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SSI Needs Fixing: Chronic neglect is choking off access to Social Security's critical backstop – and pushing more blind, disabled and old people into poverty.

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*“...Ask for this great Deliverer now, and find him
Eyeless in Gaza at the Mill with slaves,
Himself in bonds...” - Samson Agonistes, John Milton*

Some say history will judge a nation by how it treats its most vulnerable people.

The United States might not fare well if we look at the Supplemental Security Income (SSI) program that Congress established in 1972. SSI functions as a backup to Social Security by providing monthly cash assistance to about eight million disabled and old people with little or no income and few assets. It is an option of last resort.

Congress intended SSI to protect the country's most vulnerable people from impoverishment. But half a century of neglect -- by both Republicans and Democrats – has hamstrung the program.

First, SSI monthly income is not sufficient to keep millions of people out of poverty. More than two-fifths of recipients live below the poverty line. In 2020, the maximum federal SSI benefit was \$783 a month (\$9,396 a year) which was less than three-quarters of the federal poverty level. The average monthly payment is about \$560.

Second, decades of inflation have made SSI's tight limits on income and assets far more restrictive – creating a bottleneck that bars entry, forces some into poverty to qualify, and prevents recipients from saving and improving their lives.

The government's failure to adjust SSI income and asset limits for inflation is like keeping the same-size collar on a growing animal.

The Social Security Administration (SSA) projects that the number of recipients will barely grow over the next 25 years and that federal SSI expenditures will drop from 0.26% of GDP in 2019 to 0.18% in 2044. Zero growth for SSI seems odd considering that the aging of the Baby Boom generation will greatly expand the number of elderly and disabled people¹ in the coming decades. The number of younger people with disabilities is also growing.

In a short section on current issues facing the program, the SSA's most recent annual SSI report² focused exclusively on "program integrity" – making sure that every penny is spent in accord with its complex tangle of rules. The main body of the final annual SSI report issued under Trump Administration mentions nothing about concerns over access to the program or the adequacy of benefits.

At the end of the report, however, one finds a well-documented statement submitted by Nancy Altman, a member of the Social Security Advisory Board.³ Today's SSI program, she writes, does not come close to meeting Congress' goal of "assuring that the Nation's aged, blind, and disabled people would no longer have to subsist on below-poverty-level incomes."

Call for Change

A coalition⁴ of groups focused on disability, aging, poverty, and Social Security has begun pushing policymakers to update, expand, and simplify SSI. Changes they seek include:

- Raising cash benefits to at least the federal poverty line.
- Updating punitive limits on what SSI beneficiaries can own and earn and adjusting them for inflation. Asset limits of \$2,000 (\$3,000 for a couple) have not budged since 1972. They say today's much higher cost of living justifies raising the limit to at least \$10,000 (\$20,000 for couples). Income limits are overly complex and strict.⁵ They have not been raised for decades. Penalties for working and saving should be eased and eliminated if possible.
- Simplifying and "humanizing" the program's rules and administration. Though there are about eight times more people getting Social Security

benefits than SSI, the complexity of the smaller program makes it almost as costly to administer.

SSI's "in-kind support and maintenance" provisions are particularly onerous. Groceries and other assistance from family and friends now count as in-kind income. Rules like these not only create a paperwork burden, but also can jeopardize eligibility, decrease payment amounts, and discourage families from providing help.

Congress, and the SSA, could simplify the program. That has not happened.

"The issue may come down to ideology.," Altman notes. "Throughout the history of American social welfare policy, there have been those who have seen some or all of those at the bottom of the income scale as 'undeserving.' Those who hold that view are overly attuned to possibilities of fraud, waste, and misuse."

Advocates are urging President Biden to follow through on campaign promises to update and improve SSI. So far, however, SSI reform is not part of his \$4-trillion legislative agenda. In May, Senate Democrats introduced a bill that would raise SSI asset limits and index them to inflation. It would also remove asset limits for three other safety-net programs to help low-income people "save for the future and build financial security."⁶

SSI's Multiple Functions

Even in its decaying condition, SSI is of vital importance to the country's most vulnerable people. An SSA study found that SSI reduced the poverty rate among recipients to 42% from what would have been 63% without the payments.⁷ It is hard to generalize about who gets SSI. Recipients include children with intellectual disabilities, adults with severe mental illness, elders with Alzheimer's, people who can't see or move, and frail elders with extremely low or no income.

Invisible to most Americans, SSI functions as a kind of policy Swiss army knife to help people and the government fill in gaps left by Social Security and other programs. Parents of children and young adults with schizophrenia, autism, and other disabilities know about SSI.

Many parents would rather that their children have the chance to live independently and be able to support themselves. They don't want kids to begin

thinking of themselves as disabled, “less than” normal people, or permanently dependent.

When it’s clear a young adult can’t survive on their own, many parents will help them apply for SSI. They then encounter a lengthy application process, a 65% rejection rate,⁸ and years-long waiting lists for affordable housing. Covid-19 has only made things worse. Closure of SSA offices has slowed the SSI application process but not the need of people with disabilities for assistance.

Parents with middle and low incomes often worry that, when they die, the disabled family member will end up on the street. That’s not unreasonable. About one-third of people experiencing chronic homelessness have mental health disabilities.⁹

In January 2020, federal SSI payments averaged \$559 – which is below the cost of housing where most Americans live and below the cost of living everywhere in the country. In Washington, D.C., for example, the maximum federal SSI payment recently covered only 28% of what a typical older person in good health who rents would have needed to afford housing, food, and other necessities.

Worse still, historically low interest rates are now dramatically driving up the cost of housing in most parts of the country across all price tiers.¹⁰ In most areas, rents are rising well faster than general inflation. Many low-income people are being priced out of the market. The 2021 cost-of-living adjustment for Social Security and SSI was 1.3%.

SSI helps many states offer assisted living and group home options to low-income seniors and people with disabilities who otherwise would have to live in a nursing home or psychiatric facility. Under federal law, Medicaid pays for room and board in nursing homes but not assisted living or group homes. States use SSI to fill in the gap, but the amount is often insufficient to cover provider costs. As a result, supply and consumer choice of non-institutional housing-with-care options are usually limited.¹¹

SSI eligibility, and losing it, can open or shut the door to other safety net programs, particularly Medicaid. Worries about meeting complex income and asset tests can dampen incentives to work and save. Recipients with mental

impairments may not have the capacity to meet the letter of the law and attendant paperwork.

The Bigger Picture

Switching back to the forest from the trees, how is our country doing in looking after its most vulnerable citizens? After decades of neglect, why would Congress bother to expand, or even repair, the SSI safety net? What is different now than when the Roosevelt Administration set up the SSI program's precursors during the Great Depression?

The United States does deserve some credit for improvement. It is certainly doing better than when the Social Security Act was passed in 1935. During that period, more than 30 states had passed compulsory eugenics laws intended to limit the disabled population. More than 60,000 disabled people were sterilized. Many were mentally disabled or ill, or belonged to socially disadvantaged groups.¹²

Origins and history

The Social Security Act established an old-age social insurance program¹³ administered by the federal government along with an old-age means-tested¹⁴ assistance program administered by the states. Congress later added similar programs for the blind or disabled. The programs provided a safety net for individuals who were either ineligible for Social Security or whose benefits could not provide a basic level of income. This means-tested assistance comprised three separate programs—Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled.

Despite substantial federal financing, these three programs were essentially run by the states. Federal law established only broad guidelines for assistance and the federal government provided matching funds to support whatever payment levels the states set, with no maximum or minimum standards. Each state was responsible for setting rules on who could receive assistance.

Beginning in the early 1960s, this system drew criticism of being a “crazy quilt” of eligibility requirements and payment levels. Responding to these and other concerns, in 1972 Congress amended the Social Security Act to replace the state-based programs with SSI. Its mission was to provide a uniform national income floor with states able to supplement it.

The new program was historic in that it shifted responsibility from the states to the federal government for determining who would receive assistance and how much they would receive. Today, state disability departments still evaluate SSI applicants' and recipients' medical and disability status under federal direction using Social Security disability criteria.¹⁵

Outlook

State and federal policymakers also deserve credit for creativity for many ways they have used SSI to plug gaps in social programs and meet people's needs as economic and social circumstances have changed. Conservatives can argue that making it difficult to qualify for SSI has prevented fraud and helped maintain work incentives. Balancing the program's incentives is not easy.¹⁶ Policymakers should be careful to avoid reforms that enable dependency or invite abuse.

That said, SSI's deterioration over the past half century puts a black mark on the country and its leaders.

While failing to update SSI income and asset limits for the very poorest and most vulnerable, Congress has created, and indexed, hundreds of programs and tax breaks benefitting middle-income and wealthy people.

In 2014, Congress passed a law allowing people to contribute \$15,000 a year to tax-advantage accounts to cover expenses for some people with disabilities. The new ABLE accounts can give families with money a big advantage. State limits on ABLE accounts range from \$235,000 to \$529,000.¹⁷

The first \$100,000 deposited in an account is exempt from the SSI's \$2,000 individual resource limit. Thus, ABLE accounts can help disabled people and their families with enough capital to fund them blunt the impact of SSI's strict resource limit. They can save up to \$100,000 and withdraw savings without losing SSI. Of course, most people with disabilities and their families do not have enough money to pre-fund expenses and enjoy tax-free investment income facilitated by ABLE accounts. They are left facing the \$2,000 resource limit set in 1972 and many other barriers.

Why might SSI reforms be more politically salient now than in the past?

The United States has changed a lot since the 1972. Economic inequality has widened. The wealthiest have become wealthier¹⁸ and the middle class smaller. Half the U.S. workforce now earns low wages¹⁹ or is not employed. Today, many of us might worry about falling off the economic ladder as much as think we have a good chance of climbing up. It's possible that economic conditions like these might increase empathy for people with disabilities and the very poor.

The U.S. government just sent most Americans a series of Covid-19 relief checks²⁰ -- with no strings attached -- to compensate for an external handicap to their capacity to earn a living. Many people with serious physical and cognitive disabilities need to overcome greater internal barriers when they go to work during normal times. Why shouldn't they be able to save some money for emergencies and to build a better life if they receive SSI? Forcing recipients into deep poverty to survive does not make either practical or moral sense.

Democrats have traditionally taken the lead in advocating to improve SSI and other safety net programs. Now that Republicans are reaching out to working class and low-wage voters, there may be room for the parties to agree on how to improve the program along with political will to make it happen.

We live in a different country than one we grew up in. Unfortunately for people stuck at the very bottom, many Americans with the money and the power to change things have been too comfortable to see it.²¹

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¹ The Baby Boom Cohort in the United States: 2012 to 2060, Sandra L. Colby and Jennifer M. Ortman, U.S Census Bureau, May 2014. [The Baby Boom Cohort in the United States: 2012 to 2060 \(census.gov\)](https://www.census.gov/data/tables/2014/c2k12/brb/brb01-02.html)

² 2020 Annual Report of the Supplemental Security Income Program, Social Security Administration, May 29, 2020. <https://www.ssa.gov/OACT/ssir/SSI20/ssi2020.pdf>

³ INDIVIDUAL STATEMENT ON THE SUPPLEMENTAL SECURITY INCOME PROGRAM, Nancy J. Altman, Member, Social Security Advisory Board. [https://www.ssa.gov/oact/ssir/SSI20/2020 SSAB Nancy Altman Statement.pdf](https://www.ssa.gov/oact/ssir/SSI20/2020%20SSAB%20Nancy%20Altman%20Statement.pdf)

⁴ For example, see: [Why Strengthening SSI Must Be Part of "Building Back Better" \(tcf.org\)](https://www.tcf.org/article/why-strengthening-ssi-must-be-part-of-building-back-better/), a discussion hosted by the Century Foundation, May 27, 2021.

⁵ Understanding Supplemental Security Income SSI Income -- 2021 Edition, Social Security Administration. <https://www.ssa.gov/ssi/text-income-ussi.htm>

⁶ Brown Introduces Bill To Encourage Savings, Improve Financial Security For Low-Income Americans, Office of Senator Sherrod Brown, May 24, 2021. <https://www.brown.senate.gov/newsroom/press/release/-brown-introduces-bill-to-encourage-savings-improve-financial-security-for-low-income-americans>

⁷ Policy Basics: Supplemental Security Income, Center on Budget & Policy Priorities, Feb. 8, 2021. <https://www.cbpp.org/research/social-security/supplemental-security-income>

⁸ See: [What Are the Odds of Getting Approved for SSI? - London Disability](#)

⁹ Lack of Housing and Mental Health Disabilities Exacerbate One Another, Heidi Schultheis, Center for American Progress, Nov. 20, 2018. <https://www.americanprogress.org/issues/poverty/news/2018/11/20/461294/lack-housing-mental-health-disabilities-exacerbate-one-another/>

¹⁰ National Home Price Appreciation (HPA) Index – April 2021, American Enterprise Institute, June 4, 2021. <https://www.aei.org/research-products/report/national-home-price-appreciation-hpa-index-april-2021/>

¹¹ See: State Room and Board Affordability Policies for Residential Care Settings by State, 2016, Medicaid and CHIP Payment and Access Commission. <https://www.macpac.gov/subtopic/table-5-state-room-and-board-affordability-policies-for-residential-care-settings-by-state-2016/> Also: Assisted Living Update, American Health Lawyers Association, Dave Kylo and Karl Polzer, 2012. <https://silo.tips/download/assisted-living-update-assisted-living-residents>

¹² American eugenics laws provided a model for Nazi Germany which initiated its extermination campaign by killing its own people with disabilities before expanding it to Jews and other ethnic minorities. See: Eugenics: Compulsory Sterilization in 50 American States, Lutz Kaelber, Associate Professor of Sociology, University of Vermont. <https://www.uvm.edu/~lkaelber/eugenics/>

¹³ Social insurance is a system in which citizens of a state contribute to a government fund set up to provide services like pension, healthcare, or unemployment benefits. This system is a way for the state to protect its people from the hazards of old age, sickness, and financial despondency.

¹⁴ A means test is a method for determining whether someone qualifies for financial assistance to obtain a service or good, for instance, welfare payments. It looks at the means, or monetary resources, a person has available to them to pay for a particular service or good, then determines that person's access to financial assistance based on their ability to pay for it.

¹⁵ Virginia Disability Determination Services, for example, works in partnership with the Social Security Administration and the Virginia Department of Social Services to make decisions on disability claims for benefits under the Social Security Disability Insurance, Supplemental Security Income, and Medicaid Programs. <https://www.virginiadds.org/>

¹⁶ A Good Worker Is Hard to Find: The subsidies for not working continue to hurt the labor market., Wall Street Journal editorial, June 4, 2021. https://www.wsj.com/articles/a-good-worker-is-hard-to-find-11622845855?st=0tan1x91gw4r9e7&reflink=article_email_share

¹⁷ About ABLE Accounts, ABLE National Resource Center, National Disability Institute. <https://www.ablenrc.org/what-is-able/what-are-able-accounts/> Total amounts in ABLE accounts are subject to state limits for education-related Sec. 529 savings accounts.

¹⁸ The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax, Jesse Eisinger, Jeff Ernsthausen, and Paul Kiel, ProPublica, June 8, 2021. [The Secret IRS Files: Trove of Never-Before-Seen Records Reveal How the Wealthiest Avoid Income Tax — ProPublica](#)

¹⁹ Meet the low-wage workforce, Martha Ross and Nicole Bateman, Brookings, Nov. 7, 2019.

<https://www.brookings.edu/research/meet-the-low-wage-workforce/>

²⁰ Stimulus Checks Substantially Reduced Hardship, Study Shows: Researchers found that sharp declines in food shortages, financial instability and anxiety coincided with the two most recent rounds of payments., Jason DeParle, New York Times, June 2, 2021. <https://www.nytimes.com/2021/06/02/us/politics/stimulus-checks-economic-hardship.html>