

# SSI Multirecipient Households and the Effect of a Maximum Family Federal Benefit Rate Structure

Melissa Schaible

Office of the Chief Actuary

The Social Security Administration

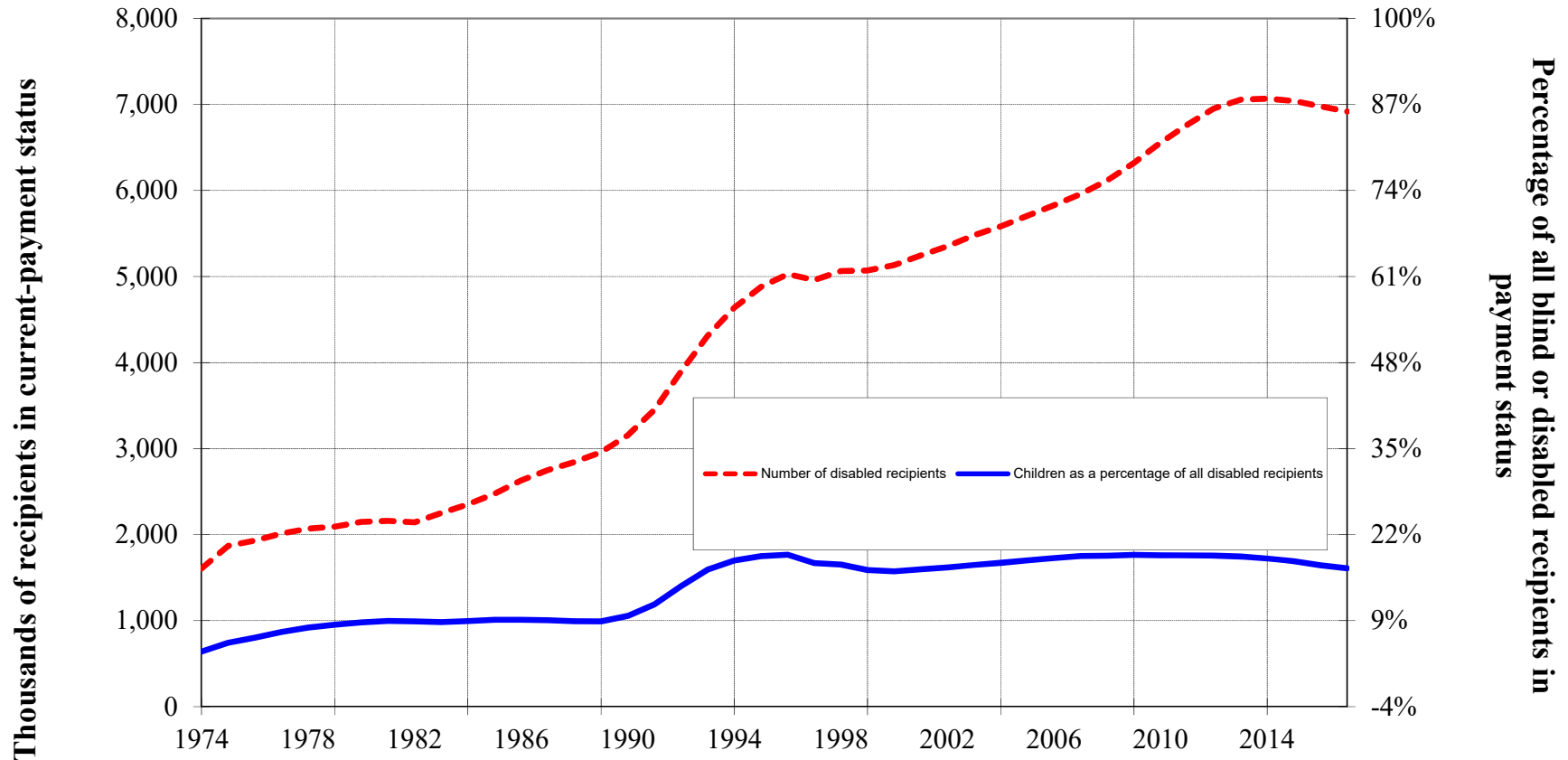
# The Motivation Behind this Note

We have received several multireciprocity proposal requests and decided that it would be beneficial to have a written note.

# Background

- The SSI program was established by Congress in 1972
- SSI stands for “Supplemental Security Income”
- Needs-based program administered by the Social Security Administration
- Replacement for former Federal-State programs providing public assistance to the aged, blind, and disabled
- The SSI program added a new assistance category-disabled children under the age of 18
- SSI program is funded from general revenues
- SSI program intended to provide a uniform Federal income floor for aged, blind or disabled individuals
- At inception child recipients 4.3%
- As of December 2017 child recipients 16.9%

## Blind or Disabled SSI Recipients with Federal Payments, December 1974-2017



Source: 2018 SSI Annual Report Tables IV.B6 and IV.B7

# Distribution by Age Band

Table 1: Individuals due a Federal SSI payment in July 2018<sup>a</sup>, by age group and SSI eligibility category

<u>Age group</u>	<u>Total recipients</u>		<u>Blind or Disabled recipients</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
Under 18	1,148,938	14.47%	1,148,938	16.79%
18 to 64	4,720,667	59.45%	4,720,667	68.99%
65 and older	2,070,469	26.08%	972,574	14.21%
Total	7,940,074	100.00%	6,842,179	100.00%

<sup>a</sup> Based on June 2018 administrative data.

# Couple and individual FBR

- SSI provides a maximum Federal monthly payment called the FBR (Federal Benefit Rate) that is reduced dollar-for-dollar by the individual's countable income (resources)
- The eligible couple FBR is 1.5 times the individual FBR
- There is no provision for reducing the payments of non-couple SSI recipients who live with other SSI recipients (non-couple multirecipients)

# Proposals

- Since the mid-1990s there have been various proposals to limit the total maximum Federal SSI payment available to families or households

## Reason for proposals and interest in non-couple multirecipients

- Perceived inequality of payments between married couples who both receive SSI payments and non-couple multirecipients whose payments are not subject to any “economies of scale” reduction
- Potential for reducing Federal expenditures by applying an “economies of scale” reduction to the Federal SSI payments of these non-couple recipients
- According to our study about 24% of SSI recipients under 18 lived with other eligible family members



# Other Studies

- “SSI Recipients in Multirecipient Households, March 1994” by Kennedy, Scott, and Brooks –
  - address matching technique on a representative 5% sample
    - Finding was that 8.5% of SSI recipients in March 1994 lived with another SSI recipient who was not a spouse
- “SSI Recipients in Households and Families with Multiple Recipients: Prevalence and Poverty Outcomes” by Koenig and Rupp –
  - Based on the SIPP (Survey of Income Program and Participation) which is a small sample (about 5%) survey done by the Census Bureau
    - In 1998 21% of all SSI recipients lived in a household with another non-spousal SSI recipient, with the prevalence being 38% for children under the age of 18

# National Commission on Childhood Disability

- The NCCD was established by Congress in the Social Security Independence and Program Improvements Act of 1994
- Goal to review the definition of childhood disability in the SSI program
  - Is the present definition of disability appropriate and what would be the advantages or disadvantages of an alternative definition?
  - Alternatives for meeting high medical costs for families with children who have serious impairments
  - Feasibility of providing benefits to children through noncash means, e.g., vouchers, debit cards, and electronic benefit transfer systems
  - Methods that SSA could use to increase the provision of social services, education, and vocational instruction needed to promote the ability to engage in substantial gainful activity
  - The effects of the SSI program on children and their families

# NCCD report to Congress

- SSI is not designed to provide a person living alone with an income equal to the federal poverty level
- The report states that Federal poverty guidelines take account of economies of scale, however SSI payments do not
  - SSI payments to families can rise significantly above federal poverty guidelines as the number of eligible family members increases

# Sliding Scale NCCD Proposal

- NCCD(National Commission on Childhood Disability) October 1995 report to Congress laid out a sliding-scale payment structure
    - Formula for maximum monthly combined Federal payment that a family could receive collectively for its eligible children
    - Formula based on a poverty scale developed by the National Research Council
    - FBR is the Federal Benefit Rate
    - $COMBFBR_{N,P} = FBR * [(N + P)^{0.7} - P]$
- N is the number of eligible children  
P is zero if neither parent is eligible and 1 if one OR both parents are eligible

# Example calculation of sliding scale FBR

- In the simpler case in which neither parent is eligible
  - $COMBFBR_N = FBR * N^{0.7}$
  - FBR = \$750 (the 2018 FBR) and N = 3
  - The maximum combined family FBR is  $\$750 * 3^{0.7} = \$1,618$ 
    - First child's FBR is the maximum of \$750
    - Second child's FBR is  $\$750 * 2^{0.7} - \$750 = \$468$  (\$282 reduction)
    - Third child's FBR is  $\$750 * 3^{0.7} - \$750 * 2^{0.7} = \$400$  (\$350 reduction)
    - $\$750 + \$468 + \$400 = \$1,618$  the total family maximum
- The total family FBR under current law would be  $\$2,250 = 3 * \$750$
- This proposal would result in a \$632 (= \$2,250 - \$1,618) reduction in the total family maximum

# Equal FBR Calculation

- Same formula to compute the family maximum with 4 eligible children and no eligible parents
  - $COMBFBR_{N,P} = FBR * N^{0.7}$
  - The maximum combined family FBR is  $\$750 * 4^{0.7} = \$1,980$
  - Each child's FBR would be one-fourth of the total,  $\$495 (= \$1,980 / 4)$
- The total family FBR under current law would be  $\$3,000 = \$750 * 4$ 
  - This proposal would result in a  $\$1,020 (= \$3,000 - \$1,980)$  reduction in the maximum family FBR ( $\$255$  per child)

# Limitations and Assumptions

## Limitations

- Assembled family units cannot account for children residing without the parents but with other family members who are head of household (e.g., grandparents) unless that other family member is a legal guardian
- Also cannot account for children age 18 or older residing with the family

## Assumptions

- Included in our analysis are children designated as living with their parents or children living with their parents in a household in which the parent is not head of household
- Children not living with their parents were assumed to be living outside of the household
- The multirecipient family was defined to include-
  - The eligible child
  - Any parent(s) with whom the child was living, and
  - Any eligible children under age 18 who were living with the same parent(s) as the child
    - A parent is considered to be a natural, adoptive, step-parent or a legal guardian

# Living Arrangements

- A=Living in own household
- B=Living in the household of another and not paying share of household expenses
- C=Living in parental household
- D=Institutionalized (Medicaid pays over 50% of cost of care)



# Living Arrangements

For SSI purposes,

- the FBR is different for different living arrangements

For example,

- Living arrangement B cases are often subject to a reduction of the FBR in cases in which both food and shelter are provided
- Living arrangement D cases have an FBR equal to \$30

For the purposes of this study note,

- We focus mainly on living arrangement B and C cases. The living arrangement is used in the PARENT\_MATCH\_KEY that will be defined later in these slides

# Development of Family Units

- Used information on the Supplemental Security Record (SSR)
- SSR links
  - Cohabiting married couple in which both members receive SSI
  - Child to parents
  - Not child to other children
- The SSR does contain information on the number of eligible and ineligible children in the family but not reliable
  - No parent to child deeming or deemed amount is zero
    - The term “deeming” identifies the process of considering another person’s income and resources to be available for meeting an SSI claimant’s (or recipient’s) basic needs of food and shelter

# Methodology

- June 2018 Administrative Extract
  - SSI recipients
  - Spouses of adult recipients
  - Deemors
  - In a nutshell, everyone who has ever applied for SSI and their deemors
- 4 Steps

# Assembling the Family Units

- Step 1-
  - 2 files created
    - File of eligible individuals
    - File of parents-MFT (Master File Type) of 'XM' or 'XF'
      - Several indicator variables to determine eligible child status and parent status
    - Also, determined whose TOA (Type of Action) had been updated prematurely
      - Our program was written to take the CSTOA (COMP-STAT-TOA) (if there is one) regardless of effective date
      - The effective date could be later than June 2018

# Assembling the Family Units

- Step 2-Fixing the prematurely updated TOA
  - Look back at the previous 3 months- March, April, and May 2018
    - Files are updated often enough that 3 months is sufficient
  - Replace prematurely updated TOA
  - Creation of the PARENT\_MATCH\_KEY
    - HUN (Housed Under Number)
    - Concatenation of HUN, 2<sup>nd</sup> position of the TOA, LIVF(Living Arrangement Code)

# Assembling the Family Units

- Step3-
  - Matching children to their parents by merging the files based on PARENT\_MATCH\_KEY
  - Counting number of parents within the PARENT\_MATCH\_KEY for the purpose of assigning the parent count to each child's record

# Assembling the Family Units

- Step 4-
  - Assembling family units by using the FAMILY\_MATCH\_KEY
    - Concatenation of the first parent's SSN, the second parent's SSN (if there was a one), and the TOA
  - Ranking of the children in the family
    - Important for sliding scale FBR scenario
    - Ranked by date of first eligibility and then birthdate within date of first eligibility

# Family data

- For each family unit we determined-
  - The number of parents
  - The number of eligible parents
  - The total number of eligible children in the family, and
  - The relative position of each child in the family, ordering by date of first eligibility and date of birth within eligibility



## Distribution of Children by Living Arrangement- living arrangement A and B cases

<u>Living arrangement</u>	<u>Number of children</u>	<u>All SSI children</u>
Own household.....	151,594	<b>13.42</b>
Household of another, which includes:		
Eligible parent(s) only.....	759	0.07
Eligible sibling(s) only.....	1,546	0.14
Eligible sibling(s) and parent(s).....	140	0.01
Subtotal, with other eligible individuals..	2,445	0.22
No other SSI eligible individuals.....	17,188	1.52
Subtotal, household of another.....	19,633	<b>1.74</b>

## Distribution of Children by Living Arrangement- living arrangement C and D cases

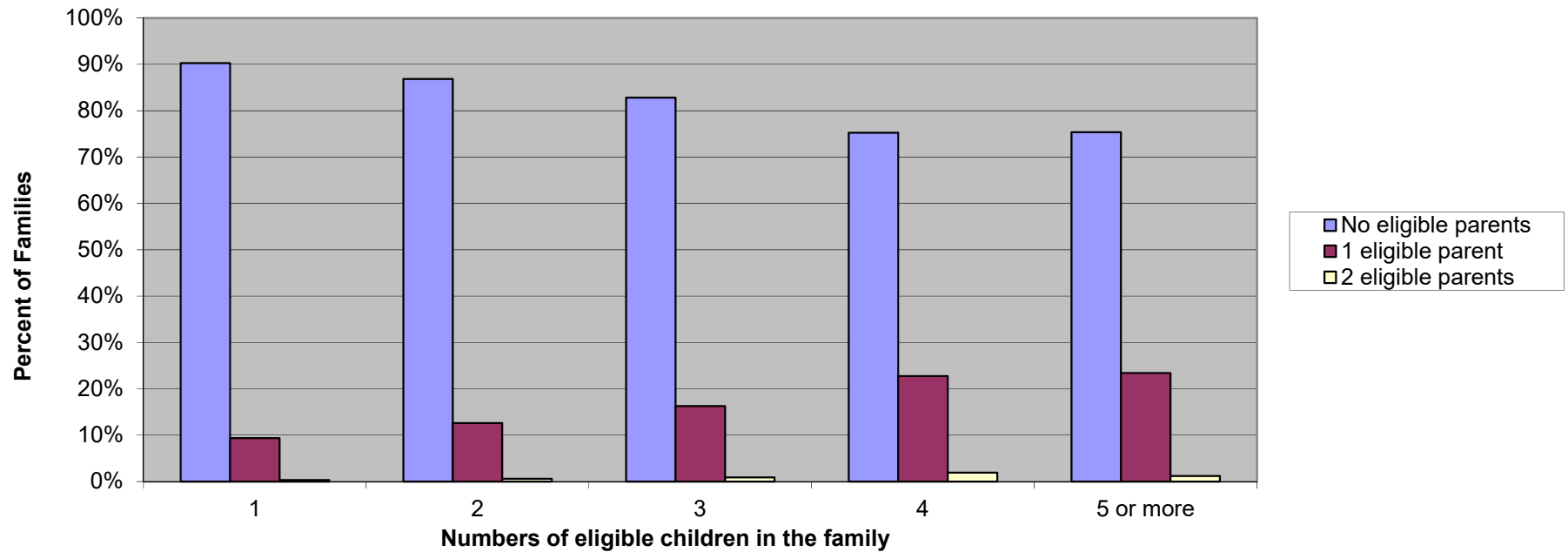
<u>Living arrangement</u>	<u>Number of children</u>	<u>All SSI children</u>
Parents' household, which includes:		
Eligible parent(s) only.....	73,118	6.47
Eligible sibling(s) only.....	175,557	15.54
Eligible sibling(s) and parent(s).....	29,229	2.59
Subtotal, with other eligible individuals..	277,904	24.60
No other SSI eligible individuals.....	668,660	59.19
Subtotal, parent's household.....	946,564	<b>83.79</b>
Institutionalized <sup>a</sup>	11,903	<b>1.05</b>
Unknown <sup>b</sup>	3	<b>0.00</b>
Total, all living arrangements:	1,129,694	100.00

# Most families are single parent with parent ineligible

<u>Federal SSI family units with children by number of parents in family and parent eligibility status</u>	Number of eligible children within the SSI family						<u>Percent of total families</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>	<u>Total</u>	
Living with other non-parent individuals	19,236	0	0	0	0	19,236	2.25%
<b>One parent in family unit</b>							
Parent eligible for federal SSI	55,679	7,997	1,254	240	55	65,225	7.62
Parent ineligible for federal SSI	535,881	55,073	6,313	792	155	598,214	<b>69.90</b>
Total	591,560	63,070	7,567	1,032	210	663,439	<b>77.53</b>
<b>Two parents in family unit</b>							
One parent eligible for federal SSI	15,614	2,577	439	91	23	18,744	2.19
Both parents eligible for federal SSI	2,584	497	92	28	4	3,205	0.37
Neither parent eligible for federal SSI	149,967	17,711	2,296	303	96	170,373	<b>19.91</b>
Total	168,165	20,785	2,827	422	123	192,322	<b>22.47</b>
<b>Total federal SSI family units</b>							
One parent eligible for federal SSI	71,293	10,574	1,693	331	78	83,969	9.81
Two parents eligible for federal SSI	2,584	497	92	28	4	3,205	0.37
No parent eligible for federal SSI	705,084	72,784	8,609	1,095	251	768,587	89.81
Total	778,961	83,855	10,394	1,454	333	855,761	100.00

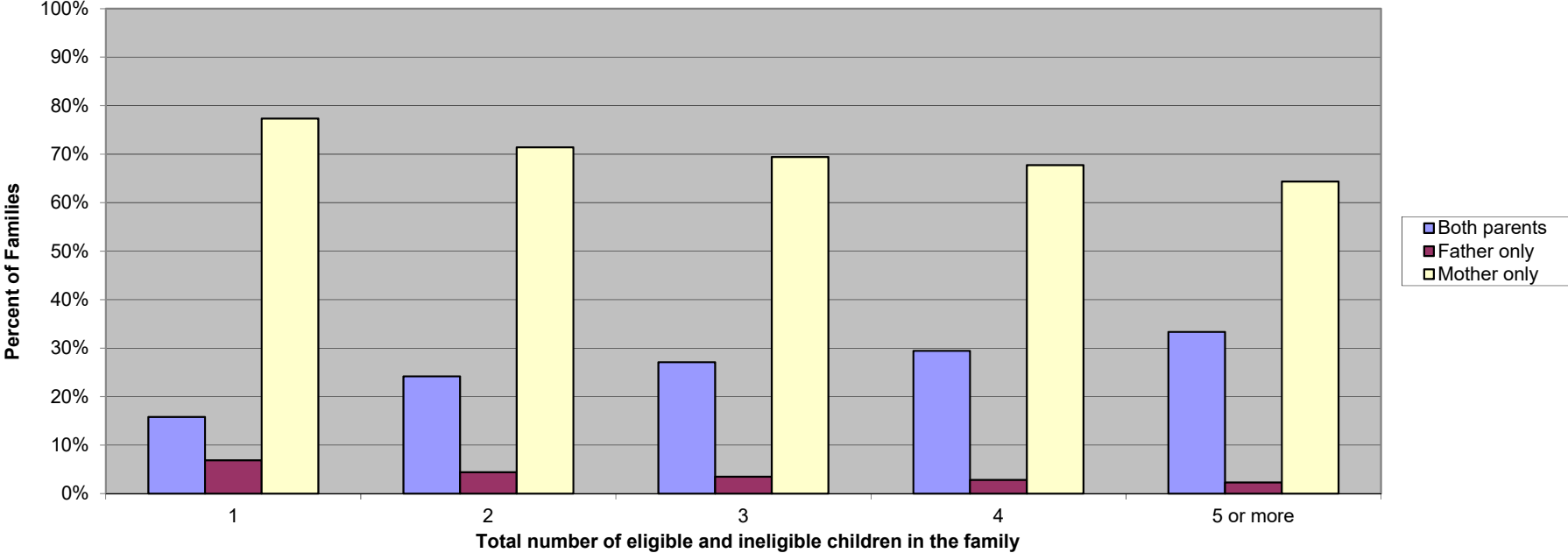
# Most families no eligible parents

Percent of families with eligible parents, distributed by the number of eligible children in the family, July 2018



# Most SSI multirecipient families just have a Mom

Parental configuration of families with SSI eligible children, distributed by the total number of children (eligible and ineligible) in the same family, July 2018



# Average benefit per child increases in families with more children (current law)

Average Federal benefit due per child living with their parent(s) in July 2018						
	<u>Total SSI eligible children in each family</u>					
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5 or more</u>	<u>Total</u>
<b>Federal Amount due</b>						
Parents' Household	\$649.44	\$678.17	\$697.35	\$709.68	\$710.82	\$656.54
Household of Another	\$463.58	\$475.63	\$470.54	\$500.00	--	\$464.08
Parents' Household and Household of Another	\$640.57	\$676.34	\$696.19	\$709.43	\$710.65	\$648.95
<b>Percent of full SSI Federal Benefit Rate</b>						
Parents' Household	88.60%	92.52%	95.14%	96.82%	96.97%	89.57%
Household of Another	63.24%	64.89%	64.19%	68.21%	--	63.31%
Parents' Household and Household of Another	87.39%	92.27%	94.98%	96.78%	96.95%	88.53%

# Time Series Distribution of Family Units

July	Number of eligible children					Percentage distribution				
	1	2	3	4	5 or more	1	2	3	4	5 or more
2011	811,445	96,723	12,973	1,995	467	87.9%	10.5%	1.4%	0.2%	0.1%
2012	839,645	99,056	13,219	2,021	466	88.0%	10.4%	1.4%	0.2%	0.0%
2013	850,526	99,922	13,300	1,954	470	88.0%	10.3%	1.4%	0.2%	0.0%
2014	848,229	99,040	12,878	1,883	449	88.1%	10.3%	1.3%	0.2%	0.0%
2015	822,801	95,212	12,039	1,733	401	88.3%	10.2%	1.3%	0.2%	0.0%
2016	801,010	90,024	11,304	1,598	365	88.6%	10.0%	1.3%	0.2%	0.0%
2017	783,790	86,371	10,654	1,540	346	88.8%	9.8%	1.2%	0.2%	0.0%
2018	759,725	83,809	10,394	1,454	333	88.8%	9.8%	1.2%	0.2%	0.0%

# Scenarios and source of request

- This was done to satisfy a proposal to be included in the President's fiscal year 2019 budget submission
- Sliding scale and equal FBR scenarios
- Not currently implemented



# Savings Under Equal FBR Proposal

- Under current law projected total outlays of about \$108 billion dollars over the 10 year period 2019-2028
- The savings over 10 years for this proposal was \$8-\$9 billion
  - 8.1% decrease in outlays
- The number of recipients in current pay status would decrease by about 0.42%
- The benefit of about 25% of recipients would be affected

# Large Payment for 10 child family

- Using the June 2018 files, we found one extreme case
  - Family with 10 eligible children and two eligible parents
  - Whole family receiving \$7,500 per month in SSI
- $COMBFBR = \$750 * ([N + P]^{0.7} - P)$
- $N=10, P=1$
- $COMBFBR = \$3,268$
- Less than half what they are currently getting
- Annual savings of about \$51,000

## References to other studies

- Kennedy, Lenna D., Charles G. Scott, and Alfreda M. Brooks. “SSI Recipients in Multirecipient Households, March 1994.” Social Security Bulletin 58, 3 (1995): 49-54
  - <https://www.ssa.gov/policy/docs/ssb/v58n3/v58n3p49.pdf>
- Koenig, Melissa, and Kalman Rupp. “SSI Recipients in Households and Families with Multiple Recipients: Prevalence and Poverty Outcomes.” Social Security Bulletin 65, 2 (2003/2004).
  - <https://www.ssa.gov/policy/docs/ssb/v65n2/v65n2p14.html>

# Reference to NCCD Report to Congress

- <https://www.ssa.gov/history/reports/SSI/ChildhoodDisabilityReport.html>