



## SOCIAL SECURITY

### MEMORANDUM

**Date:** June 11, 2020 **Refer To:** TCB

**To:** Steve Goss, ASA, MAAA  
Chief Actuary  
Office of the Chief Actuary

**From:** Michael Stephens, ASA /s/  
Supervisory Actuary  
Office of the Chief Actuary

**Subject:** Estimated Change in Federal SSI Program Cost for Potential Extension of SSI Eligibility to Residents of Certain U.S. Territories—INFORMATION

The Office of the Chief Actuary has prepared estimates of the change in SSI program cost for extending SSI eligibility to the residents of Puerto Rico, American Samoa, Guam, and the U.S. Virgin Islands.<sup>1</sup> We estimate that if such extension were effective October 1, 2020, Federal SSI payments would increase by a total of approximately \$23.4 billion over the short-range projection period of fiscal years 2021 through 2030 – approximately \$22.7 billion for the extension of SSI eligibility to residents of Puerto Rico, and about \$0.7 billion on a combined basis for a corresponding extension to residents of the other territories. In the longer term, we estimate this extension to all four territories would increase Federal SSI program cost by about 3.4% annually in calendar year 2030, and decrease slightly on a gradual basis thereafter to 2.6% in calendar year 2044.

Currently, Puerto Rico, Guam, and the U.S. Virgin Islands are eligible for and participate in the Aid to the Aged, Blind, or Disabled (AABD) program; American Samoa is not currently eligible for this program.<sup>2</sup> This program is similar to the means-tested adult assistance programs administered in the States prior to the implementation of the SSI program in 1974. The eligibility criteria for the SSI program is significantly less restrictive than the eligibility criteria for the AABD program. If SSI eligibility were extended to residents of these territories, it would replace the AABD program currently operating in the territories. This would increase the number of residents receiving income assistance benefits, as well as the amount of benefits, due to the less restrictive eligibility requirements and higher benefit levels under the SSI program. Extension of SSI eligibility to residents of these territories would also provide eligibility to disabled children that are currently excluded from the AABD program.

The table below presents the estimated change in Federal SSI payments if SSI eligibility were extended to the residents of Puerto Rico, American Samoa, Guam, and the U.S. Virgin Islands. The estimates assume

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<sup>1</sup> Residents of the Northern Mariana Islands have been eligible for participation in the SSI program since 1978. The remaining U.S. Territories not specifically noted are essentially uninhabited.

<sup>2</sup> Source: The House Ways and Means Committee Green Book, 2018 edition, table A.2, available on the internet at <https://greenbook-waysandmeans.house.gov/sites/greenbook.waysandmeans.house.gov/files/Appendix%20A%20-Table%20A-2.pdf>.

an October 1, 2020 effective date, and are based on the assumptions underlying the projections in the 2020 SSI Annual Report, in addition to the best available information we have at this time. There would be no direct effects on scheduled benefit payments under the Social Security program.

The extension of SSI eligibility to residents of these territories would reduce Federal expenditures under the AABD program. We have not directly estimated the offsetting effects on AABD payments. However, as of FY 2018, under section 1108 of the Social Security Act, these territories had a combined funding ceiling for administration of the AABD, Temporary Assistance for Needy Families, and other programs of approximately \$116 million<sup>3</sup>. As this amount includes other programs in addition to AABD, the annual reduction in Federal AABD expenditures would be less than \$116 million, offsetting less than 10 percent of the added Federal SSI program cost.

Extension of SSI eligibility to these territories could potentially have effects on eligibility for other Federal or Federally funded programs, in particular Medicaid. While Medicaid coverage is currently available to residents of these territories, the additional individuals eligible to file for SSI payments would also be likely to file for Medicaid benefits as well. These effects are outside the scope of this analysis.

Estimated change in Federal SSI payments for a potential extension of SSI eligibility to residents of  
Puerto Rico, American Samoa, Guam, and the U.S. Virgin Islands,  
fiscal years 2021–30

<u>Fiscal year</u>	<u>Puerto Rico</u>	<u>Other territories</u>	<u>Total</u>
<b>Estimated short-range effects (change in nominal dollars, in millions):</b>			
2021	\$1,857	\$36	\$1,892
2022	2,441	77	2,518
2023	2,274	73	2,347
2024	2,113	68	2,181
2025	2,298	75	2,372
2026	2,310	76	2,385
2027	2,325	76	2,401
2028	2,520	84	2,604
2029	2,182	73	2,255
2030	2,385	80	2,465
<i>Totals:</i>			
2021–25	10,981	329	11,310
2021–30	22,704	718	23,421
<b>Estimated long-range effects (percentage change in baseline Federal SSI payments):</b>			
Calendar year 2030	3.3%	0.1%	3.4%
Calendar year 2044	2.5%	0.1%	2.6%

Notes:

1. The estimates are based on the assumptions underlying the projections in the 2020 SSI Annual Report, and an effective date of October 1, 2020.
2. Reductions in Federal expenditures under the Aid to the Aged, Blind, or Disabled program due to the SSI extension are not reflected in these estimates.
3. Federal SSI payments due on October 1st in fiscal years 2023, 2024, and 2029 are included with payments for the prior fiscal year.
4. Totals may not equal the sum of components due to rounding.

cc: Karen Glenn

<sup>3</sup> This amount is established by statute and is not subject to automatic increases.