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The Case for Updating and Simplifying Supplemental Security Income

Testimony of Kathleen Romig, Senior Policy Analyst, Center on Budget and Policy Priorities, Before the Senate Finance Committee, Subcommittee on Social Security, Pensions, and Family Policy

Thank you for the opportunity to testify today on this timely and important topic. My name is Kathleen Romig; I am a senior policy analyst at the Center on Budget and Policy Priorities. The Center is an independent, nonprofit policy institute that conducts research and analysis on a range of federal and state policy issues affecting low- and moderate-income individuals and families. Prior to coming to the Center, I spent eight years as a career public servant at the Social Security Administration (SSA), and four years at the Congressional Research Service.

As Congress considers economic recovery legislation, it should seize the opportunity to update and simplify Supplemental Security Income (SSI). SSI is woefully out of date. Key features of the program haven't been updated in decades. This leaves many needy people ineligible for benefits and others without enough resources to meet basic needs. SSI also has complex and intrusive rules that are difficult for SSA to administer and burdensome for applicants and beneficiaries.

I would like to thank Chairman Brown and Senators Wyden, Casey, and Warren for their leadership on the SSI Restoration Act, which would update and simplify SSI. It would dramatically cut poverty among seniors and people with disabilities, allow beneficiaries more dignity and independence, and improve program integrity. The SSI Restoration Act gives policymakers a set of options for program improvements that could be incorporated into the recovery legislation. While the emerging House bill includes important provisions to support the health of seniors and people with disabilities, it does not include any provisions to fill in the income gap left by inadequate SSI benefits. There is still time for the Senate to update this critical program for seniors and people with disabilities.

SSI Benefits Are Low

SSI provides monthly cash assistance to 7.8 million people who are disabled or elderly and have little income and few assets. There are three groups of SSI beneficiaries:

- **SSI serves 1.1 million disabled children**. SSI is the only cash benefit program for families caring for children with disabilities; children do not qualify for Social Security Disability Insurance benefits based on their own disabilities because they do not have the necessary work history. Child SSI benefits are particularly important for parents who must reduce their work hours or leave the paid workforce to meet their disabled children's needs.
- **SSI serves 4.4 million adults with disabilities**. Disabled adult SSI beneficiaries are held to the same statutory disability standard in Social Security Disability Insurance — that is, a severe physical or mental impairment that is expected to last 12 months or result in death, which makes the applicant unable to perform "substantial gainful activity" (monthly earnings of $1,310 for most people, or $2,190 for blind people) anywhere in the national economy.
- **SSI also serves 2.3 million seniors.** Seniors receiving SSI either do not qualify for Social Security benefits, or only very low benefits, which SSI supplements.

SSI benefits are very low and should be raised. The maximum federal benefit is just $794 a month, only three-quarters of the federal poverty line. About 4 in 10 SSI beneficiaries live in poverty. When policymakers established SSI, they sought to assure that "aged, blind, and disabled people would no longer have to subsist on below-poverty-level incomes."[1] SSI benefits alone, however, have never been large enough to raise beneficiaries' income above the federal poverty line.

SSI's Rules Are Outdated and Complicated

SSI's rules are outdated and overly complicated.

- SSI's income disregards have been frozen for almost 50 years, since SSI was enacted in 1972.
    - Beneficiaries who work can only keep $65 of their earnings each month, after which benefits are reduced by $1 for every $2 earned. Those reductions come into play when working beneficiaries' total incomes are still less than the poverty line, keeping even working beneficiaries in poverty.
    - SSI's treatment of unearned income only allows beneficiaries to keep $20 of any other benefits they receive. This includes Social Security benefits, which one-third of SSI beneficiaries receive. On paper, those Social Security benefits average about $500 per month, but SSI beneficiaries may only keep $20 of them, after which their SSI benefits are reduced dollar-for-dollar.
- SSI's asset limits have been frozen for over 30 years, since 1989. SSI beneficiaries can keep a mere $2,000 in savings — far less than people need to weather an emergency, let alone provide stability or invest in their futures.
- SSI's "in-kind support and maintenance" rules require beneficiaries to disclose any material help that they receive from family and friends, whether groceries or a place to sleep. Each $1 worth of assistance shrinks SSI benefits by $1. No other federal program counts in-kind support when determining benefit eligibility or levels. These complex and intrusive rules make SSI more expensive to administer and burdensome for applicants and beneficiaries.

[1] S. Rept. No. 92-1230, Social Security Amendments of 1972, U.S. Senate Committee on Finance, September 25, 1972, p. 384.

- Finally, SSI's rules penalize beneficiaries who marry one another. They receive lower benefits and have a lower asset limit than if they remained unmarried.

SSI is expensive to administer because its complex and outdated rules require SSA staff to continually monitor beneficiaries' living arrangements, incomes, savings, support from family and friends, marital status, and more. SSI overpayments happen most frequently when beneficiaries' savings rise above $2,000; when their wages exceed $65 in a month; and when they receive in-kind support from family and friends.

If the rules governing assets, earnings, and in-kind support were modernized, SSI would have fewer errors and be less burdensome for both beneficiaries and administrators.[2] SSI benefits make up only 5 percent of SSA payments, but the program requires 35 percent of the agency's budget to administer.[3] In contrast, SSA spends 20 percent of its budget to administer Social Security Disability Insurance, even though it has nearly 2 million more beneficiaries than SSI.

The SSI Restoration Act would raise benefits to the poverty line, update SSI's income and asset limits as if they'd been indexed to inflation from the beginning, and repeal the program's in-kind support and maintenance rules and marriage penalties, in addition to making other technical fixes. The bill's major provisions would cut poverty among SSI beneficiaries by more than half and lift over 3 million people above the poverty line, new research from the Urban Institute shows.[4] It would allow beneficiaries to work, marry, save, and accept help from their loved ones without the harsh penalties that exist in the current system, and it would reduce errors caused by overly complex and outdated rules.

SSI improvements would also help close racial equity gaps. Because of persistent health and economic disparities, people of color are likelier to meet SSI's medical and financial requirements. As a result, most SSI beneficiaries are Black, Latino, and Asian American, though white people make up the single largest group. Thus, enhancements to SSI would disproportionately help people of color.

Updating SSI is necessary to ensure that low-income seniors and people with disabilities have the resources they need to afford rent, food, and other basic needs. The Senate should take the opportunity to add some of these important SSI improvements into the Build Back Better legislation, even if the package cannot accommodate the full SSI Restoration Act.[5]

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[2] SSA, *Agency Financial Report for Fiscal Year 2020*, Payment Integrity.

[3] SSA, "FY 2021 Congressional Justification," 2020.

[4] Chantel Boyens *et al.*, "How Four Proposals to Reform Supplemental Security Income Would Reduce Poverty," Urban Institute, September 6, 2021, https://www.urban.org/research/publication/how-four-proposals-reform-supplemental-security-income-would-reduce-poverty.

[5] For a more detailed discussion of the issues raised here, see Kathleen Romig and Sam Washington, *Policymakers Should Expand and Simplify Supplemental Security Income*, Center on Budget and Policy Priorities, June 30, 2021, https://www.cbpp.org/research/social-security/policymakers-should-expand-and-simplify-supplemental-security-income.