
Revised August 17, 2005

SUPPLEMENTAL SECURITY INCOME: Supporting People with Disabilities and the Elderly Poor

By Eileen P. Sweeney and Shawn Fremstad

Signed into law by President Nixon in 1972, the Supplemental Security Income program replaced a patchwork of state programs for the aged, blind, and disabled.¹ A study conducted by the federal government of the implementation of SSI found that “the quality of life of the aged and disabled who are poor has improved greatly since they were transferred to SSI from former state programs.”²

SSI improves the quality of life for persons who are elderly or have a disability by providing financial support, incentives to work, and access to medical care (through Medicaid; enrollment in SSI generally brings with it eligibility for Medicaid). These elements of the program have helped make it possible for poor people who are elderly or have disabilities to gain freedom from destitution and institutional care.

According to the legislative history, SSI was “designed to provide a positive assurance that the Nation’s aged, blind, and disabled people would no longer have to subsist on below poverty-level incomes.”³ While this was the intent, the maximum value of the current SSI benefit for an individual — under \$600 a month — is too modest by itself to assure that people who are elderly or have disabilities live above the poverty line.

SSI does lift a substantial number of households out of poverty, however, by complementing other sources of household income, such as income from other family members. In addition, SSI beneficiaries who are able to work despite their age or disability may continue receiving some SSI support if their incomes remain low. Moreover, SSI improves the quality of life even for those beneficiaries whose total income remains below the poverty line by reducing the depth of their poverty, making it more possible for them to afford basic necessities.

“By any measure, the SSI program has been extremely successful over its 30 years of operation...For the low-income aged, blind, and disabled individuals, SSI is truly the program of last resort and is the safety net that protects them from impoverishment.”

- SSA's 2004
Annual Report on
SSI

This report is part of a series that reviews the accomplishments of public benefit programs, including Medicaid, food and nutrition programs, and the EITC. The other reports can be found at www.cbpp.org.

SSI improves the quality of life for the elderly and people with disabilities. About 6.6 million individuals receive monthly federal SSI benefits. (See Appendix for data on the number of SSI recipients in each state.) While SSI benefits alone are not enough to lift individuals and couples above the poverty line, SSI benefits reduce both the extent and depth of poverty. Some families are lifted out of poverty when SSI is combined with other benefits such as food stamps and the earnings or income of other family members. When SSI recipients remain poor, SSI benefits significantly reduce the gap between a recipient's income and the poverty line. (The poverty and income calculations in this document are based on disposable income. Disposable income, as used here, is the amount of income that a family has available after taking into account taxes, including refundable tax credits such as the EITC, and public benefits in the form of cash assistance, food assistance, rental assistance, and energy assistance.)

- In 2003, more than 2.4 million people — both SSI recipients and other individuals in their families — had their disposable incomes lifted above the poverty line by SSI. This includes 438,000 children and 556,000 seniors.
- SSI lessens the severity of poverty for millions more. SSI beneficiaries who remain poor have average incomes that equal nearly three-quarters of the poverty line; without SSI, their incomes would have been about one-third of the poverty line.⁴

SSI provides a modest supplement for some people who receive Social Security benefits but still have very low incomes. More than one-third of SSI beneficiaries are people who receive small Social Security benefits that leave them well below the poverty line. Some seniors are ineligible for SSI benefits at age 65 because they have modest resources on which they can draw, but become eligible in later years when their resources have been used for basic living expenses and health care.

Another way in which SSI improves the quality of life for people who are elderly or have disabilities is by ensuring that they have access to medical care. In most states, SSI beneficiaries are eligible for Medicaid.⁵ Through Medicaid, SSI beneficiaries generally are able to secure health services they need to remain in the community (and in the case of some individuals with disabilities,

Supplemental Security Income

SSI assists people who are aged (age 65 or over), disabled, or blind and who have very low incomes and very limited resources.

In 2005, the SSI benefit for an individual who lives alone and has no other income is \$579 a month, or 73 percent of the poverty line. Some states supplement the SSI benefit with an additional payment that brings beneficiaries closer to — or, in a small number of instances, just above — the poverty line.

If an SSI beneficiary receives income from other sources or lives with other people, his or her SSI benefit may be reduced. In 2003, the average SSI benefit received by a person with a disability was about \$433 a month. Close to 30 percent of all SSI recipients have no other income and receive the full SSI benefit. Another 35 percent have a small Social Security benefit and receive a modest SSI benefit to supplement that income.

The SSI eligibility criteria are stringent. SSI's definition of "disability" is the same as that used in Social Security. A person must have a physical or mental impairment that will last at least 12 months or is expected to result in death. In addition, the person must prove that he or she is not able to engage in *any* "substantial gainful activity" as a result of the impairment.

The definition is stricter than definitions commonly used in private disability insurance. It also is stricter than definitions used in many public employee benefit systems for federal, state, or local employees.

In addition, people with countable assets of more than \$2,000 for an individual and \$3,000 for a couple are ineligible for SSI.

services and supports needed to enable the individual to attempt to return to work and maintain employment).

SSI and related assistance help make it possible for people with severe mental impairments and people with mental retardation to live in community settings instead of being “warehoused,” as many were in the past. A decade before the establishment of SSI, more than half a million people with severe mental impairments lived in public mental hospitals. The establishment of SSI, along with Medicaid and certain other forms of aid, has made it possible for most of these individuals to leave such institutions (or avoid entering them in the first place) and to live in community settings.

Between 1955 and 2003, the number of individuals residing in public mental hospitals declined from more than half a million in 1955 to about 60,000 in 2003. Most of the decline occurred after SSI was established.

Today, SSI provides income assistance to about 2.8 million people with severe mental impairments, such as schizophrenia and mental retardation, most of whom consequently also have access to critical health care through Medicaid. Many of these individuals would not be able to live independently or in group settings without this assistance. Of these 2.8 million SSI recipients with severe mental impairments, about one million have mental retardation. During the period discussed above, many people with mental retardation began to move out of large institutional facilities into the community, living individually, in family homes, or in smaller group settings.

This is not to suggest a rosy picture. Too often, services and supports that individuals with severe mental illness or mental retardation need are not available in the community.⁶ While much remains to be done, SSI and Medicaid have been key to creating opportunities and making treatment available for individuals with disabilities, including those with mental impairments.

SSI helps low-income parents meet the added financial costs of caring for a child with a disability. Caring for a child with a disability often imposes significant financial burdens on low-income families. SSI helps vulnerable families that care for children with disabilities to meet some of the added, disability-related costs of care and can ensure that they are able to care for children with disabilities in their own homes. While the costs vary by family and the needs of the child, some examples of costs that such families can incur as a result of a child’s disability include loss of wages resulting from a parent having to remain home to care for the child, higher child care costs, higher utility bills related to care for the child’s impairment (such as increased use of electricity needed for medical equipment), specially-adapted shoes or clothing, tools to facilitate communication, alternative foods for restricted diets, and home modifications to accommodate a child’s wheel chair, inability to maneuver stairs, or inability to bathe without assistance.⁷

Researchers focusing on low-income families in four California counties found that without SSI, low-income families containing a child with severe disabilities had a greater probability of hardship — including hunger, homelessness, and having electricity or

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other utilities terminated — than low-income families that did not have a child with severe disabilities. With SSI, such families had about the same probability of hardship as other low-income families.⁸ A panel of experts at the National Academy of Social Insurance concluded that without SSI, low-income children with disabilities would be at “much greater risk of losing both a secure home environment and the opportunity for integration into community life, including the world of work.”⁹

SSI helps individuals with disabilities attempt to return to work and retain employment, even if they are unable to work enough to support themselves entirely. Despite having severe disabilities, in 2004, more than 328,000 SSI beneficiaries with disabilities were employed. People with mental impairments, including mental retardation, are disproportionately represented among SSI disability recipients who work and have some (generally very modest) earnings. Among SSI disability recipients who work, almost two-thirds (65.5 percent) have a mental impairment, and 42 percent have mental retardation.¹⁰

SSI includes important help for beneficiaries who are able to work despite their disability. When an SSI beneficiary attempts the transition to work, he or she is not penalized by having the SSI grant reduced by a dollar for every dollar earned. Instead, each month, after disregarding the first \$65 of earnings, SSI rules reduce earnings at a 50-percent rate — that is, benefits are reduced 50 cents for every dollar of earnings.¹¹

In addition, if a person with a disability earns more than a fixed amount (which is set at \$830 a month in 2005) but continues to be financially eligible for SSI, the person is moved from regular SSI to a separate part of the SSI program for working adults with disabilities. Such an individual continues to receive some level of SSI benefit until the person’s earnings reach the point at which he or she ceases to be eligible for any SSI cash payment. The person can continue to receive health insurance through Medicaid after that if the person’s income remains too low to cover the costs of his or her health care needs. This benefit structure is designed to encourage and assist people with disabilities to attempt to work and to continue working once they become employed.

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Improving the Effectiveness of SSI

While SSI is essential to those who receive it, there are steps that policymakers could take that would improve the lives of the elderly poor and people with disabilities. SSI benefit levels remain significantly below the poverty line, and most beneficiaries continue to live in poverty as a result. In addition, certain components of the SSI eligibility and benefit structure are much more restrictive today than they were when the SSI program was established in the early 1970s, because these eligibility and benefit parameters have been eroded substantially by inflation.

- *Benefit levels:* The current maximum monthly SSI benefit amounts — \$579 for an individual and \$869 for a couple — are well below the poverty line and are not adequate to cover the basic living expenses of many beneficiaries. A recent report found that in 2002, for the first time in the program’s history, the average cost of

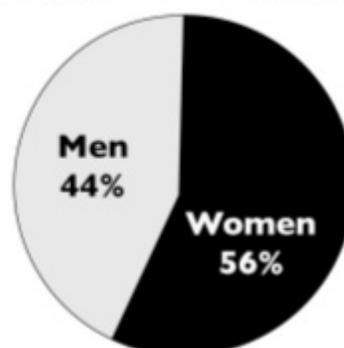
The Important Role of SSI in Helping Women

Among people 65 and over, women who are widowed or unmarried tend to have the lowest incomes and to be more likely to qualify for assistance from SSI. Census data show that in 2003, about one of every five elderly women who were widowed or unmarried lived below the poverty line. Not surprisingly, data from the Social Security Administration show that in December 2003, 71 percent of elderly SSI beneficiaries, and 57 percent of adult beneficiaries with disabilities, were women.

Elderly SSI Beneficiaries



Adult (age 18 to 64) SSI Beneficiaries with Disabilities



renting a modest one-bedroom apartment in the United States exceeded the SSI benefit level.¹² Congress could consider raising the SSI maximum benefit level to (or closer to) the poverty line.¹³

- *Limits on savings:* Despite a growing recognition among policymakers and analysts that savings and assets play an important role in economic security, the SSI limits on allowable savings are considerably more restrictive than Congress intended when it established the program. Beneficiaries cannot have more than \$2,000 in countable assets (\$3,000 for a couple), including savings accounts and most retirement accounts. These limits have not been adjusted since 1989, and the adjustments made at that time compensated only in part for the effects of inflation over the program's first decade and a half.¹⁴ If the asset limits set when SSI was established in the early 1970s had been adjusted for inflation, the SSI resource limits in 2005 would be \$5,885 for individuals and \$8,828 for couples.

The Senate Finance Committee noted in 2003 that raising the SSI asset limit to make up for some of the lost ground and indexing the limit in the future would “allow SSI beneficiaries to save more of their resources to cover costs of an urgent nature or of significant size — such as health emergencies, storm damage, home repairs, or winter utility bills — that because of their size or immediacy could not be covered by the monthly benefit payment that the recipient uses to pay for ongoing basic needs such as food, clothing and shelter.”¹⁵

- *The erosion to inflation of other aspects of the eligibility and benefit structure:* A report issued several years ago by the Social Security Administration examined the effects of the failure to adjust several

other components of the SSI program for inflation. For example, the SSI program has a \$20 general income exclusion, which means that when calculating an individual's SSI benefit, the first \$20 in income from other sources — such as Social Security benefits — is disregarded. This disregard was intended in part to ensure that SSI recipients with a significant past work history, as evidenced by their eligibility for Social Security benefits, would have higher total incomes than SSI recipients who had little or no work history and thus did not qualify for Social Security. This \$20 disregard, first established in 1974, has never been adjusted for inflation. As a result, the difference that Congress sought to create between the income that people with extensive work histories would receive from Social Security and SSI and the income that people with little or no work history would receive from SSI alone has now nearly disappeared. Adjustment of this and certain other SSI eligibility and benefit parameters that have been heavily eroded by inflation is overdue.

- *Treatment of legal immigrants:* Until 1996, poor immigrants who are legal permanent residents of the United States generally qualified for SSI on the same bases as U.S. citizens. Now, most legal immigrants who are elderly or have disabilities are simply ineligible for SSI (unless they entered the United States before August 22, 1996). Even impoverished legal immigrants who have become permanently and severely disabled after entering the United States as a result of a workplace, vehicle, or other such accident are denied entry into SSI. The restrictions on the eligibility of legal immigrants for SSI are much harsher than the restrictions imposed in the food stamp, Medicaid, and TANF programs and cause considerable hardship.

¹ Throughout this paper, references to people with disabilities include people with blindness. When SSI was created, states generally had one assistance program for low-income people with blindness and another for low-income people with other disabilities. These separate categories also exist in SSI. In 2003, there were approximately 5.4 million people receiving SSI disability benefits and 72,000 receiving SSI benefits based upon blindness. While the two categories of people are combined in this discussion, there are times when the rules for people with blindness differ from those for people with other disabilities, particularly with regard to the treatment of earnings. The provisions for people with blindness are more generous. For a discussion of the various provisions, see *SSA's 2005 Red Book: A Summary Guide to Employment Support for Individuals with Disabilities Under the Social Security Disability Insurance and Supplemental Security Income Programs*, available at <http://www.ssa.gov/work/ResourcesToolkit/redbook.html>.

² Martha N. Ozawa, *Impact of SSI on the Aged and Disabled Poor*, Social Work Research & Abstracts (1978).

³ *Social Security Amendments of 1972*, S. Rpt. 92-1230, Committee on Finance, U.S. Senate, September 26, 1972, p. 384, cited in the *2004 Green Book*, page 3-2, Committee on Ways and Means, U.S. House of Representatives.

⁴ For SSI beneficiaries who live with family members, these calculations are based on total family income, rather than only on the income of the SSI recipient.

⁵ As an alternative to providing Medicaid coverage for all SSI recipients, states are permitted to have rules for Medicaid coverage for people who are elderly or have disabilities that are no more restrictive than the rules they had in place in 1972, when SSI was enacted. Known as “209(b) states,” states that adopt this option tend to have Medicaid eligibility rules for people who are elderly or disabled that are more restrictive than the SSI rules. There are 11 such 209(b) states: Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Dakota, Ohio, Oklahoma, and Virginia.

⁶ The Surgeon General has reported that although the current system works well for many people, “individuals with the most complex needs and the fewest financial resources often find the system fragmented and difficult to use.” *Mental Health: A Report of the Surgeon General — Executive Summary*, U.S. Department of Health and Human Services, National Institute of Mental Health, 1999, <http://www.mentalhealth.samhsa.gov/features/surgeongeneralreport/summary.asp>.

Part of this problem relates to the fact that funding to ensure community-based treatment and housing for people suffering from severe mental impairments has not been adequate. Some people with severe mental impairments are homeless (or in prison). On the other hand, the Supreme Court's decision in 1999 in *Olmstead v. L.C.*, holding that the Americans with Disabilities Act and implementing regulations require that states place individuals with mental disabilities in community settings rather than institutions if certain conditions are met, has helped to re-focus states on the importance of quality community placements. 527 U.S. 581 (1999) See also, Executive Order 13217 in which President Bush made clear that, "The United States is committed to community-based alternatives for individuals with disabilities and recognizes that such services advance the best interests of Americans." June 18, 2001, <http://www.whitehouse.gov/news/releases/2001/06/20010619.html>.

⁷ For a more complete list, see *Restructuring the SSI Disability Program for Children and Adolescents*, Report of the Committee on Childhood Disability of the Disability Policy Panel, National Academy of Social Insurance, pages 16-17 (1996), available at http://www.nasi.org/publications2763/publications_show.htm?doc_id=57268.

⁸ See Marcia K. Meyers, Anna Lukemeyer, and Timothy M. Smeeding, *The Cost of Caring: Childhood Disability and Poor Families*, Center for Policy Research, Maxwell School of Citizenship and Public Affairs, Syracuse University (July 1997), <http://www-cpr.maxwell.syr.edu/incomsec/pdf/pp16.pdf>. Families in the study who either did not have a child with a disability or had a child with a disability and received SSI had about a 50 percent probability of having experienced one or more forms of material hardship. By contrast, families that cared for at least one child with a severe disability and did not receive SSI had about a 70 percent chance of having experienced one or more hardships.

⁹ *Restructuring the SSI Disability Program for Children and Adolescents*, cited in note 12, above, page 19.

¹⁰ *SSI Disabled Recipients Who Work, 2004*, Social Security Administration, SSA Publication No. 13-11829 (July 2005), available at http://www.socialsecurity.gov/policy/docs/statcomps/ssi_workers/2004/index.html.

¹¹ If the person has no other source of income, an additional \$20 a month in income is subtracted from earnings before the 50 percent offset begins. Thus, instead of \$65 being disregarded, SSA disregards \$85.

¹² The study used the HUD Fair Market Rents effective for the 12-month period starting October 1, 2002 for each state, county and housing market area in the United States. The authors found that, "[i]n 2002, for the first time ever, the average national rent was greater than the amount of income received by Americans with disabilities from the federal SSI program. Specifically, the average rent for a modest one-bedroom rental unit in the United States was equal to 105 percent of the SSI benefit amounts..." See Ann O'Hara and Emily Cooper, *Priced Out in 2002*, Technical Assistance Collaborative and Consortium for Citizens with Disabilities Housing Task Force, May 2003, pages 4, 7, available at <http://www.c-c-d.org/PO2002.pdf>.

¹³ In 2005, the monthly benefit amounts that would be needed to meet this goal would be about \$798 for an individual and \$1,070 for a couple. Concerning the adequacy of the SSI benefit level, a panel of experts appointed by the Commissioner of Social Security recommended in 1992 that the federal SSI benefit be increased over a period of five years and reach 120 percent of poverty line by the fifth year. See *Final Report of the Experts*, Supplemental Security Income Modernization Project, Social Security Administration (August 1992), available at <http://www.ssa.gov/history/reports/ssiexperts.html>.

¹⁴ Certain assets are not counted, including a person's home, a car, a burial account, and personal belongings.

¹⁵ *Social Security Protection Act of 2003*, Senate Finance Committee Report 108-176, U.S. Senate, October 29, 2003, p. 46. In 2003, the Senate Finance Committee included a provision in legislation it approved that would have increased the SSI resource limits to \$3,000 for an individual and \$4,500 for couples and indexed these amounts in future years. The bill was "pre-conferenced" with a House bill (H.R. 743) before the Senate Finance Committee bill went to the Senate floor. (Both Houses agreed to include the same terms in their bills so that once both houses had passed the bill, it could go directly to the President for signature.) The provision to increase the SSI resource limit was dropped in the pre-conference negotiations due to House opposition.

APPENDIX A SSI RECIPIENTS IN DECEMBER 2004 (BY AGE)				
	Total	Under 18	18-64	65 and over
U.S. Total	6,990,000	990,000	4,020,000	1,980,000
Alabama	163,000	28,000	99,000	37,000
Alaska	11,000	1,000	7,000	3,000
Arizona	95,000	16,000	55,000	23,000
Arkansas	88,000	16,000	52,000	20,000
California	1,182,000	95,000	578,000	509,000
Colorado	54,000	7,000	34,000	14,000
Connecticut	52,000	6,000	33,000	12,000
Delaware	13,000	3,000	8,000	2,000
Dist of Columbia	21,000	4,000	12,000	4,000
Florida	414,000	79,000	198,000	137,000
Georgia	200,000	32,000	116,000	52,000
Hawaii	22,000	1,000	12,000	9,000
Idaho	21,000	4,000	14,000	3,000
Illinois	255,000	43,000	155,000	57,000
Indiana	96,000	20,000	64,000	13,000
Iowa	43,000	7,000	29,000	7,000
Kansas	38,000	7,000	25,000	7,000
Kentucky	179,000	26,000	119,000	35,000
Louisiana	170,000	31,000	101,000	38,000
Maine	32,000	3,000	23,000	5,000
Maryland	93,000	14,000	54,000	25,000
Massachusetts	169,000	17,000	104,000	48,000
Michigan	219,000	36,000	147,000	36,000
Minnesota	71,000	10,000	45,000	16,000
Mississippi	125,000	22,000	71,000	32,000
Missouri	116,000	19,000	77,000	20,000
Montana	15,000	2,000	10,000	2,000
Nebraska	22,000	3,000	15,000	4,000
Nevada	32,000	6,000	18,000	9,000
New Hampshire	13,000	2,000	10,000	2,000
New Jersey	150,000	21,000	79,000	50,000
New Mexico	52,000	7,000	29,000	16,000
New York	626,000	69,000	334,000	222,000
North Carolina	196,000	35,000	111,000	50,000
North Dakota	8,000	1,000	5,000	2,000
Ohio	246,000	41,000	168,000	36,000
Oklahoma	77,000	12,000	49,000	16,000
Oregon	59,000	8,000	39,000	13,000
Pennsylvania	317,000	54,000	199,000	63,000
Rhode Island	30,000	4,000	19,000	7,000
South Carolina	105,000	18,000	62,000	26,000
South Dakota	12,000	2,000	8,000	3,000
Tennessee	161,000	22,000	102,000	36,000
Texas	473,000	74,000	239,000	160,000
Utah	22,000	4,000	14,000	4,000
Vermont	13,000	1,000	9,000	3,000
Virginia	135,000	21,000	78,000	36,000
Washington	112,000	14,000	73,000	26,000
West Virginia	76,000	8,000	55,000	12,000
Wisconsin	90,000	16,000	58,000	16,000
Wyoming	6,000	1,000	4,000	1,000

Source: Supplemental Security Record of the Social Security Administration-Office of Policy, at http://www.socialsecurity.gov/policy/docs/statcomps/ssi_sc/2004/. People with disabilities who receive SSI (including people with blindness) include all recipients under age 65 and a portion of those who were 65 and over. In December 2004, among those who were 65 and over, there were 766,423 individuals with disabilities who began receiving SSI prior to age 65.