Supplemental Security Income for the Second Decade

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Introduction

Supplemental Security Income (SSI) provides monthly income support to families with disabled children, disabled working-age adults, and people 65 or older who have little or no income from other sources. The benefit is administered by the Social Security Administration. SSI is one of the four major cash or near-cash components of the nation’s social assistance system. Table 1 shows benefits paid in 2008 for Temporary Assistance for Needy Families (TANF), the Food Stamp program (now called the Supplemental Nutrition Assistance Program, or SNAP), and net payments of the earned income tax credit (EITC). In an average month, almost twice as many people receive SSI benefits as receive TANF.

Table 1. Major Income Transfer Programs, 2008

<table>
<thead>
<tr>
<th>Program</th>
<th>Eligible group</th>
<th>Total outlays (billions)</th>
<th>Recipients (millions)a</th>
<th>Share of population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temporary Assistance for Needy Families (TANF)</td>
<td>Families with children</td>
<td>$8.6</td>
<td>4.0</td>
<td>1.3%</td>
</tr>
<tr>
<td>Supplemental Nutrition Assistance Program (SNAP)</td>
<td>Individuals and families</td>
<td>$37.7</td>
<td>28.4</td>
<td>9.3%</td>
</tr>
<tr>
<td>Supplemental Security Income (SSI)b</td>
<td>Individuals with disabilities</td>
<td>$43.0</td>
<td>7.4</td>
<td>2.8%</td>
</tr>
<tr>
<td>Earned income tax credit (EITC)c</td>
<td>Individuals and families</td>
<td>$39.5</td>
<td>24.6</td>
<td>8.2%</td>
</tr>
</tbody>
</table>

Sources: Administration for Children and Families (TANF amounts include separate state programs), Social Security Administration, and U.S. Treasury.

a. Recipient count is average monthly except for EITC.
b. Calendar year; includes federally administered state supplementation.

Between 2000 and 2008, the number of SSI recipients grew by 14 percent, about 6 percentage points more than total population. Longer-term trends in the recipient mix have continued. As illustrated in figure 1, the share of the caseload attributable to the elderly has declined, while the shares of working-age and child recipients have grown. The contrast is similar when the comparison is made to the total population. Since 2000, the proportion of the elderly population receiving SSI fell from 5.7 to 5.2 percent. Over the same interval, the proportion of working-age adults receiving SSI went from 2.2 to 2.3 percent, and the proportion of children receiving SSI increased from 1.1 to 1.6 percent.
The American Recovery and Reinvestment Act provided a $250 payment to every SSI beneficiary. The SSI system was an ideal vehicle for rapid distribution of stimulus funds, given that SSI eligibility is means tested, the apparatus for distributing monthly benefit is well established, and beneficiaries likely live in households with a high marginal propensity to spend. But while useful as a stimulus, a one-off $250 payment obviously has no structural consequences.

This paper reaches beyond the stimulus to review policy issues related to the effect of SSI on poverty over the coming decade. Doing SSI better requires decoupling the programs, despite the political hazards of doing so.

An SSI Primer

SSI is a legacy of Richard Nixon’s “Good Deed”—the 1969–71 effort to replace Aid to Families with Dependent Children with a national income support program called the Family Assistance Plan (FAP). FAP failed, but Congress did approve a “little-noticed plan to guarantee a minimum cash income to all the aged, the blind, and the disabled” (Burke and Burke 1974, 187) to replace the federal-state programs of Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled. Like AFDC, the previous programs were funded by matching grants, and determination of benefit levels and many aspects of eligibility were left up to the states. The new
program was nationally uniform and included a work incentive earnings disregard in benefit calculation for adult recipients that was identical to that of the FAP. Moreover, responsibility for administration of the program was assumed by the Social Security Administration, carried out through the same network of offices that delivered Old Age, Survivors, and Disability Insurance benefits, and treated generally as an add-on to the basic Social Security system.

SSI provides a monthly income guarantee, called the SSI federal benefit rate (FBR), to children and adults with disabilities as well as to persons age 65 and older who have little or no other income and very limited resources. The FBR is adjusted annually for inflation. In 2010, the FBR is $674 a month ($8,088 a year) for a single individual and $1,011 ($12,132 a year) for a couple. SSI is intended to be a program of last resort. Accordingly, payments are reduced if an individual or a couple has earnings or other income; payments also depend on a person’s living arrangements. In all states (a term that includes, in this paper, the District of Columbia) but one, the federal SSI benefit is augmented for at least some SSI recipients by a state supplemental payment (SSA 2009c). In most states, SSI beneficiaries are also immediately eligible for Medicaid; if they live alone, they are categorically eligible for SNAP benefits (except in California, where the SNAP benefit is incorporated as cash in the state SSI supplement).

To be eligible, SSI disability applicants must pass a financial and, unless age 65 or older, a disability test. The financial test involves income and resources. For adults, financial eligibility requires that countable income (whether from work or other sources) be less than the current FBR plus, where available, any state supplement. Certain income exclusions are applied to the calculation of countable income. The SSI rules exclude the first $20 of income from all sources, $65 of earned income (for a total exclusion from earnings of $85 if the applicant or recipient does not have $20 of unearned income), and half of any additional earnings beyond $85. The FBR is reduced by up to a third for applicants or recipients receiving food or shelter (in-kind support and maintenance) in another’s household. Generally, resources cannot exceed $2,000 for an individual and $3,000 for a couple, but one’s home and at least one vehicle, as well as certain other resources, are not counted.

The disability test for nonelderly adults is the same test used for Social Security Disability Insurance and is quite stringent. It requires that the applicant be either blind or have a physical or mental impairment that prevents engaging in any substantial gainful activity (SGA) and that has lasted or is expected to last 12 months or to result in death. SGA is generally defined in terms of specific earnings thresholds; for 2010, SGA is $1,000 or more a month. The threshold of substantial gainful activity is automatically adjusted each year by changes in the average wage. Elderly applicants are not subject to the disability test. SGA ceases to be a consideration once SSI qualification is achieved.

For children, the financial eligibility requirements generally pertain to the parents, whose income from sources other than public assistance is partially deemed to the child. Before any income is deemed to the child recipient, certain exclusions may apply. If there are any other dependent children living in the household who do not receive any form of public assistance, an ineligible child deduction (half the FBR) is made, as is a parental living allowance (the single or married-couple FBR, as appropriate) and standard SSI earned and unearned income exclusions. Once income is deemed to the child from his or her parent(s), SSI considers any income the child might have. For example, if the child receives child support from a parent, SSI will not count a third of that amount but will count the remainder dollar for dollar. SSI will also consider resources in determining the financial eligibility of a disabled minor child. If there is one parent in the household, up to $2,000 of
that parent’s countable resources are excluded. If there are two parents in the household, up to $3,000 of countable resources will be excluded. After the parental resource exclusions, then another $2,000 of resources can be excluded as attributed to the disabled child. Current law provides that a child must have a medically determinable impairment (or a combination of impairments) resulting in “marked and severe functional limitations.”

Once eligibility is established, the monthly SSI benefit that is due is simply the FBR reduced by the amount of any countable income, including in-kind support. Since eligibility is not determined by total household or even family income, some SSI recipients living with people other than their spouses are not poor, although by official standards anyone living on the FBR alone is. In 2008, the official poverty standard was $11,201 for a nonelderly single person ($10,326 if age 65 or older), $14,489 for a nonelderly couple ($13,030 if the “householder” was age 65 or older). The annualized FBR for that year—$7,644 for a single individual and $11,466 for a couple—was therefore less than even the poverty standard applied to elderly persons. Despite this shortfall, it is possible in some situations for SSI benefits, when considered in combination with the income of other family members, to lift people, including the elderly, out of poverty as officially measured. For others, SSI fills at least a portion of the shortfall between income and the poverty threshold and moves them upward in the general income distribution. All this begs the question of the relevance of the official poverty standard as a measure of need for households of any composition, let alone people and families with disabilities.

Two features of SSI seem particularly odd. One is that the program assumes the same benefit is appropriate for children, working-age adults, and the elderly. The other is the lack of adjustment of both work incentives and assets restrictions for changes in prices. The fixed component of the income disregard (the $20 and $65) has not changed since established in 1972. Since that time, consumer prices have gone up by a factor of five. In 2009 dollars, the original disregard would now amount roughly to $100 and $330 a month. The resources restriction has not changed since 1989. Had the amounts held constant in real terms, the resources standard would be $10,300 for a single person and $15,400 for a couple. One consequence has been a growing disincentive for persons potentially eligible for SSI to save for retirement, a rainy day, or other purposes. Another consequence is a reduction in incentives to work for those capable of contributing at least something to their own support.

As will become apparent in discussing the three SSI recipient subgroups, these oddities present opportunities for SSI improvement.

**Children**

Over the past two decades, the most significant policy issue for children’s SSI has been determination of eligibility. Between 1974 and 1996, the proportion of SSI recipients who were children rose from less than 2 to over 15 percent. The expansion was attributed by analysts to many factors, but most attention focused on a 1990 U.S. Supreme Court decision (*Sullivan v. Zebley*, 493 U.S. 521), which found that SSA had been applying an inappropriate standard to the determination of disability in children. The Court mandated an “individualized functional assessment” that apparently liberalized access to SSI benefits. In 1996, Congress established more rigorous “marked and severe functional limitations” criteria that reduced both the number of child SSI recipients and, for a time, the rate of increase of the caseload (see figure 1). More recently, caseload growth has resumed and, as already reported, child recipients are the fastest-growing SSI subgroup over the past
The reasons for this ongoing expansion are not clear, but they likely include growth in poverty among families with disabled children as support from other sources, notably TANF, has declined and improvements in post-natal health care have increased life expectancy for qualifying children.

A wide range of disabilities satisfy the “marked and severe functional limitations” SSI criterion for children, but about two-thirds of new cases are attributed to mental disorders; the same is true for ongoing cases (SSA 2009b, tables 21 and 64). Presumably, assistance is provided to families with such children in order to compensate for the extra burden and expense of caring for them. Available evidence indicates that the caring requirements differ by disability and that the caregiving burden is greater for single- than for two-parent households (Rupp and Ressler 2009). Nevertheless, the SSI benefit does not depend on family composition and is no different for a very low-birthweight child than for a mentally disabled teenager.

As should be expected, the families of child SSI recipients are young; roughly 70 percent of mothers of recipient children are less than 40 years old (Rupp and Ressler 2009, 161). These are families that should be saving, for their own future and for that of their child, yet the assets restriction is mechanically applied. First the child’s own assets are assessed (apparently with a straight face), and if the child has more than $2,000, an award is denied. Next the parent’s resources are assessed. Liquid assets in excess of $2,000 for a single parent and $3,000 for a couple are “deemed” to the child; if the child’s own assets plus the deemed portion of the parent’s (or parents’) resources exceed $2,000, eligibility is denied. Of course, in practice much of this probably slips: In recent years the Social Security Administration has been unable to keep up with required reviews of disability, let alone financial eligibility (Bovbjerg 2010; Scott 2009; SSA 2009b, 140–57).

Estimates of the poverty status of SSI recipients vary widely, in part because SSI receipt is dramatically underreported in common surveys. Using data from the National Survey of SSI Children and Families, Rupp and colleagues (2005/2006, 40) estimate that in 2001–02, 44.3 percent of child SSI recipients were in poor families. In contrast, the 2003 Current Population Survey Annual Social and Economic Supplement produces a poverty estimate (based on family income in 2002) for child SSI recipients of 36.2 percent (Nicholas and Wiseman 2009, table 7). Nicholas and Wiseman calculate the CPS child SSI recipient undercount in the 2003 CPS/ASEC at 64 percent (2009, table 8). After using SSA administrative data to correct the CPS data for underreporting, they estimate a poverty rate for SSI recipient children of between 22 and 26 percent (2009, table 7; the range reflects alternative assumptions about certain components of family income). The estimated range for subsequent years is slightly higher, but never above 30 percent (Nicholas and Wiseman 2010). Again, such estimates do not adjust the poverty standard for the exceptional living costs associated with disabilities.

Children who are SSI recipients have a high probability of becoming adult SSI recipients. Recent policy attention has focused on the redetermination process. The child eligibility standard is based on “marked and severe functional limitations”; the adult assessment refers to capacity for “substantial gainful activity.” At 18, children’s eligibility is reestablished using adult criteria. Approximately a third of child recipients lose SSI benefits at 18 (SSA 2009a, 98). The Social Security Administration has in place several evaluations of policy alternatives for preparing youth with disabilities for this transition and helping them enter the labor market and successfully support themselves as far as their capabilities permit. Several of these Youth Transition Demonstration Projects involve rigorous evaluation and are likely to provide important information on strategy
alternatives in the near future (Fraker and Rangarajan 2009). Significantly, the trialed interventions include extension of the transition period for youth engaged in vocational training or educational programs tailored to their circumstances, a more generous earnings disregard, and broader criteria for excluding savings from the SSI resources test.

The well-being of child SSI recipients is a matter not only of benefit but of care provided by family. The ability of family members to provide appropriate care depends on many factors, but the challenges of caregiving are particularly great for single parents (Rupp and Ressler 2009). Just what should be expected of such parents is an issue that arises in many contexts. Families receiving TANF present both great need and opportunity for policy intervention. I present information on such families in the next section.

In summary, SSI for children operates under three important constraints. The first concerns the eligibility standard. Children either are disabled or they aren’t; there are no degrees of freedom for dealing with marginal cases or for variation in the nature of children’s disabilities. The second concerns the interface with SSI for working-age people. The present system forces redetermination of eligibility on the adult standard at 18 and sets an assets standard that may be inappropriate for the families involved. The third is emphasis on benefits and not service. While such a focus may be appropriate for the larger mission of the Social Security Administration, it constrains opportunities for integrating cash assistance with other services. These constraints cannot be relaxed without decoupling children’s SSI from the program as operated for working-age adults and the elderly.

**Working-Age Adults**

Change in the working-age SSI recipient population comes from children aging into the program and identification of disabilities among nonelderly adults. Child SSI recipients who cross the redetermination barrier at 18 lack the work history necessary for claiming Social Security Disability Insurance (SSDI) benefits. However, other new entrants often are eligible, but the benefits to which they are entitled (determined by past earnings history) are low. In consequence, they apply for both SSI and SSDI. About one out of seven SSDI worker beneficiaries also receives SSI. Slightly more than one out of five SSI recipients also receives SSDI, either on the basis of their own prior work record or that of a parent or spouse who has died, retired, or become disabled.

From the perspective of the Social Security Administration, SSDI probably looms as a bigger issue than SSI, for several reasons. One is that SSDI outlays count against Social Security Trust Fund balances, while SSI costs are charged against general federal (and state, for the supplements) revenues. SSA’s accountants monitor and report upon the Trust Funds, but not the federal deficit. A second reason is that the SSDI program is substantially larger than SSI. At the end of 2008, 7.4 million people were receiving SSDI benefits as a result of their own insured disability, along with 2.9 million dependents. This 10.3 million may be compared to 4.3 million SSI recipients age 18–64. But perhaps the most important matter is growth. Between 2000 and 2008, total SSI working-age recipients increased by 15 percent. Over the same interval, total SSDI worker-recipients increased by 47 percent. And these data are for December 2008. Last year, the national unemployment rate increased from 7.4 to 10 percent. Rising unemployment rates always increase applications for SSDI, other things equal (Autor and Duggan 2003).
The TANF Connection

There are many routes to the applicants’ queue at the Social Security office. One is via other public assistance programs, notably state and local general assistance programs and TANF. In both cases, there are financial incentives for recipients to seek SSI and for state and local agencies to support the effort. The recipients’ incentive arises because SSI benefits are typically much greater than alternative sources of support. The agency’s incentive comes because the last dollars spent for general assistance or TANF come from state and local revenues, but SSI is federal.

These incentives have grown over time. State TANF benefits have not kept up with inflation, while the FBR is indexed. The gap between what a family might receive were one of its members on SSI compared to dependence on TANF alone is substantial. Table 2 presents results of calculating the gain for a three-person, TANF-recipient family from having one member—either an adult or a child—move from TANF to SSI. Nationally, in 1996, moving an adult from TANF to SSI increased the family’s income by 117 percent. In 2008, the gain was 132 percent. The differential varies dramatically across states. Given Texas’s very low TANF benefit rate, SSI would be a godsend; the gain in California, while still substantial, is much smaller.

Table 2. The Changing Gain from SSI Transfer, 1996–2008 (2008 dollars)

<table>
<thead>
<tr>
<th>Year (Program)</th>
<th>Three-person AFDC/TANF family benefit, no SSI</th>
<th>Three-person AFDC/TANF/SSI family with one child on SSI; combined benefits</th>
<th>Three-person AFDC/TANF/SSI family with one adult on SSI; combined benefits</th>
<th>Gain from transferring one child to SSI (%)</th>
<th>Gain from transferring one adult to SSI (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996 (AFDC)</td>
<td>$515</td>
<td>$1,078</td>
<td>$1,117</td>
<td>$653 (109%)</td>
<td>$601 (117%)</td>
</tr>
<tr>
<td>1996 (TANF)</td>
<td>$441</td>
<td>$1,015</td>
<td>$1,024</td>
<td>$674 (130%)</td>
<td>$584 (132%)</td>
</tr>
<tr>
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<td>$515</td>
<td>$1,078</td>
<td>$1,117</td>
<td>$653 (109%)</td>
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<td>Nationala</td>
<td>$515</td>
<td>$1,078</td>
<td>$1,117</td>
<td>$653 (109%)</td>
<td>$601 (117%)</td>
</tr>
<tr>
<td>National, without Californiab</td>
<td>$469</td>
<td>$1,032</td>
<td>$1,056</td>
<td>$653 (109%)</td>
<td>$601 (117%)</td>
</tr>
<tr>
<td>California (LA)</td>
<td>$810</td>
<td>$1,376</td>
<td>$1,502</td>
<td>$566 (70%)</td>
<td>$692 (85%)</td>
</tr>
<tr>
<td>New York (City)</td>
<td>$784</td>
<td>$1,306</td>
<td>$1,392</td>
<td>$522 (67%)</td>
<td>$607 (77%)</td>
</tr>
<tr>
<td>Texas</td>
<td>$256</td>
<td>$860</td>
<td>$860</td>
<td>$605 (237%)</td>
<td>$513 (210%)</td>
</tr>
</tbody>
</table>

Source: Calculations by authors from TANF data provided by the Urban Institute and information on state supplementation from Social Security Administration.

a. Average across states weighted by estimated number of poor families with related children younger than 18 in 1999.
b. California numbers are for Los Angeles; 2008 numbers are for families exempted from work requirements.

The payoff to states, not shown, was increased by welfare reform. Before the 1996 reforms, states on the margin paid only a fraction—always a half or less—of benefits, so savings from an SSI transfer were also fractional. However, TANF is funded by a block grant, and every dollar saved by an SSI transfer remains with the state. There are other gains as well. When a single parent moves from TANF to SSI, the family becomes “child-only,” and the adult no longer appears in the denominator of the state’s required TANF participation rate. Most states now have special administrative procedures for supporting SSI application by adults and children who appear potentially eligible, and some use contractors for this purpose. In principle, getting people with qualifying disabilities into SSI is surely a good thing. But the SSI application process can take a long time, especially when appeals are involved. For those who fail to gain SSI awards, the result typically
is an extended period during which very little effort is made to increase employability (Wamhoff and Wiseman 2006).

The overlap between TANF and SSI is substantial, at least when viewed from the TANF side. In 2006, about 12 percent of all TANF-recipient families included a parent SSI recipient, about 5 percent included a child SSI recipient, and 16 percent include a parent, one or more children, or both. In states with particularly low TANF benefits (see Texas in table 2), it may become strategically sensible for a family with an SSI recipient to forgo TANF altogether and rely on SSI and SNAP, although this can create health insurance problems for adult caretakers if the child is the SSI recipient.

Quite apart from the incentive issues, there is clearly an administrative problem posed by the fact that the income assistance of last resort for a family (TANF benefits) comes through a state or county social services agency and SSI is delivered through separate offices by a federal agency. In most locations, there simply is no coordination between the two save on matters related to income reporting. In any event, the barriers to integrated case management are virtually insurmountable in context of current law. To the credit of both agencies, the Social Security Administration and the Administration for Children and Families in the Department of Health and Human Services are currently joined in an effort to improve information about the TANF to SSI transition as a first step in identifying opportunities to improve the program interface. However, engaging states in the effort poses significant problems given both state incentives and current fiscal environment. The "laboratories of federalism" have pretty much shut down.

Others

The TANF connection is a small part of a larger problem. Less than 10 percent of nonelderly adult SSI recipients are in households also receiving TANF. Most are singles without dependents. For all adults, eligibility is a matter of *absence*: the absence of resources, and the absence of capacity for substantial gainful activity. As is the case for SSDI, once SSI is awarded, the only method employed by the system for promoting self-support is a combination of (generally delayed) continuing disability reviews, financial incentives, and a voluntary opportunity to receive subsidized vocational assistance delivered through the Ticket-to-Work program. There is no systematic casework and no meaningful obligation for recipients to engage in effort at recovery and/or self-support. This serves to increase the attractiveness of SSI over TANF generally and over general assistance programs in the few places where general assistance is still provided. There is evidence that more determined oversight could be beneficial. For example, Dobkin and Puller (2007) find that drug-related hospital admissions in California increase abruptly at the beginning of the month and argue that the increase is a product of the "full wallet" consequence of monthly SSI payments. Dobkin and Puller suggest the obvious: stop making monthly payments, at least to persons with repeated episodes of drug abuse. In fact, SSA policy is to accomplish this by appointing a payee to manage the beneficiary's benefits, but making this adjustment is a time-consuming process subject to appeal.

SSI is a welfare program. Even after data adjustment for underreporting, almost half of SSI working-age recipients meet the official standard for poverty even without adjustment of disability costs (Nicholas and Wiseman 2010, table A-1). Aside from administrative convenience, there is little reason to operate SSI like an insurance program—SSDI. It is true that the standard for SSI eligibility is rigorous, and for many recipients there likely is little prospect even for work engagement, let alone working above the SGA standard. But clearly Congress believes prospects exist for some. The 1999 Ticket-to-Work legislation authorized a “Benefit Offset” national demonstration (known as
“BOND”) that explicitly provides for extending payments to SSDI recipients who work at levels in excess of SGA, despite the fact that such employment in principle belies SSDI (and SSI) eligibility. This demonstration, which has already been piloted in four states (Weathers, Hemmeter, and Wiseman 2010), will begin in multiple locations in fiscal year 2011. Given acknowledgement that some recipients can develop capacity for self-support, the time may have come to follow the example of other countries and reorient disability review from establishing absence of capacity for work to focusing on capability for work given appropriate services and rehabilitation (OECD 2009). Apart from inconsistency with SSDI, the problem with delivering more activation and service support for SSI is that such an undertaking would require a fundamental reorientation of the Social Security Administration from emphasis on application of rules and delivery of checks to engaging in real casework, possibly in a reconstructed relationship with local rehabilitation services partners. Case management is always very site specific, since resources and opportunities for work vary geographically. In consequence, more activism would require more local discretion. It may be easier—and cheaper—to look the other way.

The Elderly

The reduction in the elderly poverty rate is often cited as a major accomplishment of national poverty policy. From 1966 through 2008, the official poverty rate for people age 65 and older fell from 28.5 percent to 9.7 percent. This contraction is reflected in the reduction in SSI take-up. The SSI elderly recipient count at the end of 2008 was 2 million, virtually the same as in 1998 and 1988. In the meantime, the population of persons age 65 + grew by 29 percent.

The decline in SSI take-up may also reflect the increasing stringency of the resources qualifications. While important assets—notably homes—are excluded, individual retirement accounts (IRAs) and defined contribution accounts are counted, as are simple savings accounts, if held. Given current prices, a $3,000 resource limit can, when combined with very minor saving, almost make eligibility depend on the day of the month the application is made and the pattern of receipt of other income. A number of proposals for adjusting the resources restriction are available (cf. Neuberger and Greenstein 2008). It is doubtful that public policy objectives are served by discouraging saving by potential and actual SSI recipients—both elderly and nonelderly—in this way. It is unlikely that relaxing this restriction would significantly increase overall program costs, especially if modifications were to, say, require translation of such holdings into some sort of annuity value with the consequent income accounted against benefits.

Because the elderly SSI recipient count is so low, it is difficult to obtain reliable information on the circumstances of elderly SSI recipients from common survey sources. The numbers problem is compounded by confusion in reporting such benefits. Nicholas and Wiseman (2010, table 4) estimate that the reported prevalence of SSI receipt among the elderly in the Current Population Survey Annual Social and Economic supplement (the source of official poverty estimates) was less than 60 percent of the actual figure. Errors are to be expected here, since many recipients receive both Social Security and SSI payments, and both come through the same office. However, it also appears that amounts are underreported whether identified as Social Security or SSI. Again for 2005, when CPS reports are corrected for underreporting of prevalence and receipt of SSI and Social Security benefits, the estimated poverty rate among the elderly falls from 10.1 percent to 8.2 percent. It does appear that a significant fraction of those not reporting SSI are poor. Among elderly SSI recipients, adjustment for misreporting raises the estimated poverty rate by 5 full percentage points, from 39.4 to 44.4 percent (2010, table A1-4).
Even with the 4 percentage point increase, a poverty rate of 44 percent implies that over half of elderly SSI recipients are not poor. Indeed, approximately 11 percent of elderly SSI recipients live in families with incomes above the national median (Nicholas and Wiseman 2010, table A2-4a, b). This comes about because SSI eligibility is determined on an individual, not family or household basis, and benefits are reduced at most by a third for recipients who live with others who are more affluent. The implication is that any increase in access accomplished by, for example, manipulating the assets restriction could be usefully accompanied by finding ways to improve targeting. One strategy could be to use SNAP for this purpose, possibly reducing the SSI benefit for elderly persons and offsetting the change by increasing SNAP payments for elderly SSI recipients living alone.

The Obama administration has announced an effort to reformulate the nation’s poverty standard. Among other things, the new standard will incorporate into assessment of individual and family resources better measures of shelter costs and (probably) medical out-of-pocket expenses. The new standard will be pegged in relation to common levels of expenditures on necessities and will vary to reflect geographic differences in the cost of living. These changes are certain to affect the assessment of poverty among the elderly. It is apparently not intended that the poverty standard will be used to determine benefit eligibility or payments. However, it is likely that procedures developed for better assessing resources and needs through survey data will offer ideas about how better to evaluate need and calibrate payments for populations like the elderly poor. Accordingly, the Social Security Administration, the source of the original poverty standard, should be involved in the construction of the new.

Summary

The Supplemental Security Income program delivers support for three quite different populations—children with severe functional limitations, adults with major disabilities and poor elderly people—in a single framework. Over time, this framework has developed a large constituency. Without question, the program is better for all groups than the hodgepodge of state programs it replaced. But while combining support for all three groups in a single federally funded FAP-like program may have been a stroke of political genius in the early 1970s, the combination is an impediment to improvement today.

Problems and opportunities for improvement in service and targeting differ substantially by group. Developing a vision for the future and an agenda for change requires thinking about decoupling the three components of the program. Getting outside the SSI “box” is not something the SSA can do. But meaningful reform requires that somebody venture in that direction. Otherwise we must be content with marginal changes, like extending the youth-to-adult transition, modifying the assets limits, and possibly reconsidering the eligibility age for SSI for the elderly. This is not necessarily bad: compared with the problems with what remains of national income support for poor families with dependent children, SSI seems almost an exemplar of public assistance accomplishment. But it would be a mistake to claim that the program could not do better for any of the target groups.

The problem is, to do better requires more variation in architecture than current law permits. Given the widespread support for the program and reservations about change, it is likely that major changes in poverty and distress among the groups targeted by SSI are more likely to be the result of innovation in other programs than from within SSI. Therefore, in evaluating proposals for change elsewhere, the implications for interactions with SSI should be carefully considered.
References


Notes

1 This description is drawn from Committee on Ways and Means (2004, chapter 3) and Nicholas and Wiseman (2009, 47). In some instances, Nicholas and Wiseman are quoted verbatim without designation.

2 Caution is appropriate in considering the adjusted poverty rates cited in this paragraph and elsewhere in this paper. The adjustment of Current Population Data with administrative data, as is done for these results, requires a number of somewhat arbitrary assumptions and precludes meaningful calculation of standard errors for the results. See Nicholas and Wiseman (2009, 2010) for details.

3 These calculations are based on data from the Urban Institute’s Welfare Rules Database. The author thanks Gretchen Rowe and Mary Murphy for retrieving the required data.

4 See http://www.ssa.gov/disabilityresearch/offsetnational2.htm for a brief description.

5 It should be noted that the federal poverty standard is 8–10 percent lower for the elderly living alone than it is for nonelderly adults living in similar circumstances. Proposals for reform of the poverty standard typically eliminate this differential.