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Simplifying the Supplemental Security Income Program: Options for Eliminating the Counting of In-kind Support and Maintenance

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Articles

Other

Cohort Changes in the Retirement Resources of Older Women

by Howard M. Iams, John W. R. Phillips, Kristen Robinson, Lionel Deang, and Irena Dushi

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Summary

Dramatic changes in life expectancy, women's roles in the labor market, the structure of the workforce, and pension systems have occurred in recent decades, all influencing the well-being of future retirees. This article uses different sources of U.S. data to focus on the retirement resources of women aged 55–64. By comparing the resources for this age group in 2004 to their counterparts in 1994 and 1984, this analysis provides some indication of changes in the retirement preparedness of three different cohorts of women. Our findings indicate that notable changes have occurred with women's pathways into retirement that are due to increased education and lifetime work experience. As a consequence, there are marked differences in potential retirement outcomes. We find that women aged 55–64 today are better prepared in several respects than their counterparts of the same age 10 or 20 years ago.

Introduction

As the war babies and the leading edge of the baby boom approach retirement age, dramatic changes in the last half of the twentieth century have made it difficult to discern how people born during these eras will fare in retirement. Not only have the resources available to current preretirees changed, but so have the demographic characteristics of this group. Some guidance on how the future retirees will fare can come from comparisons with those who came before—in effect, a foreshadowing of what the aged will look like in the twenty-first century.

Because of interest in changing retirement risks, the Federal Interagency Forum on Aging-Related Statistics (the Forum)[1] decided to bring information together on Americans aged 55–64 and the extent to which their retirement resources are changing. This study focuses on the dynamics of women's economic resources that comprise retirement income and the availability of employer-provided insurance against health risks at older ages. By comparing measures of well-being for this age group in 2004 to their counterparts in 1994 and in 1984, the article explores the preparedness of the current cohort with their counterparts from earlier birth cohorts at similar stages in the life cycle. Although many preretirees in 2004 were born just before the baby boom, change indictors of well-being for this group are suggestive for retirees in the near term and the coming baby boom.

The last half of the twentieth century witnessed dramatic and fundamental changes that will influence the coming war babies and the baby boomers in retirement (Farley 1996; Henretta and O'Rand 1999; Society of Actuaries 2006; Butrica, Iams, and Smith 2003; Goldin 2006). Fundamental shifts occurred in marital patterns and fertility rates. Baby boomers experienced relatively older ages of first marriage, higher divorce rates, and multiple marriages, coupled with relatively low fertility rates compared with their parents' generation. Longevity increased over the period as indicated by increasing life expectancy overall and among those aged 65 or older. To maintain current levels of consumption at older ages, an increased life expectancy must be paid for either through increased savings, increased pension benefits, or a delayed transition to full retirement. Perhaps the greatest changes occurred in women's roles in the labor market in the 1970s and continue today. Goldin (2006) defines this "quiet revolution" as changing horizons among women to include a lifetime of employment, shifting identities from home and family toward economic independence, and increasing job experience and earnings capacity. These changes have fundamentally altered the occupations and lifetime earnings of women.

In addition to the changes in women's roles in the labor market, the nature of work and the employer/employee relationship have changed greatly during this 30-year period. The economy has shifted from a manufacturing base toward services, and there is greater global competition. Employer costs and liabilities from traditional retirement-age support, such as defined-benefit pensions and retiree health insurance, have grown. Employers have responded by both shifting toward defined-contribution pension plans where the worker is more responsible for his or her financial well-being in retirement (Munnell and Sunden 2004) and reducing employer-provided retiree health insurance (Johnson 2007). These changes have resulted in shifting circumstances for many of the baby boomers, particularly women, approaching retirement. In this article, we infer about the impact of these changes by examining, from three birth cohorts in 1984, 1994, and 2004, the retirement resources of older women approaching retirement age. Our findings suggest that women aged 55–64 today are better prepared in several respects than the same age group 10 or 20 years ago.

Methodology and Data

The method of analysis is a cross-cohort comparison of well-being measures of three cohorts of women aged 55–64 in 1984, 1994, and 2004, just before they become eligible for Medicare and full Social Security benefits. More specifically, it compares the circumstances of women born in the 1920s (that is, those aged 55–64 in 1984) with the circumstances of women born in the 1930s and in the 1940s (that is, those aged 55–64 in 1994 and 2004, respectively). The well-being measures include demographic characteristics, retirement income, and retiree health insurance. We use different data sources. The demographic characteristics we consider, including educational attainment, marital status, and race and Hispanic origin, come from the Census Bureau's Current Population Survey (CPS).[2] In addition, labor force participation rates at ages 55–61 and 62–64 are also based on an annual total of monthly data compiled from the CPS by the Bureau of Labor Statistics.

The World Bank (Holzman and Hinz 2005; World Bank 1994) recommends that retirement income be based on multiple pillars of income. In this article we focus on the three-legged stool of retirement income—Social Security benefits, financial wealth and assets from personal savings, and occupational pension participation. Social Security benefits, either through entitlement from covered earnings or from marriage to an entitled worker, are received by nearly 90 percent of married couples and nonmarried persons aged 65 or older in the United States (SSA 2006b, Table 1.1). In addition, incomes from occupational pensions are fairly widespread and received by about half of married couples and a third of nonmarried persons aged 65 or older. Furthermore, about two-thirds of married couples and half of nonmarried persons aged 65 or older receive income from assets. Some consider earnings from continuing work at older ages, among those partially retired, as an additional source of retirement income. About a third of couples and a seventh of nonmarried persons aged 65 or older have earnings (SSA 2006b, Table 1.1).

Social Security benefit data are taken from published statistical tables (SSA 1986, Table 84; 1995, Table 5.A16; 2005, Table 5.A16). Data on median net worth, net worth excluding home equity, and pension participation during working life come from the Health and Retirement Study (HRS)—a longitudinal survey of older Americans, supported by the National Institute on Aging. Insurance against health risks usually includes employer-based health insurance that may continue after retirement, in addition to government programs and individually purchased private health insurance. Data on retiree health insurance coverage also come from the HRS.[3] Because the HRS started in 1992, the cohort comparison can only be made over a 10-year interval.[4]

Results

The findings of our research and the results of this analysis are presented in the subsections below.

Educational Attainment

Higher levels of education are associated with greater wealth, better health, and longer life (Waite and Gallagher 2000; Farley 1996). As expected, recent cohorts of women are more educated than their earlier counterparts. About 13 percent of women aged 55–64 in 2004 had less than a high school education compared with 32 percent in 1984 (Chart 1). In 2004, one-half (50 percent) of women aged 55–64 had at least some college education compared with only slightly more than a fifth (22 percent) in 1984. The percentage of women aged 55–64 with a college degree more than doubled over the past 20 years from 10 percent in 1984 to 24 percent in 2004.

Marital Status

Marital status can affect many aspects of people's well-being including living arrangements, income, wealth, availability of caregivers, and overall health status. Marital status also affects access to future retirement income from auxiliary spouse and survivor Social Security benefits, survivor pension benefits, and couple's income and consumption sharing. Between 1984 and 2004, the proportion of women aged 55–64 who were married decreased slightly from 70 percent to 67 percent (Chart 2). The proportion of women aged 55–64 who were divorced doubled over the past two decades from 9 percent to 18 percent, whereas the proportion widowed declined from 17 percent to 10 percent.

Race and Hispanic Origin

Women aged 55–64 became somewhat more diverse with respect to race and Hispanic origin over the past two decades. The percentage of non-Hispanic white women decreased from about 84 percent in 1984 to about 77 percent in 2004, and the percentage of Hispanics increased from 4 percent in 1984 to 8 percent in 2004 (Chart 3). The percentage of non-Hispanic black women remained relatively stable from 9 percent to 10 percent.

Labor Force Participation Rates

Individuals are considered to be in the labor force either if they are currently working or if they are looking for a job. People who exit the labor force before qualifying for full Social Security benefits at age 65 do so for a variety of reasons, including being eligible to collect reduced Social Security benefits, chronic health problems, or loss of a job.[5] Continued employment after starting to receive Social Security retirement benefits provides an additional source of retirement income for many of the aged.[6] Few return to work after retiring from the labor force (Warner, Haywood, and Hardy 2007). The labor force participation rates for women both at ages 55–61 and 62–64 have seen dramatic increases (Chart 4). Between 1984 and 2004, labor force participation rates increased from 47 percent to 62 percent for women aged 55–61 and from 29 percent to 39 percent for women aged 62–64. Studies of lifetime earnings patterns from Social Security administrative data find that the lifetime earnings of more recent cohorts of women markedly increased, reflecting both an increase in earnings levels and in overall years with earnings (Butrica, Iams, and Smith 2003, 2005).

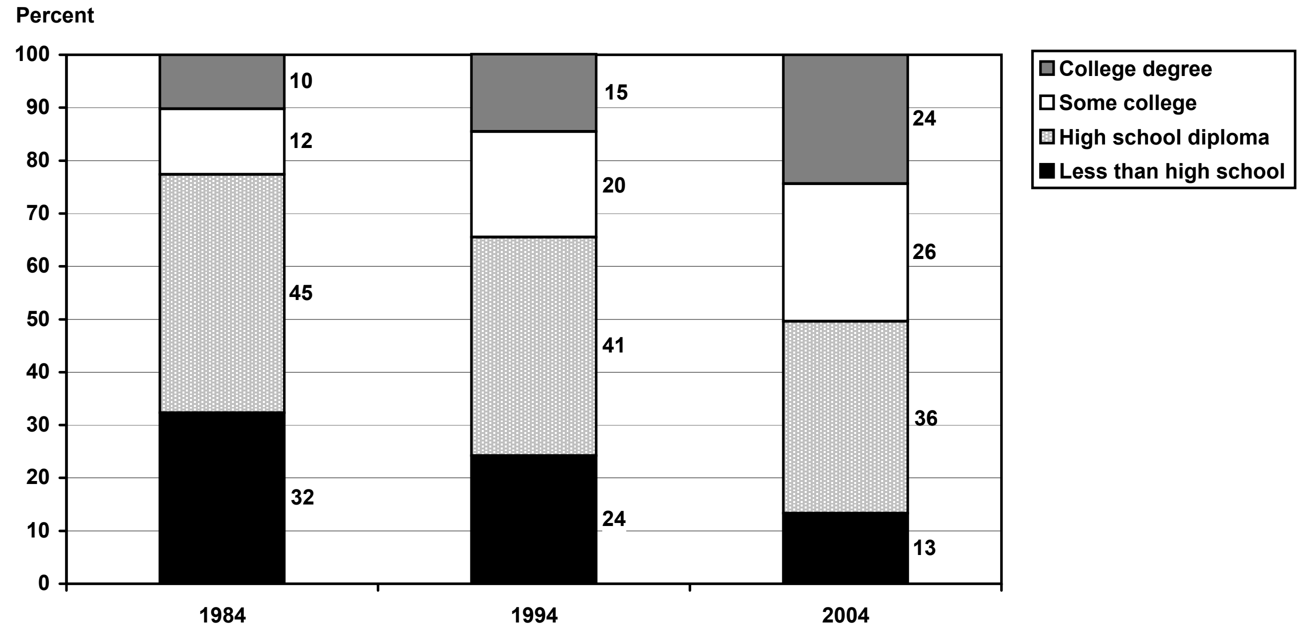
Median Income

People with lower incomes are at greater risk of having inadequate resources for food, housing, health care, and other needs at retirement. Median household income for women aged 55–64 in the highest income category increased by 16 percent between 1984 and 2004, $74,400 to $86,300, respectively (Chart 5). In contrast, median household income of women aged 55–64 in the lowest two groups remained stable between 1984 and 2004.[7]

Median Net Worth

Net worth, which includes accumulated financial wealth and real estate and other assets minus debts, provides one of the pillars of retirement income. Financial wealth, such as stocks and bonds, can provide income through interest and dividends. Wealth holdings also can be sold to provide money for current spending and to smooth consumption patterns in the event of an income shock. Housing equity is a major source of wealth for the aged, but research indicates only a few of the aged households sell their houses or draw down their housing equity through reverse

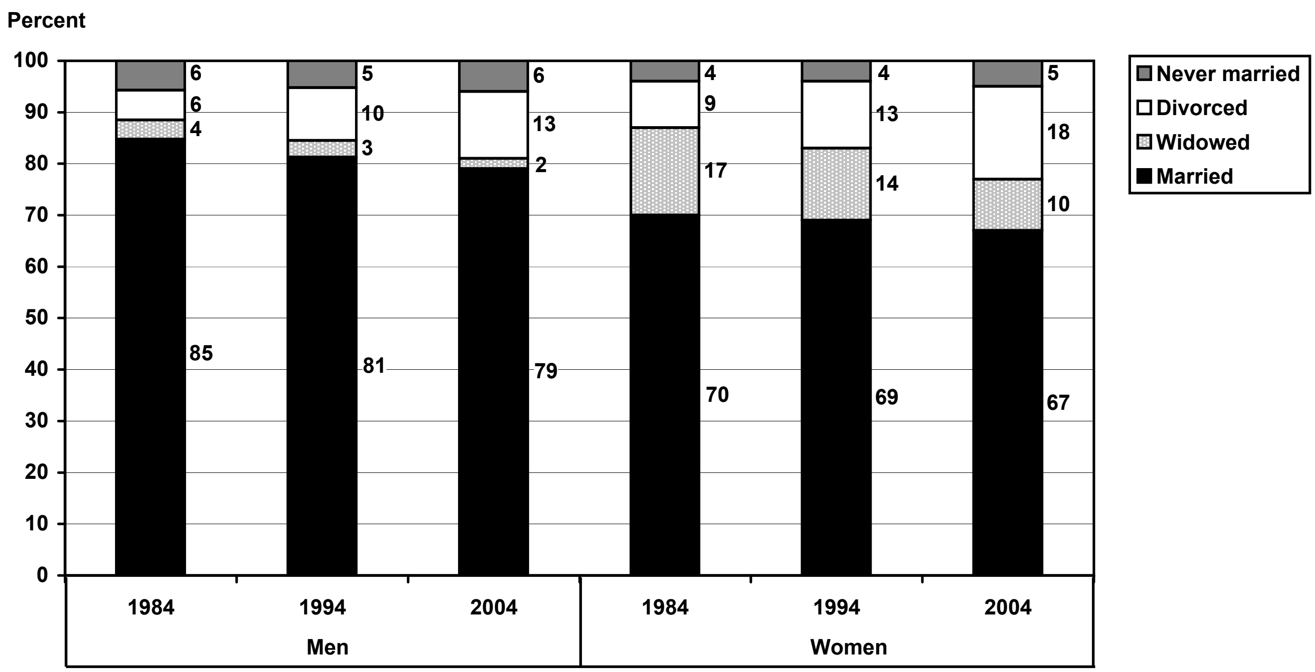
Chart 1.
Educational attainment of women aged 55–64: 1984, 1994, and 2004



SOURCE: Census Bureau, Annual Demographic Survey, 1985 and 1995; and Annual Social and Economic Supplement, 2005.

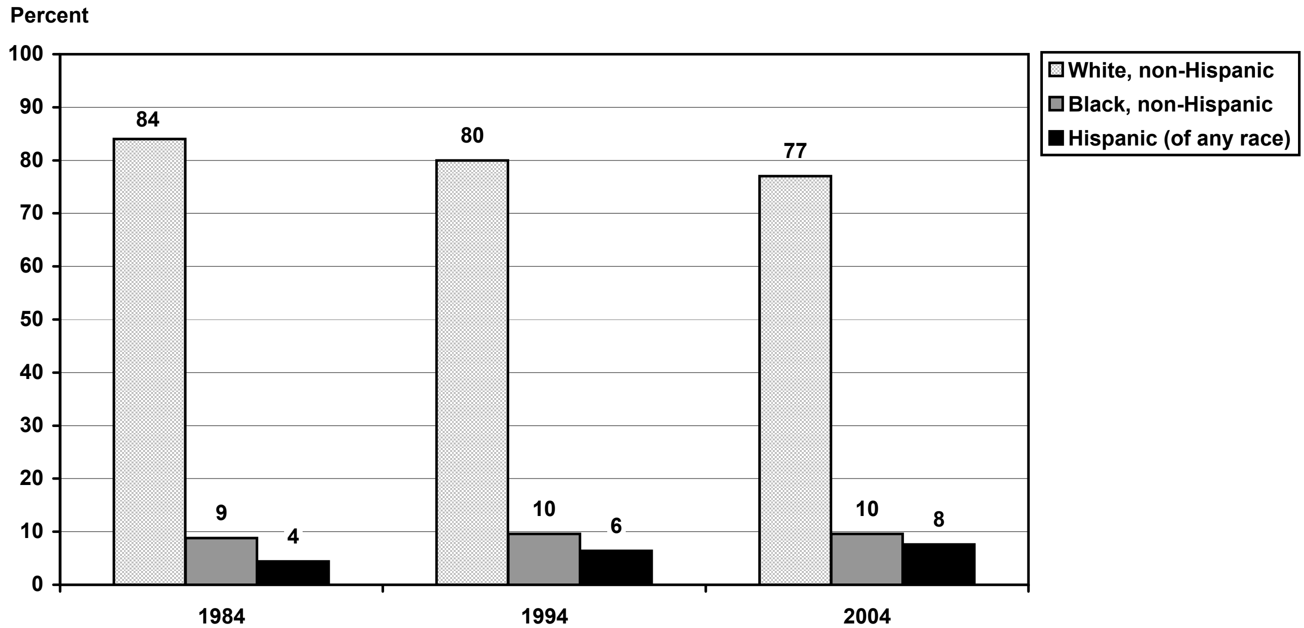
NOTE: A single question that asks for the highest grade or degree completed is now used to determine educational attainment. Before 1995, educational attainment was measured using data on years of school completed.

Chart 2.
Marital status of the population aged 55–64, by sex: 1984, 1994, and 2004



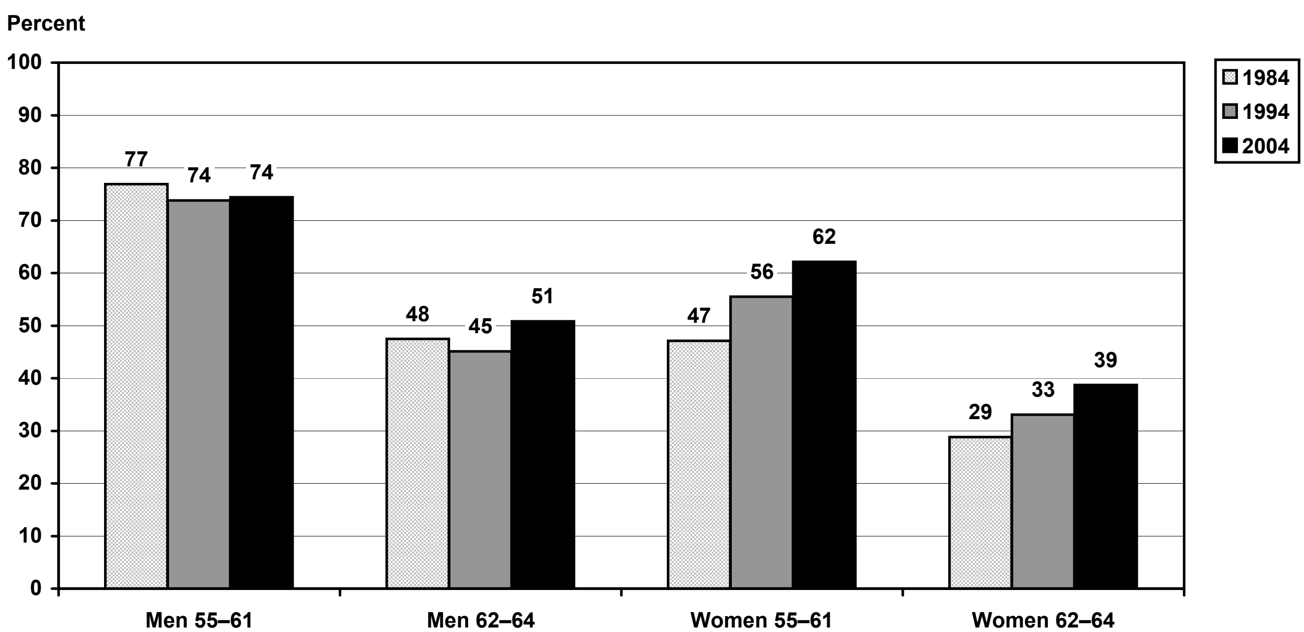
SOURCE: Census Bureau, Annual Demographic Survey, 1985 and 1995; and Annual Social and Economic Supplement, 2005.

Chart 3.
Percentage of women aged 55–64, by race and Hispanic origin: 1984, 1994, and 2004



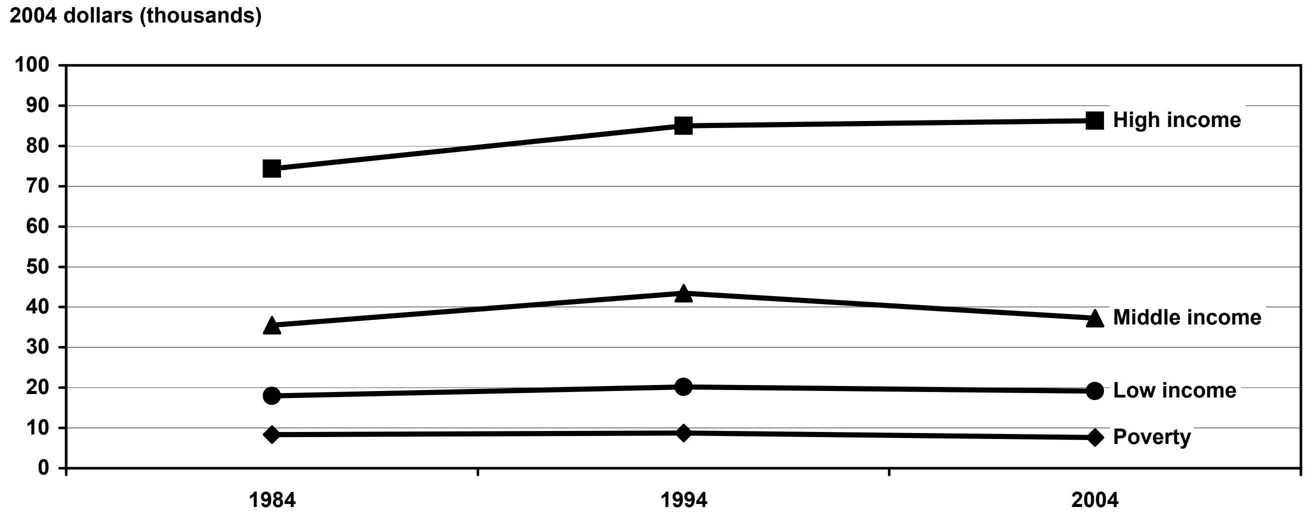
SOURCE: Census Bureau, Annual Demographic Survey, 1985 and 1995; and Annual Social and Economic Supplement, 2005.

Chart 4.
Labor force participation rates of people aged 55–64, by sex and age group: 1984, 1994, and 2004



SOURCE: Bureau of Labor Statistics tabulations of the monthly Current Population Surveys.

Chart 5.
Median household income of women aged 55–64, by income category: 1984, 1994, and 2004



SOURCE: Census Bureau, Annual Demographic Survey, 1985 and 1995; and Annual Social and Economic Supplement, 2005.

NOTE: Data for 1984 and 1994 have been inflation-adjusted with the Consumer Price Index for Urban Earners, to 2004 dollars.

Being in poverty is measured as income less than 100 percent of the poverty threshold. Low income is between 100 percent and 199 percent of the poverty threshold. Middle income is between 200 percent and 399 percent of the poverty threshold. High income is 400 percent or more of the poverty threshold. Poverty thresholds are available at http://www.census.gov/hhes/www/poverty/threshld.html.

mortgages (Venti and Wise 2001; Fisher and others 2007). Thus, net worth other than home equity identifies the assets that are most likely to be spent first.

Median wealth increases with education level (Chart 6). In 2004, women aged 55–64 with less than a high school diploma had a median net worth of $42,000; high school graduates had over double that level ($115,000); women with some college had over triple that level ($154,000); and college graduates had over seven times that level ($325,000).[8] Between 1994 and 2004, median total net worth of women aged 55–64 substantially decreased especially among high school graduates (from $145,000 to $115,000) and among women with some college education (from $223,000 to $154,000).

It should be noted that the proportion of married women declined between 1994 and 2004, while the proportion of divorced women increased, affecting median wealth levels.

Median net worth excluding home equity also increases with higher levels of education (Chart 7). In 2004, women aged 55–64 with a college degree had a median net worth excluding home equity of $118,000 compared with only $5,000 among women without a high school diploma. Over the past decade, median net worth excluding home equity substantially decreased for women aged 55–64 from about $48,000 in 1994 to $36,000 in 2004. The decrease occurred within all education levels.

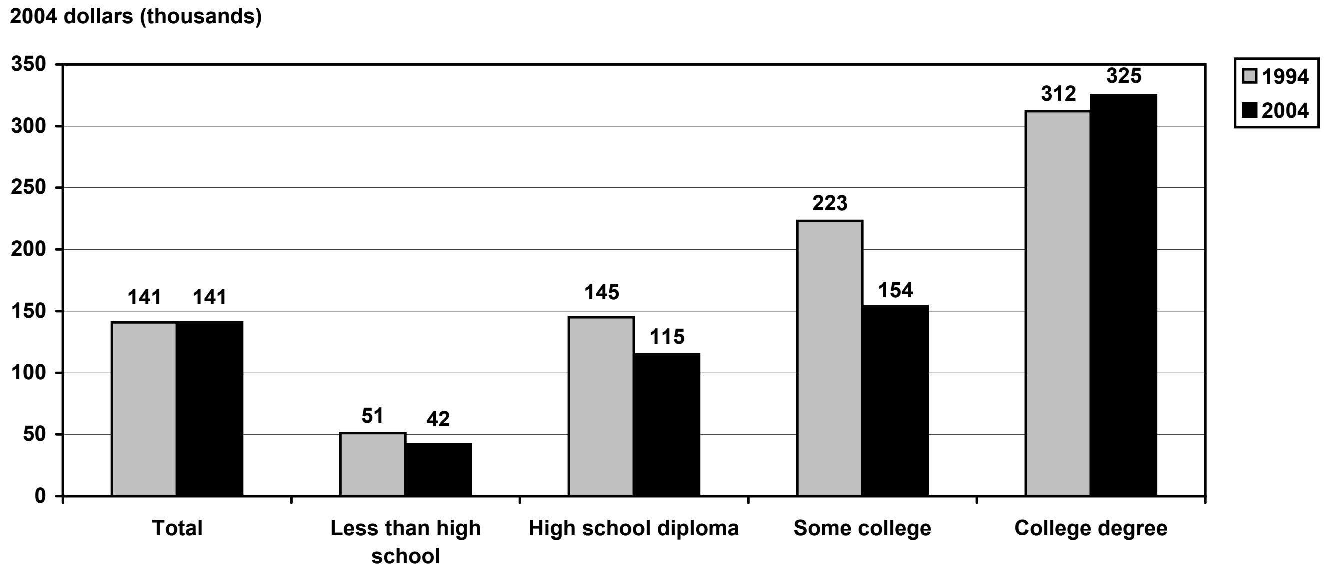
Pensions

Between 1994 and 2004, the proportion of older women who ever participated in a pension plan dramatically increased, reflecting the increased lifetime labor force participation of more recent birth cohorts (Chart 8). In 2004, 63 percent of women aged 55–64 had participated in a pension plan during their working life compared with 52 percent of their counterparts in 1994. In contrast, the percentage of men who ever participated in a pension plan remained stable at about 75 percent, with a pension in both years.

Over the past few decades, there has been a shift in the type of pension offered by employers from defined-benefit only (in which a specified amount is typically paid as a lifetime annuity) to defined-contribution only (in which the amount of future benefit varies depending on contributions and investment returns). Both men and women experienced a shift in the type of pension they participated in during their working life. Between 1994 and 2004, women having had both defined-benefit and defined-contribution plans more than doubled from 16 percent

Chart 6.

Median net worth of women aged 55–64 who report having assets, by educational attainment: 1994 and 2004

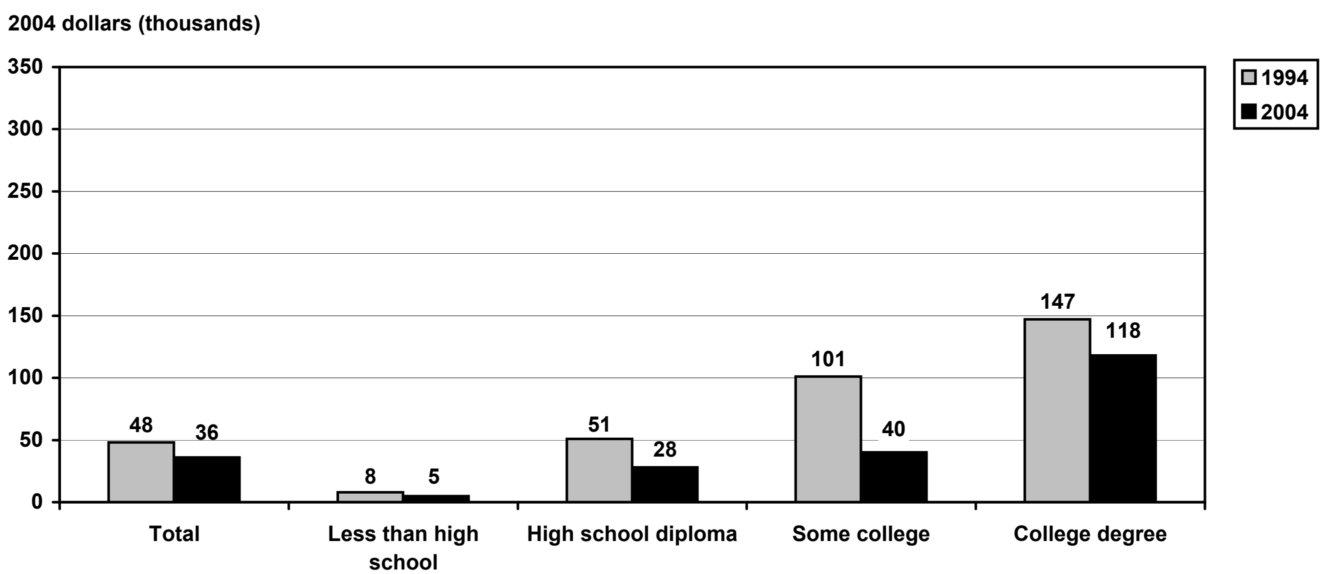


SOURCE: Health and Retirement Study.

NOTE: Data for 1994 have been inflation-adjusted to 2004 dollars. Wealth of married couples is divided in half to create a per capita measure.

Chart 7.

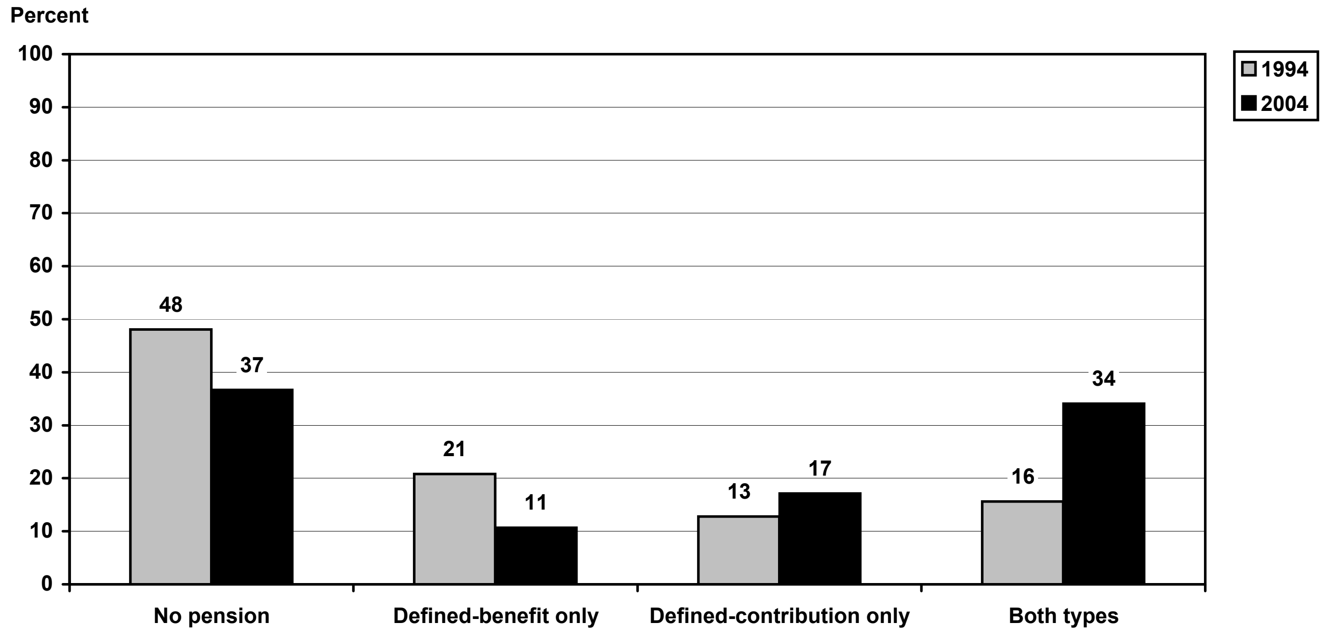
Median net worth (excluding home equity) of women aged 55–64 who report having assets, by educational attainment: 1994 and 2004



SOURCE: Health and Retirement Study.

NOTE: Data for 1994 have been inflation-adjusted to 2004 dollars. Wealth of married couples is divided in half to create a per capita measure.

Chart 8.
Percentage of women aged 55–64 who ever had a pension, by pension type: 1994 and 2004



SOURCE: Health and Retirement Study.

to 34 percent. In contrast, the proportion of those with only defined-benefit pensions decreased, and of those with only defined-contribution pensions, the proportion slightly increased.[9]

Social Security Benefits

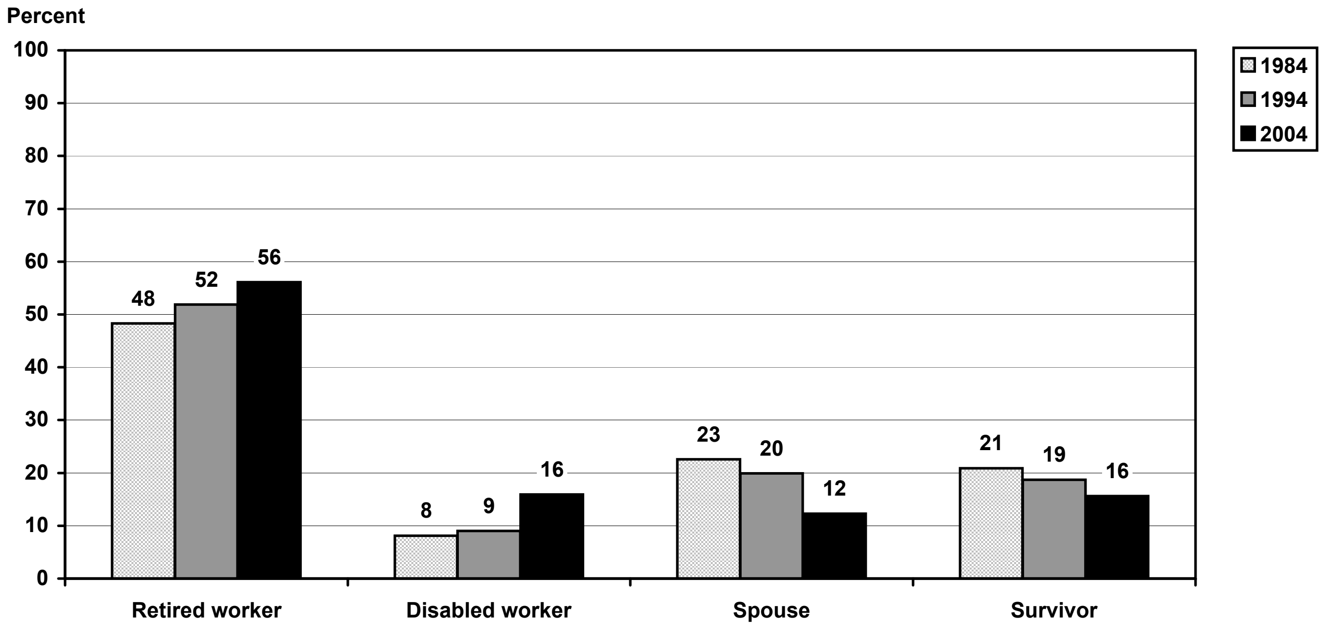
Social Security retirement benefits as a retired worker, or spouse of a worker based on age, are first available at age 62 on a reduced basis compared with the amount available at full retirement age (65 to 66, depending on birth year).[10] Eligibility for disabled-worker benefits at any age requires an inability to work, recent employment (generally half of the past 10 years), and sufficient lifetime employment to be on track for eligibility for retired-worker benefits.

Among women receiving Social Security benefits, the percentage with their own earned-worker benefits increased over the past two decades (Chart 9). The proportion of beneficiary women aged 62–64 receiving retired-worker benefits increased from 48 percent in 1984 to 56 percent in 2004, while those receiving disabled-worker benefits doubled from 8 percent to 16 percent. This increase most likely reflects the greater lifetime labor force attachment and earnings of more recent cohorts of women. Increased insurance for disability benefits from more work and earnings may be particularly important because the majority of women born during the Depression lacked current insurance for disability before age 40, and at least a third of them lacked insurance in later life (Mitchell and Phillips 2001).

Retirement-age persons can also receive benefits as a spouse or a survivor of an insured worker. Divorced spouses can receive these benefits if the marriage lasted at least 10 years. Between 1984 and 2004, there was a drop in the receipt of spouse benefits and widow benefits among beneficiary women aged 62–64. The proportion of beneficiary women with spouse benefits decreased from 23 percent to 12 percent, while those with survivor benefits decreased from 21 percent to 16 percent. In addition to increasing eligibility for worker benefits, there were marital changes with a decline in currently married women and widows from 1984 through 2004.[11]

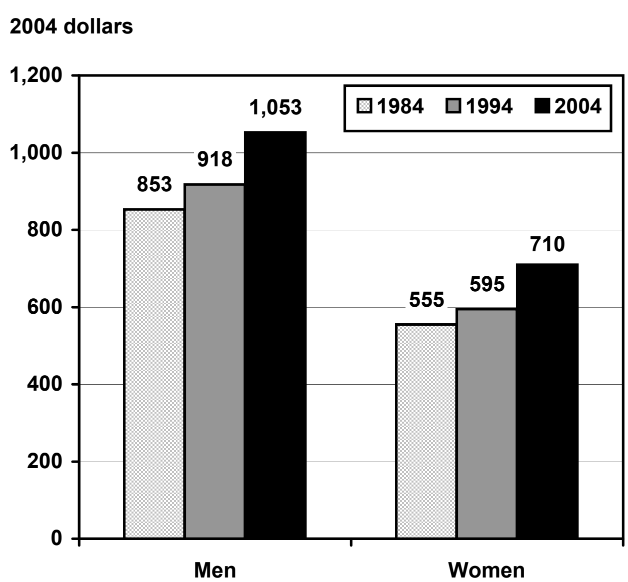
The average benefits of current retired workers aged 62–64 increased across 1984, 1994, and 2004 (Chart 10).[12] Particularly notable is the almost 30 percent increase in the average level of women's benefits between 1984 and 2004. In all three years, the average of women's benefits remained about two-thirds the level of the average of men's benefits.

Chart 9.
Percentage of current beneficiary women aged 62–64 receiving Social Security benefits, by type of benefit: December 1984, 1994, and 2004



SOURCE: *Annual Statistical Supplement to the Social Security Bulletin, 1986,* Table 84; *1995*, Table 5.A16; and *2005*, Table 5.A16.

Chart 10.
Average retired-worker benefits for current beneficiaries aged 62–64, by sex: 1984, 1994, and 2004



SOURCE: *Annual Statistical Supplement to the Social Security Bulletin, 1986, 1995,* and *2005.*

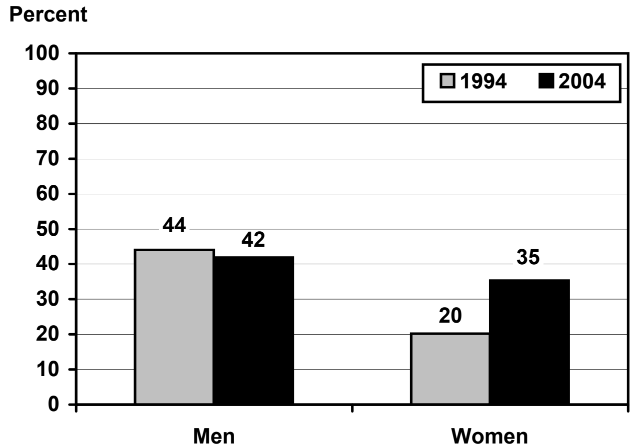
Health Insurance

In the past, many employers allowed employees to continue their health insurance into retirement, either as the standard group policy or as a supplement to Medicare. The percentage of people with employer-based retiree health insurance,[13] either through their own employer or through their spouse's employer, varies by sex. In 2004, 42 percent of men aged 55–64 had employer-based retiree health insurance compared with 35 percent of women (Chart 11). While the percentage of men with this type of health insurance has remained relatively stable, the corresponding percentage for women increased substantially from 20 percent in 1994 to 35 percent in 2004.

Conclusion

While there has been much concern about the retirement preparation of people approaching age 65, women aged 55–64 today are better prepared in several respects than their counterparts of the same age 10 or 20 years ago. Women are much more likely to be college educated. Over the past two decades, labor force participation rates for all women, but especially those aged 55–61, have risen dramatically.

Chart 11.
Percentage of people aged 55–64 with employer-based retiree health insurance, by sex: 1994 and 2004



SOURCE: Health and Retirement Study.

NOTE: Employer-based retiree health insurance continues after an employee leaves his or her job. The measure used here includes former employees who have left their job and current employees who expect insurance to continue after leaving. The measure also counts coverage from a spouse's employer-based insurance that continues after employment stops.

Because more women are working today than ever before, they now are better able to contribute to their own pension plans, earn eligibility for Social Security worker benefits (disabled-worker benefits as well as retired-worker benefits), acquire their own health insurance, and build their own net worth. This is a crucial development especially for the women who are entering retirement without a spouse to share the financial burden.

On the other hand, there are some indicators of increasing risks for women approaching age 65. The Government Accountability Office (2006) recently highlighted risks from increased reliance on investments, the future solvency of Social Security and Medicare, and the increases in health care costs. There has been a decreasing prevalence of marriage and rising prevalence of divorce. These marital changes may reduce the social support for the aged. Increasing longevity and life expectancy also increase the risk of needing long-term care and of exhausting financial resources. Although median net worth remained fairly stable in the past 10 years because of a slight increase in home equity, the value of other financial holdings has declined. Women's Social Security worker benefits have increased. The increase in women's pension coverage is also beneficial, but is potentially offset by the risks associated with pension income from defined-contribution pensions that depend on investment success over a lifetime. On the other hand, the risks faced by younger cohorts reaching age 65 may be different from those faced by older cohorts, and our analysis does not account for such dynamics.

Cohort comparisons from the selected measures of potential retirement resources suggest further research is needed. Differences across time for an age group could reflect cohort differences, the impact of aging, or the impact of changes across time periods. Because these data are under-identified statistically, we cannot distinguish the separate impact of cohort differences, the effects of aging, and time period changes. Further, more integrative analyses that longitudinally account for health, wealth, and family structure could provide a more comprehensive indication of retirement preparedness. The increased labor force participation of women could generate more equal earnings patterns between men and women. Rising earnings levels among more recent cohorts of women may contribute to their increase in pension plan participation. Increased labor force participation of women could increase pension coverage. Job shifts also could affect pension coverage because pension coverage by employers varies by occupation, industry, union status, and type of employment (private sector, public sector, nonprofit, and self-employed). Several factors could influence the increase in pension coverage of women.

This analysis began with the question, "How will future retirees fare in retirement?" It is impossible to answer this question definitively because of the dramatic changes that have occurred and an unknown future. Projections of future income adequacy have yielded mixed outcomes. Some have forecasted sharp decreases in wealth for preretirees (Wolff 2002) or sharply increased risks of not replacing preretirement income for more recent birth cohorts (Munnell, Webb, and Delorme 2006; Moore and Mitchell 1998). Others have projected more optimistic outcomes for future retirees (Scholz, Seshadri, and Khitatrakun 2006; Engen, Gale, and Uccello 1999). One objective of this article is to encourage more work in this critical area to inform the field and perhaps shape future policy.

Microsimulations designed and supported by the Social Security Administration suggest that baby boomers will be better off than current retirees with respect to real retirement income (per person) and poverty rates (Butrica, Iams, and Smith 2005; Butrica and others 2001; Toder and others 1999; Toder and others 2002). These increases are statistically projected for most subgroups defined by marital status, race and Hispanic origin, education, and lifetime earnings levels. Nevertheless, SSA's Modeling Income in the Near Term (MINT) microsimulation model also projects that some baby boomers will experience substantial reductions in income in retirement compared with their preretirement levels. Economically vulnerable subgroups include divorced women, never-married men, persons of Hispanic origin, high school dropouts, persons with the lowest lifetime earnings, and those with limited attachment to the labor force.

Notes

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[1] The Federal Interagency Forum on Aging-Related Statistics is a collection of federal agencies that share a common interest in improving aging-related data. The Forum has played a key role by critically evaluating existing data resources and limitations, stimulating new database development, encouraging cooperation and data sharing among federal agencies, and preparing collaborative statistical reports. For more information, the Forum's report (2008b), *Selected Indicators of Retirement Resources Among People Aged 55–64: 1984, 1994, and 2004*, is available at http://www.agingstats.gov.

[2] The CPS contains sampled data. For a discussion of sampling variability, see SSA (2006a, Appendix).

[3] Statistical significance tests on reported estimates were calculated using the SUDAAN statistical package, and only significant differences are highlighted in the text.

[4] This article consists primarily of charts drawn from data on well-being collected or sponsored by federal agencies including the National Institute on Aging-Supported Health and Retirement Study and the Census Bureau's Current Population Survey. Those and other federal agencies participate in the Federal Interagency Forum on Aging-Related Statistics (the Forum), which is a group of several federal agencies involved in preparing or supporting statistics on the aged. Tables of sampling errors are available on the Forum's Web site. As part of the Forum's (2000, 2004, 2006, 2008a) activities, a periodic chartbook is produced on the health and well-being of the aged (see http://www.agingstats.gov). For the most part, these chartbooks compile information on the U.S. population aged 65 or older using selected data from the Forum agencies. The full set of charts and tables prepared by the Forum (2008a) agencies is available at http://www.agingstats.gov. The charts in this article use weighted statistics.

[5] The age for full Social Security retirement benefits is 65 for those born before 1938. The full retirement age increases by 2 months for each birth year between 1938 and 1945, and it remains at age 66 for those born between 1945 and 1957 (SSA 2006a, Table 2.A17.1).

[6] In 2004, the retirement earnings test (RET) reduced benefits by $1 for every $2 earned above $11,460 in the years prior to the year of reaching full retirement age and $1 for every $3 earned above $31,080 in the year of full retirement age for amounts earned in the months prior to attaining full retirement age (SSA 2006a, Table 2.A29.1). In 1994, the RET reduced benefits by $1 for every $2 earned above $8,040 at ages 62–64 and $1 for every $3 earned above $11,160 at ages 65–69 (SSA 2005, Table 2.A29).

[7] The income levels are set as a ratio to the poverty level in the specific data period. Because the poverty levels are inflation-adjusted, the median income levels are more constant over time than would be observed with current-year dollars.

[8] The education-level distribution changed over time (Chart 1). The wealth of married couples is divided in half to create a per capita measure.

[9] If the focus was on current-job pensions rather than pensions during the entire work life, a much higher proportion of retirees would have only a defined-contribution pension rather than both types of pensions.

[10] The Social Security age for full benefits gradually increased from 65 to 66 for those born after 1937. This change slightly reduced the benefits received in 2004 at ages 62–65 for those born in the 1938–1942 period.

[11] The worker beneficiary category includes eligible workers who also receive spouse or widow benefits. Table 5.A14 (SSA 2005) indicates that the percentage of women solely receiving benefits as wives or widows has been declining over time. However, the percentage of women workers who are also eligible for wife or widow benefits (termed dually entitled) has increased substantially. Dually entitled women receive their own worker benefits supplemented by the net amount of the higher auxiliary benefit. Thus, auxiliary spouse or widow benefits continue to be important to the majority of beneficiary women.

[12] Chart 10 displays the average retired-worker benefits for men and women. In this chart, benefits of married couples are not averaged or divided evenly between the husband and wife of each couple, as was done for assets.

[13] Employer-based retiree health insurance continues after an employee leaves his or her job. The measure used here is based on respondent reports of current or future retiree health insurance coverage either from a former employer or from a current employer. The measure also counts coverage from a spouse's current or former employer that continues after employment stops.

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Simplifying the Supplemental Security Income Program: Options for Eliminating the Counting of In-kind Support and Maintenance

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Summary and Introduction

The Supplemental Security Income (SSI) program, administered by the Social Security Administration (SSA), is the income source of last resort for the low-income aged, blind, and disabled. As the nation's largest income-assistance program, it paid $38 billion in benefits in calendar year 2006 to roughly 7 million recipients per month. Because SSI is means tested, administering the program often requires month-to-month, recipient-by-recipient benefit recomputations. An increase in a recipient's income usually triggers a benefit recomputation. Or, an increase in the recipient's financial assets, which may render the recipient ineligible, would also prompt a recomputation. With this crush of ongoing recomputations, it is of little wonder that administrative simplification is a time-honored mantra for program administrators.

Against this backdrop, simplifying policy on food or shelter support to recipients from family and friends is especially compelling. Current policy on such in-kind support requires that recipients answer detailed questions about household composition, household expenses, and any contributions from the recipient and members of the household toward household expenses. This detailed household information is collected not only for initial applications, but also when there are changes in address, household composition, or household expenses. Moreover, although this information is collected for most recipients, much of it is unverifiable. Without question, these policies are well-intentioned because they target more means-tested benefits to recipients with no in-kind support. And, to be more equitable, there are separate computations for those who contribute significantly to household expenses and those who do not. Good intentions notwithstanding, there is a consensus among policymakers and program administrators that current SSI policies on in-kind support and maintenance (ISM) are complex, intrusive, and sometimes inequitable. In addition, these policies create a disincentive for families and friends who might otherwise increase food or shelter support to recipients. Finally, year-after-year ISM is shown to be a major source of payment error.

Over the years, policymakers have evaluated several alternatives to ISM in terms of (1) program costs; (2) distributional, poverty, and incentive effects; and (3) the degree to which they would actually simplify current policy. Of these alternatives, benefit restructuring has emerged as an interesting option because it simply eliminates all ISM-related benefit reductions, assuring program simplification. The benefit restructuring options considered here incorporate a cost neutrality constraint; that is, the cost of increasing benefits to recipients with ISM is fully offset by other benefit reductions. This study is a microsimulation analysis of the redistributional, poverty, and incentive effects of these benefit restructuring options.

Under benefit restructuring, benefit reductions for ISM recipients would be eliminated and, to offset the program cost increases, a smaller benefit reduction would be implemented for the large number of adult recipients who live with other adults. The rationale for these benefit reductions is that such recipients gain from economies of scale because of the shared costs of housing, food, and utilities. Administratively, the logic of benefit restructuring is that SSI should stop reducing benefits for ISM based on detailed tracking of income and contributions among family and friends. Instead, program administrators would determine the benefit size by simply establishing whether the recipient lives with another adult.

The study concludes that the two benefit restructuring options considered here would streamline current ISM policy by eliminating ISM-related benefit reductions, raising benefits for the 9 percent of recipients with ISM. Not only would benefit restructuring vastly simplify program administration, it would also encourage food and housing contributions to SSI recipients from family and friends. However, because of budget neutrality, we find that these options entail redistribution of $1.2 billion in annual benefits, affecting 50 percent to 75 percent of all recipients. In the end, this analysis brings to light a distributional concern affecting both options considered. Under the purest form of benefit restructuring, for example, those currently receiving ISM would have a benefit increase averaging $164 per month, funded through a benefit reduction averaging $44 per month for those who share housing. The distributional concern is that the initial per capita household incomes of those with benefit increases are, on average, 42 percent higher than the incomes of those with reductions, an outcome that is at odds with basic objectives of means-tested programs.

This article begins with an overview of the current benefit structure and rules for counting ISM, highlighting shortcomings and reviewing past simplification efforts. Next, we examine two benefit restructuring options, assessing how the options would simplify the program and discussing trade-offs, in terms of equity and incentive issues. We then provide a distributional analysis of recipients who would be better or worse off under either option. The article focuses on key subgroups of recipients, in terms of changes in SSI benefits and poverty status.

Current Policy: Description

Policies on living arrangements and ISM take into account the value of goods that some SSI recipients receive when living with others or from family or friends living outside the household. The Social Security Administration (SSA) uses a complex procedure to make ISM and living arrangement determinations for applicants when calculating the SSI benefit. There are two preliminary issues: (1) the living arrangement determination—whether SSI applicants are living in their own households or in the household of another adult, receiving food and shelter, and (2) the ISM determination—the type and amount of ISM, if any. In turn, these determinations affect the benefit computation. The full income guarantee, known as the federal benefit rate (FBR), is used for applicants living in their own households, while a reduced rate is used for those living in the household of another.[1] In addition, if the full standard is used, the benefit is reduced if the applicant receives in-kind contributions of food or shelter.

Living Arrangement Categories

SSA uses four living arrangement categories to determine payment amounts. These categories are discussed in detail below.

Living Arrangement A. SSA first determines whether an adult, noninstitutionalized individual is living in his or her "own" household or living in the household of another. Living in one's "own" household means the person owns the home, has rental liability, or pays a pro rata share of household expenses. The benefit for such a person is based on 100 percent of the income guarantee. The great majority of recipients, 81 percent, are in living arrangement A (SSA 2007b, Table 5).

Living Arrangement B. This category is used when a recipient lives in the household of another and receives both food and shelter from other members of the household. This recipient is subject to a one-third reduction in the income guarantee. Almost 5 percent of SSI recipients are in living arrangement B.

Living Arrangement C. This is the category used for an eligible child younger than age 18 who lives with a parent. The benefit for such a recipient is based on 100 percent of the income guarantee. Twelve percent of SSI recipients are in living arrangement C. An eligible child is not charged with ISM for the food and shelter provided by the parent. The financial support provided by a parent is accounted for in the process called deeming.

Living Arrangement D. This category includes an eligible person living in a public or private medical institution, with Medicaid paying more than 50 percent of the cost of his or her care. This person is limited to an SSI payment of $30 per month. Only 2 percent of all SSI recipients are in this group. ISM is not countable for individuals who are in living arrangement D.

Two In-kind Support and Maintenance Rules

There are two ways ISM is counted. Both rules are used in conjunction with the living arrangement determination, but they have different effects on the benefit computation.

Value of the One-Third Reduction Rule (VTR). A recipient who lives in another person's household and receives *both* food and shelter from within the household (living arrangement B) has his or her income guarantee reduced by one-third. This reduction is taken in lieu of counting the actual value of the support that is received. However, a recipient who has some rental liability or pays at least a pro rata share of the household food and shelter costs would not be classified under living arrangement B and would not be subject to the VTR rule.

Presumed Maximum Value Rule (PMV). If an individual or a couple receives ISM but is not subject to the VTR rule, then the PMV rule applies. This rule would apply to an individual who lives in another person's household but does not receive both food and shelter from that person, or lives in his or her own household and receives in-kind support from either someone inside or outside of the household. The PMV equals one-third of the income guarantee plus $20 (the general income exclusion) and caps the amount of ISM that SSA counts. An amount less than the PMV may be used to calculate a person's payment if the individual can show that the actual value of the ISM received is lower than the PMV. Four percent of recipients are subject to the PMV. In 2006, 41 percent of recipients who received ISM under this rule were charged the maximum amount ($221 in 2006), while an additional 40 percent received ISM valued at $100 or less, and the remaining recipients were charged ISM ranging from $100 to the maximum amount. The PMV rule can require detailed documentation of contributions to the recipient and household expenses paid by all household members on an ongoing basis.

As shown in Table 1, 9 percent of recipients receive food or shelter support that result in a reduction in benefits. Roughly 5 percent of recipients live in the household of another (VTR) and a reduced income guarantee is used to calculate their benefits. For an additional 4 percent, the full income-guarantee level is used, but the benefits are reduced to offset contributions of food or shelter (PMV). Combining the two groups, roughly 6 percent of recipients receive substantial contributions that result in benefit reductions of one-third of the FBR, while the remaining 3 percent have smaller reductions. The elderly have slightly higher rates of ISM receipt than do other age categories.

Guaranteeing a Minimal Level of Support for SSI Recipients

The SSI benefit rate structure uses two income guarantees—an individual FBR ($637 per month in 2008) and a couple FBR ($956 per month in 2008), which is 150 percent of the individual level. In December 2006, 8 percent of recipients were members of eligible couples (SSA 2007b, Table 11). These income guarantees are adjusted for price changes annually.

The income guarantee can be thought of as the level of monthly income guaranteed to SSI recipients. That is, an individual recipient with no other income would receive $637 per month, and a recipient with income from other sources would receive a benefit equal to the difference between the income guarantee and his or her countable income. Income can exceed this level if income exclusions or state supplements are involved.[2]

Table 1.
Percentage of SSI recipients receiving ISM, by age group, December 2006

ISM type	Under 18	18–64	65 or older	All
VTR rule	3.8	4.5	5.6	4.7
PMV rule	4.6	3.6	5.4	4.2
Total	8.4	8.0	11.0	8.9

SOURCE: Social Security Administration, Supplemental Security Record (Characteristic Extract Record format), 100 percent data.

NOTE: SSI = Supplemental Security Income; ISM = in-kind support and maintenance; VTR = value of the one-third reduction—recipients living in the household of another, receiving both food and shelter, and, hence, whose benefits are based on a federal benefit rate reduced by one-third; PMV = presumed maximum value—recipients receiving ISM, but not subject to the VTR rule.

As with ISM, assistance from other programs can also help a recipient meet his or her basic needs. Recipients may be eligible for other federally funded assistance such as food stamps and housing assistance. Forty percent of SSI recipients live in households that receive food stamps and 9 percent receive housing assistance (SSA 2008, Table 7). Of those recipients who live with another adult and, therefore, would be affected by this policy change (both those experiencing an increase or a decrease in benefits), roughly one-quarter live in households that receive food stamps.[3]

Although the FBR does not guarantee poverty-level income, nonetheless, many SSI recipients live in households with income exceeding the poverty threshold.[4] An SSI recipient may not have access to the income of other household members, but may benefit from living in a household that can afford to spend more on food and shelter. By contrast, income from a parent (in the case of a minor child) or an ineligible spouse is counted as income to that recipient, less certain exclusions. Furthermore, any cash support provided by other household members is counted as income to the SSI recipient and the SSI benefit is reduced accordingly.

Despite the benefit reductions that are based on living arrangements and ISM, wide disparities remain in household income between subgroups of SSI recipients. Table 2 shows that adult recipients living with another adult have the lowest rates of household poverty (24 percent), compared with a 90 percent poverty rate for adults who live alone or only with minor children. As this analysis will later explain, among those recipients who live with others, there are differences in poverty rates and levels of household income between those who currently receive ISM and those who do not.

Differences in household poverty levels are not surprising because SSI makes payments to individuals or couples, whereas household poverty measures take into account income of other household members. SSI benefit calculations are based primarily on the income of the individual or couple, but deeming and ISM/living arrangement policies are used to adjust for support from other household members or, for that matter, from family and friends who live outside the household. This focus on the individual, as well as the counting of in-kind income, distinguishes the SSI program from many means-tested programs. Most other means-tested programs, in the United States and elsewhere, do not count in-kind income when determining eligibility and benefit amounts. The Food Stamp Program (FSP), Temporary Assistance for Needy Families (TANF), and needs-based programs in countries such as Canada and Australia, for example, exclude in-kind income from eligibility and benefit calculations. The FSP and TANF, however, pay benefits to a household based on the income of all household members, with some exclusions. The FSP compares household income with federal poverty guidelines in determining eligibility.

Current Policy: Administrative, Incentive, and Equity Issues

The state programs that preceded SSI often undertook detailed analysis of the household budget to establish an applicant's level of financial need. One of the founding principles of SSI is that, as a program that is national in scope, it should be based on a "flat grant" approach that does not involve program administrators in the detailed household budgets of millions of recipients. The law creating the SSI program included the one-third reduction provision so that SSA would not have to determine the actual value of room and

Table 2.
Household poverty distribution of current SSI recipients, by living arrangement (in percent)

Living arrangement/ age category	Recipient distribution	Household income as a percentage of the poverty threshold			
		Under 100 *(poor)*	101 to 200	201 to 300	Over 300
Adult with eligible spouse	9	52	36	4	8
Adult with another adult [a]	49	24	44	15	16
Adult without another adult	27	90	10	0	0
Child recipient	15	43	41	12	5

SOURCE: Social Security Administration's Financial Eligibility Model.

NOTES: SSI = Supplemental Security Income.

a. Includes adult recipients living with either nonspouse adults or ineligible spouses.

board when a recipient lived with a friend or relative. A congressional committee report[5] indicated that the reduction would apply regardless of whether the individual made any payment toward household expenses. Although the provision was intended to be simple to administer, it did not adequately address differences in living arrangements among SSI recipients. SSA created the PMV rule and the pro rata-share concept through regulations in an attempt to better address equity among recipients. However, these regulations compromised the simplification objective of the "flat grant" approach: "Over the life of the program, those policies have become increasingly complex as a result of new legislation, court decisions, and SSA's own efforts to achieve benefit equity for all recipients" (Government Accountability Office (GAO) 2002). This section illustrates some of the trade-offs that policymakers face when seeking to simplify complex program rules.

Administrative Complexity

Although only 9 percent of recipients receive ISM, SSA must determine the appropriate living arrangement category for all recipients and must determine receipt of ISM for most recipients. In some cases, the determination is straightforward, such as establishing whether a recipient owns a home. For other cases, a determination may involve a detailed accounting of household expenses and the individual's contribution, to establish whether the individual pays his or her pro rata share of expenses. In addition to initial claims, this determination must be repeated if there is any change in household composition or expenses that might affect the amount of the SSI benefit.

ISM and living arrangements often cause payment errors because recipients frequently do not understand or comply with reporting requirements. According to the fiscal year 2006 *SSI Payment Accuracy Report* (SSA 2007a), living arrangements and ISM have been among the major causes of overpayment and underpayment deficiency dollars in recent years. For example, in 2006 living arrangements and ISM accounted for $494 million in overpayment deficiency dollars and $339 million in underpayment deficiency dollars.

Although SSI eligibility was intended to be determined on the basis of objective information on income and resources, development of ISM is often based on estimates of food and shelter expenses provided by the applicant or recipient and verified by other household members. As stated by the Social Security Advisory Board, "The [living arrangements/in-kind support] process is weak because most allegations…(such as household expenses, rental subsidy, separate purchase of food, sharing, etc.) are verified using a corroborative statement from someone known to the applicant and who may have a motivation to be less than objective and truthful. There is no practical way to verify these issues" (SSA 2005, 9).

Despite specific instructions for developing ISM, the same level of contribution could result in different payment amounts, depending on how it is allocated. Consider, for example, a recipient who lives with three others and contributes $300 per month toward household expenses. The monthly housing expenses are $1,200 and the food expenses are $500. If the recipient's contribution was allocated toward overall household expenses, it would fall short of his or her pro rata share ($425) and the recipient would be considered to be in living arrangement B, with a one-third reduction ($212) in the FBR. However, under current program rules, the recipient could earmark his or her contribution specifically for shelter expenses. In that case, the recipient is meeting his or her pro rata share of shelter expenses and would be assigned to living arrangement A. The recipient would be charged for the ISM he or she receives as food, and the SSI benefit would be reduced by $125, his or her pro rata share of food. Hence some recipients avoid benefit reductions by earmarking contributions. By implication, such recipients hold an arbitrary, unfair advantage over uninformed recipients with similar financial resources, by virtue of information received from program administrators or advocacy groups.

Similarly, ISM policies have complicated the administration of the Medicare Modernization Act of 2003. This act established a low-income subsidy program for drug premiums and co-payments. Although the program generally follows the SSI definition of income and resources, it used higher income and resource limits and a simpler approach to defining ISM. However, despite this attempt to streamline the Medicare low-income subsidy process, criticism of the use of ISM in the low-income subsidy process persisted. With the Medicare Improvement for Patients and Providers Act of 2008 (Public Law 110-275), Congress voted to exclude in-kind support and maintenance from income when determining eligibility for the low-income subsidy program.

Equity and Incentive Issues

In some cases, policies on living arrangements and ISM promote equitable treatment among SSI recipients by reducing benefits for those individuals who receive support from others. SSI recipients who receive ISM may live with others who have income levels that allow the household to spend more on food and shelter than is the case for SSI recipients in other household situations. Consider the example of a disabled adult living with his or her parents and contributing $300 toward the household expenses. The parents' combined monthly income of $4,000 allows them to spend about $2,100 a month on food and shelter expenses. The parents' income is not considered in determining the amount of the SSI benefit for their disabled adult child. However, the disabled adult child gains from living in a household that spends more on food and shelter expenses ($700 per household member) than what could be spent relying solely on his or her SSI benefit. Because this person's $300 payment is less than the prescribed pro rata share, he or she is considered "living in the household of another" and subject to the one-third reduction. Hence, SSI policies accurately target benefit reductions to some recipients living in households that are better off than others.

However, ISM rules do not always result in equal treatment among recipients. The policies also allow some recipients to live in households that are better off than others and not be charged ISM. Consider the same example with one change. The parents have paid off their mortgage, reducing their monthly household expenses to $900. The disabled adult child's monthly payment now equals his or her pro rata share. Therefore, he or she is no longer subject to the one-third reduction. The outcome is higher monthly household income with lower household expenses—a result one would not expect from a means-tested program.

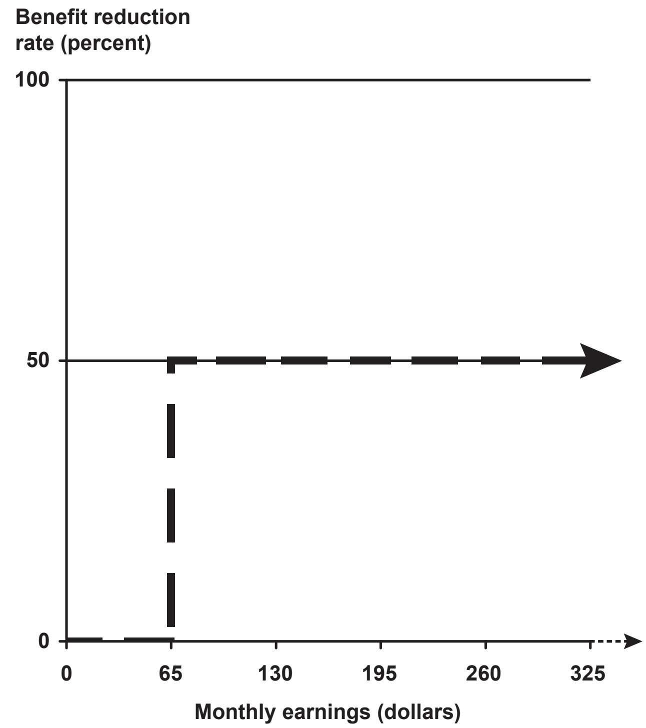
The incentives created by living arrangement and ISM policies are another area of concern. ISM policies may discourage friends and family from making contributions of food and shelter to SSI recipients because such contributions are offset by dollar-for-dollar reductions in the recipient's benefits, up to $232 (the presumed maximum value, or equivalently one-third of the income guarantee plus $20).[6] There are no further benefit reductions after contributions reach one-third of the income guarantee. This creates a substantial disincentive to contribute a modest amount (less than $232) and no disincentive at all for contributions above $232. A family making a $200 rent payment for a family member receiving SSI will see a dollar-for-dollar reduction in the SSI recipient's monthly benefit. In practical terms, after the benefit reduction, the recipient would be no better off. On the other hand, a family able to afford a monthly rent contribution of $800 would induce a benefit reduction of $232, so the standard of living of the SSI recipient would be substantially improved. By capping the amount of contributions that are counted, some recipients receiving large amounts of ISM receive the same benefits as recipients who receive smaller amounts of ISM, which seems inequitable.

Why are there such disincentives in the SSI program? From one perspective, current SSI policy simply treats in-kind income just as it does income from other sources. Unearned income results in a dollar-for-dollar reduction in the SSI benefit. However, policymakers may wish to encourage contributions to SSI recipients, just as current policies are designed to encourage earnings.

Charts 1 and 2 compare treatment of ISM with treatment of earnings in calculating SSI benefits. Chart 1 shows how SSI benefits are reduced for different levels of monthly earnings. The first $65 of earnings does not result in any benefit reduction, encouraging recipients to enter the labor force.[7] At higher levels of earnings, benefits are reduced $1 for each $2 of earnings. Recipients are able to raise their standards of living by working and continuing to receive some SSI benefits until monthly earnings reach $1,359. In contrast, current ISM policy imposes a dollar-for-dollar (100 percent) benefit reduction for all contributions less than $232 per month and no reduction for support above that level (see Chart 2). Under SSI earnings policies, *low earners* enjoy the effects of the earnings disregards, and under ISM, it is *recipients whose families make large contributions* (over $232 per month) who benefit from an ISM disregard. Although current ISM policies have several rationales, little attention has been given to formulating policies that actually encourage contributions to SSI recipients by their families and friends.

In contrast to assistance from family and friends, certain government or charitable assistance is not counted as income. For example, while a rent subsidy provided by a family member is counted as ISM and reduces the SSI benefit, government-funded housing subsidies are excluded by law. This discourages family members from helping and encourages reliance on government programs. In addition, the one-third reduction might deter some recipients from living with others because it results in reduced benefits. Some recipients may choose less than optimal living situations in order to receive higher benefits.

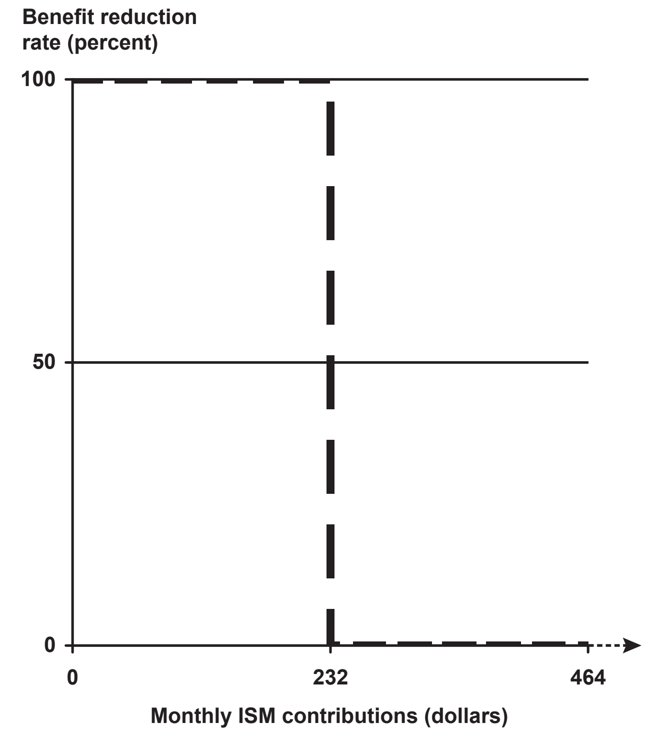
Chart 1.
Treatment of earnings under SSI



SOURCE: Current program rules.

NOTE: SSI = Supplemental Security Income.

Chart 2.
Treatment of ISM contributions under SSI



SOURCE: Current program rules.

NOTES: ISM = in-kind support and maintenance; SSI = Supplemental Security Income.

With many strikes against it, how have current ISM/living arrangement policies managed to survive? First, the estimated program costs of eliminating ISM-related benefit reductions would total roughly $1.2 billion annually.[8] Second, the distributional impact of counting ISM is consistent with the goals of the program; that is, current policies demonstrably target benefit reductions to recipients who live in higher-income households and who receive support—sometimes substantial support—from family and friends. Efforts to simplify current policy must be viewed against this backdrop.

The question for policymakers is whether the administrative complexity required to make ISM/living arrangement determinations is justified or whether there is a better way to adjust for differences in household situations and support for SSI recipients. The challenge is to target benefits to those individuals with the greatest need, but to do so in a way that can be administered fairly, efficiently, and without an increase in program costs.

Past Simplification Efforts

Since the inception of the SSI program in 1974, at least 10 workgroups, studies, and reports have focused on simplifying SSI policies. Most of these efforts contained options or recommendations for simplifying living arrangements and ISM (SSA 2000). Despite the sustained focus on this policy area, limited progress has been made toward simplifying these rules. Recent actions include a change in regulations that removed clothing from the definition of in-kind support and maintenance so that recipients are no longer required to report gifts of clothing.[9]

Since GAO's designation of SSI as a high-risk program in 1997 (a designation removed by GAO in 2003), benefit restructuring has received more attention than any other approach for simplifying living arrangement and ISM rules. SSA's SSI Legislation Workgroup that was convened in 1997 to provide legislative options for reducing payment errors analyzed this approach and identified several options for benefit restructuring in its final report.

SSA's former Office of Policy (currently the Office of Retirement and Disability Policy) in its December 2000 report, *Simplifying the Supplemental Security Income Program: Challenges and Opportunities* (SSA 2000), further analyzed benefit restructuring as one option for simplifying living arrangement and ISM policies. While noting the potential for program simplification, the report expressed concern about the effect that benefit restructuring would have on the program objectives of benefit equity and benefit adequacy. It emphasized the need to further assess the options and the trade-offs between maximizing the underlying objectives of the program and simplifying the program.

GAO (2002) acknowledged SSA's 2000 report on SSI program simplification and recommended that SSA "identify and move forward in implementing cost-effective options simplifying complex living arrangements and in-kind support and maintenance policies, with particular attention to those policies most vulnerable to fraud, waste, and abuse." SSA concurred with the recommendation and also stated in its SSI Corrective Action Plan that it would further analyze the distributional effects of options for simplifying living arrangement and ISM policies.

ISM Elimination Options: Description

Two policy options are simulated in this analysis. Both options implement budget neutrality by reducing federal income-guarantee levels for adult SSI recipients living with other adults, offsetting the cost of benefit increases to current recipients with ISM:

- The 7/0 option reduces the FBR by 7 percent for adults. It does not change the FBR for child recipients, nor does it change the FBR for adult recipients with no other adults in the household.
- The 10/5 option reduces the FBR by 10 percent for adults, with no reduction for child recipients. However, this option does include a 5 percent FBR increase for adult recipients with no other adults in the household—a subgroup with a poverty rate of 90 percent.

Under these policy options, in-kind support would no longer be counted in determining eligibility or the monthly benefit amount, resulting in benefit increases for those receiving ISM. The budgetary logic of benefit restructuring is that the substantial benefit reductions associated with ISM would end, and instead, a smaller benefit reduction would be assessed to each of the large number of recipients—about half of all recipients—who live with other adults.[10] The two benefit restructuring options considered here have been modeled with a budget neutrality constraint. That is, program cost increases associated with eliminating ISM are offset by savings—in this case, benefit reductions—of equal value. These reductions do not represent the amount recipients save by sharing housing, but rather reflect the program savings required to offset the cost of eliminating ISM. Cost estimates generated as a byproduct of our simulation analysis have shown that each of the two options is approximately budget neutral.[11]

ISM Elimination Options: Administrative, Incentive, and Equity Issues

The options described here would simplify the administration of the SSI program. However, as discussed below, they involve other trade-offs.

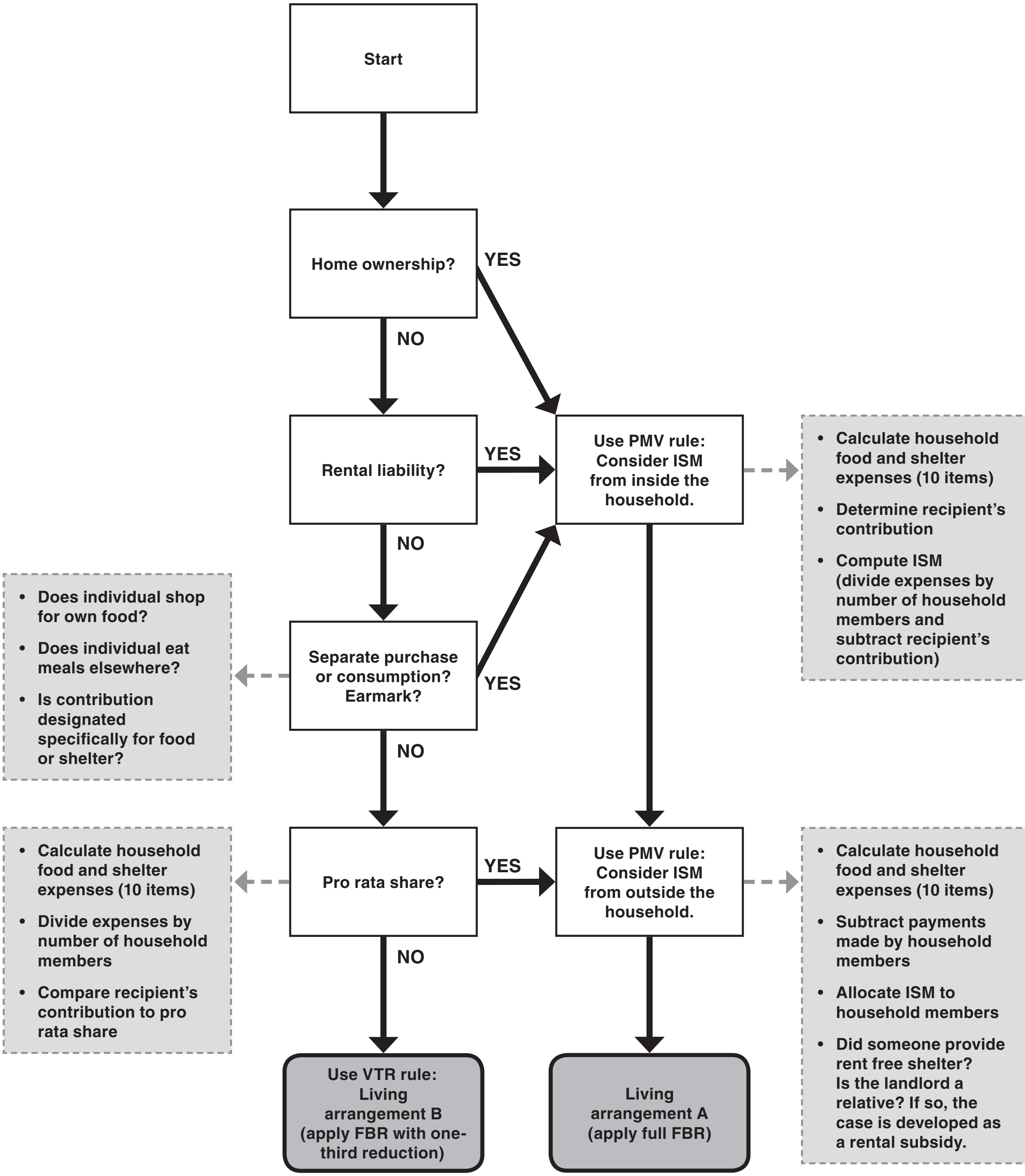
Administrative Complexity

Chart 3 is a simplified flow chart of the current living arrangement and ISM process that illustrates the complexity of the process, especially at certain steps.[12] In the most complex cases, the process involves a detailed accounting of household expenses and the individual's contribution, to determine whether the individual pays his or her pro rata share of expenses.

With benefit restructuring, SSA would not be concerned with the amount of household expenses, the recipient's contributions to those expenses, or how they are paid. These options reflect an approach that is much simpler administratively. Living arrangement development would be limited to determining whether the recipient lives with an adult, as shown in Chart 4. SSA estimates that the administrative savings from option 7/0—totally eliminating ISM—would be $70 million annually, after start-up costs associated with the first year of implementation.[13]

Under benefit restructuring, SSA would continue to rely on recipients to report certain living arrangement changes, but only whether the recipient began or stopped living with an adult. Certainly, payment accuracy would improve because program administrators would no longer have to track changes in household expenses and contributions, nor would they need to process the array of allegations and confirmations underlying the information currently collected on expenses and contributions.

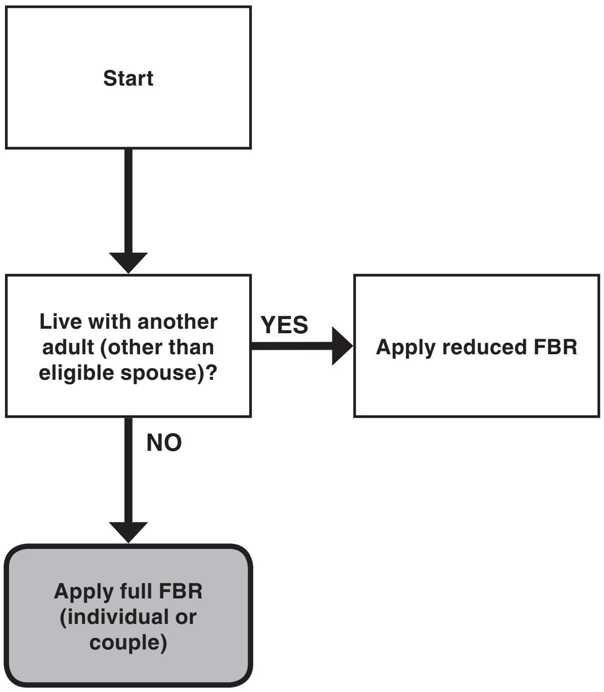
Chart 3.
Simplified illustration of current SSI living arrangement and ISM process



SOURCE: Current program rules.

NOTE: SSI = Supplemental Security Income; ISM = in-kind support and maintenance; PMV = presumed maximum value; FBR = federal benefit rate.

Chart 4.
SSI living arrangement development process under benefit restructuring



SOURCE: Benefit restructuring options: 7/0 and 10/5.

NOTE: SSI = Supplemental Security Income; FBR = federal benefit rate.

Equity and Incentive Issues

Under the options considered here, contributions of food or shelter would no longer be tracked or measured by SSA, nor would recipients receiving such assistance have their benefits reduced. In-kind contributions of any amount would be encouraged because benefit reductions would no longer be assessed to those receiving contributions of shelter, utilities, or food. Encouraging in-kind support seems consistent not only with recent efforts to augment benefits from public programs with private or charitable contributions, but also with long-term efforts to increase the level of well-being of as many recipients as possible.

However, one further implication of such a policy should be noted. The objective of SSI policy is generally to bring the incomes of SSI recipients to the approximate level of the income-guarantee level. This is mostly true, even though some recipients have higher incomes as a result of provisions such as state supplements, income exclusions, and the exclusion of ISM above the current limit. The policies considered here, by removing the benefit reductions assessed to recipients with ISM, would permit and encourage higher levels of economic well-being for some SSI recipients—those receiving support in the form of food or shelter. If one assumes that all SSI recipients should enjoy a similar level of economic well-being, this may seem inequitable. However, one implication of encouraging in-kind support is that the income guarantee would increasingly represent a *minimum* income level, rather than a *uniform* income level. And, among those with higher levels of economic well-being would be not only recipients with earnings, state supplements, or their own homes, but also those receiving in-kind contributions.[14]

Depending on the size of the benefit reductions adopted, the options may also discourage recipients from sharing housing. Under current policies, benefit reductions that are due to ISM may discourage shared housing, especially for recipients who might be subject to a one-third reduction in the FBR if they cannot pay their pro rata share of expenses. However, most recipients who live with other adults do not have their benefits reduced. But under the policy options considered here, such recipients would experience either a 7 percent or a 10 percent reduction in the income-guarantee level used to compute their benefits. In addition, under the 10/5 option, the income-guarantee level used to compute benefits for recipients living alone would be increased by 5 percent. The net result is that option 10/5 would create a gap of roughly 17 percent between the income-guarantee level for recipients living alone and those living with other adults. Such a difference in income guarantees and resulting benefits may represent a disincentive to share housing for roughly half of all SSI recipients.

ISM Elimination Options: Simulated Effects

This section describes the distributional and poverty effects of benefit restructuring on SSI recipients.

Simulation Methodology

The simulation results are derived from the Financial Eligibility Model (FEM)—a static SSI simulation model developed by SSA's Office of Research, Evaluation, and Statistics staff—which has been substantially enhanced in order to analyze benefit restructuring options. The FEM includes a detailed SSI benefit calculator, as well as behavioral modules that estimate whether individuals exit or enter the SSI rolls, based on the policy options simulated. The FEM is based on the Survey of Income and Program Participation (SIPP), exact matched to SSA administrative records using Social Security numbers (SSNs) reported by survey respondents. The survey estimates reflect the noninstitutional population of the United States, and all data represent the reference month of November 1996, but dollar estimates have been price-adjusted to 2008. The Supplemental Security Record data are the source of information on current-pay status and monthly federal benefits for participants, as well as other programmatic characteristics of participants, such as receipt of ISM. See the appendix for more detailed information on the simulation methodology.

Summary Effects. Charts 5 and 6 present summary results for the two simulations. Chart 5 illustrates the basic distributional features of benefit restructuring. We see that 9 percent of beneficiaries have benefit increases under option 7/0. The majority of these recipients live with other adults and would also be subject to the 7 percent reduction, although the effect on their monthly SSI benefits would be a net increase. A subset of that group would receive their increases from the elimination of ISM and would not be subject to any benefit reductions because they either live alone, they live only with minor children, or they are members of an eligible couple. The benefit increases for this entire group would be substantial—on average the monthly increase in benefits would be $164, a 44 percent increase. Under option 10/5, current ISM recipients would also experience substantial benefit increases, averaging $147 per month, but, in addition, there would be a second recipient subgroup with increases in benefits. By design, option 10/5 provides benefit increases to the 27 percent of recipients who live alone or with minor children. Their benefits would increase by $38 per month, on average. In all, 34 percent of recipients would have benefit increases under option 10/5.

For both policy options, the costs of benefit increases to the 8 percent to 9 percent of recipients with ISM are recovered through smaller reductions to about half of all recipients—those who share housing.[15] Under 10/5, the benefit reductions assessed to those in shared housing are larger, covering the additional cost of benefit increases to recipients living alone.

Under each option, about half of all SSI recipients are assessed benefit reductions, although roughly 9 percent also would have larger, offsetting benefit increases because of the elimination of ISM provisions. The residual group—about 41 percent of all recipients—would have net reductions in their monthly benefits, including those leaving the rolls (see Charts 5 and 6). This group is comprised mainly of those who live with other adults, but are not currently receiving ISM. Under 7/0, the average reduction would be $44 per month for those living with others, and under 10/5 it would be $63 per month. The simulations show a net reduction in SSI recipients of 2 percent under each option.

The two policy options are broad in scope. In all, over 50 percent of recipients would have benefit changes under 7/0, and over 75 percent of recipients would have benefit changes under 10/5.

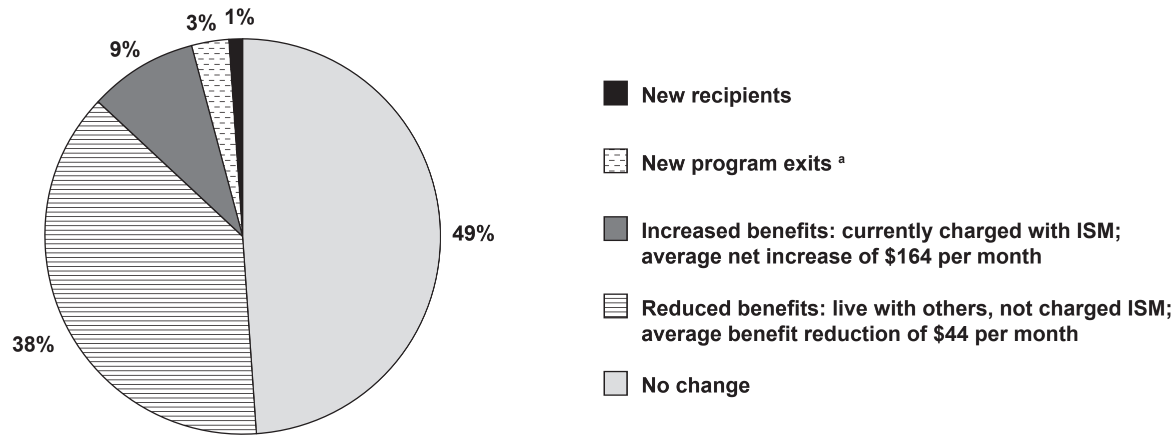
Subgroup Effects. The key subgroups include those whose benefits increase or whose benefits are reduced under the two options. We begin by considering option 7/0.

Under 7/0, there are two key subgroups: (1) 9 percent of recipients receiving ISM under current law would have benefit increases that are often sizable, and (2) 41 percent of recipients who are living in shared housing would have benefit reductions (see Chart 5). The latter subgroup is composed of those who we estimate would exit the SSI rolls (3 percent) and those we estimate to have benefit reductions but who would continue to receive benefits (38 percent).[16]

Let us consider the demographic and household characteristics of these two groups, as shown in Table 3, columns 2 and 3. Column 2 includes those with net benefit increases under 7/0. Most recipients with net benefit increases live with other adults and, hence, would be assessed the 7 percent FBR reductions; however their ISM-related benefit increases would be larger, yielding net increases. Ten percent of both the aged and disabled adults have net benefit increases (see Table 3, column 2). Male recipients, white non-Hispanics, and Hispanic/other recipients are somewhat more likely to have ISM and, consequently, net benefit increases.

When we turn to those with benefit reductions, we see that, by design, 82 percent of those living with other adults have their benefits reduced (see Table 3, column 3). Most of the remaining recipients in shared housing are also assessed reductions, but they receive larger ISM-related benefit increases.[17] Fifty-four percent of disabled adults would have benefit reductions under 7/0, compared with 32 percent of the aged (see Table 3, column 3). This reflects the finding (from unpublished tabulations) that disabled individuals have a greater proclivity to share housing than do the elderly: 57 percent of disabled adults share housing,

Chart 5.
Percentage distribution of SSI recipients under option 7/0



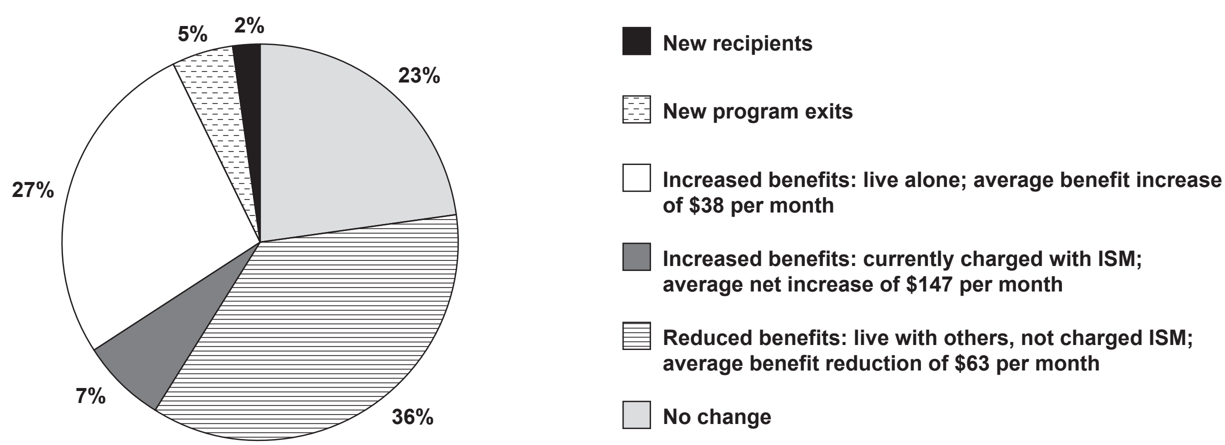
SOURCE: 1996 SIPP panel and Social Security administrative records for November 1996, projected to December 2005.

NOTES: Data universe: Initial SSI recipients plus (estimated) new participants, for a total of 6,961,000 recipients.

SSI = Supplemental Security Income; ISM = in-kind support and maintenance; SIPP = Survey of Income and Program Participation.

a. The program exits include recipients who become ineligible for benefits as well as recipients classified as nonparticipants under the 7/0 simulation. The net change in recipients is -2 percent.

Chart 6.
Percentage distribution of SSI recipients under option 10/5



SOURCE: 1996 SIPP panel and Social Security administrative records for November 1996, projected to December 2005.

NOTES: Data universe: Initial SSI recipients plus (estimated) new participants, for a total of 7,020,000 recipients.

SSI = Supplemental Security Income; ISM = in-kind support and maintenance; SIPP = Survey of Income and Program Participation.

a. The program exits include recipients who become ineligible for benefits as well as recipients classified as nonparticipants under the 10/5 simulation. The net change in recipients is -2 percent.

Table 3.
Adult SSI recipients with increased and reduced benefits under ISM elimination options, by living arrangement and demographic characteristics, changes in benefits, and income measures

Recipient characteristic	Presimulation recipient distribution (1)	ISM elimination options: 7/0 — Those with increases (2)	7/0 — Those with reductions (3)	10/5 — Those with increases (4)	10/5 — Those with reductions (5)
	Percentage with benefit changes [a]				
Living arrangements					
Adult with eligible spouse	10	0	0	b	0
Adult without another adult	32	4	0	96	0
Adult with another adult [c]	58	14	82	14	82
Aged/disabled adults					
Aged	32	10	32	48	31
Disabled adults	68	10	54	38	52
Sex					
Men	42	12	52	34	40
Women	58	9	43	46	37
Race/ethnicity					
White non-Hispanic	49	11	42	44	41
Black non-Hispanic	29	8	52	43	50
Hispanic and other	22	11	49	34	48
	Changes in monthly SSI benefits [d] (average $)				
All adult recipients	…	164	-44	63	-63
Adult with eligible spouse	…	…	…	…	…
Adult without another adult	…	149	…	38	…
Adult with another adult [c]	…	165	-44	147	-63
	Average percentage change				
All adult recipients	…	44	-9	16	-13
Adult with eligible spouse	…	…	…	…	…
Adult without another adult	…	43	…	9	…
Adult with another adult [c]	…	44	-9	39	-13
	Income measures				
Median monthly per capita household income ($)	…	937	659	693	653
Median monthly per capita family income ($)	…	859	632	693	615
Presimulation rate for households (%)	…	27	27	75	26
Postsimulation rate for households (%)	…	24	29	72	31

SOURCE: Social Security Administration's Financial Eligibility Model.

NOTES: SSI = Supplemental Security Income; ISM = in-kind support and maintenance; CPI = Consumer Price Index; … = not applicable.

a. The estimates are as a percentage of all recipients in each group. The table is based on persons receiving SSI. Estimates are based on adult recipients only. Although 5 percent of child recipients have a benefit increase under 7/0, by design benefit reductions are limited to adult recipients.

b. Insufficient sample size.

c. Includes adult recipients living with either a nonspouse adult or an ineligible spouse.

d. The income and benefit estimates have been CPI-adjusted to represent 2008. The income measures are initial or presimulation measures.

compared with 36 percent of the elderly. And, taking into account the preponderance of the disabled among SSI recipients, we find that 78 percent of adult recipients in shared housing—almost four out of five—are disabled adults. This is the case under both the 7/0 and 10/5 ISM elimination options. So the stereotypical recipient who shares housing and would have a benefit reduction is not an elderly person, but rather a disabled adult. And, by implication, disabled adults would bear a somewhat disproportionate share of the benefit reductions under these policy options.

Examining groups with benefit reductions by sex and race/ethnicity, we see, first of all, that half or almost half of all subgroups, 42 percent to 52 percent, have benefit reductions (see Table 3, column 3). This reflects a dominant feature of the living arrangements of adult SSI recipients—a substantial majority, 68 percent, share housing with other adults. Excluding disabled children, we find that more than half of the remaining recipients (58 percent) share housing with persons other than eligible spouses and, thus, are subject to benefit reductions (see Table 3, column 1). In particular, we find that male recipients are more likely than female recipients to share housing and also to have ISM (Table 3, columns 2 and 3). It follows that a higher percentage of men than women have benefit increases and also benefit reductions.

What do we know about the groups affected under the 7/0 option—those with benefit increases and those with reductions? Both groups are better off than typical SSI recipients. Their poverty rates are 27 percent (see Table 3, columns 2 and 3), compared with a poverty rate of 47 percent for all SSI recipients (see Table 4). However, poverty rates do not tell us whether household incomes are just above the poverty thresholds or much higher, so we consider the household and family incomes of the recipients with benefit increases and reductions. Under 7/0, the initial per capita household incomes of those with benefit increases are, on average, 42 percent higher than for recipients with benefit reductions (see Table 3, compare columns 2 and 3).[18] This leads to the following unintended distributional outcome: Under 7/0, a recipient subgroup with relatively high household incomes—those with ISM—would have benefit increases averaging 44 percent (see Table 3, column 2), funded by the group with lower incomes, those in shared housing. This outcome seems inconsistent with the most basic objective of any means-tested program—to provide more assistance to those most in need.

Option 10/5 incorporates the basic features of benefit restructuring, but overlays an additional benefit—a benefit increase for recipients living without other adults, funded by increasing the FBR reduction from 7 percent to 10 percent for those living with other adults (see Table 3, columns 4 and 5). The effect is to add a second group with benefit increases to subgroups analyzed under 7/0, resulting in the following three key subgroups:

(1) *Recipients in shared housing.* This group would be assessed a 10 percent FBR reduction under 10/5, compared with the 7 percent reduction under 7/0. The monthly benefit reductions for recipients in this group would be $63, on average, compared with $44 under 7/0 (see Table 3, columns 5 and 3, respectively).

(2) *Recipients with increases based on ISM elimination.* For the most part, this group is identical to that considered under 7/0, but the benefit increases are reduced somewhat ($147) because of the higher benefit reductions under 10/5 (see Table 3, column 4).

(3) *Recipients living alone.* This group, new under 10/5, comprises 27 percent of SSI recipients and has a poverty rate of 90 percent (Table 4, columns 1 and 2). Under 10/5, the group members would have a 5 percent increase in their FBR, yielding an average benefit increase of $38 per month (Table 3, column 4). Women and the elderly are disproportionately represented; in particular, women constitute 71 percent of this group (from unpublished tabulations).

Among recipients with increased benefits under 10/5, those living alone outnumber those receiving ISM—27 percent of recipients, compared with 7 percent (see Chart 6). Hence, recipients living alone dominate the overall findings for recipients with increased benefits under 10/5 (see Table 3, column 4). The number of recipients with increased benefits rises from 9 percent under 7/0, to 34 percent under 10/5 (Charts 5 and 6). Although total benefits redistributed under 10/5 are higher than under 7/0, the average increase is reduced by more than half, from $164 to $63 (Table 3, columns 2 and 4). The household per capita income and poverty rates of those with benefit increases under 10/5 differ considerably from those with increases under 7/0, reflecting the low incomes of recipients living alone (see Table 3, column 4). However, notwithstanding these findings for the combined subgroups with increased benefits, under 10/5 there is a redistribution of benefits from a lower-income group (those in shared housing) to a higher-income group (ISM recipients), just as there is under 7/0.

Poverty Effects. Household poverty rates increase under both policy options—by 1.5 percentage points under 7/0 and by 2.2 percentage points under 10/5 (see Table 4, columns 3 and 4). However, the poverty gap measure registers substantial improvement in poverty under 10/5. To understand the poverty outcomes we must first consider the two poverty measures.

The poverty rate is the percentage of people whose incomes fall below the poverty threshold. Although the FBR is roughly equivalent to 70 percent of the poverty threshold for one person, we see SSI recipients with household incomes below 75 percent as well as above 300 percent of poverty. This is not surprising because SSI recipients live in a variety of household arrangements. In this analysis we compare household income with a household poverty threshold as a means of taking into account the economies of scale from sharing household expenses, such as the cost of rent, utilities, and food.

A shortcoming of the poverty rate is that it fails to capture effects for a household whose income changes, but for which those changes do not bring the household income to the poverty threshold. In this case, the household's financial situation may be improved or worsened, but the poverty rate measure does not register any effect. The poverty gap measure, often used as a complement to the poverty rate, is designed to capture such effects. The poverty gap is defined as the difference between the poverty threshold and the income level of a household or family. Hence the conventional aggregate poverty gap represents the amount of money required to bring the incomes of all families in poverty to the poverty threshold, eliminating poverty. Although the poverty rate would change only if a simulated income change takes household income to the level of the poverty threshold, the poverty gap is informative because any income increase for a household in poverty changes the poverty gap.

Looking at the number of households with incomes above and below the poverty threshold does not tell us about the distribution of recipient incomes, such as whether household incomes are substantially over or under the poverty threshold. This article also considers poverty distributions, which give a richer picture of the well-being of SSI households. Like the poverty gap measure, this also allows us to see changes not captured by the poverty rate.

In several ways, the poverty findings are not what we might have expected. Under the two options for benefit restructuring considered here, because of budget neutrality some groups would have benefit increases and others reductions, with the aggregate increases and reductions expected to be roughly equal. As a result, we might have expected little or no change in poverty. That said, poverty rate outcomes often depend on the proportion of families or households whose incomes are just above or just below the poverty threshold. We see evidence of such an effect for 7/0 (see Table 4), and we use bar graphs (Charts 7 and 8) to disaggregate the groups affected.

Under 7/0, recipients with reduced benefits outnumber those with increased benefits, 41 percent to 9 percent (Chart 5). This difference in the size of the groups, combined with how the groups are distributed above and below the poverty threshold, accounts for the poverty outcomes that we observe. As shown above, those with benefit increases under 7/0 have high incomes relative to other SSI recipients—over 70 percent have incomes above the poverty threshold (see Table 3 and Charts 7 and 8). By implication, because of their small numbers and because the majority of them have incomes above the poverty threshold (see Chart 7), their benefit increases have limited impact on the poverty rate. The poverty outcomes, then, mainly reflect the income changes of those with benefit reductions. Over 40 percent of recipients with benefit reductions have incomes just above the poverty threshold, in the 101 percent to 200 percent bracket (see Chart 8). Chart 8 shows that those with benefit reductions appear along a broad segment of the income distribution scale. There is a general shift downward, and enough of those just above the threshold fall into poverty—moving from just above the threshold to just below—to account for the overall poverty rate increase of 1.5 percentage points (see Chart 9 and Table 4). Hence, because those with benefit increases have higher household incomes than those with reductions, benefit restructuring, although well-suited to simplifying ISM, is poorly designed for reducing poverty.[19]

The poverty outcomes for 10/5 are counterintuitive: Why would poverty rates increase by 2.2 percentage points if benefits are increased both for recipients receiving ISM (Chart 10) as well as for recipients living alone, a subgroup with a 90 percent poverty rate (see Chart 11 and Table 4)? There are two reasons. First, under 10/5 those in shared housing have a 10 percent reduction in the SSI income guarantee, resulting in a 2.9 percentage-point increase in poverty for a group that includes almost half of all SSI recipients (see Table 4 and Chart 12). Second, although those living without other adults have a 2.5 percentage-point

Table 4.
Changes in poverty under SSI's ISM elimination options, by living arrangement and demographic characteristics

Living arrangement and demographic characteristic	*Presimulation* recipient distribution (1)	*Presimulation* poverty rate (2)	Poverty change: ISM elimination options			
			Poverty rates [a]		Poverty gap [b]	
			7/0 (3)	10/5 (4)	7/0 (5)	10/5 (6)
Total recipients [c]	100	47	1.5	2.2	0.6	-2.7
Living arrangements						
Adult with eligible spouse	9	52	2.6	2.6	-1.7	-1.2
Adult without another adult	27	90	-0.5	-2.5	-3.4	-17.9
Adult with another adult [d]	49	25	1.5	2.9	7.3	13.9
Child recipient	15	42	-0.1	-0.1	-2.6	-2.4
Age group						
Under 18	15	42	0.0	0.0	-2.6	-2.4
18–64	58	46	1.7	3.3	2.6	-0.4
65 or older	27	54	1.8	1.3	-1.4	-10.0
Sex						
Male	45	43	1.0	1.7	1.8	0.3
Female	55	51	1.8	2.6	-0.4	-5.0
Race/ethnicity						
White non-Hispanic	48	46	2.4	3.3	-0.3	-5.0
Black non-Hispanic	31	52	0.7	2.7	-0.2	-2.5
Hispanic and other	22	42	0.4	-0.7	3.6	1.3

SOURCE: Social Security Administration's Financial Eligibility Model.

NOTES: SSI = Supplemental Security Income; ISM = in-kind support and maintenance.

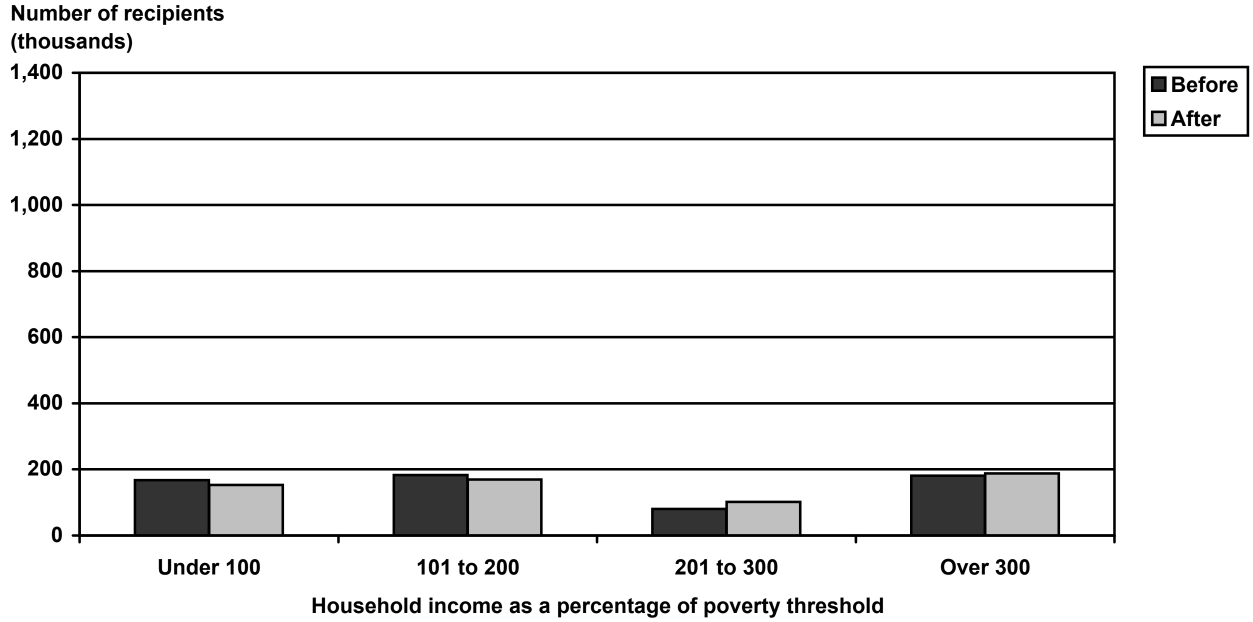
a. Changes in poverty rates are percentage-point changes.

b. Changes in the poverty gap are percent changes.

c. This table is based on persons receiving SSI.

d. Includes adult recipients living with either nonspouse adults or ineligible spouses.

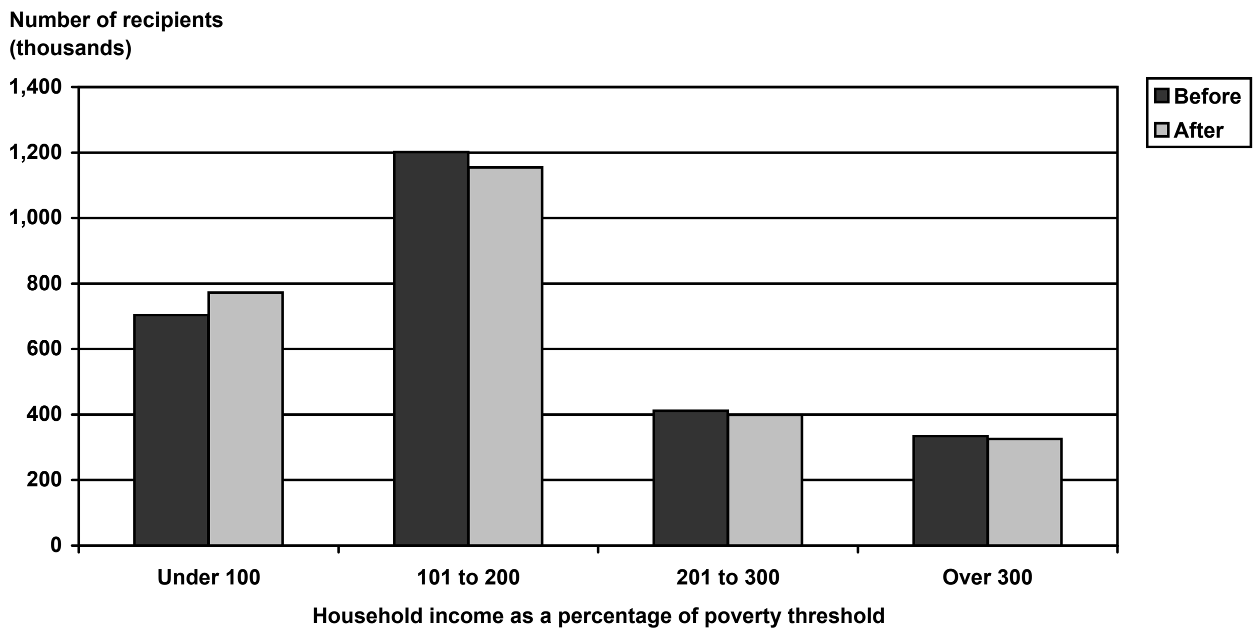
Chart 7.
SSI recipients whose benefits are increased under option 7/0: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income.

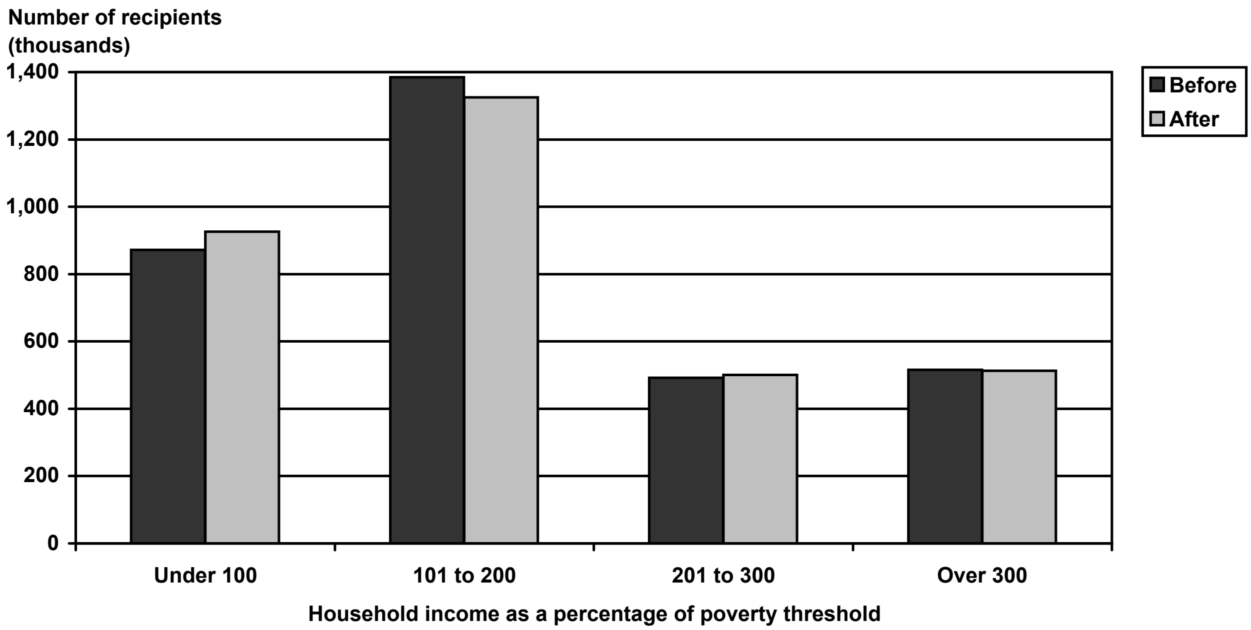
Chart 8.
SSI recipients whose benefits are reduced under option 7/0: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income.

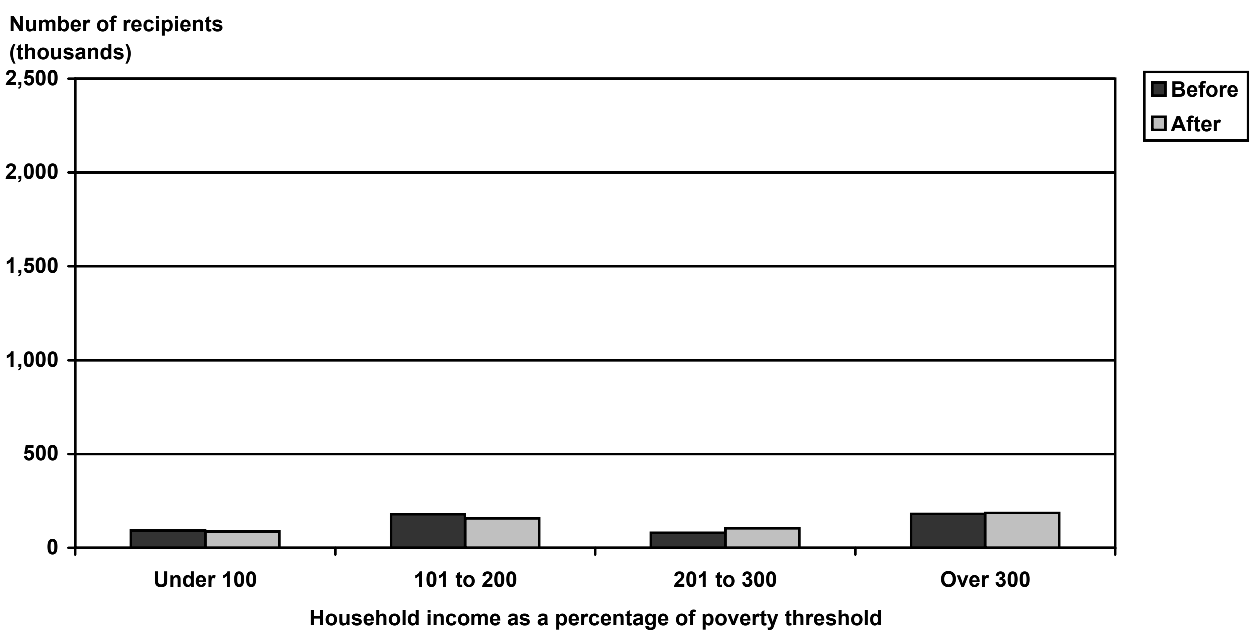
Chart 9.
Combining SSI recipients whose benefits are increased and reduced under option 7/0: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income.

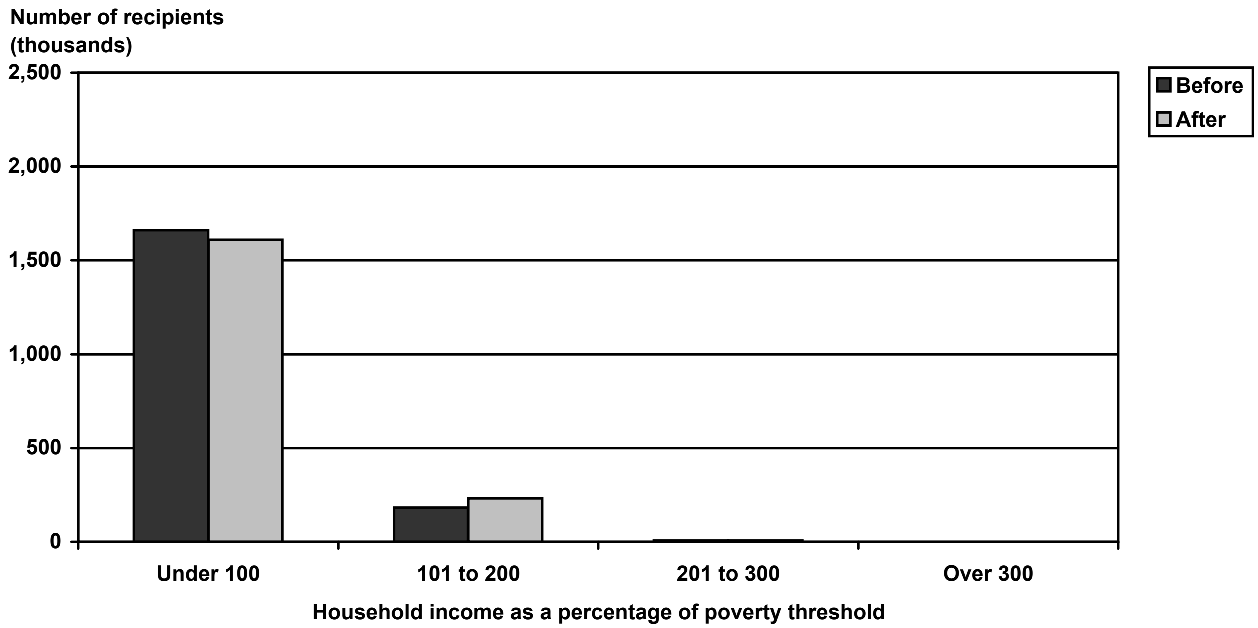
Chart 10.
SSI recipients whose benefits are increased (charged with ISM) under option 10/5: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income; ISM = in-kind support and maintenance.

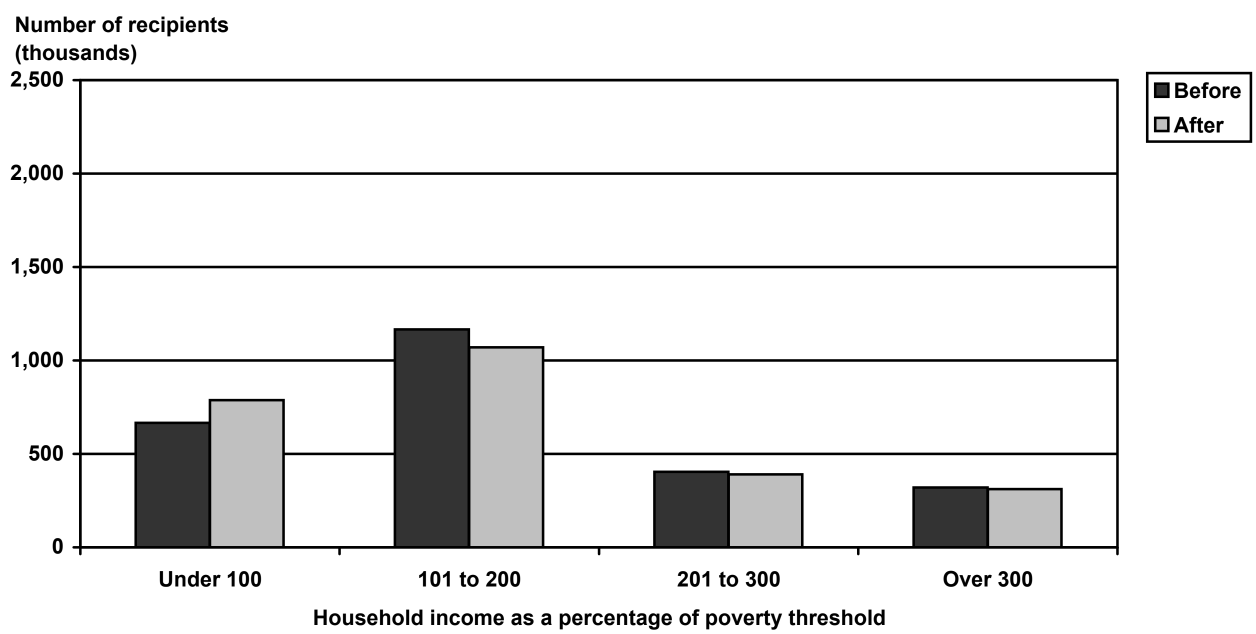
Chart 11.
SSI recipients whose benefits are increased (living alone) under option 10/5: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income.

Chart 12.
SSI recipients whose benefits are reduced under option 10/5: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income.

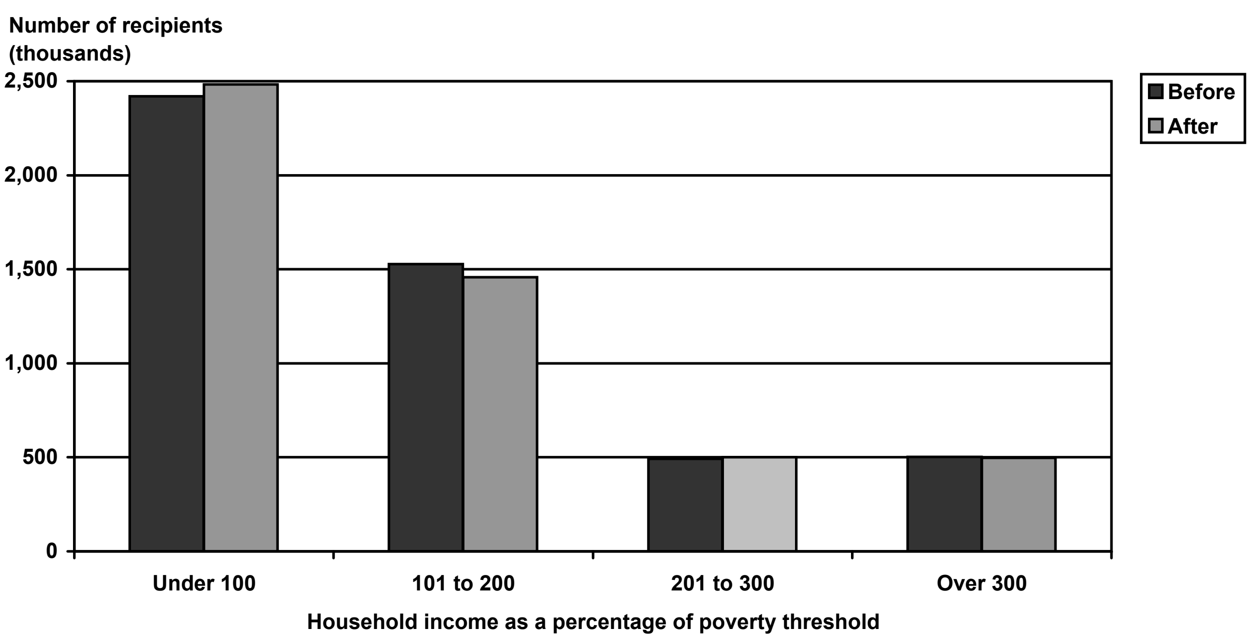
reduction in poverty, more detailed estimates show that many in this group have incomes well below the poverty threshold; hence, while a 5 percent increase in the FBR makes them better off, it does not bring many of them out of poverty. We confirmed this from unpublished tabulations showing a 12 percent reduction for those with incomes at or below 75 percent of the poverty threshold. Although the effect on the poverty rate is modest, the poverty gap measure registers the improvement. Under 10/5 the poverty gap is reduced by 2.7 percent, and for those living alone it is reduced by 18 percent (see Table 4). The 10/5 proposal links benefit increases related to benefit restructuring to separate increases for those living alone, but unpublished tabulations show stark differences between the two types of benefit increases with respect to their effectiveness in reducing poverty. Specifically, 87 percent of those with benefit increases related to ISM elimination are *nonpoor* (see Chart 10). Conversely, under the 5 percent FBR increase for those living alone, 87 percent of those with benefit increases are *poor* (compare Charts 10 and 11). Chart 13 shows the net effect of 10/5.

The poverty effects vary by subgroup, especially for living arrangement groups (see Table 4).[20] As mentioned above, under 7/0 adult recipients living with adults other than eligible spouses (49 percent of all recipients) would have an increase in the poverty rate of 1.5 percentage points and an increase in their poverty gap of 7.3 percent. Under 10/5, the poverty gap would be reduced by 18 percent for adults living without other adults in their households—the group benefiting from a 5 percent increase in the FBR. But the largest group—adult recipients living with other adults and subject to the 10 percent reduction—would experience an increase in poverty. The poverty rate for this group would increase by 2.9 percentage points and the poverty gap would increase by 13.9 percent. Under 10/5, elderly and female recipients would have marked reductions in the poverty gap because they are overrepresented among those with FBR increases (those living without other adults) and underrepresented among those with reductions (especially those living with other adults).

Conclusion

The ISM and living arrangement policies now in place are highly complex, requiring program administrators to establish living arrangement categories for all recipients and receipt of ISM for most recipients. This

Chart 13.
Combining SSI recipients whose benefits are increased and reduced under option 10/5: Poverty distribution before and after simulation



SOURCE: Social Security Administration's Financial Eligibility Model.

NOTE: SSI = Supplemental Security Income.

implies detailed tracking of household expenses, the recipient's contribution to household expenses, and how the recipient's contribution is earmarked within the household budget. By contrast, under benefit restructuring, program administrators would avoid the minutiae of household budgeting altogether—by simply establishing whether the recipient lives with another adult. If so, administrators would compute benefits using a reduced FBR; otherwise, they would use the full FBR.

Current policy and the alternative analyzed here—benefit restructuring—have distinct rationales. Under current policy, benefits are reduced to partially offset the receipt of ISM for about 9 percent of recipients, reflecting a fundamental program equity goal. By contrast, under benefit restructuring there would be no benefit reductions for those receiving in-kind support from family or friends. However, to recoup the higher benefits paid to those now receiving ISM, recipients who share housing—roughly half of all recipients—would be assessed benefit reductions. These reductions would target adults who share housing, on grounds that they are better off than most recipients because of economies of scale in housing, utilities, and food.

For both current policy and benefit restructuring, incentive effects follow from how the benefit reductions are targeted. Current policy probably discourages in-kind contributions, especially for those who might make smaller contributions because such contributions trigger a dollar-for-dollar benefit reduction. Benefit restructuring would undo such disincentives, encouraging in-kind contributions. In addition, current policy may provide a disincentive to share housing for SSI recipients faced with the one-third reduction. Analogously, benefit restructuring may create a disincentive to share housing for those subject to a reduced FBR.

The effects of eliminating ISM-related benefit reductions can be disentangled from the effects of recouping revenues from those who share housing. Eliminating ISM, taken alone, would simplify program administration (saving about $70 million per year), encourage contributions to recipients, and substantially increase benefits for recipients currently receiving contributions of food or shelter—but at a cost of roughly $1.2 billion annually. Because of budget neutrality, those costs must be recouped and, under benefit restructuring, they are recouped through benefit reductions to recipients who share housing. One concern is that this large-scale redistribution—affecting $1.2 billion of annual benefits and 50 percent to 75 percent of all recipients—may be considered disproportionate to the $70 million annual cost of administering ISM.

Yet another concern is the broad redistributional and poverty outcomes of benefit restructuring. Under 7/0—benefit restructuring in its purest form—the 9 percent of recipients with ISM would have benefit increases averaging 44 percent, or $164 per month. The associated program costs would be offset by a 9 percent average benefit reduction ($44 per month) for 41 percent of all recipients—those who share housing. And, because a higher percentage of the disabled share housing than do the aged, disabled adults would bear a somewhat disproportionate share of the benefit reductions. Furthermore, although both those with benefit increases and benefit reductions have lower poverty rates than the average SSI recipient, we find that—even before any changes in benefits—the household incomes of those with benefit increases would be 42 percent higher than the household incomes of recipients with benefit reductions. In addition, there are increases in poverty under both the 7/0 option (1.5 percentage points) and the 10/5 option (2.2 percentage points), and under 7/0, the great majority of those with benefit increases would be nonpoor. Hence, the broad distributional outcomes for benefit restructuring are not consistent with the underlying distributional objective of SSI—to provide more assistance to those most in need.

A special provision under 10/5 does reduce poverty for a key subgroup, closing the poverty gap for individuals living alone or with minor children. This group comprises 27 percent of all SSI recipients, disproportionately women and the elderly, and it has an initial poverty rate of 90 percent. Although this provision does not contribute to ISM simplification, it reduces poverty quite efficiently. But, one might ask whether it is equitable that recipients in shared housing should bear its cost.

How can we simplify current ISM and living arrangement policies, but avoid the redistributional and poverty outcomes reported here? Accepting budget neutrality as a given probably implies dropping total elimination of ISM as a policy option. Instead, future research might consider incremental reforms of current ISM policy that do not entail large-scale redistribution of benefits.

Appendix: Simulation Methodology

The simulation results are derived from the Financial Eligibility Model (FEM)—a static simulation model developed by the Office of Policy (currently the Office of Retirement and Disability Policy) staff and used in several previous studies (see Wixon and Vaughan (1991); Davies and others (2001/2002); Rupp, Strand, and Davies (2003); and Davies, Rupp, and Strand (2004)). The FEM has undergone substantial enhancement in order to address the subject of this Supplemental Security Income (SSI) benefit restructuring study. The Social Security Administration (SSA) beneficiary data from the Revised Management Information Counts System (REMICS) have been added to the FEM. Linking these administrative records with survey data allows researchers to identify those receiving in-kind support and maintenance (ISM) and the amounts received. Potential ISM status is then imputed via a hot deck process to a portion of the nonparticipants who could be eligible for SSI under any of the reform scenarios.

A static simulation model is designed to assess changes in the size and characteristics of the recipient population that might reasonably be anticipated to occur as a result of specific changes in program parameters. The model allows people to enter the rolls if they become newly eligible or if their potential benefit amounts increase. Similarly, people leave the rolls if they lose eligibility, and they may leave if their benefits decrease. The simulations assume that *only* changes in specific program parameters affect outcomes and that all of the changes occur instantaneously. In other words, the model holds constant SSA policies (other than the policy parameters altered by any given policy scenario) and the characteristics of the target population, and it reflects full implementation of and complete adjustment to the reform scenario by SSA staff and by potential and actual recipients. The model assumes that the behavior of the target population and the way in which SSA staff administer the program do not change except in response to changes in program eligibility and benefit levels. These are restrictive assumptions, but also very useful ones in that they help focus on the likely implications of the proposed reforms rather than other changes over time in recipient characteristics and behavior, as well as program operations.

The FEM is based on the Survey of Income and Program Participation (SIPP) exact matched to SSA administrative records using Social Security numbers reported by survey respondents. The survey estimates reflect the noninstitutional population of the United States, and all data represent the reference month of November 1996. The Supplemental Security Record data are the source of information on current-pay status and monthly federal benefits for participants. Whether ISM is received and the degree to which benefits are reduced for ISM are taken from the REMICS. All of the estimates are weighted to reflect the underlying study universe of people. The FEM produces percentage differences in SSI enrollment between a given proposal and the *status quo*. These percentages are then applied to actual or projected SSI enrollments to generate changes in SSI rolls associated with the proposal. In this study, estimated percentage changes in SSI enrollment were applied to the December 2005 SSI population for the age categories represented here: 0 to 17, 18 to 64, and 65 or older. This allows the policymaker to obtain a reasonably accurate sense of the changes that would have occurred in December 2005 as a result of full implementation of a proposed policy change.

A key component of the FEM is the SSI benefit calculator. Calculated benefits are based on SIPP-reported earned and unearned income and other characteristics related to the SSI eligibility determination. The benefit calculator uses program parameters and rules to calculate an expected federal SSI benefit amount. Those sample members with positive calculated federal benefits are deemed payment eligible. If payment-eligible individuals participate in SSI, they are presumed to receive any state supplements that would be available to them as well as the federal benefits calculated from the SIPP source data. The calculated payment, eligibility status, and potential (or expected) monthly federal benefit are available for all members of the relevant SIPP sample, whether the sample member actually participated in the program or not. This is important because not all SSI eligibles choose to enroll in the program, and also because payment eligibility and expected federal payment amounts may change as a result of simulated changes. For each simulation, the benefit calculator estimates eligibility and federal benefits under two scenarios: (1) the "baseline scenario," reflecting status quo program rules, and (2) a "simulation scenario," reflecting hypothetical changes in program rules. For example, a simulation scenario may eliminate ISM and increase or decrease the federal benefit rate (FBR) for specific classes of potential recipients by a predetermined percent value. Finally, the relevant differences between the baseline scenario and the simulation scenario are calculated, and all simulation outcomes of interest (such as household income and poverty status) are recalculated to reflect simulated changes in participation status and monthly federal benefits.

Because not all eligibles participate under current conditions, it is reasonable to assume that the same is true for the simulation scenario. Participation status may change as a result of changes in eligibility status, financial incentives, and possibly other factors such as stigma. The model predicts participation separately for elderly and disabled adults using a multivariate model (probit equation) that posits that participation is a function of various recipient characteristics, environmental factors, and financial incentives arising from the dollar value of expected benefits. It is assumed that, other things equal, participation is more likely if expected federal SSI benefits are relatively high. The parameters from the model that was estimated using baseline conditions are then applied to the pool of eligibles and the value of the independent variables under the simulation scenario. By construction, all variables other than expected SSI benefits (and by implication, payment eligibility status) are presumed to equal baseline conditions. Importantly, the model does not presume that the rate of participation is unchanged between the baseline and simulation scenarios, but allows the probability and overall rate of participation to vary in response to changes in expected benefits between the two scenarios. Note that expected benefits for some adults may increase (as a result of the elimination of ISM and increased FBR for some), although they may decrease for others (as a result of a simulated FBR reduction not sufficiently counterbalanced by the elimination of ISM, to maintain or increase baseline benefits). The simulations reflect the net result of ISM and FBR changes.

In order to receive SSI, individuals must meet categorical eligibility requirements by either being blind, disabled, or older than age 65. Although it would be difficult to determine precisely which unenrolled individuals meet SSA disability standards, this sort of determination is generally not necessary for a participation model. Rather, participation is estimated directly as a function of financial and disability-related characteristics. It turns out that the eligible spouse category is dominated by elderly couples, whose categorical eligibility is not in question. However, the identification of adult recipients living with ineligible spouses younger than age 65 is questionable and can be estimated only with substantial measurement error. Adults with ineligible spouses also form the smallest of the living arrangement categories identified in this analysis. For these two reasons combined, no detailed results are presented for this subgroup.

Calculations for deeming the income of an ineligible spouse would change as a result of changes to the benefit rate under benefit restructuring. An SSI applicant or recipient with an ineligible spouse must qualify on the basis of his or her own income before any deeming of the spouse's income is considered. If the ineligible spouse's income is less than the difference between the individual and couple FBR, there is no income to deem and the eligible individual's own income is subtracted from the individual FBR to determine the benefit amount (calculation 1). If the ineligible spouse's income is greater than the difference between the two benefit rates, the eligible individual and ineligible spouse are treated as an eligible couple for purposes of counting income (calculation 2). Before incomes are combined, an allocation for each ineligible child equal to the difference between the FBR for a couple and the FBR for an individual is subtracted from the ineligible spouse's income. The basis for this allocation would not change under benefit restructuring. All of the options would use the reduced FBR for an individual living with another adult in the first calculation.

Modeling participation among eligible children is a technically difficult objective that has not been achieved to date. Instead, we begin with the observed pool of child recipients and assume that changes to this group will be similar to those estimated for adults. For each simulation scenario, we calculate the factor by which the recipient population changes for unmarried adults living with other adults, and we apply this same factor to the recipient population for children. Because the proposed reforms do not change the FBR for children, results presented in this study are not substantially affected by this assumption. Nevertheless, a limitation of our approach is that we do not estimate the characteristics of children who would become newly eligible as a result of the elimination of ISM.

In the current simulation exercise, FBR reductions were chosen to avoid increasing simulated SSI program costs under full implementation. For example, the 7/0 option is presented because 7 is the smallest whole percentage-point FBR reduction for adults that covers the cost to SSI of eliminating ISM-related benefit reductions, according to the FEM. Because only whole percentage-point FBR reductions are considered, we would actually expect some very minor long-term SSI savings for the proposed reforms. The FEM does not consider administrative costs or savings, nor does it capture costs or savings to other programs such as Medicaid.

Notes

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[1] In this analysis we use "income guarantee" and "FBR" interchangeably.

[2] As of 2004, 47 states and the District of Columbia supplement the federal SSI payment. The amount of state supplementation varies by the living arrangement of the recipient and by state. In fact, six states (California, Massachusetts, New York, North Carolina, Pennsylvania, and Wisconsin) account for 84 percent of all supplement dollars paid.

[3] Because the SSI benefit is included in household income when calculating the amount of food stamps for a household, an increase or decrease in the SSI payment would generate a countervailing effect on the Food Stamp Program (FSP) grant for those receiving food stamps. FSP changes would offset about 30 percent of the change in SSI benefits.

[4] This article uses a household poverty measure, rather than the conventional family based poverty measure. The family based measure may be biased in the following respect. In some cases an SSI recipient may reside with an unrelated person, enjoying economies of scale with respect to costs of shelter and utilities. Current policies for counting ISM do not distinguish between households of unrelated persons and family households. Using a family based measure implies that the poverty threshold used in calculating poverty for the SSI recipient or couple will not reflect such economies of scale (because the recipient and roommate are unrelated) and the resulting poverty estimates may be too high. By contrast, using a household-based measure would capture the effects of such economies, resulting in lower poverty rates. In fact, for the largest household composition category used in this analysis—adults living with other adults—using a household measure of poverty reduced poverty rates in our sample from 38 percent to 24 percent. However, there is also good reason to believe that a household-based measure yields poverty estimates that are too low. The household-based measure assumes that the income of all household members is equally available to meet the needs of all household members, that is, there is full sharing of income. In this respect, the household measure is not consistent with the conventional family measure that assumes family members share income, but unrelated persons do not. Also, using the household-based measure makes it problematic to compare poverty estimates from this analysis with conventional poverty estimates.

[5] *Report of the Committee on Finance*, United States Senate, to accompany H.R. 1, September 26, 1972.

[6] If the recipient has no other income, the first $20 of ISM received under the PMV may be excluded using the general income exclusion. The examples that follow assume that the recipient has other unearned income, so the $20 exclusion would not be available to offset any ISM received.

[7] The $20 general income exclusion may be applied to earnings (raising the initial exclusion to $85) provided the recipient does not have unearned income to which the exclusion would be applied.

[8] Cost estimates are for 2007, based on unpublished estimates by SSA's Office of the Chief Actuary, dated October 31, 2005.

[9] Final regulations were published on February 7, 2005.

[10] The benefit reductions would not extend to eligible couples, on grounds that the benefit for such couples currently reflects economies of scale from shared housing. Eligible couples receive benefits based on 150 percent of the individual-guarantee level, rather than 200 percent.

[11] Costs could increase if an implementation strategy is used, for example, to protect the benefits of current recipients. No implementation strategies are simulated in this analysis, nor are Medicaid cost increases factored into the cost estimates.

[12] A simpler process is used for institutionalized applicants.

[13] Office of Budget estimate, May 4, 2006.

[14] SSI recipients can receive large ISM contributions under current policy. That would not change under the options analyzed here. For example, policymakers should be aware that under both current policies and the options being considered, parents could maintain an adult child receiving SSI in a high rent apartment, paying the rent, food, and utilities. That said, the new options would clearly encourage additional contributions of food or shelter, especially contributions of modest amounts.

[15] Chart 6 shows that 7 percent of recipients have ISM, rather than the 9 percent shown in Chart 5. This difference mainly reflects a number of recipients who live alone and receive ISM. In chart 1, those individuals are included in the ISM group, and in chart 6 they are classified as living alone.

[16] In some cases, those exiting or entering the program may have low SSI benefits, but their Medicaid benefits make them a key subgroup in terms of budgetary effects. This analysis does not take into account Medicaid costs.

[17] We classify affected groups by the net effect of the policy options—whether the recipient's total benefit is increased or reduced.

[18] Furthermore, for disabled adults with benefit increases, the initial household income is over 50 percent greater than for those with benefit decreases (from unpublished tabulations).

[19] Note that recipients in extreme poverty—with incomes less than 50 percent of the poverty threshold—increase by over 50 percent under both options. Many of these

recipients appear to be living with other adults who have little or no income and, under benefit restructuring, their benefits would be reduced. Although such recipients comprise only a fraction of those affected by benefit restructuring (3 percent under option 7/0), they gain nothing from the economies of scale from sharing housing because their roommates are indigent.

[20] Stark differences for living arrangement groups are not surprising. Under both proposals, benefit increases and reductions are targeted explicitly by living arrangement.

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A Legislative History of the Social Security Protection Act of 2004

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Summary

Passage of the original Social Security Act in 1935, Public Law (P.L.) 74-271, represented one of the watershed achievements of social welfare reform in American history. For the first time, workers were guaranteed a basic floor of protection against the hardships of poverty. In the ensuing decades, more than 100 million beneficiaries have realized the value of this protection through the receipt of monthly Social Security payments. As this guarantee has endured and progressed, the policies and administration of such a vast and complex program have required ongoing modifications—more than 150 such revisions over the past 73 years. To some extent, these amendments can be seen as an ongoing refinement process, with the Social Security Protection Act of 2004 (SSPA) being another incremental step in the development of a social insurance program that best meets the evolving needs of American society.

This article discusses the legislative history of the SSPA in detail. It includes summaries of the provisions and a chronology of the modification of these proposals as they passed through the House and Senate, and ultimately to the president's desk.

Introduction

Rather than containing one overarching theme, SSPA (P.L. 108-203) compiles many legislative improvements that emanated from various sources, including the House Ways and Means Committee, the Senate Finance Committee, and the Social Security Administration (SSA). The close working relationship between Senate and House staffs while crafting the provisions proved instrumental in winning widespread support of the legislation, as it emerged—and reemerged—in Congress. House Social Security Subcommittee Chairman E. Clay Shaw (R-FL) captured this collaborative spirit during his discussion of the SSPA:

> This bipartisan bill does the right thing and has the support of many organizations. It was developed using recommendations from and in cooperation with the Social Security Administration and the Social Security Inspector General. It is also supported by the AARP, Citizens Against Government Waste, the National Conference of State Social Security Administrators, the Consortium for Citizens with Disabilities, the National Alliance for the Mentally Ill, the Association of Administrative Law Judges, the National Organization of Social Security Claimants' Representatives, and numerous other national and local law enforcement agencies and organizations (Congressional Record [CR] 2003b, H2643).

The legislation enabled a wide array of new protections, including provisions to strengthen oversight of SSA's representative payee program, prevent program misuse, reform the attorney fee process, broaden return-to-work opportunities, and simplify the Supplemental Security Income (SSI) program.

The protections ultimately provided by SSPA were developed and modified during a process that took 5 years and three Congresses to complete. The very breadth and number of these provisions—54 in all—indicate the wide scope of the legislation and the varied interests that came together as the process unfolded.

106th Congress: Initial Legislative Efforts, June 2000–December 2000

On July 13, 2000, Chairman Shaw introduced H.R. 4857, which would be titled the Social Security Number Privacy and Identity Theft Prevention Act in its final version (CR 2000, H6051).[1] Although Titles I–III of the bill provided safeguards relating to the use of Social Security account numbers in the public and private sectors, Titles IV and V contained early versions of many SSPA provisions:

- Title IV provided for expanded oversight of the representative payee program and included sections on the reissuance of misused payments, bonding and licensing of organizational payees, onsite reviews, liability of payees for misused benefits, forfeiture of payments, and civil monetary penalties. This expanded payee oversight was to become one of the hallmarks, and arguably the standout protection, of SSPA. Also of note, many of these payee provisions were derived from Social Security reform bills presented to Congress in September 1999 and February 2000.
- Title V offered various technical amendments. Among them were the correction of outdated Social Security Act references, changes to the consideration of certain domestic employment benefits and the benefits of ministers, authority for demonstration projects, and the elimination of deemed military wage credits for active duty military service. All of these proposed modifications would reemerge in the 107th Congress.

Even at this early stage, it was obvious that the sense of Congress was in support of the administrative remedies of H.R. 4857, as evidenced by the 48 cosponsors, which included Social Security Subcommittee Ranking Member Robert Matsui (D-CA). H.R. 4857 was referred to the Committees on the Judiciary, Banking and Financial Services, and Commerce. However, the relatively late submission of the bill, combined with a heavy legislative schedule and referrals to multiple committees, meant the bill did not reach a vote before the 106th Congress adjourned.

Also of note, Chairman Shaw was not alone in the push for greater protection of those beneficiaries served by organizational representative payees. On July 14, 2000, Senator Jim Bunning (R-KY) introduced S. 2876, companion legislation to H.R. 4857. Furthermore, several examples of payee misuse received attention in the national press during the fall of 1999 and spring of 2000.[2] This led to an oversight hearing by the Senate Special Committee on Aging and the introduction, on April 27, 2000, of S. 2477, the Social Security Beneficiaries Protection Act, sponsored by the chairman of the Senate Finance Committee, Charles Grassley (R-IA), and cosponsored by John Breaux (D-LA).

As with H.R. 4857, Chairman Grassley's bill strengthened SSA's oversight of organizational payees and contained provisions that restored benefits when payees misused funds. S. 2477 required bonding and licensing of organizational payees, and provided SSA with overpayment recovery authority for benefits misused by such payees. Also like H.R. 4857, S. 2477 was referred to committee and saw no additional movement before the 106th Congress concluded.

107th Congress: H.R. 4070, March 2002–November 2002

After making further refinements and substantial enhancements, including the incorporation of additional SSA-provided proposals, Chairman Shaw introduced the Social Security Protection Act of 2002 (H.R. 4070) on March 20, 2002. Much closer to the version that would be signed into law almost 2 years later, H.R. 4070 added extensive new representative payee provisions and technical amendments from the prior session that would have:

- Prohibited payment of Social Security benefits to fugitive felons, required the Commissioner of SSA to provide information on such felons to law enforcement officers, and prevented persons from misrepresenting themselves when providing services for a fee that SSA provides free of charge.
- Provided a $100 cap on assessments owed by attorney representatives upon receiving past due Social Security benefits and permanently extended fee withholding to the SSI program.[3] The attorney fee provisions were substantially derived from

H.R. 3332, another bill before the Social Security Subcommittee.

- Amended the Ticket to Work and Work Improvements Act to clarify existing waiver authorities and treatment of benefits, and provided for technical corrections.

The Social Security Subcommittee favorably reported on H.R. 4070 by voice vote to the full Ways and Means Committee on April 25 2002. The legislation reached the House floor on June 25 2002. Once again, Chairman Shaw's introductory comments indicated that the bill had already benefited from extensive collaboration:

> This bill is the culmination of extensive joint efforts by both the majority and minority Members of the Committee on Ways and Means and the full cooperation and support of the Social Security Administration and the Office of Inspector General. The legislation also benefited from the feedback provisions by advocacy groups and law enforcement agencies (CR 2002a, H3895).

On June 26, 2002, H.R. 4070 passed by a vote of 425-0 (CR 2002b, H3888-H3895), reemphasizing that the House of Representatives considered the bill an important administrative remedy. Negotiations between staffs of the Senate Finance Committee and the House Ways and Means Committee further refined H.R. 4070, establishing a version of the recommendations that was supported by the leadership of both committees. The full Senate took up and passed this revised version by unanimous consent on November 18, 2002 (CR 2002c, S11343-S11352). The bill then returned to the House, which took no further action before it adjourned on November 22, 2002.

Although the Social Security Program Protection Act of 2002 had proceeded with widespread support, other business before the 107th Congress prevented passage of any final legislation. The strong support and the extensively vetted language of the bill, however, meant it would resurface, finally becoming law during the 108th Congress.

108th Congress: Introduction of H.R. 743, February 2003–March 2003

On February 12, 2003, less than 30 days after the beginning of the 108th Congress, Chairman Shaw reintroduced the Senate-passed version of H.R. 4070, renamed the Social Security Protection Act of 2003 and numbered H.R. 743. Once again, the bill was cosponsored by Ranking Member Matsui, who was joined by 30 other members in support of the legislation. On February 25, 2003, Senator Jim Bunning introduced the Senate companion version of the bill (S. 439), and promoted the legislation in much the same way as previously voiced by Chairman Shaw:

> The Social Security Protection Act makes several common-sense and much-needed changes, including denying Social Security benefits to individuals who are fugitive felons and parole violators, creating new civil monetary penalties to combat fraud, and providing additional protections to Social Security employees while on the job (CR 2003a, S2707).

However, H.R. 743 would quickly find itself immersed in a heated debate over a relatively minor portion of the bill. On March 5, 2003, Chairman Shaw brought H.R. 743 to the House Floor under suspension of the rules, limiting debate and requiring a two-thirds majority for passage. The chairman used this fast-track maneuver because the bill's predecessor received unanimous approval in the prior Congress. However, discussion quickly turned to Section 418, a government pension offset (GPO) rule modification.[4]

During the 1970s and 1980s, Congress had enacted two laws containing provisions intended to provide greater benefit equity between individuals (usually government employees) who worked in noncovered[5] employment and those who paid Social Security taxes through their employment. The first, the Social Security Amendments of 1977 (P.L. 95-216), included a GPO that reduced a spouse's or surviving spouse's benefits by two-thirds of the amount of any pension he or she received based on noncovered employment. The other, the Social Security Amendments of 1983 (P.L. 98-21), contained a Windfall Elimination Provision that reduced Social Security benefits received by an individual who was also receiving a pension based on his or her own noncovered work.

The GPO Debate

Under the original GPO provision, benefits were exempt from the offset if the employee's last day of state or local government work was covered under Social Security and was in the period upon which the pension was based. In practice, a number of state and local entities had been transferring employees to different jobs for one day at the end of their careers for the express purpose of avoiding the GPO.[6] If enacted, Section 418 of H.R. 743 would have closed this loophole by extending the exemption requirement from 1 day to 60 months.

Conflicting perspectives on the proposal quickly became evident, as typified by comments made by Rep. Sheila Jackson-Lee (D-TX):

> Last Congress I joined with every voting Member of this House in support of the Social Security Act of 2002. It was an excellent piece of bipartisan legislation… With such support and progress this should have been an easy piece of work…Instead a wrench has been thrown into the works, through the addition of a small section that has provoked a deluge of phone calls into my office from, it seems like every schoolteacher in my district. The Texas branch of the American Federation of Teachers describes Section 418 as "poison for Texas school employees" (CR 2003b, H1545).

Strong opposition to the GPO revision ensued from other members of the Texas delegation, including Ruben Hinojosa (D-TX) and Solomon Ortiz (D-TX). Although this impassioned debate was unable to sway the majority of legislators, the argument was effective enough to prevent H.R. 743 from receiving the two-thirds majority required for passage under suspension of the rules. The measure failed on a 249-180 vote (CR 2003b, H1601).

Unable to win approval from the entire House, Chairman Shaw returned H.R. 743 to the Ways and Means Committee for markup on March 13, 2003. The GPO question resurfaced, this time in the form of two amendments. Rep. William Jefferson (D-LA) proposed limiting the offset by applying the two-thirds reduction only to combined benefits exceeding $2,000. This resolution failed by a roll call vote of 14-21. The second amendment, proposed by Rep. Pete Stark (D-CA) to reduce the GPO from two-thirds to one-third, was also defeated by a 15-22 roll call vote. Ultimately, H.R. 743 was favorably reported by a 35-2 majority (House Ways and Means Committee 2003).

H.R. 743 Returns to the House Floor: April 2003

On April 2, 2003, H.R. 743 reached the full House for a second time, and again it met resistance from those who believed the GPO amendment was unfair to government workers. Rep. Gene Green (D-TX) proposed removing the "last 60 months" language, essentially advocating retention of the "last day" standard, but this amendment failed by a vote of 196-228 (CR 2003c, H2666).

Ranking Member Matsui agreed that a review of the entire policy may be needed, but also stressed that H.R. 743 was designed to address many issues beyond the GPO provision, and said that the merit of the overall package should override objections to Section 418:

> It would have been my hope that we would have dealt with this issue and the larger issue of trying to deal with the government pension offset, because in this situation it would put pressure on all of us to try to deal with this comprehensively…but at the same time I would hope that my colleagues on both sides of the aisle would support the final passage of this legislation, because it is a good bill and certainly we do believe that the other provisions of this legislation must move forward (CR 2003c, H2644).

Efforts to impose the GPO more effectively also found support on the House floor, as evidenced in Kevin Brady's (R-TX) comments on the "last day" exemption:

> Alarmingly, this 25-year-old obscure loophole just recently discovered is now being institutionalized. In Texas, in my home State, teachers groups regularly hold retirement seminars to instruct their members on how to take advantage of the loophole… Congress has a clear choice. We can keep open this lucrative loophole for a few that is draining $450 million from everyone else's Social Security, or we can stand up for our seniors, stand up for our elderly, stand up for the 99 percent of America's workers who are playing by the fair rules (CR 2003c, H2645).

Rep. Green, unable to remove the "last 60 months" language, next attempted to have the bill recommitted to the House Ways and Means Committee for further examination. This motion failed on a 203-220 vote. The House then voted in favor of H.R. 743, 396 to 28 (CR 2003c, H2668), and the bill was on its way to the Senate.

Senate Finance Committee Revisits H.R. 743: September 2003–February 2004

On September 17, 2003, the Senate Finance Committee marked up an amendment in the nature of a substitute to H.R. 743. This substitute bill contained several notable additions, including:

- A provision prohibiting Old-Age, Survivors, and Disability Insurance (OASDI) benefit payments to any noncitizen not authorized to work in the United States either at the time of Social Security number (SSN) issuance or at some later point. This provision would not apply to noncitizens who had been assigned a valid SSN, with or without work authorization, prior to January 1, 2004.
- A provision specifying that state and local pension plan administrators must report benefits based on noncovered earnings to the Internal Revenue Service (IRS). The IRS was likewise charged with forwarding such reports to SSA.

The Finance Committee also requested and received a cost estimate from the Congressional Budget Office. This report, released on October 28, 2003, estimated savings of $600 million from cost reductions and revenue boosts over the 10-year period 2004–2013.

The modified bill was favorably reported by the Senate Finance Committee by voice vote, returning H.R. 743 to the full Senate.

Senate Amendments

On December 9, 2003, H.R. 743 returned to the Senate floor, revised by a manager's amendment authored by Chairman Grassley and Ranking Member Max Baucus (D-MT). Chairman Grassley's comments that day further indicated the behind-the-scenes efforts to push the bill to the President's desk:

> In order to expedite passage of this legislation, Senator Baucus and I have worked closely with the chairman and the ranking member of the Social Security Subcommittee of the House Ways and Means Committee over the past several weeks. The result of this work is reflected in the managers' amendment that has now been incorporated into this bill (CR 2003d, S16180).

The manager's amendment, which was adopted without objection, provided several technical corrections to H.R. 743 and authorized additional demonstrations and studies to be performed by SSA and the Government Accountability Office (GAO). In addition, the amendment:

- Clarified the Commissioner's authority to pay benefits to individuals defined as fleeing prosecution, by articulating conditions that constitute "good cause" for an exception.
- Required SSA to provide full disclosure (through modified Social Security Statements) of the effects of a noncovered pension on Social Security benefits.
- Stripped provisions modifying the SSI dedicated account requirement, excluding Americorps benefits from consideration for SSI or Disability Insurance (DI), and changing the SSI resource limit, from the bill.
- Excluded the requirement that state and local pension plan administrators report payments based on noncovered earnings.

By selectively adding and removing specific provisions, Chairman Grassley's manager's amendment was a strategic effort to resolve conflicts between the House and Senate versions of the bill. From the House-passed bill, it included provisions temporarily extending direct payment of attorney fees to the SSI program and to certain non-attorneys. Also conforming to the House-passed bill, the manager's amendment struck a provision requiring SSA to review certain SSI awards made by states. By crafting an amendment that would be acceptable to both chambers, Chairman Grassley, Ranking Member Baucus, and their corresponding House negotiators were able to smooth consideration of the bill and effectively bypass the conference process.

The Senate approved H.R. 743 as amended by unanimous consent, and upon return to the House, the legislation passed without further amendment by a 402-19 vote (CR 2004, H477). The staff negotiations between the Senate Finance Committee and House Ways and Means Committee had finally resulted in a bill that had the right amount of compromise—and momentum—to succeed.

President Bush Signs P.L. 108-203: March 2004

On March 2, 2004, President Bush signed SSPA into law, concluding 5 years of bipartisan efforts to provide greater protections for both Social Security programs and for the millions of individuals who benefit from them. Chairman of the House Ways and Means Committee Bill Thomas (R-CA) praised the bill's enactment, perhaps reflecting the relief of lawmakers on both sides of the aisle that SSPA had come to fruition:

> Our seniors deserve a strong, dependable Social Security program; and taxpayers deserve to have their dollars spent as intended—helping seniors and Americans

with disabilities. President Bush's signature on this common-sense, good-government legislation is long overdue (House Ways and Means Committee 2004).

Conclusion

By its very nature, SSPA should be viewed as an exercise in pragmatic problem solving. As such, it illustrates one of the crucial, if overlooked, functions of Congress—the oversight and refinement of federal programs. Chairman Shaw, who worked on the bill as much as anyone in either chamber, seemed acutely aware of this unglamorous aspect of H.R. 743, commenting, "While this bill probably will not make front page news tomorrow, it is vitally important legislation given the tremendous impact Social Security has on all Americans" (House Ways and Means Committee 2004). With more than 50 provisions, many of which are unrelated, SSPA is "thematic" only within a rather broad context—that of Social Security administrative modifications. However, the administrative significance of this bill, along with the regulatory role of Congress revealed in its provisions, should not be understated.

As much as SSPA reflects the legislative process as an exercise in practical considerations, it also illustrates the art of consensus building through revision and compromise. For example, while the GPO provision—a rather polarizing aspect of SSPA—was the focus of much floor debate, Congress supported the vast majority of this legislation throughout the entire process. Much of this can be attributed to behind-the-scenes negotiations between the House Social Security Subcommittee and the Senate Finance Committee, reflected in the very early drafts of H.R. 743, and continuing through the manager's amendment of December 2003. Just as compromise and consensus building are critical within the larger policy debates of Congress, they were also critical here.

Finally, we also see in SSPA the juxtaposition of programmatic ideals and administrative needs. For example, the authority to reissue benefits misused by payees represents the ideals of the legislature—doing something because we believe it should be done. On the other end of the spectrum are provisions such as "technical corrections of outdated references"—amendments concerned more with housekeeping than broad concepts. Some of this variance is attributable to the variety of contributors (and their respective concerns) to the legislation. It makes sense, for example, that amendments proposed by SSA's Office of the Inspector General would deal with criminal penalties and not with exclusions of income in the SSI program.

If we view Social Security as a work in progress, then each of these amendments to the Social Security Act—these contributions to the whole—represents an important building block in our ongoing efforts to maintain this basic floor of protection for the elderly, the disabled, and their dependents. SSPA provides substantial program protections by shoring up civil and criminal penalties, and by revising the circumstances under which benefits are payable. It provides substantial beneficiary protections by subjecting representative payees to greater scrutiny. But beyond all of this, the Social Security Protection Act of 2004 provides yet another example of our nation's continuing commitment to a social insurance program that is both equitable and adaptive to the changing needs of society.

Provisions Contained in P.L. 108-203, as Signed by the President

Provisions Involving the Representative Payee Program

Authority to reissue benefits misused by organizational representative payees. This provision allows the Commissioner to reissue OASDI, SSI, and Special Veterans Benefits (SVB) payments whenever an individual representative payee serving 15 or more beneficiaries, or an organizational representative payee, is found to have misused a beneficiary's funds. Previously, these beneficiaries could not receive replacement payments unless SSA negligently failed to investigate or monitor the payee.[7]

Oversight of representative payees. This provision requires the Commissioner to perform periodic onsite reviews for all nonprofit fee-for-service payees, organizational payees (both governmental and nongovernmental) representing 50 or more beneficiaries, and individual payees representing 15 or more beneficiaries. Additionally, all fee-for-service organizational representative payees are required to be licensed and bonded. Prior to this legislation, these payees had to be licensed or bonded, but not both.

Disqualification from service as representative payee of persons convicted of offenses resulting in imprisonment for more than 1 year or fleeing prosecution, custody, or confinement. This provision disqualifies an individual from serving as a representative payee if he or she was convicted of an offense resulting in more than 1 year of imprisonment, unless the Commissioner determines that such certification would still be appropriate. It also requires the Commissioner to share information with law enforcement on persons disqualified from service as representative payees. In addition, the provision prohibits the appointment as representative payees of any persons fleeing prosecution, custody, or confinement.[8]

Fee forfeiture in case of benefit misuse by representative payees. This provision specifies that representative payees forfeit fees collected from the beneficiary's benefits for any months during which the payees misuse funds, as determined by the Commissioner or a court of competent jurisdiction.

Liability of representative payees for misused benefits. This provision establishes that benefits misused by a nongovernmental representative payee shall be treated as overpayments to that payee, rather than an overpayment to the beneficiary. Any recovered benefits are reissued under this provision to the beneficiary or his/her alternate representative payee, up to the total amount misused.

Authority to redirect delivery of benefit payments when a representative payee fails to provide required accounting. This provision authorizes SSA to redirect OASDI, SSI, and SVB payments to local Social Security field offices if a representative payee fails to provide an annual accounting-of-benefits report. The Commissioner must notify the beneficiary and the payee prior to redirecting benefits.

Survey of use of payments to representative payees. This provision authorizes and appropriates up to $8.5 million to the Commissioner to conduct surveys to determine how payments made to representative payees are being used on behalf of OASDI and SSI beneficiaries. SSA is also required to report on the results of this survey to the House Ways and Means Committee and the Senate Finance Committee no later than 18 months after enactment.[9]

Civil monetary penalty authority with respect to wrongful conversions by representative payees. This provision gives SSA the authority to impose a civil monetary penalty for offenses involving misuse of OASDI, SSI, or SVB payments received by a representative payee on behalf of another individual. The maximum penalty is $5,000 for each violation. In addition, the representative payee shall be subject to an assessment of not more than twice the amount of the misused payments.[10]

Provisions Establishing Greater Social Security Program Protection

Civil monetary penalty authority with respect to withholding of material facts. This provision authorizes SSA to impose civil monetary penalties of up to $5,000 (in addition to any other penalties that may apply) for withholding information that is material in determining eligibility for or the amount of benefits if the person knows, or should know, that the withholding of such information is misleading.[11]

Issuance by Commissioner of Social Security of receipts to acknowledge submission of reports of changes in work or earnings status of disabled beneficiaries. This provision requires the Commissioner to issue a receipt to disabled beneficiaries each time they report their work and earnings.[12]

Denial of OASDI benefits to persons fleeing prosecution, custody, or confinement, and to persons violating probation or parole. This provision prohibits payment of OASDI benefits to persons fleeing prosecution, custody, or confinement after conviction, and to persons violating probation or parole, unless the Commissioner determines that good cause exists for paying such benefits. This "good cause" exception also applies to SSI benefits. Good cause is found if the person is not guilty, charges are dismissed, a warrant for arrest is vacated, or similar exonerating circumstances are identified by the court. The Commissioner will also apply the good cause exception if the individual establishes to SSA's satisfaction that he or she was the victim of identity fraud and the warrant was issued on such basis. The Commissioner also has discretion to apply a good cause exception under certain circumstances when the involved offense is nonviolent and not drug-related. Upon written request, the Commissioner is also required to furnish law enforcement officers with the current address, SSN, and photograph (if applicable) of beneficiaries fleeing prosecution to assist in their apprehension.[13]

Requirements relating to offers to provide for a fee, a product or service available without charge from the Social Security Administration. This provision requires all persons or companies providing SSA-related services to disclose that services for which they charge a fee are available directly from SSA free of charge. Additionally, these disclosures must comply with standards promulgated by the Commissioner with respect to their content, placement, visibility, and legibility.[14]

Refusal to recognize certain individuals as claimant representatives. This provision gives the Commissioner authority to disqualify an attorney or nonattorney representative who has been disbarred or suspended from any court or bar to which he or she was previously admitted to practice. The Commissioner also has the authority to refuse recognition of disbarred or suspended representatives before any other federal agency or program.[15]

Criminal penalty for corrupt or forcible interference with administration of Social Security Act. This provision imposes penalties for any attempt to intimidate or impede (by force or threats of force) any officer, employee, or contractor of the United States acting in an official capacity under the Social Security Act and for any effort to otherwise obstruct or impede the administration of the Social Security Act. Upon conviction of the use of force, the maximum penalties will be $5,000 and 3 years imprisonment. Upon conviction of the use of threat, but not force, the maximum penalties will be $3,000 and 1 year imprisonment.

Use of symbols, emblems, or names in reference to Social Security or Medicare. This provision updates section 1140 of the Social Security Act to reflect the Health Care Financing Administration's new name, Centers for Medicare & Medicaid Services (CMS). The section also prohibits the use by solicitors of symbols, emblems, names, and certain words and phrases (such as Death Benefits Update, Federal Benefit Information, Funeral Expenses, and Final Supplemental Program) that may provide a false impression that the item is approved or endorsed by SSA, CMS, or the Department of Health and Human Services.[16]

Disqualification from payment during trial work period upon conviction of fraudulent concealment of work activity. Under this provision, an individual who is convicted by a federal court of fraudulently concealing work activity during the trial work period (TWP) is not entitled to receive a disability benefit for TWP months that occur prior to the conviction but within the same period of disability. If payment has already been made, he or she is liable for repayment plus restitution, fines, penalties and assessments.[17]

Authority for judicial orders of restitution. This provision authorizes federal courts to order a defendant convicted of defrauding OASDI, SVB, or SSI to make restitution to SSA. Restituted funds are to be deposited to the Social Security trust funds or general fund of the Treasury, as appropriate.

Authority for cross-program recovery of benefit overpayments. This provision allows SSA to recover overpayments of either OASDI or SSI benefits from benefits payable under the other program. Up to 100 percent of any overpayment or 10 percent of ongoing monthly benefits may be withheld from payments due under the other program. To protect low-income beneficiaries, however, any recovery from SSI is limited to the smallest of either 100 percent of the monthly benefit or 10 percent of the individual's total monthly income.[18]

Prohibition on payment of OASDI benefits to persons not authorized to work in the United States. This provision prohibits payment of OASDI benefits based on the earnings of a noncitizen whose SSN was issued on or after January 1, 2004. Exceptions are granted if the noncitizen was ever issued an SSN authorizing work in the United States, or was admitted to the United States for certain business purposes when quarters of coverage were earned.

Provisions Expanding the Attorney Fee Payment Process

Cap on attorney assessments. This provision caps the amount SSA assesses attorneys for determining and paying attorney fees directly using funds withheld from claimant benefits. The cap is the lower of $75 or 6.3 percent of the attorney's fee, and is revised annually based on cost-of-living adjustments.[19]

Temporary extension of attorney fee payment system to SSI claims. This provision extends the attorney fee withholding process currently used in DI cases to SSI cases for a period of 5 years, to take effect with fees to be certified or paid on or after the date the Commissioner notifies Congress of full implementation of the demonstration project.[20]

Nationwide demonstration project providing for extension of fee withholding procedures to nonattorney representatives. This provision authorizes a 5-year demonstration project to allow nonattorneys representing claimants in DI and SSI cases to use fee withholding. Nonattorney representatives must hold a bachelor's degree, pass an examination written and administered by the Commissioner, secure professional liability insurance or the equivalent, undergo a criminal background check, and complete continuing education courses. SSA is required to submit annual interim reports on the progress of the demonstration and a final report after it concludes.[21]

GAO study regarding the fee payment process for claimant representatives. This provision requires GAO to study the results of extending DI fee withholding to attorneys in SSI cases, and to nonattorney representatives for both DI and SSI benefits. The report is to include a survey that compares outcomes by type of representative.[22]

Amendments Relating to the Ticket to Work and Work Incentives Improvement Act of 1999

Application of demonstration authority sunset date to new projects. This provision extends demonstration authority through December 18, 2005, and will allow projects initiated by December 17, 2005, to be completed thereafter. The previous authority expired on December 17, 2004.

Expansion of waiver authority available in connection with demonstration projects providing for reductions in DI benefits based on earnings. This provision authorizes the Commissioner to waive requirements of section 1148 (Ticket to Work) of the Social Security Act for mandated demonstration projects.

Funding of demonstration projects providing for reductions in DI benefits based on earnings. This provision clarifies that benefits payable as a part of demonstration projects are to come from the applicable trust fund, while the administrative costs associated with the demonstration projects will normally come from funds available for administration.

Availability of federal and state work incentive services to additional individuals. This provision extends Benefits Planning, Assistance, and Outreach (BPAO) services and Protection and Advocacy (P&A) services to additional beneficiaries based on certain program eligibility and participation statuses, and also allows P&A services for the purpose of maintaining employment (in addition to securing or regaining employment).

Technical amendment clarifying treatment for certain purposes of individual work plans under the Ticket to Work and Self-Sufficiency Program. This provision treats, for tax purposes, an individual work plan established pursuant to the Ticket to Work program the same as an individualized written employment plan established under a state plan for vocational rehabilitation services approved under the Rehabilitation Act of 1973. Employers who hire participants are eligible for the worker opportunity tax credit.

GAO study regarding the Ticket to Work and Self-Sufficiency Program. This provision requires the GAO to assess the effectiveness of the Ticket to Work program. The GAO study is to include a review of reports issued by the state, the Ticket to Work Advisory Panel, and SSA, and recommend administrative or legislative changes.[23]

Reauthorization of appropriations for certain work incentives programs. This provision extends the authorization to provide appropriate funding for the BPAO program and the state P&A systems established by the Ticket to Work Act through fiscal year 2009.

Miscellaneous Amendments

Elimination of transcript requirement in remand cases fully favorable to the claimant. This provision eliminates the requirement that SSA prepares and files a transcript with the district court after a court-ordered remand for further administrative proceedings results in a fully favorable award of benefits.

Nonpayment of benefits upon removal from the United States. This provision prohibits SSA from making payments to aliens removed from the United States for smuggling other aliens into the United States.[24]

Reinstatement of certain reporting requirements. This provision extends the requirement for the Board of Trustees to report on the OASDI, Hospital Insurance, and Supplementary Medical Insurance trust funds, continuing disability reviews, and the disability preeffectuation review process.

Clarification of definitions regarding certain survivor benefits. This provision allows a limited exception to the 9-month duration-of-marriage requirement for widow(er)'s benefits. This exception applies in cases in which the marriage was postponed by legal impediments caused by state restrictions on divorce due to mental incompetence or similar incapacity.

Clarification respecting the FICA and SECA tax exemptions for an individual whose earnings are subject to the laws of a totalization agreement partner. This provision establishes clear legal authority to exempt workers' earnings from U.S. Social Security tax when their earnings are subject to a foreign country's laws in accordance with a U.S. totalization agreement, but the foreign country's laws do not require contributions for those earnings.

Coverage under divided retirement system for public employees in Kentucky and Louisiana. This provision extends to Kentucky and Louisiana the authority to establish divided retirement systems that allow public employees to choose between OASDI and alternative coverage.

Compensation for the Social Security Advisory Board. This provision establishes compensation for Social Security Advisory Board members at the Executive Schedule level IV basic daily pay rate for each day in which the member is engaged in Board business.

Sixty-month period of employment requirement for application of government pension offset exemption. This provision requires state and local government employees to work in a Social Security-covered position throughout the last 60 months (5 years) of employment with the government entity in order to be exempt from the government pension offset provision. Previously, these government workers were exempt from the offset if they worked their last day under a covered position.

Disclosure to workers of effect of windfall elimination provision and government pension offset provision. This provision requires SSA to send a modified Social Security Statement to noncovered employees that describes the benefit reductions that may result from the receipt of a federal, state, or local government pension based on employment that is not subject to Social Security payroll taxes. The provision is effective for statements issued on or after January 1, 2007. It also requires government employers to notify noncovered employees hired on or after January 1, 2005, of the potential effect of noncovered work on their Social Security benefits.

Post-1956 Military Wage Credits. This provision transfers from general funds the remaining balance owed to the Social Security and Medicare trust funds for deemed military wage credits for 2000 and 2001, and makes conforming amendments to reflect the termination of deemed military wage credits.[25]

Elimination of disincentive to return-to-work for childhood disability beneficiaries. This provision allows reentitlement to childhood disability benefits after the existing 7-year reentitlement period, if the beneficiary's previous entitlement terminated because of the performance of substantial gainful activity.[26]

Technical Amendments

Technical correction relating to responsible agency head. This technical correction replaces all references to the "Secretary of Health and Human Services" found in Section 1143 of the Social Security Act, which requires issuance of Social Security Statements, with "Commissioner of Social Security."

Technical correction relating to retirement benefits of ministers. This technical correction excludes, for OASDI benefit calculation purposes, certain benefits received by retired ministers and members of religious orders. This change conforms to the treatment of these benefits for OASDI tax purposes.

Technical corrections relating to domestic employment. This correction removes references to domestic employment from the provisions that define agricultural employment, and specifies that domestic service performed on a farm is encompassed in the provisions that define domestic employment.

Technical corrections of outdated references. This provision corrects various outdated references in the Social Security Act and related laws. Over the years, provisions of the Social Security Act, the Internal Revenue Code, and other laws have been deleted, redesignated, or otherwise amended.

Technical correction respecting self-employment income in community property states. This technical correction provides that income from a nonpartnership trade or business will be taxed and credited to the spouse who operates the trade or business or, if jointly operated, to each spouse based on the distributive shares of gross earnings. This change conforms to current practice in both community property and noncommunity property states.

Technical amendments to the Railroad Retirement and Survivors' Improvement Act of 2001. This provision makes technical and clerical changes regarding Railroad Retirement Investment Trusts relating to quorum rules, transfers, investments, administrative expenses, and exemption from state and local taxes.

Amendments Related to SSI

Exclusion from income for certain infrequent or irregular income and certain interest or dividend income. This provision changes the calculation of infrequent and irregular income from a monthly to a quarterly basis. It also excludes from the determination of an individual's income all interest and dividend income earned on countable resources.[27]

Uniform 9-month resource exclusion periods. This provision makes uniform and increases to 9 months the period for excluding from determinations of personal resources past-due OASDI and SSI benefits, earned income credits, and federal child tax credits.

Elimination of certain restrictions on the application of the student earned income exclusion. This provision extends the student earned income exclusion to any student under age 22. Students under age 22 who were married or heads of households were previously ineligible.[28]

Exception to retrospective monthly accounting for nonrecurring income. This provision eliminates triple counting by providing that one-time, nonrecurring income will be counted only for the month that the income is received, and not for any other month during the transition to retrospective monthly accounting that takes place over the first 3 months of an individual's SSI eligibility.

Removal of restriction on payment of benefits to children who are born or who become blind or disabled after their military parents are stationed overseas. This provision extends SSI eligibility to blind and disabled children of military personnel who were born overseas, who became blind or disabled while overseas, or who first applied for SSI benefits overseas. Eligibility was formerly restricted to determinations made prior to going overseas.

Treatment of education-related income and resources. This provision excludes from the determination of income any gift to an individual for use in paying tuition or educational fees, consistent with the treatment of grants, scholarships and fellowships. It also excludes grants, scholarships, fellowships, or gifts used for tuition or education fees from the determination of an individual's countable resources for 9 months after receipt.[29]

Monthly treatment of uniformed service compensation. This provision allows SSA to count cash military compensation on the same basis in which it is reported on a military monthly leave and earnings statement. Military statements report compensation earned in the prior month as received in the prior month.[30]

Notes

[1] For full text of final version of H.R. 4857, see House Ways and Means Committee (2000).

[2] One high-profile example of this publicity was "When Nobody's Looking," an exposé of the Aurora Foundation on the television newsmagazine 20/20. An internal investigation by SSA's Inspector General ultimately revealed that the head of the Aurora Foundation, Gregory Gamble, had embezzled over $300,000 between April 1995 and May 1999. The majority of these diverted funds were SSA benefit payments. In another extreme example, Theresa King, an organizational payee from the State of Washington, pleaded guilty to fraudulently obtaining Social Security benefits during a 2-year period in the mid-1990s. She received 30 months in jail, 3 years of probation and was ordered to pay $31,757 in restitution (Senate Special Committee on Aging 2000).

[3] In a court judgment favorable to a Disability Insurance (DI) claimant represented by an attorney, a fee for such representation is allowed. The commissioner may determine the amount and pay the attorney directly through withholdings from the client's past-due benefits. For this service, SSA may deduct an assessment from the attorney's fee, and credit the amount assessed to the appropriate trust fund.

[4] This specific provision addressed the question of state and local government employees covered by public pensions, who subsequently elect coverage under Social Security. This provision had not been in the original House version of H.R. 4070, but was added to the language passed by the Senate during the 107th Congress (S. AMDT. 4967). Interestingly, the GPO had not been a source of contention during the earlier legislative process.

[5] "Noncovered" means that Social Security taxes were not paid on wages. While such circumstances used to be more common, the number of noncovered jobs has continued to decline as the United States has moved towards universal Social Security coverage.

[6] According to GAO, as of June 2002 an estimated 4,819 state employees in Texas and Georgia performed work in Social Security–covered positions for short periods in order to qualify for the GPO last-day exemption (General Accounting Office 2002).

[7] Final rules implementing this provision were published in the *Federal Register* on October 7, 2004 (69 FR 60224).

[8] Final rules implementing this provision were published in the *Federal Register* on January 18, 2006 (71 FR 2871).

[9] A final report on this issue was prepared by the National Research Council of the National Academies for SSA, and published July 30, 2007. In the report, the Council concluded that representative payees generally perform their duties well, but changes are needed to better prevent and detect misuse of funds.

[10] Final rules implementing this provision were published in the *Federal Register* on May 17, 2006 (71 FR 28574).

[11] Final rules regarding this new penalty were published in the *Federal Register* on May 17, 2006 (71 FR 28574).

[12] Final rules regarding work report receipts were published in the *Federal Register* on November 17, 2006 (71 FR 66860).

[13] In a December 6, 2005 ruling (Fowlkes v. Adamec), the U.S. Court of Appeals for the 2nd Circuit held that "fleeing" is understood to mean a conscious evasion of arrest or prosecution as opposed to the mere existence of a warrant. SSA agreed to use this definition of "fleeing" within the confines of the 2nd Circuit in an acquiescence ruling of April 6, 2006 (71 FR 17551).

[14] Final rules were published in the *Federal Register* on May 17, 2006 (71 FR 28574).

[15] Final rules implementing this provision were published in the *Federal Register* on January 18, 2006 (71 FR 2871).

[16] Final rules restricting use of SSA emblems were published in the *Federal Register* on May 17, 2006 (71 FR 71 28574).

[17] Final rules were published in the *Federal Register* on November 17, 2006 (71 FR 66860).

[18] Final rules implementing this provision were published in the *Federal Register* on March 30, 2005 (70 FR 16111).

[19] Final rules for the assessment were published in the *Federal Register* on August 9, 2007 (72 FR 44765). Effective December 2008, the limit on the attorney assessment is $83.00 (73 FR 64653).

[20] Final rules regarding the temporary extension of direct payment to attorneys representing Title XVI recipients were published in the *Federal Register* on August 9, 2007 (72 FR 44765).

[21] Final rules regarding the demonstration project were published in the *Federal Register* on August 9, 2007 (72 FR 44765).

[22] In its final report, GAO found that SSA-initiated fee payment changes show promise, but eligibility criteria and representative overpayments require further monitoring (GAO 2007).

[23] In March 2005, GAO reported that SSA should provide Congress with a plan that would assess changes to the Ticket to Work program that might increase participation and the number of beneficiaries becoming self-sufficient (and thus no longer on the disability rolls) (GAO 2005).

[24] Final rules implementing this provision were published in the *Federal Register* on March 31, 2005 (70 FR 16409).

[25] Final rules implementing this provision were published in the *Federal Register* on March 10, 2005 (70 FR 11864).

[26] Final rules were published in the *Federal Register* on November 17, 2006 (71 FR 66860).

[27] Final rules clarifying counting of irregular or infrequent income were published in the *Federal Register* on August 9, 2006 (71 FR 45375).

[28] Final rules were published in the *Federal Register* on November 17, 2006 (71 FR 66860).

[29] Final rules were published in the *Federal Register* on August 9, 2006 (71 FR 45375).

[30] Final rules regarding treatment of military compensation were published in the *Federal Register* on August 9, 2006 (71 FR 45375).

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OASDI and SSI Snapshot and SSI Monthly Statistics

Each month, the Social Security Administration's Office of Retirement and Disability Policy posts key statistics about various aspects of the Supplemental Security Income (SSI) program at http://www.socialsecurity.gov/policy. The statistics include the number of people who receive benefits, eligibility category, and average monthly payment. This issue presents SSI data for December 2007–December 2008.

The Monthly Statistical Snapshot summarizes information about Social Security and the SSI programs and provides a summary table on the trust funds. Data for December 2008 are given on pages 54–55. Trust Fund data for December 2008 are given on page 55. The more detailed SSI tables begin on page 57. Persons wanting detailed monthly OASDI information should visit the Office of the Actuary's Web site at http://www.socialsecurity.gov/OACT/ProgData/beniesQuery.html.

Monthly Statistical Snapshot

Table 1. Number of people receiving Social Security, Supplemental Security Income, or both
Table 2. Social Security benefits
Table 3. Supplemental Security Income recipients
Table 4. Operations of the Old-Age Survivors Insurance and Disability Insurance Trust Funds

The most current edition of Tables 1–3 will always be available at http://www.socialsecurity.gov/policy/docs/quickfacts/stat_snapshot. The most current data for the trust funds (Table 4) are available at http://www.socialsecurity.gov/OACT/ProgData/funds.html.

Monthly Statistical Snapshot, December 2008

Table 1.
Number of people receiving Social Security, Supplemental Security Income, or both, December 2008 (in thousands)

Type of beneficiary	Total	Social Security only	SSI only	Both Social Security and SSI
All beneficiaries	55,806	48,286	4,908	2,613
Aged 65 or older	36,698	34,665	879	1,154
Disabled, under age 65 [a]	12,143	6,656	4,029	1,458
Other [b]	6,965	6,965	. . .	. . .

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data. Social Security Administration, Supplemental Security Record, 100 percent data.

NOTES: Data are for the end of the specified month. Only Social Security beneficiaries in current-payment status are included.

. . . = not applicable.

a. Includes children receiving SSI on the basis of their own disability.

b. Social Security beneficiaries who are neither aged nor disabled (for example, early retirees, young survivors).

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 2.
Social Security benefits, December 2008

Type of beneficiary	Beneficiaries		Total monthly benefits (millions of dollars)	Average monthly benefit (dollars)
	Number (thousands)	Percent		
All beneficiaries	50,898	100.0	53,666	1,054.40
Old-Age Insurance				
Retired workers	32,273	63.4	37,207	1,152.90
Spouses	2,370	4.7	1,348	568.60
Children	525	1.0	298	567.50
Survivors Insurance				
Widow(er)s and parents [a]	4,382	8.6	4,775	1,089.80
Widowed mothers and fathers [b]	160	0.3	133	834.90
Children	1,915	3.8	1,427	745.40
Disability Insurance				
Disabled workers	7,427	14.6	7,896	1,063.10
Spouses	155	0.3	44	285.50
Children	1,692	3.3	537	317.60

SOURCE: Social Security Administration, Master Beneficiary Record, 100 percent data.

NOTES: Data are for the end of the specified month. Only beneficiaries in current-payment status are included.

Some Social Security beneficiaries are entitled to more than one type of benefit. In most cases, they are dually entitled to a worker benefit and a higher spouse or widow(er) benefit. If both benefits are financed from the same trust fund, the beneficiary is usually counted only once in the statistics, as a retired-worker or a disabled-worker beneficiary, and the benefit amount recorded is the larger amount associated with the auxiliary benefit. If the benefits are paid from different trust funds the beneficiary is counted twice, and the respective benefit amounts are recorded for each type of benefit.

a. Includes nondisabled widow(er)s aged 60 or older, disabled widow(er)s aged 50 or older, and dependent parents of deceased workers aged 62 or older.

b. A widow(er) or surviving divorced parent caring for the entitled child of a deceased worker who is under age 16 or is disabled.

CONTACT: Hazel P. Jenkins (410) 965-0164 or oasdi.monthly@ssa.gov for further information.

Monthly Statistical Snapshot, December 2008

Table 3.
Supplemental Security Income recipients, December 2008

Age	Recipients: Number (thousands)	Recipients: Percent	Total payments [a] (millions of dollars)	Average monthly payment [b] (dollars)
All recipients	7,521	100.0	3,880	477.80
Under 18	1,154	15.3	685	561.30
18–64	4,333	57.6	2,387	494.00
65 or older	2,034	27.0	809	396.00

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

a. Includes retroactive payments.

b. Excludes retroactive payments.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 4.
Old-Age and Survivors Insurance and Disability Insurance Trust Funds, December 2008 (in millions of dollars)

Component	OASI	DI	Combined OASI and DI
		Receipts	
Total	$93,720	$12,240	$105,961
Net contributions	40,855	6,937	47,792
Income from taxation of benefits	12	0	12
Net interest	52,853	5,303	58,157
Payments from the general fund	0	0	0
		Expenditures	
Total	43,595	9,256	52,851
Benefit payments	43,314	9,040	52,354
Administrative expenses	281	216	496
Transfers to Railroad Retirement	0	0	0
		Assets	
At start of month	2,152,760	212,788	2,365,548
Net increase during month	50,125	2,985	53,110
At end of month	2,202,886	215,773	2,418,658

SOURCE: Data on the trust funds were accessed on February 24, 2009, on the Social Security Administration's Office of the Actuary's web site: http://www.socialsecurity.gov/OACT/ProgData/funds.html.

NOTE: Totals may not equal the sum of the components because of rounding.

Supplemental Security Income December 2007–December 2008

SSI Federally Administered Payments

Awards of SSI Federally Administered Payments

The SSI Monthly Statistics are also available at http://www.socialsecurity.gov/policy/docs/statcomps/ssi_monthly/index.html.

Table 1.
Recipients (by type of payment), total payments, and average monthly payment, December 2007–December 2008

Month	Number of recipients				Total payments [a] (thousands of dollars)	Average monthly payment [b] (dollars)
	Total	Federal payment only	Federal payment and state supplementation	State supplementation only		
2007						
December	7,359,525	5,057,395	2,003,839	298,291	3,735,792	468.40
2008						
January	7,386,859	5,078,577	2,011,353	296,929	3,742,315	475.70
February	7,382,806	5,076,113	2,010,168	296,525	3,741,089	476.40
March	7,399,632	5,089,646	2,013,465	296,521	3,769,599	476.90
April	7,428,073	5,111,396	2,019,671	297,006	3,845,076	476.40
May	7,408,267	5,096,218	2,014,736	297,313	3,777,113	477.70
June	7,453,089	5,129,012	2,025,843	298,234	3,841,233	477.00
July	7,450,629	5,125,978	2,025,538	299,113	3,769,838	475.70
August	7,468,701	5,138,210	2,030,920	299,571	3,809,124	477.40
September	7,509,397	5,168,764	2,040,252	300,381	3,866,226	476.70
October	7,504,271	5,163,780	2,039,238	301,253	3,838,166	476.80
November	7,533,795	5,185,746	2,046,378	301,671	3,820,243	477.30
December	7,520,501	5,176,902	2,042,110	301,489	3,880,433	477.80

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

a. Includes retroactive payments.

b. Excludes retroactive payments.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 2.
Recipients, by eligibility category and age, December 2007–December 2008

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2007						
December	7,359,525	1,204,512	6,155,013	1,121,017	4,221,920	2,016,588
2008						
January	7,386,859	1,207,249	6,179,610	1,121,830	4,241,747	2,023,282
February	7,382,806	1,205,049	6,177,757	1,120,026	4,241,558	2,021,222
March	7,399,632	1,204,243	6,195,389	1,126,322	4,251,217	2,022,093
April	7,428,073	1,204,559	6,223,514	1,132,149	4,271,980	2,023,944
May	7,408,267	1,201,557	6,206,710	1,124,418	4,263,373	2,020,476
June	7,453,089	1,202,416	6,250,673	1,140,154	4,289,159	2,023,776
July	7,450,629	1,202,303	6,248,326	1,137,327	4,288,179	2,025,123
August	7,468,701	1,203,846	6,264,855	1,136,978	4,302,730	2,028,993
September	7,509,397	1,205,505	6,303,892	1,147,765	4,328,605	2,033,027
October	7,504,271	1,206,466	6,297,805	1,138,706	4,330,689	2,034,876
November	7,533,795	1,210,023	6,323,772	1,152,268	4,341,446	2,040,081
December	7,520,501	1,203,256	6,317,245	1,153,844	4,333,096	2,033,561

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 3.
Recipients of federal payment only, by eligibility category and age, December 2007–December 2008

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2007						
December	5,057,395	608,957	4,448,438	895,007	3,045,176	1,117,212
2008						
January	5,078,577	610,816	4,467,761	895,654	3,061,087	1,121,836
February	5,076,113	609,282	4,466,831	894,205	3,061,706	1,120,202
March	5,089,646	608,122	4,481,524	899,489	3,070,057	1,120,100
April	5,111,396	607,789	4,503,607	904,323	3,086,385	1,120,688
May	5,096,218	605,553	4,490,665	898,091	3,080,232	1,117,895
June	5,129,012	605,097	4,523,915	910,658	3,099,644	1,118,710
July	5,125,978	604,523	4,521,455	907,961	3,099,058	1,118,959
August	5,138,210	604,910	4,533,300	906,983	3,110,480	1,120,747
September	5,168,764	605,337	4,563,427	915,806	3,130,287	1,122,671
October	5,163,780	605,292	4,558,488	908,584	3,132,083	1,123,113
November	5,185,746	606,874	4,578,872	919,557	3,140,406	1,125,783
December	5,176,902	602,347	4,574,555	920,836	3,135,122	1,120,944

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 4.
Recipients of federal payment and state supplementation, by eligibility category and age, December 2007–December 2008

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2007						
December	2,003,839	492,483	1,511,356	223,626	1,028,547	751,666
2008						
January	2,011,353	494,940	1,516,413	223,660	1,032,325	755,368
February	2,010,168	494,345	1,515,823	223,466	1,031,723	754,979
March	2,013,465	494,626	1,518,839	224,507	1,033,195	755,763
April	2,019,671	495,216	1,524,455	225,482	1,037,319	756,870
May	2,014,736	494,441	1,520,295	223,909	1,034,682	756,145
June	2,025,843	495,450	1,530,393	227,132	1,040,607	758,104
July	2,025,538	495,842	1,529,696	226,878	1,039,642	759,018
August	2,030,920	496,836	1,534,084	227,526	1,042,646	760,748
September	2,040,252	497,843	1,542,409	229,530	1,048,281	762,441
October	2,039,238	498,613	1,540,625	227,594	1,048,053	763,591
November	2,046,378	500,397	1,545,981	230,264	1,050,271	765,843
December	2,042,110	497,841	1,544,269	230,458	1,048,077	763,575

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 5.
Recipients of state supplementation only, by eligibility category and age, December 2007–December 2008

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2007						
December	298,291	103,072	195,219	2,384	148,197	147,710
2008						
January	296,929	101,493	195,436	2,516	148,335	146,078
February	296,525	101,422	195,103	2,355	148,129	146,041
March	296,521	101,495	195,026	2,326	147,965	146,230
April	297,006	101,554	195,452	2,344	148,276	146,386
May	297,313	101,563	195,750	2,418	148,459	146,436
June	298,234	101,869	196,365	2,364	148,908	146,962
July	299,113	101,938	197,175	2,488	149,479	147,146
August	299,571	102,100	197,471	2,469	149,604	147,498
September	300,381	102,325	198,056	2,429	150,037	147,915
October	301,253	102,561	198,692	2,528	150,553	148,172
November	301,671	102,752	198,919	2,447	150,769	148,455
December	301,489	103,068	198,421	2,550	149,897	149,042

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 6.
Total payments, by eligibility category, age, and source of payment, December 2007–December 2008 (in thousands of dollars)

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
				All sources		
2007						
December	3,735,792	465,272	3,270,520	660,768	2,290,670	784,354
2008						
January	3,742,315	472,645	3,269,669	661,309	2,282,644	798,361
February	3,741,089	471,094	3,269,995	664,604	2,279,637	796,848
March	3,769,599	472,120	3,297,479	670,708	2,299,885	799,006
April	3,845,076	473,162	3,371,915	681,076	2,362,885	801,115
May	3,777,113	470,934	3,306,179	668,912	2,309,775	798,426
June	3,841,233	471,815	3,369,418	683,340	2,357,134	800,758
July	3,769,838	470,803	3,299,034	665,779	2,304,600	799,459
August	3,809,124	471,801	3,337,323	674,981	2,332,418	801,724
September	3,866,226	473,306	3,392,920	683,173	2,378,779	804,274
October	3,838,166	473,343	3,364,824	671,832	2,361,694	804,640
November	3,820,243	475,770	3,344,472	680,894	2,331,667	807,682
December	3,880,433	475,880	3,404,553	684,552	2,386,554	809,328
				Federal payments		
2007						
December	3,357,680	362,064	2,995,615	642,355	2,087,346	627,979
2008						
January	3,366,810	369,611	2,997,198	642,967	2,081,735	642,107
February	3,366,130	368,255	2,997,875	646,373	2,079,036	640,721
March	3,392,883	369,029	3,023,854	652,280	2,098,149	642,455
April	3,463,950	369,735	3,094,214	662,372	2,157,503	644,074
May	3,400,489	367,931	3,032,558	650,593	2,108,041	641,855
June	3,460,281	368,409	3,091,872	664,631	2,152,097	643,554
July	3,392,740	367,562	3,025,179	647,315	2,102,976	642,450
August	3,430,320	368,265	3,062,055	656,424	2,129,688	644,208
September	3,483,686	369,382	3,114,304	664,311	2,173,220	646,155
October	3,457,102	369,367	3,087,735	653,337	2,157,278	646,487
November	3,440,107	371,338	3,068,768	662,297	2,128,868	648,941
December	3,497,759	371,512	3,126,247	665,678	2,181,608	650,473

(Continued)

Table 6.
Total payments, by eligibility category, age, and source of payment, December 2007–December 2008 (in thousands of dollars)—*Continued*

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
			State supplementation			
2007						
December	378,112	103,208	274,905	18,413	203,324	156,376
2008						
January	375,505	103,034	272,471	18,343	200,908	156,254
February	374,958	102,839	272,119	18,231	200,600	156,127
March	376,716	103,091	273,625	18,428	201,737	156,551
April	381,127	103,427	277,700	18,704	205,382	157,041
May	376,624	103,003	273,621	18,319	201,734	156,571
June	380,952	103,406	277,546	18,710	205,038	157,204
July	377,097	103,241	273,856	18,464	201,624	157,009
August	378,804	103,536	275,268	18,557	202,730	157,516
September	382,540	103,924	278,616	18,862	205,558	158,120
October	381,064	103,976	277,089	18,496	204,416	158,153
November	380,136	104,432	275,704	18,597	202,799	158,740
December	382,674	104,368	278,306	18,875	204,946	158,854

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month and include retroactive payments.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 7.
Average monthly payment, by eligibility category, age, and source of payment, December 2007–December 2008 (in dollars)

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
				All sources		
2007						
December	468.40	384.10	484.90	555.30	484.20	386.90
2008						
January	475.70	390.00	492.40	563.00	492.00	393.00
February	476.40	389.40	493.40	568.20	492.20	392.60
March	476.90	390.50	493.70	567.50	492.50	393.50
April	476.40	390.70	493.00	565.40	492.00	393.70
May	477.70	391.00	494.50	571.20	492.70	394.00
June	477.00	391.10	493.50	567.70	492.00	394.10
July	475.70	391.00	492.10	562.70	491.30	393.90
August	477.40	391.20	494.00	569.90	492.30	394.20
September	476.70	391.20	493.10	566.00	491.90	394.10
October	476.80	391.50	493.20	566.30	492.20	394.30
November	477.30	391.90	493.70	567.10	492.40	394.60
December	477.80	393.50	493.90	561.30	494.00	396.00
				Federal payments		
2007						
December	437.10	327.10	457.40	541.10	455.70	334.50
2008						
January	444.60	333.00	465.20	548.80	463.70	340.80
February	445.40	332.50	466.30	554.00	463.90	340.40
March	445.80	333.40	466.50	553.20	464.30	341.20
April	445.40	333.50	465.90	551.20	463.90	341.30
May	446.70	333.70	467.40	557.00	464.60	341.60
June	446.10	333.80	466.50	553.60	463.90	341.60
July	444.80	333.60	465.10	548.50	463.30	341.50
August	446.60	333.90	467.10	555.80	464.30	341.70
September	445.90	333.80	466.20	551.90	464.00	341.70
October	446.00	333.90	466.30	552.10	464.30	341.80
November	446.50	334.40	466.90	553.00	464.50	342.10
December	447.00	336.00	467.00	547.10	466.10	343.60

(Continued)

Table 7.
Average monthly payment, by eligibility category, age, and source of payment, December 2007–December 2008 (in dollars)—*Continued*

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
			State supplementation			
2007						
December	156.60	171.70	151.30	76.40	159.90	172.30
2008						
January	156.30	171.50	151.10	76.40	159.60	172.10
February	156.30	171.30	151.00	76.40	159.60	172.00
March	156.30	171.50	151.10	76.40	159.60	172.20
April	156.30	171.60	150.90	76.40	159.50	172.20
May	156.40	171.70	151.10	76.60	159.60	172.30
June	156.20	171.70	150.80	76.30	159.40	172.20
July	156.10	171.70	150.70	76.30	159.20	172.20
August	156.10	171.70	150.70	76.20	159.30	172.30
September	156.00	171.80	150.60	76.10	159.10	172.20
October	156.10	171.90	150.70	76.30	159.10	172.30
November	156.00	171.90	150.50	76.00	159.10	172.40
December	156.20	172.30	150.70	76.10	159.30	172.70

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for the end of the specified month and exclude retroactive payments.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Table 8.
All awards, by eligibility category and age of awardee, December 2007–December 2008

Month	Total	Eligibility category		Age		
		Aged	Blind and disabled	Under 18	18–64	65 or older
2007						
December	77,842	8,198	69,644	15,990	53,520	8,332
2008						
January	67,580	7,531	60,049	13,763	46,159	7,658
February	68,866	8,902	59,964	13,865	45,961	9,040
March	70,815	8,313	62,502	14,395	47,992	8,428
April	85,983	9,111	76,872	17,671	59,044	9,268
May	76,256	8,981	67,275	15,150	51,979	9,127
June	85,974	8,769	77,205	18,261	58,787	8,926
July	73,646	8,965	64,681	14,822	49,738	9,086
August	75,295	9,126	66,169	14,244	51,789	9,262
September	85,720	9,076	76,644	16,499	59,986	9,235
October	79,082	9,769	69,313	13,874	55,273	9,935
November [a]	72,708	9,948	62,760	13,533	49,107	10,068
December [a]	78,662	8,136	70,526	15,494	54,896	8,272

SOURCE: Social Security Administration, Supplemental Security Record, 100 percent data.

NOTE: Data are for all awards made during the specified month.

a. Preliminary data. In the first 2 months after their release, numbers may be adjusted to reflect returned checks.

CONTACT: Art Kahn (410) 965-0186 or ssi.monthly@ssa.gov for further information.

Perspectives—Paper Submission Guidelines

The *Social Security Bulletin* is the quarterly research journal of the Social Security Administration. It has a diverse readership of policymakers, government officials, academics, graduate and undergraduate students, business people, and other interested parties.

To promote the discussion of research questions and policy issues related to Social Security and the economic well being of the aged, the *Bulletin* welcomes submissions from researchers and analysts outside the agency for publication in its Perspectives section.

We are particularly interested in papers that:

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- evaluate changing economic, demographic, health, and social factors affecting work/retirement decisions and retirement savings;
- consider the uncertainties that individuals and households face in preparing for and during retirement and the tools available to manage such uncertainties; and
- measure the changing characteristics and economic circumstances of SSI beneficiaries.

Papers should be factual and analytical, not polemical. Technical or mathematical exposition is welcome, if relevant, but findings and conclusions must be written in an accessible, nontechnical style. In addition, the relevance of the paper's conclusions to public policy should be explicitly stated.

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Authors should submit papers for consideration via e-mail to Michael V. Leonesio, Perspectives Editor, at perspectives@ssa.gov. To send your paper via regular mail, address it to:

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Formatting Guidelines

To facilitate the editorial process, papers submitted for publication must be prepared in Microsoft Word (**except for tables and charts—see below**) and be formatted as outlined below.

- **Title Page**—Papers must include a title page with the paper's title, name(s) of author(s), affiliation(s), address(es), including the name, postal address, e-mail address, telephone and fax numbers of a contact person. Any Acknowledgments paragraph should also be on this page. In the Acknowledgements, reveal the source of any financial or research support received in connection with the preparation of the paper. Because papers undergo blind review, the title page will be removed from referee copies. Eliminate all other identifying information from the rest of the paper before it is submitted. Once papers are accepted for publication, authors are responsible for reinserting self-identifying citations and references during preparation of the paper for final submission.
- **Synopsis**—For the *Bulletin's* table of contents include a separate synopsis, including the title of the paper along with one to three sentences outlining the research question.
- **Abstract**—Prepare a brief, nontechnical abstract of the paper of not more than 150 words that states the purpose of the research, methodology, and main findings and conclusions. This abstract will be used in the Bulletin and, if appropriate, be submitted to the Journal of Economic Literature for indexing. Below the abstract supply the JEL classification code and two to six keywords. JEL classification codes can be found at http://www.aeaweb.org/journal/jel_class_system.html.
- **Text**—Papers should average 10,000 words, including the text, the notes, and the references (but excluding the tables and charts). Text is double-spaced, except notes and references, which are double spaced only after each entry. **Do not embed tables or charts into the text. Create separate files (in the formats outlined in "Tables/Charts" below) for the text and statistical material**. Tables should be in one file, with one table per page. Include charts in a separate file, with one chart per page.
- **End Notes**—Number notes consecutively in the text using superscripts. Only use notes for brief substantive comments, not citations. (See the *Chicago Manual of Style* for guidance on the use of citations.) All notes should be grouped together and start on a new page at the end of the paper.
- **References**—Verify each reference carefully; the references must correspond to the citations in the text. The list of references should start on a new page and be listed alphabetically by the last name of the author(s) and then by year, chronologically. Only the first author's name is inverted. List all authors' full names and avoid using *et al*. The name of each author and the title of the citation should be exactly as it appears in the original work.
- **Tables/Charts**—Tables must be prepared in Microsoft Excel. Charts or other graphics must be prepared in or exported to Excel or Adobe Illustrator. The spreadsheet with plotting data must be attached to each chart with the final submission. Make sure all tables and charts are referenced in the text. Give each table and chart a title and number consecutive with the order it is mentioned in the text. Notes for tables and charts are independent of Notes in the rest of the paper and should be ordered using lowercase letters, beginning with the letter a (including the Source note, which

should be listed first). The sequence runs from left to right, top to bottom. The order of the notes as they appear below the tables or charts is (1) Source, (2) general notes to the table or chart, if any, and (3) letter notes.

For specific questions on formatting, use the *Chicago Manual of Style* as a guide for notes, citations, references, and table presentation.

Review Process

Papers that appear to be suitable for publication in Perspectives are sent anonymously to three reviewers who are subject matter experts. The reviewers assess the paper's technical merits, provide substantive comments, and recommend whether the paper should be published. An editorial review committee appointed and chaired by the Associate Commissioner, Office of Research, Evaluation, and Statistics, makes the final decision on whether the paper is of sufficient quality, importance, and interest to publish, subject to any required revisions that are specified in a letter to the author(s). The entire review process takes approximately 12 weeks.

Data Availability Policy

If your paper is accepted for publication, you will be asked to make your data available to others at a reasonable cost for a period of 3 years (starting 6 months after actual publication). Should you want to request an exception from this requirement, you must notify the Perspectives Editor when you submit your paper. For example, the use of confidential or proprietary data sets could prompt an exemption request. If you do not request an exemption, we will assume that you have accepted this requirement.

Questions

Questions regarding the mechanics of submitting a paper should be sent to our editorial staff via e-mail at ssb@ssa.gov. For other questions regarding submissions, please contact Michael V. Leonesio, Perspectives Editor, at perspectives@ssa.gov.

Social Security Bulletin Index for Volume 68, 2008

Program Highlights, 2008

Old-Age, Survivors, and Disability Insurance

Tax Rates for Employers and Employees, Each [a] (percent)	
Social Security	
Old-Age and Survivors Insurance	5.30
Disability Insurance	0.90
Subtotal, Social Security	6.20
Medicare (Hospital Insurance)	1.45
Total	7.65
Maximum Taxable Earnings (dollars)	
Social Security	102,000
Medicare (Hospital Insurance)	No limit
Earnings Required for Work Credits (dollars)	
One Work Credit (One Quarter of Coverage)	1,050
Maximum of Four Credits a Year	4,200
Earnings Test Annual Exempt Amount (dollars)	
Under Full Retirement Age for Entire Year	13,560
For Months Before Reaching Full Retirement Age in Given Year	36,120
Beginning with Month Reaching Full Retirement Age	No limit
Maximum Monthly Social Security Benefit for Workers Retiring at Full Retirement Age (dollars)	2,185
Full Retirement Age	66
Cost-of-Living Adjustment (percent)	2.3

a. Self-employed persons pay a total of 15.3 percent—10.6 percent for OASI, 1.8 percent for DI, and 2.9 percent for Medicare.

Supplemental Security Income

Monthly Federal Payment Standard (dollars)	
Individual	637
Couple	956
Cost-of-Living Adjustment (percent)	2.3
Resource Limits (dollars)	
Individual	2,000
Couple	3,000
Monthly Income Exclusions (dollars)	
Earned Income [a]	65
Unearned Income	20
Substantial Gainful Activity (SGA) Level for the Nonblind Disabled (dollars)	940

a. The earned income exclusion consists of the first $65 of monthly earnings, plus one-half of remaining earnings.

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