

Applications Received in 1987 and Allowance Rates for Supplemental Security Income

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Since the inception of the Supplemental Security Income (SSI) program in 1974, counts of the numbers of cases processed and individuals who were awarded SSI payments have been available. This study breaks new ground, however, by using administrative data to describe in greater detail the characteristics of persons who applied for SSI over a 1-year period. The information on allowance rates is unique because, for the first time, the data have been gathered from the same set of applications. This article tracks the application process to determine whether or not benefits were subsequently received by these SSI applicants in the ensuing 18 months. Of the 1.2 million persons who applied for SSI during the study period, a large proportion were disabled. Among persons whose application was based on age, a greater proportion applied when they attained age 65 than at any other age and they were the most likely to qualify for payments under the program. The data also show how many of the 1.2 million applicants had previously been SSI recipients. In addition to providing demographic and SSI data, the allowance rates are useful in predicting trends in the composition of the caseload.

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The Supplemental Security Income (SSI) program authorized by Title XVI of the Social Security Act is designed to assure a minimum level of income to aged, blind, or disabled persons who have limited income and resources. For the Federal program, the eligibility requirements and income floor are identical in all jurisdictions where the program operates—the 50 States, District of Columbia, and Northern Mariana Islands.¹ To qualify for SSI payments a person must meet the categorical eligibility criteria under the program (aged 65 or older, blind, or disabled), have income and resources that do not exceed specified amounts, and meet certain citizenship or alien status and residency rules.

Currently, an individual may receive a maximum Federal SSI payment of \$407; for a couple the maximum amount is \$610. All but two States supplement the Federal SSI payment with a State supplementary payment. The payment levels and eligibility provisions for these supplements vary from State to State.² These optional

payments may be made directly by the State or the State supplemental payment may be combined with the Federal SSI payment (by mutual agreement between the Social Security Administration (SSA) and the State). Where Federal administration of the State supplement has been selected, the Social Security Administration computes the payment amount and maintains the payment record.

Applications for SSI payments are taken at local SSA offices, where eligibility determinations are made for aged claimants. When a medical determination of a claimant's disability or blindness is required, it is made by a unit of the State. If a person applies for SSI and the claim is not allowed, the individual can apply again at a later time. If the circumstances have changed since the application, the individual may be found eligible.

The Social Security Administration has collected and analyzed statistical data on the SSI recipient population since the program's implementation in 1974. The data are used to determine the degree to which the program is meeting its objectives and to measure the program's current and future impact on the poor and near poor. Because of the relationship between SSI and social insurance and social welfare programs, the data are also of particular interest to other Federal and local government agencies that provide cash benefits or in-kind assistance to persons who may be eligible for or who are receiving SSI payments.

The data presented in this article focus on the number of new applications for aged and disabled (including blind) claimants and the allowance rates for those claimants within 18 months of the date on which they initially filed a claim. The information on allowance rates is unique because the data have been gathered from the same set of applications. These rates represent specific time periods and reflect seasonal variations in the SSI caseload.

Program Category and Eligibility Determinations

During 1987, 1.23 million persons applied for Supplemental Security Income payments (table 1). Seventeen percent of the claimants applied for SSI based on age. Most claimants applied for SSI based on disability (83 percent). To become eligible under the program's requirements, claimants must meet the same statutory definition of disability that is used for persons who apply for Disability Insurance benefits under the Social Security program (unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment expected to last for a continuous period of at least 12 months). Data for the blind are included in the program category for the disabled, which also includes both adults and children. To meet eligibility requirements for a determination based on blindness, the individual

¹ Congress passed P.L. 92-603 in 1972, which replaced the Federal-State matching programs of Old-Age Assistance, Aid to the Blind, and Aid to the Permanently and Totally Disabled with the SSI program, beginning in 1974.

² For the eligibility provisions and basic levels of assistance for those who receive supplementary payments, see **Characteristics of State Assistance Programs for SSI Recipients, January 1989**, Office of Supplemental Security Income, Social Security Administration.

Table 1.—SSI applicants: Number and percentage distribution, by eligibility category, 1987

Eligibility category	Number	Percent
Total	1,231,400	100.0
Aged	205,900	16.7
Disabled ¹	1,015,500	83.3

¹ Includes blind individuals.

must have vision of 20/200 or less in the better eye with the use of correcting lenses or have tunnel vision of 20 degrees or less.

Aged Applicants

Table 2 shows the number and percent of allowances and denials for SSI payments in 1987. Nearly 4 out of 5 (79.6 percent) of the aged persons who applied for SSI received a payment. Most of the persons who were allowed (88.8 percent) began receiving payments as a result of the initial decision. The remaining (11.2 percent) were allowed benefits following an initial denial.

Aged applicants were most often denied payments because they had income in excess of the allowable amount (nearly two-fifths of the denials) or excess resources (one-fourth of the denials).³ In 1987, the resource limits were \$1,800 for an individual and \$2,700 for a couple. Depending upon the type and source of a person's income it is counted fully or partially. For example, program rules encourage work. Therefore, exclusions for earned income from work and self-employment are more generous than exclusions for unearned income such as pension payments. Monthly breakeven points for earned and unearned income for

³Although an applicant may be denied payments based on more than one reason—for example, the applicant may have both excess income and excess resources—the SSI administrative files record only one reason for denial. Therefore, the number of denials may be smaller for any stated reason than actually occurs.

1987 were \$899 and \$427, respectively. This means that individuals denied benefits based on excess income exceeded these levels or a combined level because of a mix of income types (increased in States that supplement the Federal SSI benefit).

Disabled Applicants

Forty percent of the individuals who applied for SSI based on disability received a payment. Of the 409,900 disabled applicants who were allowed benefits, 38 percent (15 percent of all disabled applicants) were denied benefits initially.

Almost 50 percent of all disabled applicants were denied payments because they did not meet the disability requirement. Fewer disabled applicants were denied payments because they had income in excess of the allowable amount (5.9 percent of the denials) or excess resources (3.1 percent of denials).⁴

⁴ *Ibid.*

Table 2.—SSI applicants: Number and percentage distribution, by category and eligibility decision

Category and eligibility decision	Number	Percent
Aged	205,900	100.0
Allowances	163,800	79.6
Initial allowances	145,400	70.6
Initial denials ¹	18,400	8.9
Denials (by reason)	42,100	20.4
Excess income	15,500	7.5
Excess resources	11,000	5.3
Death	900	.4
Other	14,700	7.1
Disabled ²	1,025,500	100.0
Allowances	409,900	40.0
Initial allowances	253,000	24.7
Initial denials ¹	156,900	15.3
Denials (by reason)	615,600	60.0
Excess income	36,100	3.5
Excess resources	19,000	1.9
Disability	507,300	49.5
Death	10,000	1.0
Other	43,200	4.2

¹ Initial determination changed within 18 months of application.

² Includes blind individuals.

Demographic Characteristics

Tables 3 and 4 present selected demographic characteristics of those persons who applied for SSI payments in 1987 and allowance rates for the selected groups. The tables also show the number of applicants and allowance rate by assistance unit—that is, the type of residence in which the applicant resided and whether the applicant was a part of a couple.

Age, Race, and Sex

Among aged applicants, more than one-fourth were 65 years old—the earliest they could become eligible for SSI based on age. They were more likely (85 percent) than those in other age groups to be allowed payments. The oldest group—those aged 85 or older—was not as likely as the younger age groups to qualify for payments (77 percent). Half of the aged claimants applied for SSI when they were aged 70 or older.

The median age among disabled applicants was just over age 40. More

Table 3.—Aged SSI applicants: Number, percentage distribution, and allowance rate, by demographic characteristics and assistance unit, 1987

Characteristic	Aged		
	Number	Percent	Allowance rate
Total	205,900	100.0	79.6
Age:			
65	58,100	28.2	84.5
66–69	47,500	23.1	81.5
70–74	35,700	17.3	75.4
75–79	25,900	14.0	77.2
80–84	20,300	9.9	77.8
85 or older	17,200	8.4	76.7
Unknown	1,200	.6	8.3
Sex:			
Male	63,700	30.9	76.1
Female	142,200	69.1	81.1
Race:			
White ¹	78,900	38.3	81.0
Black	26,500	12.9	77.0
Other	21,500	10.4	81.4
Not determined	79,000	38.4	78.5
Marital status: ²			
Married	54,400	26.4	77.0
Not married	151,500	73.6	80.5
Assistance unit:			
Individual in—			
Household	163,000	79.2	80.4
Title XIX institution	3,500	1.7	60.0
Member of couple	39,400	19.1	77.9

¹ Includes Hispanic.

² Distributions based on individual's reported marital status. "Married" includes those living with a spouse after marriage under State law; those holding out as husband and wife to the community; or where one is entitled, as the spouse of the other, to Social Security benefits.

than 1 in 10 (11 percent) of the disabled applicants were children under age 18. The greatest likelihood of being allowed SSI was among the youngest (under age 10) and oldest (aged 60–64) applicants; those aged 30–49 had a 35 percent allowance rate, compared with 46–47 percent of applicants under age 10 or aged 60–64.

Although race data were not reported for all applicants, available data indicate that at least one-half of the aged and the disabled applicants are white.

More than two-thirds (69 percent) of the aged applicants were women.

Among the disabled applicants, the

proportions of male and female applicants was nearly equal, with males accounting for 53 percent.

Marital Status and Living Arrangement

Among the aged applicants, 26 percent were married. Just over one-fifth (22 percent) of disabled applicants were married.

Generally, persons who resided in public institutions are ineligible to receive payments unless the facility was a (1) publicly operated community residence that serves no more than 16 persons, (2) public institution that provides approved educational or job training, (3) public emergency shelter

(recipient receives payments for up to 3 months during any 12-month period), or (4) residents of a title XIX institution—that is, a public facility where the Medicaid program paid for more than one-half of the cost of their care. When they applied for SSI, 2 percent of the aged applicants and just under 1 percent of the disabled applicants were residents of a title XIX institution. For 60–66 percent of those who were allowed payments, the monthly amount would have been limited to a maximum \$25 while they were institutionalized. (The maximum amount was raised to \$30, July 1, 1988.)

Region of Residence

Data collected by geographic regions can be useful in predicting trends in the composition of the caseload. As shown in table 5, the San Francisco and Atlanta regions combined received almost one-half (48 percent) of all applications from aged claimants. An additional one-fourth (24 percent) were received in the Dallas and New York region combined.

For aged applicants the allowance rates were highest (more than 80 percent) in the Kansas City, New York, San Francisco, and Seattle regions. Disabled applicants had the highest allowance rates in the Atlanta region (44 percent) and the lowest allowance rates in the New York, Dallas, and Seattle regions (under 36 percent).

Source of Countable Income

Income (cash or in kind) is anything that can be used for food, clothing, and shelter. Two rules determine the value of in-kind support and maintenance. If an individual lives in another person's household and receives food and shelter from within the household, the one-third reduction rule applies. An amount equal to one-

Table 4.—Disabled SSI applicants: Number, percentage distribution, and allowance rate, by demographic characteristics and assistance unit, 1987

Characteristic	Disabled		
	Number	Percent	Allowance rate
Total	1,025,500	100.0	40.0
Age:			
Younger than 10 years	68,700	6.7	46.4
10–17	42,600	4.2	43.2
18–29	198,100	19.3	39.6
30–39	196,900	19.2	35.0
40–49	199,500	19.5	34.6
50–59	230,500	22.5	43.9
60–64	88,300	8.6	46.8
Unknown	900	.1	—
Sex:			
Male	539,200	52.6	39.3
Female	486,300	47.4	40.7
Race:			
White ¹	557,900	54.4	40.8
Black	260,100	24.4	37.1
Other	36,900	3.6	46.3
Not determined	170,600	16.6	40.3
Marital status: ²			
Married	224,200	21.9	33.5
Not married	801,300	78.1	41.8
Assistance unit:			
Individual in—			
Household	971,900	94.8	39.8
Title XIX institution	9,400	.9	66.0
Member of couple	44,200	4.3	38.5

¹ Includes Hispanic.

² Distributions based on individual's reported marital status. "Married" includes those living with a spouse after marriage under State law; those holding out as husband and wife to the community; or where one is entitled, as the spouse of the other, to Social Security benefits.

Table 5.—SSI applicants: Number, percentage distribution, and allowance rate, by region of residence, 1987

Region	Aged			Disabled		
	Number	Percent	Allowance rate	Number	Percent	Allowance rate
Total	205,900	100.0	79.6	1,025,500	100.0	40.0
Boston	8,700	4.2	79.3	37,700	3.7	42.7
New York	21,700	10.5	82.9	101,600	9.9	35.8
Philadelphia	15,000	7.3	74.0	94,000	9.2	40.4
Atlanta	42,900	20.8	80.0	208,100	20.3	43.9
Chicago	20,300	9.9	78.8	175,600	17.1	40.7
Dallas	27,800	13.5	73.0	138,700	13.5	33.6
Kansas City	6,500	3.2	86.2	46,500	4.5	43.0
Denver	3,400	1.7	79.4	23,900	2.3	39.7
San Francisco	55,200	26.8	82.1	127,800	12.5	43.3
Seattle	4,000	1.9	82.5	27,100	2.6	33.2
Not reported	400	.2	...	44,500	4.3	36.0

Note: Based on Department of Health and Human Services regional classification of States.

third of the applicable Federal Benefit Rate is considered to be the value of the in-kind support and maintenance. In all other situations, it is presumed that the value of support and maintenance equals but does not exceed a specified maximum amount, unless the individual shows that the actual value is lower than the presumed-maximum value. Income and demographic information were obtained at the month of filing. One must be cautious in using the income information for denied applicants. Social Security Administration field office staff do not attempt to capture all income information for individuals denied SSI payments because of excess income. Table 6 shows the source of countable income for persons who applied for SSI payments.

Over three-fourths (77 percent) of the aged applicants were receiving Social Security benefits. Almost one-fourth had in-kind support and maintenance under either the one-third reduction rule (14 percent) or the presumed-maximum-value rule (9 percent). Only 8 percent had no countable income.

A majority (60 percent) of the disabled applicants had no countable income. In-kind support and maintenance was the most common form of income, either under the one-third reduction rule (17 percent) or the presumed-maximum-value rule (4 percent). Nine percent of the disabled applicants were receiving Social Security benefits.

Previous Application Status

A previous SSI application had been filed by 42 percent of aged claimants and 38 percent of the disabled claimants (table 7). Almost one-fifth (18.4 percent) of the aged had

received SSI, usually more than 5 years ago. Only 7 percent of the disabled had ever received an SSI payment

Citizenship

Eligibility provisions for SSI payments require an individual to be a U.S. citizen or an alien who has been lawfully admitted for permanent residence or is permanently residing in the United States under color of law. Table 8 shows the citizenship status of those who applied for SSI payments in 1987. Because of the small number of cases, in some categories data on allowance rates are not shown.

Technical Note

The applications included for this study are for 1987 and the allowance rates reflect whether or not the claimants were allowed SSI payments within 18 months of filing an application for Supplemental Security Income (SSI) payments. The data were obtained from the monthly 1-percent Characteristics Extract Record (CER). New applications were identified monthly from the CER and recipient and program data were extracted. Individuals and couples who completed a full application during calendar year 1987 were included in the study. Not included in the study are the abbreviated applications of those individuals who were determined at the initial interview to be ineligible for SSI payments.

For each application, the monthly payment status of an individual was obtained from active and stale file Supplemental Security Income Record Display (SSIRD) type data using an automated procedure. Allowance rates were calculated based on the eligibility decision for each individual. For this study, the term "allowances" represents SSI payments received within 18 months of an individual's application. Some individuals are "initially" denied but later allowed

Table 6.—SSI applicants: Number, percentage distribution, and allowance rate, by source of countable income, 1987

Income source	Aged		Disabled	
	Number	Percent	Number	Percent
Total	205,900	...	1,025,500	...
No countable income	16,900	8.2	620,700	60.5
With countable income:				
Earnings	8,200	4.0	25,600	2.5
Social Security benefit	158,900	77.2	93,800	9.1
Employment pension	9,100	4.4	8,800	.9
Workers' compensation	6,000	.6
Veterans' benefits	11,200	5.4	15,400	1.5
Rent, interest, dividends	16,800	8.2	9,300	.9
In-kind support/maintenance	47,800	23.2	218,900	21.3
One-third reduction rule ¹	29,500	14.3	174,800	17.0
Presumed-maximum-value rule	18,300	8.9	44,100	4.3
Other unearned income	7,800	3.9	78,600	7.7

¹ Category includes persons living in the household of another and receiving cash and in-kind support and maintenance. Such persons are subject to a statutory one-third reduction in their Federal benefit in lieu of a reduction based on the actual value of the in-kind support and maintenance.

Note: Sum of entries exceeds total because some individuals receive income from more than one source. Also, some income information may not be captured for individuals denied SSI payments because of excess income.

Table 7.—SSI applicants: Number and percentage distribution by previous application status, 1987

Previous application status	Aged		Disabled	
	Number	Percent	Number	Percent
Total	205,900	100.0	1,025,500	100.0
Applied previously	87,300	42.4	392,600	38.3
Allowed	37,900	18.4	72,400	7.1
Within last 2 years	2,100	1.0	4,800	.5
Within 3-5 years	4,500	2.2	14,400	1.4
More than 5 years ago	31,300	15.2	53,200	5.2
Denied	49,400	24.0	320,200	31.2
Within last 2 years	14,200	6.9	99,000	9.7
Within 3-5 years	8,300	4.0	74,400	7.3
More than 5 years ago	26,900	13.1	146,800	14.3
No previous application	113,700	55.2	628,400	61.3
Unknown	4,900	2.4	4,500	.4

Table 8.—SSI applicants: Number and percentage distribution, by citizenship status, 1987

Citizenship	Aged		Disabled	
	Number	Percent	Number	Percent
Total	205,900	100.0	1,025,500	100.0
U.S. citizen	166,500	80.9	960,400	93.7
Alien	38,300	18.6	36,200	3.5
Lawful resident	34,300	16.7	30,300	3.0
Under color of law	4,000	1.9	5,900	.6
Not reported	1,100	.5	28,900	2.8

benefits as a result of a hearing, an appeal, or a change in their circumstances. This "ultimate" eligibility determination is used to calculate allowance rates.

Sampling Error

Sampling variability is the difference in figures that are obtained when a sample of records is used rather than all (universe) of the records. Estimates in this article are based on a 1-percent sample. Standard error measures the amount of sampling variability.

In about 68 percent of all possible probability samples with the same selection criteria, the universe value would be included in the interval from 1 standard error below to 1 standard error above the sample estimate. Similarly, about 95 percent of all possible samples will give estimates within 2 standard errors, and about 99 percent will give estimates within 2½ standard errors.

An approximation of the standard errors for numbers is shown in table I. The standard error of an estimated percentage distribution depends on both the size of the percentage and the size of the number on which the percentage is based. An approximation of the standard errors for percentages, expressed as percentage points, is shown in table II.

Table I.—Approximations of standard errors of estimated numbers of persons for a 1-percent sample

Size of estimate (inflated)	Standard error
500	250
1,000	300
2,500	500
5,000	800
7,500	900
10,500	1,100
25,000	1,700
50,000	2,400
75,000	3,000
100,000	3,400
250,000	5,400
750,000	9,600
1,000,000	11,100
5,000,000	25,800

Table II.—Approximations of standard errors of estimated percentage distributions for a 1-percent sample

Size of base (inflated)	Estimated percentage				
	2 or 98	5 or 95	10 or 90	25 or 75	50
1,000	4.7	7.3	10.1	14.5	16.8
10,000	1.5	2.3	3.2	4.6	5.3
50,000	.7	1.0	1.4	2.1	2.4
100,000	.5	.7	1.0	1.5	1.7
1,000,000	.1	.2	.3	.5	.5
5,000,000	.1	.1	.1	.2	.2

To illustrate, table III shows that 47,500 of the aged applicants were aged 66–69 and that 81.5 percent were allowed SSI payments. From table I, using linear interpolation, it can be determined that the standard error was plus or minus 2,300 and the actual number was 42,900 to 52,100 for a 95-percent confidence level (2 standard errors). In table II, the "size of base" (47,500) is close to 50,000 and the percent in the column "estimated percentage, 25 or 75," falls near 2.1 percent. Using interpolation, it can be determined that the standard error is plus or minus 2.3 percent and the actual percentage falls between 76.9 percent and 86.1 percent for a 95-percent confidence level.