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SUPPLEMENTAL SECURITY INCOME (SSI) RESTORATION ACT

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. Over time SSI has become an increasingly important program for children and persons with disabilities.

SSI was created to replace the patchwork system of federal grants to states which aided the aged, blind, or disabled. For disability applications, state agencies called Disability Determination Services (DDSs) screen the medical and related evidence to judge whether the applicant meets the criteria set in law — essentially, whether he or she suffers from a severe impairment that will last at least 12 months or result in death and that makes it impossible to engage in substantial work.¹ 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.

SSI Restoration Act

This bill restores a program that plays a key role in the security of millions of Americans. Specifically, it strengthens SSI by streamlining and simplifying the claiming process because it expands the resources limit, increases the general income disregard, eliminates reduction in benefits for in-kind support and maintenance, and repeals the transfer penalty.

KEY RESTORATION PROVISIONS

- **Update general income disregard to \$110 per month.**
- **Update earned income disregard to \$357 per month.**
- **Update resource limit to \$10,000 (\$15,000 for an eligible couple).**
- **Repeal the in-kind support and maintenance provision.**
- **Repeal the SSI transfer penalty.**

SECTION 2: UPDATE IN ELIGIBILITY FOR THE SUPPLEMENTAL SECURITY INCOME PROGRAM

(a) UPDATE IN GENERAL INCOME EXCLUSION – increases the SSI General Income Disregard from the current \$20 to \$110 per month

- The general income disregard was established to reward work, by providing a \$20 boost to those who worked long enough to qualify for Social Security or other retirement benefit.
- This Section has not been changed since President Nixon signed the SSI program into law in 1972. The cost of living is more than five and a half times what it was then and the general income disregard is no longer very meaningful. Twenty dollars today is the equivalent of less than \$4 in 1972. Currently \$110 is equal to just under \$20 in 1972.²

(b) UPDATE IN EARNED INCOME EXCLUSION – increases the SSI Earned Income Disregard from the current \$65 to \$357 per month.

- The income disregard was intended to encourage those who could return to the work force. It too has not been changed since 1972. \$357 today is equal to just under \$65 in 1972.² The exclusion is so low that its work incentive has been greatly diminished.

(c) UPDATE IN RESOURCE LIMIT FOR INDIVIDUALS AND COUPLES – increases the resource limit from \$2,000 (\$3,000 for an eligible couple) to \$10,000 (\$15,000 for an eligible couple).

- The resource limit has increased only 33% since 1972 and today it is woefully insufficient to deal with perfectly predictable needs. For the older person living in their own home, \$2,000 is not enough to make necessary home repairs or buy a reliable used car or to cope with other emergencies that will inevitably arise.³

SECTION 3: SUPPORT AND MAINTENANCE FURNISHED IN KIND NOT INCLUDED IN AS INCOME

- Repeals the in-kind support and maintenance provision.
- Under current law, there can be a reduction in monthly benefit of an amount equal to one-third the Federal Benefit Rate if an SSI recipient receives in-kind food and/or shelter. This makes it difficult for a family member to provide shelter.
- In addition to being inconsistent with family values, the in-kind support and maintenance provision also places a significant administrative burden on the Social Security Administration at a time when their administrative resources are cut to the bone.

SECTION 4: REPEAL OF PENALTY FOR DISPOSAL OF RESOURCES FOR LESS THAN FAIR MARKET VALUE

- Repeals penalty enacted in 1999 for the transfer of a resource for less than fair market value within 36 months of applying for SSI or while receiving SSI.
- This policy is based on the assumption that people will give away valuable property for the opportunity to live on a subsistence income.
- The transfer penalty causes considerable hardship for recipients without accomplishing any worthwhile objective, it also creates a substantial additional burden on the Social Security Administration to process these cases at a time when it is already overburdened by an increased workload and staffing which is still less than what it was several years ago.

¹ Center on Budget and Policy Priorities. 2011 Introduction to the Supplemental Security Income (SSI) Program.

² As measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

³ National Senior Citizens Law Center. 2012. Recommendations to Update the Supplemental Security Income Program