

October 2012

SSI Modernization: Improvements Are Long Overdue

Background

Over eight million Americans, all of them at least age 65 or unable to work because of severe disabilities, rely on the Supplemental Security Income (SSI) program for their survival. Unfortunately, at present, it provides income that is below the poverty line. An SSI recipient cannot have more than \$2,000 in available resources and, in most states, cannot have a monthly total income exceeding \$718.

In addition, one out of every three older people applying for SSI has a primary language other than English and a disproportionately large share of the SSI population is African-American. The majority of SSI recipients are women and two-thirds of those who receive benefits on the basis of age are women. Although disability is not generally an eligibility requirement for people over age 65, a very high percentage of those over age 65 who receive SSI do have significant disabilities compared to their contemporaries.

The Problem

A basic problem is that the program is still designed for 1972, the year it was signed into law by President Nixon. The financial constraints are so stiff that a growing number of older SSI recipients are homeless. The total Federal Benefit Rate for an individual is only \$698 (\$1,048 for a couple), the maximum monthly payment in most states as well as in the District of Columbia. Some states supplement this amount to a limited degree, but, even with the additional income, the benefit paid to most SSI recipients remains below what is required for even maintaining a minimal standard of living.

In New York, which provides one of the more generous supplements, an SSI recipient is expected to meet all her needs on \$785 per month, which makes it difficult to survive financially in rural counties, let alone in New York City.

While the cost of living is more than 5.5 times what it was in 1972, the limit on the amount of resources an SSI recipient can have has increased only a barely perceptible 33%. The result is that an SSI recipient cannot put aside enough to pay for predictable needs, let alone deal with sudden unforeseen emergencies. Similarly, the rule that disregards the first \$20 of monthly income when determining eligibility or amount of benefits has not changed in 40 years—even though \$20 does not buy what it did in 1972.

To make matters worse, not everyone receives the full \$698 federal benefit. If you are receiving in-kind food or shelter, you will likely be paid at a lower rate. Thus, a person living in the

household of another person may be subject to a reduction in benefits equal to one-third the Federal Benefit Rate or \$230, bringing the maximum federal benefit down to \$465 a month. This is known as the In-kind Support and Maintenance rule. The rule is quite complex and imposes an increased financial burden on SSI recipients and their families as well as an administrative burden on already stressed local Social Security Administration (SSA) offices nationwide.

When changes are made in the SSI program, they are often likely to result in more stringent eligibility rules and greater complexity. For example, prior to 1996 lawful immigrants were eligible for SSI on the same basis as citizens. All that changed when Congress passed the Personal Responsibility and Work Opportunity Reconciliation Act which made most new immigrants ineligible unless they met one of several complicated exceptions.

Another change with a significant negative impact on the program came in 1999, when Congress enacted an extraordinarily harsh transfer penalty which results in a period of ineligibility when someone transfers a resource to another person. This transfer penalty applies even if the SSI recipient is repaying an informal loan from family or a friend. It also has a byzantine set of exceptions which add to the administrative burden and make errors inevitable, especially when the agency is understaffed.

On top of all this, the administrative appeals process set up to enable recipients to challenge erroneous benefit suspensions and reductions is no longer functional. Appeal requests are, more often than not, lost or never acted upon. In the minority of cases when appeals are heard, benefits are often cut off in spite of a timely appeal.

Recommendations

Here are steps that can be taken to improve the SSI Program:

- Increase Federal Benefit Rate from \$698 to \$937 per month (\$937 is federal poverty level for one person)
- Provide federal match for state supplementation
- Increase SSI resource limit from \$2,000 for individuals (\$3,000 for a couple) to \$10,000 (\$15,000 for a couple)
- Increase general income disregard from \$20 to \$110 per month and earned income disregard from \$65 to \$357 per month thereby restoring disregards to their 1972 level
- Eliminate reduction in benefits for in-kind support and maintenance
- Repeal the transfer penalty
- Eliminate the time limits on benefits for humanitarian immigrants, refugees and asylees;

- Restore pre-1996 standards for SSI immigrant eligibility
- Require Social Security to track and report on its processing of non-disability appeals in the same manner as it as it does for appeals of disability determinations

The National Senior Citizens Law Center is a non-profit organization whose principal mission is to protect the rights of low-income older adults. Through advocacy, litigation, and the education and counseling of local advocates, we seek to ensure the health and economic security of those with limited income and resources and preserve their access to the courts. For more information, visit our Web site at www.NSCLC.org.