



**Annual Report  
of the  
Supplemental  
Security  
Income Program**

**Social Security Administration  
May 2005**





## SOCIAL SECURITY

The Commissioner

May 27, 2005

President George W. Bush  
The White House  
Washington, D.C.

The Honorable J. Dennis Hastert  
Speaker of the House of Representatives  
Washington, D.C.

The Honorable Richard B. Cheney  
President of the Senate  
Washington, D.C.

Gentlemen:

I have the honor of transmitting to you the 2005 Annual Report of the Supplemental Security Income Program (the ninth such report), in compliance with section 231 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996.

In my commitment to SSA's mission of managing America's social security programs, two of my top goals are: (1) delivering quality citizen-centered service in a timely and efficient manner, and (2) providing accountable stewardship to taxpayers by ensuring superior financial, performance and budget management and integrity in all payments, records and processes. Emphasizing these two goals is particularly important for the SSI program. I hope that the contents of this report will enable you to understand how seriously we take our role in this area.

Sincerely,

Jo Anne B. Barnhart

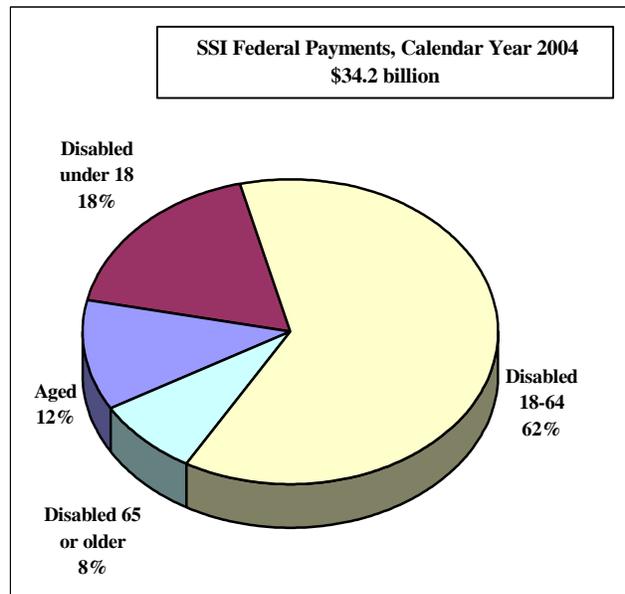


## EXECUTIVE SUMMARY

In the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193), the Congress required the Commissioner of Social Security to report annually to the President and to the Congress on the status of the Supplemental Security Income (SSI) program. A required element of these reports is to provide projections of program participation and costs through at least 25 years. This report is the ninth of such reports, and following are its major highlights and findings.

### Highlights of the SSI Program

- The SSI program is a nationwide Federal assistance program administered by the Social Security Administration (SSA) that guarantees a minimum level of income for needy aged, blind, or disabled individuals. It acts as a safety net for individuals who have little or no Social Security or other income and limited resources.
- In January 2005, 6.8 million individuals received monthly Federal SSI payments averaging \$404 versus 6.6 million with an average payment of \$393 in January 2004.
- Federal expenditures for cash payments under the SSI program during calendar year 2004 increased 3.8 percent to \$34.2 billion, and the cost of administering the SSI program in fiscal year 2004 increased 5.6 percent to \$2.8 billion. In 2003 the corresponding Federal expenditures and cost of administering the SSI program were \$32.9 billion and \$2.7 billion, respectively.



### Major Findings of the Report

- By 2029, the end of the 25-year projection period, the Federal SSI recipient population is estimated to reach 8.7 million. The projected growth in the SSI program over the 25-year period is largely due to the overall growth in the U.S. population. The rate of participation is projected to vary somewhat by age group, with the overall participation of the 65 or older age groups projected to decline and the participation of the under 65 age groups projected to increase slightly.
- Expressed as a percentage of the total U.S. population, the number of Federal SSI recipients remained essentially level at 2.2 percent in 2004, and is projected to increase gradually to 2.4 percent of the population by 2029.
- Federal expenditures for SSI payments in calendar year 2005 are estimated to increase by \$2.2 billion to \$36.4 billion, an increase of 6.4 percent from 2004 levels.
- In constant 2005 dollars, Federal expenditures for SSI payments are projected to increase to \$45.8 billion in 2029, a real increase of 1.1 percent per year.
- When compared to the Gross Domestic Product (GDP), Federal SSI expenditures are projected to decline over time, from the current level of 0.29 percent of GDP in 2004 to 0.24 percent of GDP by 2029.



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## I. INTRODUCTION

The Supplemental Security Income (SSI) program was established by Congress in 1972, with payments beginning in January 1974. It is administered by the Social Security Administration (SSA). SSI replaced the former Federal-State programs of Old-Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD) in the 50 States and the District of Columbia. Residents of the Northern Mariana Islands became eligible for SSI in January 1978.

Under the SSI program, each eligible person living in his/her own household and having no other countable income is provided in 2005 a monthly Federal cash payment of \$579 (\$869 for a couple if both members are eligible). Since 1975, these Federal SSI benefit rates have been increased by applying the same cost-of-living adjustment that has been applied to benefits under the Old-Age, Survivors, and Disability Insurance (OASDI) program. In addition to setting a Federal benefit standard, the legislation establishing SSI also permitted individual States to supplement the Federal payment with an additional monthly amount. As described in section III, these State supplementation payments can be either voluntary at the option of the individual States or, in certain cases, mandatory under requirements in effect when the SSI program began.

Under section 231 of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, the Commissioner of Social Security is required to submit a report on the SSI program to the President and Congress no later than May 30 of each year. This is the ninth annual report on the SSI program. The legislative mandate requires that the report include:

- A comprehensive description of the SSI program;
- Historical and current data relating to (1) claims intake and dispositions at all levels of decision making; (2) demographic information about recipients, including program cost and prior enrollment in other public benefit programs; (3) redeterminations, continuing disability reviews, and utilization of work incentives; (4) administrative costs; and (5) State supplementation program operations;
- 25-year projections of future participation rates and program costs;
- A historical summary of statutory changes to title XVI of the Social Security Act; and
- Summaries of any relevant research on the SSI program by SSA or others.

In addition, the legislation specified that the report may include views of the SSI program by the Social Security Advisory Board.

Much of the required information is the subject of extensive ongoing research. In responding to each of the specific requests for information, every effort has been made to provide the best information available at this time. SSA will continue to make improvements upon such information, in order to provide the President and Congress with the input necessary to effectively manage this important part of our society's social safety net.

## II. HIGHLIGHTS

The Supplemental Security Income (SSI) program is a nationwide Federal assistance program administered by the Social Security Administration (SSA) that guarantees a minimum level of income for needy aged, blind, or disabled individuals. This section presents highlights of recent SSI program experience, a summary of important changes to the program in the last year, a discussion of current issues facing the SSI program, and a summary of the key results from the 25-year projections.

### A. RECENT PROGRAM EXPERIENCE

SSI program experience during the past year included the following:

- During calendar year 2004, 1.9 million individuals applied for SSI benefits based on blindness or disability, an increase of 8 percent over 2003. An additional 138 thousand applied for SSI benefits based on age, an increase of 2 percent from 2003. In 2004, 862 thousand applicants were awarded SSI benefits, an increase of 4 percent over the 828 thousand awarded benefits in 2003.
- On average during calendar year 2004, 6.7 million individuals received Federal SSI benefits on a monthly basis. This group was composed of 1.1 million aged recipients, 5.5 million disabled recipients, and 71 thousand blind recipients. Of the 5.5 million blind or disabled recipients, 0.7 million were aged 65 or older. During the year, 7.6 million aged, blind, or disabled individuals received at least 1 month's Federal SSI benefit.
- Federal expenditures for cash payments under the SSI program in calendar year 2004 totaled \$34.2 billion, up from \$32.9 billion in 2003.
- On average during calendar year 2004, 2.5 million individuals received Federally-administered State supplementary payments on a monthly basis. This group was composed of 0.6 million aged recipients, 1.9 million disabled recipients, and fewer than 50 thousand blind recipients. During calendar year 2004, 2.8 million individuals received at least 1 month's Federally-administered State supplementary payment.
- State expenditures for Federally-administered supplements, excluding fees for Federal administration, totaled \$4.2 billion in calendar year 2004, up from \$4.0 billion in 2003.
- The percentage of SSI recipients participating in direct deposit more than doubled from 24 percent in 1995 to 49 percent in 2000, and has continued to increase, reaching 54 percent in 2004.
- The cost of administering the SSI program in fiscal year 2004 was \$2.8 billion, which was roughly 7 percent of total Federally-administered SSI expenditures.
- In January 2005, 7.0 million individuals received Federally-administered monthly SSI benefits averaging \$436. Of these, 6.8 million received monthly Federal SSI payments averaging \$404, and 2.2 million received monthly State supplementation payments averaging \$153.

### B. SSI LEGISLATION SINCE THE 2004 ANNUAL REPORT

- Since the 2004 SSI Annual Report was transmitted to the President and Congress on May 28, 2004, there have been no legislative changes enacted that would have a significant effect on Federal expenditures made under the SSI program.

### ***C. CURRENT ISSUES FACING THE SSI PROGRAM***

Since last year's annual report, the SSI program has continued to meet its objective by providing cash assistance to almost seven million of the nation's most vulnerable aged, blind and disabled individuals. But as the SSI program continues to play a crucial role in the lives of these beneficiaries, it must also continue to evolve in a manner that allows for efficient program administration and results-oriented outcomes. To this end, SSA continues to work on program integrity, SSI simplification, and other long-term objectives.

#### **Stewardship Issues**

SSA continues to address program integrity through steady progress in carrying out the Corrective Action Plan, as implemented through the ongoing efforts of the SSI Improvement Team. Under the Team's direction, SSA has studied the use of touch-tone and voice recognition telephone technology in the reporting of monthly wages, and is also evaluating the use of a centralized unit for wage reporting as opposed to localized, field office collection of such information. Final evaluation of the automated telephone study showed the dollar accuracy of reported wages to be 92.2 percent, as compared to a 75.5 percent accuracy rate for wage estimates on the Supplemental Security Record (SSR) before the reports. The one-year centralized wage reporting pilot began in January 2005. Both of these studies are part of SSA's effort to find the most efficient and user-friendly manner in which beneficiaries and deemors can report earnings.

Another study has focused on access to information held by financial institutions—an automation of the bank account verification process currently used to evaluate an applicant's accounts against the SSI resource limits. Using a third-party vendor to electronically request bank account information on SSI applicants, SSA was able to secure participation of 74 percent of all financial institutions within the New York/New Jersey demonstration area, including 23 of the 24 largest national institutions. By utilizing data supplied through the electronic exchanges, SSA found undisclosed accounts in more than 15 percent of cases. The Agency is expanding the study based on the initial results, and working to identify common case characteristics that might lead to a more targeted and efficient approach for uncovering unreported bank accounts.

The Continuing Disability Review (CDR) process continues to play an important role in assuring that only those persons who meet the standard of disability under the law stay on the benefit rolls. In FY 2004, SSA conducted under its centralized process over 575,000 SSI-only CDRs, an increase of 51,000 over FY 2003. SSA estimates that the present value of lifetime SSI program savings resulting from these CDRs conducted in the past year will be close to \$2 billion. Redeterminations (in which all factors of eligibility other than disability are reevaluated) also perform an important stewardship role. For FY 2004, SSA completed more than 2.2 million redeterminations, with an estimated \$2.18 billion in savings (with consideration of overpayment recovery and future overpayment prevention) to the SSI program.

Finally, stronger debt collection tools have aided SSA in the recovery of outstanding SSI overpayments. Cross-program recovery—the collection of an SSI overpayment through withholding of Social Security benefits—has led to the collection of \$138 million in the period since the program's inception (April 2002) through FY 2004. Expansion of this program, based on new legislative authority provided under the *Social Security Protection Act of 2004* (P.L. 108-203), is now allowing collection from Social Security benefits even if the overpaid individual remains eligible for SSI. In addition to the cross-program recovery methods, credit bureau referrals and administrative offset have contributed substantially to SSA's efforts to protect taxpayer funds.

An indication of the progress that SSA is making in its stewardship of the SSI program can be found in the results of OMB's Program Assessment Rating Tool (PART). The PART is a systematic method of assess-

ing the performance of programs across the Federal Government. It is a diagnostic tool used to identify program strengths and weaknesses in four areas: (1) program purpose and design; (2) performance measurement, evaluations, and strategic planning; (3) program management; and, (4) program results. In 2004, the SSI program was examined using PART, and the results were published in the President's FY 2006 Budget. Under the PART rating system, the SSI program was found to be "moderately effective," which is the second highest of four PART effectiveness measures. Most important, however, OMB's PART findings regarding SSI issues for areas of the SSI program that require improvement are consistent with issues that have been identified and addressed in the SSI Corrective Action Plan.

### **Legislative Proposals and Regulatory Changes**

In continuing efforts to improve and simplify the SSI program, the President's FY 2006 budget includes a number of SSI related legislative proposals. These proposals would: 1) eliminate the dedicated account requirement in situations where a disabled child lives with his/her representative payee parent; 2) treat most cash military compensation as earned income for SSI purposes; 3) require a quality assurance review for 50 percent of SSI disability and blindness allowance determinations; and 4) for refugees and other non-citizens in refugee-like situations, temporarily expand from 7 to 8 years the length of time-limited eligibility for SSI benefits.

Other developments within the SSI program have focused on regulatory efforts to simplify the consideration of income and resources. Effective March 9, 2005, SSA changed several rules related to SSI eligibility:

- Clothing has been eliminated from the definitions of income and in-kind support and maintenance;
- The dollar value limit on the exclusion of household goods and personal effects has been removed; and,
- One automobile has been completely excluded from resources, if used to provide necessary transportation.

### **Meeting the Needs of Beneficiaries**

As the analysis and debate about Social Security reform continues, issues relating to the SSI program may also need to be addressed. Since its inception, SSI has acted as an adjunct to the Old-Age, Survivors, and Disability Insurance (OASDI) programs in that SSI benefits were designed to fill the income needs of aged, blind, or disabled individuals who either did not receive OASDI or whose OASDI benefit amounts were below a level specified by Congress as a minimum floor of income. The Ways and Means Committee stated in its report on H.R. 1, the *Social Security Amendments of 1972* (P.L. 92-603) that SSI was designed to meet the basic needs of "people who because of age, disability or blindness are not able to support themselves through work (and who) may receive relatively small Social Security benefits." Contributory social insurance, the Committee concluded, "must be complemented by an effective assistance program."<sup>1</sup> Because SSI was intended to work in conjunction with the OASDI program as it existed in 1972, and as the programs' relationship is unchanged since then, the purpose and design of the SSI program may need to be updated if Social Security reform results in substantive OASDI program changes.

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<sup>1</sup> Committee on Ways and Means Report on H.R. 1, p. 147, May 26, 1971.

***D. KEY RESULTS FROM THE 25-YEAR PROJECTIONS***

The major findings in the 25-year projections prepared for this report are summarized below:

- Following small declines in the SSI recipient population in the late 1990s due to the combined impact of Public Law 104-121 and Public Law 104-193, modest growth in the SSI rolls resumed in 2000, and is expected to continue throughout the projection period largely due to the growth in the U.S. population. By 2029, the Federal SSI recipient population is estimated to reach 8.7 million. Expressed as a percentage of the total U.S. population, the number of Federal SSI recipients is projected to increase slightly from 2.2 percent of the population in 2004 to 2.4 percent by 2029.
- Federal expenditures for SSI payments in calendar year 2005 are estimated to increase by \$2.2 billion to \$36.4 billion, an increase of 6.4 percent from 2004 levels. In constant 2005 dollars, SSI program outlays are projected to increase to \$45.8 billion in 2029, a real increase of 1.1 percent per year.
- When compared to the Gross Domestic Product (GDP), Federal SSI expenditures are projected to decline over time, from the current level of 0.29 percent of GDP in 2004 to 0.24 percent of GDP by 2029.

### **III. THE SUPPLEMENTAL SECURITY INCOME PROGRAM**

This section presents a brief history and comprehensive description of the SSI program. This section also includes information on the administration of the program and coordination with other programs.

#### ***A. BACKGROUND***

Federal entitlement programs for the aged, blind, or disabled have their roots in the original Social Security Act of 1935. That Act established an old-age social insurance program to be administered by the Federal Government and an old-age means-tested assistance program to be administered by the States. Similar programs for the blind or disabled were added to the Act in later years. Means-tested assistance provided a safety net for individuals who were either ineligible for Social Security or whose benefits could not provide a basic level of income.

This means-tested assistance comprised three separate programs—Old-Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD). Despite substantial Federal financing, these programs were essentially State programs. Federal law established only broad guidelines for assistance. The Federal Government provided matching funds to support whatever payment levels the States established, with no maximum or minimum standards. Consequently, each State was responsible for setting its own standards for determining who would get assistance and how much they would receive.

Beginning in the early 1960s, this State-operated, Federally-assisted welfare system drew criticism that was directed at the “crazy quilt” eligibility requirements and payment levels. Other criticism centered on specific requirements, such as lien laws and provisions that required certain relatives to bear responsibility for the maintenance of needy family members.

Responding to these concerns, Congress passed and the President approved the SSI program in 1972, reversing the Federal and State roles with regard to adult assistance. Under the new arrangement, SSI would provide a uniform Federal income floor while optional State programs supplemented that floor. The new program was historic in that it shifted from the States to the Federal Government the responsibility for determining who would receive assistance and how much assistance they would receive.

#### ***B. THE BASIC PLAN***

The main objective of the SSI program is to provide the basic cash support of needy aged, blind, or disabled individuals. Congress designed the SSI program based on the following principles:

- Eligibility requirements and benefit standards that are nationally uniform and eligibility determinations based on objective criteria;
- An assistance source of last resort for the aged, blind, or disabled whose income and resources are below specified levels;
- Incentives and opportunities for those recipients able to work or to be rehabilitated that would enable them to reduce their dependency on public assistance;
- An efficient and economical method of providing assistance;
- Inducements to encourage States to provide supplementation of the basic Federal benefit and protection for former recipients of State adult assistance programs who were converted to the SSI program; and

- Appropriate coordination of the SSI program with the food stamp, medical assistance, and other programs.<sup>1</sup>

### C. UNIFORM STANDARDS AND OBJECTIVE CRITERIA

Prior to the SSI program, the eligibility of aged, blind, or disabled individuals for Federally-funded adult assistance depended on the State in which they lived. Benefit amounts varied from State to State. The SSI program replaced the State-run programs with a national program with uniform standards and objective eligibility criteria. These standards include:

- A uniform limitation on the dollar amount or value of income and resources that an individual can have and still qualify for SSI assistance. The countable income limits for individuals and couples are equal to their respective Federal benefit rates<sup>2</sup> and hence are increased annually according to changes in the cost of living. Effective January 1, 2005, the Federal benefit rate is \$579 a month for individuals and \$869 a month for couples. The resource limit is \$2,000 in countable resources for individuals and \$3,000 for couples.
- A uniform standard of 65 as the minimum age requirement for assistance based on age.
- A uniform definition of disability and blindness. The definitions for individuals 18 or older are the same as those used for the Social Security Disability Insurance program. In order to be considered disabled, an individual must have a medically determinable physical or mental impairment which is expected to last or has lasted at least 12 continuous months or is expected to result in death and (1) if 18 or older prevents him/her from doing any substantial gainful activity<sup>3</sup> or (2) if under 18 results in marked and severe functional limitations. However, individuals for whom addiction to drugs or alcoholism is a contributing factor material to the determination of their disabilities are not eligible for benefits. In order to be considered blind, an individual must have central visual acuity of 20/200 or less in the better eye with the use of a correcting lens or have tunnel vision of 20 degrees or less.
- Uniform standards for citizenship and residency. In order to be eligible for SSI, an individual must be a citizen (or national) of the United States, an American Indian born in Canada who is under section 289 of the Immigration and Nationality Act (INA), an American Indian born outside the United States who is a member of a Federally recognized Indian tribe under section 4(e) of the Indian Self-Determination and Education Assistance Act, a noncitizen who was receiving SSI benefits on August 22, 1996, or be a qualified alien in one of the following categories:
  - Certain noncitizens who are blind or disabled and were lawfully residing in the United States on August 22, 1996;
  - Refugees (eligibility generally limited to the 7-year period after their arrival in the United States);
  - Asylees (eligibility generally limited to the 7-year period after the date they are granted asylum);

<sup>1</sup> For example, as explained in section III.H, SSI recipients in most States are also automatically eligible for Medicaid, which generally provides for their medical needs.

<sup>2</sup> See table IV.A2 for historical and estimated future Federal benefit rates.

<sup>3</sup> “Substantial gainful activity” (SGA) is used to describe a level of work activity that is both substantial—i.e., involves the performance of significant physical and/or mental duties which are productive—and gainful—i.e., performed for remuneration or profit. SGA rules do not apply to the SSI blind. Generally earnings from work activity of over \$830 a month is evidence of ability to engage in SGA. If an SSI *applicant* is earning over \$830 a month, he/she generally would not be considered disabled. However, if an SSI *recipient* is earning over \$830 a month, he/she could continue to be eligible for SSI. (See “Incentives for Work and Opportunities for Rehabilitation” section III.E.) The SGA level of \$830 was increased from \$810 effective January 1, 2005 (69 FR 62502). Increases in the SGA level in subsequent years will be based on increases in the national average wage index.

- Noncitizens who have had their deportations withheld under section 243(h) of the INA as in effect prior to April 1, 1997, or who have had their removals withheld under section 241(b)(3) of the INA (eligibility generally limited to the 7-year period after the date that deportation or removal is withheld);
- Cuban and Haitian entrants as defined by Federal statute, including: 1) Section 501(e) of the Refugee Education Assistance Act of 1980; 2) former parolees and other aliens who became residents under the Cuban Adjustment Act of 1966; 3) aliens who became permanent residents under the Nicaraguan and Central American Relief Act; and 4) aliens who became permanent residents under the Haitian Refugee Immigration Fairness Act (eligibility for these categories is generally limited to the 7-year period after the date that entrant status is granted);
- Amerasian immigrants admitted pursuant to section 584 of the Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1988, and subsequent amendments (eligibility generally limited to the 7-year period after their arrival in the United States);
- Noncitizen active duty Armed Forces personnel, honorably discharged veterans, and their spouses and dependent children; or
- Lawful permanent residents who have earned, or can be credited (from their spouses or parents) with, 40 qualifying quarters of earnings.

Note: Qualified alien status includes noncitizens (or their parents or children) who have been battered or subjected to extreme cruelty in the United States by a spouse or parent (or a member of the spouse's or parent's family) with whom they live, and who have an approved petition, or have a petition pending, setting forth a *prima facie* case for adjustment of their immigration status. A complete list of noncitizens who are considered qualified aliens can be found in the Glossary under "Qualified Alien". However, to be eligible to receive SSI benefits, these noncitizens also must be in one of the categories listed above.

Finally, certain noncitizens may be eligible for SSI regardless of their immigration status if they have been determined to be victims of trafficking in persons in the United States<sup>1</sup>. Such individuals are treated for SSI purposes as refugees. That is, they are eligible for SSI for 7 years after a determination is made that they are trafficking victims.

In addition to having to be a U.S. citizen (or national) or in one of the potentially eligible noncitizen categories, an individual must reside in the 50 States, the District of Columbia or the Northern Mariana Islands. An individual also must be physically present in the United States<sup>2</sup> for 30 consecutive days, if he/she had been outside of the United States for 30 or more consecutive days. There are two exceptions to the residency and physical presence requirements:

- Blind or disabled children who are citizens of the United States may continue to be eligible for payments if they are living outside the United States with a parent who is on duty as a member of the U.S. Armed Forces. This exception also applies to blind and disabled children of military personnel who are born overseas, become blind or disabled overseas or applied for SSI benefits while overseas.

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<sup>1</sup> Generally defined as the recruitment, harboring, transportation, provision, or obtaining of a person for labor or services through the use of force, fraud, or coercion for the purpose of subjection to involuntary servitude, peonage, debt bondage, or slavery.

<sup>2</sup> Fifty States, the District of Columbia or the Northern Mariana Islands.

- Students studying abroad for not more than 1 year also may continue to be eligible for payments if the studies are sponsored by a U.S. educational institution but could not be conducted in the United States.

#### ***D. ASSISTANCE OF LAST RESORT***

As a means-tested program, SSI takes into account all income and resources that an individual has or can access. The amount of an individual's countable income and resources are the measure of his/her need for assistance.

##### **1. Income**

The amount of an individual's income is used to determine both eligibility for, and the amount of, his/her SSI benefit. As countable income increases, an individual's SSI benefit amount decreases. Generally, ineligibility for SSI occurs when countable income equals the Federal benefit rate plus the amount of applicable Federally-administered State supplementary payment (State supplementation is discussed later).

The monthly Federal benefit rate<sup>1</sup> is reduced dollar-for-dollar by the amount of the individual's "countable" income—i.e., income less all applicable exclusions. Countable income is determined on a calendar month basis. The result of this computation determines SSI eligibility and the amount of the benefit payable. These benefit rates are adjusted annually (in January) to reflect changes in the cost of living.

When an individual lives in the household of another and receives support and maintenance in kind (i.e., generally room and board) from the householder, the Federal SSI benefit rate is reduced by one-third in lieu of counting the actual value of the support and maintenance as unearned income. The value of food or shelter-related items the individual receives in kind from persons other than the householder (including in-kind assistance from outside the household in which he/she lives) is counted as unearned income.<sup>2</sup> However, the amount that is countable is limited to an amount equal to one-third of the applicable Federal benefit rate plus \$20.

SSI law defines two kinds of income—earned and unearned. Earned income is wages, net earnings from self-employment, remuneration for work in a sheltered workshop, royalties on published work, and honoraria for services. All other income is unearned including, for example, Social Security benefits, other pensions, and unemployment compensation. The distinction between earned and unearned income is significant because different exclusions apply to each type of income.

However, not everything an individual receives is considered to be income. Generally, if the item received cannot be used as, or to obtain food or shelter, it will not be considered as income. For example, if someone pays an individual's medical bills, or offers free medical care, or if the individual receives money from a social services agency that is a repayment of an amount he/she previously spent, that value is not considered income to the individual. In addition, some items that are considered to be income are excluded when determining the amount of an individual's benefit.

##### **Income Exclusions<sup>3</sup>**

The principal *earned* income exclusions are:

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<sup>1</sup> See table IV.A2 for historical and estimated future Federal benefit rates.

<sup>2</sup> SSA simplified the SSI program (70 FR 6340) by generally eliminating clothing from the definition of income and from the definition of in-kind support and maintenance effective February 7, 2005.

<sup>3</sup> A complete list of the SSI income exclusions can be found in section V.B.

- The first \$65 per month plus one-half of the remainder,
- Impairment-related work expenses of the disabled and work expenses of the blind,
- Income set aside or being used to pursue a plan for achieving self-support by a disabled or blind individual, and
- Infrequent or irregularly received income (the first \$30 received in a quarter).

The principal *unearned* income exclusions are:

- The first \$20 per month,<sup>1</sup>
- Income set aside or being used to pursue a plan for achieving self-support by a disabled or blind individual,
- State or locally funded assistance based on need,
- Rent subsidies under the Department of Housing and Urban Development (HUD) programs and the value of food stamps, and
- Infrequent or irregularly received income (the first \$60 received in a quarter).

## 2. Resources

The amount of an individual's resources is used to determine whether he/she is eligible for SSI in any given month. SSI law states that eligibility is restricted to individuals who have countable resources, determined monthly, that do not exceed \$2,000 (\$3,000 for a couple). The law does not define what resources are, but does stipulate what items are not considered resources.

Regulations stipulate that a resource is cash or other liquid asset or any real or personal property that individuals (or their spouses) own and could convert to cash to be used for their support and maintenance. This definition is consistent with the general philosophy of the SSI program that only items that can be used for an individual's food or shelter should be used in determining his/her eligibility and benefit amount. Not all resources an individual owns are counted. The value of an item may be totally excluded or counted only to the extent that its value exceeds specified limits.

If an individual disposes of resources at less than fair market value within the 36-month period prior to his/her application for SSI or at any time thereafter, he/she may be penalized. The penalty is a loss of benefits for a number of months (up to a 36-month maximum) obtained by dividing the uncompensated value of disposed-of-resources by the Federal benefit rate plus the maximum State supplementary payment, if any, applicable to the individual's living arrangement. The penalty does not apply if, among other things, the individual can show that the resources were disposed of exclusively for a purpose other than establishing SSI eligibility.

### Resource Exclusions<sup>2</sup>

The principal resource exclusions are:

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<sup>1</sup> Any portion of this \$20 amount not used to exclude unearned income may be used to exclude earned income.

<sup>2</sup> A complete list of the SSI resource exclusions can be found in section V.B.

- The home and land appertaining to it, regardless of value;
- Life insurance policies whose total face value does not exceed \$1,500;
- Burial funds not in excess of \$1,500 each for an individual and spouse (plus accrued interest);
- Household goods, if needed for maintenance, use and occupancy of the home, and personal effects<sup>1</sup>;
- An automobile, if used to provide necessary transportation;<sup>2</sup>
- Property essential to self-support;
- Resources set aside to fulfill a plan to achieve self-support; and
- Amounts deposited into either a Temporary Assistance for Needy Families (TANF) or “Assets for Independence Act” individual development account (IDA), including matching funds, and interest earned on such amounts.

### 3. Filing for Other Benefits

As the “program of last resort,” SSI benefits are provided to eligible individuals only to the extent that their needs are not met by other sources. That is, after evaluating all other income and resources, SSI pays what is necessary to bring an individual to the statutorily prescribed income “floor.” In keeping with this principle, SSI law requires that SSI applicants and recipients file for other payments for which they may be entitled, such as annuities, pensions, retirement or disability benefits, worker’s compensation, and unemployment insurance benefits.

SSA must provide an individual with written notice of potential eligibility for other benefits and of the requirement to take all appropriate steps to pursue these benefits. The individual has 30 days from receipt of the notice to file for the benefits involved.

### 4. Eligibility Issues for Residents of Public Institutions or Medical Facilities

State and local governments—rather than the Federal Government—traditionally have taken the financial responsibility for residents of their public institutions. The SSI program continues this long-standing public assistance policy. People who are residents of public institutions for a full calendar month are generally ineligible for SSI unless one of the following exceptions applies:

- The public institution is a medical treatment facility and Medicaid pays more than 50 percent of the cost of care, or in the case of a child under age 18, Medicaid and/or private health insurance pays more than 50 percent of the cost of care;
- The public institution is a publicly operated community residence which serves no more than 16 residents;
- The public institution is an emergency shelter for the homeless (payments are limited to no more than 6 months in any 9-month period);

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<sup>1</sup> The \$2,000 value limit was removed effective February 7, 2005 (70 FR 6340).

<sup>2</sup> SSA also changed the evaluation of automobiles as an excludable resource, effective February 7, 2005 (70 FR 6340). Under the old rules, one automobile could be excluded (regardless of value) if necessary for employment, medical treatment or essential daily activities. If not excludable under this criteria, one automobile could be excluded to the extent its current market value did not exceed \$4,500. The new exclusion, applicable to any one automobile used for transportation, simplifies the evaluation of this resource.

- The recipient was eligible under section 1619(a) or (b)<sup>1</sup> for the month preceding the first full month in the public institution and is permitted by the institution to retain any benefits (payable for up to 2 months); or
- A physician certifies that the recipient's stay in a medical facility is likely not to exceed 3 months and continued SSI eligibility is needed to maintain and provide for the expenses of the home to which the individual will return.

## 5. Personal Needs Allowance

When individuals enter medical treatment facilities in which more than half of the bill is paid by the Medicaid program, their monthly Federal payment standard is generally reduced to \$30, beginning with the first full calendar month they are in the facility. In the case of an individual under age 18, the \$30 payment standard is also applicable if more than half of the bill is paid by private insurance or a combination of Medicaid and private insurance. The theory behind this provision is that the individual's basic needs are being met by the medical facility. In these cases, the SSI program provides up to \$30 a month, which is intended to take care of small comfort items not provided by the institution.

## 6. Deeming

In certain situations the income and resources of others are counted in determining whether an individual's income and resources fall below the levels established by law. This process is called "deeming" and is applied in cases where an eligible individual lives with an ineligible spouse, an eligible child lives with an ineligible parent, or an eligible noncitizen has a sponsor.<sup>2</sup> In concept, the practice takes into account the responsibility of the spouse, parent, or sponsor to provide for the basic needs of the eligible individual.

### *a. Spouse-to-Spouse Deeming*

When an eligible individual lives in the same household with a spouse who is not eligible for SSI, the ineligible spouse's income and resources are deemed to be available to the eligible individual. In determining the amount of income and resources available to the eligible individual, all applicable exclusions are used. In addition, a living allowance is provided for the ineligible spouse, as well as any ineligible children under age 18<sup>3</sup> living in the household. The allowance reduces the amount of income to be deemed. Spouse-to-spouse deeming is intended to result in the same amount of income available to the couple as would be available if both members of the couple were aged, blind, or disabled and eligible for SSI.

Deeming does not apply when the eligible individual is not living in the same household as the ineligible spouse. However, if the ineligible spouse's absence is temporary or is due solely to an active duty assignment as a member of the U.S. Armed Forces, deeming would continue to apply.

### *b. Parent-to-Child Deeming*

A child under age 18 is subject to deeming from an ineligible natural or adoptive parent (and that parent's spouse, if any) living in the same household. Certain amounts of the parent's income are excluded, living allowances are provided for the parent(s) and an allocation is set aside for each ineligible child under age 18<sup>3</sup> who is living in the household. Deeming to a child would continue if the parent is absent from the household but the absence is temporary or is due solely to active duty assignment as a member of the U.S.

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<sup>1</sup> See section III.E.6 of this report for a description of the special section 1619 provisions for disabled people who work.

<sup>2</sup> Deeming also applies to an individual who lives with an essential person (a concept carried over from the former State assistance plans). However, there are fewer than 100 of these cases remaining.

<sup>3</sup> Under age 21, if a student.

Armed Forces. If a child lives in a household in which all members are receiving public assistance benefits, that child is not considered to be receiving any support and deeming would not apply.

*c. Sponsor-to-Alien Deeming*

The income and resources of noncitizens are deemed to include those of their sponsors. The way the income and resources are deemed and the length of the deeming period depend on whether the sponsor signed a legally enforceable affidavit of support<sup>1</sup> or the previous version of the affidavit. Generally, individuals who entered the country before 1998 did so under the old version of the affidavit.<sup>2</sup>

Under the old version of the affidavit, deeming of the sponsor's income and resources lasts until the noncitizen has been in the United States for 3 years.<sup>3</sup> Living allowances equal to the Federal benefit rate are provided for the sponsor, and allowances equal to one-half of the Federal benefit rate are provided for each of the sponsor's dependents. Allowances are also provided for the sponsor and his/her family members in determining deemed resources. These allowances reduce the amount of the sponsor's income and resources deemed to the noncitizen.

For noncitizens admitted into the United States under a legally enforceable affidavit of support, deeming generally applies until the noncitizen becomes a U.S. citizen. Deeming ends before citizenship if the noncitizen has earned, or can be credited with, 40 qualifying quarters of earnings. Children and spouses of workers may be credited with quarters earned by the worker. A quarter otherwise earned after 1996 does not count as one of the required 40 if the noncitizen or worker received Federal means-tested public benefits during the relevant period.

Also for this group of noncitizens, deeming does not apply for specified periods if the noncitizens or their children or parents have been battered or subjected to extreme cruelty while in the United States or if sponsors leave the noncitizens indigent by not providing them with sufficient support.

***E. INCENTIVES FOR WORK AND OPPORTUNITIES FOR REHABILITATION***

SSI benefits provide a basic level of assistance for individuals who are blind or disabled with limited earnings ability due to their impairments. Nonetheless, for recipients who want to work, the SSI program is designed to encourage and support their work attempts in order to help them achieve greater degrees of independence. The SSI program includes a number of work incentive provisions that enable recipients who are blind or disabled to work and retain benefits or to increase their levels of work activity without the loss of SSI disability status or Medicaid. These incentives provide higher amounts of income or resource exclusions as recognition of the expenses associated with working or as inducements to seek rehabilitation services and support for work efforts.

The SSI program also includes provisions to help disabled beneficiaries obtain vocational rehabilitation and employment support services. These provisions were revised by legislation establishing the Ticket to Work program, which is described in section III.E.7.

<sup>1</sup> Legally enforceable affidavits of support are required by Public Law 104-208.

<sup>2</sup> The Immigration and Naturalization Service now known as the United States Citizenship and Immigration Services (USCIS) began using the new, legally enforceable affidavits on December 19, 1997. However, if a potential immigrant had a visa issued before that date, the sponsor would sign an old version of the affidavit even if the affidavit was signed after December 19, 1997.

<sup>3</sup> For a temporary period—January 1994 through September 1996—the deeming period was 5 years.

### **1. Earned Income Exclusion**

The first \$65 (\$85 if the individual has no income other than earnings) of any monthly earned income plus one-half of remaining earnings are excluded for SSI benefit computation purposes. This general earned income exclusion is intended to help offset expenses incurred when working. It assures that SSI recipients who are working will be rewarded for their efforts by having greater total income than those who do not work.

### **2. Impairment-Related Work Expense Exclusion**

The costs of certain impairment-related services and items that a disabled (but not blind) individual needs in order to work are excluded from earned income in determining SSI eligibility and benefit amounts.

In calculating these expenses, amounts equal to the costs of certain attendant care services, medical devices, equipment, prostheses, vehicle modifications, residential modifications to accommodate wheelchairs and similar items and services are deductible from earnings. The costs of routine drugs and routine medical services are not deductible unless these drugs and services are necessary to control the disabling condition.

### **3. Work Expenses of the Blind Exclusion**

Any earned income by a blind individual that is used to meet expenses needed to earn that income is excluded from earned income in determining SSI eligibility and benefit amounts. A deductible expense need not be directly related to the worker's blindness; it need only be an ordinary and necessary work expense of the worker.

Some frequently excluded work expenses include transportation to and from work, meals consumed during work hours, job equipment, licenses, income or FICA taxes, and costs of job training.

### **4. Student Earned Income Exclusion**

The student earned income exclusion is an additional exclusion for an individual who is under age 22 and regularly attending school. It is intended to help defray the cost of educational training. Under current regulations, up to \$1,410 of earned income per month but no more than \$5,670 per year may be excluded.<sup>1</sup>

### **5. Plan for Achieving Self-Support**

A plan for achieving self-support (PASS) allows a disabled or blind individual to set aside income and resources to get a specific type of job or to start a business. This may involve setting aside funds for education or vocational training. Funds can even be set aside to purchase work-related equipment or pay for transportation related to the work goal. The income and resources that are set aside are excluded under the SSI income and resources tests.

The individual must have a feasible work goal, a specific savings or spending plan, and must provide for a clearly identifiable accounting for the funds which are set aside. The PASS must be approved by SSA. The individual must then follow the plan and negotiate revisions as needed. SSA monitors the plans once approved by reviewing them periodically to ensure the individual's progress towards attaining the work goal.

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<sup>1</sup> Increased from \$1,370 and \$5,520, respectively, effective January 1, 2005 (69 FR 62497). Under current regulations this exclusion is increased yearly based on changes in the cost of living.

## 6. Special Provisions for Disabled People Who Work

This work incentive generally is referred to by its section number in the Social Security Act, section 1619. Under section 1619(a), disabled individuals who would cease to be eligible because of earnings over the substantial gainful activity level can receive special cash benefits as long as they:

- Continue to have the disabling condition,
- Have income under the amount which would cause ineligibility for any payment under SSI income counting rules, and
- Meet all other nondisability requirements for SSI payment.

In many States, being a recipient of the special benefit permits the individual to be eligible for Medicaid benefits.

Under section 1619(b), “SSI recipient” status for Medicaid eligibility purposes also is provided to individuals:

- Whose earnings preclude any SSI payment but are not sufficient to provide a reasonable equivalent of the SSI, social services, and Medicaid benefits that the individuals would have in the absence of earnings; and
- Whose ability to continue working would be seriously inhibited by the loss of social services and Medicaid benefits.

To qualify for extended Medicaid coverage under section 1619(b) an individual must:

- Have a disabling condition,
- Need Medicaid in order to work,
- Not be able to afford equivalent medical coverage and publicly funded personal or attendant care which would be lost without assistance,
- Meet all nondisability requirements for SSI payment other than earnings, and
- Have received a regular SSI cash payment in a previous month within the current period of eligibility. (In some States, the individual must have qualified for Medicaid the month preceding the first month of 1619 eligibility.)

In determining whether individuals’ earnings are not sufficient to provide them with the equivalent benefits they would be eligible for if they stopped working, their earnings are compared to a threshold amount for their State of residence. Section 1619(b) status continues if the earnings are at or below the threshold. If earnings exceed the State threshold, an individualized assessment of the need for Medicaid is made and 1619(b) status may continue.

## 7. Vocational Rehabilitation/Ticket to Work Program

Since the beginning of the SSI program, State Vocational Rehabilitation (VR) agencies have provided services to those blind or disabled SSI recipients whom they accepted as clients. SSA has traditionally reimbursed the VR agency for services provided in situations where the services result in the individual’s

working at the substantial gainful activity level for a continuous period of 9 months, and in certain other limited situations.

The Ticket to Work and Work Incentives Improvement Act of 1999 (“the Ticket legislation”) established a Ticket to Work and Self-Sufficiency program (Ticket to Work program) under which a blind or disabled beneficiary may obtain vocational rehabilitation, employment and other support services from a qualified private or public provider referred to as an “employment network” (EN), or from a State VR agency. In addition, the Ticket legislation provided for a new procedure for compensating ENs under an outcome or outcome-milestone payment system<sup>1</sup>. By expanding the pool of providers and giving the providers incentives for achieving success, this program seeks to expand a disabled beneficiary’s access to these services in order to assist the beneficiary in finding, entering, and retaining employment and reducing his/her dependence on cash benefits. Regulations issued by the Commissioner became effective January 2002.

After being phased in gradually beginning in 2002, the Ticket to Work program has been in operation nationwide since November 2003. Under this program SSA provides eligible individuals who receive SSI benefits due to blindness or disability with a Ticket to Work document (“ticket”). These individuals may use the ticket to obtain the vocational rehabilitation services, employment services and other support services needed to return to work, or go to work for the first time. The Ticket to Work program provides that as long as the beneficiary is “using a ticket” as defined by the Commissioner, SSA will not initiate a continuing disability review. Individuals not eligible for a ticket may still request services from a State VR agency, which must decide whether they are eligible for services under the Rehabilitation Act of 1973.

ENs and State VR agencies are the only providers of VR services to SSI disabled recipients who can be compensated for those services by SSA. All ENs are compensated through the new outcome-based system. State VR agencies are compensated under the traditional VR reimbursement system for those cases where they have not elected to participate as an EN. Any services provided by the State VR agencies to SSI recipients who are not yet eligible for a ticket will be compensated under the traditional VR reimbursement system.

Individuals receiving SSI benefits who improve medically and, therefore, are no longer considered disabled or blind can continue to receive SSI benefits if they are actively participating in the Ticket to Work program, or another approved program of VR services, employment services, or other support services, and SSA determines that continuation or completion of the program will increase the likelihood that they will be permanently removed from the SSI rolls. SSI benefits and Medicaid generally continue until the approved program is completed or until the individual ceases to participate in the program.

## **8. Expedited Reinstatement**

A disabled or blind individual whose eligibility for SSI payments was ended because of earnings can request expedited reinstatement of his/her SSI benefits without filing a new application. To qualify for expedited reinstatement, the individual must make the request within 60 months after his/her eligibility ended and must have a disabling medical condition that (1) is the same as (or related to) the disabling medical condition that led to the previous period of eligibility and (2) prevents him/her from performing substantial gainful activity. In determining whether the individual is disabled or blind, the medical improvement review standard is applied. Normal nonmedical requirements for SSI eligibility still apply.

An individual requesting expedited reinstatement may receive up to 6 months of provisional benefits while his/her request is pending. These benefits generally are not considered an overpayment if the request is

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<sup>1</sup> State VR agencies generally have the option on a case-by-case basis of electing to be paid under an EN payment system or under the traditional cost reimbursement payment system.

denied. Provisional benefits may include Medicaid but do not include any State supplementary payments. Provisional benefits also may be received by the individual's spouse at a couple's rate if the spouse was previously eligible for SSI as a spouse.

## ***F. ADMINISTRATION OF THE SSI PROGRAM***

The framers of the SSI program chose SSA to administer the SSI program because the basic system for paying monthly benefits to a large number of individuals was already in place in the form of the Social Security program, and SSA had a long-standing reputation for dealing with the public in a fair and humane manner.

### **1. Application Process**

Individuals can apply for SSI benefits at any one of the approximately 1,300 SSA field offices around the country or through SSA teleservice centers. The claims process includes the application interview, the obtaining of necessary evidence and documentation, and the adjudication of the claim. Although many of the eligibility requirements for the Social Security program and the SSI program are different, the application process is very similar. Many times, individuals file for benefits under both programs at the same time.

SSA corroborates information provided by applicants for SSI through independent or collateral sources. Generally, the basic responsibility for obtaining evidence lies with the claimant, although SSA often gives advice and assistance on ways to obtain the needed information. Because of the special circumstances of the SSI population (for example, financial need, old age, or illness), SSA makes special efforts to assist claimants in obtaining the necessary proofs.

With regard to disability and blindness claims, SSA makes determinations of all of the nonmedical eligibility factors while each State's Disability Determination Services (DDS) makes determinations of the medical eligibility factors.

Applicants and recipients are required to report events and changes of circumstances that may affect their SSI eligibility and benefit amounts. Such reports are required, for example, when an individual has a change in the amount of his/her income or resources, changes living arrangements, or leaves the United States. Failure or delay in submitting a required report can result in a penalty being assessed against the individual's SSI benefit. The penalty is \$25 for the first such failure or delay, \$50 for the second such failure or delay, and \$100 for each subsequent failure or delay.

### **2. Determination of Eligibility**

SSI applications have no retroactivity and become effective in the month after the month of filing or the month after all eligibility requirements are met, whichever is later. Eligibility for benefits is determined on a current monthly basis. The amount of the monthly benefit generally is determined using income in the second month preceding the month for and in which the benefit is paid (a method called retrospective monthly accounting). However, at the start of a period of eligibility or re-eligibility, the benefits for the first and second months are both determined using the income received in the first month. (One-time, non-recurring income would only be counted in the month received.)

SSI recipients are required to have their nonmedical eligibility factors redetermined periodically, generally every 1 to 6 years depending on their specific situation.

In addition to these nonmedical reviews, medical reviews are conducted on disabled or blind recipients in order to determine if they continue to be disabled or blind. For administrative efficiency the medical reviews are done most often on those disabled or blind recipients whose medical conditions are considered likely to improve. Medical reviews are required for disabled or blind recipients, for example, under the following circumstances:

- When earnings of recipients exceed the substantial gainful activity level;<sup>1</sup>
- At least once every 3 years for recipients under age 18 whose medical conditions are considered likely to improve;
- Within 12 months after birth for recipients whose low birth weight is a contributing factor material to the determination of their disability, unless the Commissioner determines that the impairment is not expected to improve within 12 months of the child's birth; and
- Within 1 year after attainment of age 18 and using the adult eligibility criteria, for recipients whose eligibility for SSI benefits was established under the disabled child eligibility criteria.

### **3. Payment of Benefits**

SSI benefits generally are paid on the first day of each month. If the first of the month falls on a weekend or legal public holiday, benefit payments are delivered on the first working day preceding such Saturday, Sunday, or holiday. While SSA strongly encourages all SSI beneficiaries to receive their monthly benefits by direct deposit, benefit payments are also made by check if individuals do not wish to have their benefits sent directly to a financial institution. Monthly benefit payments include both the Federal SSI and State amounts if the recipient lives in a State in which SSA administers the State supplementary payment. (See section III.G.) Eligible couples generally receive their monthly benefits in one payment.

### **4. Representative Payees**

When SSI recipients are incapable of managing their benefits or are declared legally incompetent, SSA appoints representative payees for them, and their SSI benefits are sent to the representative payees. In many cases the representative payee is a spouse, a parent, or other close relative who will act in the recipient's best interest. In some cases, an SSA-approved organization may be appointed and some organizations have been authorized by SSA to collect a fee from the benefit for acting as payee. The fee cannot exceed the lesser of 10 percent of the benefit amount or a specified amount (\$32 a month in 2005 (\$61 a month for disabled recipients who also have a drug addiction or alcoholism condition)).

Representative payees may use an SSI recipient's benefit only for the use and benefit of the recipient and must account for all benefits received. Representative payees also are required to report any changes that may affect SSI recipients' eligibility and payment amount and may be held liable for certain overpayments that occur. In cases in which a child is due a retroactive payment that exceeds six times the Federal benefit rate, the representative payee is required to establish a separate (dedicated) account at a financial institution to maintain the retroactive payment. Expenditures from the account must be used primarily for certain expenses related to the child's impairment.

### **5. Appeal Rights**

Recipients must be informed in writing in advance of adverse actions SSA plans to take and must be given the opportunity to request that their benefits continue while a decision at the first level of appeal is pend-

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<sup>1</sup> Medical review cannot be initiated while the SSI recipient is "using a ticket" under the Ticket to Work program.

ing. Recipients can qualify for payment continuation when they appeal an adverse action within 10 days of receiving the advance notice. Slightly different rules apply to medical cessation cases. When appealing medical cessation cases, individuals may elect to have their benefits continued at both the reconsideration and hearing levels of appeal.

## **6. Fees for Attorneys and Non-attorney Representatives**

At any time, an individual may appoint a representative in any dealings with the Social Security Administration. If such a representative is an attorney, he/she must be in good standing, have the right to practice law before a court, not be disqualified or suspended from acting as a representative in dealings with Social Security, and not be prohibited by any law from acting as a representative. If the individual is not an attorney, he/she must meet qualifications specified by the Commissioner (e.g., be of good character and able to provide valuable service to claimants).

A representative may charge and receive a fee for his/her services, but the Social Security Administration generally decides how much the fee shall be. While the Social Security Act does not establish a maximum fee, most attorneys use a process that limits their maximum fee to the lesser of 25 percent of the retroactive payment or \$5,300<sup>1</sup>. A representative cannot charge or receive more than the fee amount authorized. The SSI program has traditionally differed from the Social Security program in that amounts could not be withheld from an individual's SSI benefits to pay for attorney fees. SSI claimants were responsible for paying such fees directly to their attorneys. However, beginning February 28, 2005, direct payment of attorney fees has temporarily been extended to the SSI program under the same process and in the same manner as fees are directly paid in the Social Security program. As in the fee process for the Social Security program, attorneys are now charged an assessment of the smaller of 6.3 percent of each authorized fee withheld or \$75. The flat-rate cap is adjusted based on annual cost-of-living adjustments, rounded down to the next lower dollar. In addition, the Commissioner is conducting a nationwide demonstration project providing for extension of fee withholding for non-attorney representatives under Social Security and SSI. In order to be eligible to participate in the demonstration project, non-attorney representatives will have to meet specified prerequisites that include: having a bachelors' degree or equivalent; having experience in representing claimants before SSA; having liability insurance; passing a criminal background check; and, passing an examination given by SSA that tests relevant knowledge of the Social Security Act and recent court decisions. The SSI fee withholding and direct payment of fees, and the demonstration project provisions, are temporary in that their authority ends after 5 years.

## **7. Advance Payments**

The SSI program has provisions which help to respond to the immediate needs of new claimants. These procedures are in addition to State and local programs designed to help those in need, pending decisions on their SSI status.

### ***a. Emergency Advance Payments***

A new claimant who faces a financial emergency, and for whom there is a strong likelihood of being found eligible, may receive up to 1 month's SSI benefits, the Federal payment amount plus any applicable State supplement. The amount paid is recovered from later SSI payments (in full from the first payment or in increments over no more than a 6-month period, depending upon the circumstances). However, if the claim is subsequently not allowed because of not finding disability or blindness, repayment would be waived. If the claim is disallowed for other reasons, the amount paid would be an overpayment and processed as such.

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<sup>1</sup> Fee agreements prior to February 1, 2002, were limited to the lesser of 25 percent of the retroactive payment or \$4,000.

**b. Presumptive Disability or Blindness**

Up to 6 months' payments may be made to an individual applying for benefits based on disability or blindness when the available evidence reflects a high degree of probability that his/her impairment will meet the definition of disability or blindness and he/she is otherwise eligible. These payments are not considered overpayments if the individual is later determined not to be disabled or blind.

**G. STATE<sup>1</sup> SUPPLEMENTATION**

In designing the SSI program, Congress recognized that States, in many instances, would want to provide a higher level of income maintenance than was available under the Federal program. At the same time States were given the option to either provide no supplementation to the Federal assistance payments or to supplement those payments based on their views of the needs of their citizens. They were mandated to assure that their citizens would not receive lower benefits under the Federal program than they had under the former State program. The following paragraphs describe the various forms of State supplementation that currently exist. Table III.H1 summarizes State-specific participation in these programs as well as other programs requiring State and Federal coordination as discussed in section III.H.

**1. Optional State Supplementary Payment Programs**

For individuals who first became eligible for SSI in 1974 or later, each State could supplement Federal payments to whatever extent it found appropriate with respect to the needs of its citizens and resources of the State. Currently, 45 States have optional State supplementary payment programs.

Some States provide supplementary payments to all individuals eligible for SSI benefits, while others may limit them to certain SSI recipients such as the blind or residents of domiciliary-care facilities, or may extend them to persons ineligible for SSI because of excess income. States' flexibility in setting supplementary payments, however, has been significantly restricted by the passalong provisions (see section 4 below).

**2. Mandatory State Supplementary Payment Programs**

States are required<sup>2</sup> to maintain the December 1973 income levels of individuals who were transferred from the former State adult assistance programs to the SSI program in 1974, except for Texas which has a constitutional bar against mandatory State supplementation. Over the years, many individuals who were converted to SSI from the State benefit rolls in December 1973 have died and others have had their incomes increased above the December 1973 level. As a result, there are few individuals who continue to receive mandatory State supplementary payments.

**3. Administration of State Supplementary Payments**

A State may administer its supplementary program or enter into an agreement under which SSA will make eligibility determinations and payments on behalf of the State. Under State administration, the State pays its own program benefits and absorbs the full administrative costs. Under Federal administration, States are required to pay SSA a \$9.06 fee for each supplementary payment issued in fiscal year 2005. Fees are projected to rise in succeeding fiscal years, based on changes in the consumer price index.

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<sup>1</sup> References to State include, in addition to the 50 States, the District of Columbia. The applicable State supplementation provisions would also apply to the Northern Mariana Islands if it began making State supplementary payments.

<sup>2</sup> Requirement does not affect West Virginia, since, in 1973, SSI Federal benefit rates exceeded the applicable income standards under the State's adult assistance programs.

States that administer their own supplementary payment programs establish their own eligibility criteria. States with Federally-administered programs must adhere to SSI eligibility criteria in all aspects except that they may establish additional income exclusions.

#### **4. Passalong Provisions**

When the SSI program began in 1974, there were no requirements that States maintain their efforts with regard to levels of State supplementary payments. However, in 1976 in reaction to States reducing their supplementary payment amounts when SSI payments were increased, Congress mandated that States pass along SSI benefit increases resulting from cost-of-living adjustments.

To meet the passalong (or maintenance-of-effort) requirement, a State may either maintain each State payment level from year-to-year—the “payment levels” method—or it may spend the same amount of money, in the aggregate, that it spent for supplementary benefits in the 12-month period preceding the increase in the SSI benefit rate—the “total expenditures” method. Currently, 41 States use the levels method and 9 use the expenditure method. West Virginia has no optional supplementary plan and was not required to establish a mandatory plan because Federal SSI income standards exceeded all payments made under the State’s adult assistance programs in 1973.

### ***H. COORDINATION WITH OTHER PROGRAMS***

SSI benefits are not the only form of assistance available to needy aged, blind, or disabled individuals. Medicaid, food stamps, and temporary State assistance also are important in keeping individuals from sliding further into poverty. SSA plays a limited but important role in helping States with regard to administration of Medicaid and food stamp programs, and provisions in the SSI statute assure that payments made by States or under the Social Security program are not duplicated by SSI benefits.

#### **1. Windfall Offset**

If a person receives SSI payments, and is later determined to be entitled to retroactive Social Security benefits, such retroactive benefits are reduced by the amount of SSI payments the person would not have been eligible for had the Social Security benefits been paid in the month they were due. This process is called the “windfall offset” and was enacted to prevent windfall payments to individuals when Social Security and SSI payments were paid for the same period.

#### **2. Medicaid Determinations**

Generally, SSI recipients are categorically eligible for Medicaid. A State may either use SSI eligibility criteria for determining Medicaid eligibility, or use its own criteria as long as the criteria are no more restrictive than the State’s January 1972 medical assistance standards. Forty States use SSI criteria and 11 States use eligibility criteria more restrictive than those of the SSI program.

States also may enter into agreements with SSA for SSA to make Medicaid eligibility determinations on their behalf, as long as the eligibility requirements of the State’s Medicaid plans are the same as those for the SSI program. Under these agreements, SSA determines only when an individual is eligible for Medicaid; SSA does not determine Medicaid ineligibility. SSA has Medicaid determination agreements with 33 States.

Continued Medicaid eligibility is provided for certain Social Security beneficiaries who lose SSI eligibility due to entitlement to Social Security benefits, or due to a change in Social Security benefits resulting from:

- Cost-of-living adjustments,
- Actuarial increases in disabled widow(er)s benefits before age 60,
- Changes in the definition of disability for widow(er)s benefits, or
- Increases in or entitlement to disabled adult child benefits.

### **3. Food Stamp Applications**

SSI recipients in all States, except California,<sup>1</sup> may be eligible for food stamps. Under agreements entered into by the Secretary of Agriculture and SSA, Social Security offices notify Social Security and SSI applicants and recipients of their potential benefits under the Food Stamp program and make food stamp applications available to them.

The law also provides for Social Security offices to take food stamp applications from potentially eligible or eligible SSI households which are not already receiving food stamps and which do not have a food stamp application pending. Food stamp applications from SSI households may be taken in connection with initial SSI claims or at the time of a redetermination. Food stamp applicants have the option of applying at Social Security offices or applying at State food stamp offices if expedited service is required. Social Security offices forward the food stamp applications and any supporting documents to the local food stamp offices within 1 day of taking the application. Eligibility is determined by the food stamp office.

### **4. Interim Assistance Reimbursement**

SSA may enter into agreements under which States or local governments are reimbursed for basic needs assistance provided during the period that either an eligible individual's SSI application for benefits was pending, or the individual's SSI benefits were suspended and subsequently reinstated (the interim period).

Under these interim assistance reimbursement agreements, if the individual has given SSA written authorization, SSA sends an individual's first SSI benefit check relating to the interim period to the State or local jurisdiction that had provided the interim assistance. The State then deducts the amount it is owed and is required to forward the remainder to the claimant within 10 days.<sup>2</sup> Thirty-nine States have interim assistance agreements with SSA.

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<sup>1</sup> California "cashes out" food stamps and SSI recipients there receive a cash payment in their State supplementary payment in lieu of food stamps.

<sup>2</sup> Beginning in August, 1996, in certain disabled children's cases, SSA first reimburses the State, then pays the remainder into special dedicated financial institution accounts for the children. In all other cases where the retroactive benefits exceed a certain amount, SSA reimburses the State, then pays the remainder in installments to the recipient or his/her representative payee.

Table III.H1.—SSI State Supplementation<sup>1</sup> and Coordination with Other Programs

United States and District of Columbia	Optional State program— Administered by:			Method of mandatory passalong of benefit increases from cost-of-living adjustments		Medicaid eligibility determination—			Interim assistance reimbursement agreement with SSA
	State	Federal (SSA)	Federal & State	“Payment levels”	“Total expenditures”	Based on:		Agreement with SSA to determine eligibility	
						Federal criteria	State criteria		
Alabama <sup>2</sup>	*			*		*		*	
Alaska	*				*	*			*
Arizona	*			*		*		*	*
Arkansas <sup>3</sup>				*		*		*	
California		*		*		*		*	*
Colorado	*				*	*		*	*
Connecticut <sup>2</sup>	*			*			*		*
Delaware			*	*		*		*	*
District of Columbia		*			*	*		*	*
Florida <sup>2</sup>	*			*		*		*	*
Georgia <sup>3</sup>				*		*		*	*
Hawaii		*			*		*		*
Idaho	*			*		*			
Illinois	*			*			*		*
Indiana <sup>2</sup>	*			*			*		*
Iowa			*	*		*		*	*
Kansas <sup>3</sup>				*		*			*
Kentucky <sup>2</sup>	*			*		*		*	*
Louisiana <sup>4</sup>	*			*		*		*	
Maine	*			*		*		*	*
Maryland <sup>4</sup>	*			*		*		*	*
Massachusetts		*		*		*		*	*
Michigan			*	*		*		*	* 5
Minnesota <sup>2</sup>	*			*			*		*
Mississippi <sup>3</sup>				*		*		*	
Missouri	*			*			*		*
Montana		*		*		*		*	*
Nebraska	*				*	*			*
Nevada <sup>2</sup>		*		*		*			*
New Hampshire	*			*			*		* 5
New Jersey		*		*		*		*	*
New Mexico	*			*		*		*	* 5
New York			*	*		*		*	*
North Carolina	*			*		*		*	*
North Dakota <sup>2</sup>	*			*			*		
Ohio <sup>4</sup>	*			*			*		*
Oklahoma	*				*		*		
Oregon	*				*	*			*
Pennsylvania			*	*		*		*	*
Rhode Island <sup>2</sup>		*		*		*		*	* 5
South Carolina <sup>2</sup>	*			*		*		*	
South Dakota <sup>4</sup>	*			*		*		*	
Tennessee <sup>3</sup>				*		*		*	*
Texas <sup>6</sup>	*			*		*		*	
Utah <sup>2</sup>		*		*		*			*
Vermont <sup>2</sup>			*	*		*		*	*
Virginia <sup>2</sup>	*			*			*		*
Washington	*				*	*		*	*
West Virginia <sup>6</sup>						*		*	
Wisconsin	*				*	*		*	*
Wyoming	*			*		*		*	
Total number of States . . . . .	30	9	6	41	9	40	11	33	39

<sup>1</sup> See body of text for description of the various forms of State supplementation.

<sup>2</sup> State no longer has any recipients receiving mandatory minimum State supplementation.

<sup>3</sup> Mandatory minimum State supplementation program is Federally-administered. No optional program.

<sup>4</sup> Mandatory minimum State supplementation program is Federally-administered.

<sup>5</sup> State provides assistance only in initial application cases. No assistance provided during periods that SSI benefits are suspended or terminated.

<sup>6</sup> State does not have a mandatory minimum State supplementation program.

#### **IV. ESTIMATES OF PROGRAM PARTICIPATION AND FEDERAL EXPENDITURES UNDER THE SUPPLEMENTAL SECURITY INCOME PROGRAM, 2005-29**

As described in section III, eligibility for payments under the SSI program depends on satisfying a collection of requirements related to the socioeconomic status of the individual, as well as the evaluation of disability or blindness for all persons under age 65, and for certain individuals at ages 65 or older. Consequently, future SSI program participation and expenditures will depend on a variety of difficult-to-predict factors including the performance of national and local economies, distribution of personal income, the prevalence of disability in the general population, and the determination of disability as defined by the Social Security Act. Nevertheless, for planning purposes it is important to develop projections of future program participation and expenditures to the extent that we can understand and model the impact of these factors on the SSI program. The projections presented in this section reflect the latest efforts in this regard.

This section includes projections of program participation and expenditures under the SSI program for a period of 25 years as required by the provisions of Public Law 104-193 which mandate this report. Our current projection model disaggregates the basic population by single year of age and gender in order to better understand and project the various transitions in and out of payment status. Transitions into payment status are projected separately for: (1) new entrants resulting from an application for program benefits and (2) returns to payment status from suspended status. Movements out of payment status are projected separately for (1) terminations due to death and (2) suspensions of payment due to all other reasons.<sup>1</sup> The assumptions and methods used in preparing these projections are reexamined each year in the light of recent experience and new information about future conditions, and revised if warranted. The presentation of projection results in the remainder of this section provides SSI population information by selected age groups. Where certain recipient categories have overlapping age distributions, recipient category totals are also shown.

##### ***A. DEMOGRAPHIC AND ECONOMIC ASSUMPTIONS***

As in previous annual reports, the estimates presented in this section have been prepared in a manner which accounts for the basic demographic changes expected to occur over the next 25 years. In addition, the indexation of the Federal benefit rate depends on a projection of the Consumer Price Index (CPI) over that same 25-year period. These estimates are based on the intermediate demographic projections and CPI assumptions developed for the 2005 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance (OASDI) Trust Funds.<sup>2</sup> Detailed discussion of these demographic and economic parameters is presented in sections V.A and V.B of that report.<sup>3</sup> The key assumptions utilized directly for the projections presented in this report are summarized in the following two tables. Table IV.A1 presents population projections summarized for the age subgroups that are used in the presentation of SSI participant projections discussed in the next section.

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<sup>1</sup> The two main reasons other than death for termination of SSI payments are (1) failure to satisfy income and resource limitations of the SSI program and (2) recovery from a qualifying disability.

<sup>2</sup> House Document 109-18, published April 5, 2005.

<sup>3</sup> *Ibid*, Section V.A, *Demographic Assumptions and Methods* and Section V.B, *Economic Assumptions and Methods*.

**Table IV.A1.—Historical and Projected Population in the Social Security Area based on the Intermediate Assumptions of the 2005 OASDI Trustees Report, as of July 1, 1974-2029**  
[In thousands]

Year	Age groups <sup>1</sup>						Total all ages
	0-17	18-34	35-49	50-64	65-74	75 or older	
<b>Historical data:</b>							
1974 .....	70,713	60,129	36,328	32,819	13,883	8,883	222,755
1975 .....	69,726	62,092	36,311	33,165	14,188	9,117	224,599
1976 .....	68,736	63,980	36,478	33,437	14,509	9,362	226,501
1977 .....	67,830	65,644	36,887	33,705	14,840	9,618	228,524
1978 .....	67,001	67,223	37,470	33,940	15,167	9,886	230,687
1979 .....	66,271	68,855	38,044	34,110	15,483	10,170	232,932
1980 .....	65,747	70,443	38,565	34,240	15,773	10,464	235,233
1981 .....	65,421	71,537	39,565	34,297	16,045	10,763	237,627
1982 .....	65,209	72,120	41,104	34,246	16,332	11,093	240,104
1983 .....	65,146	72,586	42,665	34,125	16,594	11,426	242,541
1984 .....	65,233	72,912	44,170	34,030	16,834	11,743	244,922
1985 .....	65,458	73,116	45,663	33,931	17,113	12,054	247,335
1986 .....	65,747	73,222	47,273	33,754	17,448	12,356	249,800
1987 .....	65,983	73,301	48,966	33,650	17,738	12,675	252,313
1988 .....	66,184	73,426	50,663	33,666	17,961	12,993	254,892
1989 .....	66,613	73,360	52,428	33,723	18,167	13,316	257,608
1990 .....	67,474	72,883	54,229	33,842	18,371	13,658	260,458
1991 .....	68,588	72,127	55,998	34,072	18,595	13,992	263,372
1992 .....	69,706	71,312	57,642	34,552	18,805	14,324	266,342
1993 .....	70,731	70,569	59,179	35,203	18,956	14,635	269,273
1994 .....	71,633	69,853	60,784	35,840	19,032	14,938	272,081
1995 .....	72,363	69,189	62,510	36,403	19,048	15,273	274,786
1996 .....	72,978	68,684	63,832	37,397	18,981	15,638	277,511
1997 .....	73,458	68,372	64,660	38,900	18,880	15,978	280,248
1998 .....	73,799	68,208	65,474	40,390	18,748	16,279	282,898
1999 .....	74,118	68,139	66,241	41,843	18,615	16,562	285,517
2000 .....	74,403	68,354	66,821	43,253	18,558	16,866	288,255
2001 .....	74,706	68,817	67,230	44,710	18,538	17,193	291,193
2002 .....	75,021	69,413	67,499	46,213	18,550	17,467	294,164
2003 .....	75,234	69,862	67,643	47,811	18,609	17,641	296,800
2004 .....	75,413	70,021	67,723	49,556	18,746	17,747	299,207
<b>Projected:</b>							
2005 .....	75,609	70,099	67,802	51,365	18,960	17,838	301,673
2006 .....	75,763	70,310	67,771	53,123	19,301	17,901	304,170
2007 .....	75,810	70,813	67,484	54,779	19,816	17,926	306,628
2008 .....	75,770	71,548	66,969	56,381	20,454	17,929	309,050
2009 .....	75,728	72,332	66,346	58,015	21,106	17,950	311,477
2010 .....	75,739	73,063	65,682	59,639	21,783	18,006	313,912
2011 .....	75,807	73,755	65,056	61,009	22,651	18,074	316,352
2012 .....	75,921	74,384	64,540	62,033	23,759	18,158	318,795
2013 .....	76,079	74,878	64,153	62,908	24,933	18,287	321,238
2014 .....	76,294	75,171	63,918	63,748	26,075	18,472	323,677
2015 .....	76,560	75,264	63,906	64,443	27,198	18,713	326,084
2016 .....	76,842	75,303	64,122	64,891	28,260	19,036	328,455
2017 .....	77,097	75,443	64,435	65,120	29,245	19,471	330,812
2018 .....	77,259	75,749	64,692	65,235	30,233	19,984	333,152
2019 .....	77,314	76,180	64,811	65,333	31,318	20,518	335,473
2020 .....	77,339	76,622	64,843	65,427	32,451	21,092	337,774
2021 .....	77,503	76,917	64,955	65,407	33,446	21,820	340,048
2022 .....	77,801	77,072	65,266	65,151	34,261	22,739	342,289
2023 .....	78,098	77,173	65,778	64,689	35,025	23,727	344,490
2024 .....	78,387	77,175	66,424	64,129	35,817	24,714	346,646
2025 .....	78,653	77,083	67,140	63,534	36,609	25,709	348,728
2026 .....	78,892	76,973	67,867	62,975	37,326	26,696	350,729
2027 .....	79,108	76,915	68,524	62,520	37,919	27,687	352,673
2028 .....	79,299	76,914	69,037	62,190	38,398	28,717	354,554
2029 .....	79,463	76,962	69,365	62,009	38,760	29,814	356,374

<sup>1</sup> Age as of last birthday.

Note: Totals do not necessarily equal the sums of rounded components. Historical population data subject to revision.

As described in section III.D.1, the monthly Federal benefit rate is adjusted in January of each year to reflect changes in the level of consumer prices. The adjustment factor is based on the year-to-year increase in the CPI for the third quarter of the calendar year. This cost-of-living adjustment is identical to the adjustment of Social Security benefits under the OASDI program. In previous years, occasional ad hoc increases were also applied to the Federal benefit rates, either in place of or in addition to the automatic adjustments. The history of legislation affecting the Federal benefit rates is presented in table V.A1. Table IV.A2 presents a complete history of the cost-of-living adjustment factors and Federal benefit rates since the inception of the program, along with projections of such amounts consistent with the economic assumptions underlying the SSI expenditure estimates discussed in section IV.C.

**Table IV.A2.—SSI Federal Benefit Rate Increases and Levels: Historical and Projected on the Basis of the Intermediate Assumptions of the 2005 OASDI Trustees Report, 1974-2029**

Year	Benefit rate increase <sup>1</sup>	Federal benefit rate		
		Individual	Couple	Essential person <sup>2</sup>
Historical data:				
Initial benefit paid January 1, 1974 <sup>3</sup>		\$140.00	\$210.00	\$70.00
1974.....	<sup>4</sup> 4.3%	146.00	219.00	73.00
1975.....	8.0	157.70	236.60	78.90
1976.....	6.4	167.80	251.80	84.00
1977.....	5.9	177.80	266.70	89.00
1978.....	6.5	189.40	284.10	94.80
1979.....	9.9	208.20	312.30	104.20
1980.....	14.3	238.00	357.00	119.20
1981.....	11.2	264.70	397.00	132.60
1982.....	7.4	284.30	426.40	142.50
1983.....	<sup>4</sup> 7.0	304.30	456.40	152.50
1984.....	3.5	314.00	472.00	157.00
1985.....	3.5	325.00	488.00	163.00
1986.....	3.1	336.00	504.00	168.00
1987.....	1.3	340.00	510.00	170.00
1988.....	4.2	354.00	532.00	177.00
1989.....	4.0	368.00	553.00	184.00
1990.....	4.7	386.00	579.00	193.00
1991.....	5.4	407.00	610.00	204.00
1992.....	3.7	422.00	633.00	211.00
1993.....	3.0	434.00	652.00	217.00
1994.....	2.6	446.00	669.00	223.00
1995.....	2.8	458.00	687.00	229.00
1996.....	2.6	470.00	705.00	235.00
1997.....	2.9	484.00	726.00	242.00
1998.....	2.1	494.00	741.00	247.00
1999.....	1.3	500.00	751.00	250.00
2000.....	<sup>5</sup> 2.5	<sup>6</sup> 513.00	769.00	257.00
2001.....	3.5	<sup>6</sup> 531.00	796.00	266.00
2002.....	2.6	545.00	817.00	273.00
2003.....	1.4	552.00	829.00	277.00
2004.....	2.1	564.00	846.00	282.00
2005.....	2.7	579.00	869.00	290.00
Projected:				
2006.....	2.0	591.00	886.00	296.00
2007.....	2.2	604.00	906.00	302.00
2008.....	2.7	620.00	930.00	310.00
2009.....	2.8	637.00	956.00	319.00
2010.....	2.8	655.00	983.00	328.00
2011.....	2.8	674.00	1,011.00	337.00
2012.....	2.8	693.00	1,039.00	347.00
2013.....	2.8	712.00	1,068.00	357.00
2014.....	2.8	732.00	1,098.00	367.00
2015.....	2.8	752.00	1,129.00	377.00
2016.....	2.8	773.00	1,160.00	387.00
2017.....	2.8	795.00	1,193.00	398.00
2018.....	2.8	817.00	1,226.00	409.00
2019.....	2.8	840.00	1,261.00	421.00
2020.....	2.8	864.00	1,296.00	433.00
2021.....	2.8	888.00	1,332.00	445.00
2022.....	2.8	913.00	1,369.00	457.00
2023.....	2.8	938.00	1,408.00	470.00
2024.....	2.8	965.00	1,447.00	483.00
2025.....	2.8	992.00	1,488.00	497.00
2026.....	2.8	1,020.00	1,529.00	511.00
2027.....	2.8	1,048.00	1,572.00	525.00
2028.....	2.8	1,078.00	1,616.00	540.00
2029.....	2.8	1,108.00	1,662.00	555.00

<sup>1</sup> Increases prior to 1984 were effective for the payment due on July 1 of the year. Increases shown for 1984 and later are effective for the payment due on January 1 of the year.

<sup>2</sup> A concept carried over from the former State assistance plans. There are currently fewer than 100 of those cases remaining.

<sup>3</sup> Benefits paid in January, 1974 were based on the Federal benefit rates established by Public Law 92-603, enacted October 30, 1972: \$130.00 for individuals; \$195.00 for couples; and \$65.00 for essential persons. Retroactive payments were subsequently made to adjust initial payments to the higher Federal benefit rates established by Public Law 93-233, enacted December 31, 1973.

<sup>4</sup> Ad hoc increases as specified in the law.

<sup>5</sup> Originally determined as 2.4 percent, but pursuant to Public Law 106-554, enacted December 21, 2000, is effectively now 2.5 percent.

<sup>6</sup> Benefits originally paid in 2000 and through July 2001 were based on Federal benefit rates of \$512.00 and \$530.00, respectively. Pursuant to Public Law 106-554, monthly payments beginning in August 2001 were effectively based on the higher \$531 amount. Lump-sum compensation payments were made based on an adjusted benefit rate for months prior to August 2001.

Estimates presented in the sections that follow are based on the assumptions described in this section. Furthermore, for purposes of making these estimates, it is assumed that no changes will occur during the projection period in the present statutory provisions and regulations under which the SSI program operates.

### ***B. NUMBERS OF PARTICIPANTS IN THE SSI PROGRAM***

This section presents projections of the various subpopulations which lead to the numbers of persons receiving Federal SSI payments. As described above, the model that produces these projections is structured to handle population flows by single-year-of-age.<sup>1</sup> Correspondingly, the tables in this section present population totals by selected age groupings for the SSI recipient categories of (1) *aged* and (2) *blind or disabled*. The following paragraphs discuss these age groupings and recipient categories in more detail.

- The *aged* category includes those individuals whose eligibility for SSI benefits is established based on meeting the age-65<sup>2</sup>-or-older requirement for assistance, and other SSI eligibility requirements including income and resource limits. In December 2004, there were 1.211 million aged recipients of Federally-administered SSI payments.
- The *blind or disabled* category includes those individuals whose eligibility is established based on meeting the definition of blindness or disability and the applicable income and resource limits as well as any other SSI eligibility requirements. This category is often subdivided into two subcategories based on age: *blind or disabled adults* (age 18 or older) and *blind or disabled children* (under age 18). In December 2004, there were 5.777 million blind or disabled recipients of Federally-administered SSI payments
  - The *blind or disabled adults* subcategory includes those individuals age 18 or older who meet the definition of blindness or disability for individuals age 18 or older and SSI income and resource limits. Included in this category are students age 18 to 21 who must meet the adult definition of disability and differ from other adults only in that they qualify for a special student earned income exclusion. After attainment of age 65, these individuals generally continue to be classified as blind or disabled adults (rather than aged). In December 2004, there were 4.784 million blind or disabled recipients of Federally-administered SSI payments age 18 or older, including 7 thousand students who used the special student earned income exclusion and 766 thousand disabled or blind recipients age 65 or older.
  - The *blind or disabled children* subcategory includes those individuals whose eligibility is established based on meeting the definition of blindness or disability for individuals under age 18. These children are subject to parent-to-child deeming until they reach the age of 18. At age 18 these individuals continue to be eligible for SSI if they meet the definition of blindness or disability for individuals age 18 or older and, as a result, are reclassified as blind or disabled adults. In December 2004, there were 993 thousand blind or disabled recipients of Federally-administered SSI payments who were under age 18.

Table IV.B1 presents historical and projected numbers of persons applying for SSI benefits, by calendar year of application. Figure IV.B1 presents this same information in graphical form. Actual numbers of applications received in 2004 were about 7.3 percent higher than were received in 2003 following increases of 9.6 percent and 3.4 percent in 2002 and 2003, respectively. The actual result for 2004 was 6.6

<sup>1</sup> Population flows are projected on a calendar-year-age basis, with activity throughout a given year tabulated according to age at the end of the calendar year. Tabulations of recipients in current-payment status are provided as of December of each calendar year at which time calendar year of age and age last birthday are the same. However, the tabulations that reflect activity throughout the calendar year are summarized according to calendar year of age and will not correspond precisely to tabulations summarized according to age last birthday. For example, applications for the 0-17 age group for a given calendar year include applications only for those individuals who are under 18 at the end of the calendar year.

<sup>2</sup> Individuals may apply for SSI benefits based on age as of the day preceding their 65th birthday.

percent higher than estimated for 2004 in the 2004 Annual Report. This 3-year growth in applications is likely related to the downturn in the economy that began early in 2001. Our short-term projections of numbers of applications reflect a continuation of that higher level of applications over the next 2 years, but return to a path consistent with longer term historical trends as the economy is assumed to recover. Longer term trends in applications are estimated to continue to grow from current levels roughly in line with overall population growth, as was assumed in last year's report.

**Table IV.B1.—SSI Federally-Administered Applications,<sup>1</sup> Calendar Years 1974-2029**  
[In thousands]

Calendar year	Blind or disabled, by age group					Aged, by age group			Totals		All
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	
Historical data:											
1974 <sup>2, 3</sup>	125	590	626	1,303	158	20	1,434	1,496	2,822	2,931	5,752
1975 <sup>2, 4</sup>	94	276	258	443	15	5/	238	145	1,086	382	1,468
1976	82	260	250	384	8	5/	175	80	984	254	1,239
1977	100	286	246	401	7	1	174	84	1,040	259	1,298
1978	94	276	256	413	7	5/	170	88	1,046	258	1,304
1979	106	282	268	426	7	5/	178	84	1,090	262	1,352
1980	122	310	272	438	8	1	187	89	1,151	276	1,427
1981	78	206	173	271	5	5/	88	42	733	130	864
1982	88	246	206	278	11	1	93	48	830	141	971
1983	102	258	225	311	5	1	122	68	902	190	1,092
1984	103	267	247	321	7	5/	178	108	944	286	1,230
1985	114	294	297	409	7	5/	151	73	1,122	223	1,345
1986	122	316	334	426	7	1	150	81	1,205	231	1,437
1987	108	287	299	331	7	1	134	66	1,033	200	1,233
1988	114	282	301	317	7	1	131	69	1,021	200	1,221
1989	116	297	323	329	7	5/	146	76	1,072	222	1,294
1990	149	335	380	356	6	5/	156	71	1,226	227	1,454
1991	237	391	453	391	7	5/	159	68	1,479	227	1,706
1992	339	453	522	407	8	5/	163	64	1,728	226	1,955
1993	473	506	570	416	7	5/	158	61	1,973	218	2,191
1994	517	492	571	402	6	5/	136	52	1,989	188	2,177
1995	473	435	524	363	6	5/	121	44	1,801	165	1,966
1996	431	393	500	345	9	1	108	44	1,678	153	1,831
1997	306	317	438	307	8	1	82	35	1,377	117	1,494
1998	318	317	453	331	9	1	96	39	1,428	136	1,563
1999	338	317	470	336	6	5/	107	39	1,468	145	1,614
2000	337	321	486	341	6	5/	102	39	1,493	140	1,633
2001	351	346	502	354	4	5/	98	35	1,558	134	1,691
2002	385	388	550	384	4	5/	105	38	1,711	142	1,853
2003	400	404	565	408	4	5/	100	36	1,781	135	1,916
2004	420	438	604	452	4	5/	101	37	1,919	138	2,057
Projected:											
2005	424	430	594	467	5	5/	100	37	1,921	137	2,057
2006	403	408	572	464	5	5/	108	37	1,852	145	1,997
2007	382	380	536	463	6	5/	112	37	1,767	149	1,916
2008	376	374	520	471	6	5/	115	37	1,747	152	1,899
2009	372	371	507	479	6	5/	117	37	1,735	154	1,889
2010	369	372	499	488	7	5/	119	37	1,735	156	1,890
2011	369	375	493	495	7	5/	125	37	1,739	161	1,900
2012	370	378	489	502	8	5/	131	37	1,746	168	1,914
2013	371	380	486	509	8	5/	136	37	1,753	174	1,927
2014	372	380	484	515	8	5/	142	38	1,760	179	1,939
2015	373	380	485	519	8	5/	147	38	1,766	185	1,950
2016	374	380	487	521	8	5/	151	39	1,770	190	1,960
2017	375	381	489	521	9	5/	155	40	1,774	195	1,969
2018	376	384	490	520	9	5/	160	41	1,778	201	1,979
2019	376	386	490	520	9	5/	166	42	1,783	208	1,991
2020	377	389	490	521	9	5/	171	43	1,786	215	2,001
2021	379	389	492	519	10	5/	175	45	1,789	221	2,009
2022	380	390	495	515	10	5/	179	47	1,790	226	2,017
2023	381	390	500	510	10	5/	183	49	1,792	232	2,024
2024	383	390	505	505	10	5/	187	51	1,793	238	2,031
2025	384	389	511	500	10	5/	190	53	1,795	244	2,038
2026	385	389	516	496	10	5/	193	55	1,796	248	2,044
2027	386	389	521	493	10	5/	194	57	1,798	251	2,049
2028	386	389	524	491	10	5/	195	59	1,801	254	2,055
2029	387	389	526	492	10	5/	196	61	1,804	257	2,062

<sup>1</sup> Based on data reported in the Integrated Workload Management System (formerly known as the District Office Workload Report).

<sup>2</sup> "All" column estimated by the Office of Research, Evaluation, and Statistics using a 10-percent sample and published in the SSI Annual Statistical Report.

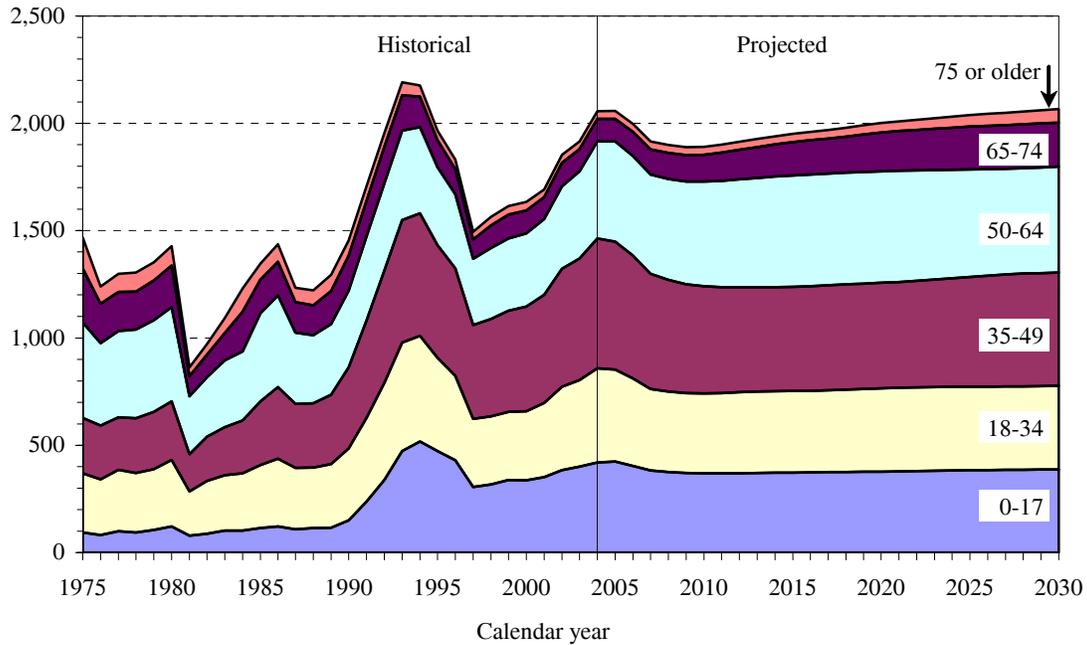
<sup>3</sup> Includes conversions from State programs and applications received in 1973.

<sup>4</sup> Estimated totals revised from prior SSI Annual Reports.

<sup>5</sup> Fewer than 500.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

**Figure IV.B1.—SSI Federally-Administered Applications by Age Group, Calendar Years 1975-2030**  
[In thousands]



The adjudication of these applications involves an evaluation of levels of income and resources available to the applicants, as well as other eligibility factors including marital and citizenship status and living arrangements. In addition, in over 90 percent of the cases, an evaluation of an alleged impairment must be done by the appropriate State Disability Determination Service. An unfavorable disability determination may then be appealed by the applicant through several administrative levels of appeal. If all administrative levels of appeal are exhausted, the applicant may in turn carry his/her appeal to the Federal courts. Data on recent historical experience for this disability decision process are presented in section V.C.

Table IV.B2 and figure IV.B2 present historical and projected numbers of persons who are ultimately awarded SSI eligibility as a result of this decision process. In that table and graph, we are essentially counting individuals as being awarded in the first month that they move into SSI payment status. For this reason, we refer to these individuals as “new entrants” rather than “awards.”<sup>1</sup> The numbers of new entrants into SSI payment status increased in 1998 and again slightly in 1999 following a period of decline ending in 1997. In 2000, the numbers of new entrants experienced a small decrease but resumed growing in 2001 and continued growing through 2004 with an increase in 2004 of 4.1 percent. The growth in awards in recent years has not kept pace with the growth in applications, and the number of claims pending adjudication has grown. Our projections assume that the level of new entrants will continue at a somewhat higher level for the next few years, reflecting both the continued assumed higher level of applications in the next couple of years and the reduction in pending claims, as more administrative resources become available to process claims. Over the longer term the numbers of new entrants are estimated to increase gradually in line with the projected growth in applications.

<sup>1</sup> In addition, these counts differ slightly from other similar totals identified as “awards” and published by the Office of Research, Evaluation, and Statistics (ORES) in the *Annual Statistical Supplement to the Social Security Bulletin*. The ORES totals are similar in concept to those used in this report, but differ slightly due to the timing of the action being tabulated. For example, ORES does not count a disability benefit as being awarded until the disability decision is made. In contrast, under the procedures used in this report, individuals first coming on the SSI rolls through a finding of presumptive disability would be counted as a “new entrant” in the first month of presumptive disability payment.

**Table IV.B2.—SSI Federally-Administered New Entrants, Calendar Years 1974-2029**  
[In thousands]

Calendar year <sup>1</sup>	Blind or disabled, by age group					Aged, by age group			Totals <sup>2</sup>		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
<b>Historical data:</b>											
1974 <sup>3</sup> . . . .	63	390	381	925	141	18	1,211	1,268	1,919	2,479	4,398
1975 . . . .	58	133	105	272	16	#/	216	131	584	347	931
1976 . . . .	43	105	88	207	9	#/	147	70	452	218	669
1977 . . . .	48	104	84	184	8	1	140	69	429	209	637
1978 . . . .	43	92	76	154	6	#/	127	66	370	193	563
1979 . . . .	44	87	62	133	4	#/	116	53	330	169	499
1980 . . . .	41	92	61	142	4	#/	125	59	341	184	524
1981 . . . .	37	77	49	106	3	#/	80	37	272	117	389
1982 . . . .	38	63	51	90	4	#/	72	31	245	103	348
1983 . . . .	47	88	62	117	3	#/	95	51	317	146	463
1984 . . . .	47	109	78	142	4	#/	131	78	380	209	589
1985 . . . .	48	104	80	148	4	#/	106	46	384	152	536
1986 . . . .	55	127	109	153	5	#/	110	51	449	161	610
1987 . . . .	48	119	106	157	5	#/	116	52	435	167	602
1988 . . . .	50	101	108	146	5	1	112	56	412	167	579
1989 . . . .	48	113	115	155	5	#/	127	62	436	189	625
1990 . . . .	76	136	134	182	5	#/	149	66	533	215	748
1991 . . . .	126	146	172	200	6	#/	139	54	650	193	844
1992 . . . .	221	199	221	233	6	#/	133	48	881	181	1,062
1993 . . . .	235	194	221	225	6	#/	136	49	881	185	1,066
1994 . . . .	204	164	207	215	6	#/	116	42	796	157	953
1995 . . . .	177	147	207	218	5	#/	105	36	755	141	895
1996 . . . .	145	134	193	203	6	1	93	35	681	128	809
1997 . . . .	116	111	171	178	4	#/	68	25	580	93	673
1998 . . . .	135	117	181	194	7	1	78	30	634	108	742
1999 . . . .	140	114	186	195	5	#/	88	33	640	120	760
2000 . . . .	145	112	180	191	5	#/	84	31	633	115	748
2001 . . . .	157	121	185	198	4	#/	79	28	665	107	772
2002 . . . .	171	128	195	212	4	#/	82	29	710	111	821
2003 . . . .	180	132	194	214	4	#/	77	27	724	104	828
2004 . . . .	183	138	202	231	4	#/	78	27	757	105	862
<b>Projected:</b>											
2005 . . . .	189	144	213	252	5	#/	80	27	804	107	911
2006 . . . .	184	148	225	270	6	#/	88	29	834	117	951
2007 . . . .	175	137	210	269	7	#/	91	29	799	121	919
2008 . . . .	170	133	200	270	8	#/	94	29	780	123	903
2009 . . . .	167	129	190	270	7	#/	95	29	763	124	887
2010 . . . .	166	128	185	272	7	#/	96	29	758	125	884
2011 . . . .	166	127	181	273	7	#/	100	29	754	129	883
2012 . . . .	166	127	179	275	7	#/	105	29	755	134	889
2013 . . . .	166	128	177	279	8	#/	110	29	759	139	897
2014 . . . .	167	128	177	283	8	#/	114	30	762	143	906
2015 . . . .	168	127	177	286	8	#/	118	30	765	148	913
2016 . . . .	168	127	177	287	8	#/	121	31	767	152	919
2017 . . . .	168	127	178	287	8	#/	125	31	769	156	925
2018 . . . .	169	128	178	287	8	#/	128	32	771	161	931
2019 . . . .	169	129	178	287	9	#/	133	33	772	167	939
2020 . . . .	170	130	178	287	9	#/	138	34	773	172	945
2021 . . . .	170	130	178	286	9	#/	141	36	774	177	950
2022 . . . .	171	131	180	285	9	#/	144	37	775	181	956
2023 . . . .	171	131	182	283	9	#/	147	39	776	186	962
2024 . . . .	172	131	184	280	10	#/	150	40	776	191	967
2025 . . . .	172	130	186	278	10	#/	153	42	776	195	971
2026 . . . .	173	130	188	276	10	#/	155	44	776	198	975
2027 . . . .	173	130	190	274	9	#/	156	45	776	201	977
2028 . . . .	173	130	191	272	10	#/	157	47	777	203	980
2029 . . . .	174	131	192	272	10	#/	157	48	777	206	983

<sup>1</sup> Represents period in which first payment was made, not date of first eligibility for payments.

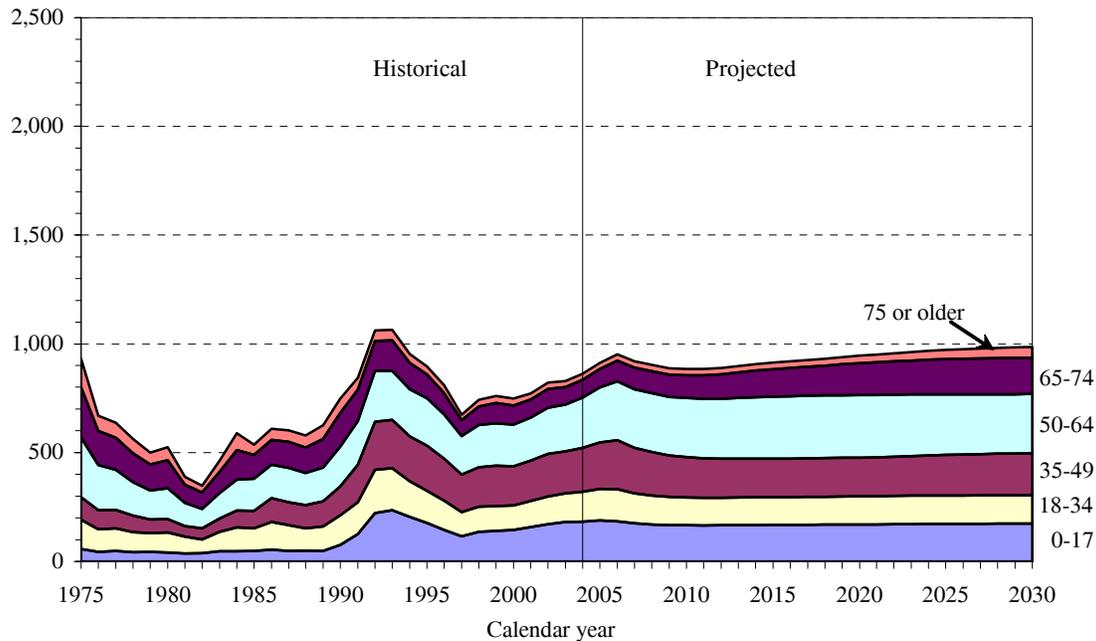
<sup>2</sup> Historical totals estimated based on 1-percent or 10-percent sample data.

<sup>3</sup> Totals for 1974 include recipients converted from previous State programs as well as new entrants to the SSI program during 1974.

<sup>4</sup> Fewer than 500.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

**Figure IV.B2.—SSI Federally-Administered New Entrants by Age Group, Calendar Years 1975-2030**  
[In thousands]



Some of the persons receiving SSI benefits in a year will be removed from current-payment status during the year because of death or the loss of SSI eligibility. The loss of eligibility can occur either as the result of an evaluation of the individual's nonmedical factors of eligibility, including income and resources, or due to a determination that he/she is no longer disabled as defined under the Social Security Act.<sup>1</sup> For example, disabled children, upon attainment of age 18, lose eligibility if they do not qualify for benefits under the disabled adult eligibility criteria. For purposes of this presentation, we refer to the net reduction in the number of SSI recipients in payment status during a period as the number of SSI terminations for that period.

In the following tables, we have separated the numbers of people moving out of payment status into those leaving due to death (table IV.B3), and those leaving for all other reasons (table IV.B4). Table IV.B5 and figure IV.B3 present historical and projected numbers of total terminations by calendar year.

Actual experience for terminations in 2004 was 7.8 percent higher than anticipated in the 2004 Annual Report. Terminations due to death were 5.9 percent lower than anticipated, but terminations due to reasons other than death were 13.8 percent higher than estimated last year. Much of the difference between actual 2004 results and the estimated terminations in last year's report is attributable to a higher than estimated level of temporary suspensions in December 2004. The return of many of these cases to current-payment status in 2005 results in lower estimated net terminations in 2005. The primary reasons for this temporary phenomenon include (1) higher than usual increases in OASDI benefits under the Automatic Earnings Reappraisal Operation (AERO), (2) the fact that December 2004 contained five Fridays, and hence potentially more paydays, and (3) ongoing processing of the Special Disability Workload (SDW), a group of cases involving SSI recipients whose OASDI-insured status was not recognized at the time the insured status was attained. The effects of the first of these factors are not assumed to continue in the future, while the effects of items 2 and 3 are expected to continue for the next several years..

<sup>1</sup> Some historical details on income and resource redeterminations and the results of continuing disability reviews are presented in section V.D. Section V.E presents information on certain incentive programs intended to encourage disabled SSI recipients to return to work.

**Table IV.B3.—SSI Federally-Administered Terminations Due to Death, Calendar Years 1974-2029**  
[In thousands]

Calendar year	Blind or disabled, by age group					Aged, by age group		Totals <sup>1</sup>			
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
<b>Historical data:</b>											
1974 . . . .	2 <sup>2</sup>	3	8	34	7	2	40	97	55	137	192
1975 . . . .	1	5	12	35	10	2	39	108	65	147	212
1976 . . . .	2	5	9	36	12	1	34	103	64	137	201
1977 . . . .	1	5	12	30	15	1	36	101	65	137	203
1978 . . . .	2	5	8	34	16	2	31	95	67	126	193
1979 . . . .	2	6	9	32	18	2	29	92	67	121	189
1980 . . . .	3	5	9	31	22	1	27	100	71	127	198
1981 . . . .	3	5	8	31	24	2	21	92	73	112	186
1982 . . . .	3	4	8	28	21	2	16	80	65	96	161
1983 . . . .	3	6	8	25	21	3	15	79	65	94	158
1984 . . . .	3	4	9	29	18	5	13	83	67	96	163
1985 . . . .	2	6	10	29	24	6	17	84	77	101	178
1986 . . . .	2	8	12	28	22	8	15	83	80	98	178
1987 . . . .	3	8	13	30	23	10	15	82	87	97	184
1988 . . . .	5	8	14	31	25	12	16	81	95	97	191
1989 . . . .	3	8	16	33	23	12	15	78	95	93	187
1990 . . . .	4	9	18	36	22	14	16	75	103	92	194
1991 . . . .	4	9	20	39	23	17	17	74	112	91	203
1992 . . . .	4	11	22	38	22	15	16	69	111	84	195
1993 . . . .	6	13	27	41	23	17	16	72	127	88	215
1994 . . . .	6	14	27	41	23	17	16	69	127	85	212
1995 . . . .	6	13	30	43	24	18	16	65	135	81	216
1996 . . . .	7	12	30	44	24	18	16	67	135	83	218
1997 . . . .	5	10	24	43	24	19	15	64	127	79	206
1998 . . . .	5	9	24	43	25	20	14	64	127	78	205
1999 . . . .	5	9	25	45	25	21	13	63	131	76	207
2000 . . . .	5	8	27	46	25	21	12	61	132	73	205
2001 . . . .	5	8	28	47	25	22	11	60	135	71	207
2002 . . . .	5	8	28	49	24	21	11	58	135	70	205
2003 . . . .	5	9	28	51	26	21	10	56	138	66	204
2004 . . . .	5	8	27	52	25	22	10	56	140	65	205
<b>Projected:</b>											
2005 . . . .	6	9	28	53	27	21	10	57	143	67	210
2006 . . . .	6	9	29	56	28	22	10	59	150	70	220
2007 . . . .	6	10	29	59	29	22	10	59	154	70	224
2008 . . . .	6	10	29	61	30	22	11	59	158	70	228
2009 . . . .	6	10	28	63	31	23	11	59	161	70	231
2010 . . . .	6	10	28	65	32	23	11	58	164	69	233
2011 . . . .	6	10	27	67	33	24	11	58	167	69	236
2012 . . . .	6	10	27	68	34	24	12	57	169	69	238
2013 . . . .	6	10	26	69	36	24	12	57	171	69	240
2014 . . . .	6	10	26	70	37	25	13	57	174	69	243
2015 . . . .	6	10	26	70	38	25	13	56	176	69	245
2016 . . . .	6	10	26	71	40	25	14	56	178	70	248
2017 . . . .	6	11	26	71	41	26	14	56	181	70	251
2018 . . . .	6	11	26	71	42	27	14	56	183	71	253
2019 . . . .	6	11	26	71	43	27	15	56	185	71	256
2020 . . . .	6	11	26	71	45	28	16	57	187	72	259
2021 . . . .	6	11	26	71	46	29	16	57	189	74	262
2022 . . . .	6	11	26	71	47	30	16	58	190	75	265
2023 . . . .	6	11	26	70	48	31	17	59	192	76	268
2024 . . . .	6	11	26	69	49	32	17	61	194	78	272
2025 . . . .	6	11	27	69	50	33	18	62	195	80	275
2026 . . . .	6	11	27	68	51	34	18	64	197	82	278
2027 . . . .	6	11	27	67	51	35	19	65	198	84	282
2028 . . . .	6	11	28	67	52	36	19	67	199	86	285
2029 . . . .	6	11	28	66	52	37	19	69	200	88	289

<sup>1</sup> Historical totals estimated based on 1-percent or 10-percent sample data.

<sup>2</sup> Fewer than 500.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

**Table IV.B4.—SSI Federally-Administered Terminations Due to Reasons Other Than Death, Calendar Years 1974-2029**  
[In thousands]

Calendar year	Blind or disabled, by age group					Aged, by age group			Totals <sup>1</sup>		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
Historical data:											
1974 ....	5	33	34	69	12	2	27	29	154	56	210
1975 ....	7	50	44	104	15	2	88	91	221	180	401
1976 ....	11	70	61	139	24	1	107	133	306	240	546
1977 ....	13	65	56	110	19	1	76	92	265	168	433
1978 ....	11	64	49	97	18	1	64	86	241	150	391
1979 ....	12	59	43	96	23	1	58	85	234	144	378
1980 ....	19	48	43	80	23	1	44	77	214	121	334
1981 ....	17	43	39	72	21	1	49	86	192	134	326
1982 ....	19	48	43	79	23	1	50	87	212	137	348
1983 ....	18	43	36	63	14	1	25	61	175	86	261
1984 ....	13	51	37	77	21	1	37	60	200	98	298
1985 ....	11	42	37	68	13	2	23	54	172	77	249
1986 ....	18	49	47	73	16	3	34	60	206	94	300
1987 ....	19	51	48	75	17	3	32	57	214	89	302
1988 ....	19	52	51	74	15	5	33	59	216	93	309
1989 ....	19	55	52	72	16	4	33	58	218	91	308
1990 ....	14	52	57	73	17	8	40	68	221	108	330
1991 ....	20	50	70	84	18	5	33	58	248	91	339
1992 ....	39	68	94	103	19	8	34	56	329	90	419
1993 ....	34	73	97	106	22	8	37	55	340	92	433
1994 ....	41	73	101	107	18	8	32	49	348	81	429
1995 ....	47	81	111	115	20	7	32	48	382	80	461
1996 ....	47	89	128	119	21	8	29	49	413	78	491
1997 ....	128	105	147	115	18	8	24	40	522	64	586
1998 ....	67	89	112	110	19	8	22	38	406	61	466
1999 ....	119	111	120	116	20	9	24	43	495	68	563
2000 ....	84	99	111	112	22	9	22	38	437	61	498
2001 ....	65	95	111	118	20	9	22	38	418	60	478
2002 ....	78	100	122	133	20	9	20	35	463	55	517
2003 ....	72	95	122	135	20	9	20	36	453	56	509
2004 ....	85	101	136	156	23	9	24	38	510	62	572
Projected:											
2005 ....	69	99	125	153	19	9	15	34	473	48	521
2006 ....	76	106	125	155	20	9	19	34	490	53	543
2007 ....	69	111	127	164	20	9	19	34	499	52	551
2008 ....	81	114	126	169	21	10	19	33	521	52	573
2009 ....	76	116	124	175	22	10	20	34	524	53	577
2010 ....	72	119	122	178	23	10	20	34	524	55	579
2011 ....	70	123	119	178	24	10	21	35	524	56	581
2012 ....	71	126	116	179	25	11	22	35	528	57	585
2013 ....	72	126	115	182	26	11	23	34	533	57	590
2014 ....	72	125	114	185	27	11	24	34	535	58	593
2015 ....	72	124	114	187	28	11	25	34	536	59	595
2016 ....	72	125	114	188	29	11	26	34	539	60	599
2017 ....	73	126	114	188	30	12	26	34	542	60	602
2018 ....	73	127	114	187	31	12	27	34	544	62	605
2019 ....	72	128	114	187	32	12	28	34	546	63	609
2020 ....	72	129	114	187	33	13	29	35	548	64	612
2021 ....	72	130	114	186	33	13	30	35	549	66	614
2022 ....	73	130	115	185	34	13	31	36	550	67	617
2023 ....	73	130	116	183	35	14	32	37	551	69	619
2024 ....	73	130	118	181	35	14	32	38	551	70	622
2025 ....	73	130	119	179	36	15	33	39	552	72	624
2026 ....	73	130	120	177	36	15	34	40	553	74	627
2027 ....	74	131	122	176	37	16	34	42	554	76	630
2028 ....	74	131	122	175	37	16	35	43	555	77	633
2029 ....	74	131	123	174	37	17	35	44	556	79	635

<sup>1</sup> Historical totals estimated based on 1-percent or 10-percent sample data.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

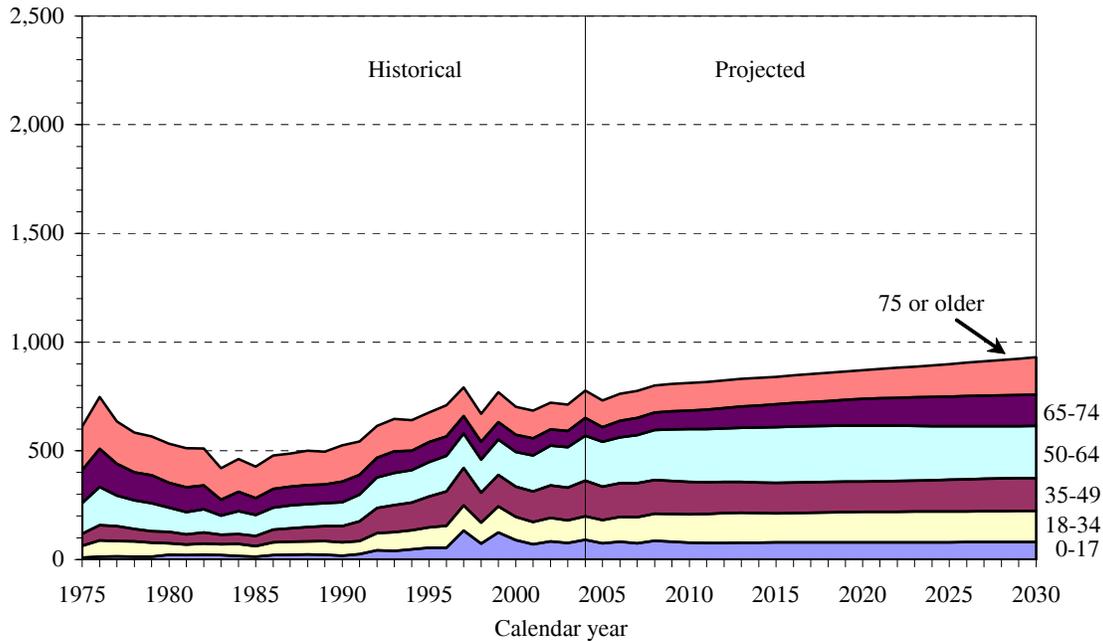
**Table IV.B5.—SSI Federally-Administered Terminations for All Reasons, Calendar Years 1974-2029**  
[In thousands]

Calendar year	Blind or disabled, by age group					Aged, by age group			Totals <sup>1</sup>		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
Historical data:											
1974 ....	5	36	42	103	19	4	67	126	209	193	402
1975 ....	8	55	56	140	25	3	127	199	287	326	613
1976 ....	13	75	71	174	35	3	141	236	371	377	748
1977 ....	14	71	68	140	34	3	112	194	330	305	636
1978 ....	14	70	58	130	34	3	94	181	308	276	584
1979 ....	13	65	52	128	41	2	88	177	301	265	566
1980 ....	22	53	52	111	45	2	70	177	284	248	532
1981 ....	20	48	47	103	45	3	69	177	266	246	512
1982 ....	21	52	51	107	43	2	65	168	277	233	510
1983 ....	21	49	44	87	34	4	39	140	240	180	419
1984 ....	16	55	46	106	39	6	50	144	267	194	461
1985 ....	13	47	47	97	37	8	40	138	249	178	427
1986 ....	21	58	59	101	38	11	48	143	287	192	478
1987 ....	22	59	61	106	40	13	47	138	301	185	486
1988 ....	24	60	65	105	39	18	49	140	311	189	500
1989 ....	22	63	69	105	39	15	47	136	312	183	496
1990 ....	18	61	75	109	39	22	56	144	324	200	524
1991 ....	25	60	90	123	40	22	50	132	360	182	542
1992 ....	42	78	115	140	41	23	50	125	440	175	614
1993 ....	40	86	124	148	45	24	54	127	467	181	648
1994 ....	47	87	128	148	41	24	48	118	475	166	642
1995 ....	54	94	142	158	44	25	47	113	517	160	677
1996 ....	54	101	158	163	45	27	45	116	548	161	710
1997 ....	133	116	172	159	43	26	39	105	648	143	792
1998 ....	73	98	136	153	44	29	36	102	533	138	671
1999 ....	124	120	146	161	45	31	38	106	626	144	770
2000 ....	89	107	138	159	46	29	35	99	569	134	703
2001 ....	70	103	139	166	45	31	34	98	554	132	685
2002 ....	83	108	150	182	44	30	31	93	598	124	722
2003 ....	76	104	149	186	46	30	31	92	591	122	713
2004 ....	90	109	163	208	48	31	34	93	650	127	777
Projected:											
2005 ....	74	107	153	206	46	31	24	91	616	115	732
2006 ....	82	115	154	211	48	31	29	94	640	123	763
2007 ....	75	120	156	222	49	31	29	93	653	122	776
2008 ....	87	124	155	230	51	32	30	92	679	122	801
2009 ....	82	126	153	238	53	33	30	92	685	123	808
2010 ....	78	129	150	243	55	33	31	93	688	124	812
2011 ....	76	133	146	245	57	34	33	93	691	126	817
2012 ....	77	136	143	247	60	35	34	92	697	126	823
2013 ....	78	136	142	251	62	35	35	91	704	127	831
2014 ....	78	135	140	255	64	36	36	91	708	127	836
2015 ....	78	134	140	257	67	36	38	90	712	128	840
2016 ....	79	135	140	259	69	37	39	90	718	129	847
2017 ....	79	136	140	259	71	38	40	90	722	131	853
2018 ....	79	138	140	259	73	39	42	90	727	132	859
2019 ....	79	139	140	259	75	40	43	91	731	134	865
2020 ....	78	140	140	258	77	41	45	91	734	137	871
2021 ....	79	141	140	257	79	42	46	93	737	139	877
2022 ....	79	141	141	255	81	43	47	95	740	142	882
2023 ....	79	141	142	253	82	45	48	97	743	145	888
2024 ....	79	141	144	250	84	46	49	99	745	148	893
2025 ....	79	141	146	247	86	48	51	101	747	152	899
2026 ....	80	141	148	245	87	49	52	104	749	156	905
2027 ....	80	142	149	243	88	50	53	107	752	160	912
2028 ....	80	142	150	242	89	52	54	110	754	164	918
2029 ....	80	142	150	241	89	53	54	114	757	168	924

<sup>1</sup> Historical totals estimated based on 1-percent or 10-percent sample data.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

**Figure IV.B3.—SSI Federally-Administered Terminations by Age Group, Calendar Years 1975-2030**  
[In thousands]



Combining the number of persons coming on the SSI payment rolls during a year with the number of those already receiving benefits at the beginning of the year, and subtracting the number leaving the rolls during the year, yields the number of persons receiving Federally-administered SSI payments at the end of the specified period. Individuals receiving Federal SSI payments, who comprise the great majority of Federally-administered recipients, are presented in table IV.B6 and in figure IV.B4. The net effect of actual experience in 2004 was that there were roughly 0.9 percent fewer Federal SSI recipients at the end of 2004 than estimated for the 2004 Annual Report.

**Table IV.B6.—SSI Recipients with Federal Benefits in Current-Payment Status as of December, 1974-2029**  
[In thousands]

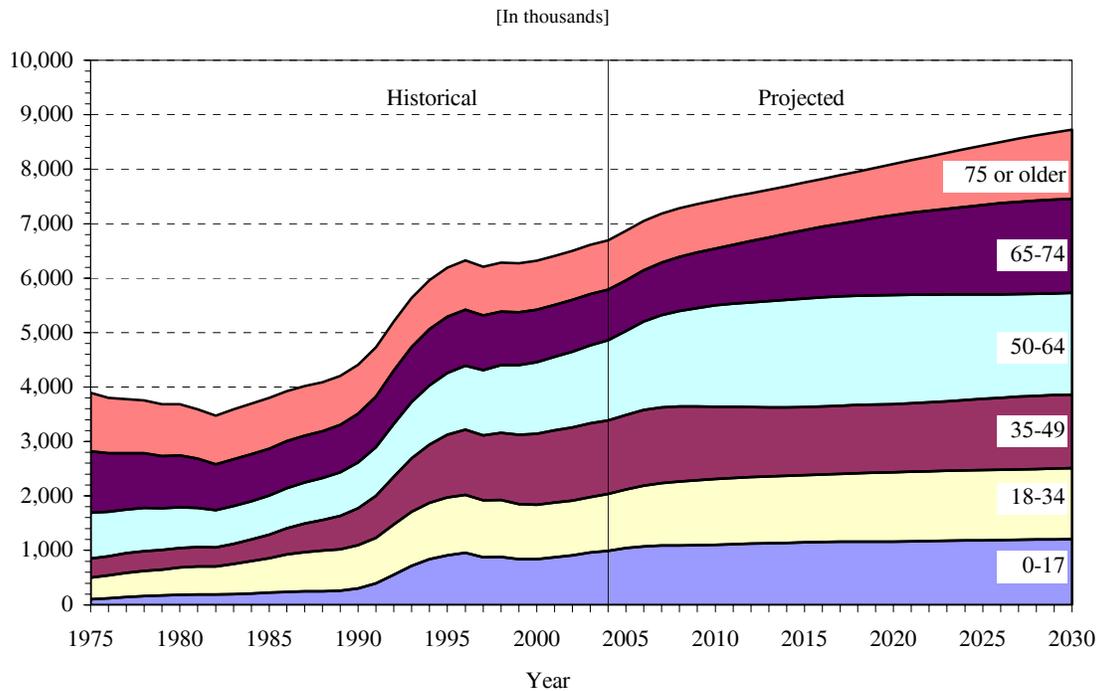
Year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
Historical data:											
1974	70	338	321	756	109	13	1,010	1,019	1,606	2,029	3,635
1975	106	395	352	838	164	14	963	1,062	1,869	2,025	3,893
1976	124	420	352	813	208	14	864	1,003	1,932	1,867	3,799
1977	147	442	358	800	249	16	785	980	2,013	1,765	3,778
1978	165	460	361	791	277	16	728	958	2,069	1,686	3,755
1979	176	472	359	764	307	16	656	938	2,094	1,593	3,687
1980	188	500	351	750	342	17	609	925	2,149	1,533	3,682
1981	194	514	349	720	366	17	541	888	2,160	1,430	3,590
1982	191	517	346	683	386	21	459	871	2,144	1,329	3,473
1983	198	555	366	692	412	28	449	890	2,250	1,339	3,590
1984	210	595	393	700	406	48	463	884	2,352	1,347	3,699
1985	226	634	426	717	402	72	462	860	2,477	1,322	3,799
1986	240	688	475	739	397	91	465	827	2,630	1,291	3,922
1987	249	717	524	756	392	113	464	804	2,751	1,268	4,019
1988	254	738	564	774	387	127	468	777	2,844	1,245	4,089
1989	263	757	613	799	382	145	488	760	2,959	1,247	4,206
1990	306	788	677	840	389	156	508	749	3,156	1,257	4,412
1991	395	833	769	897	390	166	542	736	3,451	1,279	4,730
1992	555	920	877	970	402	173	577	727	3,898	1,304	5,202
1993	721	990	979	1,034	410	179	604	720	4,312	1,324	5,636
1994	839	1,032	1,071	1,089	425	182	610	716	4,638	1,326	5,965
1995	915	1,058	1,150	1,134	435	188	601	713	4,880	1,315	6,194
1996	954	1,066	1,198	1,176	444	192	586	711	5,029	1,296	6,326
1997	878	1,039	1,196	1,198	457	193	547	704	4,960	1,251	6,212
1998	885	1,038	1,238	1,243	464	197	521	705	5,063	1,226	6,289
1999	845	1,005	1,274	1,278	474	195	499	704	5,072	1,203	6,275

**Table IV.B6.—SSI Recipients with Federal Benefits in Current-Payment Status as of December, 1974-2029 (Cont.)**  
[In thousands]

Year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
Historical data: (Cont.)											
2000	844	994	1,303	1,313	484	196	483	703	5,134	1,186	6,320
2001	879	995	1,329	1,353	493	196	461	703	5,245	1,165	6,410
2002	912	1,002	1,344	1,394	502	200	447	705	5,354	1,152	6,505
2003	956	1,023	1,353	1,436	511	204	430	703	5,482	1,133	6,614
2004	990	1,044	1,350	1,476	515	208	412	699	5,584	1,111	6,695
Projected:											
2005	1,038	1,077	1,372	1,543	524	215	407	697	5,769	1,104	6,873
2006	1,067	1,117	1,393	1,626	534	219	409	688	5,955	1,096	7,052
2007	1,088	1,148	1,391	1,696	548	223	415	679	6,095	1,094	7,189
2008	1,090	1,175	1,379	1,755	568	226	424	670	6,192	1,094	7,286
2009	1,093	1,194	1,355	1,811	585	230	433	662	6,268	1,095	7,362
2010	1,101	1,208	1,330	1,862	601	234	442	653	6,335	1,095	7,431
2011	1,111	1,218	1,306	1,900	624	237	456	643	6,395	1,099	7,494
2012	1,120	1,223	1,287	1,928	651	240	473	633	6,450	1,107	7,556
2013	1,129	1,227	1,272	1,954	677	243	491	626	6,501	1,118	7,619
2014	1,137	1,231	1,258	1,979	702	246	511	621	6,553	1,132	7,685
2015	1,145	1,235	1,251	1,996	725	250	532	618	6,603	1,150	7,753
2016	1,151	1,240	1,252	2,005	748	254	551	620	6,650	1,170	7,821
2017	1,156	1,246	1,255	2,007	769	261	568	625	6,695	1,193	7,888
2018	1,157	1,256	1,257	2,007	791	269	587	632	6,736	1,219	7,956
2019	1,157	1,268	1,255	2,005	815	275	609	640	6,776	1,249	8,024
2020	1,157	1,276	1,253	2,002	841	282	631	650	6,812	1,281	8,093
2021	1,163	1,280	1,256	1,995	861	292	648	667	6,847	1,315	8,162
2022	1,168	1,285	1,264	1,980	880	303	662	688	6,880	1,350	8,230
2023	1,173	1,288	1,277	1,961	898	314	677	710	6,912	1,387	8,299
2024	1,179	1,289	1,292	1,941	918	324	693	733	6,942	1,426	8,368
2025	1,184	1,289	1,308	1,920	936	333	709	756	6,970	1,465	8,435
2026	1,189	1,291	1,323	1,901	949	342	725	779	6,996	1,504	8,499
2027	1,194	1,293	1,336	1,886	959	352	738	803	7,019	1,541	8,560
2028	1,198	1,296	1,345	1,874	966	362	749	829	7,041	1,577	8,618
2029	1,201	1,300	1,350	1,867	970	372	756	856	7,061	1,612	8,673

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

**Figure IV.B4.—SSI Recipients with Federal Benefits in Current-Payment Status, by Age Group, as of December, 1975-2030**



As illustrated in figure IV.B4, the implementation of Public Law 104-121 and Public Law 104-193 resulted in a decline in the Federal recipient population from 1996 to 1997. From the end of 1997 through the end of 2000, the Federal SSI recipient population grew at an annual rate of less than 1 percent. Since 2000 the growth rate for the Federal SSI recipient population has averaged over 1.4 percent per year. Our projections indicate that by 2010 we expect to gradually return to the modest growth rate of less than 1 percent per year over the remainder of the 25-year projection period. In order to place this projected growth in the context of overall population growth, table IV.B7 and figure IV.B5 present Federal SSI recipients as percentages of selected Social Security Area population totals.

**Table IV.B7.—SSI Recipients with Federal Benefits in Current-Payment Status as a Percentage of Selected Social Security Area Population Totals, as of December, 1974-2029**

Year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled <sup>1</sup>	Aged <sup>2</sup>	All <sup>3</sup>
Historical data:											
1974 . . . .	0.10	0.55	0.89	2.29	0.77	0.14	7.18	11.26	0.72	8.77	1.63
1975 . . . .	.15	.63	.97	2.51	1.14	.15	6.69	11.42	.83	8.55	1.73
1976 . . . .	.18	.65	.96	2.42	1.41	.14	5.87	10.51	.85	7.70	1.67
1977 . . . .	.22	.67	.96	2.36	1.66	.17	5.21	9.99	.88	7.10	1.65
1978 . . . .	.25	.68	.95	2.32	1.80	.16	4.73	9.50	.89	6.62	1.62
1979 . . . .	.27	.68	.94	2.23	1.96	.15	4.18	9.03	.90	6.11	1.58
1980 . . . .	.29	.70	.90	2.19	2.14	.16	3.82	8.66	.91	5.76	1.56
1981 . . . .	.30	.72	.87	2.10	2.26	.16	3.34	8.09	.91	5.26	1.50
1982 . . . .	.29	.71	.83	2.00	2.34	.19	2.78	7.68	.89	4.77	1.44
1983 . . . .	.30	.76	.84	2.03	2.46	.24	2.68	7.64	.92	4.71	1.47
1984 . . . .	.32	.81	.88	2.06	2.39	.40	2.72	7.38	.96	4.65	1.50
1985 . . . .	.35	.87	.92	2.11	2.32	.58	2.67	7.00	1.00	4.47	1.53
1986 . . . .	.37	.94	.99	2.19	2.25	.72	2.63	6.57	1.05	4.27	1.56
1987 . . . .	.38	.98	1.05	2.25	2.19	.87	2.59	6.22	1.09	4.12	1.59
1988 . . . .	.38	1.00	1.09	2.30	2.14	.96	2.59	5.87	1.11	3.97	1.60
1989 . . . .	.40	1.03	1.15	2.36	2.09	1.07	2.66	5.60	1.14	3.91	1.63
1990 . . . .	.45	1.09	1.23	2.47	2.10	1.12	2.74	5.38	1.21	3.87	1.69
1991 . . . .	.57	1.16	1.35	2.62	2.08	1.17	2.89	5.17	1.30	3.88	1.79
1992 . . . .	.79	1.30	1.50	2.78	2.12	1.19	3.05	4.99	1.46	3.89	1.94
1993 . . . .	1.02	1.41	1.63	2.91	2.15	1.20	3.17	4.84	1.59	3.90	2.08
1994 . . . .	1.17	1.49	1.74	3.01	2.22	1.20	3.19	4.72	1.70	3.87	2.18
1995 . . . .	1.26	1.54	1.81	3.09	2.28	1.21	3.15	4.59	1.77	3.80	2.25
1996 . . . .	1.31	1.56	1.86	3.08	2.34	1.21	3.09	4.46	1.80	3.72	2.27
1997 . . . .	1.20	1.52	1.84	3.02	2.42	1.19	2.90	4.34	1.76	3.56	2.21
1998 . . . .	1.20	1.52	1.88	3.02	2.48	1.19	2.78	4.26	1.78	3.48	2.21
1999 . . . .	1.14	1.48	1.91	3.00	2.55	1.16	2.68	4.19	1.77	3.40	2.19
2000 . . . .	1.14	1.45	1.94	2.98	2.60	1.15	2.60	4.10	1.77	3.32	2.18
2001 . . . .	1.18	1.44	1.97	2.97	2.65	1.13	2.48	4.03	1.79	3.23	2.19
2002 . . . .	1.22	1.44	1.99	2.97	2.70	1.13	2.40	3.98	1.81	3.17	2.20
2003 . . . .	1.28	1.46	2.00	2.95	2.73	1.14	2.30	3.95	1.84	3.10	2.22
2004 . . . .	1.32	1.49	1.99	2.92	2.73	1.16	2.18	3.90	1.86	3.02	2.23
Projected:											
2005 . . . .	1.38	1.54	2.02	2.95	2.74	1.19	2.13	3.87	1.91	2.97	2.27
2006 . . . .	1.41	1.59	2.06	3.01	2.73	1.21	2.09	3.81	1.95	2.92	2.31
2007 . . . .	1.44	1.61	2.07	3.05	2.72	1.24	2.06	3.76	1.98	2.86	2.34
2008 . . . .	1.45	1.63	2.07	3.07	2.73	1.25	2.04	3.71	2.00	2.81	2.35
2009 . . . .	1.45	1.64	2.05	3.07	2.73	1.27	2.02	3.66	2.01	2.77	2.36
2010 . . . .	1.46	1.65	2.03	3.08	2.71	1.29	1.99	3.60	2.01	2.71	2.36
2011 . . . .	1.47	1.64	2.02	3.08	2.69	1.30	1.97	3.52	2.02	2.65	2.36
2012 . . . .	1.48	1.64	2.00	3.08	2.67	1.31	1.94	3.46	2.02	2.59	2.36
2013 . . . .	1.49	1.64	1.99	3.08	2.65	1.32	1.92	3.39	2.02	2.54	2.36
2014 . . . .	1.50	1.64	1.97	3.08	2.63	1.32	1.92	3.32	2.02	2.49	2.37
2015 . . . .	1.50	1.64	1.96	3.08	2.61	1.32	1.91	3.26	2.02	2.46	2.37
2016 . . . .	1.50	1.65	1.95	3.08	2.59	1.32	1.91	3.20	2.02	2.43	2.37
2017 . . . .	1.50	1.65	1.94	3.08	2.58	1.32	1.91	3.15	2.02	2.41	2.38
2018 . . . .	1.50	1.66	1.94	3.07	2.57	1.32	1.91	3.10	2.02	2.38	2.38
2019 . . . .	1.50	1.66	1.94	3.06	2.55	1.32	1.91	3.06	2.01	2.36	2.39
2020 . . . .	1.50	1.66	1.93	3.06	2.54	1.31	1.91	3.02	2.01	2.35	2.39
2021 . . . .	1.51	1.66	1.93	3.05	2.54	1.30	1.91	2.98	2.01	2.33	2.39
2022 . . . .	1.51	1.67	1.93	3.05	2.53	1.30	1.91	2.94	2.00	2.33	2.40
2023 . . . .	1.51	1.67	1.93	3.04	2.53	1.29	1.91	2.92	2.00	2.32	2.40
2024 . . . .	1.51	1.67	1.94	3.04	2.53	1.28	1.91	2.89	2.00	2.31	2.41
2025 . . . .	1.51	1.67	1.94	3.03	2.52	1.26	1.91	2.87	1.99	2.31	2.41
2026 . . . .	1.51	1.68	1.94	3.03	2.52	1.25	1.92	2.85	1.99	2.31	2.42
2027 . . . .	1.51	1.68	1.94	3.02	2.51	1.24	1.93	2.83	1.99	2.31	2.42
2028 . . . .	1.52	1.69	1.94	3.02	2.50	1.23	1.94	2.82	1.98	2.32	2.43
2029 . . . .	1.52	1.69	1.94	3.01	2.49	1.22	1.94	2.80	1.98	2.32	2.43

<sup>1</sup> Blind or disabled recipients as a percentage of the total Social Security Area population.

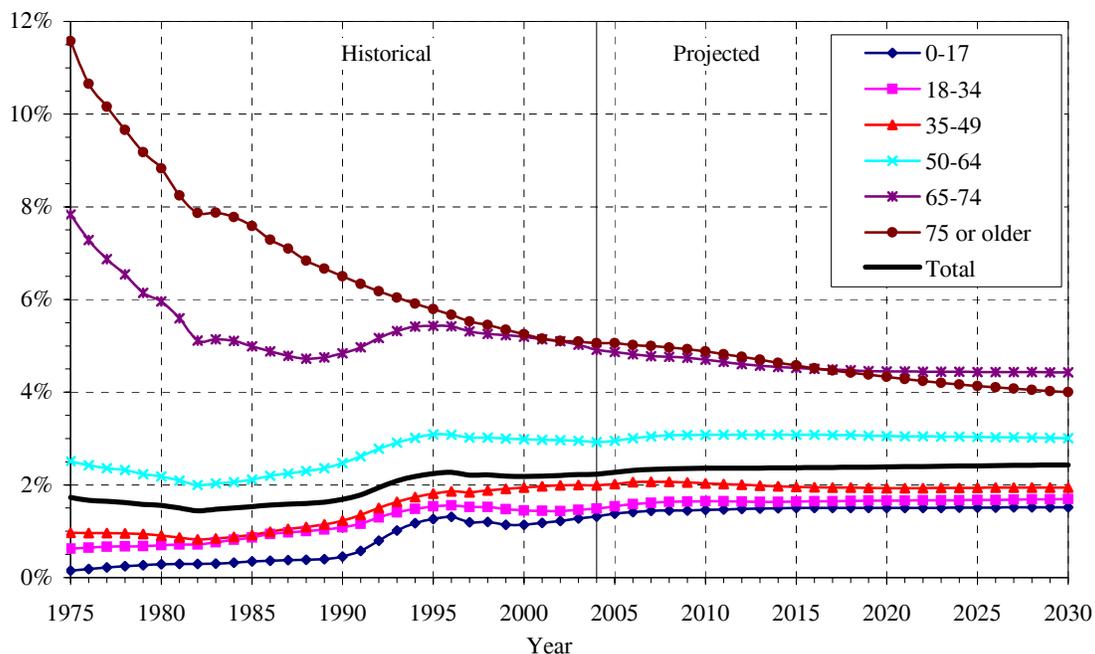
<sup>2</sup> Aged recipients as a percentage of the 65 or older Social Security Area population.

<sup>3</sup> Total recipients as a percentage of the total Social Security Area population. Totals do not equal sums of components due to overlapping populations.

For the totals shown in table IV.B7, the percentages are calculated using the population age group totals corresponding to the age groups in the Federal recipient categories. Because the ratios for the separate recipient categories are computed as percentages of differing base populations, the percentage for the total SSI recipient population is not the arithmetic sum of the percentages for the respective recipient categories. As indicated in the table, the percentage of the total Social Security Area population who were receiving Federal SSI payments declined from the inception of the program through the early 1980s. In 1983, this percentage started increasing and continued to increase through 1996. Due to factors described previously, the percentage of the total population receiving Federal SSI payments declined in 1997, but has leveled out since and is expected to increase gradually over the projection period.

The various subcategories of Federal SSI recipients, however, follow significantly different growth patterns in relationship to their respective population totals. The aged Federal SSI recipient population declines steadily as a percentage of the 65 or older population throughout the historical and projection periods. In contrast, except for recent decreases due to the eligibility redeterminations and continuing disability reviews mandated by Public Law 104-193, the number of blind or disabled children receiving Federal SSI payments increased steadily as a percentage of the under age 18 population, with the increase being quite steep in the early 1990s. The total blind or disabled Federal SSI recipient population as a percentage of the total population remained fairly level until the early 1980s when it started increasing and continued to increase through 1996. After the modest decrease in the late 1990s due to the implementation of legislation described in other sections, the number of blind or disabled persons receiving Federal SSI payments began a gradual increase as a percentage of the total population that is estimated to continue through 2010 and then level off at about 2 percent of the total population.

**Figure IV.B5.—SSI Recipients with Federal Benefits in Current-Payment Status as a Percentage of Selected Social Security Area Population Age Groups, as of December, 1975-2030**



Historical and projected numbers of individuals who receive only a Federally-administered State supplement are presented in table IV.B8.

**Table IV.B8.—SSI Recipients with Federally-Administered State Supplementary Benefits Only, in Current-Payment Status as of December, 1974-2029**

[In thousands]

Year	Blind or disabled, by age group					Aged, by age group		Totals			
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
Historical data:											
1974 . . . .	1	12	20	57	13	1	138	120	104	257	361
1975 . . . .	1	15	25	74	21	2	144	138	139	282	421
1976 . . . .	1	14	27	87	26	2	134	146	156	280	437
1977 . . . .	1	16	27	94	35	2	136	150	174	286	460
1978 . . . .	1	16	26	93	41	2	127	155	180	282	462
1979 . . . .	1	18	25	89	49	2	121	157	184	278	462
1980 . . . .	2	20	26	82	52	2	112	162	185	274	460
1981 . . . .	1	19	26	75	58	2	94	155	181	248	429
1982 . . . .	1	18	23	68	53	2	82	137	165	219	384
1983 . . . .	1	17	19	50	44	4	65	111	136	176	312
1984 . . . .	1	18	23	50	47	7	68	116	147	184	331
1985 . . . .	1	21	28	53	45	8	67	115	157	182	339
1986 . . . .	1	23	31	55	45	11	66	116	166	182	348
1987 . . . .	1	26	36	60	43	12	72	115	178	187	366
1988 . . . .	1	26	42	59	44	14	74	114	187	188	375
1989 . . . .	2	28	45	60	45	16	76	115	195	192	387
1990 . . . .	2	31	54	60	44	17	82	116	208	197	405
1991 . . . .	2	29	54	59	42	17	78	108	203	186	389
1992 . . . .	2	29	55	59	37	16	70	97	197	167	364
1993 . . . .	2	29	58	59	34	15	64	88	197	151	348
1994 . . . .	2	28	59	56	32	14	59	81	192	139	331
1995 . . . .	3	25	59	56	32	14	54	77	188	131	320
1996 . . . .	2	21	54	53	29	13	49	68	172	116	288
1997 . . . .	2	20	55	53	29	13	46	65	172	111	283
1998 . . . .	2	18	54	55	28	13	43	63	171	106	277
1999 . . . .	2	18	57	58	28	13	43	62	177	105	282
2000 . . . .	2	17	57	60	29	13	42	61	179	103	282
2001 . . . .	2	17	56	62	29	12	41	59	179	100	278
2002 . . . .	3	17	57	64	30	12	42	58	183	100	283
2003 . . . .	3	18	58	67	30	12	42	58	188	100	288
2004 . . . .	3	18	58	70	31	12	43	58	193	100	293
Projected:											
2005 . . . .	3	19	57	74	31	12	42	57	196	99	295
2006 . . . .	3	20	58	78	32	12	43	57	203	100	303
2007 . . . .	3	20	58	82	33	12	44	57	208	101	310
2008 . . . .	3	20	58	85	35	12	45	57	212	102	315
2009 . . . .	3	20	57	88	36	12	45	57	215	103	318
2010 . . . .	3	20	56	90	37	12	46	57	218	103	322
2011 . . . .	3	20	55	92	38	12	47	57	221	103	325
2012 . . . .	3	20	54	94	40	12	48	56	224	104	328
2013 . . . .	3	21	54	95	42	13	49	56	227	105	332
2014 . . . .	3	21	53	96	43	13	51	56	229	107	336
2015 . . . .	3	21	53	97	45	13	53	56	232	109	341
2016 . . . .	3	21	53	98	46	13	55	56	234	111	345
2017 . . . .	3	21	53	98	48	14	57	57	237	113	350
2018 . . . .	3	21	53	98	49	14	59	57	239	116	355
2019 . . . .	3	21	53	98	51	15	61	58	241	119	360
2020 . . . .	3	21	53	98	52	15	63	59	243	122	365
2021 . . . .	3	22	53	98	53	16	65	61	244	126	370
2022 . . . .	3	22	53	97	55	16	66	63	246	129	375
2023 . . . .	3	22	54	96	56	17	68	65	248	133	381
2024 . . . .	3	22	54	95	57	18	69	68	249	137	386
2025 . . . .	3	22	55	94	58	18	71	70	250	141	391
2026 . . . .	3	22	56	93	59	19	72	72	251	145	396
2027 . . . .	3	22	56	92	59	19	74	74	252	148	400
2028 . . . .	3	22	56	92	60	20	75	77	253	152	404
2029 . . . .	3	22	57	91	60	20	75	80	253	155	408

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

The combined numbers of persons receiving either a Federal SSI payment or a Federally-administered State supplement are displayed in table IV.B9.

In examining the recent history of SSI participation and the projections of such participation in the near future, certain patterns are worth noting. The rapid increase in the total number of SSI participants in the early 1990s is a function of the growth in the numbers of disabled adults and children. The growth in the numbers of children receiving SSI resulted in large part from the Supreme Court decision in the case of

Sullivan v. Zebley, which greatly expanded the criteria used for determining disability for children. The growth in the numbers of disabled adults is a more complicated phenomenon which is still not completely understood. However, extensive research conducted under contract to SSA and the Department of Health and Human Services suggested that this growth was the result of a combination of factors including (1) demographic trends, (2) a downturn in the economy in the late 1980s and early 1990s, (3) long-term structural changes in the economy, and (4) changes in other support programs (in particular the reduction or elimination of general assistance programs in certain States). The recent modest changes in program participation reflects the combined effects of recent legislation described in previous sections, along with changes in some of the factors mentioned above.

**Table IV.B9.—SSI Recipients with Federally-Administered Benefits in Current-Payment Status as of December, 1974-2029**

[In thousands]

Year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
<b>Historical data:</b>											
1974	71	349	341	813	122	14	1,148	1,138	1,710	2,286	3,996
1975	107	410	378	911	185	16	1,107	1,200	2,007	2,307	4,314
1976	125	434	379	900	234	15	999	1,149	2,088	2,148	4,236
1977	147	458	385	893	284	18	921	1,130	2,187	2,051	4,238
1978	166	476	387	884	319	17	855	1,113	2,249	1,968	4,217
1979	177	490	384	852	357	17	777	1,095	2,278	1,872	4,150
1980	190	521	377	833	393	20	721	1,086	2,334	1,808	4,142
1981	195	533	375	795	424	19	635	1,043	2,341	1,678	4,019
1982	192	535	369	751	439	23	541	1,008	2,309	1,549	3,858
1983	198	572	386	742	456	32	514	1,001	2,386	1,515	3,901
1984	212	613	417	751	453	54	531	999	2,499	1,530	4,029
1985	227	655	454	769	447	80	530	975	2,634	1,504	4,138
1986	241	711	506	794	442	102	531	942	2,796	1,473	4,269
1987	251	743	560	816	436	124	536	920	2,930	1,455	4,385
1988	255	764	606	833	431	142	543	891	3,030	1,433	4,464
1989	265	785	658	859	427	160	564	875	3,154	1,439	4,593
1990	309	819	731	900	432	172	589	865	3,363	1,454	4,817
1991	397	863	823	956	432	183	620	845	3,654	1,465	5,118
1992	556	949	932	1,029	440	189	647	824	4,095	1,471	5,566
1993	723	1,019	1,036	1,093	445	194	667	808	4,509	1,475	5,984
1994	841	1,060	1,130	1,146	457	196	669	797	4,830	1,466	6,296
1995	917	1,083	1,209	1,190	467	202	656	790	5,068	1,446	6,514
1996	955	1,087	1,252	1,229	472	205	634	778	5,201	1,413	6,614
1997	880	1,059	1,251	1,252	486	205	593	770	5,133	1,362	6,495
1998	887	1,056	1,292	1,298	492	209	564	768	5,234	1,332	6,566
1999	847	1,024	1,331	1,336	503	208	543	765	5,249	1,308	6,557
2000	847	1,011	1,360	1,373	513	209	525	764	5,312	1,289	6,602
2001	882	1,012	1,385	1,415	522	209	502	762	5,424	1,264	6,688
2002	915	1,019	1,401	1,458	532	212	489	763	5,536	1,252	6,788
2003	959	1,040	1,410	1,503	541	216	471	761	5,670	1,233	6,902
2004	993	1,062	1,408	1,546	546	221	455	756	5,777	1,211	6,988
<b>Projected:</b>											
2005	1,041	1,096	1,429	1,616	555	227	449	754	5,965	1,203	7,167
2006	1,071	1,137	1,451	1,704	566	230	452	745	6,158	1,197	7,355
2007	1,092	1,168	1,449	1,778	582	235	459	737	6,303	1,195	7,499
2008	1,093	1,195	1,437	1,840	602	237	469	728	6,405	1,196	7,601
2009	1,097	1,214	1,412	1,898	621	241	478	719	6,483	1,198	7,681
2010	1,104	1,229	1,386	1,952	638	246	488	710	6,554	1,199	7,752
2011	1,114	1,238	1,361	1,992	662	249	503	699	6,617	1,202	7,819
2012	1,123	1,243	1,342	2,022	691	253	521	690	6,674	1,211	7,885
2013	1,132	1,248	1,325	2,049	718	256	541	682	6,728	1,223	7,951
2014	1,140	1,252	1,311	2,075	746	259	562	677	6,782	1,239	8,021
2015	1,149	1,256	1,304	2,093	770	264	585	674	6,835	1,259	8,094
2016	1,155	1,261	1,304	2,102	794	268	606	676	6,884	1,281	8,166
2017	1,159	1,267	1,308	2,105	816	275	625	682	6,931	1,307	8,238
2018	1,160	1,278	1,310	2,105	839	283	645	690	6,975	1,335	8,310
2019	1,160	1,289	1,308	2,103	866	290	670	698	7,016	1,368	8,384
2020	1,161	1,298	1,306	2,100	893	297	694	709	7,055	1,403	8,458
2021	1,166	1,302	1,309	2,092	915	307	713	728	7,091	1,440	8,532
2022	1,171	1,307	1,318	2,077	934	320	728	751	7,126	1,480	8,606
2023	1,176	1,310	1,331	2,057	954	331	745	775	7,159	1,520	8,680
2024	1,182	1,311	1,346	2,036	974	341	762	800	7,191	1,563	8,753
2025	1,187	1,311	1,363	2,014	994	351	780	826	7,220	1,606	8,826
2026	1,192	1,312	1,379	1,994	1,008	361	797	851	7,247	1,648	8,895
2027	1,197	1,315	1,392	1,979	1,018	371	812	878	7,271	1,689	8,961
2028	1,201	1,318	1,401	1,966	1,026	381	823	906	7,293	1,729	9,023
2029	1,205	1,322	1,406	1,958	1,030	393	831	936	7,314	1,767	9,082

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

### C. FEDERAL PAYMENTS UNDER SSI

In order to estimate future amounts of Federal expenditures under SSI, the projected Federal benefit rates shown in table IV.A2 are first modified to reflect actual payment levels, taking into account historical and projected levels of adjustments for other actual or deemed income. Combining these actual payment levels with the projected numbers of persons receiving Federal SSI payments yields estimates of the amounts of Federal SSI payments. Historical amounts of such payments on a calendar year basis are shown in table IV.C1. For purposes of this presentation, these payment amounts are computed on a cash-flow basis consistent with the concepts used to define SSI obligations for the Federal Budget. As a result, for months after January 1978, SSI payments due on the first of the month are tabulated in the previous month, if the first of the month falls on a weekend or Federal holiday.<sup>1</sup>

**Table IV.C1.—SSI Federal Payments in Current Dollars,<sup>1</sup> Calendar Years 1974-2005**  
[In millions]

Calendar year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
1974.....	\$40	\$438	\$452	\$968	\$135	\$17	\$825	\$958	\$2,050	\$1,783	\$3,833
1975.....	128	537	499	1,099	190	17	812	1,031	2,471	1,843	4,314
1976.....	176	605	541	1,147	241	17	762	1,023	2,727	1,785	4,512
1977.....	227	671	579	1,174	298	17	721	1,016	2,966	1,737	4,703
1978 <sup>2</sup> .....	302	781	655	1,312	381	18	736	1,111	3,449	1,847	5,296
1979.....	340	809	650	1,296	429	21	667	1,093	3,546	1,760	5,306
1980.....	397	931	731	1,420	544	28	642	1,230	4,051	1,872	5,923
1981.....	458	1,079	821	1,542	654	32	643	1,320	4,586	1,963	6,549
1982.....	512	1,211	883	1,590	704	38	630	1,364	4,937	1,994	6,931
1983.....	574	1,372	985	1,704	774	58	624	1,440	5,466	2,064	7,530
1984.....	659	1,576	1,128	1,835	836	102	670	1,512	6,136	2,182	8,318
1985.....	736	1,709	1,250	1,924	833	160	699	1,499	6,611	2,198	8,809
1986.....	831	1,929	1,452	2,043	848	209	731	1,479	7,312	2,210	9,522
1987.....	900	2,081	1,618	2,157	846	259	765	1,444	7,860	2,210	10,069
1988.....	955	2,228	1,818	2,303	874	304	814	1,449	8,481	2,263	10,744
1989.....	1,025	2,431	2,048	2,481	936	366	881	1,479	9,286	2,361	11,647
1990.....	1,201	2,660	2,395	2,792	969	407	987	1,532	10,423	2,519	12,943
1991.....	1,678	3,129	2,966	3,305	1,060	463	1,169	1,637	12,601	2,806	15,407
1992.....	3,154	3,900	3,577	3,790	1,124	487	1,303	1,690	16,033	2,993	19,026
1993.....	3,909	4,465	4,164	4,188	1,208	513	1,471	1,759	18,447	3,230	21,677
1994.....	4,167	4,504	4,666	4,533	1,274	538	1,566	1,814	19,682	3,380	23,063
1995.....	4,657	4,777	5,155	4,896	1,357	565	1,599	1,900	21,407	3,499	24,906
1996.....	4,947	5,004	5,614	5,298	1,427	590	1,643	1,977	22,880	3,621	26,501
1997.....	4,920	5,031	5,564	5,410	1,505	614	1,586	2,046	23,044	3,632	26,675
1998.....	4,965	5,150	5,901	5,777	1,588	635	1,542	2,136	24,017	3,678	27,695
1999.....	4,835	5,132	6,185	6,037	1,660	654	1,503	2,206	24,503	3,709	28,212
2000.....	4,789	5,121	6,404	6,293	1,717	675	1,470	2,309	24,999	3,779	28,778
2001.....	5,104	5,354	6,817	6,783	1,838	713	1,470	2,454	26,608	3,924	30,532
2002.....	5,353	5,484	7,048	7,131	1,909	738	1,433	2,520	27,663	3,953	31,616
2003.....	5,686	5,715	7,243	7,532	1,984	771	1,408	2,601	28,932	4,009	32,941
2004.....	6,036	5,954	7,384	7,943	2,054	809	1,366	2,657	30,179	4,023	34,202
2005 <sup>3</sup> .....	6,579	6,363	7,737	8,561	2,171	868	1,353	2,765	32,278	4,117	36,395

<sup>1</sup> Total historical payments for 1974-77 agree with those presented in the *Annual Statistical Supplement to the Social Security Bulletin*. Total historical payments for 1978-83 are estimated.

<sup>2</sup> Includes 13 months of payments since payments due on January 1, 1978 and January 1, 1979 were both paid in calendar year 1978.

<sup>3</sup> Partially estimated.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

Using this cash-flow concept causes these payments to differ from similar amounts shown in other Social Security Administration publications, such as the *Annual Statistical Supplement to the Social Security Bulletin*, in two main ways. First, the payments shown in the *Annual Statistical Supplement* are tabulated for the month the payment is due, while the amounts shown in table IV.C1 are tabulated for the month they are actually paid. In particular, since January 1 of each year is a Federal holiday, SSI payments due on

<sup>1</sup> Public Law 95-216, the Social Security Amendments of 1977, enacted December 20, 1977, added a statutory requirement that SSI payments, which are normally due on the first of the month, be delivered early when the normal delivery date falls on a Saturday, Sunday or Federal holiday. When the first of the month falls on a weekend or Federal holiday, all payments due on that day are paid in the previous month. Payments presented on a cash-flow basis are tabulated according to the month in which they are actually paid.

January 1 of years 1979 and later are actually paid in December of the previous year. Thus, for example, the calendar year 2004 payment amounts shown in table IV.C1 reflect payments made in January-December, 2004, and include the payments due on January 1, 2005 (which were actually paid in December, 2004), but not the payments due on January 1, 2004 (which were actually paid in December, 2003). Second, beginning in 1991, SSI obligations as accounted for in the Federal Budget are not reduced for certain recovered overpayments which are remitted directly to the Department of the Treasury. The payments shown in the *Annual Statistical Supplement* continue to report an amount which is reduced by such overpayment recoveries, as was done for the Budget prior to 1991.

Corresponding amounts of SSI outlays on a fiscal year<sup>1</sup> basis are presented in table IV.C2 for fiscal years 1978-2005. Fiscal years prior to 1978 are omitted from table IV.C2 since historical SSI payment amounts on a fiscal year basis for years prior to 1978 are not readily available. As with the calendar year figures, these fiscal year amounts are shown on a cash-flow basis. Consequently, fiscal years 1979 and later may contain 11, 12, or 13 months of payments, depending on whether October 1 of the current and succeeding fiscal years falls on a weekend.<sup>2</sup> Fiscal year 1978 contains 13 months of payments.

**Table IV.C2.—SSI Federal Payments in Current Dollars, Fiscal Years 1978-2005**  
[In millions]

Fiscal year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
1978.....	\$206	\$740	\$668	\$1,438	\$312	\$22	\$772	\$1,076	\$3,386	\$1,848	\$5,234
1979 <sup>1</sup> .....	226	711	620	1,265	331	20	656	954	3,172	1,610	4,782
1980.....	372	877	698	1,360	506	26	629	1,184	3,840	1,813	5,653
1981.....	442	1,039	797	1,508	625	31	647	1,307	4,442	1,954	6,396
1982.....	499	1,181	861	1,570	693	36	640	1,356	4,840	1,996	6,836
1983.....	596	1,416	1,024	1,783	806	56	660	1,510	5,680	2,170	7,850
1984 <sup>1</sup> .....	588	1,411	1,005	1,665	760	85	613	1,391	5,514	2,004	7,517
1985.....	713	1,662	1,215	1,895	828	145	691	1,502	6,459	2,193	8,652
1986.....	800	1,864	1,386	1,995	840	196	723	1,487	7,080	2,209	9,290
1987.....	880	2,030	1,565	2,119	845	242	755	1,448	7,681	2,203	9,884
1988.....	1,009	2,356	1,898	2,425	932	316	860	1,559	8,935	2,419	11,354
1989 <sup>1</sup> .....	1,012	2,378	1,997	2,452	910	345	862	1,473	9,094	2,335	11,430
1990 <sup>1</sup> .....	1,039	2,378	2,115	2,479	876	362	879	1,394	9,247	2,273	11,521
1991.....	1,519	2,975	2,772	3,141	1,032	447	1,120	1,608	11,886	2,728	14,614
1992.....	2,684	3,621	3,398	3,653	1,099	476	1,269	1,680	14,932	2,949	17,881
1993.....	3,817	4,377	3,977	4,033	1,175	502	1,420	1,730	17,880	3,150	21,029
1994.....	4,328	4,771	4,866	4,756	1,344	569	1,659	1,930	20,635	3,588	24,223
1995 <sup>1</sup> .....	4,554	4,719	5,031	4,822	1,341	560	1,596	1,884	21,027	3,480	24,507
1996 <sup>1</sup> .....	4,543	4,595	5,123	4,830	1,305	540	1,510	1,808	20,936	3,317	24,254
1997.....	4,933	5,004	5,529	5,340	1,478	606	1,602	2,027	22,890	3,629	26,519
1998.....	4,915	5,114	5,816	5,688	1,567	630	1,548	2,110	23,729	3,658	27,387
1999.....	4,901	5,152	6,123	5,975	1,638	648	1,506	2,180	24,438	3,685	28,123
2000.....	5,152	5,500	6,827	6,692	1,822	718	1,599	2,453	26,710	4,052	30,763
2001 <sup>1</sup> .....	4,597	4,869	6,170	6,125	1,670	652	1,352	2,236	24,083	3,588	27,671
2002.....	5,290	5,456	6,998	7,041	1,889	731	1,444	2,500	27,405	3,944	31,349
2003.....	5,558	5,623	7,170	7,390	1,957	759	1,417	2,572	28,456	3,989	32,445
2004.....	5,910	5,868	7,327	7,797	2,031	796	1,380	2,638	29,729	4,018	33,748
2005 <sup>2, 3</sup> ..	6,902	6,697	8,191	8,980	2,291	912	1,458	2,932	33,972	4,389	38,362

<sup>1</sup> Payment due on October 1 of fiscal year paid in previous fiscal year.

<sup>2</sup> Partially estimated.

<sup>3</sup> Includes estimated payment due on October 1 of fiscal year 2006.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

<sup>1</sup> Fiscal years 1977 and later cover the 12-month period ending September 30. For example, fiscal year 2005 payments include payments made from October 1, 2004 through September 30, 2005.

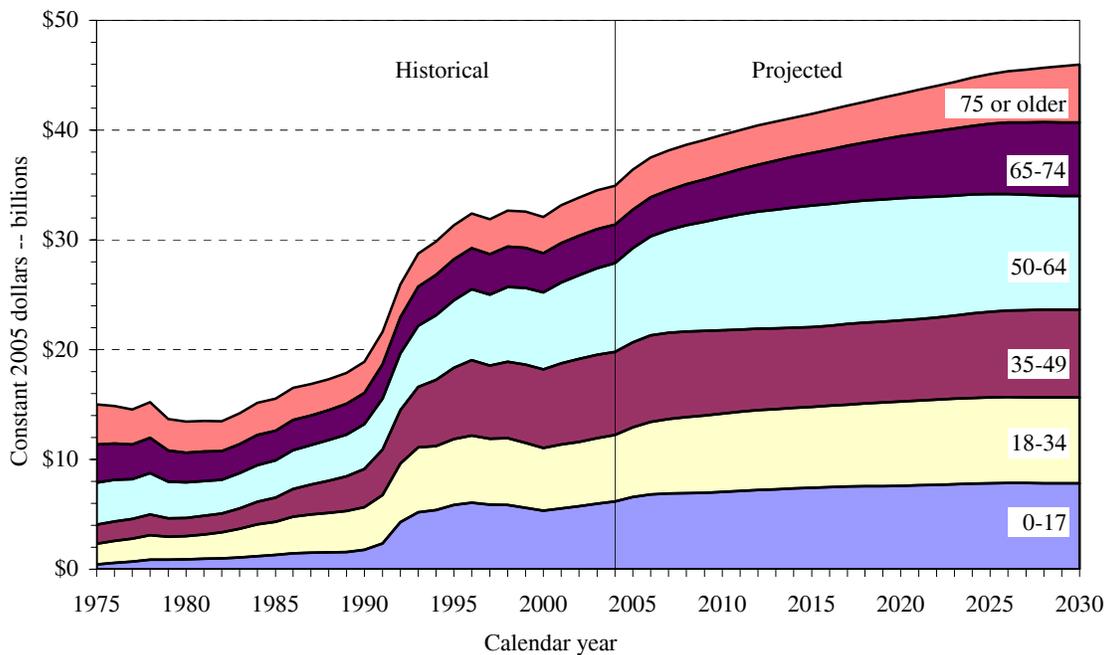
<sup>2</sup> Generally, for fiscal years 1979 and later, the number of months of payments included in the fiscal year is:

- 11 months if October 1 of the current, but not the succeeding fiscal year falls on a weekend;
- 12 months if October 1 of both the current and succeeding fiscal years falls during the week (all payments made in the fiscal year due);
- 12 months if October 1 of both the current and succeeding fiscal years falls on a weekend (both payments due on October 1 paid in preceding fiscal year); and
- 13 months if October 1 of the succeeding, but not current, fiscal year falls on a weekend.

When projecting dollar amounts over longer periods of time, the changing value of the dollar due to inflation can make meaningful comparisons of such amounts difficult. For this reason, in projecting SSI expenditures for 25 years, some means of removing inflation is generally desirable. The Consumer Price Index for Urban Wage Earners and Clerical Workers, published by the Bureau of Labor Statistics and used to determine annual increases in the SSI Federal benefit rate as described in table IV.A2, is an appropriate means of standardizing projected SSI costs over time. Constant-dollar values of Federal SSI benefit payments (those adjusted by the CPI) are presented in table IV.C3 for both the historical period, calendar years 1974-2004, and the full 25-year projection period, 2005-29. This same information is presented in graphical form in figure IV.C1.

The future growth in the “constant dollar” estimates is attributable primarily to the underlying growth in the U.S. population as shown in table IV.A1, since, after the spike in terminations in 1997, the SSI recipient population is projected to remain fairly constant as a percentage of the total U.S. population. However, a small part of the growth in estimated payments is due to some underlying real growth in the assumed average SSI benefit. This results from a projected increase in the disabled child recipients and a decrease in aged recipients as a percentage of the total SSI recipient population, along with the fact that disabled children typically have a much larger SSI benefit than do aged recipients.<sup>1</sup>

**Figure IV.C1.—SSI Federal Payments, by Age Group, in Constant 2005 Dollars, Calendar Years 1975-2030**  
[In billions]



<sup>1</sup> Disabled children typically have higher monthly Federal payment amounts because they have, on average, much lower countable income than do adult recipients.

**Table IV.C3.—SSI Federal Payments in Constant 2005 Dollars, Calendar Years 1974-2029**  
[In millions]

Calendar year	Blind or disabled, by age group					Aged, by age group			Totals		
	0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
<b>Historical data:</b>											
1974 ....	\$153	\$1,662	\$1,716	\$3,678	\$514	\$66	\$3,133	\$3,638	\$7,788	\$6,772	\$14,560
1975 ....	447	1,870	1,738	3,826	662	61	2,829	3,590	8,604	6,418	15,022
1976 ....	579	1,994	1,782	3,778	794	55	2,509	3,370	8,982	5,879	14,861
1977 ....	704	2,075	1,791	3,633	921	54	2,231	3,142	9,177	5,373	14,550
1978 <sup>1</sup> ....	868	2,242	1,880	3,768	1,095	52	2,113	3,191	9,905	5,304	15,210
1979 ....	876	2,086	1,676	3,340	1,107	54	1,718	2,818	9,139	4,536	13,675
1980 ....	903	2,116	1,662	3,227	1,237	63	1,459	2,795	9,206	4,254	13,460
1981 ....	945	2,224	1,692	3,179	1,349	65	1,325	2,722	9,453	4,047	13,500
1982 ....	996	2,354	1,716	3,090	1,369	74	1,224	2,652	9,600	3,876	13,476
1983 ....	1,083	2,590	1,860	3,217	1,461	109	1,178	2,718	10,319	3,896	14,214
1984 ....	1,202	2,875	2,057	3,347	1,525	186	1,222	2,758	11,191	3,980	15,171
1985 ....	1,297	3,011	2,203	3,391	1,468	282	1,232	2,641	11,652	3,873	15,525
1986 ....	1,442	3,347	2,519	3,544	1,471	363	1,268	2,565	12,686	3,833	16,519
1987 ....	1,507	3,484	2,710	3,612	1,417	434	1,282	2,418	13,163	3,700	16,863
1988 ....	1,539	3,591	2,930	3,711	1,409	490	1,312	2,335	13,669	3,647	17,316
1989 ....	1,576	3,735	3,146	3,812	1,439	562	1,354	2,273	14,270	3,627	17,897
1990 ....	1,754	3,885	3,498	4,078	1,414	594	1,442	2,237	15,223	3,679	18,903
1991 ....	2,354	4,389	4,161	4,636	1,488	649	1,640	2,297	17,677	3,937	21,614
1992 ....	4,299	5,317	4,877	5,167	1,532	664	1,776	2,304	21,857	4,080	25,937
1993 ....	5,183	5,919	5,521	5,553	1,602	680	1,950	2,332	24,458	4,282	28,740
1994 ....	5,392	5,828	6,037	5,866	1,648	697	2,027	2,347	25,468	4,374	29,842
1995 ....	5,857	6,007	6,484	6,157	1,706	711	2,011	2,390	26,923	4,401	31,324
1996 ....	6,048	6,118	6,864	6,477	1,745	721	2,009	2,417	27,973	4,427	32,399
1997 ....	5,882	6,014	6,652	6,467	1,799	734	1,896	2,446	27,547	4,341	31,888
1998 ....	5,857	6,076	6,962	6,816	1,873	750	1,819	2,519	28,333	4,339	32,672
1999 ....	5,582	5,924	7,139	6,970	1,917	754	1,735	2,547	28,286	4,282	32,568
2000 ....	5,342	5,712	7,144	7,020	1,915	753	1,640	2,576	27,885	4,215	32,101
2001 ....	5,542	5,814	7,402	7,365	1,995	775	1,597	2,665	28,893	4,261	33,154
2002 ....	5,734	5,874	7,549	7,638	2,044	790	1,535	2,699	29,629	4,234	33,862
2003 ....	5,958	5,988	7,590	7,893	2,079	808	1,475	2,725	30,316	4,200	34,516
2004 ....	6,164	6,080	7,540	8,111	2,097	826	1,395	2,713	30,817	4,108	34,925
<b>Projected:</b>											
2005 ....	6,579	6,363	7,737	8,561	2,171	868	1,353	2,765	32,278	4,117	36,395
2006 ....	6,814	6,600	7,898	9,005	2,207	883	1,359	2,753	33,408	4,112	37,520
2007 ....	6,902	6,766	7,876	9,351	2,263	899	1,370	2,724	34,058	4,095	38,152
2008 ....	6,929	6,918	7,818	9,665	2,343	911	1,399	2,698	34,583	4,097	38,680
2009 ....	6,964	7,035	7,701	9,964	2,417	927	1,429	2,677	35,008	4,106	39,113
2010 ....	7,036	7,138	7,585	10,252	2,492	947	1,462	2,656	35,451	4,117	39,568
2011 ....	7,124	7,222	7,486	10,484	2,601	963	1,505	2,620	35,881	4,125	40,005
2012 ....	7,214	7,274	7,413	10,667	2,725	982	1,557	2,590	36,276	4,146	40,422
2013 ....	7,286	7,306	7,347	10,824	2,838	998	1,614	2,563	36,600	4,177	40,777
2014 ....	7,363	7,335	7,294	10,964	2,952	1,012	1,677	2,546	36,920	4,223	41,144
2015 ....	7,430	7,361	7,276	11,053	3,054	1,032	1,742	2,538	37,207	4,280	41,487
2016 ....	7,488	7,399	7,297	11,100	3,156	1,053	1,803	2,547	37,492	4,350	41,843
2017 ....	7,535	7,457	7,341	11,125	3,256	1,085	1,862	2,572	37,801	4,434	42,235
2018 ....	7,556	7,532	7,369	11,126	3,359	1,120	1,924	2,601	38,062	4,525	42,587
2019 ....	7,572	7,612	7,379	11,126	3,476	1,154	1,996	2,633	38,319	4,629	42,948
2020 ....	7,595	7,681	7,391	11,123	3,594	1,188	2,068	2,678	38,572	4,746	43,318
2021 ....	7,646	7,714	7,425	11,085	3,693	1,233	2,124	2,746	38,797	4,870	43,667
2022 ....	7,692	7,752	7,492	11,011	3,783	1,286	2,168	2,833	39,017	5,001	44,018
2023 ....	7,739	7,784	7,589	10,923	3,878	1,336	2,218	2,921	39,250	5,139	44,388
2024 ....	7,795	7,810	7,702	10,831	3,979	1,385	2,271	3,015	39,502	5,286	44,787
2025 ....	7,840	7,817	7,805	10,721	4,066	1,430	2,324	3,110	39,678	5,434	45,112
2026 ....	7,858	7,818	7,892	10,612	4,126	1,471	2,377	3,206	39,777	5,583	45,361
2027 ....	7,844	7,810	7,947	10,506	4,160	1,511	2,424	3,306	39,778	5,730	45,507
2028 ....	7,837	7,816	7,988	10,429	4,188	1,554	2,462	3,414	39,811	5,876	45,687
2029 ....	7,823	7,821	8,000	10,370	4,200	1,599	2,487	3,529	39,814	6,015	45,829

<sup>1</sup> Includes 13 months of payments since payments due on January 1, 1978 and January 1, 1979 were both paid in calendar year 1978.

Note: Totals do not necessarily equal the sums of rounded components. Historical split among age groups is estimated on a calendar year of age basis.

Although detailed projections of SSI State supplementary payments are not prepared, historical information on the amounts of such supplements is presented in tables IV.C4 and IV.C5. These amounts are consistent with those presented in the *Annual Statistical Supplement to the Social Security Bulletin* and are shown only for the two broad recipient categories.

**Table IV.C4.—SSI Federally-Administered State Supplementary Payments in Current Dollars, Calendar Years 1974-2004**  
[In millions]

Calendar year	Aged	Blind or disabled	Total
1974	\$631	\$632	\$1,264
1975	674	729	1,403
1976	635	753	1,388
1977	627	804	1,431
1978	636	855	1,491
1979	661	928	1,590
1980	757	1,091	1,848
1981	731	1,108	1,839
1982	694	1,104	1,798
1983	645	1,066	1,711
1984	645	1,148	1,792
1985	694	1,278	1,973
1986	759	1,484	2,243
1987	849	1,714	2,563
1988	873	1,798	2,671
1989	954	2,001	2,955
1990	1,038	2,201	3,239
1991	999	2,232	3,231
1992	1,023	2,412	3,435
1993	934	2,336	3,270
1994	876	2,240	3,116
1995	864	2,253	3,118
1996	833	2,155	2,988
1997	824	2,090	2,913
1998	838	2,165	3,003
1999	921	2,380	3,301
2000	943	2,439	3,381
2001	956	2,505	3,460
2002	1,051	2,768	3,820
2003	1,098	2,906	4,005
2004	1,133	3,045	4,178

Note: Totals do not necessarily equal the sums of rounded components.

**Table IV.C5.—SSI State-Administered Payments<sup>1</sup> in Current Dollars, Calendar Years 1974-2004**  
[In millions]

Calendar year	Aged	Blind or disabled	Total <sup>2</sup>
1974	\$89	\$49	\$149
1975	88	74	162
1976	88	77	166
1977	85	87	172
1978	91	88	180
1979	105	100	207
1980	117	106	226
1981	120	113	237
1982	125	119	276
1983	135	132	270
1984	141	152	299
1985	138	165	311
1986	147	185	340
1987	146	205	359
1988	150	224	381
1989	160	251	419
1990	177	281	466
1991	200	310	529
1992	216	323	550
1993	219	341	566
1994	225	354	585
1995	228	356	590
1996	225	307	539
1997	228	303	681
1998	259	429	808
1999	271	461	853
2000	283	488	893
2001	295	494	895
2002	283	507	911
2003	291	546	912
2004	266	521	895

<sup>1</sup> Data provided by individual States are partially estimated. In addition, a few States do not provide updated payment data in particular years. In those cases, data for the previous year are used.

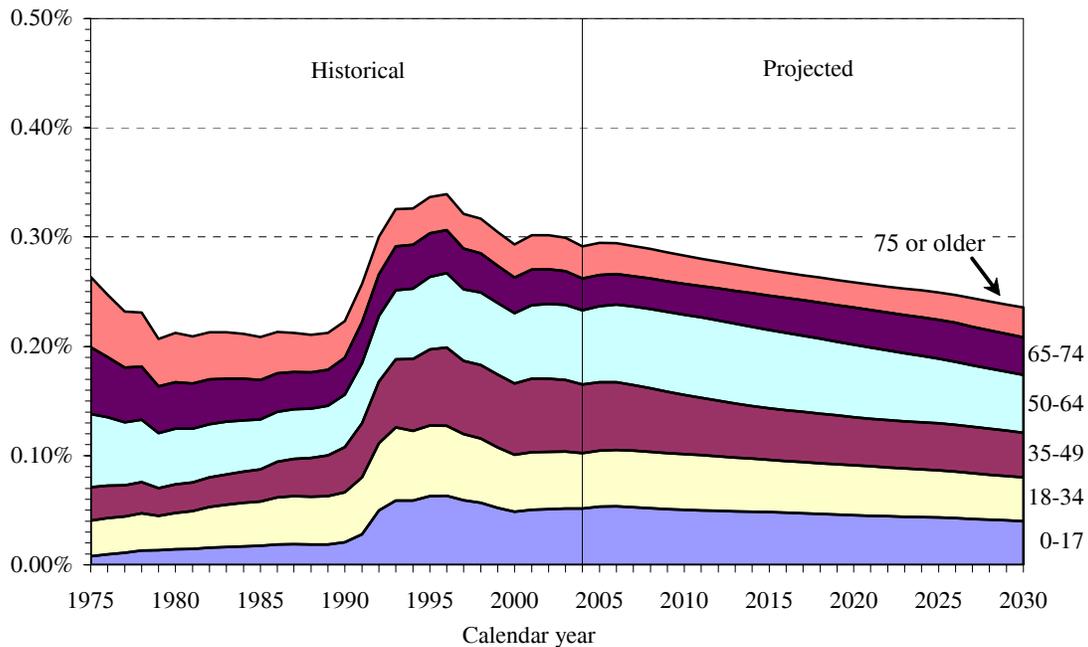
<sup>2</sup> Includes amounts not distributed by recipient category.

**D. FEDERAL SSI PAYMENTS AS A PERCENTAGE OF GROSS DOMESTIC PRODUCT**

For SSI, an appropriate relative measure of program costs is produced by comparing estimated annual SSI costs to the Gross Domestic Product (GDP)<sup>1</sup>. In addition to providing an inflation-independent measure of the cost of the SSI program, this provides a useful perspective on the proportion of the total output of the U.S. economy needed to provide Federal SSI benefits. As is shown in table IV.D1 and figure IV.D1, the total cost of the SSI program after 2005 is projected to decline relative to GDP.

Table IV.D1 and figure IV.D1 present a concise summary of Federal expenditures under the SSI program. Following the initial higher costs of the program, total Federal SSI payments during the 1980s were a fairly constant percentage of GDP (0.21 percent). During the early 1990s, SSI experienced rather rapid growth (to 0.34 percent of GDP in 1996) due to a combination of factors discussed earlier in section IV. Legislation enacted in 1996<sup>2</sup> resulted in a drop in the cost of SSI as a percentage of GDP in 1997. As mentioned earlier, the estimates prepared for this report project total participation in the SSI program to remain a stable proportion of the U.S. population. Federal SSI expenditures, after adjusting for growth in prices, are projected to grow slightly faster than the population due to the estimated small amount of real growth in the SSI average benefit, as discussed previously in section IV.C. Since the real growth projected for GDP under the 2005 Trustees Report intermediate assumptions is greater than the combined effects of increases in SSI participation and the estimated real increase in the SSI average benefit, Federal SSI payments are projected to decline as a percentage of GDP over the next 25 years, reaching 0.24 percent of GDP by 2029.

**Figure IV.D1.—SSI Federal Payments, by Age Group, as a Percentage of GDP, Calendar Years 1975-2030**



<sup>1</sup> The total value of goods and services produced in the United States.

<sup>2</sup> Public Law 104-121 and Public Law 104-193.

Table IV.D1.—SSI Federal Payments as a Percentage of GDP, Calendar Years 1974-2029

Calendar year	GDP (In billions)	Blind or disabled, by age group					Aged, by age group			Totals		
		0-17	18-34	35-49	50-64	65-74	75 or older	65-74	75 or older	Blind or disabled	Aged	All
Historical data:												
1974 ....	\$1,500	0.003	0.029	0.030	0.065	0.009	0.001	0.055	0.064	0.137	0.119	0.256
1975 ....	1,638	.008	.033	.030	.067	.012	.001	.050	.063	.151	.112	.263
1976 ....	1,825	.010	.033	.030	.063	.013	.001	.042	.056	.149	.098	.247
1977 ....	2,031	.011	.033	.029	.058	.015	.001	.036	.050	.146	.086	.232
1978 ....	2,295	.013	.034	.029	.057	.017	.001	.032	.048	.150	.080	.231
1979 ....	2,563	.013	.032	.025	.051	.017	.001	.026	.043	.138	.069	.207
1980 ....	2,790	.014	.033	.026	.051	.020	.001	.023	.044	.145	.067	.212
1981 ....	3,128	.015	.034	.026	.049	.021	.001	.021	.042	.147	.063	.209
1982 ....	3,255	.016	.037	.027	.049	.022	.001	.019	.042	.152	.061	.213
1983 ....	3,537	.016	.039	.028	.048	.022	.002	.018	.041	.155	.058	.213
1984 ....	3,933	.017	.040	.029	.047	.021	.003	.017	.038	.156	.055	.211
1985 ....	4,220	.017	.040	.030	.046	.020	.004	.017	.036	.157	.052	.209
1986 ....	4,463	.019	.043	.033	.046	.019	.005	.016	.033	.164	.050	.213
1987 ....	4,739	.019	.044	.034	.046	.018	.005	.016	.030	.166	.047	.212
1988 ....	5,104	.019	.044	.036	.045	.017	.006	.016	.028	.166	.044	.211
1989 ....	5,484	.019	.044	.037	.045	.017	.007	.016	.027	.169	.043	.212
1990 ....	5,803	.021	.046	.041	.048	.017	.007	.017	.026	.180	.043	.223
1991 ....	5,996	.028	.052	.049	.055	.018	.008	.019	.027	.210	.047	.257
1992 ....	6,338	.050	.062	.056	.060	.018	.008	.021	.027	.253	.047	.300
1993 ....	6,657	.059	.067	.063	.063	.018	.008	.022	.026	.277	.049	.326
1994 ....	7,072	.059	.064	.066	.064	.018	.008	.022	.026	.278	.048	.326
1995 ....	7,398	.063	.065	.070	.066	.018	.008	.022	.026	.289	.047	.337
1996 ....	7,817	.063	.064	.072	.068	.018	.008	.021	.025	.293	.046	.339
1997 ....	8,304	.059	.061	.067	.065	.018	.007	.019	.025	.277	.044	.321
1998 ....	8,747	.057	.059	.067	.066	.018	.007	.018	.024	.275	.042	.317
1999 ....	9,268	.052	.055	.067	.065	.018	.007	.016	.024	.264	.040	.304
2000 ....	9,817	.049	.052	.065	.064	.017	.007	.015	.024	.255	.038	.293
2001 ....	10,128	.050	.053	.067	.067	.018	.007	.015	.024	.263	.039	.301
2002 ....	10,487	.051	.052	.067	.068	.018	.007	.014	.024	.264	.038	.301
2003 ....	11,004	.052	.052	.066	.068	.018	.007	.013	.024	.263	.036	.299
2004 ....	11,736	.051	.051	.063	.068	.017	.007	.012	.023	.257	.034	.291
Projected:												
2005 ....	12,359	.053	.051	.063	.069	.018	.007	.011	.022	.261	.033	.294
2006 ....	13,020	.053	.052	.062	.071	.017	.007	.011	.022	.262	.032	.294
2007 ....	13,710	.053	.052	.060	.072	.017	.007	.010	.021	.260	.031	.292
2008 ....	14,424	.052	.052	.058	.072	.018	.007	.010	.020	.258	.031	.289
2009 ....	15,160	.051	.051	.056	.073	.018	.007	.010	.020	.256	.030	.286
2010 ....	15,926	.050	.051	.054	.073	.018	.007	.010	.019	.253	.029	.283
2011 ....	16,721	.050	.051	.052	.073	.018	.007	.011	.018	.251	.029	.280
2012 ....	17,534	.050	.050	.051	.073	.019	.007	.011	.018	.249	.028	.277
2013 ....	18,369	.049	.049	.049	.073	.019	.007	.011	.017	.247	.028	.275
2014 ....	19,232	.049	.049	.048	.073	.020	.007	.011	.017	.244	.028	.272
2015 ....	20,127	.048	.048	.047	.072	.020	.007	.011	.016	.242	.028	.269
2016 ....	21,055	.048	.047	.047	.071	.020	.007	.012	.016	.239	.028	.267
2017 ....	22,022	.047	.047	.046	.070	.020	.007	.012	.016	.237	.028	.265
2018 ....	23,025	.047	.046	.045	.069	.021	.007	.012	.016	.235	.028	.263
2019 ....	24,072	.046	.046	.045	.067	.021	.007	.012	.016	.232	.028	.261
2020 ....	25,150	.045	.046	.044	.066	.021	.007	.012	.016	.230	.028	.259
2021 ....	26,276	.045	.045	.044	.065	.022	.007	.012	.016	.228	.029	.256
2022 ....	27,440	.044	.045	.043	.064	.022	.007	.013	.016	.226	.029	.255
2023 ....	28,652	.044	.044	.043	.062	.022	.008	.013	.017	.223	.029	.253
2024 ....	29,904	.044	.044	.043	.061	.022	.008	.013	.017	.221	.030	.251
2025 ....	31,204	.043	.043	.043	.059	.022	.008	.013	.017	.219	.030	.249
2026 ....	32,558	.043	.043	.043	.058	.022	.008	.013	.017	.216	.030	.247
2027 ....	33,985	.042	.042	.043	.056	.022	.008	.013	.018	.213	.031	.244
2028 ....	35,479	.041	.041	.042	.055	.022	.008	.013	.018	.210	.031	.241
2029 ....	37,030	.041	.041	.042	.054	.022	.008	.013	.018	.207	.031	.238

Note: Totals do not necessarily equal the sums of rounded components. Historical GDP amounts subject to revision.

**E. THE SSI PROGRAM'S SHARE OF SSA'S ADMINISTRATIVE COSTS  
AND BENEFICIARY SERVICES COSTS**

The SSI program is administered by the Social Security Administration. Section 201(g)(1) of the Social Security Act provides that administrative expenses for the SSI program, including Federal administration of State supplementation payments, may be financed from the OASDI Trust Funds. The trust funds are reimbursed from the General Fund of the Treasury for any such SSI administrative expenditures. These reimbursements include adjustments for any interest losses the trust funds may have incurred as a result of such expenditures. The legislative history of the 1972 amendments (which established this funding mechanism) indicates a desire to obtain economy of administration by giving SSA the responsibility for the SSI program because of its existing field office network and its administrative and automated data processing facilities. Because of the integration of the administration of the SSI and OASDI programs, it was desirable to fund them from a single source, with reimbursement to the trust funds based on a Government Accountability Office-approved method of cost analysis of the respective expenses of the SSI and OASDI programs, and a final settlement by the end of the subsequent fiscal year required by law. Table IV.E1 provides historical data on selected administrative costs of the SSI program.

**Table IV.E1.—Selected SSI Administrative Costs, Fiscal Years 1978-2005**  
[Outlays in millions]

Fiscal year	Payments to the trust funds <sup>1</sup>	Beneficiary services <sup>2</sup>
1978.....	\$539	\$31.6
1979.....	611	57.0
1980.....	668	33.1
1981.....	717	37.3
1982.....	780	12.0
1983.....	846	8.0
1984.....	864	<sup>3</sup> 84.0
1985.....	956	3.0
1986.....	1,023	7.2
1987.....	977	9.5
1988.....	976	12.9
1989.....	1,052	20.0
1990.....	1,075	28.3
1991.....	1,230	33.1
1992.....	1,426	36.0
1993.....	1,468	32.3
1994.....	1,780	33.8
1995.....	1,978	48.2
1996.....	1,953	71.8
1997.....	2,055	77.3
1998.....	2,304	46.0
1999.....	2,493	52.0
2000.....	2,321	53.7
2001.....	2,397	43.9
2002.....	2,522	54.0
2003.....	2,656	37.0
2004.....	2,806	38.6
2005 (estimated).....	2,929	77.0

<sup>1</sup> This activity funds the reimbursement to the OASI and DI Trust Funds from the General Fund of the Treasury for the SSI program's share of SSA's administrative expenses, as well as reimbursements from participating States for SSA's administration of the SSI State Supplementation Program.

<sup>2</sup> Includes payments to State Vocational Rehabilitation (VR) agencies and Employment Networks for VR services and payments under the Ticket to Work program. Payments for referral and monitoring services for Drug Addicts and Alcoholics are also included through December 1996. These payments were terminated effective January 1997. The increase in the estimate for fiscal year 2005 reflects an assumption that State budgets will continue to improve, enabling the States to restore some lost vocational rehabilitation service capacity and serve a greater number of SSI beneficiaries.

<sup>3</sup> Reflects a one-time payment to State VR agencies for prior year expenses.

## V. APPENDICES

### A. HISTORY OF PROVISIONS

Act

#### 1. Basic Eligibility Requirements

**1972**

*Public Law 92-603,  
enacted October 30*

An individual may qualify for payments on the basis of age, blindness, or disability.

**Aged:** Any person aged 65 or older.

**Blind:** Any person with 20/200 or less vision in the better eye with the use of correcting lenses, or with tunnel vision of 20 degrees or less. An individual transferred from a State Aid to the Blind (AB) program to SSI is eligible if he/she received such State aid in December 1973 and continues to meet the October 1972 State definition of blindness.

**Disabled:** Any person unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months. For a child under age 18, eligibility is based on disability of severity comparable with that of an adult. An individual transferred from a State Aid to the Permanently and Totally Disabled (APTD) program to SSI is also eligible if he/she received such State aid in December 1973 and continues to meet the October 1972 State definition of disability.

**1973**

*Public Law 93-233,  
enacted December 31*

Only persons who had received APTD before July 1973 and were on the rolls in December 1973 may receive SSI on the basis of the State definition of disability; those who became eligible for State aid from July to December 1973 must meet the Federal definition of disability.

**1980**

*Public Law 96-265,  
enacted June 9*

A disabled recipient who loses Federal SSI eligibility because of earnings at the substantial gainful activity level may continue to receive a special benefit under section 1619 and retain eligibility for Medicaid under title XIX of the Social Security Act. This special benefit status may continue as long as the recipient has the disabling impairment and meets all nondisability SSI eligibility criteria. States have the option of supplementing this special benefit.

This provision of the law was in effect from January 1, 1981, through December 31, 1983. Beginning in January 1984, under a 1-year demonstration project, this provision was continued for persons already eligible for either regular SSI payments or special monthly benefits.

**1984**

*Public Law 98-460,  
enacted October 9*

The special benefit and Medicaid provisions of the 1980 legislation were extended through June 30, 1987 (retroactive to January 1, 1984).

**1986**

*Public Law 99-643,  
enacted November 10*

The special benefit and Medicaid provisions of the 1980 amendments are made permanent. The provisions were amended effective July 1, 1987, with significant modifications to simplify administration and to allow free movement between regular SSI disability payments and either the special cash benefit or Medicaid eligibility under section 1619. The distinction between a disabled person eligible for regular SSI payments and one eligible for 1619(a) is that the latter has several months with gross earnings above the SGA level. Previously, section 1619(a) status required completion of a trial work period and the determination that the work was SGA.

Act

**1996**

*Public Law 104-193,  
enacted August 22*

For individuals under age 18, the “comparable severity” standard is eliminated and replaced with a requirement that a child be considered disabled if he/she has a medically determinable impairment that results in “marked and severe functional limitations,” and meets the existing statutory duration requirement. The law also eliminates references to “maladaptive behaviors” from the personal/behavioral domain of the mental disorders in the Listing of Impairments for children, and discontinues the use of individualized functional assessments for children.

SSI eligibility is prohibited for an individual in any month during which such an individual is a fugitive felon, fleeing prosecution, or violating State or Federal conditions of probation or parole. In addition, SSI eligibility is prohibited for 10 years for those convicted of fraudulently claiming residence to obtain benefits simultaneously in two or more States.<sup>1</sup>

**2. Other Eligibility Provisions**

*a. Citizenship and U.S. Residency*

**1972**

*Public Law 92-603,  
enacted October 30*

The individual must reside within one of the 50 States or the District of Columbia and be a citizen or an alien lawfully admitted for permanent residence or permanently residing in the United States under color of law. Persons living outside the United States for an entire calendar month lose their eligibility for such a month.

**1976**

*Public Law 94-241,  
enacted March 24*

Eligibility for SSI is extended to residents of the Northern Mariana Islands, effective January 9, 1978.

**1980**

*Public Law 96-265,  
enacted June 9*

The income and resources of the immigration sponsors of aliens applying for SSI are considered in determining eligibility for and the amount of payment. After allowances for the needs of the sponsor and his/her family, the remainder is deemed available for the support of the alien applicant for a 3-year period after admission to the United States for permanent residence. This provision does not apply to those who become blind or disabled after admission, to refugees, or to persons granted political asylum. (See section 2.g. for subsequent changes to sponsor-to-alien deeming provisions.)

**1989**

*Public Law 101-239,  
enacted December 19*

SSI eligibility is continued for a disabled or blind child who was receiving SSI benefits while living in the United States and is now living with a parent who is a member of the U.S. Armed Forces assigned to permanent duty ashore outside the United States, but not where the parent is stationed in Puerto Rico or the territories and possessions of the United States.

**1993**

*Public Law 103-66,  
enacted August 10*

Above provision made applicable where the parent is a member of the U.S. Armed Forces and stationed in Puerto Rico or the territories and possessions of the United States.

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<sup>1</sup>This last provision was repealed in 1999 by Public Law 106-169 and replaced with a provision providing for non-payment of benefits for up to 24 months for knowingly making false or misleading statements regarding material facts.

Act

**1996**

*Public Law 104-193,  
enacted August 22*

Prohibits SSI eligibility for anyone who is not a U.S. citizen or national unless they are in a “qualified alien” category and meet one of certain exceptions such as lawful permanent residents who earn or can be credited with 40 qualifying quarters of earnings, certain refugee type categories eligible for up to 5 years of time limited eligibility, or active duty U.S. military or veterans and their spouses and children. Extends eligibility for aliens receiving SSI as of August 22, 1996 (the enactment date of the law) for 1 year after the enactment date for those aliens found ineligible under the new standards.

*Public Law 104-208,  
enacted September 30*

Amends Public Law 104-193 to add to the list of “qualified aliens” certain non-citizens (and their children) who have been battered or subjected to extreme cruelty by a spouse or parent or a member of the spouse’s or parent’s family living in the same household.

**1997**

*Public Law 105-18,  
enacted June 12*

Extends eligibility for aliens receiving SSI as of August 22, 1996, until September 30, 1997, for those found ineligible under the new alien standards of Public Law 104-193.

*Public Law 105-33,  
enacted August 5*

Further amends Public Law 104-193 to add Cuban and Haitian entrants, and the child of a parent who has been battered or subjected to extreme cruelty, to the list of qualified aliens. Provides that Cuban and Haitian entrants and Amerasian immigrants qualify for time limited eligibility, and increases the time limit from 5 to 7 years for all time-limited categories. Additional exceptions are added for qualified aliens: (1) lawfully residing in the United States and receiving SSI benefits on August 22, 1996; and (2) lawfully residing in the United States on August 22, 1996 and meeting the definition of blind or disabled in the Social Security Act.

Certain noncitizen American Indians are excepted from the alien nonpayment provisions of Public Law 104-193.

Extends eligibility for “nonqualified aliens” receiving SSI as of August 22, 1996, until September 30, 1998.

**1998**

*Public Law 105-306,  
enacted October 28*

Permanently extends eligibility of all remaining “nonqualified aliens” who were receiving SSI benefits when Public Law 104-193 was enacted on August 22, 1996.

**2000**

*Public Law 106-386,  
enacted October 28*

Noncitizens, regardless of their immigration status, may be eligible for SSI to the same extent as refugees, if they are determined to be victims of “severe forms of trafficking in persons.”

**2004**

*Public Law 108-203,  
enacted March 2*

Extends SSI eligibility to blind or disabled children who are U.S. citizens living with a parent assigned to permanent U.S. military duty outside of the United States, and who were not receiving SSI benefits while in the United States. Previously, only blind or disabled children who received an SSI benefit for the month before the parent reported for permanent duty abroad were eligible. Effective April 2004 for applications filed after enactment.

*Act*

**1980**

*Public Law 96-272,  
enacted June 17*

**b. Other Benefits**

SSI applicants and recipients are not required as a condition of eligibility to elect to receive Veterans Administration pensions under the Veterans and Survivors' Pension Improvement Act of 1978 if the State of residence lacks a medically-needy program under title XIX.

**1972**

*Public Law 92-603,  
enacted October 30*

**c. Drug Addiction and Alcoholism (DA&A)**

Any disabled individual who has been medically determined to be an alcoholic or drug addict must accept appropriate treatment, if available, in an approved facility and demonstrate compliance with conditions and requirements for treatment.

SSI payments are required to be made through a representative payee—another person or public or private agency designated by SSA to manage the recipient's benefit on his/her behalf.

**1994**

*Public Law 103-296,  
enacted August 15*

Any individual who is receiving SSI based on a disability where drug addiction or alcoholism is a contributing factor material to the finding of disability must comply with the DA&A treatment requirements. The individual must accept appropriate treatment when it is available and comply with the conditions and terms of treatment. Instances of noncompliance with the requirements result in progressively longer payment suspensions. Before payments can resume, the individual must demonstrate compliance for specific periods; 2 months, 3 months, and 6 months, respectively, for the first, second, third and subsequent instances of noncompliance. An individual who is not in compliance with the DA&A treatment requirements for 12 consecutive months shall not be eligible for payments; however, this does not prevent such individuals from reapplying and again becoming eligible for payments.

SSI disability payments based on DA&A are also limited to a total of 36 benefit months (beginning March 1995) regardless of whether appropriate treatment is available. Months for which benefits are not due and received do not count towards the 36-month limit.

Payments based on DA&A must be made to a representative payee. Preference is required to be given to community based nonprofit social service agencies and Federal, State, or local government agencies in representative payee selection. These agencies when serving as payees for individuals receiving payments based on DA&A may retain the lesser of 10 percent of the monthly benefit or \$50 (adjusted annually after 1995 by the Consumer Price Index (CPI)) as compensation for their services.

Establishment of one or more referral and monitoring agencies for each State is required.

**1996**

*Public Law 104-121,  
enacted March 29*

An individual is not considered disabled if DA&A is a contributing factor material to a finding of disability.

Applies DA&A representative payee requirements enacted under Public Law 103-296 to disabled SSI recipients who have a DA&A condition and are incapable of managing their benefits. In addition, these recipients shall be referred to the appropriate State agency administering the State plan for substance abuse treatment.

*Act***1972**

*Public Law 92-603,  
enacted October 30*

**1976**

*Public Law 94-566,  
enacted October 20*

**1983**

*Public Law 98-21,  
enacted April 20*

**1986**

*Public Law 99-643,  
enacted November 10*

**1987**

*Public Law 100-203,  
enacted December 22*

**1996**

*Public Law 104-193,  
enacted August 22*

**1972**

*Public Law 92-603,  
enacted October 30*

**1976**

*Public Law 94-566,  
enacted October 20*

**d. Institutionalization**

An individual who is an inmate of a public institution is ineligible for SSI payments unless the institution is a facility approved for Medicaid payments and is receiving such payments on behalf of the person. Under *regulations*, the Medicaid payment must represent more than 50 percent of the cost of services provided by the facility to the individual.

An inmate of a publicly operated community residence serving no more than 16 persons may, if otherwise eligible, receive SSI.

Payments may be made to persons who are residents of public emergency shelters for the homeless for a period of up to 3 months in any 12-month period.

Effective July 1, 1987, disabled or blind recipients who were receiving special SSI payments or had special SSI recipient status under section 1619 in the month preceding the first full month of institutionalization, may receive payments based on the full Federal benefit rate for the initial 2 full months of institutionalization, if they reside in certain public medical, psychiatric or Medicaid facilities, or in private Medicaid facilities.

Effective January 1, 1988, payments may be made to persons who are residents of public emergency shelters for the homeless, for up to 6 months in a 9-month period.

Effective July 1, 1988, continued payment of SSI benefits for up to 3 months is permitted, at the rate that was applicable in the month prior to the first full month of institutionalization, for individuals whose expected institutional stay on admission is not likely to exceed 3 months, as certified by a physician, and for whom the receipt of benefits is necessary to maintain living arrangements to which they may return.

Effective December 1996, institutionalized children under age 18 whose private health insurance is making payments to the institution may receive no more than \$30 per month in Federal SSI.

**e. Vocational Rehabilitation and Treatment**

Blind or disabled individuals receiving Federal SSI benefits who are under age 65, must be referred to the State agency providing services under the Vocational Rehabilitation Act and must accept the services offered. States are reimbursed for the cost of services.

Blind or disabled children under age 16 must be referred to the State agency administering crippled children's services or to another agency designated by the State. States are reimbursed for the cost of services.

Of funds provided for these services, at least 90 percent must be used for children under age 6 or for those who have never attended public schools.

Act

**1980**

*Public Law 96-265,  
enacted June 9*

Disabled SSI recipients who medically recover while enrolled in approved vocational rehabilitation programs of State VR agencies, may continue to receive benefits during their participation in such programs if the Commissioner of Social Security determines that continuation in the program will increase the probability that they leave the rolls permanently.

**1981**

*Public Law 97-35,  
enacted August 13*

Funding no longer provided under title XVI for medical, social, developmental and rehabilitative services to disabled or blind children.

Reimbursement for the cost of rehabilitation services will be made only if the services result in the recipient's return to work for a continuous period of 9 months. The work must be at the substantial gainful activity earnings level.

**1984**

*Public Law 98-460,  
enacted October 9*

Authorizes the reimbursement of States for the cost of VR services provided to individuals who (1) continue to receive benefits after medical recovery because they are participating in a State VR program or (2) refuse, without good cause, to continue in or cooperate with the VR program in which they had been participating.

**1987**

*Public Law 100-203,  
enacted December 22*

Extends the provision for continuation of payments to disabled SSI recipients who have medically recovered while enrolled in an approved vocational rehabilitation program to include blind SSI recipients.

**1990**

*Public Law 101-508,  
enacted November 5*

Reimbursement authorized for the cost of vocational rehabilitation services provided in months in which the individual was not receiving Federal SSI payments, if:

- SSI recipient status for Medicaid eligibility purposes was retained under work incentive provisions, or
- Benefits were in suspense<sup>1</sup> status (for a reason other than cessation of disability or blindness), or
- Federally-administered State supplementation was received.

Extends benefit continuation provision to disabled SSI recipients who medically recover while participating in a non-State VR program.

**1999**

*Public Law 106-170,  
enacted December 17*

Establishes a Ticket to Work and Self-Sufficiency program which will provide SSI (and OASDI) disability beneficiaries with a ticket that can be used to obtain vocational rehabilitation services, employment services, or other support services, from an employment network (EN) of their choice.

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<sup>1</sup> Recipients who have lost eligibility for SSI benefits for fewer than 13 consecutive months are in suspended payment status.

## Act

An EN chooses one of the two EN payment options at the time it submits an application to SSA to become an EN. The chosen payment system will apply to all beneficiaries served. An EN can elect to receive payment under the:

- Outcome payment system, under which it can receive payment for up to 60 outcome payment months; or
- Outcome-milestone payment system, under which it can receive payment for up to four milestones (established by regulation) in addition to outcome payments. These milestones must occur before the EN enters the first month for which it is eligible for an outcome payment. Four milestone payments plus 60 months of reduced outcome payments equal 85 percent of the total that would be available if the EN chose the outcome payment system.

The four milestones are based on gross earnings exceeding the substantial gainful activity level for specified months. An outcome payment month is any month in which SSA does not pay any Federal disability cash benefits to a beneficiary because of work or earnings.

Also eliminates the requirement that blind or disabled SSI recipients age 16 through 64 be referred to the State VR agency and accept the services offered.

*f. Continuing Disability Reviews and Eligibility Redeterminations*

**1994**

*Public Law 103-296,  
enacted August 15*

During each of fiscal years 1996, 1997, and 1998, requires SSA to conduct continuing disability reviews (CDRs) on a minimum of 100,000 SSI recipients. In addition, during the same period, requires SSA to redetermine the SSI eligibility of at least one-third of all child SSI recipients who reach age 18 after April 1995 during the 1-year period following attainment of age 18. Redeterminations for persons turning age 18 could count toward the 100,000 CDR requirement.

**1996**

*Public Law 104-193,  
enacted August 22*

Repeals the requirement that SSA redetermine the eligibility of at least one-third of all child SSI recipients who reach age 18 after April 1995 during the 1-year period following attainment of age 18.

Requires a CDR:

- At least once every 3 years for SSI recipients under age 18 who are eligible by reason of an impairment which is likely to improve, and
- Not later than 12 months after birth for recipients whose low birth weight is a contributing factor material to the determination of their disability.

Requires eligibility redetermination under the adult disability standard for all child SSI recipients eligible for the month before the month in which they attain age 18.

Requires redetermination of eligibility for children considered disabled based on an individual functional assessment and/or consideration of maladaptive behavior.

Requires the representative payee of a child SSI recipient whose continuing eligibility is being reviewed to present evidence that the recipient is receiving treatment which is considered medically necessary and available for the condition which was the basis for providing SSI benefits.

Act

**1997**

*Public Law 105-33,  
enacted August 5*

Modifies provision of Public Law 104-193 to extend from 12 to 18 months the period for redetermining the disability of children under age 18 under the new childhood disability standard.

Modifies provision of Public Law 104-193 to permit SSA to schedule a CDR for a disabled child for whom low birth weight is a contributing factor material to the determination of disability, at a date after the child's first birthday if the Commissioner determines the impairment is not expected to improve within 12 months of the child's birth.

Modifies provision of Public Law 104-193 to provide SSA the authority to make redeterminations of disabled childhood recipients who attain age 18, more than 1 year after the date such recipient attains age 18.

**1999**

*Public Law 106-170,  
enacted December 17*

Prohibits the initiation of a CDR during the period that a recipient is "using a ticket" under the Ticket to Work program.

***g. Deeming of Income and Resources***

**1972**

*Public Law 92-603,  
enacted October 30*

Deeming occurs when the income and resources of certain family members living in the same household with the SSI recipient are considered in determining the amount of the SSI payment. These family members are the ineligible spouse of an adult recipient and the ineligible parents of a child recipient under age 21.

After deduction of personal allocations for the spouse (or parents) and for ineligible children in the home, and after application of income exclusions, any remaining income of the spouse (or parents) is added to the income of the eligible person.

**1980**

*Public Law 96-265,  
enacted June 9*

Children aged 18 or older are not subject to parental deeming.

Sponsor's income and resources deemed to an alien for 3 years.

**1989**

*Public Law 101-239,  
enacted December 19*

Disabled children receiving home care services under State Medicaid programs, who are ineligible for SSI because of deeming of parental income, and who received SSI benefits limited to \$30 while in a medical treatment facility, may receive the \$30 monthly allowance that would be payable if the recipient were institutionalized.

**1993**

*Public Law 103-152,  
enacted November 24*

Sponsor-to-alien deeming period extended from 3 years to 5 years, effective January 1, 1994, through September 30, 1996.

Considers an ineligible spouse or parent who is absent from the household due to active military service to be a member of the household for deeming purposes.

**1996**

*Public Law 104-193,  
enacted August 22*

Deeming of income and resources from an immigration sponsor to a noncitizen continues until citizenship, with exceptions for those who earn, or can be credited with, 40 qualifying quarters of earnings. Effective for those whose sponsor signs a new legally enforceable affidavit of support.

Act

**1996**

*Public Law 104-208,  
enacted September 30*

Amends Public Law 104-193 to add two exceptions to the sponsor-to-alien deeming:

- Provides that if the noncitizen is indigent and would be unable to obtain food and shelter without SSI benefits even after receiving support from the sponsor, then only the amount of income and resources actually provided by the sponsor will be counted for a 12-month period after a determination of indigence; and
- Provides that in certain cases, deeming would not apply for a 12-month period (with some options for extension) if the noncitizen (or his/her children) has been battered, or subjected to extreme cruelty by family members.

**1997**

*Public Law 105-33,  
enacted August 5*

Amends Public Law 104-208 to add an additional exception to sponsor-to-alien deeming when the parent of a noncitizen has been battered or subjected to extreme cruelty by family members.

### **3. Federal Benefit Payments**

#### ***a. Windfall Offset***

**1980**

*Public Law 96-265,  
enacted June 9*

Offset (by reduction of retroactive Social Security benefits) to prevent persons whose initial OASDI payment is retroactive from receiving more in total benefits than if they were paid the benefits when regularly due.

**1984**

*Public Law 98-617,  
enacted November 8*

Offset provision expanded to allow for reduction of retroactive SSI benefits and to apply in cases of OASDI benefit reinstatement.

#### ***b. Proration of Benefit***

**1982**

*Public Law 97-248,  
enacted September 3*

Benefit for first month of eligibility to be prorated by the number of days in the month for which an application has been filed and there is eligibility.

**1996**

*Public Law 104-193,  
enacted August 22*

Changes the effective date of an SSI application to the first day of the month following the date on which the application was filed or on which the individual first becomes eligible, whichever is later. This, in effect, eliminates prorated payments in initial claims.

#### ***c. Retrospective Monthly Accounting***

**1981**

*Public Law 97-35,  
enacted August 13*

Changes the method of computing the SSI benefit to one under which the benefit amount is computed on a monthly basis and is based on income and other characteristics in the previous (or second previous) month.

**1984**

*Public Law 98-369,  
enacted July 18*

Changes the method of computing the SSI benefit to persons receiving title II payments. The effect of the increased title II income at the time of the cost-of-living increase is not delayed as it otherwise would be.

Act

**1987**

*Public Law 100-203,  
enacted December 22*

Provides an exception to retrospective monthly accounting so that amounts received under Aid to Families With Dependent Children (AFDC), foster care, refugee cash assistance, Cuban-Haitian entrant assistance, or general and child welfare assistance provided by the Bureau of Indian Affairs are counted only in the month received.

**1993**

*Public Law 103-66,  
enacted August 10*

Changes the method of computing the SSI benefit to persons receiving the value of the one-third reduction. The effect of the increased value at the time of the cost-of-living increase is not delayed as it otherwise would be. Effective January 1995.

**2004**

*Public Law 108-203,  
enacted March 2*

Eliminates triple counting of one-time, nonrecurring income by providing that this income will be counted only for the month that the income is received, and not for any other month during the transition to retrospective monthly accounting during the first 3 months of an individual's SSI eligibility. Effective April 2005.

**d. *Uncashed Checks***

**1981**

*Public Law 97-35,  
enacted August 13*

States that have Federally-administered supplements to be credited their share of SSI checks that remain unnegotiated for 180 days.

**1987**

*Public Law 100-86,  
enacted August 10*

SSI checks now unnegotiable after 1 year. States are credited their share of SSI checks after 1 year rather than 180 days.

**e. *Rounding of Payment Amounts***

**1982**

*Public Law 97-248,  
enacted September 3*

Cost-of-living adjustments in the Federal SSI benefit and income eligibility levels are to be rounded to the next lower whole dollar, after the adjustment is calculated. Subsequent cost-of-living adjustments will be calculated on the previous year's benefit standard before rounding.

**f. *Penalties for False or Misleading Statements or Withholding of Information***

**1999**

*Public Law 106-169,  
enacted December 14*

Provides for the nonpayment of OASDI and SSI benefits (6, 12 and 24 months, respectively, for the first, second, and third or subsequent violations) for individuals found to have knowingly made a false or misleading statement of material fact for use in determining eligibility for benefits.

**2004**

*Public Law 108-203,  
enacted March 2*

Expands the administrative sanction of nonpayment of benefits to situations where an individual has failed to disclose material information, if the person knew or should have known that such failure was misleading.

Authorizes Federal courts to order a defendant convicted of defrauding Social Security, Special Veterans' Benefits, or SSI to make restitution to SSA. Restitution funds would be deposited to the trust funds or General Fund of the Treasury, as appropriate. Effective with respect to violations occurring on or after the date of enactment.

#### 4. Federal Benefit Rates

Basic benefit standards are used in computing the amount of Federal SSI payments. Benefit levels differ for individuals and couples living in households and for persons in Medicaid institutions. Individuals or couples living in their own households receive the full Federal benefit. If an individual or couple is living in another person's household and receiving support and maintenance there, the Federal benefit is reduced by one-third. The Federal benefit rates for persons in households are increased annually to reflect increases in the cost of living. Legislation affecting the level of Federal benefit rates since the inception of the SSI program are summarized in table V.A1.

**Table V.A1.—Federal Benefit Rates Set by Legislation**

Act	Living arrangements <sup>1</sup>	Amount <sup>2</sup>		Conditions
		Individual	Couple	
1972 <sup>3</sup> .....	Own household <sup>4</sup>	\$130.00	\$195.00	Was to be effective January 1, 1974; superseded by Public Law 93-233.
1973 <sup>5</sup> .....	—	140.00	210.00	Was to be effective January 1, 1974; superseded by Public Law 93-233.
1973 <sup>6</sup> .....	—	140.00	210.00	Effective January 1, 1974.
1973 <sup>6</sup> .....	—	146.00	219.00	Effective July 1, 1974.
1974 <sup>7</sup> .....	—	—	—	Mechanism established for providing cost-of-living adjustments coordinated with earlier legislation applying to OASDI cash benefits. SSI payments to be increased by the same percentage as OASDI benefits and at the same time.
	—	<sup>8</sup> 157.70	<sup>8</sup> 236.60	Effective July 1, 1975.
1983 <sup>9</sup> .....	—	304.30	456.40	Effective July 1, 1983 (general benefit increase).
	—	<sup>8</sup> 314.00	<sup>8</sup> 472.00	Effective January 1, 1984.
1973 <sup>5</sup> .....	Increment for "essential person" in household	65.00	—	Was to be effective January 1, 1974. For persons transferred from OAA, AB, or APTD programs who were receiving payments in December 1973 under a State plan that took account of "essential persons" in the household.
	—	70.00	—	Was to be effective July 1, 1974.
1973 <sup>6</sup> .....	—	70.00	—	Effective January 1, 1974.
	—	73.00	—	Effective July 1, 1974.
1974 <sup>7</sup> .....	—	—	—	Mechanism established for providing cost-of-living adjustments.
	—	<sup>8</sup> 78.90	—	Effective July 1, 1975.
1983 <sup>9</sup> .....	—	152.50	—	Effective July 1, 1983 (general benefit increase).
	—	<sup>8</sup> 157.00	—	Effective January 1, 1984.
1972 <sup>3</sup> .....	Receiving institutional care covered by Medicaid	25.00	50.00	Effective January 1, 1974. Must be receiving more than 50 percent of the cost of the care from Medicaid (title XIX of the Social Security Act).
1987 <sup>10</sup> .....	—	30.00	60.00	Effective July 1, 1988. Must be receiving more than 50 percent of the cost of the care from Medicaid (title XIX of the Social Security Act).

<sup>1</sup> For those in another person's household receiving support and maintenance there, the Federal benefit rate is reduced by one-third.

<sup>2</sup> For those without countable income. These payments are reduced by the amount of countable income of the individual or couple.

<sup>3</sup> Public Law 92-603, enacted October 30, 1972.

<sup>4</sup> Includes persons in private institutions whose care is not provided by Medicaid.

<sup>5</sup> Public Law 93-66, enacted July 9, 1973.

<sup>6</sup> Public Law 93-233, enacted December 31, 1973.

<sup>7</sup> Public Law 93-368, enacted August 7, 1974.

<sup>8</sup> Subject to automatic provisions, see table IV.A2.

<sup>9</sup> Public Law 98-21, enacted April 20, 1983.

<sup>10</sup> Public Law 100-203, enacted December 22, 1987.

Act

## 5. Exclusions from Income

### a. General Exclusions

**1972**

*Public Law 92-603,  
enacted October 30*

The first \$60 of earned or unearned income per calendar quarter for an individual or couple; the next \$195 and one-half the remainder of quarterly earned income. Unearned income includes Social Security benefits, other government or private pensions, veterans' benefits, and workers' compensation.

**1981**

*Public Law 97-35,  
enacted August 13*

The first \$20 of earned or unearned income per month for an individual or couple; the next \$65 and one-half the remainder of monthly earned income. Unearned income includes Social Security benefits, other government or private pensions, veterans' benefits, and workers' compensation.

**2000**

*Public Law 106-554,  
enacted December 21*

Earnings of persons defined as Social Security statutory employees are treated as self-employment income for SSI purposes.

### b. Special Exclusions

**1972**

*Public Law 92-603,  
enacted October 30*

Any amount of tax rebate issued to an individual by any public agency that is based on either real property or food purchase taxes.

Grants, scholarships, and fellowships used to pay tuition and fees at an educational institution.

Income required for achieving an approved self-support plan for blind or disabled persons.

Work expenses of blind persons.

For blind persons transferred from State programs to SSI, income exclusions equal to the maximum amount permitted as of October 1972 under the State programs.

Irregularly or infrequently received income totaling \$60 or less of unearned income and \$30 of earned income in a calendar quarter.

Payment for foster care of ineligible child residing in recipient's home through placement by a public or private nonprofit child care agency.

One-third of any payment received from an absent parent for the support of a child eligible for SSI.

Certain earnings of a blind or disabled child under age 22 regularly attending an educational institution.

State or local government cash payments based on need and designed to supplement SSI payments.

Act

**1976**

*Public Law 94-331,  
enacted June 30*

Disaster assistance from income for 9 months and application of one-third reduction for 6 months for certain victims of disasters occurring between January 1, 1976 and December 31, 1976.

*Public Law 94-566,  
enacted October 20*

Any assistance based on need (including vendor payments) made to or on behalf of SSI recipients, which is paid and wholly funded by State or local governments.

The value of assistance provided under certain Federal housing programs.

**1977**

*Public Law 95-113,  
enacted September 29*

Food stamps, Federally donated food, and the value of free or reduced price food for women and children under the Child Nutrition Act and National School Lunch Act.

*Public Law 95-171,  
enacted November 12*

Provisions for exclusions for support and maintenance under the Disaster Relief and Emergency Assistance Act of 1974 extended on a permanent basis. Effective January 1, 1978.

**1980**

*Public Law 96-222,  
enacted April 1*

Earned income tax credit treated as earned income (temporarily excluded from 1975 through 1980).

*Public Law 96-265,  
enacted June 9*

Remunerations received in sheltered workshops and work activity centers are considered earned income and qualify for earned income exclusions.

Impairment-related work expenses paid by the individual (including cost for attendant care, medical equipment, drugs, and services necessary to control an impairment) are deducted from earnings when determining if an individual is engaging in substantial gainful activity. Impairment-related work expenses are excluded in calculating income for benefit purposes if initial eligibility for benefits exists on the basis of countable income without applying this exclusion.

**1981**

*Public Law 97-35,  
enacted August 13*

Modifies provision under which irregularly or infrequently received income is excluded to conform to change from quarterly to monthly accounting; amounts excludable: \$20 or less of unearned income and \$10 of earned income in a month.

**1982**

*Public Law 97-377,  
enacted December 21*

From December 18, 1982, to September 30, 1983, certain home energy assistance payments are excluded if a State agency certified that they are based on need.

**1983**

*Public Law 97-424,  
enacted January 6*

Support or maintenance assistance (including home energy assistance) provided in kind by a nonprofit organization or in cash or in kind by certain providers of home energy is excluded if the State determines that the assistance is based on need. Provision is applicable through September 1984.

Certain home energy assistance payments are excluded if a State agency certified that the assistance is based on need. Provision is applicable through June 1985.

*Act*

**1984**

*Public Law 98-369,  
enacted July 18*

The 1983 provisions for support and maintenance and home energy assistance continue to October 1, 1987.

**1986**

*Public Law 99-498,  
enacted October 17*

Educational assistance used for educational expenses under the Higher Education Act of 1965 as amended.

**1987**

*Public Law 100-203,  
enacted December 22*

The 1983 provisions for support and maintenance and home energy assistance made permanent.

Excludes death payments (for example, proceeds from life insurance) from SSI income determinations to the extent they were spent on last illness and burial.

Modifies the 1982 resource exclusion for burial funds to extend the exclusion to any burial fund of \$1,500 or less maintained separately from all other assets, thereby allowing interest to be excluded from income if retained in the fund.

**1988**

*Public Law 100-383,  
enacted August 10*

Restitution payments made to Japanese internees and relocated Aleutians.

**1989**

*Public Law 101-239,  
enacted December 19*

Interest on agreements representing the purchase of an excluded burial space.

Payments from the Agent Orange Settlement.

Value of a ticket for domestic travel received as a gift and not cashed.

**1990**

*Public Law 101-508,  
enacted November 5*

Earned income tax credit (including the child health insurance portion).

Payments received from a State-administered fund established to aid victims of crime.

Impairment-related work expenses excluded from income in determining initial eligibility for benefits.

Payments received as State or local government relocation assistance.

Payments received under the Radiation Exposure Compensation Act.

Redefines as earned income, royalties earned in connection with any publication of the individual's work, and honoraria received for services rendered (previously defined as unearned income).

**1993**

*Public Law 103-66,  
enacted August 10*

Hostile fire pay to members of the uniformed services.

Payments received as State or local government relocation assistance made permanent.

**1994**

*Public Law 103-286,  
enacted August 1*

Payments to victims of Nazi persecution.

Act

**1998**

*Public Law 105-285,  
enacted October 27*

Funds made available to an SSI recipient by a State or local government or a nonprofit organization as part of the Individual Development Account demonstration project.

*Public Law 105-306,  
enacted October 28*

In-kind gifts to children with life-threatening conditions by tax-exempt organizations not converted to cash.

The first \$2,000 annually of cash gifts by tax-exempt organizations to, or for the benefit of, individuals under age 18 with life-threatening conditions.

*Public Law 105-369,  
enacted November 12*

Payments made under the Ricky Ray Hemophilia Relief Fund Act of 1998.

**2000**

*Public Law 106-554,  
enacted December 21*

Interest on funds deposited in an individual development account.

Any adjustments made to prior payments from other Federal programs to account for the error in the computation of the Consumer Price Index during 1999.

**2001**

*Public Law 107-16,  
enacted June 7*

The refundable child tax credit is excluded in determining eligibility for means-tested programs, including SSI.

**2004**

*Public Law 108-203,  
enacted March 2*

Changes the calculation of infrequent and irregular income from a monthly to a quarterly basis. Excludes from the determination of an individual's income all interest and dividend income earned on countable resources. Effective July 2004.

Permits the student earned income exclusion to apply to any individual under age 22 who is a student. Thus, students under age 22 who are married or heads of households would be eligible for the exclusion. Effective April 2005.

Excludes from the determination of income any gift to an individual for use in paying tuition or educational fees, just as grants, scholarships, and fellowships for such use are currently excluded from the determination of income. Effective June 2004.

**6. Resources**

**1972**

*Public Law 92-603,  
enacted October 30*

Countable resources limited to \$1,500 or less for an individual and to \$2,250 or less for a couple.

**1984**

*Public Law 98-369,  
enacted July 18*

Limit on countable resources raised by \$100 a year for individuals and \$150 a year for couples, beginning in calendar year 1985 through 1989. The respective limits would become \$2,000 for an individual and \$3,000 for a couple in 1989 and thereafter.

**1999**

*Public Law 106-169,  
enacted December 14*

Includes generally in the countable resources of an individual the assets of a trust which could be used for the benefit of the individual or spouse.

Act

**1972**

*Public Law 92-603,  
enacted October 30*

**a. General Exclusions**

A home of reasonable value—established *by regulation* as not exceeding a fair-market value of \$25,000 (\$35,000 in Alaska and Hawaii).

Personal effects and household goods of reasonable value established *by regulation* as not exceeding a total market value of \$1,500.

An automobile of reasonable value—established *by regulation* as not exceeding a market value of \$1,200.

An automobile may be excluded, regardless of value, if the individual's household uses it for employment or medical treatment, or if it is modified to be operated by or for transportation of a person with a disability.

Life insurance with face value of \$1,500 or less.

**1976**

*Public Law 94-569,  
enacted October 20*

The recipient's home, regardless of value, is excluded from consideration in determining resources.

**1977**

*Public Law 95-171,  
enacted November 12*

Assistance received under the Disaster Relief and Emergency Assistance Act of 1974 for 9 months following receipt.

**1979**

Reasonable value for an automobile increased *by regulation* to \$4,500 of current-market value; personal goods and household effects increased to \$2,000 of equity value.

**1982**

*Public Law 97-248,  
enacted September 3*

The value, within prescribed limits, of a burial space for the recipient, spouse, and immediate family is excluded. In addition, \$1,500 each (less the value of already excluded life insurance and any amount in an irrevocable burial arrangement) may be set aside for the burial of the recipient and spouse.

**1984**

*Public Law 98-369,  
enacted July 18*

The unspent portion of any retroactive title II or title XVI payment is excluded for 6 months following its receipt, and the individual must be given written notice of the time limit on the exclusion.

**1985**

*Regulations* permit exclusion, regardless of value, of an automobile needed for essential transportation or modified for a person with a disability. The \$4,500 current market value limit applies only if no automobile could be excluded based on the nature of its use.

**1987**

*Public Law 100-203,  
enacted December 22*

Provides for suspension of the 1980 transfer of assets provision, in any month that it is determined that undue hardship would result.

Real property that cannot be sold for the following reasons: it is jointly owned; its sale would cause the other owner(s) undue hardship due to loss of housing; its sale is barred by a legal impediment; or, the owner's reasonable efforts to sell have been unsuccessful.

Temporarily extends the 1984 exclusion of retroactive title II and title XVI benefits from 6 months to 9 months (the longer exclusion applies to benefits paid in fiscal years 1988 and 1989).

Act

**1988**

*Public Law 100-707,  
enacted November 23*

Removes the time limit for exclusion of disaster assistance.

**2004**

*Public Law 108-203,  
enacted March 2*

Increases to 9 months and makes uniform the time period for excluding from resources amounts attributable to payments of past-due Social Security and SSI benefits and earned income and child tax credits. Effective for such payments received on or after the date of enactment.

**2005**

*Regulations* permit exclusion, regardless of value, of:

- One automobile if used for transportation for the beneficiary or a member of the beneficiary's household; and
- Personal goods and household effects.

**b. Special Exclusions**

**1972**

*Public Law 92-603,  
enacted October 30*

Assets of a blind or disabled individual that are necessary to an approved plan of self-support.

Tools and other property essential to self-support (PESS), within reasonable limits. Shares of nonnegotiable stock in regional or village corporations held by natives of Alaska.

For persons transferred from State programs to SSI, resource exclusions equal to the maximum amount permitted as of October 1972 under the State program.

**1988**

*Public Law 100-383,  
enacted August 10*

Restitution payments made to Japanese internees and relocated Aleutians.

**1989**

*Public Law 101-239,  
enacted December 19*

Specifies that no limitation can be placed on property essential to self-support used in a trade or business, or by an individual as an employee (including the tools of a tradesperson and the machinery and livestock of a farmer).

Payments from the Agent Orange Settlement.

**1990**

*Public Law 101-508,  
enacted November 5*

Earned income tax credit excluded for the month following the month the credit is received.

Payments received from a State-administered fund established to aid victims of crime excluded for a 9-month period. Individual not required to file for such benefits.

Payments received as State or local government relocation assistance excluded for a 9-month period. (The provision expired 3 years after its effective date.)

Payments received under the Radiation Exposure Compensation Act.

**1993**

*Public Law 103-66,  
enacted August 10*

Makes permanent the 9-month exclusion of payments received as State or local government relocation assistance.

Act

**1994**

*Public Law 103-286,  
enacted August 1*

Payments to victims of Nazi persecution.

**1996**

*Public Law 104-193,  
enacted August 22*

Dedicated financial institution accounts required to be established for large past-due benefits for disabled individuals under age 18 with a representative payee.

**1998**

*Public Law 105-285,  
enacted October 27*

Funds made available to an SSI recipient by a State or local government or a nonprofit organization as part of the Individual Development Account demonstration project.

*Public Law 105-306,  
enacted October 28*

In-kind gifts to children with life-threatening conditions by tax-exempt organizations not converted to cash.

The first \$2,000 annually of cash gifts by tax-exempt organizations to, or for the benefit of, individuals under age 18 with life-threatening conditions.

*Public Law 105-369,  
enacted November 12*

Payments made under the Ricky Ray Hemophilia Relief Fund Act of 1998.

**2000**

*Public Law 106-554,  
enacted December 21*

Funds deposited by an individual in an individual development account and the interest on those funds.

**2001**

*Public Law 107-16,  
enacted June 7*

The refundable child tax credit in the month of receipt and in the following month.

**2004**

*Public Law 108-203,  
enacted March 2*

Excludes grants, scholarships, fellowships, or gifts to be used for tuition or educational fees from an individual's countable resources for 9 months after the month of receipt.

**c. Transfer-of-Assets Penalties**

**1980**

*Public Law 96-611,  
enacted December 28*

Assets transferred for less than fair market value for the purpose of establishing eligibility for benefits under the Social Security Act are counted as resources for 24 months after transfer.

**1988**

*Public Law 100-360,  
enacted July 1*

Removes the transfer-of-assets penalty for transfers made July 1, 1988, or later.

**1999**

*Public Law 106-169,  
enacted December 14*

Provides a penalty under the SSI program for the disposal of resources at less than fair market value. The penalty is a loss of benefits for up to 36 months. A formula is provided to determine the number of months.

Act

## **7. Presumptive and Emergency Payments and Interim Assistance Reimbursement**

### ***a. Presumptive Payments***

**1972**

*Public Law 92-603,  
enacted October 30*

A person applying on the basis of disability who meets all other criteria of eligibility, and is likely to be disabled, may receive payments for 3 months pending the disability determination.

**1976**

*Public Law 94-569,  
enacted October 20*

Presumptive payment provision was extended to persons applying on the basis of blindness.

**1990**

*Public Law 101-508,  
enacted November 5*

Extends the period for receipt of payments to 6 months.

### ***b. Emergency Advance Payments***

**1972**

*Public Law 92-603,  
enacted October 30*

Any applicant who can be presumed to meet the criteria of eligibility, but has not yet been determined eligible, and who is faced with a financial emergency may receive an immediate cash advance of up to \$100.

**1987**

*Public Law 100-203,  
enacted December 22*

Increases the maximum emergency advance payment amount to the maximum amount of the regular Federal SSI monthly benefit rate, plus, if any, the Federally-administered State supplementary payment.

**1996**

*Public Law 104-193,  
enacted August 22*

Applicants who have a financial emergency may receive an emergency advance payment in the month of application, which, effective with this law, is always prior to the first month of eligibility. These advance payments are recouped by proportional reductions in the recipient's first 6 months of SSI benefits.

### ***c. Interim Assistance Reimbursement***

**1974**

*Public Law 93-368,  
enacted August 7*

SSA may enter into agreements with the States to repay them directly for assistance payments made to an SSI applicant while his/her claim is being adjudicated. The repayment is made from the first check due to the individual. This legislation expires June 30, 1976.

**1976**

*Public Law 94-365,  
enacted July 14*

The authority to repay the State for interim assistance is made permanent.

**1987**

*Public Law 100-203,  
enacted December 22*

Extends interim assistance reimbursement to situations in which payments are made by States or political subdivisions to persons whose SSI payments were suspended or terminated and who subsequently are found to be eligible for such benefits. Also clarifies that the payment from which the interim assistance reimbursement is paid must be the first payment of benefits relating to the interim period.

Act

**1972**

*Public Law 92-603,  
enacted October 30*

**8. Medicaid Eligibility**

States can provide Medicaid coverage to all recipients of SSI payments. Alternatively, they can limit coverage by applying more restrictive criteria from the State Medicaid plan in effect on January 1, 1972.

States can accept SSA determination of eligibility, or make their own determination.

**1976**

*Public Law 94-566,  
enacted October 20*

Preserves the Medicaid eligibility of recipients who become ineligible for cash SSI payments due to the cost-of-living increases in Social Security benefits.

**1980**

*Public Law 96-265,  
enacted June 9*

Blind or disabled recipients under age 65 no longer eligible for either regular or special SSI payments because of their earnings may retain SSI recipient status for Medicaid eligibility purposes under the following conditions: (1) they continue to have the disabling impairment, (2) they meet all nondisability eligibility criteria except for earned income, (3) they would be seriously inhibited from continuing employment without Medicaid services, and (4) their earnings are insufficient to provide a reasonable equivalent of SSI payments and Medicaid.

In States that do not provide Medicaid coverage categorically to all SSI recipients, qualification for Medicaid benefits depends on the State's specific eligibility and program requirements.

The Medicaid provision of the 1980 legislation was in effect from January 1, 1981, through December 31, 1983. Under a 1-year demonstration project, beginning January 1, 1984, this provision was continued for persons already eligible for regular or special SSI payments or for retention of Medicaid eligibility.

**1984**

*Public Law 98-460,  
enacted October 9*

Medicaid provision of 1980 legislation extended through June 30, 1987 (retroactive to January 1, 1984).

**1986**

*Public Law 99-272,  
enacted April 7*

Restores Medicaid eligibility for some disabled widow(er)s who became ineligible for SSI when their title II benefits increased in 1984 because of a change in the Social Security disabled widow(er)s benefits reduction factor.

*Act***1986**

*Public Law 99-643,  
enacted November 10*

The SSI recipient status for Medicaid eligibility provision of the 1980 amendments is made permanent.

Effective July 1, 1987, certain expenses are excluded from earnings when determining sufficiency of earnings to establish SSI recipient status eligibility for Medicaid purposes:

- Impairment-related work expenses of disabled persons,
- Work expenses of blind persons,
- Income required for achieving an approved self-support plan, and
- The value of publicly funded attendant care services.

Effective July 1, 1987, preserves the Medicaid eligibility of recipients who become ineligible for SSI payments because of entitlement to, or an increase in, Social Security disabled adult child benefits on or after the effective date.

Effective July 1, 1987, requires all States to provide Medicaid coverage for recipients in special SSI status (either receiving special SSI payments or in the special recipient status described for 1980) if they received Medicaid coverage the month before special SSI status.

**1987**

*Public Law 100-203,  
enacted December 22*

Effective July 1, 1988, restores or preserves the Medicaid eligibility of persons aged 60 or older who are eligible for Social Security benefits as widows or widowers (but not eligible for Medicare) and who become ineligible for SSI payments or State supplementation because of the receipt of old-age or survivors insurance benefits under Social Security.

**1990**

*Public Law 101-508,  
enacted November 5*

Age limit for retention of SSI recipient status for Medicaid eligibility purposes (1980 and subsequent work incentive provisions, above) is eliminated.

Preserves the Medicaid eligibility of SSI recipients who become ineligible for payments when they become entitled to Social Security disabled widow(er)s benefits following the revised definition used for their disability.

**1997**

*Public Law 105-33,  
enacted August 5*

Requires States to continue Medicaid coverage for disabled children who were receiving SSI payments as of August 22, 1996 and would have continued to be eligible for such payments except that their eligibility terminated because they did not meet the revised SSI childhood disability standard established under Public Law 104-193.

Act

## 9. State Supplementation

**1972**

*Public Law 92-603,  
enacted October 30*

States are given the option of providing supplementary payments both to recipients transferred from the State program and to those newly eligible for SSI.

States may either administer the payments themselves or have the Social Security Administration make payments on their behalf. When State supplementary payments are Federally-administered, the Social Security Administration makes eligibility and payment determinations for the State and assumes administrative costs.

“Hold harmless” protection, which limits a State’s fiscal liability to its share of OAA, AB, and APTD expenditures for calendar year 1972, is provided to States electing Federal administration of their supplementary plans. This provision applies only to supplementary payments that do not, on the average, exceed a State’s “adjusted payment level.” (The adjusted payment level is the average of the payments that individuals with no other income received in January 1972; it may include the bonus value of food stamps. Adjustments are provided for payments that had been below State standards.)

**1973**

*Public Law 93-66,  
enacted July 9*

Provides for mandatory State supplementation as assurance against reduction of income for persons who received State assistance in December 1973 and were transferred to SSI. These supplementary payments must equal the difference between (1) the amount of the State assistance payment that the individual received in December 1973 plus other income and (2) his/her Federal SSI payment plus other income.

**1976**

*Public Law 94-585,  
enacted October 21*

After June 30, 1977, when the Federal SSI payment level is increased by a cost-of-living increase, such an increase will be excluded in calculating the “hold harmless” amount.

Requires States to maintain State supplementation payments at the level of December 1976 (“maintenance of payments”) or to continue to pay in supplements the same total annual amounts (“maintenance of expenditures”) when the Federal SSI payment level is increased and thereby pass through any increases in Federal benefits without reducing State supplements.

**1982**

*Public Law 97-248,  
enacted September 3*

Begins a 3-year phase out of “hold harmless” protection. Effective with fiscal year 1985, Wisconsin and Hawaii (the only remaining “hold harmless” States) assumed the full cost of their supplementary payments.

**1983**

*Public Law 98-21,  
enacted April 20*

Federal pass-through law is adjusted (1) by substituting the State supplementary payment levels in effect in March 1983 for those in effect in December 1976 as the levels that States must maintain in complying with the pass-through requirements, and (2) with regard to the \$20 (individual) and \$30 (couple) increase in the Federal SSI standard in July 1983, by requiring States to pass through only as much as would have been required if the SSI cost-of-living adjustment had been made in July 1983.

Act

**1987**

*Public Law 100-203,  
enacted December 22*

Provides for Federal administration of State supplements to residents of medical institutions.

Provides for required pass through of \$5 increase in Federal rate for persons whose care in institutions is paid in substantial part by Medicaid.

**1993**

*Public Law 103-66,  
enacted August 10*

Requires States to pay fees for Federal administration of their State supplementation payments. The fees are \$1.67 for each monthly supplementary payment in fiscal year 1994, \$3.33 in fiscal year 1995, and \$5.00 in fiscal year 1996. Fees for subsequent fiscal years will be \$5.00 or another amount determined by the Commissioner to be appropriate. The Commissioner may charge the States additional fees for services they request that are beyond the level customarily provided in administering State supplementary payments.

**1997**

*Public Law 105-33,  
enacted August 5*

Revises the schedule of per-payment fees for Federal administration of State supplementation for fiscal years 1998 (\$6.20) through 2002 (\$8.50) and provides a formula for determining the fee beyond fiscal year 2002.

**1999**

*Public Law 106-170,  
enacted December 17*

A State which has an agreement with SSA to administer its supplementation payments, must remit both payments and fees prior to the SSI payment date.

**2000**

*Public Law 106-554,  
enacted December 21*

Changes the effective date of above provision from 2009 to 2001.

## **10. Overpayment Recovery**

**1984**

*Public Law 98-369,  
enacted July 18*

Limits the rate of recovering overpayments from monthly payments to the lesser of: (1) the monthly payment, or (2) 10 percent of a recipient's monthly income. Permits a higher or lower adjustment at the request of the recipient subject to the agreement of the Commissioner. The limit does not apply if fraud, willful misrepresentation, or concealment of material information was involved on the part of the recipient or spouse in connection with the overpayment.

Waives recovery of certain overpayments due to amount of excess resources of \$50 or less.

Provides temporary authority for the recovery of overpayments from tax refunds.

**1988**

*Public Law 100-485,  
enacted October 13*

Grants permanent authority to recover overpayments from tax refunds.

**1998**

*Public Law 105-306,  
enacted October 28*

Authorizes SSA to collect SSI overpayments for individuals not currently eligible for SSI cash benefits by offsetting Old-Age, Survivors, and Disability Insurance (OASDI) benefits, with a maximum monthly offset of no more than 10 percent of the Social Security benefit.

Act

**1999**

*Public Law 106-169,  
enacted December 14*

Makes representative payees liable for an SSI overpayment caused by a payment made to a recipient who has died, and requires SSA to establish an overpayment control record under the representative payee's Social Security number.

Requires SSA to recover SSI overpayments from SSI lump-sum amounts by withholding at least 50 percent of the lump-sum payment or the amount of the overpayment, whichever is less.

Extends all of the debt collection authorities currently available for the collection of overpayments under the OASDI program to the SSI program.

**2001**

*Public Law 107-16,  
enacted June 7*

Subjects one-time tax refund payments provided under this Act to overpayment recovery under tax refund offset provisions.

**2004**

*Public Law 108-203,  
enacted March 2*

Provides for recovery of overpayment of SSI benefits by withholding from OASDI and Special Veterans' benefits up to 100 percent of any underpayment of benefits and 10 percent of ongoing monthly benefits.

Also provides for recovery of overpayment of OASDI or Special Veterans' benefits by withholding from SSI up to 100 percent of any underpayment of benefits, but limits any recovery from SSI benefits to the lesser of 100 percent of the monthly benefit or 10 percent of the individual's total monthly income.

Effective with respect to overpayments that are outstanding at the time of enactment.

## **B. INCOME AND RESOURCE EXCLUSIONS**

### **1. Earned Income Exclusions**

- Any refund of Federal income taxes received under section 32 of the Internal Revenue Code (relating to earned income tax credit) and any payment received under section 3507 of the Internal Revenue Code (relating to advance payment of earned income tax credit);
- Any refundable child tax credit;
- Up to the first \$30 of earned income in a quarter if it is infrequent or irregular, that is, if it is received only once in a calendar quarter from a single source or if its receipt cannot reasonably be expected;
- Up to \$1,410 per month but not more than \$5,670 in a calendar year received by a blind or disabled recipient who is a student regularly attending school;
- Any portion of the monthly \$20 exclusion for unearned income that has not been used;
- \$65 of earned income in a month;
- Amounts used to pay impairment-related work expenses if a recipient is disabled (but not blind) and under age 65 or is disabled (but not blind) and receiving SSI (or disability payments under a former State plan) before age 65<sup>1</sup>;
- One-half of remaining earned income in a month;
- Earned income used to meet any expenses reasonably attributable to the earning of the income if the recipient is blind and under age 65 or if he/she received SSI as a blind person prior to age 65<sup>1</sup>;
- Any earned income received and used to fulfill an approved plan to achieve self-support if the recipient is blind or disabled and under age 65 or is blind or disabled and received SSI as a blind or disabled individual in the month before he/she attained age 65;
- Any earned income deposited into either a Temporary Assistance for Needy Families (TANF) or “Assets for Independence Act” individual development account (IDA); and
- Some Federal laws other than the Social Security Act provide for the exclusion of earned income for SSI purposes. For the most part, the income received under these laws relates to assistance received in the form of food, housing and utilities, educational and employment benefits or benefits derived from being a member of a Native American tribe. A complete list of laws which exclude earned income under SSI can be found in the Federal Regulations Appendix to Subpart K 20 CFR 416.

### **2. Unearned Income Exclusions**

- Any public agency’s refund of taxes on real property or food;
- Assistance based on need which is wholly funded by a State or one of its political subdivisions. This includes State supplementation of Federal SSI benefits but does not include payments under a Federal/State grant program such as Temporary Assistance for Needy Families (TANF);

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<sup>1</sup> Amounts used to pay impairment-related work expenses are deducted before the one-half of earned income deduction, whereas amounts used to pay the work expenses of the blind are deducted after the one-half of earned income deduction. In effect, amounts of blind work expenses reduce SSI earned income twice as much as the same amounts of impairment-related work expenses.

- Any portion of a grant, scholarship, fellowship, or gift to an individual used for paying tuition, fees or other necessary educational expenses. Portions set aside for food or shelter are counted;
- Food raised by a household if it is consumed by that household;
- Assistance received under the Disaster Relief and Emergency Assistance Act and assistance provided under any Federal statute because of a catastrophe which the President of the United States declares to be a major disaster;
- Up to the first \$60 of unearned income in a quarter if it is infrequent or irregular, that is, if a type of unearned income is received only once during a calendar quarter from a single source or if it cannot reasonably be expected;
- Any unearned income received and used to fulfill an approved plan to achieve self-support if the recipient is blind or disabled and under age 65 or is blind or disabled and received SSI as a blind or disabled individual in the month before he/she attained age 65;
- Periodic payments made by a State under a program established before July 1, 1973, and based solely on the recipient's length of residence and attainment of age 65;
- Payments for providing foster care to an ineligible child who was placed in the recipient's home by a public or private nonprofit child placement or child care agency;
- Any interest earned on excluded burial funds and any appreciation in the value of an excluded burial arrangement which are left to accumulate and become part of the separately identifiable burial fund;
- Certain support and maintenance assistance provided in the form of home energy assistance;
- One-third of support payments made by an absent parent if the recipient is a child;
- The first \$20 of unearned income in a month other than income in the form of in-kind support and maintenance received in the household of another and income based on need;
- The value of any assistance paid with respect to a dwelling unit under the United States Housing Act of 1937, the National Housing Act, section 101 of the Housing and Urban Development Act of 1965, title V of the Housing Act of 1949, or section 202(h) of the Housing Act of 1959;
- Any interest accrued on and left to accumulate as part of the value of an excluded burial space purchase agreement (after April 1, 1990);
- The value of any commercial transportation ticket, for travel by a recipient or his/her spouse among the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands, which is received as a gift and is not converted to cash;
- Payments received from a fund established by a State to aid victims of crime;
- Relocation assistance provided by a State or local government that is comparable to assistance provided under title II of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970;
- Hostile fire pay received from one of the uniformed services pursuant to 37 U.S.C. 310 and other kinds of additional pay received by military personnel in a combat zone;
- Interest or other earnings on a dedicated account excluded from resources;

- In-kind gifts not converted to cash and the first \$2,000 annually of cash gifts made by tax-exempt organizations, such as the Make-A-Wish Foundation, to, or for the benefit of, individuals under age 18 with life-threatening conditions;
- Payments made under the Ricky Ray Hemophilia Relief Fund Act of 1998;
- TANF funds made available to an SSI recipient as part of an individual development account (IDA);
- Deposits made by a participating individual or a sponsoring nonprofit organization or State or local government into an IDA under the “Assets for Independence Act” IDA demonstration project and interest earned on these deposits;
- Unearned income excluded by other Federal laws. See Federal Regulations Appendix to Subpart K 20 CFR 416; and
- All interest and dividend income earned on countable resources.

### **3. Resource Exclusions**

- The home (including the land appertaining thereto);
- Household goods and personal effects;
- One automobile if used for transportation for the beneficiary or a member of the beneficiary’s household;
- Property of a trade or business which is essential to the means of self-support;
- Nonbusiness property which is essential to the means of self-support;
- Resources of a blind or disabled individual which are necessary to fulfill an approved plan for achieving self-support;
- Stock in regional or village corporations held by natives of Alaska during the 20-year period in which the stock is inalienable pursuant to the Alaska Native Claims Settlement Act;
- Life insurance owned by an individual (and spouse, if any) provided that all life insurance on any person does not exceed a face value of \$1,500;
- Restricted allotted Indian lands;
- Disaster relief assistance;
- Burial spaces and certain funds up to \$1,500 for burial expenses;
- Title XVI or title II retroactive payments (for 9 months following receipt);
- Housing assistance;
- Refunds of Federal income taxes and advances made by an employer relating to an earned income tax credit, (for 9 months following receipt);
- Refundable child tax credit for 9 months following receipt;
- Grants, scholarships, fellowships or gifts to be used for tuition or educational fees (for 9 months);

- Payments received as compensation for expenses incurred or losses suffered as a result of a crime (for 9 months);
- Relocation assistance from a State or local government (for 9 months);
- Dedicated financial institution accounts for disabled children;
- In-kind gifts not converted to cash and the first \$2,000 annually of cash gifts made by tax-exempt organizations, such as the Make-A-Wish Foundation, to, or for the benefit of, individuals under age 18 with life-threatening conditions;
- Payments made under the Ricky Ray Hemophilia Relief Fund Act of 1998;
- Amounts deposited into either a TANF or “Assets for Independence Act” IDA, including matching funds and interest earned on such amounts;
- Certain trusts (e.g., those established by will or certain Medicaid trusts that will repay the State, upon the death of the beneficiary, for the costs of medical assistance provided to that individual); and
- Payments or benefits provided under a Federal statute other than title XVI of the Social Security Act where exclusion is provided by such statute.

### C. HISTORICAL ALLOWANCE DATA

At the end of 2004, 83 percent of SSI recipients were receiving benefits based on a determination of disability. Claims are filed at a local Social Security office and claims requiring an evaluation of disability are sent to the State Disability Determination Services (DDS) for a decision. Initial DDS decisions that are unfavorable to the applicant may be appealed. Until recently, all appeals were initiated at the DDS level with a request for reconsideration of that initial denial. Persons denied at the reconsideration level could then apply to the Office of Hearings and Appeals (OHA) for a hearing before an Administrative Law Judge (ALJ), and if dissatisfied with the hearing decision could request a review by the Appeals Council. Those dissatisfied with the Appeals Council's action could seek further relief via the Federal court system. This appeals process is still in effect for the majority of new applicants. However, in recent years SSA has conducted small pilots testing revisions to this process and introduced a modification of this process that has been utilized in 10 States for applications filed on or after October 1, 1999. Under this revised process appeals of initial denials are made directly to OHA, thereby eliminating the reconsideration step. The options for appeal beyond the OHA level are unchanged.

Such a process of application and appeal can, in some cases, span several years. However, before 1993, the only data available on the disability determination process resided in files compiled at each separate stage of the process and only captured various point-in-time snapshots. A complete picture of the disability determination process can be fully understood only by compiling a longitudinal database from administrative records at all levels of appeal. Beginning in 1993, such a longitudinal database (the "Disability Research File") was constructed by SSA's Office of Disability Programs to assist the agency in understanding and managing this process. In constructing this database, some problems were encountered due to inconsistencies in the data collected from all the respective levels of appeal. The following sections present some additional details and qualifications essential to a complete understanding of the resulting data. Following these technical notes are tables based on the Disability Research File which show the latest available summary of results on disability determinations under title XVI.

#### 1. Technical Notes on the Disability Research File

*Methods used to build the title XVI Disability Research File*—The "base" file for the title XVI research file is the Supplemental Security Record (SSR). This "base" file is matched against records from various other administrative sources, including transactions from the disability determination (SSA-831) files, Social Security number identification records and earnings data, and OHA case control data.

The process used to build this research file is cumbersome, involving about 200 steps, and generally requiring 2 to 4 months to complete. Much of this complexity flows from the fact that the file is assembled based on filing date cohorts, even though many of the source files do not contain a filing date. The three most recent calendar year cohorts are completely reassembled from the basic data sources. Older calendar year cohorts are updated to reflect activity since the last time the file was built. Since the process is so time consuming, the research file is updated only annually (usually beginning in July). Therefore, research file data are not yet available for claims filed in 2004.

*Methods used for estimating results (through January 2005) for claims filed in 2004*—Although decision counts are available for 2004 filers (from many of the "source" files), those counts do not translate directly into the claims/appeals counts included in the following tables, due to the consolidation of multiple transactions (and application of claims-based tolerance rules) which occurs when the research file is built.

To prepare preliminary estimates of results (through January 2005) for 2004 filers, we started from the latest available transaction data, such as the SSA-831 data, and took into account recent years' experience of the relationship between corresponding earlier transaction data and the resulting claims/appeals data in

completed research files. We also considered claims counts from an extract file from the SSR. While we believe that the methods used are reasonable, it must be emphasized that the resulting estimates may prove to be of limited reliability, especially in light of the fact that the estimates give results only through January 2005, whereas the final research files will reflect information through June 2005. Actual data for 2004 will be available to replace these estimates in the 2006 Annual Report.

## **2. General Considerations**

Some general points that apply to tables V.C1 and V.C2 are as follows:

- Data for 1988-2003 filers are as of June 2004. Results for those years' filers have been updated to include OHA results through August 2004.
- Data for 2004 filers are preliminary estimates as of January 2005, and reflect larger numbers of claims still pending. January 2005 data on number of claims appealed may be too low because larger numbers of claimants are still within the period allowed for filing an appeal (i.e., larger numbers of recently denied claimants who have not yet filed an appeal may appeal before the time limit runs out).
- Remaining appeals will affect the results. Since allowances are generally processed more quickly than denials, we expect that the percent allowed will ultimately be lower as all cases are processed.
- In certain pilot activities and under the revised process introduced October 1, 1999 in 10 States, initial denials can be appealed directly to OHA without a separate reconsideration step. As a result the appeals of initial denials shown in these tables include cases which will not receive a decision at the reconsideration level.

**Table V.C1.—Disabled Adult Claims: Disposition of Applications for SSI Disability Benefits by Year of Filing<sup>1</sup> and Level of Decision**

Calendar year of filing	Total claims filed	Initial decisions						
		Pending	Allowances		Denials		Appeals of initial denials	
			Number	Percent <sup>2</sup>	Number	Percent <sup>2</sup>	Number <sup>3</sup>	Percent <sup>4</sup>
1988	946,603	—	272,204	28.8	674,399	71.2	265,151	39.3
1989	969,218	—	292,044	30.1	677,174	69.9	274,823	40.6
1990	1,099,805	—	347,823	31.6	751,982	68.4	320,207	42.6
1991	1,288,331	—	415,336	32.2	872,995	67.8	383,669	43.9
1992	1,415,624	—	436,888	30.9	978,736	69.1	433,244	44.3
1993	1,503,278	—	416,300	27.7	1,086,978	72.3	485,166	44.6
1994	1,436,958	—	353,995	24.6	1,082,963	75.4	482,533	44.6
1995	1,318,416	—	323,084	24.5	995,332	75.5	439,166	44.1
1996	1,247,926	—	305,351	24.5	942,575	75.5	406,425	43.1
1997	1,110,898	—	292,839	26.4	818,059	73.6	357,999	43.8
1998	1,108,957	—	322,734	29.1	786,223	70.9	339,290	43.2
1999	1,104,975	—	326,607	29.6	778,368	70.4	332,235	42.7
2000	1,139,571	—	344,163	30.2	795,408	69.8	332,935	41.9
2001	1,216,182	—	365,932	30.1	850,250	69.9	355,165	41.8
2002	1,322,349	—	369,879	28.0	952,470	72.0	395,529	41.5
2003	1,400,979	24,818	368,750	26.8	1,007,411	73.2	378,902	37.6
2004	1,438,992	295,644	311,185	27.2	832,163	72.8	238,472	28.7

Calendar year of filing	Reconsiderations						Appeals beyond reconsideration <sup>5</sup>			
	Pending	Allowances		Denials	Appeals of reconsideration denials		Pending <sup>7</sup>	Allowances		Denials <sup>9</sup>
		Number	Percent <sup>2</sup>		Number <sup>6</sup>	Percent <sup>4</sup>		Number	Percent <sup>8</sup>	
1988	—	38,385	14.5	226,766	140,663	62.0	—	82,414	58.6	58,249
1989	—	43,505	15.8	231,318	146,082	63.2	—	90,169	61.7	55,913
1990	—	52,055	16.3	268,152	175,520	65.5	—	109,098	62.2	66,422
1991	—	59,157	15.4	324,512	221,816	68.4	—	139,698	63.0	82,118
1992	—	58,819	13.6	374,425	260,554	69.6	—	159,084	61.1	101,470
1993	—	57,938	11.9	427,228	294,801	69.0	—	170,402	57.8	124,399
1994	—	55,822	11.6	426,711	293,448	68.8	—	164,537	56.1	128,911
1995	—	51,697	11.8	387,469	264,172	68.2	—	143,522	54.3	120,650
1996	—	49,263	12.1	357,162	242,110	67.8	—	133,161	55.0	108,949
1997	—	47,573	13.4	306,561	215,414	70.3	2,101	121,281	55.8	95,897
1998	—	46,507	13.7	292,272	204,910	70.1	2,733	114,711	56.6	87,977
1999	—	42,135	13.3	274,269	194,644	71.0	4,204	117,567	57.0	88,704
2000	—	39,522	14.3	237,714	170,264	71.6	9,203	122,359	56.4	94,401
2001	—	38,987	13.9	241,200	172,082	71.3	29,292	123,526	56.7	94,242
2002	—	39,448	12.7	270,299	189,057	69.9	110,368	95,581	58.1	68,890
2003	34,790	27,407	10.5	232,669	143,103	61.5	188,881	23,438	61.3	14,820
2004	56,229	16,171	12.5	112,954	55,866	49.5	102,821	4,500	73.0	1,663

Selected summary case information by decision status: Numbers of cases						
Calendar year of filing	Total claims filed	Initial decisions pending	Total initial decisions	Allowances	Denials	
					Appeal decision pending	No appeal pending
1988	946,603	—	946,603	393,003	—	553,600
1989	969,218	—	969,218	425,718	—	543,500
1990	1,099,805	—	1,099,805	508,976	—	590,829
1991	1,288,331	—	1,288,331	614,191	—	674,140
1992	1,415,624	—	1,415,624	654,791	—	760,833
1993	1,503,278	—	1,503,278	644,640	—	858,638
1994	1,436,958	—	1,436,958	574,354	—	862,604
1995	1,318,416	—	1,318,416	518,303	—	800,113
1996	1,247,926	—	1,247,926	487,775	—	760,151
1997	1,110,898	—	1,110,898	461,693	2,101	647,104
1998	1,108,957	—	1,108,957	483,952	2,733	622,272
1999	1,104,975	—	1,104,975	486,309	4,204	614,462
2000	1,139,571	—	1,139,571	506,044	9,203	624,324
2001	1,216,182	—	1,216,182	528,445	29,292	658,445
2002	1,322,349	—	1,322,349	504,908	110,368	707,073
2003	1,400,979	24,818	1,376,161	419,595	223,671	732,895
2004	1,438,992	295,644	1,143,348	331,856	159,050	652,442

**Table V.C1.—Disabled Adult Claims: Disposition of Applications for SSI Disability Benefits by Year of Filing<sup>1</sup> and Level of Decision (Cont.)**

Calendar year of filing	Selected summary case information by decision status						
	Numbers as a percentage of total claims filed				Numbers as a percentage of total initial decisions		
	Initial decision pending	Allowances	Denials		Allowances	Denials	
			Appeal decision pending	No appeal pending		Appeal decision pending	No appeal pending
1988	—	41.5	—	58.5	41.5	—	58.5
1989	—	43.9	—	56.1	43.9	—	56.1
1990	—	46.3	—	53.7	46.3	—	53.7
1991	—	47.7	—	52.3	47.7	—	52.3
1992	—	46.3	—	53.7	46.3	—	53.7
1993	—	42.9	—	57.1	42.9	—	57.1
1994	—	40.0	—	60.0	40.0	—	60.0
1995	—	39.3	—	60.7	39.3	—	60.7
1996	—	39.1	—	60.9	39.1	—	60.9
1997	—	41.6	0.2	58.3	41.6	0.2	58.3
1998	—	43.6	.2	56.1	43.6	.2	56.1
1999	—	44.0	.4	55.6	44.0	.4	55.6
2000	—	44.4	.8	54.8	44.4	.8	54.8
2001	—	43.5	2.4	54.1	43.5	2.4	54.1
2002	—	38.2	8.3	53.5	38.2	8.3	53.5
2003	1.8	30.0	16.0	52.3	30.5	16.3	53.3
2004	20.5	23.1	11.1	45.3	29.0	13.9	57.1

<sup>1</sup> Data for claims filed in 1988-2003 reflect results as of June 2004 at the DDS level and as of August 2004 at the OHA level. The numbers of total claims filed for 2001-03 are subject to change. Data for claims filed in 2004 are preliminary estimates as of January 2005. The ultimate numbers of allowances and denials are subject to change until all initial decisions have been completed and all appeals are final.

<sup>2</sup> Percentage of decisions at this level.

<sup>3</sup> Includes certain cases which can be appealed directly to OHA.

<sup>4</sup> Percentage of denials at this level appealed to next level.

<sup>5</sup> Includes cases appealed to OHA, as well as beyond OHA to the Federal courts.

<sup>6</sup> Number of persons appealing beyond the reconsideration level.

<sup>7</sup> Includes cases remanded to OHA from the Federal courts.

<sup>8</sup> Percentage of decisions at this level. For years in which decisions are still pending, the preliminary percentage shown is expected to ultimately be lower as all cases are processed. This occurs because allowances are generally processed more quickly than denials.

<sup>9</sup> Includes denied claims where the final administrative action was a dismissal of an appeal request (e.g., the appeal was not filed timely or the applicant failed to appear at the scheduled hearing).

**Table V.C2.—Disabled Child Claims: Disposition of Applications for SSI Disability Benefits by Year of Filing<sup>1</sup> and Level of Decision**

Calendar year of filing	Total claims filed	Initial decisions						
		Pending	Allowances		Denials		Appeals of initial denials	
			Number	Percent <sup>2</sup>	Number	Percent <sup>2</sup>	Number <sup>3</sup>	Percent <sup>4</sup>
1991	250,962	—	148,220	59.1	102,742	40.9	24,702	24.0
1992	372,971	—	189,079	50.7	183,892	49.3	49,297	26.8
1993	496,131	—	212,268	42.8	283,863	57.2	75,967	26.8
1994	525,013	—	172,219	32.8	352,794	67.2	92,093	26.1
1995	487,730	—	144,231	29.6	343,499	70.4	86,841	25.3
1996	453,473	—	127,416	28.1	326,057	71.9	75,013	23.0
1997	332,032	—	106,528	32.1	225,504	67.9	51,496	22.8
1998	335,732	—	123,249	36.7	212,483	63.3	50,111	23.6
1999	342,153	—	128,543	37.6	213,610	62.4	49,585	23.2
2000	349,288	—	136,989	39.2	212,299	60.8	48,169	22.7
2001	367,751	—	151,288	41.1	216,463	58.9	49,089	22.7
2002	402,455	—	164,056	40.8	238,399	59.2	55,729	23.4
2003	425,740	5,589	169,808	40.4	250,343	59.6	54,094	21.6
2004	402,218	77,954	144,234	44.5	180,030	55.5	32,254	17.9

Calendar year of filing	Reconsiderations				Appeals beyond reconsideration <sup>5</sup>					
	Pending	Allowances		Denials	Appeals of reconsideration denials		Pending <sup>7</sup>	Allowances		Denials <sup>9</sup>
		Number	Percent <sup>2</sup>		Number <sup>6</sup>	Percent <sup>4</sup>		Number	Percent <sup>8</sup>	
1991	—	5,605	22.7	19,097	9,196	48.2	—	3,884	42.2	5,312
1992	—	9,463	19.2	39,834	19,770	49.6	—	7,523	38.1	12,247
1993	—	11,338	14.9	64,629	31,193	48.3	—	10,638	34.1	20,555
1994	—	11,332	12.3	80,761	38,433	47.6	—	12,954	33.7	25,479
1995	—	10,287	11.8	76,554	35,588	46.5	—	10,921	30.7	24,667
1996	—	9,355	12.5	65,658	27,900	42.5	—	8,844	31.7	19,056
1997	—	8,266	16.2	42,705	19,028	44.6	150	7,015	36.2	12,388
1998	—	7,799	15.6	42,237	18,843	44.6	207	7,004	37.4	11,707
1999	—	7,196	15.5	39,377	17,934	45.5	337	7,772	37.7	12,837
2000	—	6,932	18.3	31,051	14,428	46.5	789	8,770	36.8	15,055
2001	—	6,807	18.7	29,643	13,576	45.8	2,937	8,550	36.7	14,728
2002	—	7,390	17.9	33,948	15,030	44.3	12,455	6,290	37.1	10,676
2003	4,333	6,078	16.9	29,838	11,513	38.6	21,411	1,568	39.7	2,379
2004	6,858	2,427	14.1	14,820	4,559	30.8	12,182	167	31.7	359

Selected summary case information by decision status: Numbers of cases						
Calendar year of filing	Total claims filed	Initial decisions pending	Total initial decisions	Allowances	Denials	
					Appeal decision pending	No appeal pending
1991	250,962	—	250,962	157,709	—	93,253
1992	372,971	—	372,971	206,065	—	166,906
1993	496,131	—	496,131	234,244	—	261,887
1994	525,013	—	525,013	196,505	—	328,508
1995	487,730	—	487,730	165,439	—	322,291
1996	453,473	—	453,473	145,615	—	307,858
1997	332,032	—	332,032	121,809	150	210,073
1998	335,732	—	335,732	138,052	207	197,473
1999	342,153	—	342,153	143,511	337	198,305
2000	349,288	—	349,288	152,691	789	195,808
2001	367,751	—	367,751	166,645	2,937	198,169
2002	402,455	—	402,455	177,736	12,455	212,264
2003	425,740	5,589	420,151	177,454	25,744	216,953
2004	402,218	77,954	324,264	146,828	19,040	158,396

**Table V.C2.—Disabled Child Claims: Disposition of Applications for SSI Disability Benefits by Year of Filing<sup>1</sup> and Level of Decision (Cont.)**

Calendar year of filing	Selected summary case information by decision status						
	Numbers as a percentage of total claims filed				Numbers as a percentage of total initial decisions		
	Initial decision pending	Allowances	Denials		Allowances	Denials	
			Appeal decision pending	No appeal pending		Appeal decision pending	No appeal pending
1991	—	62.8	—	37.2	62.8	—	37.2
1992	—	55.2	—	44.8	55.2	—	44.8
1993	—	47.2	—	52.8	47.2	—	52.8
1994	—	37.4	—	62.6	37.4	—	62.6
1995	—	33.9	—	66.1	33.9	—	66.1
1996	—	32.1	—	67.9	32.1	—	67.9
1997	—	36.7	<sup>10/</sup>	63.3	36.7	<sup>10/</sup>	63.3
1998	—	41.1	0.1	58.8	41.1	0.1	58.8
1999	—	41.9	.1	58.0	41.9	.1	58.0
2000	—	43.7	.2	56.1	43.7	.2	56.1
2001	—	45.3	.8	53.9	45.3	.8	53.9
2002	—	44.2	3.1	52.7	44.2	3.1	52.7
2003	1.3	41.7	6.0	51.0	42.2	6.1	51.6
2004	19.4	36.5	4.7	39.4	45.3	5.9	48.8

<sup>1</sup> Data for claims filed in 1991-2003 reflect results as of June 2004 at the DDS level and as of August 2004 at the OHA level. The numbers of total claims filed for 2001-03 are subject to change. Data for claims filed in 2004 are preliminary estimates as of January 2005. The ultimate numbers of allowances and denials are subject to change until all initial decisions have been completed and all appeals are final.

<sup>2</sup> Percentage of decisions at this level.

<sup>3</sup> Includes certain cases which can be appealed directly to OHA.

<sup>4</sup> Percentage of denials at this level appealed to next level.

<sup>5</sup> Includes cases appealed to OHA, as well as beyond OHA to the Federal courts.

<sup>6</sup> Number of persons appealing beyond the reconsideration level.

<sup>7</sup> Includes cases remanded to OHA from the Federal courts.

<sup>8</sup> Percentage of decisions at this level. For years in which decisions are still pending, the preliminary percentage shown is expected to ultimately be lower as all cases are processed. This occurs because allowances are generally processed more quickly than denials.

<sup>9</sup> Includes denied claims where the final administrative action was a dismissal of an appeal request (e.g., the appeal was not filed timely or the applicant failed to appear at the scheduled hearing).

<sup>10</sup> Less than 0.05 percent.

**D. HISTORICAL REDETERMINATION AND CONTINUING DISABILITY REVIEW DATA****1. Redeterminations**

Redeterminations are reviews of all of the nonmedical factors of eligibility to determine whether a recipient is still eligible for SSI and still receiving the correct payment amount. There are two types of redeterminations: scheduled and unscheduled. Except for certain institutionalized individuals, all recipients are periodically scheduled for a redetermination. Every year SSA schedules for redetermination the cases most likely to have payment error, but even the cases unlikely to have payment error are scheduled for review at least once every 6 years. Unscheduled redeterminations are completed on an as needed basis when recipients report, or we discover, certain changes in circumstances that could affect the continuing SSI payment amount. The numbers of redeterminations completed are subject to some year-to-year fluctuation because of variation in the numbers of unscheduled redeterminations completed and in the numbers of scheduled redeterminations that were completed during the fiscal year due to administrative resource limitations and the impact of other workload requirements on the field offices. When redeterminations cannot be completed in the fiscal year scheduled, they are carried over into the next fiscal year. Table V.D1 provides historical data on numbers of redeterminations completed by fiscal year.

**Table V.D1.—SSI Redeterminations Completed, Fiscal Years 1986-2004**  
[In thousands]

Fiscal year	Number of redeterminations
1986 .....	2,278
1987 .....	2,244
1988 .....	1,997
1989 .....	2,226
1990 .....	2,103
1991 .....	2,138
1992 .....	2,321
1993 .....	2,223
1994 .....	<sup>1</sup> 1,900
1995 .....	<sup>2</sup> 1,597
1996 .....	1,763
1997 .....	1,773
1998 .....	1,853
1999 .....	2,122
2000 .....	2,182
2001 .....	2,316
2002 .....	2,311
2003 .....	2,450
2004 .....	2,279

<sup>1</sup> Decrease in number of redeterminations completed in fiscal year 1994 due to low-error profile redeterminations not being completed from January through September 1994.

<sup>2</sup> Effective fiscal year 1995, approximately 200,000 fewer redeterminations were selected annually due to a change from a 3-year to a 6-year redetermination cycle for low-error profile cases.

During periods between scheduled redeterminations, SSA uses the limited issue process to detect situations that have the potential to affect the continuing eligibility of SSI recipients and SSI payment amounts. SSA conducts periodic computer matches between its own systems and the systems of other Federal and State agencies to determine if the income and resources information on SSI recipients' records is in conflict with data obtained from the other systems. Matches detecting conflicting information usually result in the posting of an identifier to the Supplemental Security Record of the SSI recipient. The case is then selected and scheduled for a field office review of the issue for which the indicator was posted. In fiscal year 2004, SSA released about 250,000 limited issue cases for development by field offices.

**2. Continuing Disability Reviews**

Following enactment of the Social Security Disability Amendments of 1980, section 221(i) of the Social Security Act generally requires SSA to review the continuing eligibility of title II disabled beneficiaries at

least every 3 years. A similar requirement was not put in place at that time for disabled title XVI recipients. Although the Committee on Finance of the Senate stated in its report on this legislation that the same continuing disability review (CDR) procedures should be applied with respect to both the title II and title XVI programs, title XVI was not amended to accomplish this. Section 1614(a)(4) of the Act gives SSA discretionary authority to conduct periodic CDRs on SSI recipients. On September 28, 1994, SSA issued a Federal Register notice that periodic SSI CDRs would begin on October 1, 1994. In 1994 and again in 1996 legislation was enacted adding some mandates for the performance of CDRs under the SSI program.

Public Law 103-296 specified that during each of fiscal years 1996, 1997, and 1998, SSA was required to conduct CDRs on a minimum of 100,000 SSI recipients. In addition, during the same period, SSA was required to redetermine the SSI eligibility of at least one-third of all SSI child recipients who reached age 18 after April 1995 during the 1-year period following attainment of age 18. Such redeterminations for persons turning age 18 could count toward the 100,000 CDR requirement.

Public Law 104-193 extended the requirement of redetermination of SSI eligibility to all SSI child recipients who reach age 18, with such redetermination being based on the adult eligibility criteria. This law also added the requirement that a CDR be performed:

- At least once every 3 years for SSI recipients under age 18 who are eligible by reason of an impairment which is likely to improve, and
- Not later than 12 months after birth for recipients whose low birth weight is a contributing factor material to the determination of their disability unless the Commissioner determines that the impairment is not expected to improve within 12 months of the child's birth.

Public Law 105-33 gave SSA some additional flexibility in the scheduling of these categories of CDRs.

In order to handle the large CDR workload mandated under these various provisions, SSA developed, beginning in 1993, a process by which certain title II cases scheduled for a CDR would be screened using the results of a profiling process which included a mailer interview for some cases. In 1996 the profiling process was extended to title XVI adults who were scheduled for a CDR. The screening process resulted in the deferral of full medical reviews for 185,522 cases for which a scheduled title XVI CDR was processed in 2004.

For cases involving individuals who receive both title II and title XVI benefits, CDRs are typically initiated as title II CDRs with the results of the review affecting eligibility for benefits under both programs. Tables V.D2 and V.D3 present the latest available summary of results<sup>1</sup> on CDRs of title XVI recipients performed under titles II and XVI since 1993. These tables include only cases for which a full medical review was conducted. In particular they do not include:

- Cases for which a mailer was completed, but for which a full medical review was deferred;
- CDRs initiated as the result of work activity on the part of the beneficiary/recipient; and
- Miscellaneous other CDRs processed by the State Disability Determination Services but not as part of the normal CDR scheduling process (such as voluntary and third-party reports of medical improvement, post-transplant end-stage renal disease cases, and vocational rehabilitation reports).

In contrast with the allowance data presented in section V.C, the CDR data is tabulated on a cohort basis by the date of initial decision.

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<sup>1</sup> The numbers of SSI recipients whose benefits are ceased as a result of CDRs are included in these tables. Estimates of Federal SSI program savings resulting from the cessation of benefits are reported to Congress in the Annual Report of Continuing Disability Reviews. The most recent such report was issued October 27, 2004, presenting estimates of the effects of CDRs conducted in fiscal year 2003.

**Table V.D2.—SSI Disabled Adult Reviews: Disposition<sup>1</sup> of Continuing Disability Medical Reviews by Fiscal Year of Initial Decision and Level of Decision**

Fiscal year of initial DDS decision	Initial decisions						
	Total initial DDS decisions	Continuations		Cessations		Appeals to reconsideration	
		Number	Percent <sup>2</sup>	Number	Percent <sup>2</sup>	Number	Percent <sup>3</sup>
Reviews of concurrent title II/XVI cases initiated under title II							
1993	1,143	1,083	94.8	60	5.2	52	86.7
1994	10,945	9,127	83.4	1,818	16.6	1,253	68.9
1995	16,736	12,484	74.6	4,252	25.4	2,905	68.3
1996	26,884	20,636	76.8	6,248	23.2	4,119	65.9
1997	51,466	40,741	79.2	10,725	20.8	7,344	68.5
1998	81,185	68,533	84.4	12,652	15.6	8,743	69.1
1999	80,816	70,353	87.1	10,463	12.9	6,206	59.3
2000	105,787	93,962	88.8	11,825	11.2	6,864	58.0
2001	110,341	99,666	90.3	10,675	9.7	6,334	59.3
2002	103,947	92,069	88.6	11,878	11.4	7,204	60.6
2003	72,175	63,021	87.3	9,154	12.7	5,598	61.2
2004	84,622	75,047	88.7	9,575	11.3	5,621	58.7
Title XVI initiated reviews							
1993	—	—	—	—	—	—	—
1994	—	—	—	—	—	—	—
1995	4,287	3,277	76.4	1,010	23.6	665	65.8
1996	55,025	46,273	84.1	8,752	15.9	6,146	70.2
1997	69,557	57,662	82.9	11,895	17.1	8,722	73.3
1998	75,071	64,829	86.4	10,242	13.6	7,244	70.7
1999	140,429	125,079	89.1	15,350	10.9	10,297	67.1
2000	173,470	156,065	90.0	17,405	10.0	10,946	62.9
2001	143,902	126,610	88.0	17,292	12.0	10,331	59.7
2002	172,527	150,837	87.4	21,690	12.6	13,554	62.5
2003	213,212	191,061	89.6	22,151	10.4	15,076	68.1
2004	221,129	199,938	90.4	21,191	9.6	14,071	66.4
Total reviews, SSI disabled adults							
1993	1,143	1,083	94.8	60	5.2	52	86.7
1994	10,945	9,127	83.4	1,818	16.6	1,253	68.9
1995	21,023	15,761	75.0	5,262	25.0	3,570	67.8
1996	81,909	66,909	81.7	15,000	18.3	10,265	68.4
1997	121,023	98,403	81.3	22,620	18.7	16,066	71.0
1998	156,256	133,362	85.3	22,894	14.7	15,987	69.8
1999	221,245	195,432	88.3	25,813	11.7	16,503	63.9
2000	279,257	250,027	89.5	29,230	10.5	17,810	60.9
2001	254,243	226,276	89.0	27,967	11.0	16,665	59.6
2002	276,474	242,906	87.9	33,568	12.1	20,758	61.8
2003	285,387	254,082	89.0	31,305	11.0	20,674	66.0
2004	305,751	274,985	89.9	30,766	10.1	19,692	64.0

**Table V.D2.—SSI Disabled Adult Reviews: Disposition<sup>1</sup> of Continuing Disability Medical Reviews by Fiscal Year of Initial Decision and Level of Decision (Cont.)**

Fiscal year of initial DDS decision	Reconsiderations						Appeals beyond reconsideration <sup>4</sup>			
	Pending	Continuations		Cessations	Appeals to beyond reconsideration		Pending	Continuations		Cessations
		Number	Percent <sup>2</sup>		Number <sup>5</sup>	Percent <sup>3</sup>		Number	Percent	
Reviews of concurrent title II/XVI cases initiated under title II										
1993	—	22	42.3	30	14	46.7	—	9	64.3	5
1994	—	541	43.2	712	399	56.0	—	177	44.4	222
1995	—	1,245	42.9	1,660	1,007	60.7	—	382	37.9	625
1996	—	1,875	45.5	2,244	1,313	58.5	—	427	32.5	886
1997	—	4,297	58.5	3,047	2,257	74.1	—	973	43.1	1,284
1998	1	5,512	63.1	3,230	2,472	76.5	3	1,154	46.7	1,315
1999	5	3,974	64.1	2,227	1,542	69.2	1	679	44.1	862
2000	17	4,427	64.7	2,420	1,564	64.6	10	655	42.1	899
2001	49	4,178	66.5	2,107	1,272	60.4	53	478	39.2	741
2002	145	4,790	67.9	2,269	1,533	67.6	363	458	39.1	712
2003	253	3,560	66.6	1,785	1,063	59.6	659	153	37.9	251
2004	1,545	2,791	68.5	1,285	534	41.6	498	9	25.0	27
Title XVI initiated reviews										
1993	—	—	—	—	—	—	—	—	—	—
1994	—	—	—	—	—	—	—	—	—	—
1995	—	241	36.2	424	267	63.0	—	87	32.6	180
1996	—	3,289	53.5	2,857	1,946	68.1	—	623	32.0	1,323
1997	—	5,271	60.4	3,451	2,575	74.6	—	986	38.3	1,589
1998	—	4,530	62.5	2,714	1,990	73.3	3	777	39.1	1,210
1999	4	6,611	64.2	3,682	2,511	68.2	3	969	38.6	1,539
2000	24	6,824	62.5	4,098	2,783	67.9	10	1,054	38.0	1,719
2001	75	6,225	60.7	4,031	2,665	66.1	91	895	34.8	1,679
2002	279	8,165	61.5	5,110	3,461	67.7	771	842	31.3	1,848
2003	575	9,622	66.4	4,879	3,128	64.1	1,862	411	32.5	855
2004	2,783	7,727	68.5	3,561	1,705	47.9	1,557	48	32.4	100
Total reviews, SSI disabled adults										
1993	—	22	42.3	30	14	46.7	—	9	64.3	5
1994	—	541	43.2	712	399	56.0	—	177	44.4	222
1995	—	1,486	41.6	2,084	1,274	61.1	—	469	36.8	805
1996	—	5,164	50.3	5,101	3,259	63.9	—	1,050	32.2	2,209
1997	—	9,568	59.6	6,498	4,832	74.4	—	1,959	40.5	2,873
1998	1	10,042	62.8	5,944	4,462	75.1	6	1,931	43.3	2,525
1999	9	10,585	64.2	5,909	4,053	68.6	4	1,648	40.7	2,401
2000	41	11,251	63.3	6,518	4,347	66.7	20	1,709	39.5	2,618
2001	124	10,403	62.9	6,138	3,937	64.1	144	1,373	36.2	2,420
2002	424	12,955	63.7	7,379	4,994	67.7	1,134	1,300	33.7	2,560
2003	828	13,182	66.4	6,664	4,191	62.9	2,521	564	33.8	1,106
2004	4,328	10,518	68.5	4,846	2,239	46.2	2,055	57	31.0	127

**Table V.D2.—SSI Disabled Adult Reviews: Disposition<sup>1</sup> of Continuing Disability Medical Reviews by Fiscal Year of Initial Decision and Level of Decision (Cont.)**

Fiscal year of initial DDS decision	Selected summary case information by decision status as of January 2005						
	Total initial decisions	Numbers of cases			Numbers as a percentage of total initial decisions		
		Continuations	Cessations pending an appeal decision	Cessations with no appeal pending	Continuations	Cessations pending an appeal decision	Cessations with no appeal pending
Reviews of concurrent title II/XVI cases initiated under title II							
1993	1,143	1,114	—	29	97.5	—	2.5
1994	10,945	9,845	—	1,100	89.9	—	10.1
1995	16,736	14,111	—	2,625	84.3	—	15.7
1996	26,884	22,938	—	3,946	85.3	—	14.7
1997	51,466	46,011	—	5,455	89.4	—	10.6
1998	81,185	75,199	4	5,982	92.6	6/	7.4
1999	80,816	75,006	6	5,804	92.8	6/	7.2
2000	105,787	99,044	27	6,716	93.6	6/	6.3
2001	110,341	104,322	102	5,917	94.5	0.1	5.4
2002	103,947	97,317	508	6,122	93.6	.5	5.9
2003	72,175	66,734	912	4,529	92.5	1.3	6.3
2004	84,622	77,847	2,043	4,732	92.0	2.4	5.6
Title XVI initiated reviews							
1993	—	—	—	—	—	—	—
1994	—	—	—	—	—	—	—
1995	4,287	3,605	—	682	84.1	—	15.9
1996	55,025	50,185	—	4,840	91.2	—	8.8
1997	69,557	63,919	—	5,638	91.9	—	8.1
1998	75,071	70,136	3	4,932	93.4	6/	6.6
1999	140,429	132,659	7	7,763	94.5	6/	5.5
2000	173,470	163,943	34	9,493	94.5	6/	5.5
2001	143,902	133,730	166	10,006	92.9	.1	7.0
2002	172,527	159,844	1,050	11,633	92.6	.6	6.7
2003	213,212	201,094	2,437	9,681	94.3	1.1	4.5
2004	221,129	207,713	4,340	9,076	93.9	2.0	4.1
Total reviews, SSI disabled adults							
1993	1,143	1,114	—	29	97.5	—	2.5
1994	10,945	9,845	—	1,100	89.9	—	10.1
1995	21,023	17,716	—	3,307	84.3	—	15.7
1996	81,909	73,123	—	8,786	89.3	—	10.7
1997	121,023	109,930	—	11,093	90.8	—	9.2
1998	156,256	145,335	7	10,914	93.0	6/	7.0
1999	221,245	207,665	13	13,567	93.9	6/	6.1
2000	279,257	262,987	61	16,209	94.2	6/	5.8
2001	254,243	238,052	268	15,923	93.6	.1	6.3
2002	276,474	257,161	1,558	17,755	93.0	.6	6.4
2003	285,387	267,828	3,349	14,210	93.8	1.2	5.0
2004	305,751	285,560	6,383	13,808	93.4	2.1	4.5

<sup>1</sup> Data reflect results as of January 2005. The ultimate numbers of continuations and cessations are subject to change until all appeals are final.

<sup>2</sup> Percentage of decisions at this level.

<sup>3</sup> Percentage of cessations at this level appealed to next level.

<sup>4</sup> The status and disposition of cases in the Federal courts is not reflected here. However, for cases remanded by the courts to the Office of Hearings and Appeals, the status and disposition at OHA is included. The excluded experience in the Federal courts has a minimal impact on the number of continuations.

<sup>5</sup> Number of persons appealing beyond the reconsideration level.

<sup>6</sup> Less than 0.05 percent.

**Table V.D3.—SSI Disabled Child Reviews: Disposition<sup>1</sup> of Continuing Disability Medical Reviews by Fiscal Year of Initial Decision and Level of Decision**

Fiscal year of initial DDS decision	Initial decisions						
	Total initial DDS decisions	Continuations		Cessations		Appeals to reconsideration	
		Number	Percent <sup>2</sup>	Number	Percent <sup>2</sup>	Number	Percent <sup>3</sup>
<b>Reviews of low-birth-weight children</b>							
1994	1,225	771	62.9	454	37.1	159	35.0
1995	4,231	2,083	49.2	2,148	50.8	665	31.0
1996	5,709	2,491	43.6	3,218	56.4	904	28.1
1997	7,091	4,482	63.2	2,609	36.8	821	31.5
1998	17,620	6,092	34.6	11,528	65.4	3,644	31.6
1999	9,773	4,114	42.1	5,659	57.9	1,641	29.0
2000	10,178	4,566	44.9	5,612	55.1	1,574	28.0
2001	9,086	4,152	45.7	4,934	54.3	1,423	28.8
2002	12,732	5,869	46.1	6,863	53.9	2,000	29.1
2003	7,283	3,516	48.3	3,767	51.7	1,057	28.1
2004	12,060	6,075	50.4	5,985	49.6	1,737	29.0
<b>Redeterminations at age 18</b>							
1994	—	—	—	—	—	—	—
1995	71	64	90.1	7	9.9	5	71.4
1996	12,640	8,158	64.5	4,482	35.5	2,055	45.9
1997	48,834	22,431	45.9	26,403	54.1	16,743	63.4
1998	40,945	21,453	52.4	19,492	47.6	10,922	56.0
1999	49,557	27,413	55.3	22,144	44.7	10,892	49.2
2000	51,713	28,863	55.8	22,850	44.2	11,052	48.4
2001	48,944	28,167	57.5	20,777	42.5	10,177	49.0
2002	54,947	32,388	58.9	22,559	41.1	11,748	52.1
2003	53,905	31,862	59.1	22,043	40.9	12,005	54.5
2004	53,232	31,890	59.9	21,342	40.1	11,353	53.2
<b>All other reviews of SSI disabled children</b>							
1994	—	—	—	—	—	—	—
1995	3,535	2,501	70.7	1,034	29.3	541	52.3
1996	789	399	50.6	390	49.4	210	53.8
1997	14	8	57.1	6	42.9	3	50.0
1998	91,157	67,203	73.7	23,954	26.3	13,277	55.4
1999	183,211	129,420	70.6	53,791	29.4	28,437	52.9
2000	140,699	106,583	75.8	34,116	24.2	17,092	50.1
2001	95,835	72,896	76.1	22,939	23.9	12,024	52.4
2002	163,768	130,434	79.6	33,334	20.4	18,226	54.7
2003	127,444	100,522	78.9	26,922	21.1	15,222	56.5
2004	103,437	80,748	78.1	22,689	21.9	12,466	54.9
<b>Total reviews, SSI disabled children</b>							
1994	1,225	771	62.9	454	37.1	159	35.0
1995	7,837	4,648	59.3	3,189	40.7	1,211	38.0
1996	19,138	11,048	57.7	8,090	42.3	3,169	39.2
1997	55,939	26,921	48.1	29,018	51.9	17,567	60.5
1998	149,722	94,748	63.3	54,974	36.7	27,843	50.6
1999	242,541	160,947	66.4	81,594	33.6	40,970	50.2
2000	202,590	140,012	69.1	62,578	30.9	29,718	47.5
2001	153,865	105,215	68.4	48,650	31.6	23,624	48.6
2002	231,447	168,691	72.9	62,756	27.1	31,974	50.9
2003	188,632	135,900	72.0	52,732	28.0	28,284	53.6
2004	168,729	118,713	70.4	50,016	29.6	25,556	51.1

**Table V.D3.—SSI Disabled Child Reviews: Disposition<sup>1</sup> of Continuing Disability Medical Reviews by Fiscal Year of Initial Decision and Level of Decision (Cont.)**

Fiscal year of initial DDS decision	Reconsiderations						Appeals beyond reconsideration <sup>4</sup>			
	Pending	Continuations		Cessations	Appeals to beyond reconsideration		Pending	Continuations		Cessations
		Number	Percent <sup>2</sup>		Number <sup>5</sup>	Percent <sup>3</sup>		Number	Percent	
<b>Reviews of low-birth-weight children</b>										
1994	—	44	27.7	115	51	44.3	—	15	29.4	36
1995	—	184	27.7	481	219	45.5	—	53	24.2	166
1996	—	329	36.4	575	232	40.3	—	44	19.0	188
1997	—	292	35.6	529	235	44.4	—	50	21.3	185
1998	—	1,234	33.9	2,410	1,142	47.4	—	244	21.4	898
1999	2	607	37.0	1,032	489	47.4	2	83	17.0	404
2000	11	609	39.0	954	453	47.5	—	100	22.1	353
2001	20	504	35.9	899	422	46.9	28	59	15.0	335
2002	51	699	35.9	1,250	581	46.5	136	88	19.8	357
2003	55	363	36.2	639	276	43.2	173	22	21.4	81
2004	551	487	41.1	699	241	34.5	229	2	16.7	10
<b>Redeterminations at age 18</b>										
1994	—	—	—	—	—	—	—	—	—	—
1995	—	2	40.0	3	2	66.7	—	1	50.0	1
1996	—	707	34.4	1,348	584	43.3	—	119	20.4	465
1997	2	4,591	27.4	12,150	6,434	53.0	5	1,517	23.6	4,912
1998	2	3,074	28.2	7,846	4,392	56.0	12	1,020	23.3	3,360
1999	7	3,364	30.9	7,521	4,314	57.4	19	1,051	24.5	3,244
2000	40	3,575	32.5	7,437	4,044	54.4	27	1,001	24.9	3,016
2001	132	3,256	32.4	6,789	3,872	57.0	224	912	25.0	2,736
2002	259	3,819	33.2	7,670	4,414	57.5	1,068	840	25.1	2,506
2003	471	3,808	33.0	7,726	4,110	53.2	2,511	407	25.5	1,192
2004	3,366	2,710	33.9	5,277	2,094	39.7	1,911	55	30.1	128
<b>All other reviews of SSI disabled children</b>										
1994	—	—	—	—	—	—	—	—	—	—
1995	—	177	32.7	364	202	55.5	—	52	25.7	150
1996	—	69	32.9	141	55	39.0	—	17	30.9	38
1997	—	1	33.3	2	1	50.0	—	—	—	1
1998	—	4,460	33.6	8,817	5,516	62.6	4	1,306	23.7	4,206
1999	25	9,325	32.8	19,087	11,718	61.4	13	2,608	22.3	9,097
2000	78	6,437	37.8	10,577	6,263	59.2	33	1,417	22.7	4,813
2001	225	4,622	39.2	7,177	4,416	61.5	271	914	22.1	3,231
2002	407	7,241	40.6	10,578	6,514	61.6	1,621	1,044	21.3	3,849
2003	569	6,232	42.5	8,421	4,766	56.6	2,980	406	22.7	1,380
2004	3,747	3,712	42.6	5,007	2,103	42.0	1,965	35	25.4	103
<b>Total reviews, SSI disabled children</b>										
1994	—	44	27.7	115	51	44.3	—	15	29.4	36
1995	—	363	30.0	848	423	49.9	—	106	25.1	317
1996	—	1,105	34.9	2,064	871	42.2	—	180	20.7	691
1997	2	4,884	27.8	12,681	6,670	52.6	5	1,567	23.5	5,098
1998	2	8,768	31.5	19,073	11,050	57.9	16	2,570	23.3	8,464
1999	34	13,296	32.5	27,640	16,521	59.8	34	3,742	22.7	12,745
2000	129	10,621	35.9	18,968	10,760	56.7	60	2,518	23.5	8,182
2001	377	8,382	36.1	14,865	8,710	58.6	523	1,885	23.0	6,302
2002	717	11,759	37.6	19,498	11,509	59.0	2,825	1,972	22.7	6,712
2003	1,095	10,403	38.3	16,786	9,152	54.5	5,664	835	23.9	2,653
2004	7,664	6,909	38.6	10,983	4,438	40.4	4,105	92	27.6	241

**Table V.D3.—SSI Disabled Child Reviews: Disposition<sup>1</sup> of Continuing Disability Medical Reviews by Fiscal Year of Initial Decision and Level of Decision (Cont.)**

Fiscal year of initial DDS decision	Selected summary case information by decision status as of January 2005						
	Total initial decisions	Numbers of cases			Numbers as a percentage of total initial decisions		
		Continuations	Cessations pending an appeal decision	Cessations with no appeal pending	Continuations	Cessations pending an appeal decision	Cessations with no appeal pending
<b>Reviews of low-birth-weight children</b>							
1994	1,225	830	—	395	67.8	—	32.2
1995	4,231	2,320	—	1,911	54.8	—	45.2
1996	5,709	2,864	—	2,845	50.2	—	49.8
1997	7,091	4,824	—	2,267	68.0	—	32.0
1998	17,620	7,570	—	10,050	43.0	—	57.0
1999	9,773	4,804	4	4,965	49.2	6/	50.8
2000	10,178	5,275	11	4,892	51.8	0.1	48.1
2001	9,086	4,715	48	4,323	51.9	.5	47.6
2002	12,732	6,656	187	5,889	52.3	1.5	46.3
2003	7,283	3,901	228	3,154	53.6	3.1	43.3
2004	12,060	6,564	780	4,716	54.4	6.5	39.1
<b>Redeterminations at age 18</b>							
1994	—	—	—	—	—	—	—
1995	71	67	—	4	94.4	—	5.6
1996	12,640	8,984	—	3,656	71.1	—	28.9
1997	48,834	28,539	7	20,288	58.4	6/	41.5
1998	40,945	25,547	14	15,384	62.4	6/	37.6
1999	49,557	31,828	26	17,703	64.2	.1	35.7
2000	51,713	33,439	67	18,207	64.7	.1	35.2
2001	48,944	32,335	356	16,253	66.1	.7	33.2
2002	54,947	37,047	1,327	16,573	67.4	2.4	30.2
2003	53,905	36,077	2,982	14,846	66.9	5.5	27.5
2004	53,232	34,655	5,277	13,300	65.1	9.9	25.0
<b>All other reviews of SSI disabled children</b>							
1994	—	—	—	—	—	—	—
1995	3,535	2,730	—	805	77.2	—	22.8
1996	789	485	—	304	61.5	—	38.5
1997	14	9	—	5	64.3	—	35.7
1998	91,157	72,969	4	18,184	80.0	6/	19.9
1999	183,211	141,353	38	41,820	77.2	6/	22.8
2000	140,699	114,437	111	26,151	81.3	.1	18.6
2001	95,835	78,432	496	16,907	81.8	.5	17.6
2002	163,768	138,719	2,028	23,021	84.7	1.2	14.1
2003	127,444	107,160	3,549	16,735	84.1	2.8	13.1
2004	103,437	84,495	5,712	13,230	81.7	5.5	12.8
<b>Total reviews, SSI disabled children</b>							
1994	1,225	830	—	395	67.8	—	32.2
1995	7,837	5,117	—	2,720	65.3	—	34.7
1996	19,138	12,333	—	6,805	64.4	—	35.6
1997	55,939	33,372	7	22,560	59.7	6/	40.3
1998	149,722	106,086	18	43,618	70.9	6/	29.1
1999	242,541	177,985	68	64,488	73.4	6/	26.6
2000	202,590	153,151	189	49,250	75.6	.1	24.3
2001	153,865	115,482	900	37,483	75.1	.6	24.4
2002	231,447	182,422	3,542	45,483	78.8	1.5	19.7
2003	188,632	147,138	6,759	34,735	78.0	3.6	18.4
2004	168,729	125,714	11,769	31,246	74.5	7.0	18.5

<sup>1</sup> Data reflect results as of January 2005. The ultimate numbers of continuations and cessations are subject to change until all appeals are final.

<sup>2</sup> Percentage of decisions at this level.

<sup>3</sup> Percentage of cessations at this level appealed to next level.

<sup>4</sup> The status and disposition of cases in the Federal courts is not reflected here. However, for cases remanded by the courts to the Office of Hearings and Appeals, the status and disposition at OHA is included. The excluded experience in the Federal courts has a minimal impact on the number of continuations.

<sup>5</sup> Number of persons appealing beyond the reconsideration level.

<sup>6</sup> Less than 0.05 percent.

## ***E. INCENTIVES FOR WORK AND OPPORTUNITIES FOR REHABILITATION***

### **1. Work Incentives**

Since the beginning of the SSI program, a number of disabled recipients have worked and received SSI payments. Initially, the program contained a basic earned income exclusion that recognized the additional costs associated with employment. In addition, the law contained a number of special income exclusions which were intended as work incentives. Among these provisions were the income exclusion for blind work expenses (BWE), plan for achieving self-support (PASS), and student earned income exclusion (SEIE).

In the 1980 amendments to the Social Security Act, Congress provided additional incentives to help SSI disabled recipients become self-supporting. These incentives included:

- Providing for an earned income exclusion for impairment-related work expenses (IRWE);
- Changing the treatment of sheltered workshop earnings from unearned income to earned income, thereby qualifying sheltered workshop earnings for the earned income exclusion;
- Providing for the continuation of SSI payments for certain disabled individuals enrolled in vocational rehabilitation programs whose disability ceased due to medical recovery (extended to SSI blind recipients, effective April, 1988);
- Establishing section 1619 which provided:
  - In subsection 1619(a), special SSI cash benefits to disabled individuals who lose eligibility for SSI payments because they have earnings exceeding the level that is ordinarily considered to represent substantial gainful activity (SGA), and
  - In subsection 1619(b), special SSI recipient status for Medicaid purposes to working disabled or blind individuals when their earnings make them ineligible for cash payments.

The incentives for work and opportunities for rehabilitation are discussed in more detail in section III.E. In the tables that follow we provide historical information on participation by SSI recipients in work incentive programs.<sup>1</sup>

#### ***a. Numbers of Participants in Work Incentive Programs***

In this section, we present historical data on participation by SSI recipients in work incentive programs. Table V.E1 presents historical numbers of SSI recipients categorized according to their section 1619 status. Figure V.E1 presents this information in graphical form.

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<sup>1</sup> More detailed information on participation by SSI recipients in work incentive programs is provided in the *SSI Disabled Recipients Who Work*. Pub. No. 13-11829, prepared by the Office of Research, Evaluation, and Statistics, Social Security Administration.

**Table V.E1.—SSI Federally-Administered Blind or Disabled Working Recipients as of December, 1987-2004**

Year	SGA level <sup>1</sup>	In current-payment status		1619(b) workers <sup>4</sup>	Total workers
		1619(a) workers <sup>2</sup>	Other workers <sup>3</sup>		
1987	\$300	14,559	142,664	15,632	172,855
1988	300	19,920	153,599	15,625	189,144
1989	300	25,655	161,928	18,254	205,837
1990	500	13,994	182,421	23,517	219,932
1991	500	15,531	186,824	27,264	229,619
1992	500	17,603	199,665	31,649	248,917
1993	500	20,028	210,322	35,299	265,649
1994	500	24,315	217,478	40,683	282,476
1995	500	28,060	223,573	47,002	298,635
1996	500	31,085	225,310	51,905	308,300
1997	500	34,673	228,093	57,089	319,855
1998	500	37,271	229,662	59,542	326,475
1999	<sup>5</sup> 700	25,528	245,825	69,265	340,618
2000	700	27,542	249,313	83,572	360,427
2001	740	22,100	247,555	76,455	346,110
2002	780	17,271	241,462	82,177	340,910
2003	800	17,132	235,453	71,097	323,682
2004	810	17,114	237,409	73,681	328,204

<sup>1</sup> Increases in 2001 and subsequent years are based on increases in the national average wage index.

<sup>2</sup> Workers' earnings are above SGA level.

<sup>3</sup> Workers' earnings are at or below SGA level.

<sup>4</sup> 1619(b) recipients are not in current-payment status but retain SSI recipient status for Medicaid purposes.

<sup>5</sup> Increased to \$700 in July 1999.

Note: Totals do not necessarily equal the sums of rounded components.

**Figure V.E1.—SSI Federally-Administered Blind or Disabled Working Recipients as of December, 1987-2004**

[In thousands]

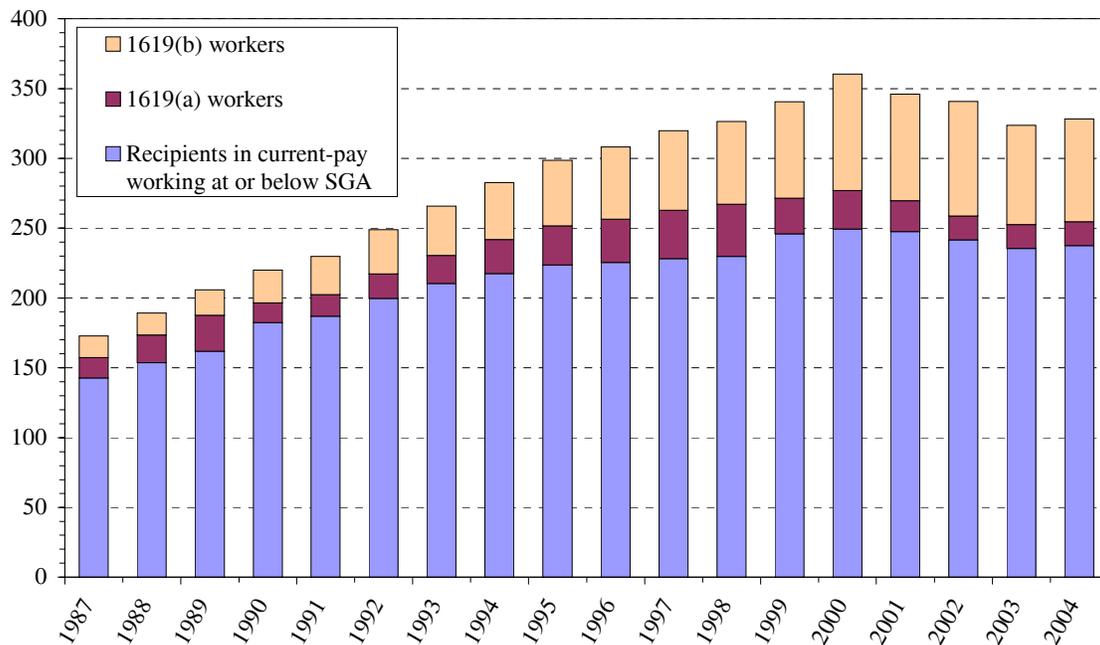


Table V.E2 presents historical numbers of SSI recipients who benefit from other selected work incentive provisions: (1) plan for achieving self-support (PASS), (2) impairment-related work expense exclusion (IRWE), and (3) blind work expense exclusion (BWE). These recipients may be benefiting from more than one of these selected work incentive provisions. This information is available only for calendar years 1990 and later.

**Table V.E2.—SSI Federally-Administered Blind or Disabled Individuals with SSI Recipient Status Participating in Other Work Incentives as of December, 1990-2004**

Year	PASS <sup>1</sup>			IRWE	BWE
	Non-workers	Workers	Total		
1990	1,215	1,040	2,255	5,384	4,385
1991	1,969	1,601	3,570	6,546	4,330
1992	3,189	2,658	5,847	7,813	4,454
1993	4,528	3,602	8,130	8,629	4,406
1994	5,842	4,487	10,329	9,484	4,380
1995	5,719	4,603	10,322	9,940	4,433
1996	2,760	1,944	4,704	9,799	4,230
1997	1,290	708	1,998	9,637	4,116
1998	712	362	1,074	9,301	3,802
1999	698	347	1,045	9,520	3,971
2000	862	520	1,382	9,422	3,895
2001	1,024	576	1,600	8,798	3,642
2002	1,150	571	1,721	8,047	3,386
2003	1,181	524	1,705	7,604	3,074
2004	1,112	486	1,598	6,874	2,827

<sup>1</sup> For years 1990 through 1996, data do not include PASS plans which exclude only resources.

Note: Working recipients participating in these other work incentives may be 1619(a) recipients, 1619(b) recipients or working recipients whose earnings are at or below the SGA level.

### *b. Average Earnings of Participants in Work Incentive Programs*

In this section, we present historical data on average earnings of SSI working recipients. Table V.E3 presents average earnings of SSI recipients categorized according to their section 1619 status.

**Table V.E3.—Average Monthly Earnings of SSI Federally-Administered Blind or Disabled Working Recipients, as of December, 1987-2004**

Year	Blind or disabled workers with SSI recipient status			
	In current-payment status		1619(b) workers <sup>3</sup>	Total workers
	1619(a) workers <sup>1</sup>	Other workers <sup>2</sup>		
1987	\$494	<sup>4</sup> \$124	\$739	<sup>4</sup> \$211
1988	522	<sup>4</sup> 127	721	<sup>4</sup> 218
1989	518	<sup>4</sup> 131	712	<sup>4</sup> 231
1990	712	145	746	245
1991	724	148	780	262
1992	726	150	781	271
1993	728	153	784	280
1994	746	157	803	301
1995	754	160	834	322
1996	764	162	881	344
1997	772	164	932	367
1998	772	182	954	390
1999	926	207	980	418
2000	945	239	1,048	481
2001	1,004	252	1,043	475
2002	1,043	253	1,094	495
2003	1,059	241	1,081	469
2004	1,076	246	1,070	474

<sup>1</sup> In January, 1990, the SGA level was raised from \$300 to \$500 and section 1619(a) participants with earnings at or below \$500 became eligible for regular SSI benefits rather than the special cash payments under section 1619(a). The SGA level was further increased to \$700 in July 1999, with increases in 2001 and subsequent years based on increases in the national average wage index. In January 2005 the SGA level was increased to \$830.

<sup>2</sup> Workers' earnings are at or below the SGA level.

<sup>3</sup> 1619(b) recipients are not in current-payment status but retain SSI recipient status for Medicaid purposes.

<sup>4</sup> Estimated.

## 2. Vocational Rehabilitation/Ticket to Work Program

Provisions designed to make vocational rehabilitation (VR) services available to SSI blind or disabled recipients have been part of the SSI program since its inception. From the beginning, SSI recipients were referred to State VR agencies, which provided services to those recipients who were accepted as clients. Prior to 1981, SSA made block grants to VR agencies to fund services to disabled beneficiaries. The 1981 amendments changed this and established a “cost” reimbursement provision. VR agencies would be reimbursed for the cost of VR services furnished to blind or disabled SSI recipients only if the services resulted in the recipient returning to work. For reimbursement purposes, recipients are considered to have returned to work if they have had earnings exceeding the SGA level for 9 continuous months.

The 1984 amendments authorized reimbursement for cases<sup>1</sup> where the recipient medically recovers while engaged in a program of rehabilitation services approved by SSA and SSA determines that continuation or completion of such a program would increase the likelihood the individual will be permanently removed from the rolls. Effective with the 1990 amendments, reimbursement for the cost of VR services was authorized for services provided in months in which the individual was not receiving Federal SSI benefits if the individual:

- Had special SSI recipient status for Medicaid purposes under section 1619(b) of the Social Security Act,
- Received a Federally-administered State supplementary payment, or
- Had SSI benefits suspended for fewer than 13 consecutive months for a reason other than cessation of disability or blindness.

In 1994, the regulations were amended to include reimbursement to alternate private and non-State public VR providers (referred to as “alternate participants”) that provided VR services to recipients that a State VR agency had not accepted as clients. The alternate provider program has subsequently been replaced by the Ticket to Work and Self-Sufficiency program (Ticket to Work program) established by the Ticket to Work and Work Incentives Improvement Act of 1999.

Under the Ticket to Work program, a disabled beneficiary may obtain vocational rehabilitation, employment and other support services from qualified private or public providers that are referred to as “Employment Networks” (ENs). The Ticket to Work program authorized the Commissioner to provide payments to ENs under either an outcome payment system or an outcome-milestone payment system. (State VR agencies were provided the option to elect on a case-by-case basis to be paid either under the traditional VR reimbursement system, or either the outcome or outcome-milestone payment system.) By expanding the pool of providers and giving the providers incentives for achieving success, this program expands access to these services for persons with disabilities to assist them in finding, entering, and retaining employment and reducing their dependence on cash benefits.

The Ticket to Work program was implemented on a State-by-State basis beginning in February 2002 and has been fully implemented nationwide since November 2003. As the Ticket to Work program was implemented in a State, the alternate provider and the traditional VR referral process described earlier were eliminated. SSA provided eligible individuals who received SSI benefits due to blindness or disability in such State with a Ticket to Work document (“ticket”). Beneficiaries who receive a ticket may use it to obtain from ENs or their State VR agencies vocational rehabilitation services, employment services and other support services needed to return to work or go to work for the first time. Individuals

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<sup>1</sup> The 1980 amendments provided for benefit continuation for such SSI recipients who were continuing in a VR program after their disability had ceased. The provision was extended to blind recipients effective April, 1988.

not eligible for a ticket may still request services from a State VR agency; the VR agency continues to decide whether each beneficiary is eligible for services under the Rehabilitation Act of 1973.

The Ticket legislation required that SSA establish a corps of work incentives specialists to disseminate accurate information about work incentives. In addition, the Social Security Protection Act of 2004 mandated that SSA provide a work report receipt to the beneficiary. In response to these mandates, SSA:

- In fiscal year 2003, established the Area Work Incentives Coordinator (AWIC) position and trained a total of 58 AWICs, with at least one AWIC being assigned to each Area Office. The AWIC position was created to improve the quality of employment support services provided to beneficiaries through training, outreach, and better coordination of support services.
- In fiscal year 2004, released a web-based design application known as eWork that provides the agency with a uniform electronic system to process and control return to work cases. One of the major features of eWork is that it allows the user to provide the mandated work report receipt in addition to tracking the processing of the return to work report. It is expected that eWork will also help the agency reduce overpayments on return to work cases. Since the processing of return to work cases is complex, systems enhancements continue to be made to the application.

In fiscal year 2003, AWIC employees provided refresher training on employment supports to the local Work Incentive Liaisons (WIL) located in each of the 1,335 local field offices. The systems application phase of this training was updated beginning in fiscal year 2004 with the release of eWork. Training has been provided to all direct service employees in field offices, teleservice centers and the payment processing centers. This training initiative was completed in November 2004.

AWICs have also been very active in participating in outreach activities in their local areas and continue to be the primary point of contact for public information outreach in the communities. They have strengthened the relationship with our Ticket to Work partners: the ENs; Benefits Planning, Assistance and Outreach (BPAO) organizations; Protection and Advocacy (P&A) agencies and Disability Program Navigators. AWICs also work closely with the regional Plan to Achieve Self-Support (PASS) cadres in SSA to make joint educational presentations to the community about our employment support programs. The partnership has strengthened support of one of the objectives of the Ticket to Work program which is to educate the public about the benefits of returning to work and becoming self-sufficient. Presentations that have been made directly to persons with disabilities and/or entities that provide services to this target group include presentations at:

- Disability Employment Fairs
- Disability Forums and Expos
- Technical Colleges
- Universities
- Disability Resource Centers
- One Stop Centers
- Small Business Administration Groups
- Workforce Investment Fairs
- Independent Living Councils' Conferences

- United Way Agencies
- State Advocacy Groups

See section V.G.1.c for information on the evaluation of the Ticket to Work program.

Table V.E4 provides historical data on the number of reimbursement claims allowed and the amount of such awards for SSI recipients.

**Table V.E4.—Vocational Rehabilitation Reimbursement Claims Allowed, Fiscal Years 1987-2004**

Fiscal year	Concurrent title II/XVI claims		Title XVI only claims		Total claims	
	Number	Amount <sup>1</sup> (in thousands)	Number	Amount (in thousands)	Number	Amount <sup>1</sup> (in thousands)
1987 . . . . .	2/	2/	1,493	\$10,010	2/	2/
1988 . . . . .	2/	2/	1,720	14,831	2/	2/
1989 . . . . .	2/	2/	1,871	18,366	2/	2/
1990 . . . . .	1,267	\$3,290	2,819	22,832	4,086	\$26,122
1991 . . . . .	1,445	4,325	2,171	20,615	3,616	24,940
1992 . . . . .	1,634	5,312	2,834	28,276	4,468	33,588
1993 . . . . .	1,928	6,670	2,158	22,264	4,086	28,934
1994 . . . . .	1,880	7,057	2,074	23,400	3,954	30,457
1995 . . . . .	2,140	7,761	2,229	26,402	4,369	34,162
1996 . . . . .	2,033	6,518	2,138	24,334	4,171	30,852
1997 . . . . .	2,735	8,541	2,914	31,532	5,649	40,073
1998 . . . . .	3,329	10,089	3,446	36,313	6,775	46,402
1999 . . . . .	3,572	11,403	4,046	42,281	7,618	53,684
2000 . . . . .	3,260	11,357	3,589	40,793	6,849	52,150
2001 . . . . .	2,388	9,590	2,763	34,842	5,151	44,432
2002 . . . . .	3,241	12,201	3,474	43,244	6,715	55,445
2003 . . . . .	2,139	8,110	1,993	25,238	4,132	33,348
2004 . . . . .	1,999	7,759	2,150	26,390	4,149	34,149

<sup>1</sup> For concurrent title II/XVI claims, amounts shown represent title XVI portion of claim.

<sup>2</sup> For fiscal years 1987-89, data on title II reimbursement claims involving concurrent title XVI reimbursement claims are not available.

Note: Totals do not necessarily equal the sums of rounded components.

## ***F. INVOLVEMENT OF SSI RECIPIENTS IN OTHER PROGRAMS***

In this appendix we present data on participation by SSI recipients in other programs. Certain information is available from the Supplemental Security Record (SSR), the main administrative file for the SSI program. Data summarized from the SSR are very representative of the overall SSI recipient population since the information is based on a 100-percent extract or, for certain information, on a 10-percent extract from the SSR. Data from the SSR are presented in section 1 below.

There are other potential sources for information on SSI recipients that are not available on the SSI administrative files. One source in particular is the Survey of Income and Program Participation (SIPP)<sup>1</sup>, a U.S. Census Bureau sample survey that collects information such as the source and amount of income, program participation and general demographic characteristics for the U.S. civilian noninstitutionalized population. Data from the SIPP are presented in section 2.

### **1. Program Participation Data from the Supplemental Security Record (SSR)**

Since the amount of an individual's income is used to determine both the eligibility for, and the amount of his/her SSI benefit, it is necessary for the SSR to contain information on participation by SSI recipients in certain other programs which may provide countable income to the SSI recipient. A significant number of SSI recipients are Social Security beneficiaries whose total countable income, including OASDI benefits, is less than the Federal benefit rate plus the amount of applicable Federally-administered State supplementary payment. A smaller number of SSI recipients participate in other programs and receive income such as Worker's Compensation benefits or disability cash benefits from the Department of Veterans Affairs.

SSA does not maintain complete information in its administrative files concerning the involvement of SSI recipients in other assistance programs, because under the law payments from such programs are excluded from countable income attributable to the individual. We do, however, have some data with regard to entitlement to benefits under two other programs—Temporary Assistance for Needy Families (TANF) (which replaced Aid to Families with Dependent Children (AFDC)) and State Interim Assistance Reimbursement—at the point that the individual applied for SSI benefits. TANF (and AFDC previously) is a State program funded under Part A of title IV of the Social Security Act. Interim assistance is assistance a State gives to SSI applicants in cash or vendor payments for meeting basic needs while they are awaiting the outcome of the SSI eligibility determination process.

Table V.F1 presents percentages of SSI recipients who (1) concurrently receive payments from certain other selected programs or (2) have previously been enrolled in TANF/AFDC or received Interim Assistance Reimbursement.

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<sup>1</sup> The SIPP is a sample survey conducted by the U.S. Census Bureau, which collects data on the U.S. civilian noninstitutionalized population. The SIPP is comprised of a continuous series of national panels which are identified by the year in which interviewing began for that panel. The participants in the panel are divided into four rotation groups, with each group being interviewed monthly on a rotating basis concerning the 4 months prior to the month of interview. The data are released in waves, where 4 months of interviews comprise a wave. The data presented here are for December 2001 and are taken from Wave 3 of the 2001 Panel.

**Table V.F1.—Percentage of SSI Federally-Administered Recipients in Current-Payment Status with Participation<sup>1</sup> in Selected Programs Based on SSA Administrative Records, December, 2004**

	Age groups			All
	0-17	18-64	65 or older	
Number of Federally-administered recipients, December, 2004 (in thousands).....	993	4,017	1,978	6,988
	Program			
	(In percent)			
Program participation by SSI recipients, December, 2004				
Federal SSI .....	99.7	96.4	92.7	95.8
Federally-administered State SSI supplementation .....	26.2	33.1	46.0	35.7
OASDI .....	7.1	31.0	57.0	34.9
Black Lung .....	2/	2/	2/	2/
Railroad Retirement .....	2/	2/	0.1	2/
Veterans Affairs disability cash benefits.....	0.1	0.6	2.3	1.0
Worker's Compensation .....	2/	0.1	2/	0.1
Previous program participation by SSI recipients, December, 2004				
TANF/AFDC .....	42.8	26.5	8.8	23.9
Interim Assistance Reimbursement .....	0.5	15.2	9.7	11.6

<sup>1</sup> SSI recipients or the households of SSI recipients may participate in more than one of these programs.

<sup>2</sup> Less than 0.05 percent of SSI recipients in this gender/age grouping participate in the program.

Note: Total numbers of recipients do not necessarily equal the sums of rounded components.

## 2. Program Participation Data from the Survey of Income and Program Participation (SIPP)

In this section we present information on program participation by SSI recipients or households of SSI recipients which is not available from SSA administrative files. This information is based on data collected by interviews conducted under Wave 3 of the 2001 SIPP Panel and then matched to SSA administrative records. The reference month of December 2001 is used since that is the most recent December for which data are available. Since the 2001 Panel consists of 36,700 households, the sample of households including SSI recipients is small. In interpreting the SIPP estimates it is important to consider (a) the statistical error of estimates, and (b) the limitation of the SIPP sample frame to the noninstitutional population of the United States. Therefore great care should be taken in using this information to make generalizations about the overall SSI recipient population. The data are presented in table V.F2.

**Table V.F2.—Percentage of Noninstitutionalized SSI Federally-Administered Recipients with Participation<sup>1</sup> in Selected Programs Based on Data Collected Under Wave 3 of the Survey of Income and Program Participation Matched to SSA Administrative Records, December, 2001**

	Age groups			All
	0-17	18-64	65 or older	
Number of surveyed individuals reporting SSI Income, December, 2001 .....	179	941	430	1,550
Number of surveyed individuals as a percentage of noninstitutionalized Federally-administered recipients, December, 2001 (in percent) .....	0.02	0.03	0.02	0.02
	Program			
	(In percent)			
Program participation by SSI recipients, December, 2001				
General assistance .....	2/	1.0	0.9	0.8
Medicaid <sup>3</sup> .....	93.2	94.8	98.1	95.6
Medicare <sup>4</sup> .....	2/	25.2	62.9	33.0
School breakfast/lunch .....	71.0	0.7	2/	10.0
TANF .....	2/	4.5	2/	2.6
Unemployment insurance .....	2/	0.1	2/	2/
Special Supplemental Food Program for Women, Infants, and Children (WIC).....	0.9	2.7	2/	1.7
Program participation by households of SSI recipients, December, 2001				
Energy assistance .....	14.0	14.9	11.2	13.7
Housing assistance .....	10.3	9.6	7.3	9.0
Food stamps .....	31.4	43.5	41.1	41.1

<sup>1</sup> SSI recipients or the households of SSI recipients may participate in more than one of these programs.

<sup>2</sup> Less than 0.05 percent of SSI recipients in this age grouping participate in the program.

<sup>3</sup> Medicaid participation is automatic for SSI beneficiaries in 33 States. For SSI recipients in these States, the self-reported Medicaid variable is recorded to indicate participation. In the remaining States, self-reported Medicaid participation is used.

<sup>4</sup> Medicare enrollment is automatic for elderly individuals who receive OASI benefits, as well as for working-age individuals who have received DI benefits for 2 years or more. For individuals in these OASDI beneficiary categories according to SSA administrative records, the self-reported Medicare variable is recorded to indicate participation. For individuals whose administrative records indicate that they are not in these OASDI beneficiary categories the self-reported Medicare variable is recorded to indicate nonparticipation. For individuals who did not provide their SSN, self-reported Medicare participation is used.

## **G. RESEARCH ON RELATED TOPICS**

The legislative mandate for this report requires inclusion of information about “relevant research on the SSI program by the Social Security Administration (SSA) and others.” Section 1 of this appendix describes major ongoing projects. Section 2 presents a bibliography of studies that have been conducted by public and private entities regarding SSI payment levels, recipients, and reform proposals.

### **1. Ongoing Research**

#### ***a. Analyses Using Survey of Income and Program Participation Data***

Using Survey of Income and Program Participation (SIPP) data matched to administrative records, SSA researchers have developed a model of financial eligibility for SSI that has been used to estimate the rate of participation among the eligible elderly and the effects of various options to modify the SSI program (see Davies *et al.* 2001/2002). The model suggests that the rate of participation among the eligible elderly was about 62 percent in 1991. The comparable participation rate estimate at the end of 1996 was also 62 percent.

The model was also utilized to simulate the potential effects of several approaches to expand the SSI program to fight poverty among the elderly. Approaches focusing on incremental changes in the Federal benefit rate, the general income exclusion, and the asset test appear roughly equally effective in reducing the poverty gap among the elderly on a cost-equivalent basis, while two approaches focusing on relaxing the earned income exclusion are less effective (Davies, Rupp, and Strand, 2004). The financial eligibility model has also been utilized to study eligibility for Medicare buy-in programs (see Rupp and Sears 2000; Sears 2001/2002). More recently, the model has been expanded to address SSI participation and financial eligibility among the working-age disabled, and to assess SSI benefit restructuring options for the entire SSI population. The model was used to simulate the effects of several approaches to changing in-kind support and maintenance rules and options for altering the calculation of the Federal benefit rate for certain living arrangement categories.

Additional research using the matched SIPP records focused on the estimation of the prevalence of households and families with multiple SSI recipients and to assess the poverty status of multirecipient households (Koenig and Rupp, 2003/2004). The 1984 SIPP survey respondents were followed up for 14 years based on administrative records on SSI and DI participation and death events to assess the relationship between self-reported health status, disabilities, mortality and participation in the SSI and DI programs (Rupp and Davies, 2004).

#### ***b. National Survey of Children and Families***

The National Survey of Children and Families (NSCF) was designed to address a number of SSA policy and program objectives, specifically issues pertaining to the effects of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (welfare reform) and updated information on SSI children and their families. The welfare reform legislation made four changes relating to children with disabilities: (1) redefining childhood disability from an impairment comparable to that preventing an adult from working to “two marked and severe functional limitations;” (2) eliminating the individualized functional assessment (IFA) as a basis for determination; (3) removing maladaptive behaviors from the personal/behavioral domain of the childhood mental disorders listing; and (4) requiring a redetermination at age 18. Among the questions the survey answers are the following:

- What are the characteristics of SSI children?
- What alternative sources of care are available to disabled children who lose SSI benefits?

- How is quality of life and utilization of medical services impacted by gaining or losing SSI benefits?
- What is the cost of caring for a child with disabilities?
- What are the uses of SSI benefits?
- What is the impact of receiving childhood SSI benefits on parental labor force participation?

The data from the survey will allow SSA to evaluate future changes to the SSI program that may affect children and to further evaluate the effects of welfare reform on SSI children and their families. Data collection for the survey was completed in summer 2002. SSA has received a data file and is producing a series of analyses. In addition, SSA funded a project with the Disability Research Institute to examine the role of vocational rehabilitation services for youth based on the NSCF. Furthermore, the study of Representative Payees required by section 107 of the Social Security Protection Act of 2004 and designed to study the misuse of benefits and risk factors will utilize the NSCF.

The NSCF will provide valuable insights into SSA priorities; however, it is a cross-sectional effort. Therefore, SSA may consider another round of the NSCF to enhance its capability to better address SSA goals.

#### ***c. Evaluation of the Ticket to Work Program***

The Ticket to Work and Work Incentives Improvement Act of 1999 requires the Commissioner of Social Security to provide for independent evaluations to assess the effectiveness of the Ticket to Work program, and to submit three separate evaluation reports to Congress. The first report on the evaluation was submitted in 2004, and it included recommendations for methods to adjust payment rates to ensure adequate incentives for the provision of services by employment networks. The remaining evaluation reports will be submitted in 2005 and 2007.

SSA awarded two 5-year contracts to Mathematica Policy Research to conduct the evaluation of the Ticket to Work program (May 2003). The first contract focuses on data development, qualitative data collection, and implementation of the comprehensive evaluation analyses. The second contract will implement a survey of beneficiaries. The survey was sent into the field in 2004 and will be repeated annually through 2007.

#### ***d. Homeless Outreach Projects and Evaluation (HOPE)***

In fiscal years 2003-05, SSA's appropriations included earmarked funds totaling \$24 million to conduct outreach to homeless and other under-served populations in support of the President's initiative to end chronic homelessness within 10 years. In 2004, SSA awarded funds to 41 service providers in 21 States that currently provide outreach services to the homeless population. The service providers began enrolling project participants in September 2004. As of January 2005, HOPE grantees assisted 1,464 homeless individuals with their applications for SSI. Of those, 286 have been awarded SSI benefits based on disability.

The HOPE initiative is focused on assisting eligible, homeless individuals in applying for SSI and Social Security Disability Insurance (SSDI) benefits. The HOPE projects will help SSA demonstrate the effectiveness of using skilled medical and social service providers to identify and engage homeless individuals with disabilities as well as assist them with the application process.

#### ***e. Youth Transition Demonstration***

In September 2003, to further the President's New Freedom Initiative goal of increasing employment of individuals with disabilities, SSA awarded cooperative agreements to six States (California, Colorado,

Iowa, New York, Maryland, and Mississippi) for the purpose of developing service delivery systems to assist youth with disabilities to successfully transition from school to work. Year two funding was awarded in September 2004. During this critical period of transition to adulthood, the services provided to youth with disabilities can prepare them for postsecondary education, employment, and economic self-sufficiency.

The States have established partnerships to improve employment outcomes for youth ages 14-25 who receive SSI or Social Security Disability Insurance (SSDI) payments on the basis of their own disability. The projects will provide a broad array of transition-related services and supports to SSI and SSDI youth applicants and beneficiaries.

***f. Florida Freedom Initiative (FFI)***

The Florida Agency for Persons with Disabilities has a Centers for Medicare & Medicaid Services (CMS) waiver program which allows individuals to obtain cash instead of certain Medicaid services to allow participants greater control in the planning and purchasing of supports and services. In February 2004, the Commissioner announced SSA's waiver of certain SSI program rules to allow SSI recipients to participate in the FFI.

***g. Disability Program Navigators***

In September 2002, SSA and the Department of Labor's (DOL) Employment and Training Administration agreed to fund a two-year pilot and evaluation of the Disability Program Navigator (DPN). Approximately 200 DPN positions were created in 17 States.

Disability Program Navigators operate in DOL's One-Stop Career Centers and provide seamless employment services to individuals seeking to enter the workforce. They also provide an important link to the local employment market and facilitate access to programs and services that impact the success of individuals with disabilities who are seeking employment.

***h. Interim and Ongoing Medical Benefits***

The interim medical benefits demonstration will provide health benefits to individuals with no medical insurance (no "treating source" evidence) whose medical condition would likely improve with treatment. This intervention will facilitate the development of the necessary documentation for disability adjudication while providing the applicant needed services. The ongoing medical benefits demonstration will test the effects of providing health insurance coverage to beneficiaries who wish to work, but have no other affordable access to health insurance.

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## H. GLOSSARY

**Administrative Expenses (or Costs).** Expenses incurred by the Social Security Administration (SSA) in administering the Supplemental Security Income (SSI) program. Such administrative expenses are initially paid from the OASI and DI Trust Funds as provided for in section 201(g)(1) of the Social Security Act. The trust funds are subsequently reimbursed for such expenditures, including any interest lost, from the General Fund of the Treasury.

**Affidavit of Support.** A contract under which a United States citizen or legal resident agrees to provide support to maintain (i.e., to sponsor) an immigrant as a condition of the immigrant's admission into the United States.

**Aged.** Individuals aged 65 or older.

**Aid—Old-Age Assistance (OAA), Aid to the Blind (AB), and Aid to the Permanently and Totally Disabled (APTD).** The former Federal-State programs of adult cash assistance under titles I, X, and XVI respectively, that were replaced in the 50 States and the District of Columbia by the SSI program in 1974. These programs still operate in Guam, the Virgin Islands, and Puerto Rico and are administered at the Federal level by the Secretary of Health and Human Services.

**Alien Lawfully Admitted for Permanent Residence.** A noncitizen lawfully accorded the privilege of residing permanently in the United States. Such individuals may be issued immigrant visas overseas by the Department of State, or adjusted to permanent resident status while living in the United States by the U.S. Citizenship and Immigration Services (USCIS).

**Appeal Rights Process.** The administrative review process followed by SSA in determining an individual's rights under the Social Security Act. The administrative review process consists of several steps, which must be requested after the unfavorable initial determination within certain time periods and in the following order: (1) reconsideration, (2) hearing before an administrative law judge, and (3) an Appeals Council review. SSA introduced a modification of this process in 10 States for disability applications filed October 1, 1999 and later. Under this revised process appeals of initial disability denials are made directly to the Office of Hearings and Appeals (OHA), thereby eliminating the reconsideration step. The options for appeal beyond the OHA level are unchanged.

**Assistance Based on Need.** Assistance that is provided by certain programs which use income as a factor of eligibility. The assistance must be funded wholly by a State, a political subdivision of a State, or a combination of such jurisdictions.

**Assumptions.** Values relating to future trends in certain key factors which affect the eligibility for SSI benefits and the level of such SSI payments. Demographic assumptions include fertility, mortality, net immigration, marriage, divorce, retirement patterns, disability incidence and termination rates, and changes in the labor force. Economic assumptions include unemployment, average earnings, inflation, interest rates, and productivity. The assumptions underlying the projections presented in this report are consistent with the intermediate assumptions of the 2005 OASDI Trustees Report.

**Asylee.** A noncitizen already in the United States or at a port-of-entry who is granted asylum in the United States. Asylum may be granted to an individual who is unable or unwilling to return to his/her country of nationality, or to seek the protection of that country, because of persecution (or a well-founded fear of persecution) based on the noncitizen's race, religion, nationality, membership in a particular social group or political opinion.

**Attendant Care Services.** Services (including personal care assistance) that are paid for from Federal, State or local funds and which are provided by a paid attendant required to assist with work related and/or personal functions.

**Automatic Cost-of-Living Increase.** The annual increase in SSI Federal benefit rates, effective for January of the current year, reflecting the change in the cost of living. The increase equals the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers measured from the average over July, August, and September of the second preceding year to the average for the same 3 months in the preceding year. If the increase is less than one-tenth of 1 percent, when rounded, there is no automatic increase for the current year; the increase for the next year would reflect the increase in the cost of living over a 2-year period.

**Award.** An administrative determination that an individual is eligible for an SSI benefit.

**Blind.** For purposes of the SSI program, an individual is considered to be blind if he/she has 20/200 or less vision in the better eye with the use of a correcting lens, has tunnel vision of 20 degrees or less, or met the October 1972 State definition of blindness and received benefits under the State's former program of Aid to the Blind in December 1973.

**Blind Work Expenses (BWE).** Any expenses incurred by a blind individual that are reasonably attributable to earning income. The BWE provision permits the exclusion of these expenses from the earned income of a blind individual. (See "Impairment-Related Work Expenses (IRWE)" for the related exclusions for disabled individuals.)

**Burial Funds.** A comprehensive term that for SSI purposes includes revocable burial contracts, trusts and other burial arrangements (including amounts paid on installment sales contracts for burial spaces), cash, accounts, or other financial instruments with a definite cash value clearly designated for the individual's burial expenses.

**Child.** A blind or disabled individual who is under age 18.

**Comparable Severity.** The phrase in the Social Security Act that defined disability for children prior to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193). Under prior law, an individual under age 18 would have been considered disabled if he/she had an impairment of comparable severity to that required for individuals 18 or older.

**Constant Dollars.** Dollar amounts adjusted by the CPI to the value of the dollar in a particular year.

**Consumer Price Index (CPI).** Relative measure of inflation. In this report, all references to the CPI relate to the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

**Continuing Disability Review (CDR).** An evaluation of an individual's impairment(s) to determine whether the person is still disabled within the meaning of the law for purposes of eligibility for SSI and OASDI benefits.

**Cost-of-Living Adjustment (COLA).** See "Automatic Cost-of-Living Increase."

**Countable Income.** An individual's income less all-applicable exclusions. This amount is used to determine SSI eligibility and benefit amount.

**Countable Resources.** The amount of resources after all exclusions. This amount is used in determining an individual's or couple's SSI eligibility. A resource may be cash or other liquid assets or any real or personal property that an individual (or his/her spouse) owns and could convert to cash to be used for support and maintenance. SSI law stipulates what items are to be excluded from resources.

**Current Dollars.** Amounts expressed in nominal dollars with no adjustment for inflationary changes in the value of the dollar over time.

**Current-Payment Status.** Status of an SSI recipient to whom a benefit is being paid for a given month. SSI benefits for a month are usually payable on the first day of that month.

**Dedicated Account.** An account in a financial institution established for a disabled or blind child to contain retroactive SSI payments that exceed six times the Federal benefit rate (FBR) plus State supplementation (certain smaller retroactive payments may be placed in the account once it is established). Funds may be used for:

- Education,
- Personal needs assistance,
- Special equipment or housing modifications,
- Medical treatment,
- Therapy or rehabilitation, or
- Other items or services that the Commissioner deems appropriate—

provided that the expense benefits the child and, in the case of the last four items, is related to the child's impairment. Money from a dedicated account which is misapplied must be repaid. These accounts are excluded from resources and the interest earned is excluded from income.

**Deeming.** The process by which the income and resources of an ineligible individual are considered to be available to a recipient when determining eligibility or payment amount. Deeming applies only between:

- The living-with ineligible spouse and the eligible spouse,
- The living-with ineligible parent(s) and eligible child(ren) under age 18, and
- The immigration sponsors of some noncitizens and the noncitizen(s).

**Demographic Assumptions.** See "Assumptions."

**Disability.** For individuals aged 18 or older, the inability to engage in any substantial gainful activity (SGA) by reason of any medically determinable physical or mental impairment that can be expected to result in death or that has lasted or can be expected to last for a continuous period of at least 12 months. An individual under age 18 must have a medically determinable physical or mental impairment, which results in marked and severe functional limitations and which has lasted or can be expected to last for a continuous period of not less than 12 months.

**Disability Determination Services (DDS).** Federally funded State agencies that make disability determinations for SSA.

**Disaster Assistance.** Assistance from Federal programs and agencies, joint Federal and State programs, State or local government programs, and private organizations (e.g., the Red Cross) provided to victims of a Presidentially declared disaster.

**Disposal of Resources for Less Than Fair Market Value.** Transferring resources, either liquid, real, or personal property, for less than the resources are worth.

**Earned Income.** For SSI purposes, wages, net earnings from self-employment, remuneration for work in a sheltered workshop, royalties on published work, and honoraria for services rendered are considered earned income. The distinction between earned and unearned income is significant because more liberal exclusions are applied to earned income.

**Earned Income Exclusion.** The first \$65 of a recipient's monthly earnings and one-half of the earnings in excess of \$65 are excluded in computing the SSI benefit payable.

**Earned Income Tax Credit (EITC).** A special tax credit that reduces the Federal tax liability of certain low-income working taxpayers. This tax credit may or may not result in a payment to the taxpayer.

**Economic Assumptions.** See “Assumptions.”

**Effective Date of Application.** An application for SSI benefits is effective on the first day of the month following the date on which the application is filed, or on which the individual first becomes eligible, whichever is later.

**Eligible Couple.** Two persons married and living together in the same household or living together as married, both being aged, blind, or disabled and eligible for SSI.

**Eligible Individual.** An aged, blind or disabled person who meets all the requirements for eligibility under the SSI program, including filing an application.

**Emergency Advance Payments (EAP).** Special SSI payments that are available only at the time of initial application for eligible individuals who face financial emergencies and need assistance before their first benefits would otherwise be received. The amount of the EAP an individual receives is recovered from subsequent benefit payments.

**Essential Person.** An individual whose presence in the home of an SSI recipient who was transferred from a State assistance program to SSI in January 1974 results in an increase in the FBR of the SSI recipient. The essential person must have been (1) living in the household of the SSI recipient in December 1973 and continuously thereafter; (2) never eligible for SSI; (3) not eligible for State assistance in December 1973; and (4) taken into account when the SSI recipient’s need for State assistance was determined in December 1973.

**Federal Benefit Rate (FBR).** The basic standard used in computing the amount of Federal SSI benefits for individuals and couples. The FBRs are increased annually to reflect increases in the cost of living. (See table IV.A2.)

**Fiscal Year (FY).** The accounting year of the United States Government. Since 1976, a fiscal year is the 12-month period ending September 30. For example, fiscal year 2005 began October 1, 2004 and will end September 30, 2005.

**Food Stamps.** The U.S. Department of Agriculture (USDA), under cooperative Federal-State agreements, issues Food Stamp Program benefits in the form of paper food coupons (commonly known as food stamps) and through electronic benefit transfer, to provide nutrition for low-income families. Food stamps can be used only to buy food at stores authorized by USDA to accept them.

**General Fund of the Treasury.** Funds held by the Treasury of the United States, other than receipts collected for a specific purpose (such as Social Security) and maintained in a separate account for that purpose.

**Gross Domestic Product (GDP).** The total market value of goods and services produced by labor and property located in the United States, regardless of who supplies the labor or property.

**Holding-Out Marriage.** A situation in which a man and woman who are not legally married to each other are living together in the same household and holding out to the community that they are husband and wife and, as such, are treated as a couple for purposes of determining eligibility and payment amount under SSI.

**Home Energy Assistance.** A Federal Government block grant program that provides funds to States for energy assistance (including weatherization) to low-income households. This assistance may be provided by a variety of agencies (e.g., State or local welfare offices, community action agencies, special energy offices, etc.) and may be known by a variety of names (e.g., Low Income Home Energy Assistance Program (LIHEAP), Project Safe, etc.).

**Household.** A group of two or more individuals who use a single dwelling unit as primary quarters for living and eating separate from other individuals' living units.

**Household of Another.** An individual is considered to be living in the household of another when the individual lives with others, does not own or rent the shelter, and does not pay a pro rata share of the household's food and shelter expenses. An individual who provides all of his/her own food, or lives in a public assistance household or in noninstitutional care, is not considered to be living in the household of another. An individual who is determined to be living in the household of another is considered to be receiving in-kind support and maintenance from that household, and his/her SSI benefit is reduced by one-third of the FBR.

**Impairment-Related Work Expenses (IRWE).** The provision that permits the exclusion from earnings of the costs of items and services which are needed in order for a disabled individual to work, which are paid for by the individual, and which are necessarily incurred by that individual because of a physical or mental impairment. These IRWEs are excluded from earnings when determining substantial gainful activity (SGA) or computing eligibility and ongoing SSI monthly payments. (See "Blind Work Expenses (BWE)" for the related exclusions for blind individuals.)

**Income.** See—"Earned Income," "In-Kind Income" and "Unearned Income."

**Individual Development Account (IDA).** A savings account which low-income individuals, including SSI recipients, may establish in order to save for purchasing a first home, meeting the costs of post-secondary education, or capitalizing a business. An individual's deposits into an IDA are matched by a sponsoring nonprofit organization, or State or local government participating in the program.

**Ineligible Spouse.** The husband or wife of an eligible individual who is not eligible for SSI benefits.

**Inflation.** An increase in the volume of money and credit relative to available goods, resulting in an increase in the general price level.

**Infrequent or Irregular Income.** Income that is received either infrequently or irregularly that can be excluded from the determination of an individual's income. Infrequent means that it is not received more than once in a calendar quarter from a single source. Irregular means that an individual could not reasonably expect to receive the income. In any given quarter up to \$30 of earned and \$60 of unearned infrequent or irregular income is excluded.

**Initial Determination.** A determination SSA makes about an individual's eligibility for benefits or about any other matter that gives that person a right to further administrative and/or judicial review.

**In-Kind Income.** Income that is not cash, but is food or shelter or something an individual can use to obtain food or shelter.

**In-Kind Support and Maintenance (ISM).** Unearned income in the form of food or shelter.

**Interim Assistance Reimbursement (IAR).** The process used for reimbursing for basic assistance provided by a State to an individual either while the individual's application for SSI was pending or during the period in which an individual's SSI benefits were suspended. SSA may reimburse a State that has provided this assistance. The individual's retroactive SSI payment is sent to the State as reimbursement if: (1) the State has an agreement with SSA to participate in IAR, (2) the individual has given SSA written authorization to have his/her retroactive payment sent to the State as reimbursement, and (3) the individual is found eligible for SSI benefits or has had his/her benefits reinstated for the same period of suspense.

Under IAR, after States reimburse themselves from an individual's retroactive benefit, they must forward any remainder to the individual within 10 days.

**Living With.** A required condition for parent-to-child and spouse-to-spouse deeming. Deeming of income and resources occurs if an eligible child lives with his/her ineligible parent(s) or an eligible individual lives with his/her ineligible spouse.

**Maintenance-of-Effort.** See “Passalong.”

**Mandatory State Supplementation.** See “State Supplementation.”

**Means-Testing.** The measuring of income and resources against specified amounts as eligibility factors for certain assistance benefits. SSI is a means-tested benefit program.

**Medicaid.** The program authorized under title XIX of the Social Security Act, which provides medical assistance to certain low-income individuals and families and certain disabled and medically needy individuals. Medicaid is administered by the States with support from the Federal Government in the form of matching grants. The Federal Government provides guidelines to the States for formulating their programs. Because these guidelines afford great leeway, Medicaid programs vary widely among the States.

**Medicaid Facility.** A medical treatment facility such as a hospital, extended care facility, nursing home, or intermediate care facility, where Medicaid pays more than 50 percent of the cost of a person’s care.

**Medical Facility.** An establishment that makes available some treatment or services in addition to food and shelter to four or more persons who are not related to the proprietor.

**New Entrant.** An SSI recipient in the first month of SSI payment receipt.

**Noncitizen.** An individual who is not a United States citizen. Also referred to in welfare and immigration law as an alien. (See “Alien Lawfully Admitted for Permanent Residence,” “Asylee,” “Parolee” and “Refugee.”)

**Nonqualified Alien.** A noncitizen who is not in a qualified alien category for SSI eligibility purposes.

**OASDI.** The Old-Age, Survivors, and Disability Insurance programs established under title II of the Social Security Act.

**One-Third Reduction.** The reduction of an individual’s SSI payment that occurs when an individual is living in the household of another. Instead of determining the actual dollar value of in-kind support and maintenance, one-third of the Federal benefit rate is counted as additional income to an individual living in another person’s household for a full calendar month and receiving both food and shelter from the household.

**Optional State Supplementation.** See “State Supplementation.”

**Overpayment.** The payment of more than the amount due for any period, including any amounts of Federally-administered State supplementary payments.

**Parent.** For SSI purposes, the natural mother or father of the child, or the person who legally adopted the child, or the stepparent who lives in the same household as the child.

**Parolee.** A noncitizen, who appears to be inadmissible to the inspecting USCIS officer, but is allowed to enter the United States under emergency humanitarian conditions or when the noncitizen’s entry is determined to be in the public interest. Parole does not constitute a formal admission to the United States and confers temporary admission status only, requiring parolees to leave when the conditions supporting their parole cease to exist.

**Passalong.** A requirement that States must meet in order to be eligible for Medicaid reimbursement. Any State making supplementary payments (see “State Supplementation”) after June 30, 1977, must continue

making such payments and must pass along any cost-of-living increase to the Federal benefit rate. Two methods are available to ensure that cost-of-living increases are passed on to the recipients.

- *Total Expenditures Method*—State expenditures for supplementary payments in the current calendar year must at least equal expenditures in the preceding calendar year. If expenditures are less in the current year (shortfall), the State must increase expenditures in the next calendar year by an amount at least equal to the shortfall.
- *Payment Levels Method*—States may not lower their supplementary payment for any of the living arrangement categories below their adjusted March 1983 levels. The adjusted level is the State's March 1983 payment level minus that portion of the July 1983 increase in the Federal benefit rate that was not attributable to the increase in the cost of living (i.e., \$10.30 per individual and \$15.40 per couple).

**Personal Needs Allowance.** The amount allowed for an institutionalized recipient's personal needs (currently \$30). If an SSI recipient is in a Medicaid facility, the law requires that the SSI benefit be used only for the recipient's personal needs (i.e., that the institution cannot retain the benefit in repayment of the cost of the individual's care).

**Plan for Achieving Self-Support (PASS).** A plan that permits a disabled or blind SSI recipient to set aside income (earned and/or unearned) and/or resources for a work goal. The income and resources set aside under a PASS are used to pay for goods or services needed to reach that goal, such as education, vocational training, starting a business, or purchasing work-related equipment. Income and resources set aside under a PASS are excluded from SSI income and resources. SSA must approve an individual's PASS.

**Population in the Social Security Area.** The population comprised of (i) residents of the 50 States and the District of Columbia (adjusted for net census undercount); (ii) civilian residents of Puerto Rico, the Virgin Islands, Guam, American Samoa and the Northern Mariana Islands; (iii) Federal civilian employees and persons in the Armed Forces abroad and their dependents; (iv) crew members of merchant vessels; and (v) all other U.S. citizens abroad.

**Presumptive Disability or Blindness.** A finding that SSI payments may be made before SSA makes a formal determination as to whether or not the individual is disabled or blind. The individual's impairment must be apparent and meet specified criteria. In addition, the individual must meet all other requirements for eligibility. These payments may be made for no more than 6 months. The presumptive payments will not be considered overpayments if SSA later finds that the individual is not blind or disabled.

**Property Essential for Self-Support (PESS).** The real and personal property used in a trade or business, nonbusiness income-producing property and property used to produce goods or services essential to the individual's daily activities. PESS may be excluded from resources under certain conditions.

**Proration of Benefits.** The method of computing benefit amounts in months in which the individual reacquires eligibility after a month or more of ineligibility. In such months, an individual's SSI benefit will be paid according to the number of days in the month that he/she is eligible, beginning with the first day in the month on which all eligibility requirements are met. In order to determine the benefit payable in a prorated month SSA counts the number of days an individual is eligible in the month. The amount of the individual's regular monthly payment is multiplied by the number of days for which he/she is eligible for benefits. That figure is divided by the number of days in the month for which the benefit is being determined. The resulting amount is the amount due for the prorated month. After 1996, proration for months of initial eligibility was eliminated.

**Public Educational Institution.** An institution that is operated by or controlled by the Federal Government, a State, or a political subdivision of a State such as a city or county for the primary purpose of providing educational or vocational training.

**Public Emergency Shelter.** A shelter for individuals whose homelessness poses a threat to their life or health.

**Public Institution.** An institution that is operated by or controlled by the Federal Government, a State, or a political subdivision of a State such as a city or county.

**Publicly Operated Community Residence.** A facility that provides food and shelter and some other service such as social services, help with personal living activities, training in socialization and life skills, or occasional or incidental medical or remedial care. In order to be publicly operated it must be operated or controlled by the Federal Government, a State, or a political subdivision of a State such as a city or county. The facility must serve no more than 16 residents and must be located in a community setting.

**Qualified Alien.** An individual who is:

- Lawfully admitted for permanent residence under the Immigration and Nationality Act (INA);
- A refugee under section 207 of the INA;
- An asylee under section 208 of the INA;
- A person whose deportation is withheld under section 243(h) of the INA as in effect prior to April 1, 1997, or whose removal has been withheld under section 241(b)(3) of the INA;
- A parolee under section 212(d)(5) of the INA for at least one year;
- A person granted conditional entry under section 203(a)(7) of the INA as in effect prior to April 1, 1980;
- A Cuban or Haitian entrant as defined by Federal statute, including Section 501(e) of the Refugee Education Assistance Act of 1980;
  - Former parolees and other aliens who became residents under the Cuban Adjustment Act of 1966;
  - Aliens who became permanent residents under the Nicaraguan and Central American Relief Act;  
or
  - Aliens who became permanent residents under the Haitian Refugee Immigration Fairness Act.
- A certain alien, or an alien parent of a child, or an alien child of a parent who:
  - Has been battered or subjected to extreme cruelty in the United States by a spouse, parent, or certain other family members the alien, parent and/or child lived with;
  - Is not living in the same household with the abusive individual;
  - Has been determined to need SSI because of this abuse; and
  - Has a determination from the USCIS for a certain change in status.

**Qualifying Quarter of Earnings.** Credit for a requisite amount of earnings assigned to a calendar quarter for the purpose of determining the SSI eligibility of a lawfully admitted permanent resident.

**Quarter of Coverage.** The crediting of coverage needed for insured status under the Social Security program. In 2005, a worker receives one quarter of coverage (up to four a year) for each \$920 of annual earnings reported from employment or self-employment. This dollar amount is subject to annual automatic increases in proportion to increases in average earnings.

**Recipient.** A person who has been awarded SSI payments based on an evaluation of his/her own countable income and resources, age, and disability status.

**Reconsideration.** The first step in the administrative review process if an individual is dissatisfied with SSA's initial determination.

**Redetermination.** A periodic review of eligibility for SSI recipients to assure that requirements for eligibility continue to be met and that payment levels are in the proper amount. Income, resources, living arrangements and other factors are reviewed. The redetermination process does not review the determination of disability.

**Refugee.** A noncitizen outside of his/her country of nationality who is unable or unwilling to return to his/her country of nationality or to seek the protection of that country because of persecution (or a well-founded fear of persecution) based on the noncitizen's race, religion, nationality, membership in a particular social group or political opinion. Unlike asylees, refugees apply for and receive this status prior to entry into the United States.

**Relocation Assistance.** A type of assistance provided to persons displaced by projects that acquire real property. Examples of types of reimbursement, allowances, and help provided are:

- Moving expenses,
- Reimbursement for losses of tangible property,
- Displacement allowances,
- Amounts required to replace a dwelling which exceed the agency's acquisition cost for the prior dwelling,
- Rental expenses for displaced tenants,
- Amounts for down payments on replacement housing for tenants who decide to buy,
- Mortgage insurance through Federal programs with waiver of requirements that borrowers must usually meet, and
- Replacement housing.

**Representative Payee.** A person who receives SSI payments on behalf of an SSI recipient. SSA will pay benefits to a representative payee on behalf of an individual 18 years old or older when it appears that such method of payment will be in the interest of the individual. A representative payee will be appointed if the individual is legally incompetent or mentally or physically incapable of managing or directing the management of his/her benefits. Also, in general, if the individual is under the age of 18, a representative payee will be appointed.

**Resident of a Public Institution.** An individual who can receive substantially all of his/her food and shelter while living in a public institution is considered a resident of the public institution. Generally, an individual who is a resident of a public institution throughout a month is ineligible for SSI.

**Resident of the United States.** A person who has established an actual dwelling place within the geographical limits of the United States with the intent to continue to live in the United States. (See “United States.”)

**Resource.** The cash or other liquid assets or any real or personal property of an individual (or his/her spouse, if any) that he/she could use or could convert to cash to be used for his/her support and maintenance.

**Retroactive Payments.** The SSI payments made in a month later than the month or months in which they were due. Also referred to as “past-due” benefits.

**Retrospective Monthly Accounting (RMA).** The calculation method used in the SSI program to determine an individual’s eligibility for each month. RMA has two parts: an eligibility determination and a payment computation. If the individual is ineligible based on the current month’s factors (including the current month’s countable income), no payment is due and none is paid. If the individual is eligible based on the current month’s factors, payment is computed. The benefit for a month is generally based on the countable income from the second month before the current month. The basic formula is to subtract the countable income from 2 months previous from the current month’s Federal benefit rate.

**Section 1619(a) Status.** The special SSI cash benefits provided to disabled individuals who lose eligibility for SSI benefits under the regular rules because they have earnings at the level that is ordinarily considered to represent substantial gainful activity.

**Section 1619(b) Status.** The special SSI recipient status for Medicaid purposes provided to working disabled or blind individuals when their earnings make them ineligible for regular or special cash payments.

**Sponsor.** An individual who has signed an affidavit of support for a noncitizen entering the country.

**State Supplementation.** The payments made by a State or one of its political subdivisions to aged, blind, or disabled individuals.

- *Administration*—The governmental unit responsible for administering State supplementary payments may be either a State or local agency or SSA. Under State administration, the State must absorb both program benefits and administrative costs. Under Federal administration, the State is responsible for the program benefits and, as of January 1, 2005, pays a \$9.06 administrative fee for each benefit paid.
- *Mandatory Supplementation*—The supplementary payments that are made only to beneficiaries who were converted to the SSI program from former State assistance programs at the inception of the SSI program. Mandatory minimum State supplementary payments are required to maintain the December 1972 payment levels that these beneficiaries received under the former State assistance programs. States are required to provide the supplementation to maintain their Federal matching funds for Medicaid.
- *Optional Supplementation*—The payments made by States to help persons meet needs not fully covered by Federal SSI benefits. The State determines whether it will make a payment, to whom, and in what amount. These supplements, paid on a regular monthly basis, are intended to cover such items as food, shelter, clothing, utilities, and other daily necessities. Some States provide optional supplementary payments to all persons eligible for SSI benefits, while others may limit them to certain SSI recipients such as the blind or residents of domiciliary-care facilities, or they may extend payments to persons ineligible for SSI because of SSI income.

**Statutory Blindness.** See “Blind.”

**Student.** An unmarried blind or disabled individual who is not the head of a household, but is under age 22 and regularly attending school. Effective April 2005, a blind or disabled individual who is under age 22 and regularly attending school.

**Student Earned Income Exclusion (SEIE).** An earned income exclusion for a student with certain limitations established by regulations. For 2005, up to \$1,410 earned income in a month, but no more than \$5,670 per year, may be excluded.

**Substantial Gainful Activity (SGA).** The level of work activity used to establish disability. A finding of disability requires that a person be unable to engage in SGA. For 2005, a person who is not statutorily blind and is earning more than \$830 a month (net of impairment-related work expenses) is ordinarily considered to be engaging in substantial gainful activity.

**Supplemental Security Record (SSR).** The computerized database maintained by SSA and containing identifying information, income, resources and other eligibility factors, for all SSI recipients. The SSR includes the history of SSI payments made to an individual.

**Suspension.** An ineligibility status which causes the nonpayment of benefits for a period of anywhere from 1 to 12 months for any of a number of reasons such as income or resources over allowable levels, absence from the United States, residence in a public institution, etc. Benefits can resume without reapplication, when all requirements for entitlement are again met. Suspense that lasts more than 12 months results in a termination of the SSI record. (Once a record is terminated, reapplication is necessary.)

**TANF.** See “Temporary Assistance for Needy Families (TANF).”

**Temporary Absence.** An individual’s physical move from his/her permanent place of residence that does not constitute a change in living arrangement. In general, a temporary absence is an absence from a permanent residence which is not intended to, and does not, exceed a full calendar month.

**Temporary Assistance for Needy Families (TANF).** The State grant program of assistance for needy families established by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193). TANF replaced the Aid to Families with Dependent Children program.

**Termination.** For an individual, cessation of benefits, which can occur for a number of reasons, including death, medical improvement, or a period of suspension lasting longer than 12 months.

**Terminations.** As used in section IV, the net reduction (after accounting for new entrants) in the number of SSI recipients in current-payment status during a period.

**Trusts.** A legal arrangement involving property and ownership interests. Generally, property held in a trust will be considered a resource for SSI purposes if the assets of the trust could be used for the benefit of the individual or spouse.

**Unearned Income.** The income that is not earned income. Unearned income may be in cash or in-kind. Some examples of unearned income are:

- Annuities, pensions, and other periodic payments;
- Retirement and disability benefits;
- Veterans’, workers’ and unemployment compensation;
- Alimony and support payments;
- Dividends, interest and certain royalties; and
- Rents.

**United States.** For purposes of the SSI program, the United States consists of the 50 States, District of Columbia and the Northern Mariana Islands.

**Vocational Rehabilitation (VR).** The process of restoring individuals with disabilities to full capabilities. VR services are designed to provide an individual with the training or other services that are needed to return to work, begin working or to enter a new line of work.

**Windfall Offset.** A provision to prevent a person from receiving monthly SSI and OASDI benefits in excess of the total amount which would have been paid if the OASDI benefits had been paid when they were due rather than retroactively.

**Work Incentives.** Provisions in the SSI program that are intended to act as incentives for disabled or blind individuals to work. Examples of work incentives under the SSI program are:

- Earned income exclusions,
- Impairment related work expenses,
- Blind work expenses,
- PASS, and
- Section 1619 benefits.



## **SOCIAL SECURITY ADVISORY BOARD**

### **STATEMENT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM**

Public Law 104-193 requires that members of the Social Security Advisory Board be given an opportunity, either individually or jointly, to include their views in the Social Security Administration's annual report to the President and the Congress on the Supplemental Security Income (SSI) program.

We appreciate the opportunity to present our views on this important program, and we have asked the Social Security Administration to include the following statement of views in this year's annual report.

#### **VIEWS OF THE BOARD REGARDING THE SSI PROGRAM**

In presenting our views this year, we would like to comment on three aspects of the SSI program: work incentives, wage reporting, and simplification of the program's provisions on living arrangements and in-kind support and maintenance.

#### **ENCOURAGING SSI BENEFICIARIES TO WORK**

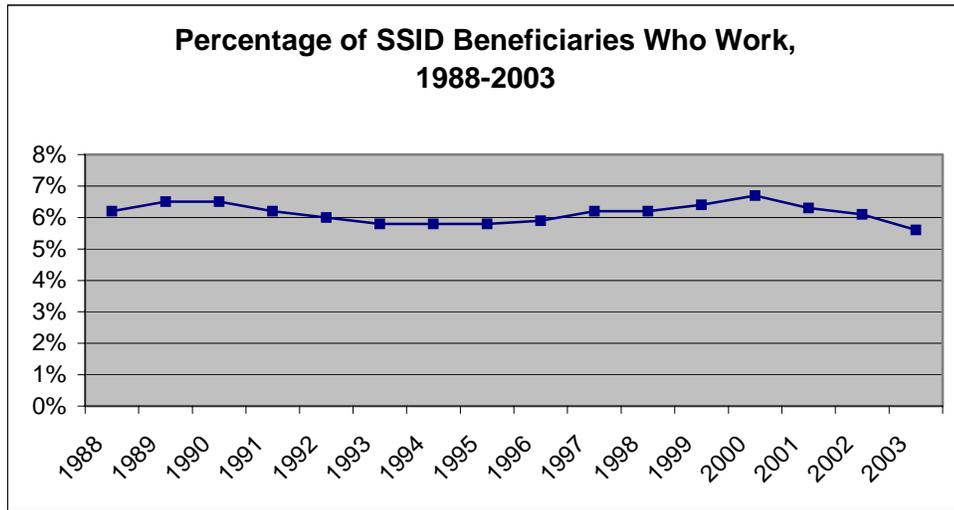
In our 2003 report on the definition of disability<sup>1</sup>, we discussed bringing the half-century old disability program up to date with the changes that have occurred in the economy, in medicine, in rehabilitative technology, and in attitudes toward disability and the disabled. The SSI program uses the same definition of disability as the disability insurance program and has many other elements in common, including the need for timely and accurate maintenance of earnings reports, discussed below.

SSI has some different work incentives, however, and attention should be paid to updating them as well. The SSI program was designed with more generous disregards for income, especially earned income, than the old assistance programs it replaced. The report of the House Ways and Means Committee on the original legislation described the program as providing incentives and opportunities for those able to work that would enable them to escape dependency. When it was enacted in 1972, the program allowed \$20 of income from any source and earnings of \$65 per month without any effect on benefits. Earnings above that amount reduced benefits by \$1 for every \$2 earned. These amounts, referred to as general income and earned income disregards, were not indexed and have not changed since 1972. If they had kept pace with inflation, they would now be about \$90 and \$290 per month, allowing disabled beneficiaries to earn up to \$380 per month without reducing their benefits.

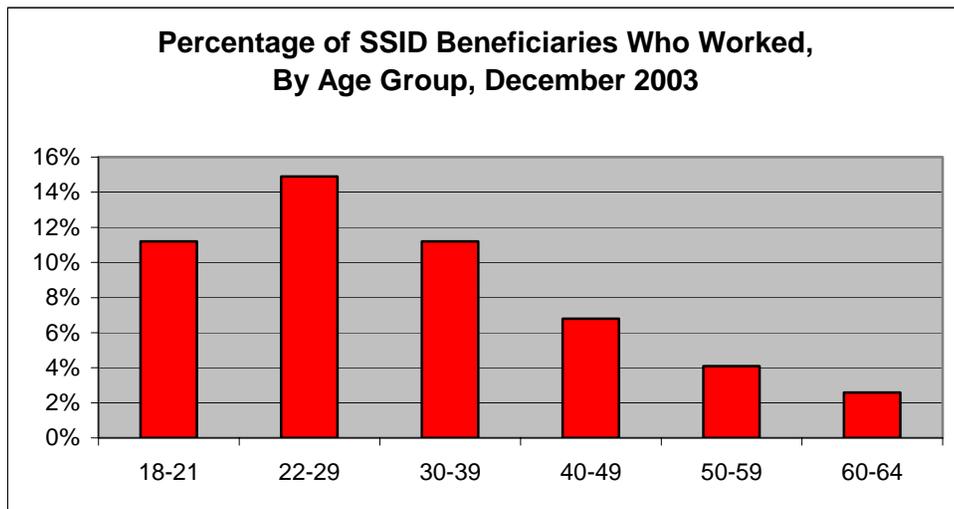
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<sup>1</sup> *The Social Security Definition of Disability*, October 2003, available on our website, [www.ssab.gov](http://www.ssab.gov).

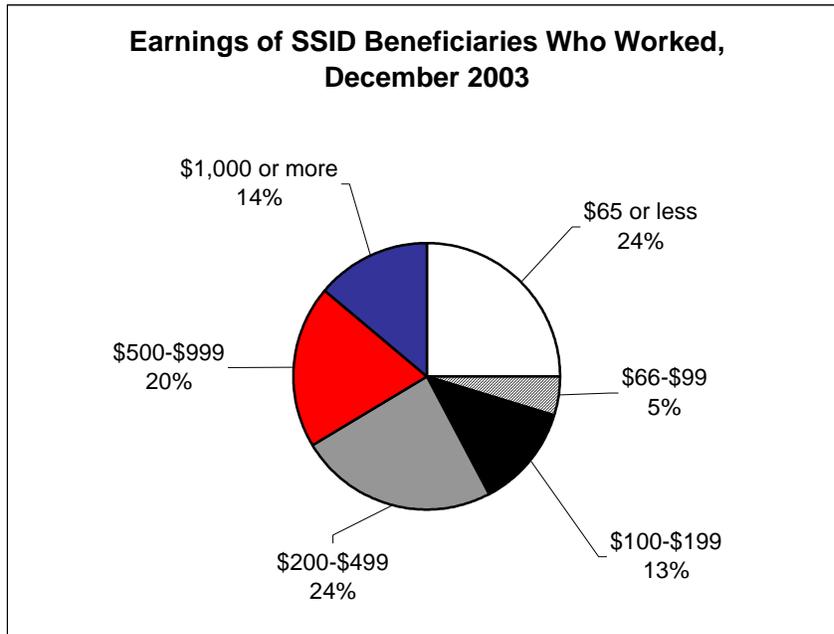
For the last 15 years, the percentage of all disabled SSI beneficiaries who work has been fairly stable, fluctuating around 6 percent.



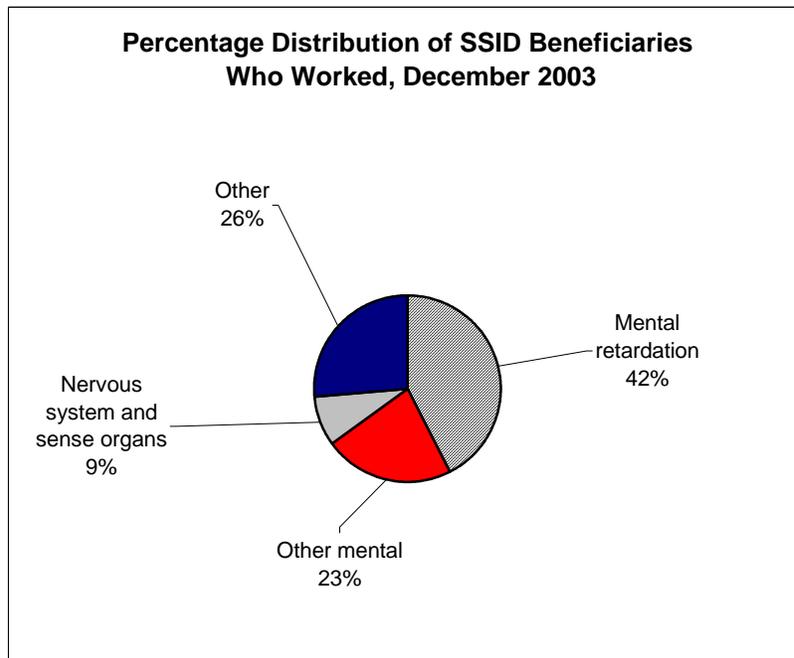
Younger beneficiaries are more likely to work than older ones.



The amount of their earnings varies widely, and a quarter of those who work have earnings below \$65 per month.



There are also some interesting differences by diagnosis.



Two-thirds of the workers have a mental disorder, including 42 percent with a diagnosis of mental retardation. By comparison, 56 percent of all disabled SSI beneficiaries have a mental disorder, including 22 percent with mental retardation.

In addition to the disregards discussed above, there are other work incentives that are used by some SSI beneficiaries who work, including:

- **Continuation of Medicaid eligibility** – Medicaid eligibility will usually continue even if beneficiaries earn too much to receive SSI payments, if they cannot afford similar medical care and depend on Medicaid in order to work.
- **Student earned income exclusion** – For students under age 22 who are regularly attending school and neither married nor the head of a household, up to \$1,410 of earned income per month, to a maximum of \$5,670 per year, is excluded from countable income.
- **Work expenses of the blind** – Any income earned by a blind individual that is used to meet expenses needed to earn that income is excluded from countable income.
- **Plan for achieving self-support (PASS)** – A PASS allows a disabled or blind individual to set aside income and resources to get a specific type of job or to start a business. The income and resources that are set aside are excluded under the SSI income and resource tests.
- **Expedited reinstatement of benefits** – There is a 60-month period in which a former beneficiary may request reinstatement of benefits without filing a new application.
- **Impairment-related work expense exclusion** – The cost of certain impairment-related services and items that a beneficiary needs in order to work are excluded from countable income for SSI purposes and are deducted from earnings when determining if work is substantial.
- **Continued payment under a vocational rehabilitation program** – Beneficiaries who medically recover while participating in a vocational rehabilitation program that is likely to lead to the beneficiary becoming self-supporting may continue to receive benefits until the program ends.

While SSI work incentives can be complex, beneficiaries' decisions about working are much more complex, due to the interactions of multiple means-tested programs from which they may be receiving benefits. SSI beneficiaries face potential reductions of benefits not only from SSI but also from any other transfer programs, plus the regular assortment of federal, state, and local taxes, as well as the potential loss of medical insurance. This combination is equivalent to a high cumulative marginal tax rate for individuals receiving benefits from multiple programs. A 1996 article computed that the rate of income reduction for an additional dollar earned could be as high as 89 cents for an SSI recipient who also qualifies for the Earned Income Tax Credit and Food Stamps.

Given the complexity of the work incentives involved, it is impossible to predict what the effect and the costs would be of increasing the 1972 income disregards. SSA is currently conducting a demonstration project that should shed some additional light on these questions. Known as Work Incentives for Participants in the Florida Freedom Initiative, it began in March 2004 and will end by March 2007. As part of this demonstration, SSI beneficiaries who participate will have an earned income disregard of \$280 (four times the current law disregard). Work incentives are an important aspect of updating the SSI disability program, and we look forward to learning the results of this demonstration project. Increasing work incentives would be expensive, but if it is done in the context of a larger reform of the program, including living arrangements and in-kind support (as discussed later in this statement) and potentially other simplifications, there might be sufficient savings to offset the additional costs.

## **WAGE REPORTING**

In some of our previous statements on the SSI program, we discussed wage reporting as it related to program integrity and the administrative aspects of overpayments. We now want to focus on wage reporting and overpayments as an obstacle to increasing the amount of work by SSI beneficiaries.

Wage reporting has been a perennial problem for the SSI program. Earnings above \$65 per month can affect beneficiaries' payments. For children and for beneficiaries with ineligible spouses, a portion of the parents' or spouses' earnings are deemed to be available to the beneficiary, affecting payment amounts. SSA quality reviews have found wages to be a leading cause of SSI overpayments for over a decade.

SSI payments are computed using a system known as "retrospective monthly accounting." This means that they are based on known circumstances for a past month. Payments are computed for each month, and the payment for a month is usually based on the beneficiary's countable income (including deemed income) from the second month before the current month. If earnings are reported promptly and recorded in a timely and accurate manner, they should not result in overpayments. For example, the payment that is made at the beginning of June is generally based on the income for April. If the beneficiary has an increase or decrease in his income in April, he or she can report it at the start of May and should receive the correct payment in June.

Retrospective accounting may make it easier for the agency to administer the program, but it does not serve the best interests of beneficiaries who live at or near the poverty level and are concerned with meeting their current needs. Retrospective accounting makes budget planning difficult for beneficiaries even if all the payments are accurate. Take the case of a beneficiary who goes to work in April and, quite correctly, receives a full payment in April. He has some extra money, which he is likely to spend to meet his current needs. But if he is not working in June, he not only does not have wages, he also gets a smaller benefit and may be unable to meet his needs. In the balance of this statement, we will address the current system, but we recommend that SSA

consider replacing retrospective accounting with a system that better serves the needs of beneficiaries.

SSA directs all SSI beneficiaries and their representative payees to report when the beneficiary (or parent or ineligible spouse) starts working or stops working or when the amount of monthly wages changes. However, this is frequently not done. We have also often heard credible testimony that some beneficiaries report accurately and timely, but their wages are not recorded accurately or timely. Both failure to report wages and failure to record them can cause overpayments. A representative of the Consortium for Citizens with Disabilities told the Ways and Means Committee, “This is a nightmare to people with extremely low incomes and becomes a major barrier to future work.” A study done for the Ticket to Work Advisory Panel in 2003 reported extensive anecdotal evidence on the work disincentive caused by overpayments and the fear of overpayments. A staff member for an agency that provides legal services to beneficiaries stated that it is common for working beneficiaries who receive an overpayment notice to stop working. Another study done for the Ticket to Work Advisory Panel in 2003 reported, “Stories circulate among beneficiaries of people who have been required to repay excess benefits as much as a year after the overpayments were made, and who do not have the funds to do so. However often or infrequently this happens, the stories persist and offer a serious disincentive to the much larger number of people who hear them and learn to fear being caught in this situation.”

The Commissioner of Social Security discussed this issue at a 2003 hearing of the Social Security Subcommittee of the House Ways and Means Committee. Representative Hayworth said, “One concern of many beneficiaries about returning to work is that if they report their earnings to SSA, the agency may not accurately keep track of them, thus leading to overpayments. This fear of having to repay potentially hundreds or thousands of dollars in overpayments is a real concern that prevents many individuals with disabilities from taking that step to return to work.” Commissioner Barnhart replied, “That has been a huge issue in the agency. Quite frankly, the lag time between individuals willingly reporting income that they are earning and it getting posted into their accounts so we know we need to make adjustments in benefits . . . does result in these erroneous overpayments, sometimes after a year or two, and the individual is required to pay that back through overpayment collection efforts unless we grant a waiver. I would say that the major factor contributing to that delay has been a need for additional resources.”

There are numerous obstacles, besides agency resources, to eliminating overpayments due to earnings. The study for the Ticket to Work Advisory Panel enumerated them: “From SSA’s perspective, complex program rules governing the treatment of earnings, earnings definitions, evidence requirements, monthly accounting, limited automation, . . . diffused responsibility, and competing priorities all contribute to untimely processing of wage information. From the beneficiary perspective, understanding reporting and evidence requirements and work incentive provisions, accurately estimating monthly income, and taking appropriate follow-up actions represent significant challenges to the timely reporting of wage information.”

A small pilot conducted recently by SSA offers a glimmer of hope for at least reducing the incorrect SSI payments caused by wages. Between May and December 2003, some 1,300 volunteers participated in a pilot using a voice recognition/touchtone telephone reporting system. They used the telephone to report wages, and their reports went directly into SSA's computer system, without any further work by SSA employees. The evaluation of the pilot found that the wage reports made in this way were much more accurate than the wage estimates that were already on SSA's records. The evaluation estimated that the new system would prevent \$200 in annual SSI overpayments and \$400 in annual SSI underpayments for every person who reports wages monthly. There would be additional administrative savings from avoiding the work involved in processing wage alerts, overpayments, and underpayments. The total savings would exceed the \$2 million to \$3 million annual cost of making the system available if only 3,300 to 4,900 beneficiaries and deemors used it. The major hurdle to fully implementing the system is making it simple to use, while still keeping it secure. The pilot used a password authentication system that participants found difficult. Half the volunteers were unable to use it. The 1,300 who used it needed considerable help from their local field office, and 15 percent reported for only one or two months. Field offices involved in the pilot stated that participants who dropped out of the pilot found it too difficult or were afraid that they would make a mistake that would reduce their SSI check.

SSA is committed to a second pilot, in which participants will be able to use knowledge-based authentication, rather than a password system. That pilot is still being planned. We encourage SSA to move ahead quickly. When the system is fully functional, the agency should consider making its use for wage reporting mandatory.

Even if every working SSI beneficiary or deemor reported wages monthly, SSA's stewardship obligations would require it to verify the amounts that had been reported. In its field visits, the Board has been told that the current wage-verification system is labor-intensive, taking the time of employers, beneficiaries, and SSA staff. It requires beneficiaries or deemors to save all pay stubs for review by SSA staff. This can mean that SSA staff must review up to 52 pay stubs per year (or more for workers with more than one employer) and calculate the exact amount paid each month. (Some offices do this monthly or quarterly, but the amount of work over a year is still the same.) If the worker has not kept the pay stubs, SSA asks the employer to review wage records and report the amount paid per month. The employers' compliance is voluntary, but most do provide the information.

If a reliable monthly wage reporting system were implemented, it would seem feasible to simplify the verification system to one that would simply compare the sum of the monthly wage reports to the annual report from the employer for tax purposes. If the two matched, within some tolerance to be established, the monthly reports could be accepted as accurate, and no further verification would be required. An SSA report in 2000 on SSI program simplification estimated that annual wage verification could save more than 800 workyears annually.

## LIVING ARRANGEMENTS AND IN-KIND SUPPORT

In previous reports and testimony, the Board has stressed the need to simplify the SSI program. Some progress has been made in this area. SSA worked with the Congress to include some simplification provisions in the Social Security Protection Act of 2004. These included exclusion from countable income of small amounts of interest and dividends, easing the rules on infrequent unearned income, preventing triple counting of income in some circumstances, and provisions to help military families. SSA has also made some regulatory changes dealing with resources and non-cash income. All of these changes are welcome accomplishments, but much remains to be done.

One of the areas most in need of simplification is the set of rules that apply when an applicant or recipient lives in the household of another or receives other in-kind support. Program rules in this area are difficult to administer, are a leading cause of incorrect payments, raise questions of equity, and make the program more vulnerable to fraud and abuse. The Government Accountability Office has also drawn attention to the need for simplification, stating in 2002: “A fundamental cause of SSI overpayments are the complex rules governing SSI eligibility. However, SSA has done little to make the program less complex and error prone, especially in regard to living arrangement policies. . . . [L]ongstanding SSI payment errors and high administrative costs suggest the need for SSA to move forward in addressing program design issues and devising cost-effective simplification options.”

Living arrangements and in-kind support are major factors in determining the amount of SSI benefits payable to a beneficiary. In-kind support is unearned income in the form of food or shelter that is paid for by someone else. The agency must go through a process of determining these issues in every claim and redetermination. Claims representatives make these determinations by going through a series of questions that is summarized on a two-page flowchart in SSA’s program operations manual. The decision path can lead through a variety of issues, such as home ownership, rental liability, contributions to household expenses, receipt of public assistance by other household members, and separate purchase or consumption of food. Claimants who are found to be living in the household of another and receiving food and shelter from others in the household are subject to the one-third reduction rule, which means that their Federal benefit rate (FBR) is reduced by one-third. For claimants who are not subject to the one-third reduction but who are receiving in-kind support, the value of that support must be determined. The presumed (and maximum) value of in-kind support is one-third of the full FBR plus \$20. (This would result in a benefit payment equal to that under the one-third reduction.) But the presumed value can be contested. If claimants can show that the actual value of food and/or shelter that they receive is less, the agency will use the actual value in computing the benefit, resulting in a higher payment.

If the paragraph above sounds complicated, the actual development required by cases is much more complicated. The SSA operating manual has the equivalent of 250 single-spaced typed pages of instructions on living arrangements and in-kind support and seems

to try to parse every possible combination and permutation. SSA's Office of the Inspector General (OIG) issued an evaluation report in 2001 on these factors. The report stated, "Procedures for determining an individual's [living arrangements] and the value of [in-kind support] are difficult to administer and can result in SSI claims being improperly developed. These difficulties result from complex and difficult to verify eligibility requirements." As part of its study, OIG sent a questionnaire to a sample of field offices soliciting their opinions on living-arrangements and in-kind support. The answers reinforce what the Board has been told on its visits to field offices. For example:

- The manual section on in-kind support "is filled with complicated computations for situations that rarely occur."
- "Like most of the SSI program, a title XVI [claims representative] needs to be a Certified Public Accountant, insurance agent, financial advisor, realtor, lawyer and social worker."
- "The whole concept is too complicated and gets more so . . . ."
- "The rules are complicated and difficult for [claims representatives] to agree on, let alone for an applicant with limited education and/or faculties to understand."

Given this complexity, it is not surprising that living arrangements and in-kind support rank high among factors causing incorrect SSI payments. The most recent report on SSI payment accuracy shows that in-kind support ranked third as a factor in overpayments, accounting for \$187 million. In-kind support and living arrangements ranked second and third as factors in underpayments, accounting for \$93.5 million and \$82.5 million, respectively.

SSA's policies and procedures on living arrangements and in-kind support also leave the program vulnerable to fraud and abuse. The OIG report mentioned above said, "We determined that SSA has no effective method to verify such key factors as household size and composition, rental liability and marital status. As a result, SSI applicants may qualify for benefits or cause payment errors by providing incorrect [living arrangements and in-kind support] information." Again, responses to OIG's questionnaire to field offices are in accord with what the Board has heard on its field visits:

- "So much of the information used to make determinations (such as household expenses, separate purchase of food, rental subsidy) is based on allegation and corroboration, which match the allegation, but do not match reality."
- "The [living arrangements/in-kind support] process is weak because most allegations . . . (such as household expenses, rental subsidy, separate purchase of food, sharing, etc.) are verified using a corroborative statement from someone known to the applicant and who may have a motivation to be less than objective and truthful. There is no practical way to verify these issues."
- "The [operations manual] criteria are set up in such a way that it begs for individuals to make fraudulent statements. Once an individual is aware of the rules, they know how to answer the questions in order to get a higher benefit."

- “A legal advocacy group in our area routinely coaches applicants and recipients on how to answer questions so that they will receive the most advantageous [living arrangements].”
- “[T]he public is more educated on what to say. Clearly a lot of applicants have been schooled before coming to us.”

And all the questioning and development, flawed though it may be, in the end has little effect. As of December 2003, only 4.1 percent of SSI beneficiaries had the one-third reduction applied to their benefits, and only another 3.7 percent were charged with in-kind support.

Current policies also raise questions of equity. Other program rules assume that people living together have certain economies of scale and do not require as much for their current living expenses as the same number of people living separately. That is why couples, with both partners receiving SSI, receive a benefit rate equal to 150 percent of the rate for individuals. The same assumption, however, is not applied to non-married-couple SSI recipients who share a household. In fact, in a household composed of SSI recipients who are not married to each other, each is presumed to be sharing household expenses and is eligible for the full individual rate. A recent analysis found that at least one in five SSI beneficiaries lives with at least one other SSI recipient who is not a spouse. The study also found that the prevalence of poverty among married SSI couples is higher than among non-couple SSI beneficiaries living in the same household.

In short, current policy and procedures on living arrangements and in-kind support are not only administratively cumbersome but also contribute significantly to inaccurate payments, cause vulnerability to fraud and abuse, and are part of a system of dubious equity. Programmatic changes always involve trade-offs, but not necessarily in the form of higher costs. Ways to reduce the complexity of the SSI rules for living arrangements and in-kind support have been identified in the past and merit careful consideration.

In December 2000, for example, SSA published *Simplifying the Supplemental Security Income Program: Challenges and Opportunities*, which examined living arrangements and in-kind support, among other aspects of the SSI program. The report outlined six potential methods to simplify the SSI program. All of the methods examined had advantages and disadvantages. The option we find most attractive would eliminate the current rules for living arrangements and in-kind support and would simply reduce benefits by a fixed percentage for adult SSI beneficiaries living with another adult.<sup>2</sup> It would be possible to develop a cost-neutral option for such reductions.

It might also be possible to shape an option that would provide offsetting savings that would make other program improvements possible. A similar but more substantial change was suggested by one of the participants in the Supplemental Security Income Modernization Project in 1992. That suggestion, by Michael Stern, one of the panel of

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<sup>2</sup> The reason for excluding SSI child beneficiaries is that the law currently recognizes parental financial responsibility by deeming parental income to children. In that way, their benefits are already adjusted for the support available from parents.

experts who studied the SSI program, would establish a payment level for any SSI recipient living with another adult at the rate of 75 percent of the payment for an individual living alone. (This would be equal to the rate paid to a member of an SSI couple.) Reductions for in-kind support would be eliminated. Current beneficiaries would have their benefit levels protected. There are no current estimates of savings from implementing this proposal. The original Stern proposal would use the savings (then estimated at \$5 billion over five years) to increase staffing levels and to increase the overall level of SSI benefits, increasing them toward the Federal poverty level. Instead of doing that, it would be possible to use savings toward making other program improvements possible, such as increasing work incentives, as discussed above in this statement.

Making such a change as recommended by either option is not a simple matter and would require legislative change by Congress. If it were simple, it would have been done long ago. Some beneficiaries (those now charged with in-kind support) would have their benefits increased, but more (non-couple beneficiaries now sharing living quarters) would have them reduced. On the other hand, those who would gain would most likely be those in greater need. SSI beneficiaries who live alone are more likely to be in poverty than those who live with others. It would be possible to design methods to ease the transition for those whose benefits would be reduced, for example by making reductions effective only for new claims or for new claims and for current beneficiaries whose living arrangements change. To simply achieve cost-neutrality, the proposal could be designed to have a quite modest impact on new beneficiaries. A larger impact would be necessary if the change were to also generate savings that could be used to finance improvements in other aspects of the program, such as work incentives.

We encourage SSA to continue its study of simplifying rules for living arrangements and in-kind support and to further examine the distributive effects of making such a change. We believe that this is an area that deserves congressional attention. Replacing current rules with an approach that is much simpler would enhance payment accuracy, improve program integrity, increase equity among beneficiaries, reduce administrative burdens, and make the program easier for beneficiaries to understand.

Hal Daub  
Chairman

Dorcas R. Hardy     Martha Keys

David Podoff     Sylvester J. Schieber