



Informational Paper 48

**Supplemental Security
Income Program**

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Supplemental Security Income Program

Introduction

The supplemental security income (SSI) program provides cash benefits to low-income elderly, blind, and disabled persons who meet certain financial and nonfinancial criteria. The 1972 amendments to Title XVI of the Social Security Act established the program as a replacement to the old-age assistance (OAA), aid to the permanently and totally disabled (APTD), and aid to the blind (AB) programs. The Social Security Administration (SSA) administers SSI at the federal level, establishing eligibility standards, federal benefit levels and program policies. The Department of Health Services (DHS) administers the program at the state level.

The program's purpose is to raise the monthly income of eligible individuals to a statutorily prescribed income "floor." An individual's monthly SSI benefit equals the difference between the floor and the individual's countable income. If a beneficiary's income changes, the individual's monthly SSI payment changes so that the total cash income available to the individual is maintained. Eligibility for SSI categorically qualifies an individual for health care coverage under the state's medical assistance (MA) program. This provision of federal law permits SSI beneficiaries to use cash income for expenses such as housing and food, rather than health-related expenses.

Wisconsin and most other states provide state payments to supplement federal SSI benefits. Some states, including Wisconsin, must supplement the basic federal payment to ensure that individuals who received benefits under OAA, APTD, and AB, as of December 1, 1973, did not have their benefits reduced due to the implementation of the SSI program.

This paper describes Wisconsin's SSI program, including program eligibility requirements, federal and state benefit levels, program administration, and trends in program participation and costs.

Eligibility Criteria

Federal law defines financial and non-financial eligibility requirements for SSI benefits.

Nonfinancial Criteria. SSI beneficiaries must be at least 65 years of age, blind or disabled. To qualify for SSI payments based on blindness, a person must have vision no better than 20/200 or have a restricted visual field of 20 degrees or less with the best corrective eyeglasses.

An adult may receive SSI payments for a disability if he or she cannot engage in any "substantial gainful activity" (SGA) because of a physical or mental impairment. SGA describes a level of work activity and earnings. A person who earns more than an amount established annually by SSA (net of impairment-related work expenses) is considered to be engaging in SGA. The amount of monthly earnings that are considered as SGA depends on the nature of the individual's disability. In 2009, the monthly SGA amount for blind individuals is \$1,640; for non-blind individuals the monthly SGA amount is \$980.

A child is considered disabled if he or she has a medically determinable physical or mental impairment with severe functional limitations. The impairment must be expected to result in death, or last for a continuous period of at least twelve months.

In Wisconsin, the DHS Disability Determination Bureau conducts individual disability assessments. SSA regularly produces a list of medical criteria for determining disabilities. Individuals diagnosed with a listed impairment automatically meet the program's disability requirements.

If the SSA list does not include an adult applicant's impairment, program rules require that the applicant be assessed to determine if the impairment prevents substantial gainful activity and is comparable in severity to listed impairments. All applicants under 18 years of age require assessments to determine how their conditions compare to the appropriate age norms.

Financial Criteria. SSI eligibility is restricted to qualified individuals who have countable resources of up to \$2,000, or \$3,000 for married couples. Countable resources include cash, bank accounts, stocks, U.S. savings bonds, land, life insurance, personal property, and vehicles. Appendix I to this paper lists the primary asset and income exclusions applicable to eligibility and benefit determinations under SSI.

Individual or household income may not exceed the maximum federal benefit level (after all income exclusions). The income and resources of the parents of a blind or disabled child under the age of 18 are considered in determining the child's eligibility.

SSI beneficiaries are not eligible to participate in Wisconsin Works (W-2), Wisconsin's replacement to the aid to families with dependent children (AFDC) program. However, the spouse of an SSI beneficiary may participate in W-2.

Individuals who qualify for federal SSI benefits qualify for a basic state supplement. Maximum benefit levels vary by living arrangement and marital status, and are re-established every year (effective January 1). Table 1 shows the maximum federal and state benefit levels for calendar year 2009. A beneficiary's benefit level depends on whether he or she lives independently in his or her own household or lives in the household of another person. If a beneficiary's spouse also receives SSI benefits, the couple receives a combined benefit.

Table 1: Maximum Monthly Payment Levels, 2009

<u>Living Arrangement</u>	<u>Federal</u>	<u>State Supplement</u>	<u>Total Payment</u>
<i>Living Independently</i>			
Individual	\$674.00	\$83.78	\$757.78
Couple	1,011.00	132.05	1,143.05
<i>Living in the Household of Another Person</i>			
Individual	449.34	83.78	533.12
Couple	674.00	132.05	806.05
<i>SSI-E Exceptional Expense Supplement</i>			
Individual	674.00	179.77	853.77
Couple	1,011.00	477.41	1,488.41

The state supplemental payment amounts are not referenced in statutes. However, the statutes specify a procedure by which DHS can request changes to the state supplemental payment amounts. Under this procedure, DHS may submit requests for changes in the level of state supplemental payments to the Secretary of the Department of Administration (DOA). Upon approval, DOA would send the request to the Joint Committee on Finance. The Committee would have 14 days to schedule a public hearing or executive session to review the proposal, otherwise the proposal would be deemed approved. Any payment changes made by the Committee would be subject to approval by the Governor. If the Governor took no action within 10 days of the

State SSI Benefits

Basic State Supplement. All Wisconsin resi-

Committee's action, the decision of the Committee would take effect.

Beginning January 1, 1996, new applicants may not receive the basic state supplement unless their income level also qualifies them for the federal SSI benefit. However, individuals who received the state supplement but not the federal benefit as of December 31, 1995, continue to receive the state supplement as long as they meet all other SSI eligibility conditions. As of June, 2008, 5,317 of these "grandfathered" individuals received the state-only supplement.

Exceptional Expense Supplement (SSI-E). Certain SSI beneficiaries qualify for an enhanced state supplemental payment for exceptional expenses (SSI-E). An individual who resides in a home or apartment may qualify for an SSI-E payment of up to \$95.99 per month if the beneficiary requires 40 or more hours per month of supportive home care, respite care, daily living skills training, or community support program services. If the beneficiary is a child residing with a parent, only services needed when the parent is away from the residence for employment count toward the 40-hour requirement. If the beneficiary lives with a spouse, only services needed when the spouse is away for employment, or services needed because the spouse is physically or mentally unable to provide care count toward the 40-hour requirement.

SSI beneficiaries whose expenses exceed the total federal benefit and SSI-E benefit level (\$853.77 in 2009 for an individual) and live in a foster or group home for children or in an adult family or foster home are eligible for SSI-E benefits. SSI beneficiaries who reside in a community-based residential facility, adult family home, or a certified residential care apartment complex automatically qualify for the SSI-E supplement.

Supplement for Institutional Residents. Beginning in the first full month that an individual lives in an institution where MA pays for more than half of the cost, the individual's monthly federal SSI benefit is reduced to \$30. This \$30 payment

is considered a personal needs allowance for small personal expenses. However, if a physician certifies that a person's stay in an institution should not exceed three months and the person needs to maintain a home to return to, the beneficiary continues to receive the full SSI benefit for up to three months.

Persons in publicly-operated community residences serving no more than 16 residents may receive full SSI payments. In addition, residents of public emergency shelters can receive full SSI payments for six months in any nine-month period.

Some disabled children receive medical treatment at home under MA state home care plans. If the child previously received the \$30 personal needs allowance while in a medical institution, he or she may still receive the allowance, regardless of their parents' income or resources.

Caretaker Supplement. Certain SSI beneficiaries with dependent children receive a caretaker supplement. These beneficiaries receive a supplement of \$250 per month for the first dependent child, and \$150 per month for each additional dependent child. Individual income does not affect this flat-rate benefit. Federal temporary assistance for needy families (TANF) funds support these supplemental payments.

Eligibility. An SSI beneficiary may receive the caretaker supplement if all of the following apply:

- The custodial parent does not receive W-2 benefits;
- If the dependent child has two custodial parents, each custodial parent receives state SSI benefits;
- The custodial parent assigns to the state any right to support payments received from any other person;
- The dependent child would qualify for AFDC if that program still existed; and

- The dependent child does not receive federal SSI benefits.

The supplement replaces benefits that the children of SSI beneficiaries received under the AFDC program. Under AFDC, dependent children could qualify for child-only AFDC benefits, with the income and assets of any SSI beneficiary in the household not considered when determining eligibility.

In fiscal year 2007-08, an average of 5,602 SSI beneficiaries received a caretaker supplement each month, on behalf of an average of 11,420 children.

Calculation of Payment Levels

The basic supplement and SSI-E payment an individual receives equal the difference between the maximum benefit level (determined by an individual's marital status and living arrangement) and the individual's countable income.

Countable Income. An individual's countable income includes earned and unearned income, less certain exclusions. Earned income includes wages and net earnings from self-employment. Unearned income includes social security checks, veterans compensation, worker's compensation, pensions, annuities, gifts, maintenance-in-kind (such as food and shelter), and interest. The income and resources of an ineligible spouse who lives with a recipient, or those of a parent living with a child recipient are considered when determining eligibility and payment amount. Appendix I lists income not included when determining countable income.

Under federal law, any earned or unearned income first reduces the federal SSI benefit and then is applied toward reducing the state benefit. If an individual's income minus any exclusions exceeds the maximum federal benefit level, the individual does not receive state or federal SSI benefits, except for the grandfathered state-only

recipients.

Table 2 provides an example of income and benefit determination for individuals living in their own homes. In the first example, the individual receives \$300 per month in social security benefits and has no earned income. In the second example, the recipient receives \$300 per month in social security benefits and earns \$125 per month. This example uses 2009 benefit levels.

Federal law requires SSI applicants to file for all other benefits for which they may be eligible. Generally, cash benefits such as social security, veteran and worker's compensation, and pensions are considered countable income. Need-based assistance funded with state revenue, however, is generally not considered countable income.

Work Incentive Provisions

Federal law includes a number of work incentive provisions for individuals who receive SSI payments. Section 1619 of the Social Security Act allows a disabled SSI beneficiary to work and continue to receive SSI payments and MA benefits. Prior to the enactment of this provision, a disabled SSI beneficiary who worked at the substantial gainful activity (SGA) level would lose disability status even if the impairment continued and the recipient's income was within the SSI limits. This loss in SSI eligibility also resulted in the loss of MA benefits.

Section 1619(a) allows for the continuation of benefits for disabled and blind SSI recipients working at the SGA level as long as the disabling condition does not medically improve. However, the cash benefit gradually falls as earnings increase. Section 1619(b) continues an individual's eligibility for MA after earned income eliminates the individual's cash benefit. This provision applies to individuals who continue to be blind or have a

Table 2: Examples of Benefit Calculations -- Calendar Year 2009

Calculation of Monthly Countable Income

	Example 1		Example 2
Unearned Income			
Social Security	\$300.00		\$300.00
\$20 Disregard	-20.00		-20.00
Countable Unearned Income	280.00		280.00
Earned Income			
	0.00		
			125.00
			-65.00
			60.00
			30.00
Countable Unearned Income	280.00		280.00
Countable Earned Income	+ 0.00		+ 30.00
Total Countable Income	\$280.00		\$310.00

Calculation of Monthly SSI Payment

Maximum SSI Payment - Federal	\$674.00		\$674.00
Countable Income	- 280.00		- 310.00
Monthly SSI Payment - Federal	394.00		364.00
Monthly SSI Payment - State	+ 83.78		+ 83.78
Total Monthly SSI Payment - Federal and State:	\$477.78		\$447.78

disabling impairment, continue to meet all other eligibility requirements (except for earnings), need MA-funded services in order to work, and have insufficient earnings to purchase comparable health care benefits. As of November, 2008, 263 Wisconsin recipients benefited from the 1619(a) option and 2,853 Wisconsin recipients benefited from the 1619(b) option.

Another work incentive provision is the plan for achieving self-support (PASS), allowing disabled and blind beneficiaries to set aside income and resources under a written plan to achieve a vocational goal. The funds set aside do not count against the SSI financial limits for up to 48 months. A PASS may also establish initial financial eligibility by reducing an individual's countable income or resources to a level below the SSI limits. In December, 2007, 77 SSI beneficiaries in Wisconsin benefited from this provision.

Finally, federal law allows blind and disabled persons to disregard certain work expenses when determining SSI eligibility and monthly payment. In December, 2007, 198 SSI recipients in Wisconsin were able to disregard certain work expenses due to a disability. Blind persons who work may disregard certain work expenses for items needed that do not relate to the person's impairment. In December, 2007, 60 SSI recipients in Wisconsin were able to disregard certain work expenses due to their blindness.

Administration

Local offices of the SSA process applications for SSI. The SSA contracts with the DHS Disability Determination Bureau to assess the disability status of persons applying for SSI on the basis of

disability. States may administer their own supplemental benefit payments, or contract with the SSA to administer the state supplement. In either case, the state determines the level of the state supplemental payment.

Electronic Data Systems (EDS), the state's MA fiscal agent contracted by DHS, administers the state supplement. EDS distributes payments and responds to beneficiary questions. Under an addendum to the state's MA contract with EDS, the state paid a fee of approximately \$991,900 in fiscal year 2007-08. This covered administrative information technology costs, production of benefit payments, historical file maintenance, communication with recipients, payment error recoupment, and the operation of a helpline. Postage costs are paid directly by DHS.

Eligibility determinations for the caretaker supplement are made through the client assistance for re-employment and economic support (CARES) system, administered by DHS. Individuals receive one check that includes both the monthly SSI check and the caretaker supplement. In fiscal year 2008-09, DHS expects to expend \$1,512,200 in administrative costs related to the caretaker supplement. Federal TANF funds partly fund these costs.

Federal Pass-Along Requirement

An amendment to the Social Security Act in July, 1974, mandated automatic cost-of-living adjustment (COLA) in the federal SSI benefit equal to the automatic COLA in social security benefits. However, when Congress enacted this requirement, some states reduced the state payment level by an amount equal to the increase in the federal level. Consequently, the federal benefit increase was not passed along to some beneficiaries, who received the same or only slightly higher combined federal and state SSI benefit payments.

The "pass-along" requirement, effective in 1977,

mandates that federal increases pass to SSI recipients. Federal law allows any state that makes supplemental payments, regardless of whether the state or federal government administers the supplement, to maintain either the total annual expenditure level or the state supplemental payment levels to each category of recipients. States must inform the federal government of their selected methodology each October, but may change their method of compliance at any time.

Maintaining Total Annual Expenditures. Wisconsin currently meets the pass-along requirement by maintaining total annual expenditures, also known as a maintenance-of-effort (MOE) requirement. Under this methodology, the total supplemental payments for all beneficiaries in a calendar year must at least equal the total expenditures in the preceding calendar year. If increased caseload raises state supplement expenditures, the state would still comply with pass-along requirements if increased costs were offset with reductions in individual payments levels. If a state supplement decrease happens at the same time as a federal COLA, recipients may not see a change in the total payment. Wisconsin's required MOE amount for calendar year 2008 was \$132,454,300.

Program Trends

Benefit Levels. Table 3 shows the change in maximum federal and state monthly benefit levels for Wisconsin SSI recipients who live independently (the largest category of SSI recipients). State supplemental payments have remained constant since 1995 (although total expenditures have risen as caseload has increased).

Expenditures. Appendix II shows expenditures for the SSI state supplements for state fiscal years 1980-81 through 2007-08, by funding source.

Program Participation. Table 4 provides

Table 3: SSI Maximum Monthly Benefit Amount by Payment Source*

Calendar Year	Federal Benefit	Percent Change	State Benefit	Percent Change	Total Benefit	Percent Change
1987	\$340.00	-	\$101.70	-	\$441.70	-
1988	354.00	4.1%	102.72	1.0%	456.72	3.4%
1989	368.00	4.0	102.72	0.0	470.72	3.1
1990	386.00	4.9	102.72	0.0	488.72	3.8
1991	407.00	5.4	102.72	0.0	509.72	4.3
1992	422.00	3.7	92.72	-9.7	514.72	1.0
1993	434.00	2.8	92.72	0.0	526.72	2.3
1994	446.00	2.8	84.70	-8.6	530.70	0.8
1995	458.00	2.7	83.68	-1.2	541.68	2.1
1996	470.00	2.6	83.78	0.1	553.78	2.2
1997	484.00	3.0	83.78	0.0	567.78	2.5
1998	494.00	2.1	83.78	0.0	577.78	1.8
1999	500.00	1.2	83.78	0.0	583.78	1.0
2000	513.00	2.6	83.78	0.0	596.78	2.2
2001	531.00	3.5	83.78	0.0	614.78	3.0
2002	545.00	2.6	83.78	0.0	628.78	2.3
2003	552.00	1.3	83.78	0.0	635.78	1.1
2004	564.00	2.2	83.78	0.0	647.78	1.9
2005	579.00	2.7	83.78	0.0	662.78	2.3
2006	603.00	4.1	83.78	0.0	686.78	3.6
2007	623.00	3.3	83.78	0.0	706.78	2.9
2008	637.00	2.2	83.78	0.0	720.78	2.0
2009	674.00	5.8	83.78	0.0	757.78	5.1

*For eligible individual in own household.

caseload distributions by eligibility category from December 1999, through December, 2007. Individuals receiving SSI benefits on the basis of a disability comprise the largest group of beneficiaries. SSI eligibility categories may be somewhat misleading, as an elderly person with a disability may be counted as disabled, rather than as elderly when eligibility is initially determined. This table does not include the population of "grandfathered" recipients of the state-only supplement.

Table 4: Wisconsin Recipients of a Federal SSI Benefit, by Eligibility Determination*

Year	Disabled	Elderly	Blind	Total
1999	75,327	10,229	988	86,544
2000	74,147	9,771	969	84,887
2001	75,066	9,310	957	85,333
2002	77,074	9,089	965	87,128
2003	78,953	8,818	965	88,736
2004	80,523	8,564	939	90,026
2005	82,914	8,375	936	92,225
2006	84,534	8,110	905	93,549
2007	87,279	7,879	879	96,037

*Data taken from Social Security Administration (SSA) Annual Statistical Reports and Annual Statistical Supplements. Numbers are as of December of specified year.

Table 5: Wisconsin and National Recipients of a Federal SSI Benefit Under 18 Years of Age*

Year	Wisconsin	% Change	Nationally	% Change
1999	15,562	-	847,063	-
2000	14,312	-8.0%	846,784	-0.03%
2001	14,563	1.8	881,836	4.1
2002	15,001	3.0	914,821	3.7
2003	15,429	2.9	959,379	4.9
2004	15,844	2.7	993,127	3.5
2005	16,534	4.4	1,036,498	4.4
2006	17,111	3.5	1,078,977	4.1
2007	17,957	4.9	1,121,017	3.9

*Data taken from Social Security Administration (SSA) Annual Statistical Reports and Annual Statistical Supplements. Numbers are as of December of specified year.

Table 5 provides Wisconsin and national caseload trends for children less than 18 years of age receiving federal SSI benefits. The numbers for Tables 4 and 5 were taken from the SSI Annual Statistical Reports and Annual Statistical Supplements published by the SSA.

APPENDIX I

Partial List of Income and Resource Exclusions Used for SSI Eligibility and Benefit Determinations*

Earned Income Exclusions

- \$65 of earned income in a month;
- Any refund of federal income taxes received under the earned income tax credit;
- Rebate payment received under the Economic Stimulus Act of 2008;
- Any refundable child tax credit;
- The first \$30 of earned income in a quarter, if it is infrequent or irregular;
- Up to \$1,550 per month but not more than \$6,240 in a calendar year received by a blind or disabled recipient who is a working student under age 22 and regularly attending school;
- Any portion of the monthly \$20 exclusion for unearned income that has not been used; and
- One-half of remaining earned income in a month, after all exclusions are included.

Unearned Income Exclusions

- The first \$20 of unearned income in a month other than in-kind support and maintenance received in the household of another and income based on need;
- Any public agency's refund of taxes on real property or food;
- Most need-based assistance which is wholly funded by a state or municipality;
- Any portion of a grant, scholarship, fellowship, or gift to an individual used for paying tuition, fees or other necessary educational expenses;
- Assistance received under the Disaster Relief and Emergency Assistance Act;
- Assistance received under a program for flood mitigation activities;
- The first \$60 of unearned income in a quarter if it is infrequent or irregular;
- Certain support and maintenance assistance provided in the form of home energy assistance;
- Payments received from a fund established by a state to aid victims of crime;
- Hostile fire pay received from one of the uniformed services and other kinds of additional pay received by military personnel in a combat zone;
- Interest or other earnings on a dedicated account excluded from resources; and
- Generally, all interest and dividend income earned on countable resources.

Resource Exclusions**

- The home in which an individual has ownership interest and which serves as the individual's principal place of residence;
- Household goods and personal effects;
- One automobile, if used for transportation for the beneficiary or a member of the beneficiary's household;
- Up to \$6,000 of non-business property that is essential to self-support;
- Life insurance owned by an individual and spouse, provided that the face value of all life insurance on any person does not exceed \$1,500;
- Disaster relief assistance and assistance received under a program for flood mitigation activities;
- Burial spaces and certain funds up to \$1,500 for burial expenses;
- Refunds of federal income taxes and advances made by an employer relating to an earned income tax credit;
- Refundable child tax credit;
- Grants, scholarships, fellowships or gifts to be used for tuition or educational fees; and
- Payments received as compensation for expenses incurred or losses suffered as a result of a crime.

* For a full list, refer to Appendix B of the 2008 SSI Report, available on the SSA website.

** Some resource exclusions may not be claimed after a certain period of time has passed after receipt of the resource.

APPENDIX II

Benefit Expenditures, FY 1980-81 through 2007-08

State General Purpose Revenue (GPR) and Federal Temporary Assistance to Needy Families (TANF) Funds

State Fiscal Year	GPR* Expenditures	TANF** Expenditures	% Change of Total Funding
1980-81	\$28,945,000	\$0	--
1981-82	38,945,000	0	34.5%
1982-83	45,556,200	0	17.0
1983-84	55,530,400	0	21.9
1984-85	68,162,000	0	22.7
1985-86	78,215,000	0	14.7
1986-87	85,044,100	0	8.7
1987-88	89,883,200	0	5.7
1988-89	93,419,900	0	3.9
1989-90	99,054,000	0	6.0
1990-91	105,043,000	0	6.0
1991-92	114,448,800	0	9.0
1992-93	131,029,700	0	14.5
1993-94	128,182,100	0	-2.2
1994-95	122,580,000	0	-4.4
1995-96	131,889,800	0	7.6
1996-97	133,087,500	0	0.9
1997-98	128,281,500	1,692,600	-2.3
1998-99	128,281,600	9,334,700	5.9
1999-00	128,281,600	15,574,700	4.5
2000-01	128,281,600	20,390,200	3.3
2001-02	128,281,600	21,991,600	1.1
2002-03	128,281,600	22,749,100	0.5
2003-04	128,281,600	26,635,100	2.6
2004-05	128,281,600	28,322,900	1.1
2005-06	129,556,000	29,334,200	1.5
2006-07	131,768,000	29,048,300	1.2
2007-08	133,896,700	28,354,900	0.9

*State, general purpose revenue.

**Federal, temporary assistance to needy families.