



SOCIAL SECURITY

Office of the Chief Actuary

July 16, 2021

The Honorable Sherrod Brown
United States Senate
Washington, D.C. 20510

The Honorable Bernie Sanders
United States Senate
Washington, D.C. 20510

The Honorable Elizabeth Warren
United States Senate
Washington D.C. 20510

Dear Senator Brown, Senator Warren, and Senator Sanders:

I am writing in response to your request for our estimate of the program cost effects for the Federal Supplemental Security Income (SSI) program of enacting S. 2065, the “Supplemental Security Income Restoration Act of 2021,” which you and several other Senators introduced on June 16, 2021. This Bill would make several changes affecting SSI program eligibility and payment amounts, primarily: (1) increasing the maximum Federal SSI payment available to SSI recipients to 100 percent of the individual Federal Poverty Level (FPL) for unmarried individuals and to 200 percent of the individual FPL for married couples; (2) increasing the limits on countable resources; (3) eliminating the consideration of support received in-kind; and (4) increasing several exclusions applied to income in the computation of Federal SSI payment amounts. We have enjoyed working with Chad Bolt, Catherine Laporte-Oshiro, and Billy Gendell of your staffs in the development of this proposal. Our analysis and estimates provided for this proposal reflect the efforts of many in the Office of the Chief Actuary, but particularly Chelsea Shudtz, Amir Levy, Daniel Moroz, Melissa Schaible, Felix Vaks, and Michael Stephens.

Enactment of this Bill would result in a net increase in program cost, because individuals projected to be receiving SSI payments under current law would in general receive larger SSI payments, and also because some individuals who would not be eligible under current law would become eligible as a result of the provisions. For the combined effect of enactment of all provisions, effective January 1, 2022, including the interaction among the provisions, we estimate an increase in Federal SSI payments of \$510 billion over the calendar year period 2021 through 2030. The enclosed Table 1 provides our estimates of cost increase on an annual basis through 2030 by age group of SSI recipients (under 18, 18 to 64, and 65 and older), and in total. All estimates are based on the assumptions underlying the projections presented in the 2020 SSI

Annual Report.¹ This Bill would not have any direct effects on the financial status of the Social Security trust funds.

The balance of this letter provides a description of our understanding of the intent of the sections of the Bill with direct effects on the SSI program and our estimate of the effect on Federal SSI program cost for enactment of each provision individually over the period 2021 through 2030, with changes effective January 1, 2022.

Provisions in the Bill

The Bill, hereafter referred to as the proposal, includes ten sections with direct effects on the Federal SSI program. The following list briefly identifies each section of the proposal, along with the estimated total change in Federal SSI payments over the period 2021 through 2030, attributable to the individual provision without interaction with the other sections in the proposal, except where noted:

Section 2, subsection a. Update in General Income Exclusion. This provision would increase the general income exclusion from \$20 per month to \$128 per month in 2022.

Section 2, subsection b. Update in Earned Income Exclusion. This provision would increase the flat dollar earned income exclusion from \$65 per month to \$416 per month in 2022.

We estimate that enactment of subsections 2.a and 2.b combined (including the effect of section 2.d on the exclusions after 2022) would increase Federal SSI payments by \$60 billion over the period 2021 through 2030.

Section 2, subsection c. Update in Resource Limit for Individuals and Couples. This provision would increase the limit on countable resources from \$2,000 for unmarried individuals and \$3,000 for married couples to \$10,000 for unmarried individuals and \$20,000 for married couples effective starting in 2022. We estimate that enactment of this provision (including the effect of section 2.d on the limit after 2022) would increase Federal SSI payments by \$8 billion over 2021 through 2030.

Section 2, subsection d. Inflation Adjustment. This provision would index the general income exclusion, earned income exclusion, and countable resource limits in 2023 and later by the annual percentage change in the Consumer Price Index for Elderly Consumers (CPI-E), beginning with the amounts as defined in this Bill for 2022. The effects of this provision on the level of Federal SSI payments are reflected in the estimates for subsections 2.a, 2.b, and 2.c above.

Section 3, Update in SSI Benefit Amounts and Repeal of Marriage Penalty. This provision would increase the SSI Federal Benefit Rate (FBR) for unmarried individuals to 100 percent of the Federal Poverty Level (FPL) for a non-elderly person with no other family member. The provision would increase the total available to a married couple from 150 percent of the

¹ See chapter IV in the report at <https://www.ssa.gov/OACT/ssir/SSI20/index.html> for details. The projections in this report are consistent with the intermediate projections in the 2020 Social Security Trustees Report.

individual FBR to 200 percent of individual FPL. In terms of 2021 values, this would increase the monthly individual and couple FBRs of \$794 and \$1,191, respectively, to \$1,073 and \$2,146. We estimate that enactment of this provision alone would increase Federal SSI payments by \$350 billion over 2021 through 2030.

Section 4. Support and Maintenance Furnished In Kind Not Included As Income. This provision would eliminate the consideration of support provided to recipients in-kind for SSI eligibility determinations and payment computations. We estimate enactment of this provision alone would increase Federal SSI payments by \$31 billion over 2021 through 2030.

Section 5. Exclusion of Retirement Accounts from Resources. This provision would exclude qualified retirement plans and eligible deferred compensation plans from the determination of countable resources. The exclusion would apply only to these plans as defined by sections 4974(c) and 457(b) of the Internal Revenue Code of 1986. We estimate that enactment of this provision alone would have a negligible effect on the level of Federal SSI payments over 2021 through 2030, i.e. an increase of less than \$500 million.

Section 6. Repeal of Penalty for Disposal of Resources for Less Than Fair Market Value. This provision would eliminate the ineligibility penalty for disposing assets at less than fair market value. The current penalty is a period of ineligibility for a limited number of months, not to exceed 36. The number of months of ineligibility depends on how far below market value at which the asset is disposed. We estimate enactment of this provision alone would have a negligible effect on the level of Federal SSI payments over 2021 through 2030, i.e. an increase of less than \$500 million.

Section 7. Clarifying the Treatment of Certain State Tax Credits. This provision would treat state earned income tax credits equivalent to Federal earned income tax credits, thereby no longer considering such state tax credits as income for SSI purposes. The provision would similarly modify the treatment for certain other state tax credits. We estimate enactment of this provision alone would have a negligible effect on the level of Federal SSI payments over 2021 through 2030, i.e. an increase of less than \$500 million.

Section 8. Elimination of Dedicated Accounts for Certain Past-Due Benefits. This provision would eliminate the requirement to establish and maintain a “dedicated account” in a financial institution for SSI recipients under the age of 18 who are due retroactive payments in excess of six times the maximum SSI payment, including Federally administered state supplementary payments. The provision would also allow for amounts to be transferred from such dedicated accounts existing at the time of enactment without affecting eligibility for SSI. We estimate enactment of this provision alone would have a negligible effect on the level of Federal SSI payments over 2021 through 2030, i.e. an increase of less than \$500 million.

Section 9. Elimination of Installment Payment Requirement. This provision would eliminate the requirement that retroactive SSI payments due in excess of three times the FBR be paid in installments. We estimate that enactment of this provision alone would result in an increase in Federal SSI payments of about \$1 billion over 2021 through 2030. The vast majority of this increase in cost would result from the acceleration of the timing of retroactive payments. The

effects of this provision are concentrated in the first two or three years after implementation, with relatively minor increases in cost thereafter.

Section 10. Extension of Period of Exclusion of Certain Payments from Countable Resources.

This provision would modify the exclusion of retroactive payments received from the Federal government to 21 months, from the current 9 months. This would primarily apply to retroactive payments received under the Social Security and SSI programs. We estimate enactment of this provision alone would have a negligible effect on the level of Federal SSI payments over 2021 through 2030, i.e. an increase of less than \$500 million.

Section 11. Modification of Rules to Determine Marital Relationships. This provision would eliminate the policy related to recipients holding themselves out as married and the resulting application of this policy to recipients, claimants, and deemors. This proposed treatment would be the same as current treatment under the Social Security program. We estimate that enactment of this provision alone would result in a net increase in Federal SSI payments of about \$1 billion over 2021 through 2030.

Our estimates for the proposal reflect extensive innovative analysis of detailed administrative data, supplemented by survey data from the Annual Social and Economic Supplement to the Current Population Survey (ASEC). The analysis of administrative data reflects detailed income and living arrangement data on a recipient-by-recipient basis, and additionally includes such information for any associated ineligible parents or spouses whose income and resources are also considered for SSI purposes. The ASEC data has person-by-person information although not in as great as detail as our administrative data. Based on the results of the analyses of these data sources, we are able to reasonably model the expected effects of these provisions and for the Bill as a whole.

We hope these estimates will be helpful. Please let us know if we may provide further assistance.

Sincerely,

A handwritten signature in black ink that reads "Stephen C. Goss". The signature is written in a cursive style with a large, stylized 'S' and 'G'.

Stephen C. Goss, ASA, MAAA
Chief Actuary

Enclosure

Table 1. Estimated Change in Federal SSI Program Cost by Calendar Year and Age of Recipient, Assuming Enactment of the "Supplemental Security Income Restoration Act of 2021" with implementation on January 1, 2022
(In billions)

<u>Calendar Year</u>	<u>Age group</u>			<u>Total</u>
	<u>Under 18</u>	<u>18-64</u>	<u>65&over</u>	
2021	—	—	—	—
2022	\$6	\$24	\$16	\$46
2023	7	25	20	52
2024	7	25	21	54
2025	7	26	22	55
2026	7	26	23	57
2027	8	27	25	59
2028	8	27	26	61
2029	8	28	27	62
<u>2030</u>	<u>8</u>	<u>28</u>	<u>28</u>	<u>64</u>
<u>Total, 2021-30</u>	<u>67</u>	<u>236</u>	<u>207</u>	<u>510</u>

Estimates reflect assumptions and projections presented in the 2020 SSI Annual Report.

Social Security Administration
Office of the Chief Actuary
July 16, 2021