

*Supplemental Security Income Program* #47

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# *Supplemental Security Income Program*

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# Supplemental Security Income Program

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## Introduction and Overview

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The supplemental security income (SSI) program, authorized under Title XVI of the federal Social Security Act, provides cash benefits to low-income aged, blind and disabled persons who meet certain financial and nonfinancial eligibility criteria. The program was established by the 1972 amendments to the Society Security Act (P.L. 92-603) and implemented in 1974 as a comprehensive replacement to the old-age assistance (OAA), aid to the permanently and totally disabled (APTD) and aid to the blind (AB) programs. The SSI program is administered at the federal level by the Social Security Administration (SSA), which establishes uniform eligibility standards, federal benefit levels and program policies, and at the state level by the Department of Health and Family Services (DHFS).

The purpose of the program is to ensure that the SSI benefit paid to an eligible individual is the amount that is necessary to raise the income of the individual to a statutorily prescribed income "floor." The benefit paid is the difference between the "floor," or maximum benefit level and the individual's countable (earned and unearned) income from other sources. As the individual's countable income changes, there is a corresponding adjustment to the SSI benefit payment to enable the individual to maintain this specified amount of cash income.

In addition, eligibility for SSI provides an individual with categorical eligibility for medical assistance (Medicaid) benefits. This link between the two programs eliminates the need for SSI

beneficiaries to use their cash income to support most health-related expenses. Consequently, SSI beneficiaries' cash income can be used for other necessary expenses, such as housing and food.

Most states, including Wisconsin, choose to supplement federal SSI payments with state-supported payments to SSI beneficiaries. In Wisconsin, the state SSI supplement is dependent upon an individual's receipt of federal SSI benefits. Some states, including Wisconsin, are required to supplement the basic federal payment to ensure that individuals who received OAA, AB and APTD benefits, as of December 1, 1973, did not have their benefits reduced as a result of the implementation of the SSI program.

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## Eligibility

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Eligibility for SSI benefits is based upon financial and nonfinancial criteria established under federal law.

**Nonfinancial Criteria.** To be eligible, a person must be either 65 years of age or older or a needy person of any age who is blind or disabled. To qualify for SSI payments based on blindness, a person must have vision no better than 20/200 or have a limited visual field of 20 degrees or less with the best corrective eyeglasses.

SSI payments for a disability may be made to an adult if the individual is unable to engage in substantial gainful activity, which is defined as \$700 or more of earnings per month, because of a physical or mental impairment which can be

expected to result in death or which has lasted, or is expected to last, for a continuous period of at least twelve months.

An individual under the age of 18 is considered disabled for purposes of eligibility for SSI, if that individual has a medically determinable physical or mental impairment which results in marked and severe functional limitations, and which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve months. An individual under the age of 18 who engages in substantial gain activity may be considered disabled.

The Social Security Administration contracts with states for determining whether applicants for SSI benefits are disabled. In Wisconsin, the DHFS Disability Determination Bureau (DDB) is responsible for making disability determinations under rules established by SSA. Medical criteria for determining disabilities is included in a list of medically determinable impairments regularly produced by the SSA to assist staff in making disability determinations. Individuals diagnosed with impairments included in this list are automatically considered disabled for SSI eligibility purposes.

If an adult applicant's impairment is not included in the list of medically determinable impairments, the rules established by SSA require that the applicant receives an individual assessment to determine if his or her impairment prevents him or her from engaging in substantial gainful activity and is comparable in severity to impairments included on the list. Since 1990, a functional assessment is required for children, under 18 years of age, to determine how a child's condition compares to his or her age norms.

**Financial Criteria.** SSI eligibility is restricted to qualified persons who have countable resources of up to \$2,000, or \$3,000 for married couples. Certain resources are excluded from consideration, including: (1) the home in which the individual

lives; (2) a car with a market value of up to \$4,500; (3) a car regardless of value if it is used for work or medical treatment; (4) life insurance policies with a total face value of up to \$1,500; (5) household goods and personal effects (with a limit of \$2,000 in equity value on excluded household goods and personal effects); (6) burial plots or spaces; and (7) a burial fund up to \$2,000 per person.

The SSI income limits are equal to the SSI payment levels plus any applicable disregards. The income and resources of the parents of a blind or disabled child under age 18 are considered in determining the child's eligibility.

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

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## State SSI Benefits

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**Basic State Supplement.** Each Wisconsin recipient of a federal SSI benefit is eligible for a basic state supplement to his or her federal benefit. The maximum benefit levels are established effective January 1 of every year. The maximum benefit levels are based on living arrangements and marital status. Table 1 identifies the maximum federal and state benefit levels effective January 1, 2001. A recipient's benefit level is based on whether that individual is living independently in his or her own household or living in the household of another person, such as a relative or friend. If a recipient has a spouse who is also eligible to receive SSI benefits, the couple receives a combined benefit.

As of January 1, 1996, the basic state supplement is not available to new SSI applicants unless their income is of a level that also qualifies them for the federal SSI benefit. Therefore,

**Table 1**  
**Maximum Monthly Payment Levels Effective**  
**January 1, 2001**

Living Arrangement	Federal	State	Total Payment
<b>Independent Living</b>			
Individual	\$530.00	\$83.78	\$613.78
Couple	796.00	132.05	928.05
<b>Living in the Household of Another</b>			
Individual	353.34	83.78	437.12
Couple	530.67	132.05	662.72
<b>Living in Own Household with Ineligible Spouse</b>			
Individual	530.00	130.43	660.43
<b>Living in a Household of Another with Ineligible Spouse</b>			
Individual	353.34	135.05	488.39
<b>Exceptional Expense Supplement-Supported Living in Nonmedical Substitute Care (8 beds or less) or in Natural Residential Setting</b>			
Individual	530.00	179.77	709.77
Couple	796.00	477.41	1273.41

receiving federal SSI benefits is a prerequisite for the receipt of the state SSI supplemental benefit. However, individuals who received the state supplement, but not the federal benefit as of December 31, 1995, will continue to receive the state supplement as long as they continue to meet all other SSI eligibility conditions. As of December, 2000, 12,086 individuals continue to receive the state-only supplement.

**Exceptional Expense Supplement.** Certain SSI recipients are eligible for an enhanced payment, referred to as the SSI-E for exceptional expenses. An SSI recipient who resides in a natural residential setting (home or apartment) may be eligible for an SSI-E payment of up to \$96 per month if the recipient requires 40 or more hours per month of supportive home care/respite care, daily living skills training and/or community support program services. If the recipient is a minor child residing with a parent, only services

needed when the parent is away from the residence for purposes of employment count toward the 40-hour requirement. If the recipient resides with a spouse, only services needed when the spouse is away from the residence for purposes of employment or because the spouse is physically or mentally unable to provide care count toward the 40-hour requirement. SSI recipients whose expenses are greater than the SSI-E payment level (\$709.77 in 2001 for an individual) and live in a foster or group home for children or in an adult family or foster home are eligible for SSI-E benefits. A SSI recipient who resides in community-based residential facility (CBRF) adult family home or is certified residential care apartment complex (RCAC) is automatically eligible for the SSI-E supplement.

**Supplement for Institutional Residents.** When an individual enters a hospital or nursing home in which more than half of the cost of care is paid by medical assistance, the individual's monthly SSI benefit standard is reduced to \$30, beginning with the first full month the individual is in the institution. This \$30 payment is considered a personal needs allowance intended to take care of small personal expenses. Recipients with a monthly income over \$40 are not eligible to receive the \$30 payment but, instead, may keep \$40 per month from their resources with the remainder contributing to the cost of their care.

However, if a physician certifies that a person's stay in a hospital or other medical institution is not likely to exceed three months and the person needs to continue to maintain a home to return to, SSI benefits will not be reduced and the recipient will continue to receive the full SSI benefit for up to three months.

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

Disabled children who receive medical treatment at home under MA state home care plans, who previously received SSI personal needs allowances while in medical institutions, and who otherwise would be ineligible for SSI because of their parents' income or resources, are eligible to receive the \$30 monthly personal needs allowance that would be payable if they were institutionalized, without regard to their parents' income or resources.

**Caretaker Supplement.** Beginning January 1, 1998, certain SSI recipients with dependent children began receiving a caretaker supplement to their SSI benefit. Effective November 1, 1999, the benefit was established at \$250 per month for one dependent child and \$150 per month for each additional dependent child. This benefit is a flat-rate benefit and is not affected by the amount of income an SSI recipient receives.

*Eligibility.* SSI recipients are eligible for the caretaker supplement if the following apply:

- The custodial parent receives state or federal SSI benefits and is ineligible for a Wisconsin Works (W-2) employment position solely because he or she receives state or federal SSI benefits;
- If the dependent child has two custodial parents, each custodial parent receives state or federal SSI benefits;
- The custodial parent assigns to the state any right of the custodial parent or of the dependent child to support from any other person;
- The dependent child meets the eligibility criteria, or would meet the eligibility for AFDC if AFDC continued to exist; and
- The dependent child does not receive federal SSI benefits.

The supplement was established as a replacement for benefits which the children of SSI recipients had received under the aid to families with dependent children (AFDC) program. Under AFDC, the dependent children of SSI recipients could be eligible for child-only AFDC benefits,

meaning the income and assets of the parents or any other SSI recipient in the household would not be considered when determining eligibility. The AFDC program was eliminated with the implementation of Wisconsin Works (W-2) program. More information on the W-2 program is provided in Informational Paper #45 on this program, prepared by the Legislative Fiscal Bureau.

For state fiscal year 1999-00, on average per month, 5,578 SSI recipients received a caretaker supplement on behalf of 10,900 children.

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### Calculation of Payment Levels

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For the basic supplement and SSI-E, the actual payment an individual receives is the difference between the applicable maximum benefit level, as determined by an individual's marital status and living arrangement, and the individual's countable income.

**Countable Income.** An individual's countable income is defined as earned and unearned income minus certain disregards. Earned income includes wages and net earnings from self-employment. Unearned income includes social security checks, veterans compensation, worker's compensation, pensions, annuities, gifts, maintenance-in-kind (i.e., food and shelter) and interest. Appendix I lists many of the resources and benefits not included when calculating countable income. For each month, \$20 of earned or unearned income is excluded. In addition, \$65 per month of earned income plus one-half the earnings above \$65 is disregarded.

The income and resources of an ineligible spouse who lives with an applicant or recipient or those of a parent living with a child applicant or recipient are considered in determining eligibility and the amount of the payment. A portion of their

income and resources is deemed available to the applicant or recipient and factored into the determination of eligibility and the monthly benefit level.

Under federal law, any earned or unearned income first reduces the federal SSI benefit and then is applied toward reducing the state benefit. If an individual's countable income, minus any disregards, is greater than the maximum federal benefit level established for that individual's living arrangements and marital status, the individual is not eligible to receive either state or federal SSI benefits.

Table 2 illustrates income deeming procedures for earned and unearned income as of January 1, 2001, for individuals living in their own homes. In the first example, the individual receives \$307 per month in social security benefits and has no earned income. In the second example, the recipient also receives \$307 per month in social security benefits and earns \$125 per month.

**Treatment of Other Benefits and Assistance.**

Federal law requires that SSI applicants file for all other benefits to which they may be eligible. Generally, cash benefits such as social security, veteran and worker's compensation and pensions, are considered countable income for purposes of determining SSI eligibility and the payment amount. Need-based assistance funded with state revenue however, is generally not considered countable income. Appendix I lists those benefits and resources not included when determining countable income.

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**Work Incentive Provisions**

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Federal law includes a number of work incentive provisions for SSI recipients. One provision, Section 1619 of the Social Security Act, allows a disabled SSI recipient to work and continue to receive SSI cash payments and/or medical assistance. Prior to the enactment of this

*Table 2: Benefit Calculations*

<b>Calculation of Countable Income</b>			
	<b>Example 1</b>		<b>Example 2</b>
Unearned Income		Unearned Income	
Social Security	\$307.00	Social Security	\$307.00
\$20 Disregard	<u>-20.00</u>	\$20 Disregard	<u>- 20.00</u>
Countable Unearned Income	\$287.00	Countable Unearned Income	\$287.00
		Earned Income	
		Wages	\$125.00
		\$65 Disregard	<u>- 65.00</u>
		Remainder	\$60.00
		Countable Earned Income (One-Half of the Remainder)	\$30.00
		Countable Unearned Income	\$287.00
		Countable Earned Income	<u>30.00</u>
		Total Countable Income	\$317.00
<b>Calculation of SSI Payment</b>			
Maximum SSI Payment (Federal and State)	\$613.78	Maximum SSI Payment (Federal and State)	\$613.78
Countable Unearned Income	<u>-287.00</u>	Countable Income	<u>-317.00</u>
Monthly SSI Payment	\$326.78	Monthly SSI Payment	\$296.78

provision, a disabled SSI recipient who, after a trial work period, worked at the substantial gainful activity (SGA) level, would lose his or her disability status even if the recipient continued to be severely impaired and the recipient's income and resources were within the SSI limits. This loss in SSI eligibility resulted in the loss of medical assistance benefits as well.

*Section 1619(a).* Section 1619(a) provides for the continuation of cash benefits for disabled and blind SSI recipients who are working at the SGA level as long as there is not a medical improvement in the disabling condition. However, the amount of their cash benefit is gradually reduced as earnings increase.

*Section 1619(b).* Under Section 1619(b), an individual can continue to be eligible for medical assistance after earned income eliminates the individual's cash benefit. This provision applies as long as the individual: (a) continues to be blind or have a disabling impairment; (b) except for earnings, continues to meet all other requirements for SSI eligibility; (c) needs medical assistance in order to work; and (d) has insufficient earnings to purchase comparable health care benefits.

In August, 2000, 659 Wisconsin recipients benefited from the 1619(a) option and 3,550 Wisconsin recipients benefited from the 1619(b) option.

Another work incentive provision available is a plan for achieving self-support (PASS). This provision allows disabled and blind recipients to set aside income and resources under a written, approved plan in order to achieve a vocational goal. The funds set aside are not counted against the SSI financial limits for up to 48 months. A PASS may also be used to establish initial financial eligibility by reducing an individual's countable income and/or resources to a level less than the SSI limits. In June, 2000, 69 SSI recipients in Wisconsin benefited from this provision.

Finally, federal law allows blind and disabled

persons to disregard certain work expenses when determining SSI eligibility and the amount of the monthly payment. For disabled persons who work, certain expenses for items needed for work because of the person's impairment are disregarded. In June, 2000, 397 SSI recipients in Wisconsin were able to disregard certain work expenses due to an impairment. For blind persons who work, certain work expenses for items needed that do not relate to the person's impairment may also be disregarded. In June, 2000, another 124 SSI recipients in Wisconsin were able to disregard certain work expenses due to their blindness.

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### **Administration**

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Applications for SSI are processed through the local offices of the SSA. The SSA contracts with the DHFS Disability Determination Bureau to process disability determinations for persons applying for SSI on the basis of disability. Additionally, states have the option of administering their own supplemental benefit payments, or contracting with the SSA to administer the state supplement. In either case, the state determines the level of the state supplemental payment.

The state supplement to the federal benefit is administered by the state's medical assistance fiscal agent, Electronic Data Systems (EDS) under a contract with DHFS. EDS distributes payments and responds to beneficiary questions. State SSI recipients continue to receive their federal benefits from the federal government. Under the state's contract with EDS, which is an addendum to the state's medical assistance contract, the state pays EDS an annual fee of approximately \$969,000 for staff costs and overhead. Postage costs are paid directly by DHFS.

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## Federal Pass-Along Requirement

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An amendment to the Social Security Act in July, 1974, mandated automatic cost-of-living increases in the federal SSI benefit equal to, and coinciding with, the automatic cost-of-living increases in social security benefits. When Congress initially enacted cost-of-living increases in the federal SSI benefit, some states did not maintain their supplemental payment levels, but rather, reduced the payment levels by amounts up to the amount of the increase in the federal level. Consequently, the federal benefit increase was not always passed through to recipients. Recipients would receive the same, or only a slightly higher, combined federal and state SSI benefit.

The enactment of the "pass-along" requirement in 1976, which first took effect with the cost-of-living increase in July, 1977, generally required that the federal increases be passed along to SSI recipients. However, federal law also allows any state that makes supplemental payments, regardless of whether the supplement is administered by the state or federal government, to comply with the pass-along requirement by either:

- Maintaining the total annual expenditure level; or
- Maintaining the state supplemental payment levels to each category of recipients.

States are required to inform the federal government of their selected methodology each October. However, federal law allows states to change their method of compliance at any point throughout the year. Wisconsin currently chooses to meet the pass-along requirement under the first methodology: maintaining the total annual expenditure level.

**Maintaining Total Annual Expenditures.** Wisconsin currently chooses to meet the pass-along requirement under this methodology. In

Wisconsin, this is often referred to as a maintenance-of-effort (MOE) requirement. Under this methodology, a state's total supplemental payments for both mandatory and optional beneficiaries in a calendar year must be at least equal to its total expenditures for such payments in the preceding calendar year. Thus, if increased caseload causes state expenditures for the SSI supplement to rise each year, the state would still comply with pass-along requirements if increased costs were offset with reductions in payments levels. If the state supplement is reduced at the same time the federal cost-of-living adjustment is made, recipients may not actually see a decrease in the total payment.

Wisconsin's current MOE requirement of \$128,281,500 is based on prior year's expenditures. MOE is calculated on a calendar year basis and in 1999 Wisconsin met its MOE requirement with regular SSI state supplement GPR expenditures of \$122,220,300 and caretaker supplement GPR expenditures of \$6,061,200.

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## Program Trends

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**Benefit Levels.** Table 3 identifies the change in federal and state benefit levels for Wisconsin SSI recipients living independently. The table shows that between 1987 and 2001, federal benefit levels for individuals living independently, the largest category of SSI recipients, increased by 56%, rising from \$340 in 1987 to \$530 in 2001. In general, federal benefit levels have increased due to annual cost-of-living adjustments.

Requests for changes in the level of state supplemental payments must be submitted by DHFS to the Secretary of the Department of Administration (DOA). Upon approval from DOA, the request is sent to the Joint Committee on Finance. The Committee has 14 days in which to schedule a public hearing or executive session to

Table 3

**SSI Maximum Monthly Benefit Amount by Payment Source\***

Calendar Year	Federal Benefit	Federal % Change	State Benefit	State % Change	Total Benefit	Total % Change
1987	\$340.00	---	\$101.70	---	\$441.70	---
1988	354.00	4.1%	102.72	1.0%	456.72	3.4%
1989	368.00	4.0	102.72	0.0	470.72	3.1
1990	386.00	4.9	102.72	0.0	488.72	3.8
1991	407.00	5.4	102.72	0.0	509.72	4.3
1992	422.00	3.7	92.72	-9.7	514.72	1.0
1993	434.00	2.8	92.72	0.0	526.72	2.3
1994	446.00	2.8	84.70	-8.6	530.70	0.8
1995	458.00	2.7	83.68	-1.2	541.68	2.1
1996	470.00	2.6	83.78	0.1	553.78	2.2
1997	484.00	3.0	83.78	0.0	567.78	2.5
1998	494.00	2.1	83.78	0.0	577.78	1.8
1999	500.00	1.2	83.78	0.0	583.78	1.0
2000	512.00	2.4	83.78	0.0	595.78	2.1
2001	530.00	3.5	83.78	0.0	613.78	3.0

\*For eligible individual in own household.

review the proposal, otherwise the proposal is deemed approved. Any payment changes made by the Committee are subject to approval by the Governor. If the Governor has taken no action within 10 days, not including Sundays, the decision of the Committee takes effect.

**Program Participation.** Table 4 identifies caseload distributions by category of eligibility from fiscal year 1980-81 through 1999-00. Individuals receiving SSI benefits on the basis of a disability comprise the largest group of recipients.

SSI eligibility categories are somewhat misleading, since an aged person with a disability may be counted as disabled rather than aged when SSI eligibility is initially determined. In December, 1999, approximately 11% of the national disabled SSI caseload were age 65 or over.

Changes in the number of disabled SSI recipients can be attributed to the creation of outreach programs, changes in the disability determination and review process, and state and local efforts to shift beneficiaries to the federal and state-funded SSI program. The most significant

changes however, are based on eligibility changes targeted to disabled children and individuals considered disabled due to alcoholism or drug addiction. These changes are described below.

**Children's Eligibility Changes.** As shown in Table 5, the number of children receiving SSI increased significantly during the 1990's. Although the data include a count of the number of blind children receiving SSI, this group typically accounts for less than 2% of the total disabled/blind caseload.

The increase in caseload beginning in 1992 is usually attributed to changes made in the disability determination process as a result of the 1990 U.S. Supreme Court decision *Sullivan v. Zebley*. Federal law specified that children with medically determinable physical or mental impairments of comparable severity as impairments of adults could be eligible for SSI. The Supreme Court found that in order to comply

Table 4

**Average Caseload Levels by Eligibility Determination**

Fiscal Year	Disabled	Aged	Blind	Total
1980-81	36,452	30,454	954	67,860
1981-82	35,818	26,127	964	62,909
1982-83	36,277	24,469	984	61,730
1983-84	38,035	23,908	1,001	62,944
1984-85	41,350	24,084	1,037	66,471
1985-86	42,694	22,287	974	65,955
1986-87	47,717	21,916	992	70,625
1987-88	51,788	21,554	990	74,332
1988-89	54,444	21,254	1,016	76,714
1989-90	56,814	21,180	1,029	79,023
1990-91	60,244	21,032	1,062	82,338
1991-92	65,645	20,432	1,098	87,175
1992-93	75,363	20,172	1,031	96,566
1993-94	85,418	19,440	1,129	105,987
1994-95	88,521	18,888	1,207	108,616
1995-96	98,188	19,071	1,230	118,489
1996-97	102,505	18,919	1,284	122,708
1997-98	99,722	17,770	1,243	118,655
1998-99	86,822	15,965	1,123	101,940
1999-00	84,026	13,599	1,096	98,759

Source: Department of Health and Family Services.

**Table 5**  
**Disabled/Blind Children Receiving SSI Benefits**

Mo/Year	Wisconsin	% Change	Nationally	% Change
Dec. 1980	4,302		228,564	
Dec. 1981	4,195	-2.5%	230,094	0.7%
Dec. 1982	4,200	0.1	229,308	-0.4
Dec. 1983	4,235	0.8	236,380	3.2
Dec. 1984	4,579	8.1	248,633	5.2
Dec. 1985	5,202	13.6	265,326	6.7
Dec. 1986	5,724	10.0	280,137	5.6
Dec. 1987	6,092	6.4	288,725	3.1
Dec. 1988	6,089	-0.1	290,256	0.5
Dec. 1989	6,079	-0.2	296,256	2.1
Dec. 1990	6,830	12.4	340,230	14.8
Dec. 1991	9,281	35.9	438,853	29.0
Dec. 1992	13,688	47.5	623,845	42.2
Dec. 1993	18,992	38.8	770,501	23.5
Dec. 1994	21,103	11.1	892,543	15.8
Dec. 1995	25,387	20.3	974,189	9.1
Dec. 1996	24,934	-1.8	1,017,992	4.5
Dec. 1997	23,101	-7.4	879,828	-13.6
Dec. 1998	22,681	-1.8	887,066	0.8
Dec. 1999	20,512	-9.6	847,063	-4.5

Source: 1980 through Dec 1995: *Social Security Bulletin, Annual Statistical Supplement* and the office of Research and Statistics, Social Security Administration. Figures include persons age 18-21 who are students and still classified as children. For December 1995 through 1999, Wisconsin data was retrieved from the State Data Exchange (SDX) system by the Department of Health and Family Services.

with the comparable severity clause, the disability determination process for children had to be comparable to the adult disability determination process. Therefore, the court required that every child applying for SSI disability benefits be entitled to an individualized functional assessment to determine their eligibility. As a result, the *Zebley* decision allowed more children to be determined eligible than otherwise would have.

A General Accounting Office (GAO) report released in September, 1994, found that other factors were contributing to the increase in SSI children's caseload. The report found that 70% of the children determined eligible after *Zebley* would have been eligible for SSI without the changes enacted as a result of *Zebley*.

SSA attributes the rise in the number of children on SSI to: (a) outreach efforts conducted by SSA beginning in 1989; (b) updated information available in late 1990 for evaluating mental disorders in children; (c) new regulations as a result of *Zebley*; and (d) an increase in the number of children living in poverty. U.S. Census data indicates that, in 1990, 14.9% of Wisconsin children lived in families with income at or below the federal poverty level, compared with 10.4% of Wisconsin children based on the 1980 census.

Federal regulations promulgated after the Supreme Court case ruling on *Zebley* required a functional assessment of children which compared a child's condition to his or her age norms. In 1996, the federal welfare reform legislation raised the level of required functional loss for children for approved receipt of SSI benefits. The legislation specifies that a child's medically determinable impairment has to result in marked and severe functional limitations in order to be eligible for SSI. In addition, this legislation required SSA to modify the medical criteria established in rule to "eliminate references to maladaptive behavior in the domain of personal/behavioral function."

A total of 6,979 childhood SSI disability cases in Wisconsin were identified to be redetermined under the new eligibility criteria. As of October, 2000, all of the identified childhood SSI disability cases had been reviewed to determine if these cases met the new eligibility criteria established in the federal welfare reform legislation. Of these, 3,928 were ceased (362 of which were ceased for non-medical reasons) and 2,689 were continued after disability was confirmed. Of the ceased cases, 1,384 cessations did not appeal. Some of the remaining cessations were reversed on SSA appeal.

The 1996 welfare reform legislation also required that all SSI child recipients must have their medical eligibility redetermined within one year of their 18<sup>th</sup> birthday.

**Disabled Due to Alcoholism or Drug Addiction Eligibility Changes.** The Contract with America Advancement Act of 1996 (Public Law 104-121), enacted in March 1996, eliminated drug addiction and alcoholism as a basis for eligibility for SSI benefits due to a disability. This provision applied to new applicants beginning March 29, 1996. Effective January 1, 1997, approximately 3,100 individuals lost their SSI eligibility as a result of this provision. Another 1,180 were redetermined as eligible under other criteria.

**Income for SSI Recipients.** Table 6 identifies the percent of SSI recipients nationwide with earned income, social security and other unearned income. In Wisconsin, as of December, 1999, 34.6% of SSI recipients received social security benefits including 70.0% of aged SSI recipients, 30.4% of blind SSI recipients and 29.9% of disabled SSI recipients.

**Expenditures.** Appendix II shows expenditures for the SSI state supplements for state fiscal years 1980-81 through 1999-00. Expenditures for 1999-00 include \$128,281,600 GPR and \$15,574,700 federal TANF (temporary assistance to needy families) funds for the caretaker supplement.

*Table 6*  
**Percent of Persons Nationwide with SSI Payments and Social Security, Unearned Income and Earned Income -- December, 1999**

	Aged	Blind	Disabled	Total
Percent with Social Security Benefits	59.9%	34.8%	30.4%	36.3%
Average Monthly Social Security Benefit	\$386.79	\$399.54	\$382.07	\$383.82
Percent with Other Unearned Income	18.6%	11.2%	9.9%	11.7%
Average Monthly Unearned Income	\$99.12	\$114.53	\$143.42	\$128.99
Percent with Earnings	1.6%	7.2%	5.2%	4.5%
Average Monthly Earned Income	\$251.83	\$544.48	\$283.86	\$286.62

Source: Social Security Bulletin, Annual Statistical Supplement, 2000, Table 7.D1, Social Security Administration

## APPENDIX I

### SSI Income Determinations Items Not Included as Countable Income

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#### Items Not Considered Income

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The following items are not considered income:

- Medical care and services (including reimbursements and payment of health insurance premiums by others);
- Social services (including program reimbursements);
- Receipts from the sale, exchange to replacement of resources (such receipts are considered resources);
- Income tax refunds;
- Earned income tax credit payments;
- Payments by credit life or credit disability insurance (that is, insurance on charge accounts or other credit accounts);
- Proceeds of a loan;
- Bills paid by someone else for things other than food, clothing or shelter;
- Replacement of lost or stolen income; and
- Weatherization assistance.

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#### What Income Does Not Count

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Not all income is counted in determining the recipient's payment amount. The following income is excluded:

- \$20 a month of earned or unearned income (except some types of unearned income based on need, such as certain veterans' pensions);

- \$65 a month of earned income plus one-half of earned income over \$65 a month or, if there is no unearned income, \$85 a month of earned income plus one-half of the remainder;
- Food stamp assistance;
- Housing assistance from most federal housing programs;
- Government refunds of taxes paid on real property or on food purchases;
- Assistance based on need from a state or local political subdivision or Indian tribe;
- Amounts for tuition and fees paid from grants, scholarships and fellowships;
- Home-grown produce consumed by the household;
- Irregular or infrequent earned income totaling no more than \$10 a month;
- Irregular or infrequent unearned income totaling no more than \$20 a month;
- Domestic commercial transportation tickets received as gifts and used;
- Payments for providing foster care to a child who is not receiving SSI but has been placed in the recipient's household by an approved agency;
- If a child, one-third of any child support payments received from the absent parent;
- Earnings (up to \$400 a month, but no more than \$1,620 a year) of a blind or disabled child who is a student under 22; and
- If disabled or blind, the amount of income necessary for fulfillment of an approved plan for achieving self-support (PASS).

**APPENDIX II**

**SSI Benefit Expenditures  
State Fiscal Years 1980-81 Through 1999-00**

State Fiscal Year	GPR Expenditures	TANF Expenditures	% Change of Total Funding
1980-81	\$28,945,000	\$0	N.A.
1981-82	38,945,000	0	34.5%
1982-83	45,556,200	0	17.0
1983-84	55,530,400	0	21.9
1984-85	68,162,000	0	22.7
1985-86	78,215,000	0	14.7
1986-87	85,044,100	0	8.7
1987-88	89,883,200	0	5.7
1988-89	93,419,900	0	3.9
1989-90	99,054,000	0	6.0
1990-91	105,043,000	0	6.0
1991-92	114,448,800	0	9.0
1992-93	131,029,700	0	14.5
1993-94	128,182,100	0	12.0
1994-95	122,580,000	0	-4.3
1995-96	131,889,800	0	7.6
1996-97	133,087,500	0	7.2
1997-98	128,281,600	1,692,600	-2.3
1998-99	128,281,500	9,334,700	5.9
1999-00	128,281,600	15,574,700	4.5