

# How Four Proposals to Reform Supplemental Security Income Would Reduce Poverty

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Currently, the maximum federal SSI benefit is \$794 a month, **\$279 below the federal poverty level.**

Combined, the four proposals modeled here would lift approximately **3.3 million people out of poverty** and **cut the poverty rate among SSI recipients by more than half.**

Increasing the **asset limit** would further **enhance the antipoverty impact** of these proposals.

The Supplemental Security Income (SSI) program assists people who have a disability or who are over age 65 and have low incomes and few assets. SSI benefits are limited, and the program serves a much smaller population than Social Security. In June of 2021, roughly 7.8 million people received benefits, and the maximum federal benefit for one person was \$794 a month. This monthly benefit level is \$279 below the federal poverty level. Because most SSI recipients have no other source of income, about half receive the maximum benefit. Many states also provide a supplemental benefit, but most do not lift recipients out of poverty.

Few changes have been made to SSI since 1972. SSI benefits grow annually with inflation, but the base federal benefit has not been increased in real terms since the program began. The amount an SSI recipient can earn or receive from any other source, before benefits are reduced, is limited to \$65 and \$20 a month, respectively, and has not increased since 1981. Further, the amount that SSI recipients can have in savings is limited to \$2,000 for individuals and \$3,000 for couples and has not been increased since 1989.

## PROPOSED CHANGES

The Supplemental Security Income Restoration Act of 2021 (H.R. 3824 and S. 2065) proposes changes to the program that would increase benefits, expand eligibility, and update other program rules. We estimated the poverty impact of four of the proposed changes focused on increasing the monthly benefit an individual or couple could receive as follows:

- increase the SSI federal benefit rate for people who are unmarried or married to a person not eligible for SSI to 100 percent of the federal poverty level, or \$1,073 in 2021, and grow it annually with inflation going forward (this increase in the individual benefit would also result in an increase in the federal benefit rate for married couples to \$1,610);
- increase the federal benefit rate for married couples who both qualify for SSI to 200 percent of the federal poverty level for a single individual, or \$2,146 in 2021, and grow it annually with inflation going forward;
- increase the general income exclusion from \$20 a month to \$128 a month in 2021 and increase the flat dollar earned income exclusion from \$65 a month to \$416 a month in 2021 (general income refers to nonwage income such as Social Security benefits, pensions, interest, and child support; earned income refers to income from wages); and
- eliminate a policy that considers recipients who live in someone else's household to be receiving "in-kind support and maintenance," which generally lowers their benefit by a third (in-kind support and maintenance refers to nonincome assistance such as housing and food that an individual may receive from family and friends).

The antipoverty impact of the four provisions described above from the SSI Restoration Act would be significant. Many people currently receiving SSI would have their income raised above the Supplemental Poverty Measure level, and other people not currently eligible for SSI would become eligible. Taken together, these four provisions would reduce the number of people in poverty by 3.3 million, including 1.2 million people over age 65, 1.2 million adults with disabilities, 558,000 adults who live with an SSI recipient, and 402,000 children. Further, the four provisions would more than halve the percentage of SSI recipients in poverty from 35.7 percent to 16.1 percent. The bill also proposes increasing the asset limit which, when combined with these provisions, would further reduce poverty, but that policy is not modeled here. The poverty estimates capture the potential interactions between SSI benefits and benefits from other programs; for example, an increase in SSI could be partially offset by a reduction in benefits from the Supplemental Nutrition Assistance Program (SNAP), formerly known as the Food Stamp program.

The gains from these policy changes would be highly targeted to a population experiencing serious economic hardship, including children and adults who are blind or have severe disabilities that prevent them from working and people over age 65. Further, because of persistent health and economic disparities, people of color are likelier to develop a disability and meet SSI's strict financial requirements. Consequently, many SSI beneficiaries are Black, Latino, and Asian American, though white people constitute the largest single group.

TABLE 1

### Numbers of People Removed from Poverty by Policy Changes in the SSI Restoration Act

	65+	18–64 with disability	18–64, no disability	< 18	Receiving SSI	All people
<b>All policies combined</b>	<b>1,176,000</b>	<b>1,186,000</b>	<b>558,000</b>	<b>402,000</b>	<b>1,610,000</b>	<b>3,323,000</b>
<b>Individual policies</b>						
Increase the FBR for individuals	751,000	938,000	396,000	346,000	1,339,000	2,431,000
Increase the FBR for couples	294,000	226,000	160,000	56,000	311,000	737,000
Combined effect of increasing the FBR for individuals and couples	925,000	1,051,000	474,000	374,000	1,463,000	2,824,000
Increase the general and earned income exclusions	164,000	125,000	66,000	41,000	237,000	397,000
Eliminate reduction for ISM	25,000	23,000	20,000	— <sup>a</sup>	30,000	71,000

TABLE 2

### Percentage of People Experiencing Poverty before and after SSI Restoration Act Policy Changes

	65+	18–64 with disability	18–64, no disability	< 18	Receiving SSI	All people
No policy changes	14.0	28.9	10.4	12.3	35.7	12.3
All policy changes	11.7	21.2	10.1	11.8	16.1	11.2

**Source:** Urban Institute estimates as of August 31, 2021, using the TRIM3 microsimulation model with data for calendar year 2017.

**Notes:** FBR = federal benefit rate; ISM = in-kind support and maintenance. The simulations assume that people who become eligible for SSI because of the provisions have the same likelihood of receiving the benefit as otherwise-similar people who are currently eligible for approximately the same benefit. The poverty estimates use the Supplemental Poverty Measure with adjustments to account for underreporting of benefits in the baseline data. Adults are classified as having a disability if they are not working because of an illness or disability or receive some type of disability income. The estimates of the impact of eliminating the reduction for ISM are derived using a simplified representation of the ISM rules. The results in total and by age group and disability status include the impacts of increased eligibility for adults (increased eligibility for children cannot be modeled) and increased enrollment among both previously eligible and newly eligible individuals. The results labeled “Receiving SSI” are for individuals who receive SSI currently (i.e., before the policy changes). People currently receiving SSI are also included in other columns as applicable.

<sup>a</sup> Estimates for fewer than 10,000 people are not shown.