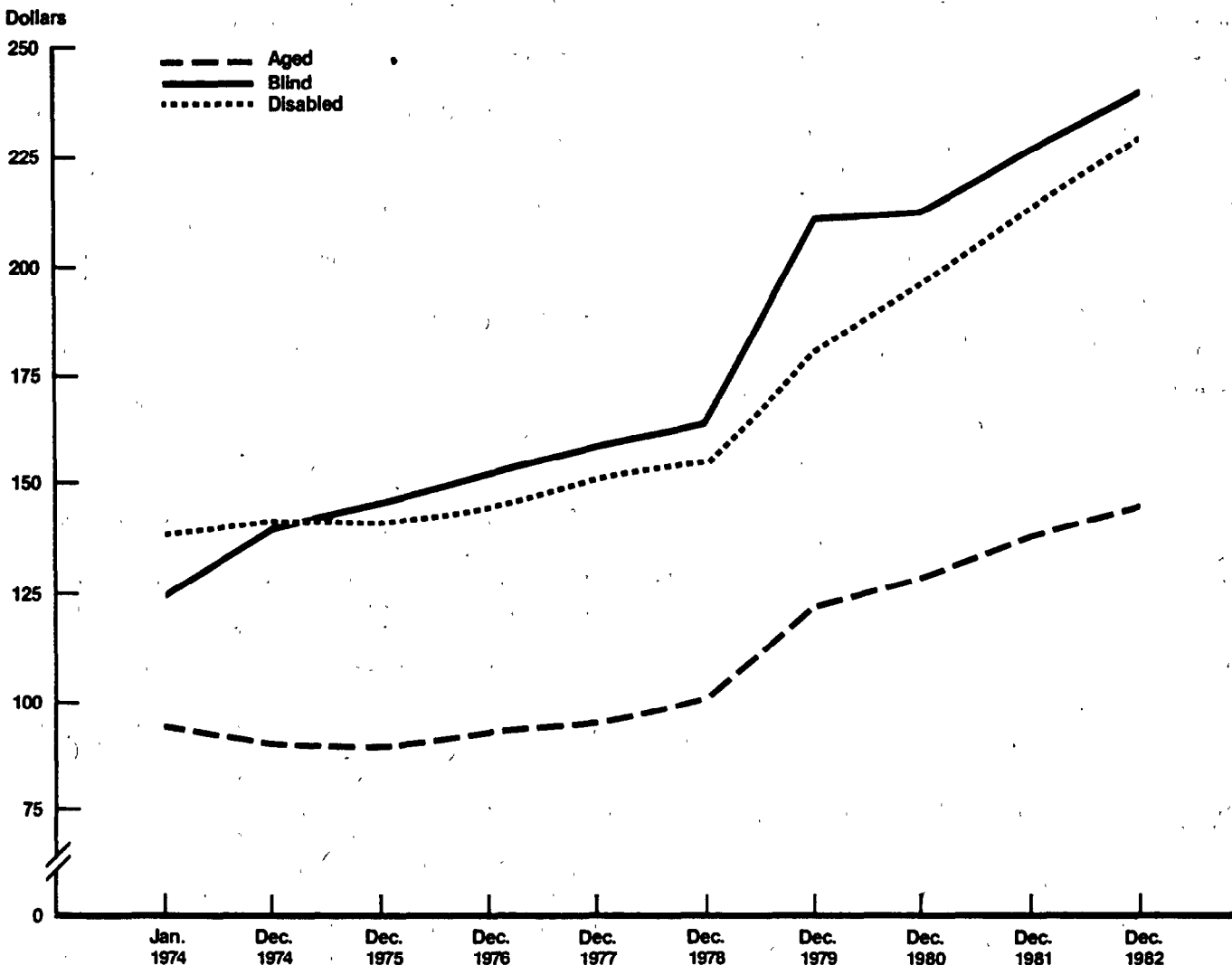


Chart 5.—Average monthly payment amounts, by reason for eligibility, 1974-82¹



¹Federal SSI payments and/or federally administered State supplementation.

dar year 1974, \$1.4 billion was paid as State supplementation, slightly less than a 7-percent increase from 1973. (The \$1.4 billion includes approximately \$185 million in hold-harmless payments. If the hold-harmless payments are not counted, the States experienced a 7-percent decrease in expenditures in calendar year 1974 compared with fiscal year 1973.) Although there was a slight increase in total dollar amounts of State expenditures (including hold-harmless funds) from 1973 to 1974, 44 States actually experienced a reduction in expenditures, and in 22 of those States, the reduction was greater than 80 percent. The seven States that had increased expenditures were California, Massachusetts, Michigan, Nevada, New York, Rhode Island, and Vermont. A comparison of State expenditures for the OAA, AB, and APTD programs in 1973 and State expenditures for SSI supplementary payments in 1982 shows that on average State expenditures for the aged, blind, and dis-

abled have increased by 57 percent. However, 29 States and the District of Columbia spent less in 1982 than they spent in 1973, while 21 States spent more.

How Well Program Has Met Objectives

The SSI program, 10 years after its implementation, remains true to the basic principles on which Congress built the program. It has retained the simplicity of the flat grant approach and continues to place emphasis on providing incentives to work and rehabilitation. Although there have been some changes in the way certain kinds of income are treated, by and large the program still retains the characteristic of a program that supplements other income: recipients are still expected to seek all other benefits to which they are entitled and the SSI program is still expected only to bring them up to a nationally established floor of income.

Table 7.—Impact of SSI on State and local expenditures

[Dollar amounts in millions]

| State | Aid to the aged, blind, and disabled (fiscal year 1973) | State supplementary payments ¹ (calendar year 1982) | Percent change |
|-----------------------------------|---|--|----------------|
| Total | \$1,324.7 | \$2,074.28 | + 56.6 |
| Alabama | 25.5 | 11.33 | -55.6 |
| Alaska | 3.2 | 2.57 | -19.7 |
| Arizona | 8.5 | 1.39 | -83.6 |
| Arkansas | 12.5 | .05 | -99.6 |
| California ² | 388.2 | 1,205.88 | +210.7 |
| Colorado ² | 16.3 | 38.70 | +137.4 |
| Connecticut ² | 13.6 | 23.29 | +71.3 |
| Delaware | 3.4 | .45 | -86.7 |
| District of Columbia | 19.8 | 3.89 | -80.4 |
| Florida | 20.5 | 3.40 | -83.4 |
| Georgia | 22.5 | .03 | -99.8 |
| Hawaii ² | 3.7 | 4.36 | +17.8 |
| Idaho ² | 2.0 | 3.33 | +66.5 |
| Illinois | 65.6 | 28.15 | -57.0 |
| Indiana | 5.2 | | |
| Iowa | 11.7 | 1.06 | -90.9 |
| Kansas | 5.4 | .05 | -99.0 |
| Kentucky | 16.3 | 10.74 | -34.1 |
| Louisiana | 28.9 | .10 | -99.6 |
| Maine | 5.6 | 4.66 | -16.7 |
| Maryland | 11.4 | 1.07 | -90.6 |
| Massachusetts ² | 59.6 | 114.43 | +91.9 |
| Michigan ² | 51.2 | 57.75 | +12.7 |
| Minnesota ² | 12.0 | 12.17 | + .1 |
| Mississippi | 13.4 | .06 | -99.5 |
| Missouri ² | 32.7 | 37.05 | +13.3 |
| Montana | 1.7 | .75 | -55.8 |
| Nebraska ² | 4.6 | 5.56 | +20.8 |
| Nevada ² | .9 | 2.64 | +193.3 |
| New Hampshire ² | 4.8 | 6.26 | +30.4 |
| New Jersey ² | 22.6 | 37.15 | +64.3 |
| New Mexico | 3.5 | .24 | -93.1 |
| New York ² | 175.2 | 220.08 | +25.6 |
| North Carolina ² | 18.2 | 27.72 | +52.3 |
| North Dakota | 2.0 | 1.48 | -26.0 |
| Ohio | 33.6 | .07 | -99.7 |
| Oklahoma ² | 22.5 | 39.65 | +76.2 |
| Oregon ² | 7.2 | 8.55 | +18.7 |
| Pennsylvania ² | 47.1 | 55.63 | +18.1 |
| Rhode Island ² | 4.9 | 7.18 | +46.5 |
| South Carolina | 4.9 | 2.41 | -50.8 |
| South Dakota | 1.7 | .51 | -70.0 |
| Tennessee | 13.6 | | |
| Texas | 36.6 | 0.00 | -100.0 |
| Utah | 2.2 | .71 | -67.7 |
| Vermont ² | 2.7 | 5.24 | +94.0 |
| Virginia | 10.1 | 8.95 | -11.3 |
| Washington | 23.7 | 16.01 | -32.4 |
| West Virginia | 6.9 | 0.00 | -100.0 |
| Wisconsin ² | 21.1 | 60.96 | +188.9 |
| Wyoming | .6 | .17 | -71.7 |

¹ Does not include \$35.2 million of hold-harmless contributions to Hawaii, Massachusetts, and Wisconsin for fiscal year 1981.

² Experienced increased expenditures since 1973.

The Federal benefit level for an individual, when the program began, represented a level of income at about 71 percent of the poverty index. It has regained this relationship as of December 1983 after having slipped to

about 68 percent in 1980. Not only has the Federal standard for an individual regained its original relationship to the poverty level, but there is further indication that it has kept pace with inflation. The individual benefit standard has increased by 125 percent while the CPI has risen by about 118 percent. Although the Federal benefit level for an eligible couple has not fully regained its original relationship to the poverty index for two-member households, the couple's rate has increased by more than 117 percent.

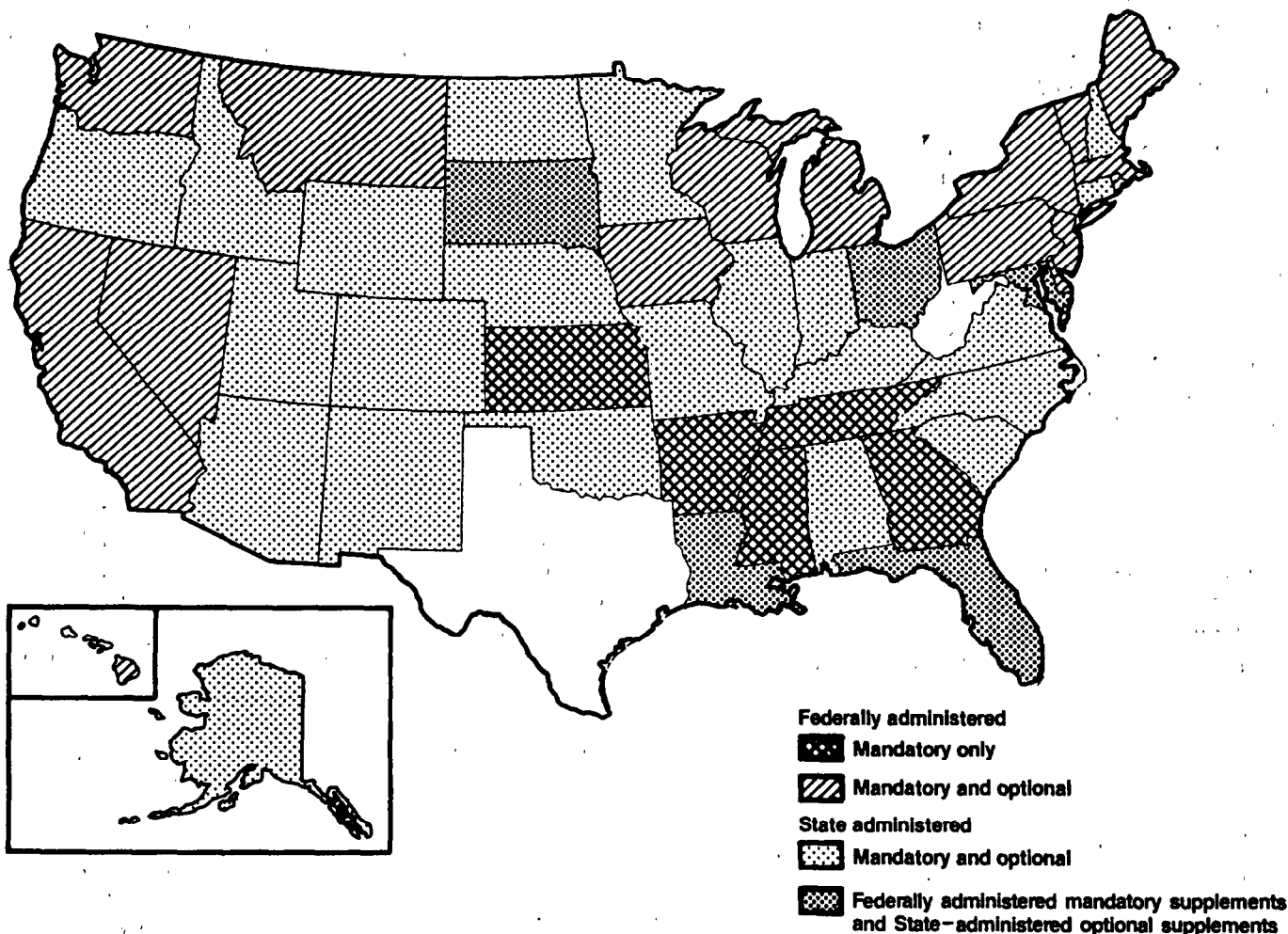
Demographic data strongly suggest that the SSI program is reaching the needy aged, blind, and disabled population. Data show a close correlation between the percentage of men and women aged 65 or older who are below poverty and the percentage of aged men and women who receive SSI. The same close relationship exists with regard to the percentage of various races below poverty and the percentage of races receiving SSI. The South, the geographic region that has the highest proportion of population below the poverty level (41 percent), also has the greatest proportion of SSI recipients (43 percent) compared with the other geographic regions. That approximately 46 percent of the total Federal outlay for benefits goes to the South also indicates that the program successfully targets its funds.

The legislative changes to the program—with the exceptions of the change from prospective quarterly accounting to retrospective monthly accounting and the ad hoc July 1983 benefit increase—have been relatively narrow in focus or have had minimal impact on program cost. The few changes that have liberalized eligibility requirements—that is, excluding the home regardless of its market value, excluding burial plots and the alternative to the life insurance exclusion for burial accounts, and the disability work incentive provisions—have not resulted in large numbers of new SSI recipients. It is difficult to see any close relationship among these changes except that, in each case, the effect the program was having before the change was inimical to an accepted or desired social goal. For instance, in the case of the broadening of the exclusion for the home, it was argued that, because of the upper value limit and inflation, SSI recipients were being forced to choose between the need for cash assistance and the strong emotional need to stay in their homes. It was held that the physical and emotional health of older persons often was jeopardized by having to move from familiar surroundings. Congress recognized the emotional stability the home represented and eliminated the need to choose between SSI and the home.

A similar motive was behind the exclusion of burial plots and burial funds. Congress recognized the emotional need of the elderly to assure themselves that their last wishes would be carried out.

The motives behind the disability changes were more

Chart 6.—Administration of State supplements



Note: Texas does not provide supplementary payments because of a State constitutional barrier. West Virginia does not have an optional program. Currently, no persons in West Virginia receive mandatory supplements.

explicit. They related to the desire to remove disincentives to work efforts in the SSI program.

The majority of other changes in the SSI program can be characterized as fine tuning to tighten rules to prevent abuse, to clarify SSI's relationship to other Federal or State assistance programs, or to modify SSI principles to take into account other overriding nation policy concerns—for example, special exclusions for Indian judgment funds, special rules for people whose medical treatment could be more economically provided in the home, encouragement of private sector initiatives, and so forth.

Some changes have had as their primary goal administrative improvement and cost reduction. This fact and the resistance to changes that would add to the number of persons eligible for SSI indicates that Congress is as concerned about controlling the growth and cost of welfare programs now as it was when developing H.R. 1, the original SSI legislation.

None of the changes have signaled a major departure

from the basic principles on which the program was founded (although the amendments to exclude home energy assistance move away somewhat from the "program of last resort" principle in order to deal with a situation not envisioned in 1972).

In some areas modifications have occurred that, although consistent with the overall purpose of the SSI program, have changed its character. The most important of these is the development of the role of State supplementation in SSI. In saying that SSI is based on nationally uniform eligibility standards, it is necessary to add that income levels for SSI recipients vary depending on the State in which they live and their living arrangement. It is true that most States have realized savings as a result of the SSI program and that State supplementation costs, on the average, have not risen at the same rate as Federal costs. However, a small number of States have experienced significant increases in costs because a State determined that the Federal benefit level was not adequate

to meet living costs in that particular State. In these States (California, Pennsylvania, Michigan, Wisconsin, New York, and Massachusetts), their role in providing assistance to the SSI population, rather than diminishing as the Federal benefit levels have risen, has grown in importance.

Another example of such a modification is the provision that continues benefits to the disabled who work above the substantial gainful activity level. This provision was designed as a 3-year experiment, and although it is consistent with the overall purpose of encouraging work efforts, it has as its target the continuation of the individual's eligibility to Medicaid and other services the State may provide to SSI recipients. To achieve the desired result, it was necessary to make what amounts to a major change in the definition of SSI disability. Such modifications, which result in program expansion, could in the future have a significant impact on States whose role in the SSI program is large.

Despite work incentives to encourage the disabled to become self-sufficient, the number of disabled SSI recipients continues to grow, and very few of the disabled work and leave the program. There has been significant growth in the number of recipients who are disabled children (under age 22). Further, an increasing number

of persons who entered the program as disabled or blind recipients have become age 65 or older. Recipients are entering the program at earlier ages and are staying on the rolls. In addition, for the most part the children have mental disorders, principally mental retardation. Thus, the trend of the first 10 years seems to suggest that the SSI program will be providing benefits to a growing number of disabled individuals and that a greater proportion of these individuals will be mentally retarded recipients who enter the SSI program early and remain eligible throughout their lifetimes.

Another developing trend that may have implications for future planning is one that would diminish the role of SSI as a supplement to other income, as demonstrated by the recently enacted temporary provision that excludes private assistance provided by a nonprofit charity.

Finally, changes in the Social Security Old-Age, Survivors, and Disability Insurance program that were required to keep it financially sound—for example, the change in the retirement age—may raise questions about the relationship of the Supplemental Security Income program to the OASDI program in their respective roles in responding to the changing demographics of the Nation's population.