

MEMORANDUM

TO: Regional Steering Committee on Homelessness and Housing
FROM: HomeBase
RE: Changes to SSI Regulations
DATE: March 18, 2005

Background

The RSC has often considered SSI, or Supplemental Security Income, benefits in the context of increasing access to mainstream benefits. Not only have past RSC meetings focused on the importance of SSI benefits, but the RSC was also instrumental in guiding HomeBase's development of the *Mainstreaming the Response to Homelessness* Spring 2003 and Fall 2003 conferences, which focused on best practices and methods to increase usage of mainstream benefits resources for homeless people. SSI benefits are particularly significant as they often make up a sizable portion of the financial resources that homeless and formerly homeless individuals and families utilize.

Status

SSI is designed to help aged, blind, and disabled people, who have little or no income. SSI benefits provide cash to recipients to meet basic needs for food, clothing, and shelter. Unlike Social Security benefits, SSI benefits are not based on prior work or a family member's prior work. SSI is financed by general funds of the U.S. Treasury: personal income taxes, corporation taxes and other taxes. Social Security taxes withheld under the Federal Insurance Contributions Act (FICA) do **not** fund the SSI program. In most states, SSI beneficiaries also can get Medicaid to pay for hospital stays, doctor bills, prescription drugs, and other health costs. SSI beneficiaries may also be eligible for food stamps in every state (except California). In some states, an application for SSI benefits also serves as an application for food assistance. As of January 1, 2005, the federal benefit rate is \$579 for an individual and \$869 for a couple.

The amount of income and resources a person has is a major factor in deciding whether a person is eligible to receive SSI benefits and in what amount. Thus, in response to a rulemaking initiated in January 2004, the Social Security Administration (SSA) issued new rules,¹ effective March 9, 2005, to simplify the eligibility criteria for SSI. Specifically, the new regulations:

- **Eliminate clothing from the definition of income and from the definition of in-kind support and maintenance, except where clothing is received by an employer (counted as wages)**
 - Under existing rules, in-kind support and maintenance that counts as unearned income includes food, clothing, or shelter given to a person or that a person receives because another person pays for it. An SSI recipient who receives such in-kind support, including clothing, may have their SSI payment reduced by up to 1/3 of the monthly federal benefit rate.
 - The SSA reasoned that, to count clothing as income is “administratively burdensome” and “harsh and demeaning” to applicants and recipients of SSI benefits

¹ The final rules may be downloaded at www.gpoaccess.gov/fr/index.html.

and has provided a disincentive to family members providing for needy relatives and therefore eliminated the requirement.

- **Eliminate the dollar value limit for household goods and personal effects and excludes these as resources for SSI purposes**
 - Under existing rules, the household goods and personal effects are excluded to the extent that their total value does not exceed an amount that the SSA Commission deems reasonable (\$2,000 for an individual and \$3,000 for an individual and spouse).
 - The SSA reasoned that the existing process “can be complex, difficult for the public to understand, and unduly intrusive into personal affairs” and therefore eliminated the dollar value limit on household goods and personal effects and now excludes from countable resources all:
 - Household goods if they are items of personal property found in or near a home that are used on a regular basis, or items needed by the householder for maintenance, use, and occupancy of the premises as a home; and
 - Personal effects if they are items of personal property that ordinarily are worn or carried by the individual or are articles that otherwise have an intimate relation to the individual.
 - Instead of the dollar limit, “reasonable” will be interpreted based on the “uses and characteristics of the item.”
 - Items that will be excluded include, among other things, wedding and engagement rings, culturally and religiously significant items, and any items required because of a person’s impairment (be it physical or otherwise).
- **Exclude one automobile, regardless of value, if it is used for transportation for the individual or by a member of the individual's household**
 - Under existing rules, the reasonable value of an automobile can be excluded from income if any of the four criteria are met: (1) the car is necessary for employment; (2) it is necessary for medical treatment of a specific or regular medical problem; (3) it is modified for a handicapped person; or (4) it is necessary because of certain factors to perform essential daily activities. If no automobile can be excluded based on one of these factors, then one car can be excluded to the extent its current value does not exceed \$4,500.
 - The SSA is excluding one automobile because data indicate that “the vast majority of ‘first’ automobiles owned by SSI recipients are currently excluded based on one of the four transportation criteria.” The vehicle must be operational, however, and used for transportation (it cannot be a dune buggy, for example) to be excluded.

Action

HomeBase will keep you informed of significant changes such as these and any other important developments with respect to SSI.

For further information, please contact Lise K. Ström, Staff Attorney, via email at lise@homebaseccc.org or by phone at 415-788-7961, ext. 306.