THE USE OF STATISTICS IN THE LEGISLATIVE DEVELOPMENT OF THE SUPPLEMENTAL SECURITY INCOME PROGRAM

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As the Congress considers any new legislation, but particularly with the consideration of major new programs or substantial alterations in existing programs, questions of purpose and intent are paramount. The testimony, deliberations by the appropriate Congressional Committees, and statements and debate on the floor of the House of Representatives and of the Senate all reflect concern for what the legislation is supposed to do and the national need toward whose solution the proposed legislation is aimed. For such deliberations, more is required than statements of lofty purpose and of pressing national need made in the abstract terms of principle and high resolve. Such statements and arguments must be buttressed by data and analyses as to whom or what the program will effect, how many there are, what the effects are anticipated to be, and what the program is likely to cost in order to provide the anticipated effects, both in the short term and in the longer run. In addition, as new programs are constructed, similar information is necessary to develop the interrelationships between the various elements within the proposal itself and with other programs.

Throughout the legislative process, the needs for data and analysis remain dynamic. As new approaches are created, as compromises are developed, and as decisions are tentatively reached at each stage of the legislative process, effects and costs are major factors in the process, and data or estimates are required to make the assessments through which the legislative process reaches its conclusions.

The development of the Supplemental Security Income Program for the Aged, Blind, and Disabled provides a means for illustrating the uses by the Congress and the Administration for data and analyses in developing new programs. In many ways, it makes a good example, both because it is relatively neat and clean and because much of the consideration dealt with anticipated impact and effect.

The Supplemental Security Income Program (SSI), enacted in October 1972 as one element of the Social Security Amendment of 1972, grew from a relatively simple conception which was part of the President's Welfare Reform proposals of 1969. The major reform in those proposals was the replacement of the Federal system of grants to States for Aid to Families with Dependent Children with a new, nationally uniform and federally administered Family Assistance Plan. As one element in its total welfare reform program, however, the Administration proposed that there be uniform federally established payment minimums for the existing federally-aided State assistance programs for the aged, the blind, and the permanently and totally disabled, coupled with national eligibility standards and methods of administration. It was proposed that States be given the option of contracting with the Social Security Administration for the administration of these programs. This general approach of establishing national eligibility and minimum payment requirements to the existing grant-in-aid programs was adopted by the House of Representatives in 1970, but it foundered as did the rest of the welfare reform program on the inability to reach a resolution between the House and the Senate on the issues raised by the proposed Family Assistance Plan.

With a new Congress, welfare reform began its second time around. Many of the characteristics for an adult assistance program had been shaped by the earlier deliberations. However, as the bill developed in the Committee on Ways and Means of the House of Representatives, the concept of Federal administration through the Social Security Administration of a basic income guarantee program for the aged, blind, and disabled came into immediate being, rather than being the long-term anticipated effect of the earlier option extended to the States for Federal administration. The proposal also provided for full Federal funding for a bsic uniform national benefit or income guarantee level of $130 a month for an individual and $195 for a couple, (increasing in 2 years to $150 and $225 respectively). The concept of a basic federally administered program was not initially accepted by the Senate Finance Committee. Rather, they first decided to return to the provisions of the earlier bill for a federally guaranteed minimum income level for the aged, blind, and disabled through the existing programs for adult assistance. However, with further deliberation, the Committee did support a change from the traditional concept of public assistance to a federally administered program of income guarantees. This, the Supplemental Security Income Program, was enacted, after some modification in its provisions as a result of compromises between varying provisions in the House Act and the Senate Amendments.

The Supplemental Security Income Program provides basic Federal payment standards for all eligible aged, blind, and disabled persons. As originally enacted, these were $130 for an individual and $195 for a couple where both members were eligible. Actual benefits paid are determined by the difference between these guarantee levels and countable income. Income includes all income, both earned or unearned, and whether received in cash or in kind. In determining countable income, $20 a month is excluded whether earned or unearned. In addition, $65 of earned income and one half the remainder are excluded, in order to meet work expenses and to assure that those who work receive some return from their work. A number of special exclusions are also provided; a major one of these is State or local government cash payments, based upon need and in supplementation of SSI. Income of an ineligible spouse who lives with an adult beneficiary or of parents living with a child beneficiary are considered in determining the amount of payment.

To be eligible, Person must be either aged 65 or older, disabled or blind, reside in one of the 50 States or the District of Columbia, and be a citizen of the United States or an alien lawfully admitted for permanent residence. They must have resources of $1,500 or less for an individual, or $2,250 or less for a couple. In determining resources, a home, car and personal possessions of reasonable value are excluded, as is life insurance with a face value of $1,500 or less.

The basic payment level applies for persons living in their own household. If an individual is living in the household of another and receiving support and maintenance, the payment standard is reduced by one-third. For those in a medical institution with more than half their care paid for under the Medicaid program, the payment standard is $25. Persons who are inmates of public institutions are not eligible.

While there were many other detailed provisions regarding the treatment of income, resources, and other requirements for participating in the program, these were the basic provisions for the Federal benefit in the law as originally enacted. It should be noted that there have been changes since that time, both in payment levels (reflecting the increases in cost of living) and in other provisions relating primarily to the transition from the State programs to the Federal program.

The original Act also provided the potential for Federal financial help to States which determined that they wished to supplement the Federal benefit. Certain aspects of the State supplementation provisions will be developed later in the paper. At this point, suffice it to say that the Amendments provided for Federal administration of State supplementation if the State desired, and if the supplement was paid to all, or established classes of beneficiaries. In addition, for States electing Federal administration, where State payments do not, on the average exceed the adjusted payment level, the States' financial liability for supplementation was limited to its total expenditures for cash assistance to the aged, blind, and disabled in calendar year 1972. A State's adjusted payment level is the average of the payments that individuals with no other income received in January 1972, with adjustments where payments had been below State standards of need or where the State wished for the adjusted payment level to include the bonus value of food stamps.

During the course of the legislative deliberations outlined above, which culminated in the SSI program, the major foci for examing program effects were three:

1. the total eligible population for the Federal program and/or State supplementation;
2. the persons receiving assistance under existing State programs who would be covered by the new Federal program, and
3. the States who were carrying the matching costs for the existing programs and might supplement the basic Federal benefit.

In considering the SSI program, a basic question was, given a payment level and certain program parameters, how many people will be effected and how much will it cost. Estimates of both program eligibles and program costs had to be developed with each change in the program as it wended its way through the Congress. Available data sources had to be adapted in such a way so as to approximate program requirements and to project from the time the data were collected forward to the time the program became effective. This required combination of analytic and data manipulation skills with a willingness to make "best guess" assumptions. The estimates upon which the overall impact of H.R. 1 was considered were developed from many data sources, as there was no single source which encompassed the eligible population. The largest group of eligibles was estimated to be the aged. Here it was possible to use an estimating model which represented a growth, amplification, and refinement of that used by the earlier Heineman Commission for their proposals for welfare reform. This computer model was adapted in the Social Security Administration to operate on data collected in the annual March Current Population Surveys, and techniques for projecting the microdata forward through aging the individual income data elements and modifying the individual weights were developed. From this computer model, estimates were prepared as to the numbers of persons affected and the costs of a program of adult assistance. Initial estimates given to the House Committee on Ways and Means in 1971 were based upon the March 1969 Current Population Survey and were given in terms of 1968 costs. Later estimates were aged to 1973 as techniques for projecting the estimating factors were developed and put into play.

This use of microdata to feed an estimating model was the most sophisticated of the estimating techniques used in the development of the SSI program. However, despite its manipulation of large data files and the apparent precision of a computer print-out, it was still a very crude tool. Several illustrations from the development of the estimates of aged persons eligible for SSI may serve to point up the ways in which data must be adapted to the purposes at hand, and the ways the final estimates are used.

Estimates for the costs of legislation are given, usually, as single numbers, not ranges. Even if presented as ranges, they are rapidly translated in legislative consideration and debate into absolutes. The model used for estimating purposes was developed to use data from a sample, so built into the base data themselves are variances which never get expressed in the model output. The model which was used could not take into account behavioral responses; it had to be assumed that all persons who were eligible would participate, or else apply arbitrarily established participation rates. In the end, since as with all programs, money becomes controlling, the decision was made that enough people would not participate in the SSI program to reduce program costs by 10 percent from the amount that was estimated for all eligibles. This was then translated back to a reduction of 10 percent in from the total estimated number of eligibles to reflect non-participation, since the form for nonparticipation among eligibles could not be established.

Data collected for surveys do not necessarily fit program definitions, and for some eligibility criteria there are no data at all. The latter can be illustrated with the activity required to simulate the resource tests in the SSI program when data are not available. Resources were estimated using income from assets with an assumed rate of return to develop the resource level for the individual or couple. This approach assumes that income from assets is reported completely and correctly, or that allocations are correct, that all assets are earning a return and that the average return for each individual is the same as that used for estimating purposes. It is obvious that all of these are not true.

A prime example of nonmatching definitions between the data used for estimating and the legislative provisions arose in the area of living in the household of another. As mentioned earlier, the SSI program provided that the payment level would be reduced by one-third for persons living in the household of another and receiving support and maintenance. The CPS, since it only reports money income, does not contain data on support and maintenance. Another major difficulty is defining who is in the household of another. For Census purposes, this is a simple question. One simply asks the respondent who is head of the household, and then apply a rule or two if their answer doesn't conform to certain preset conditions. However, the approach cannot be quite so cavalier when benefit eligibility or the level of an individual's benefit is at stake. For program purposes, there need to be specific rules. For SSI, these have been developed primarily around who owns the home or signs the lease. While there may be a relationship between the two approaches to relationships within a household, that was unknown when the Census identification of head of household was used for program estimating purposes.

These, of course, do not encompass all the ways in which data are used or abused. The technical problems in constructing projection and estimating models have been addressed in other places. Suffice it to say that they are not simple. The illustrations given above are problems which had effects in the consideration of the SSI program, because the data as interpreted to fit program provisions were used for program decisions. However, when estimates are used, the limitations and variances are either unheard or are rapidly forgotten, and sand dunes become Rocks of Gibraltar.

This discussion so far of the estimates of eligibles and costs has related to the problems which exist where there is a uniform microdata base from which to estimate. For the SSI eligible population, this was true only for aged persons not in institutions. To this had to be added estimates for disabled and blind, and the aged in institutions, which were developed from a variety of alternate data sources.

From this process, with all its quirks, assumptions, and possible errors, came an estimate of about 7 million persons eligible for the program, with about 6.2-6.3 million participating.

Program costs were developed from the same data sources as were the estimates for eligibles. The model used for estimating the non-institutional aged which contained annual income data made it possible to allocate that income on a monthly basis and calculate an SSI benefit. This could be done at varying payment levels and incorporating alternative disregards or exclusions as they affected the income from the sources by which the data were collected. Since many program decisions were cost-conditioned, this ability to look at effects of changes in assumptions was invaluable and was heavily used. In terms of stating the relative effects of change, it was extremely useful. In terms of arriving at actual costs for budget purposes, it had limitations, in part because of the effects of participation, and the effects of program operation. However for purposes of legislative consideration, estimates of costs given various program provisions were used to make decisions as to what those provisions should be.

Thus, during the development of the SSI program, the impacts of many changes in payment levels and program provisions were estimated in order to assist the decision-makers. Various payment levels and income disregards were developed and analyzed. The effect of various payment levels in relation to poverty was assessed. The interrelationship of Social Security benefits and the proposed income guarantee was explored. The effects of various ways of altering benefits for persons living in the household of another were estimated. As the Congress and the Administration constructed a program which met their objectives, but remained within a reasonable cost, various estimates were made for the combinations of program elements which might meet these two objectives.

In addition, estimates were required which indicated the geographic distribution of both payments and eligible persons.

The second point of reference in the development of the SSI program was its effect upon recipients of assistance under the federally, aided State programs for the aged, blind, and disabled. Here data from actual program operations were available, so that the numbers of recipients and the program costs to both Federal and State and local governments were known.

Provisions of State programs were also available, and these formed the basis for provisions in SSI. SSI was a hybrid, harking back to old programs, but also with major changes and innovations. Resource limits were based upon the provisions in the more liberal of the States. Where State resource provisions were more liberal than those intended for SSI, transitional provisions were established for applying the former State resource requirements for persons transferred from State programs. Similar provision was made for carrying over the more liberal income disregards for the blind who were transferred from State programs.

A major concern was the relationship of the new Federal SSI payment level to existing State payment levels. For this purpose, it was not possible to use average payments. With the State programs, as with SSI, payments were made to make up the deficit between actual income and some established income level. Thus, the income level is dependent upon the criteria used by the States in determining the need level for each individual. Some few States used a flat level for almost all aged or disabled. Others used a flat level for all items except shelter costs; these were included on an actual basis, usually up to some ceiling. Other States used various need items to build what was in effect a personal budget, then either paid assistance on the basis of this, or up to an established maximum.

In the legislative deliberations, the primary information used in comparing the SSI program levels with the existing State levels was a regular report prepared by the Social and Rehabilitation Service on State standards of assistance. This report was based upon the State standard for regular needs as applied to certain specified classes of individuals. Standards were reported for an aged single woman living alone in rented quarters, for an aged couple living alone in rented housing, and for disabled individuals living alone in rented housing. Rent was included as it existed in the metropolitan area with the largest number of recipients. Thus, the standards as reported were useful for interstate comparisons. In terms of reflecting what all persons in a given category received, they were of limited effectiveness except in the few States with a flat payment level for all eligibles.

In considerations about the effect of the new SSI program upon persons already receiving assistance, these standards were interpreted as reflecting what persons were paid. The provisions for State supplementation in the original program, and for Federal participation in the costs of that supplementation where levels of State individual payments were not increased but where State expenditures exceeded their calendar year 1972 expenditures were based largely on the assumption that these standards were absolutes.

After the enactment of the SSI program it became apparent that this was not so, and that there were persons in those States where the payment standard was lower than the SSI levels whose incomes would be decreased because of the transition to SSI. The summarization had over-simplified the problem of reduced payments to some persons who had been receiving assistance under the State programs. In order to assure that there was no loss in income in the transition, legislation was enacted in 1973 to guarantee to recipients under the State programs the same level of income under the SSI program through mandatory State supplementation.

The third focus for data and estimates was the States, since there was great concern that the program, coupled with the Family Assistance Plan, provide fiscal relief. Based upon anticipated reductions from actual State expenditures, estimates were made of State costs for supplementation and savings were calculated. These savings estimates were based upon the eligibles estimated as described above, and on State supplementation levels set by the payment standards. Thus, they carried through the problems which existed in the estimates and data from which they sprang.

This has attempted to describe, at least from the viewpoint of one observer, the ways in which data and estimates contributed to the initial development of the SSI program. The concentration here has been on process and problems, rather than on restating the actual data used or the estimates developed. This has been purposeful, since those estimates have only historic interest, while the process and the problems seem fairly typical for legislative development.

In summary, the primary uses of data and statistical analyses include the description of the problem being considered for legislative remedy, the testing of the effects and costs of various approaches or methods for meeting that problem, and the explanation of the effects of the alternate changes in terms of persons affected or results as compared with existing activities. For the person developing analyses or data in support of legislative considerations, there are certain requirements which the process itself places upon his work. Because program development and legislative activity operate within time constraints which rarely are sufficient to allow the collection of additional data, it is necessary to be able to adapt available information to meet the program development process needs. Analyses must be timely; too late is no good at all, since the decision will have been made without the analysis. There is also a basic need for simplicity, so that concepts and data can be quickly grasped. At the same time, the presentation should still reflect the complexities which exist, since these complexities may be the very elements which cause misunderstanding of program effects. Finally, there is a need for those developing analyses for use in policy and legislative decision-making to recognize that all the limitations expressed in transmitting the data and all the conditions stated about the assumptions involved in analyses and estimates will probably be lost as the data, estimates, and analyses become translated into factors within the decision-process. This reinforces the need for competent analytic work in the formulation stages, for this may well effect the final decisions.