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# Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)

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## Summary

In general, the goal of disability insurance is to replace a portion of a worker's income should illness or disability prevent him or her from working. Individuals may receive disability benefits from either federal or state governments, or from private insurers. This report presents information on two types of disability programs provided through the *federal* government: the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. SSDI is an insurance program that provides benefits to individuals who have paid into the system and meet certain minimum work requirements. In contrast, SSI is a means-tested program that does not have work or contribution requirements, but restricts benefits to those who meet certain financial eligibility criteria.

Enacted in 1956, the SSDI program provides monthly benefits to insured disabled workers under the full retirement age (and to their eligible dependents) in amounts related to an individual's work history and career-average earnings in jobs covered under Social Security. SSDI beneficiaries are also eligible for Medicare following a 24-month waiting period. On the other hand, the SSI program—which went into effect in 1974—is a need-based program that provides a flat monthly cash benefit assuring a minimum income to aged, blind, and disabled individuals who have limited income and assets. In most states, SSI recipients are also eligible for Medicaid.

To receive disability benefits under either program, individuals must meet strict medical requirements. For both SSDI and SSI disability benefits, *disability* is defined as the inability to engage in *substantial gainful activity* (SGA) by reason of a medically determinable physical or mental impairment expected to result in death or last at least a year. Generally, the worker must be unable to do any kind of work that exists in the national economy, taking into account age, education, and work experience.

Both programs are administered by the Social Security Administration (SSA) and therefore have similar application and disability determination processes. Although SSDI and SSI are federal programs, both federal and state offices are used to determine eligibility for disability benefits. SSA determines whether someone is disabled according to a five-step process, called the sequential evaluation process, where SSA is required to look at all of the pertinent facts of a particular case. Current work activity, severity of impairment, and vocational factors are assessed in that order. If SSA finds that a claimant is disabled, the agency must periodically evaluate his or her impairment(s) to ensure that the individual continues to meet each program's respective eligibility criteria.

If a claimant's application for benefits is denied at any point during the disability determination process, the claimant has the right to appeal the decision. During the appeals process, claimants may present additional evidence or arguments to support their case, as well as appoint a representative to act on their behalf. The appeals process is composed of four stages: (1) reconsideration by a different disability examiner; (2) a hearing before an administrative law judge (ALJ); (3) a review before the Appeals Council; and (4) filing suit against SSA in U.S. district court.

The SSDI program is primarily funded through Social Security payroll tax revenues, portions of which are credited to the Federal Disability Insurance (DI) Trust Fund. Under current law, the Social Security trustees project that the DI trust fund will be exhausted in the fourth quarter of 2016. Once the DI trust fund is depleted, the trustees estimate that the SSDI program will have

enough continuing tax revenues to pay around 81% of scheduled benefits. In contrast, the SSI program is funded through appropriations from general revenues.

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**D**isability Insurance is generally intended to provide income support to workers in the event that an individual is unable to work due to illness or injury. Benefits may be provided by the federal government, state governments, or private insurers. This report presents information on two types of disability programs provided through the *federal* government: the Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI) programs. SSDI is an insurance program that provides benefits to individuals who have contributed to the system and meet certain minimum work requirements. In contrast, SSI is a means-tested program for individuals who meet certain income and resource limitations; however, there are no contribution or minimum work requirements. The Social Security Administration (SSA) administers both programs and applicants must meet strict medical requirements to qualify for disability benefits.

## Social Security Disability Insurance

Enacted in 1956 under Title II of the Social Security Act, SSDI is part of the Old-Age, Survivors, and Disability Insurance (OASDI) program administered by SSA.<sup>1</sup> OASDI is a form of social insurance designed to protect against the loss of income due to retirement, disability, or death.<sup>2</sup> Like Old-Age and Survivors Insurance (OASI), SSDI replaces a portion of a worker's lost earnings based on the individual's work history and career-average earnings in jobs covered under Social Security.<sup>3</sup> Specifically, SSDI provides monthly benefits to insured workers under the full retirement age who meet the statutory test of disability and to their eligible dependents. The SSDI and OASI programs are primarily funded through a payroll tax levied on workers in jobs covered by Social Security.

In June 2014, 11.0 million individuals received SSDI benefits, including 9.0 million disabled workers, 153 thousand spouses of disabled workers, and 1.9 million children of disabled workers.<sup>4</sup>

## Supplemental Security Income

SSI, which went into effect in 1974, is a need-based program that provides cash payments assuring a minimum income for aged, blind, or disabled individuals who have very limited income and assets.<sup>5</sup> This program is often referred to as a "program of last resort" since individuals who apply for benefits are also required to apply for all other benefits to which they may be entitled (such as Social Security retirement or disability benefits, pensions, or

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<sup>1</sup> For more information on the OASDI program, see CRS Report R42035, *Social Security Primer*, by Dawn Nuschler.

<sup>2</sup> For more information on the concept of *social insurance*, see Larry DeWitt, "The Development of Social Security in America," *Social Security Bulletin*, vol. 70, no. 3 (August 2010), <http://www.ssa.gov/policy/docs/ssb/v70n3/v70n3p1.html>.

<sup>3</sup> The Social Security Administration's (SSA) Office of the Chief Actuary estimates that 165 million people will work in Social Security-covered employment in 2014. For more information, see SSA *Social Security Program Fact Sheet*, February 4, 2014, <http://www.ssa.gov/oact/FACTS/>.

<sup>4</sup> SSA, *Monthly Statistical Snapshot, June 2014*, July 2014, Table 2, [http://www.ssa.gov/policy/docs/quickfacts/stat\\_snapshot/](http://www.ssa.gov/policy/docs/quickfacts/stat_snapshot/) (hereinafter cited as "Monthly Statistical Snapshot").

<sup>5</sup> See CRS Report 94-486, *Supplemental Security Income (SSI)*, by William R. Morton.

unemployment benefits).<sup>6</sup> Although the SSI program is administered by SSA, it is funded through general revenues—not payroll taxes. The federal benefit provided through this program, unlike through the SSDI program, is a flat amount (adjusted for countable income), and it is not related to prior earnings. In addition to the federal SSI payment, many states provide supplements to certain groups or categories of people.

In June 2014, 8.4 million individuals received federally administered SSI payments, including 1.3 million children under the age of 18, 5.0 million adults aged 18-64, and 2.1 million adults aged 65 and older.<sup>7</sup>

## Type of Benefits and Average Benefit Levels

### SSDI

SSDI benefits are based on the worker's past average monthly earnings, indexed to reflect changes in national wage levels (up to five years of the worker's low earnings are excluded).<sup>8</sup> The benefits are adjusted annually for inflation, as measured by the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).<sup>9</sup> Benefits are also provided to eligible dependents (such as spouses or children) subject to certain maximum family benefit limits. Benefits may be offset if the disabled worker is simultaneously receiving workers' compensation or other public disability benefits. In addition, individuals who receive SSDI benefits are also eligible for Medicare after a 24-month waiting period.

In June 2014, the average monthly SSDI payment was \$1,145.61 for disabled workers, \$308.49 for spouses of disabled workers, and \$342.43 for children of disabled workers.<sup>10</sup>

### SSI

The basic federal SSI benefit is the same for all beneficiaries. In 2014, the maximum SSI payment (also called the federal benefit rate), regardless of age, is \$721 per month for an individual living independently and \$1,082 per month for a beneficiary couple living independently. Federal SSI benefits are increased each year to keep pace with inflation (as measured by the CPI-W).<sup>11</sup> The monthly SSI benefit may be reduced if an individual has other

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<sup>6</sup> SSA, *SSI Annual Statistical Report, 2012*, 2013, p.5, [http://www.ssa.gov/policy/docs/statcomps/ssi\\_asr/2012/index.html](http://www.ssa.gov/policy/docs/statcomps/ssi_asr/2012/index.html).

<sup>7</sup> SSA, *SSI Monthly Statistics, June 2014*, July 2014, Table 2, [http://www.ssa.gov/policy/docs/statcomps/ssi\\_monthly/index.html](http://www.ssa.gov/policy/docs/statcomps/ssi_monthly/index.html). Of the 8.4 million individuals with limited income and resources who received SSI benefits, nearly 1.2 million received a payment by meeting the age-65-or-older requirement and over 7.2 million received a payment by meeting SSA's definition of blindness or disability. SSA continues to classify SSI beneficiaries who attain age 65 as blind or disabled adults rather than aged.

<sup>8</sup> The basic benefit formula for SSDI benefits is similar to the formula for retirement benefits in the OASI program. For more information, see CRS Report R43542, *How Social Security Benefits Are Computed: In Brief*, by Noah P. Meyerson.

<sup>9</sup> Beneficiaries received a 1.5% cost-of-living adjustment (COLA) in 2014. For additional information on the Social Security COLA, see CRS Report 94-803, *Social Security: Cost-of-Living Adjustments*, by Gary Sidor.

<sup>10</sup> SSA Monthly Statistical Snapshot, Table 2.

<sup>11</sup> See SSA, *Fact Sheet: 2014 Social Security Changes*, at <http://www.socialsecurity.gov/pressoffice/factsheets/> (continued...)

income or receives in-kind (non-cash) support or maintenance.<sup>12</sup> States may voluntarily supplement this payment to provide a higher benefit level than specified in federal law.<sup>13</sup>

SSI recipients living alone or in a household where all members receive SSI benefits are also automatically eligible for Supplemental Nutrition Assistance Program (SNAP; formerly food stamps) benefits and are generally eligible for Medicaid.<sup>14</sup>

Individuals may qualify for SSDI, SSI, or both (in addition to other benefits). However, the amount of the SSI payment may be adjusted based on receipt of other income, such as SSDI benefits (the SSDI benefit is not reduced if the recipient also receives SSI benefits because SSDI is not means-tested). In June 2014, the average monthly federally administered SSI payment was \$535.88 for all recipients, \$642.77 for children under the age of 18, \$552.77 for adults aged 18-64, and \$430.34 for adults aged 65 and older.<sup>15</sup>

## Eligibility Requirements

### Definition of Disability

Under both SSDI and SSI, *disability* is defined as the inability to engage in *substantial gainful activity* (SGA)<sup>16</sup> by reason of a medically determinable physical or mental impairment expected to result in death or last at least 12 months. The monthly SGA earnings limit in 2014 is \$1,070 for non-blind individuals and \$1,800 for statutorily blind individuals.<sup>17</sup> In general, individuals must be unable to do any kind of work that exists in the national economy, taking into account age, education, and work experience.

The definition of disability for disabled children receiving SSI benefits is slightly different from the definition for adults. Children are required to demonstrate that their impairment (or combination of impairments) results in *marked and severe functional limitations*. Child SSI claimants are also subject to slightly different criteria under SSA's medical listings.

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<sup>12</sup> See CRS Report RS20294, *Supplemental Security Income (SSI): Income/Resource Limits and Accounts Exempt from Benefit Determinations*, by William R. Morton.

<sup>13</sup> All but four states and the Commonwealth of the Northern Mariana Islands pay a supplement to people who receive SSI. Arizona, Mississippi, North Dakota, and West Virginia do not pay a supplement. See SSA, *Understanding Supplemental Security Income SSI Benefits—2014 Edition*, at <http://www.socialsecurity.gov/ssi/text-benefits-ussi.htm>.

<sup>14</sup> In California, SSI recipients are not eligible for SNAP benefits and instead receive a higher monthly SSI benefit. Specific Medicaid eligibility criteria are set by the states. For additional information, see CRS Report R41899, *Medicaid Eligibility for Persons Age 65+ and Individuals with Disabilities: 2009 State Profiles*, by Kirsten J. Colello and Scott R. Talaga.

<sup>15</sup> SSA Monthly Statistical Snapshot, Table 3.

<sup>16</sup> *Substantial work activity* is work activity that involves doing significant physical or mental activities, even if it is done on a part-time basis. *Gainful work activity* is work activity that an individual does for pay or profit, whether or not a profit is realized. For more information, see 20 C.F.R. §§404.1572 and 416.972.

<sup>17</sup> For more information on SGA limits, see SSA, *Substantial Gainful Activity*, <http://www.ssa.gov/oact/cola/sga.html>.

## SSDI

To qualify for SSDI, workers must be (1) insured in the event of disability and (2) statutorily disabled. To achieve insured status, individuals generally must have worked in covered employment about a quarter of their adult lives before they became disabled and for at least five of the past 10 years immediately before the onset of disability.<sup>18</sup> In 2013, 150.8 million workers were insured in the event of disability.<sup>19</sup>

Once an individual's application for SSDI benefits has been approved, he or she will receive benefits after a five-month waiting period from the time the disability began and will receive Medicare coverage 24 months after SSDI eligibility begins. Disability benefits will continue as long as the individual continues to meet SSA's disability standard, or until he or she reaches the full retirement age (FRA) when SSDI benefits are automatically converted to Social Security retired-worker benefits.<sup>20</sup>

As shown in **Table 1**, the majority of disabled-worker terminations are due to factors other than medical recovery.

**Table 1. Number of SSDI Workers Terminated, by Reason for Termination, 2012**

Reason for Termination	Number of Workers	Percentage of Terminations
Total terminations	728,320	100.0%
Attainment of full retirement age	401,872	55.2%
Death of beneficiary	251,864	34.6%
Work above SGA	38,228	5.2%
Medical improvement	19,002	2.6%
Other <sup>a</sup>	17,354	2.4%

<sup>18</sup> To achieve insured status, workers must accrue quarters of coverage (work credits) based on their earnings from jobs covered by Social Security. In 2014, covered workers earn one quarter of coverage for each \$1,200 in earnings, up to the maximum of four quarters of coverage per year. To be insured in the event of disability, workers must be fully insured and meet a recency-of-work requirement. To be fully insured, covered workers must have at least one quarter of coverage for each calendar year after they turned 21 years old and before the year they became disabled (about a quarter of their adult lives).

To meet the recency-of-work requirement, most covered workers must have earned at least 20 quarters of coverage during a 40-calendar quarter period ending with the quarter in which their disability began (at least five years of work in the past ten years). However, younger workers may meet the recency-of-work requirement with fewer quarters of coverage based on their age. Workers aged 24 to 30 need quarters of coverage in at least one-half of the quarters in the period beginning with the quarter after the quarter they attained the age of 21 and ending in the quarter in which their disability began. Workers under the age of 24 need at least six quarters of coverage in the 12-quarter period ending with the quarter in which they became disabled. Statutorily blind workers are exempt from the recency-of-work requirement. Special rules apply to individuals who are disabled again at the age of 31 or later after having had a prior period of disability established that began before age 31.

<sup>19</sup> SSA, *Disabled Insured Workers*, accessed July 3, 2014, <http://www.ssa.gov/OACT/STATS/table4c2DI.html>.

<sup>20</sup> FRA is the age at which unreduced retired-worker benefits are first payable. For most of the Social Security program's history, the FRA was 65. As part of the Social Security Amendments of 1983 (P.L. 98-21), Congress raised the FRA from 65 to 67. The 1983 law established a gradual phase-in from 65 to 67 over a 22-year period for individuals born in 1938 or later. For more information, see CRS Report R41962, *The Social Security Retirement Age: In Brief*, by Gary Sidor.

**Source:** Congressional Research (CRS) table with data from the Social Security Administration's (SSA), *Annual Statistical Report on the Social Security Disability Insurance Program, 2012, 2013*, Table 50, at [http://www.ssa.gov/policy/docs/statcomps/di\\_asr/2012/sect03f.html#table50](http://www.ssa.gov/policy/docs/statcomps/di_asr/2012/sect03f.html#table50).

- a. Includes workers entitled to an equal or larger Social Security benefit.

## SSI

To receive SSI *aged* benefits, an individual must be at least 65 years old. To receive SSI *disability* benefits, an individual must meet the same definition of disability that applies under the SSDI program (see the section below entitled “Disability Determination Process”). To qualify for SSI benefits because of *blindness*, an individual must have visual acuity of 20/200 or less with the use of a correcting lens in the person’s better eye, or tunnel vision of 20 degrees or less. In addition to age, disability, or blindness, an individual must meet income and resource tests to qualify for SSI benefits. An SSI recipient must also meet the following eligibility criteria:

- be a citizen of the United States, or if not a citizen,
  - be a refugee, asylee, victim of trafficking, or other eligible noncitizen<sup>21</sup> who has been in the country for less than seven years;<sup>22</sup> or
  - be a *qualified alien* who was receiving SSI as of August 22, 1996, or who was lawfully residing in the United States on August 22, 1996, and subsequently became disabled;<sup>23</sup> or
  - be a lawful permanent resident with 40 qualifying quarters of earnings;<sup>24</sup> or
  - be a noncitizen veteran or active duty member of the U.S. armed forces, or his or her spouse or dependent children;<sup>25</sup> or
  - be a noncitizen member of a federally recognized Indian tribe<sup>26</sup>;

<sup>21</sup> Includes certain noncitizens admitted as Amerasian immigrants, certain Iraqi or Afghan special immigrants who are admitted as lawful permanent residents, and Cuban/Haitian entrants admitted under the Refugee Education Assistance Act (P.L. 96-422).

<sup>22</sup> Under current law, eligible refugees, asylees, victims of trafficking and certain other noncitizens can receive SSI for up to seven years. The seven-year period of eligibility begins with the date the relevant immigration status was acquired. The SSI Extension for Elderly and Disabled Refugees Act (P.L. 110-328) briefly extended the time limit to nine years between FY2009 and FY2011. For additional information on SSI eligibility for refugees, asylees, victims of trafficking, and certain other noncitizens, see CRS Report RL33809, *Noncitizen Eligibility for Federal Public Assistance: Policy Overview and Trends*, by Ruth Ellen Wasem.

<sup>23</sup> SSA, POMS, *SI 00502.142 Qualified Aliens Who Are Blind Or Disabled And Were Lawfully Residing In The U.S. On 8/22/96*, August 7, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0500502142>.

<sup>24</sup> SSA’s POMS uses the term *aliens lawfully admitted for permanent residence* (LAPR) instead of lawful permanent residents. According to the agency, a LAPR alien who enters the U.S. on August 22, 1996 or later cannot be eligible based on having 40 qualifying quarters for a five-year period beginning on the LAPR alien’s date of entry into the U.S. as a qualified alien. See SSA, POMS, *SI 00502.135 LAPR with 40 Qualifying Quarters of Earnings*, January 7, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0500502135>.

<sup>25</sup> SSA, POMS, *SI 00502.140 Veteran or Active Duty Member of the Armed Forces, a Spouse, or a Dependent Child*, January 1, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0500502140>.

<sup>26</sup> SSA, POMS, *SI 00502.105 Exemption from Alien Provisions for Certain Noncitizen Indians*, August 1, 2008, <http://policy.ssa.gov/poms.nsf/lnx/0500502105>.

- be a resident of one of the 50 states, the District of Columbia or the Northern Mariana Islands, or a child of a person in the military stationed outside the United States;<sup>27</sup> and
- apply for all other benefits to which the recipient may be entitled.<sup>28</sup>

## Resource Limit

The countable resource limit for SSI eligibility is \$2,000 for individuals and \$3,000 for couples. These amounts are not indexed for inflation and have remained at their current levels since 1989.<sup>29</sup> Some resources are not counted in determining eligibility for SSI. Excluded resources include the following:

- an individual's home and adjacent land;
- one car, regardless of value, if it is used for transportation by the individual or a member of his or her household;
- property essential for self-support;
- household goods and personal effects;
- burial funds of \$1,500 or less; and
- life insurance policies with a cumulative face value of \$1,500 or less.<sup>30</sup>

## Income Limit

Two types of income are considered for purposes of determining SSI eligibility and payment amounts: unearned and earned. Most income not derived from current work (including Social Security benefits, other government and private pensions, veterans' benefits, workers' compensation, and in-kind support and maintenance) is considered *unearned income*. In-kind support and maintenance includes food, clothing, or shelter that is given to an individual. *Earned income* includes wages, net earnings from self-employment, and earnings from services performed. If an individual (or a couple) meets all other SSI eligibility requirements, his or her total monthly SSI payment equals the maximum federal benefit rate (*plus* the amount of an applicable federally administered state supplementation payment) *minus* countable income. Not all income is counted for SSI purposes, and different exclusions apply to earned and unearned income.

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<sup>27</sup> SSI benefits are not available to residents of Puerto Rico, Guam, or the United States Virgin Islands. Residents of these jurisdictions are eligible to receive federal benefits from their commonwealth or territorial government under provisions of Titles I, X, XIV, and XVI of the Social Security Act. These benefits are administered by the Department of Health and Human Services.

<sup>28</sup> To receive a monthly SSI payment, a beneficiary must also not be confined to a public institution at the government's expense (such as a hospital or a prison) and must not be absent from the U.S. for more than 30 consecutive days.

<sup>29</sup> As prices and wages rise over time, the declining real value of the resource limits serves to tighten the program's eligibility requirements, especially for individuals who are unable to spend down their resources or meet the requirements of SSI's resource exclusions.

<sup>30</sup> For a list of resource exclusions, see SSA, POMS, *SI 01110.210 Excluded Resources*, December 15, 2008, <http://policy.ssa.gov/poms.nsf/lnx/0501110210>.

## Unearned Income Exclusion

Monthly unearned income exclusions include a general income exclusion of \$20 per month that applies to non-need-based income. Food stamps, housing and energy assistance, state and local need-based assistance, in-kind support and maintenance from non-profit organizations, student grants and scholarships used for educational expenses, and income used to fulfill a plan for achieving self-support (PASS)<sup>31</sup> are also excluded from unearned income. Once the \$20 exclusion (and any other applicable exclusion) is applied to unearned income, there is a dollar-for-dollar reduction in SSI benefits (i.e., each dollar of countable unearned income reduces the SSI benefit by one dollar). In 2014, an individual with no earned income or special unearned income exclusions must have less than \$741 per month in unearned income (\$1,102 per month for a couple) to receive a federal SSI payment (not including any state supplement). The amount at which an individual or couple no longer qualifies for a SSI payment is also known as the *break-even amount*.<sup>32</sup>

## Earned Income Exclusion

Monthly earned income exclusions include any unused portion of the \$20 general income exclusion, the first \$65 of earnings, one-half of earnings over \$65, impairment-related expenses for blind and disabled workers, and income used to fulfill a PASS. Because of the one-half exclusion for earnings, once the \$65 exclusion (and any other applicable exclusion) is applied to earned income, SSI benefits are reduced by \$1 for every \$2 of earned income. In 2014, the monthly earned income amount at which an individual with no unearned income and no special earned income exclusions no longer qualifies for a federal SSI payment—not including any state supplement—is \$1,527 (\$2,249 for a couple).<sup>33</sup> The earned income breakeven amount may be lower for SSI recipients with unearned income and those who do not live independently; it may be higher for those who receive special earned income exclusions related to a PASS or to work.

In some cases, the income and resources of non-recipients are counted in determining SSI eligibility and payment amounts. This process is called *deeming* and is applied in cases where an SSI-eligible child lives with an ineligible parent, an eligible individual lives with an ineligible spouse, or an eligible non-citizen has a sponsor.

In contrast to SSDI, the majority of adult SSI-recipient terminations in 2012 were due to excess income (see **Table 2**). Unlike SSDI benefits, SSI benefits may be suspended in one month and paid in the next month, depending on an individual's income and resources. In general, SSA will

<sup>31</sup> A PASS allows an individual to set aside other income to use for reasonable and necessary expenses to fulfill an approved employment goal. The income and resources the individual uses to pursue the PASS are disregarding when determining his or her eligibility or payment amount for SSI. For more information, see SSA, Program Operations Manual System (POMS), *SI 00870.001 Plans to Achieve Self-Support—Overview*, April 9, 2009, <http://policy.ssa.gov/poms.nsf/lnx/0500870001>.

<sup>32</sup> The unearned income break-even amount is calculated by adding \$20 (the general income exclusion) to the federal benefit rate for 2014 (\$721 for an individual living independently and \$1,082 for a couple living independently). For more information, see SSA, Program Operations Manual System (POMS), *SI 00810.350 Income Break-Even Points General Information*, November 11, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0500810350>.

<sup>33</sup> The earned income break-even amount is calculated by multiplying the federal benefit rate for 2014 (\$721 for an individual living independently and \$1,082 for a couple living independently) by two and adding \$85 (the \$20 general income exclusion + the \$65 earned income exclusion).

terminate an individual's eligibility for benefits following 12 consecutive months of benefit suspension.<sup>34</sup>

**Table 2. Number of Blind and Disabled SSI Recipients (Aged 18-64) Terminated, by Reason for Termination, 2012**

Reason for Termination	Number of Workers	Percentage of Terminations
Total	548,121	100.0%
Excess income	331,281	60.4%
Death	114,647	20.9%
No longer disabled	35,682	6.5%
In public institution	27,422	5.0%
Excess resources	17,263	3.1%
Failed to furnish report	7,606	1.4%
Other	6,755	1.2%
Whereabouts unknown	4,296	0.8%
Outside United States	3,169	0.6%

**Source:** CRS table with data from SSA, *SSI Annual Statistical Report, 2012, 2013, Table 77*, at [http://www.ssa.gov/policy/docs/statcomps/ssi\\_asr/2012/sect11.html#table77](http://www.ssa.gov/policy/docs/statcomps/ssi_asr/2012/sect11.html#table77).

**Notes:** Subtotals may not equal 100.0% due to rounding.

## Disability Determination Process

The application process for SSDI and SSI disability benefits is very much the same. Although SSDI and SSI are federal programs, both federal and state offices are used to determine eligibility for benefits. The process begins when an individual files an initial application in person at a SSA field office, by telephone, by mail, or online (SSDI claims only). To make an initial determination, SSA employs a five-step sequential evaluation process to verify that a claimant meets the medical and other eligibility criteria for SSDI or SSI benefits (see **Figure 1**).<sup>35</sup> The five steps are listed below:

<sup>34</sup> 20 C.F.R. §416.1335. Blind and disabled children of military personnel stationed overseas and military-related individuals who become SSI ineligible as a result of their spouse or parent(s) being called to active military duty have 24 consecutive months after the suspension to have benefits reinstated without having to file a new application. For more information, see SSA, POMS, *SI 02301.205 Suspension and Reestablishing Eligibility*, September 13, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0502301205>.

<sup>35</sup> For more information on the five-step sequential process, see Bernard Wixon and Alexander Strand, *Identifying SSA's Sequential Disability Determination Steps Using Administrative Data*, Social Security Administration, Research and Statistics Note No. 2013-01, June 2013, <http://www.ssa.gov/policy/docs/rsnotes/rsn2013-01.html>. See also Tom Johns, Branch Chief, Disability Quality Branch Office of Quality Performance, Dallas, *SSA's Sequential Evaluation Process for Assessing Disability*, <https://www.socialsecurity.gov/oidap/Documents/Social%20Security%20Administration.%20%20SSAs%20Sequential%20Evaluation.pdf>.

- Step 1. *Work test*. Is the individual working and earning over SGA (\$1,070 per month for a non-blind individual or \$1,800 per month for a blind individual in 2014)?<sup>36</sup> If yes, the application is denied. If no, the application moves to Step 2.<sup>37</sup>
- Step 2. *Severity test*. Is the applicant's condition severe enough to limit basic life activities for at least one year or to result in death? If yes, the application moves to Step 3. If not, the application is denied.<sup>38</sup>
- Step 3. *Medical listings test*. Does the condition meet SSA's medical listings, or is the condition equal in severity to one found in the medical listings?<sup>39</sup> If yes, the application is accepted and benefits are awarded. If not, the application moves to Step 4.
- Step 4. *Previous work test*. Can the applicant do the work he or she had done in the past? If yes, the application is denied. If not, the application moves to Step 5.<sup>40</sup>
- Step 5. *Any work test*. Does the applicant's condition prevent him or her from performing any other work that exists in the national economy? If yes, the application is accepted and benefits are awarded. If not, the application is denied.

Field offices are responsible for validating the non-medical eligibility requirements such as age, employment, marital status, income, resources, and insured status (Step 1). Field office staff will also interview claimants to obtain relevant medical and work-history information, as well as to make certain that required forms are completed.

Applications that meet the non-medical eligibility criteria are then forwarded to a state Disability Determination Service (DDS) for a medical determination (Steps 2-5). DDSs, which are fully funded by the federal government, are state agencies tasked with developing medical evidence and issuing the disability determination. The medical determination for both types of disability benefits is made based on evidence gathered in an individual's case file. State disability examiners—with the help of medical and psychological consultants—typically use medical evidence collected from the claimant's *treating sources* (i.e., a physician, psychologist, or other acceptable medical source) to determine the severity of the claimant's impairment(s).<sup>41</sup> Ordinarily, there is no personal interview with the applicant on the part of the state personnel who decide the claim.

<sup>36</sup> The Social Security Act specifies a higher SGA limit for individuals who are statutorily blind for the SSDI program. See CRS Report RS20479, *Social Security: Substantial Gainful Activity for the Blind*, by William R. Morton. For individuals who are statutorily blind, SGA is not used as a factor in determining eligibility for SSI (20 C.F.R. §416.984). For more information, see the section entitled "Special Rules for Persons Who Are Blind" in SSA, *2014 Red Book: A Summary Guide to Employment Supports for Persons with Disabilities under the Social Security Disability Insurance and Supplemental Security Income Programs*, 2014, <http://www.ssa.gov/redbook/eng/blindrules.htm>.

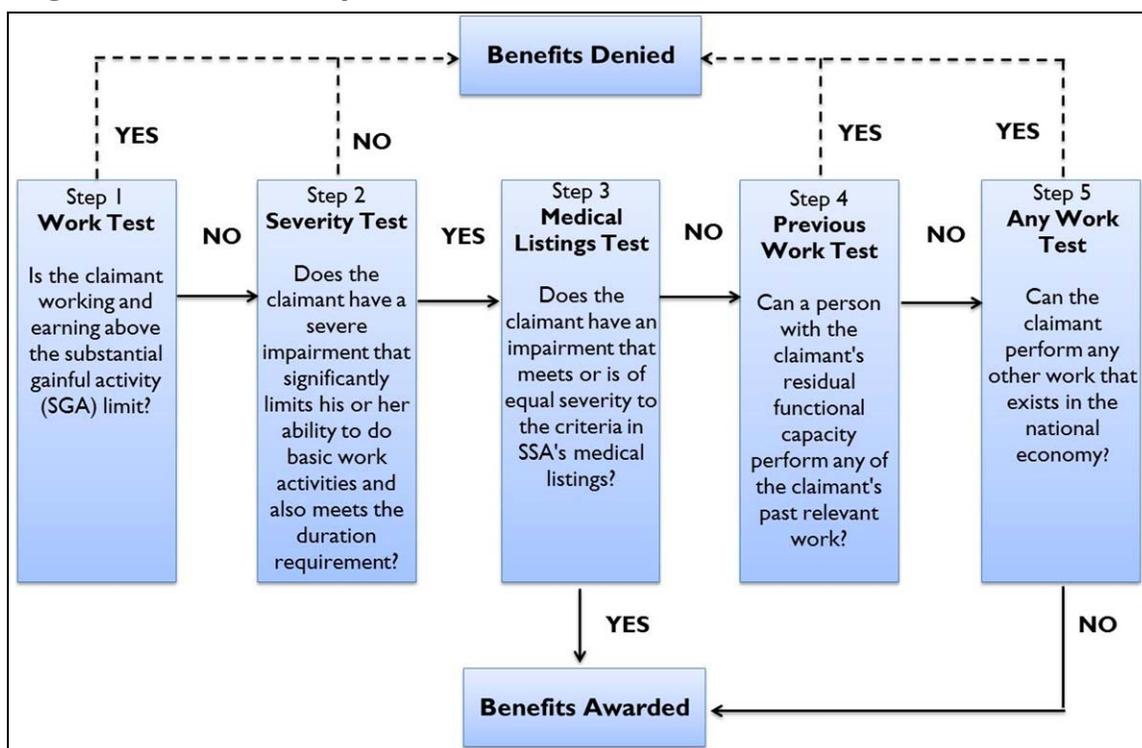
<sup>37</sup> For their application to proceed to the next step in the process, SSI claimants must also have income and resources within the prescribed limits.

<sup>38</sup> There is no duration requirement for blindness under SSI.

<sup>39</sup> The medical listings can be found in the SSA publication *Disability Evaluation Under Social Security*, available at <http://www.ssa.gov/disability/professionals/bluebook>. This publication is commonly referred to as the *Blue Book*.

<sup>40</sup> Cases of children applying for SSI benefits are not subject to the work test but instead to a test of functional capacity.

<sup>41</sup> SSA, POMS, *DI 22505.001 Medical Evidence of Record (MER) Policies*, December 17, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0422505001>.

**Figure 1. SSA's Disability Determination Process for SSDI and Adult SSI Claimants**

**Source:** Adapted from Figure 1 in the Government Accountability Office's (GAO), *Testimony Before the Subcommittees on Income Security and Family Support and Social Security, Committee on Ways and Means, House of Representatives. Social Security Administration: Further Actions Needed to Address Disability Claims and Service Delivery Challenges*, GAO-09-511T, March 24, 2009, p. 5, at <http://www.gao.gov/new.items/d09511t.pdf>.

**Notes:** In 2014, the substantial gainful activity (SGA) threshold is \$1,070 per month for non-blind individuals and \$1,800 per month for statutorily blind persons.

Claimants who do not meet the criteria in the medical listings (Step 3) proceed to a more individualized assessment that examines their residual functional capacity to perform work. *Residual functional capacity* (RFC) is a function-by-function assessment based upon all of the relevant evidence of an individual's ability to do work-related activities.<sup>42</sup> At Step 4, the state DDS evaluates a claimant's RFC to complete past relevant work. If the claimant cannot perform past relevant work, his or her application is forwarded to the final step of the determination process. At Step 5, the state DDS uses a claimant's RFC along with vocational factors, such as age, education, and work experience to determine whether he or she can perform any work that exists in the national economy. Claimants who are unable to perform such work are found to be disabled. After a determination has been made, the state DDS returns the case to the field office for appropriate action.<sup>43</sup>

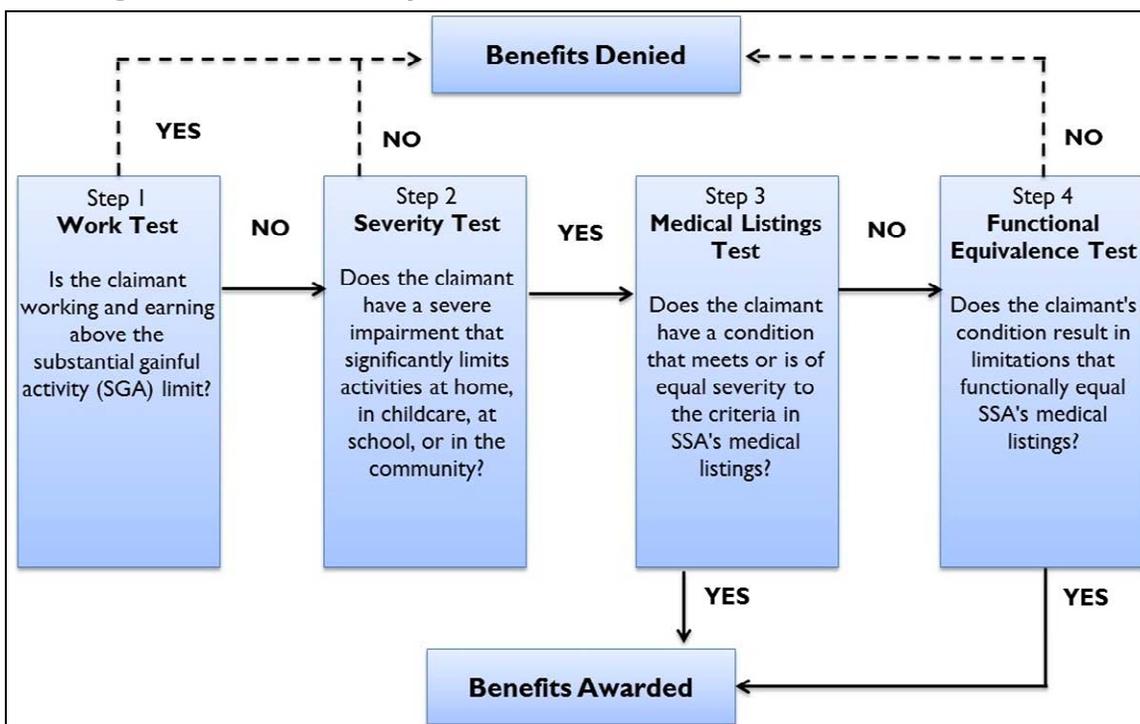
<sup>42</sup> SSA, POMS, *DI 24510.006 Assessing Residual Functional Capacity (RFC) in Initial Claims (SSR 96-8p)*, November 28, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0424510006>.

<sup>43</sup> See SSA, *Disability Determination Process*, <http://www.ssa.gov/disability/determination.htm>.

## Special Provisions for Child SSI Claimants

The disability determination process for child SSI claimants is similar to the one used for SSDI and adult SSI claimants, in that child claimants must have a severe impairment that prevents them from engaging in SGA.<sup>44</sup> However, unlike adult disability claimants, child SSI claimants not approved at Step 3 are not subsequently evaluated based on their RFC to perform work (the medical criteria for children are somewhat different from the criteria for adults). Instead, child SSI claimants proceed to an individualized assessment that examines whether their severe impairment (or combination of impairments) results in limitations that *functionally equal* the medical listings (see **Figure 2**).

**Figure 2. SSA’s Disability Determination Process for Child SSI Claimants**



**Source:** CRS based on Figure I in GAO report GAO-09-511T.

During this process (child's Step 4), the state DDS will assess the extent to which a child's condition affects his or her functioning during day-to-day activities at home, in childcare, at school, and in the community. The state DDS evaluates a child SSI claimant's functioning across six domains, which are

- acquiring and using information,
- attending and completing tasks,
- interacting and relating with others,
- moving about and manipulating objects,

<sup>44</sup> Child SSI claimants must also have income and resources within the prescribed limits.

- caring for yourself, and
- health and physical well-being.

A child SSI claimant's condition functionally equals the criteria in the listings if the impairment (or combination of impairments) results in marked limitations in at least two of the domains or an extreme limitation in one domain.<sup>45</sup> A *marked* limitation in a domain occurs when a claimant's impairment interferes seriously with his or her ability to independently initiate, sustain, or complete activities. An *extreme* limitation in a domain occurs when a claimant's impairment interferes very seriously with his or her ability to independently initiate, sustain, or complete activities.

## Disability Appeals Process

If a claimant's application for benefits is denied at any point during the disability determination process, the claimant has the right to appeal the decision.<sup>46</sup> During the appeals process, claimants may present additional evidence or arguments to support their case, as well as appoint a representative to act on their behalf (either an attorney or non-attorney).<sup>47</sup> The appeals process includes three levels of administrative review through SSA before a case can be appealed to the U.S. court system, in the following order:

- **Step 1. *Reconsideration.*** In most states, claimants who are dissatisfied with the initial determination may request to have their case *reconsidered* by a different examiner from the state DDS office.<sup>48</sup> The disability examiner will reexamine the evidence from the original decision, along with any new evidence submitted with the appeal.<sup>49</sup> After a review of the evidence, the claimant is notified in writing of the decision. If the claimant disagrees with the reconsideration decision, he or she may proceed to Step 2.
- **Step 2. *Administrative Hearing.*** Claimants who are dissatisfied with the reconsidered judgment (or who disagree with the initial determination and reside in a state where the reconsideration step has been eliminated) may request a hearing before an administrative law judge (ALJ).<sup>50</sup> During a hearing, an ALJ will investigate the merits of an appeal by informally questioning the claimant, as well as any scheduled witnesses such as medical or vocational experts. A claimant and his or her representative may also present additional evidence, examine evidence used in making the determination under review, introduce witnesses, question witnesses, and present oral or written arguments in support of

<sup>45</sup> 20 C.F.R. §416.926a.

<sup>46</sup> 42 U.S.C. §405(b)(1).

<sup>47</sup> 20 C.F.R. §404.1705.

<sup>48</sup> In 1999, SSA eliminated the reconsideration step in 10 States, as part of the Disability Redesign Prototype (Prototype) initiative, which included Alaska, Alabama, California (Los Angeles West and North Branches), Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania. For more information, see Social Security Administration, POMS, *DI 12015.100 Disability Redesign Prototype Model*, January 2014, <http://policy.ssa.gov/poms.nsf/lnx/0412015100>.

<sup>49</sup> SSA, POMS, *GN 03102.100 The Reconsideration Process*, February 11, 2014, <http://policy.ssa.gov/poms.nsf/lnx/0203102100>.

<sup>50</sup> Hearings may be held in person or by video conferencing.

a favorable decision.<sup>51</sup> Because SSA is not represented as the hearing, the proceeding is considered non-adversarial. After the hearing, the claimant is notified in writing of the ALJ's decision. If the claimant disagrees with the hearing decision, the case can be appealed to Step 3.

- Step 3. *Appeals Council*. Claimants dissatisfied with either the ALJ's decision or the dismissal of a hearing request may request a review before the Appeals Council (AC). The AC may dismiss or deny the request for review, or the AC may grant the request and either issue a decision or remand the case to an ALJ.<sup>52</sup> The claimant is notified in writing of the AC's decision or reason for denial of the review. If the claimant disagrees with the AC's decision or denial, he or she may proceed to Step 4.
- Step 4. *U.S. District Court*. If a claimant is dissatisfied with the AC's decision or if the AC decides not to review the case, the claimant may file a lawsuit in U.S. district court. A district court may issue a decision or remand the case to the AC. The AC may, in turn, either assume jurisdiction and issue a decision or remand the case to an ALJ for further proceedings and a new decision.<sup>53</sup>

At each stage of the appeals process, claimants or their representatives must request an appeal, in writing, within 60 days of receiving notice of the prior decision.<sup>54</sup> On rare occasions, disability cases are appealed beyond U.S. district court to the U.S. court of appeals and, ultimately, the U.S. Supreme Court.

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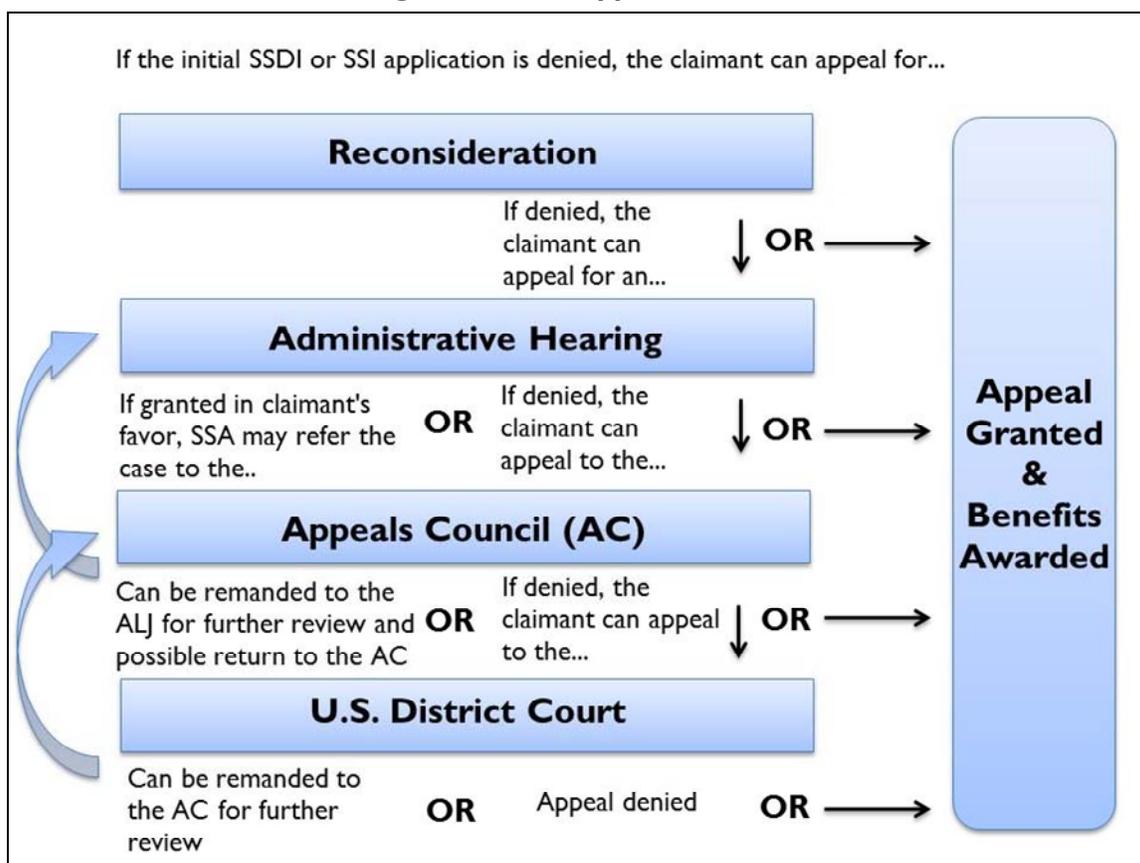
<sup>51</sup> SSA, POMS, *GN 03103.010 The Hearing Process*, February 6, 2014, <http://policy.ssa.gov/poms.nsf/lnx/0203103010>.

<sup>52</sup> SSA, POMS, *GN 03104.100 Requesting Appeals Council Review*, February 6, 2014, <http://policy.ssa.gov/poms.nsf/lnx/0203104100>.

<sup>53</sup> SSA, POMS, *GN 03106.036 Court Remand Orders*, July 19, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0203106036>.

<sup>54</sup> A representative payee or other third party on behalf of the claimant may request an appeal as well.

Figure 3. SSA's Appeals Process



**Source:** CRS based on information for Subpart J of 20 C.F.R. §404. and Subpart N of 20 C.F.R. §416.

**Notes:** Under the Disability Redesign Prototype model, SSA eliminated the reconsideration step of the appeals process in the following states: Alabama, Alaska, California (Los Angeles North and Los Angeles West branches), Colorado, Louisiana, Michigan, Missouri, New Hampshire, New York, and Pennsylvania.

## Program Integrity

SSA conducts periodic program integrity reviews to ensure SSDI beneficiaries and SSI disability recipients continue to meet each program's respective eligibility criteria.

## Medical Continuing Disability Reviews

After SSA finds that a claimant is disabled, the agency must evaluate his or her impairment(s) from time to time to determine if the individual is still medically eligible for payments based on disability.<sup>55</sup> This evaluation is known as a *continuing disability review* (CDR). The frequency of a medical CDR depends on the beneficiary's prospective medical improvement.<sup>56</sup>

<sup>55</sup> 20 C.F.R. §§404.1589 and 416.989.

<sup>56</sup> SSA, POMS, *DI 13005.010 Medical Improvement Diaries*, June 27, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0413005010>.

- *Medical Improvement Expected* (MIE). If a beneficiary's impairment is expected to improve, SSA will generally schedule a review at intervals from six to 18 months following the most recent decision that the individual is disabled or that disability is continuing.
- *Medical Improvement Possible* (MIP). If medical improvement is possible but cannot be accurately predicted based on current experience and the facts of the case, SSA will schedule a review at least once every three years.
- *Medical Improvement Not Expected* (MINE). If medical improvement is unlikely due to the severity of an individual's condition, SSA will schedule a review once every five to seven years.

Under current law, SSA must find substantial evidence of medical improvement during a CDR to deem a SSDI beneficiary or SSI disability recipient no longer disabled and therefore ineligible for benefits.<sup>57</sup> The legal requirement for determining if disability continues in a CDR is called the *medical improvement review standard* (MIRS).<sup>58</sup> Under a MIRS determination for adults, the agency will generally consider a SSDI or adult SSI beneficiary no longer disabled if the review finds considerable evidence that (1) there has been substantial medical improvement in the beneficiary's impairment(s) related to his or her ability to work since the last favorable medical decision and (2) the beneficiary has the ability to engage in SGA.<sup>59</sup>

For a child SSI recipient, SSA will typically consider the child no longer disabled if the review demonstrates that there has been substantial medical improvement in the recipient's impairment(s) since his or her most recent favorable medical decision to the point where the recipient's condition no longer meets (or medically or functionally equals) the severity in the listings.<sup>60</sup> When a SSDI beneficiary or SSI disability recipient is found no longer disabled, he or she may appeal the decision using the process described previously.

SSA also reevaluates the eligibility of all SSI child recipients who attain the age of 18 under the adult standard for initial disability claims. These reevaluations are known as *age 18 redeterminations*. Because age 18 redeterminations are effectively a new disability determination under the adult criteria, the MIRS does not apply.<sup>61</sup>

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<sup>57</sup> 42 U.S.C. §§423(f) and 1382c(a)(4).

<sup>58</sup> SSA, POMS, *DI 28005.001 Legal Standard for Determining If Disability Continues*, September 6, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0428005001>.

<sup>59</sup> Due to the MIRS, the sequential evaluation process for adult CDRs is different from the one used in initial claims. For more information, see SSA, POMS, *DI 28005.005 The CDR Evaluation Process—Title II and Adult Title XVI Beneficiary—General*, October 12, 2010, <http://policy.ssa.gov/poms.nsf/lnx/0428005005>.

<sup>60</sup> Because of the MIRS, the sequential evaluation process for child CDRs is different from the one used in initial claims. For more information, see SSA, POMS, *DI 28005.020 The CDR Evaluation Process—Title XVI Child—General*, September 6, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0428005020>.

<sup>61</sup> SSA, POMS, *DI 33025.075 Age 18 Redetermination Cases Under P.L. 104-193*, February 22, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0433025075>.

## Work CDRs and SSI Redeterminations

In addition to medical CDRs, SSA conducts periodic non-medical reviews to ensure that SSDI beneficiaries and SSI disability recipients continue to meet each program's respective financial and other eligibility requirements.

### SSDI

Under the SSDI program, SSA performs *work CDRs* to determine if a beneficiary's work activity represents SGA (i.e., earnings over \$1,070 a month, generally) and if eligibility for benefits should continue.<sup>62</sup> SSA typically will initiate a work CDR only if the agency becomes aware of a beneficiary's return to work.<sup>63</sup> If a work CDR finds evidence that a recipient is engaging in SGA and is not participating in an approved SSA work incentive program, the agency may determine that the recipient's disability has ceased.<sup>64</sup>

### SSI

Under the SSI program, SSA conducts periodic *redeterminations* of a recipient's or couple's non-medical eligibility factors—such as income, resources, and living arrangements—to verify that a recipient or couple is still eligible for SSI and still receiving the correct payment amount. There are two types of redeterminations: scheduled and unscheduled. *Unscheduled* redeterminations are conducted based on a report of change in a recipient's or couple's circumstances that may affect program eligibility or the payment amount.<sup>65</sup> *Scheduled* redeterminations are performed at periodic intervals, depending on the likelihood of payment error:

- annually if a change in a recipient's or couple's circumstances is likely to occur; or
- once every six years if a change in a recipient's or couple's circumstances is unlikely to occur.<sup>66</sup>

## Program Financing Information

The SSDI program is primarily funded through the Social Security payroll tax, a portion of which is credited to a separate Federal Disability Insurance (DI) Trust Fund.<sup>67</sup> By contrast, the SSI program is funded through appropriations from general revenues.

<sup>62</sup> See SSA, Office of the Inspector General (OIG), *Work Continuing Disability Reviews for Disabled Title II Beneficiaries with Earnings*, March 12, 2014, A-01-12-12142, <http://oig.ssa.gov/audits-and-investigations/audit-reports/A-01-12-12142>.

<sup>63</sup> Receipt of earnings does not always indicate substantial work activity. Some earnings events, such as termination or sick pay, may not initiate a work CDR. For more information, see SSA, POMS, *DI 13010.010 Handling Events That May Require a Work Continuing Disability Review (CDR)*, December 11, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0413010010>.

<sup>64</sup> SSA, POMS, *DI 13010.001 Work Activity and Work Incentives*, December 5, 2013, <http://policy.ssa.gov/poms.nsf/lnx/0413010001>.

<sup>65</sup> SSA, POMS, *SI 02305.001 General Information About Redeterminations*, March 5, 2012, <http://policy.ssa.gov/poms.nsf/lnx/0502305001>.

<sup>66</sup> SSA, POMS, *SI 02305.010 Scheduled RZs*, February 12, 2014, <http://policy.ssa.gov/poms.nsf/lnx/0502305010>.

## SSDI

The Social Security payroll tax rate on covered wages and self-employment income is 12.4%, which is split equally between employees and employers up to the taxable maximum of \$117,000 in 2014 (self-employed individuals bear the full tax). Of the 12.4%, 10.6% is paid to the OASI trust fund and 1.8% is paid to the DI trust fund. Funding for each trust fund is prescribed in the Social Security Act, and the two funds may not borrow from one another under current law. In addition to the payroll tax contributions, the DI and OASI trust funds receive some revenues from the taxation of Social Security benefit payments.<sup>68</sup> These combined revenues are invested in special issue (non-marketable), interest-bearing U.S. government securities (the interest earned is also deposited in the trust funds). The resources in the DI trust fund are used to pay for SSDI benefits and the cost of administering the program. In FY2013, the DI trust fund paid out more than \$139.4 billion in benefits.<sup>69</sup>

### Projected Insolvency of the DI Trust Fund

The Social Security trustees project that the combined OASI and DI trust funds will be exhausted in 2033 under current law.<sup>70</sup> Individually, however, the trustees estimate that the OASI trust fund will be exhausted in 2034, while the DI trust fund will be exhausted in the fourth quarter of 2016.<sup>71</sup> Once the DI trust fund is depleted, the trustees project that the SSDI program will have enough continuing tax revenues to pay around 81% of scheduled benefits under current law.

The declining solvency of the DI trust fund is the result of an increasing imbalance between the fund's income and outlays. Over the past twenty years, revenues to the DI trust fund have remained relatively flat as a share of taxable payroll, while outlays as a share of taxable payroll have grown markedly.<sup>72</sup> Because benefit payments account for nearly all program spending, the growth in the number of beneficiaries on SSDI has contributed heavily to the worsening financial condition of the DI trust fund.

Most researchers agree that changes in the demographic characteristics of the working-age population account for a substantial share of the growth in the number of workers on SSDI.<sup>73</sup> Demographic changes include (1) the aging of the baby-boom generation, (2) the growth in

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(...continued)

<sup>67</sup> See CRS Report RL33028, *Social Security: The Trust Fund*, by Dawn Nuschler and Gary Sidor.

<sup>68</sup> For more information, see CRS Report RL32552, *Social Security: Calculation and History of Taxing Benefits*, by Noah P. Meyerson.

<sup>69</sup> SSA, *Justification of Estimates for Appropriations Committees Fiscal Year 2015*, March 2014, Table 4, p. 5, <http://www.ssa.gov/budget/FY15Files/2015FCJ.pdf> (hereinafter cited as "SSA FY2015 Budget Justification").

<sup>70</sup> The Board of Trustees, Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds, *The 2014 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Federal Disability Insurance Trust Funds*, Washington, DC, July 28, 2014, p. 3, <http://www.ssa.gov/oact/TR/2014/index.html>. Projections are based on the trustees' 2014 intermediate assumptions.

<sup>71</sup> *Ibid.*

<sup>72</sup> *Taxable payroll* is defined as the total effective amount of wages and self-employment income in the economy that is subject to Social Security taxes.

<sup>73</sup> For a comparison of studies that examine this topic, see Kathy Ruffing, *How Much of the Growth in Disability Insurance Stems From Demographic Changes?*, Center on Budget and Policy Priorities, January 27, 2014, Table 1, p. 5, <http://www.cbpp.org/cms/index.cfm?fa=view&id=4080>.

women's labor force participation, and (3) the overall growth in the insured-worker population.<sup>74</sup> However, there is considerable disagreement among researchers over how “difficult to quantify factors” have contributed to the growth in the program, such as changes in opportunities for work and compensation, changes to federal policy that altered certain program eligibility criteria, and inconsistency in the disability determination and adjudication process.<sup>75</sup> In recent years, a number of researchers have developed proposals to limit the growth in SSDI enrollment.<sup>76</sup>

To extend the solvency of the DI trust fund, Congress could enact a variety of legislative changes to increase program revenues and reduce program costs. In the absence of changes that would restore solvency over the long term, Congress could use temporary *cash infusions* to bolster the reserves of the DI trust fund. In the past, the aim of this policy was to improve the financial solvency of a trust fund in the short term to give lawmakers additional time to develop and implement longer-term solutions.

The last such short-term measure was enacted in 1994, when Congress changed the allocation of the Social Security payroll tax rate between the OASI and DI trust funds to provide the DI trust fund, which was near exhaustion, with a larger share.<sup>77</sup> In justifying the 1994 reallocation, Congress noted that “the reallocation recommended by the Trustees not only secures the funding necessary to keep the DI program solvent in the short run; it also ... provides time for a more detailed study of the DI program—one aimed at identifying with a higher level of certainty the underlying causes of its recent growth.”<sup>78</sup> In their 1995 annual report, the trustees projected that the boost in revenues from the payroll tax reallocation would extend the solvency of the DI trust fund from 1995 to 2016.<sup>79</sup>

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<sup>74</sup> For more information, see U.S. Congress, Senate Committee on Finance, *Social Security: A Fresh Look at Workers' Disability Insurance*, Testimony of Stephen C. Goss, Chief Actuary, Social Security Administration, 113<sup>th</sup> Cong., 2<sup>nd</sup> sess., July 24, 2014, <http://www.finance.senate.gov/imo/media/doc/072414%20Goss%20Statement.pdf>.

<sup>75</sup> Gina Livermore, David Wittenburg, and David Neumark, “Finding alternatives to disability benefit receipt,” *IZA Journal of Labor Policy*, 2014, p. 2. See also U.S. Congress, Senate Committee on Finance, *Social Security: A Fresh Look at Workers' Disability Insurance*, Testimony of Dr. Richard V. Burkhauser, Professor, Adjunct Scholar, Cornell University, American Enterprise Institute, 113<sup>th</sup> Cong., 2<sup>nd</sup> sess., July 24, 2014, <http://www.izajolp.com/content/pdf/2193-9004-3-14.pdf>.

<sup>76</sup> See CRS Report R43054, *Social Security Disability Insurance (SSDI) Reform: An Overview of Proposals to Reduce the Growth in SSDI Rolls*, by William R. Morton.

<sup>77</sup> For more information, see CRS Report R43318, *Social Security Disability Insurance (DI) Trust Fund: Background and Solvency Issues*, by William R. Morton. In their 1994 annual report, the Social Security trustees projected that the DI trust fund would be exhausted in 1995.

<sup>78</sup> U.S. Congress, House Committee on Ways and Means, Subcommittee on Social Security, *Social Security Board of Trustees' Recommendation to Reallocate a Portion of the Social Security Payroll Tax to the Disability Insurance Trust Fund*, 103<sup>rd</sup> Cong., 1<sup>st</sup> sess., April 22, 1993, H.Hrg. 781-44 (Washington: GPO, 1993), p. 7.

<sup>79</sup> Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, *1995 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds*, April 3, 1995, <http://www.ssa.gov/history/reports/trust/1995/index.html>. Projections based on the trustees' intermediate assumptions.

## SSI

The SSI program is financed through the general revenue of the United States. Appropriations for SSI benefits and program administration are considered mandatory spending.<sup>80</sup> In FY2013, the SSI program paid out nearly \$52.8 billion in federal benefits.<sup>81</sup>

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<sup>80</sup> For more information, see CRS Report R41716, *Social Security Administration (SSA): Budget Issues*, by Scott D. Szymendera.

<sup>81</sup> SSA FY2015 Budget Justification, Table 6, p. 6.