Individuals must fit into one of the following categories:

- Disabled (as defined earlier);
- Blind: 20/200 or less in better eye with glasses, or field of vision less than 20 degrees; or
- Aged 65 or older.

AND

They must meet the Income and Resource Test and other SSI eligibility requirements.

Income includes both earned income (monthly gross earnings) and unearned income, such as Social Security or any other type of benefits, monetary support, or in-kind support received. To compute the dollar amount of SSI cash benefits that individuals qualify for, the SSA uses a standardized formula that accounts for earned and unearned income. This formula is applied during the initial eligibility determination and individuals must qualify for some dollar amount of SSI to meet the income test.

SSI is an economic “need-based” program and is intended to supplement any income individuals already possess, to ensure that they are afforded a minimum level of income. Therefore, the dollar amount of SSI benefits received on a monthly basis varies from person to person. The Federal Benefit Rate (FBR), is the maximum dollar amount that individuals or couples can receive in SSI cash benefits on a monthly basis. In January of each year, the FBR is adjusted for changes by the Department of Labor. The amount of the FBR actually received in a given month depends on the following factors:

- Earned income (work); and
- Unearned income (Social Security benefits, VA, deemed income, etc.);
- Living arrangement and in-kind support;
- Use of available work incentives such as IRWE and PASS.
In addition, some states may opt to supplement the FBR to some extent. These states include:

<table>
<thead>
<tr>
<th>Alabama*</th>
<th>Maine*</th>
<th>Ohio*</th>
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</thead>
<tbody>
<tr>
<td>Alaska*</td>
<td>Maryland*</td>
<td>Oklahoma*</td>
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<tr>
<td>Delaware</td>
<td>Montana</td>
<td>South Dakota*</td>
</tr>
<tr>
<td>District of Columbia</td>
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<td>Texas*</td>
</tr>
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<td>New Hampshire*</td>
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<td>North Carolina*</td>
<td>Wyoming*</td>
</tr>
<tr>
<td>Louisiana*</td>
<td>North Dakota*</td>
<td></td>
</tr>
</tbody>
</table>

Effective January 2004, the FBR for a single person living independently is $579 per month and $869 for a couple. Appendix C has been provided as a place to insert your own state’s benefit payment schedule. If a state has an asterisk that means they do not offer a federally administered state supplement. They do however offer some type of supplement, which can be identified by contacting a local SSA office.

In determining SSI eligibility, individuals may exclude any of the following:

- Parent’s income/resources once a child reaches the age of 18, regardless of their student status;

- Any portion of student’s grants, scholarships, or fellowships used to pay the cost of tuition, books, and other education related expenses; and/or

- Food, clothing, and shelter provided “in-kind” by a non-profit organization as income if the assistance is based on need and is certified by the state.
The reduction in SSI payments due to earned income and unearned income is based on the dollar amount of the types of income. In each case, the more earned/unearned income received, the greater the reduction in SSI payments.

Keep in mind that the SSA provides income exclusions, which are available to individuals who receive SSI. These will be discussed in much greater depth in Section Three, Chapter 9. Some examples of earned and unearned income follow:

**Earned Income**

Earned income may be paid in cash or in-kind. If it is in-kind and in exchange for labor, its full current market value is the amount used to determine countable income. Earned income is:

- wages paid;
- net earnings from self-employment;
- payments for participating in a sheltered workshop or work activity center;
- sickness or temporary disability payments received within the first six months of stopping work;
- royalties earned in connection with any publication of the individual’s work or any honoraria received for services rendered.

**Unearned Income**

Unearned income is all income that is not earned. Some common types include:

- in-kind support and maintenance;
- private pensions and annuities;
- periodic public payments such as SSDI, VB, railroad retirement benefits, workers’ compensation, unemployment compensation, etc.;
- life insurance proceeds and other death benefits;
- gifts and inheritance (except those to be used for school expenses within 9 months);
- support and alimony;
- prizes and awards;
- dividends and interest;
- rents and royalties (except those defined as earned income);
- certain payments not considered wages for social security purposes: in-kind payments to agriculture and certain domestic workers; tips under $20 per month; jury fees, monies paid to individuals who are residents, but not employees of institutions; and military pay and allowances, excepts base pay.
Deemed Income

When the SSA determines the eligibility and amount of payment for an SSI recipient, the income and resources of people responsible for the recipient’s welfare are also considered. This concept is called “deeming.” It is based on the idea that those who have a responsibility for one another share their income and resources. It does not matter if money is actually provided to an eligible individual for deeming to apply. There are three main situations where income and resources are “deemed”:

A. From an ineligible spouse to an eligible individual
B. From an ineligible parent(s) to a child
C. From a sponsor to an alien

**Spouse-to-Spouse Deeming:** When individuals who are eligible for SSI live with spouses who are not eligible for SSI, SSA will count some of the spouse's income in determining SSI eligibility and calculating the benefit payment of the eligible spouse. Deductions, or “allocations” are allowed for children under age 21 who reside in the household and for the ineligible spouse. In addition, certain types of income are excluded when determining the income to be deemed from the ineligible spouse and there are additional exclusions provided based on whether the ineligible spouse receives earned or unearned income.

Under spouse-to-spouse deeming, an individual can never receive a higher payment with deeming than would be received if deeming did not apply. If deeming does apply, the ineligible spouse’s income is combined with the income of the eligible individual and compared to the FBR for a couple.

It is important to remember that resources are also counted in the deeming process. The resources of the eligible individual and the ineligible spouse are counted together and compared to the resource limit for an eligible couple, which is currently $3,000. Certain resources are excluded from the deeming process. Pension funds owned by an ineligible spouse are excluded from resources for deeming purposes. Pension funds are defined as funds held in Individual Retirement Accounts (IRA’s) or in work-related pension plans.

**Parent(s)-to-Child Deeming:** Deemed income from the parent(s) will be considered for a child when the following conditions are met:

- The child is under 18;
- The child is unmarried;
- The child is living with the parent(s) (or away at school but subject to parental supervision); and
- The parent(s) do not receive SSI.

The same exclusions that apply to the income of an ineligible spouse, apply to the ineligible parent(s). Just as with spouse-to-spouse deeming, there are also deductions or “allocations” each parent and for each ineligible child under age 21 living in the household. Any income of an ineligible child reduces the amount of the allocation. The type of calculation used to figure the amount of deemed income for the child depends on the type of income
the parent(s) have after allocations are made for ineligible children. Deeming does not apply if the eligible child does not live in the same household as the parent(s), unless the absence is temporary (e.g., the child is away at school).

Keep in mind resources are also counted in the parent(s)-to-child deeming process. The young person may have up to $2000 while at the same time their parents could have up to $3000. That would make the countable resource limit actually $5000 in a two-parent family and $4000 in a one-parent family. Once again, some resources may be excluded entirely. Pension funds owned by an ineligible parent or spouse of a parent are excluded from resources for deeming purposes. Pension funds are defined as funds held in Individual Retirement Accounts (IRA’s) or in work-related pension plans.

**Sponsor-to-Alien Deeming:** When aliens have sponsors, SSA may count the sponsor’s or sponsor’s spouse’s income in determining the SSI benefit amounts. The exclusions that apply to the income of an ineligible spouse or parent listed in above do not apply to a sponsor, except for certain types of income excluded by other Federal laws. Allocations are provided for the sponsor, the sponsor's spouse in the same household, and the sponsor's dependents as defined by the Internal Revenue Service. These allocations are subtracted from the income of the sponsor and the living-with spouse to determine the amount of income to deem to the alien.

Resources excluded from the resources of an eligible individual are also excluded from the resources of a sponsor. Currently, the balance of countable resources above $2,000 (or $3,000 for a sponsor with a living-with spouse) are deemed to an alien.

**Other Deeming Information:** When deeming is involved, the eligible recipient, representative payee, or the legal guardian is responsible for making sure that all income (earned and unearned) and resources of ineligible parties are promptly reported to the SSA. Changes in income/resources experienced by the ineligible spouse, ineligible parent(s) and siblings, or ineligible sponsor may affect the recipients SSI payment amount or eligibility status.

Deemed income calculations are complex are must be performed by the SSA claims representative. BPA&O and PABSS staff should not attempt to make deeming calculations without assistance from Social Security personnel.
The following chart is for those states in 2005 that do not supplement the FBR. If a state does supplement the FBR, they are listed on page 24. Contact a local SSA office and request the State’s current Deeming Chart.

<table>
<thead>
<tr>
<th>Number of Ineligible Children</th>
<th>PARENT-TO-CHILD</th>
<th>SPOUSE-TO-SPOUSE</th>
<th>SPOUSE-TO-SPOUSE TO-CHILD</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Earned One Parent</td>
<td>Earned Two Parents</td>
<td>Unearned One Parent</td>
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<tr>
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<td>1283</td>
<td>2441</td>
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<tr>
<td>6</td>
<td>3023</td>
<td>4181</td>
<td>3603</td>
</tr>
</tbody>
</table>
Parent-to-Child Deeming: These figures are correct only if the eligible child has no countable income; and the ineligible children (if any) have no countable income; and the deemor(s) has either earned or unearned income (but not both); and there is only one eligible child in the household.

Spouse-to-Spouse Deeming: These figures are correct only if all income of the ineligible spouse and the eligible individuals is either earned or unearned (but not both); and the ineligible children (if any) have no countable income; and the eligible individual’s own countable income is less than the FBR.

Spouse-to-Spouse to Child: These figures are correct only if the eligible child has no countable income; and deeming the ineligible children (if any) have no countable income; and there is only one eligible child in the household.

SSI payments will begin to go down if the income is higher than the amount in the shaded column. The unshaded column is the point at which SSI payments will stop.

Social Security carefully assesses an SSA recipient’s living arrangement to determine whether in-kind support and maintenance (ISM) is being received, and subsequently, if ISM is being received, whether the ISM is to be valued under the VTR rule or the PMV rule described later in this manual. Because of this, an SSI recipient’s living arrangement can be a critical factor in determining both eligibility and cash payment amount.

The first step in determining the type of living arrangement is to determine whether it is one of a “household” or non-household”. A non-household situation exists if the recipient is either a transient or a resident of an institution. Residence in an institution (as defined for SSI purposes) can affect an SSI recipient's eligibility and/or payment amount. Residents of public institutions generally are ineligible for SSI. Residents of Medical facilities (public or private) may be eligible, but are generally limited to a maximum Federal payment of $50 a month. However, there are many exceptions to these generalizations. The POMS defines terms and provides the policies and procedures for determining the specific effect of various forms of institutionalization on SSI eligibility and payment.

A household situation exists when an individual is not a transient or a resident of an institution. For SSI purposes, a household is defined as a personal place of residence in which the individuals share common living quarters and who function as a single economic unit. For purposes of living arrangement determination and ISM, members of a household need not be related by blood or marriage, but must live together in a single dwelling and function as an economic unit. A person who is temporarily absent from a household is still a member of the household.

Below is a list of the primary household living arrangement designations used in
Chapter 3 Benefits Planning, Assistance and Outreach

SSI cases:

1. Non-institutional care - An individual is in a non-institutional care situation when all of the following conditions exist:
   - The individual has been placed by a public or private agency under a specific program of protective placement.
   - The placement is in a private household that is licensed or otherwise approved by the State to provide protective care.
   - The placing agency retains responsibility for continuing supervision of the need for placement and of the services provided.
   - The individual, the placing agency, or some other party pays for the services provided, or has a written agreement to pay for the services provided.

   When an individual is in a non-institutional care situation such as a group home, the individual is considered to be in a household of one and the individual is subject to the PMV rule rather than the VTR rule.

2. Home ownership (or ownership interest) – For SSI purposes, this living arrangements exists if an individual (or the individual's living-with spouse or a person whose income is deemed to the individual) has specified forms of ownership interest in the home in which he/she lives as a permanent resident. A finding of home ownership means that any ISM from within the household received by the individual must be subject to the PMV rule rather than the VTR.

3. Rental Liability - Rental liability is an oral or written agreement between an individual (or the individual’s living-with spouse or a person whose income may be deemed to the individual) and a landlord that the landlord will provide shelter in return for rent.) An individual is living in his own household when he or she has liability to the landlord for payment of any of the rental charges on the part of:
   - the individual;
   - the living-with eligible spouse;
   - any person whose income may be deemed to the individual.

   The PMV rule is used to determine ISM for an individual who has rental liability. The VTR never applies when an individual is in his/her own household. There are various types of rental liability including a flat fee for room and board and room rental within a private dwelling. These various rental liability types vary in terms of how ISM is applied.

   Rental subsidy (reduced rent) is a type of outside ISM, subject to the PMV rule. The value of the subsidy is the difference between the current market value of the shelter and the actual rent charged by the landlord. Rent-free shelter is a type of ISM from outside a household. It is ISM in the form of shelter, subject to the PMV rule, which is received by an individual living in a household in which no household member has an ownership interest or rental liability.
4. Public Assistance (PA) Households - A public assistance household is a household in which each member receives cash or vendor payments (i.e., direct or indirect payments) from one or more specified public income maintenance programs (i.e.: TANF, SSI, General Assistance etc.). An individual who lives in a PA household does not receive any ISM from other household members and so cannot be subject to the VTR. If the household receives outside ISM or if the individual receives ISM-to-one from a source outside the household, it is subject to valuation under the PMV rule.

5. Separate Consumption – this living arrangement exists when an individual (or at least one member of an eligible couple) eats all meals during a month outside the household in which he/she lives. A finding of separate consumption means that any ISM received from within the household by the individual/couple is in the form of shelter and subject to the PMV rule.

6. Separate purchase of food for oneself – This living arrangement exists when an individual (or at least one member of an eligible couple) buys all of his/her own food (excluding certain items such as condiments) apart from the food of other household members even though the food is consumed inside the household. A finding of separate purchase of food means that any ISM received from within the household by the individual/couple is in the form of shelter and is subject to the PMV rule.

7. Sharing – This living arrangement exists when an individual contributes his/her pro rata share of household operating expenses or an eligible couple contributes their combined pro rata share. A finding of sharing means that the individual/couple does not receive ISM from anyone else in the household.

8. Earmarked sharing – This living arrangement exists when an individual designates, or earmarks, all or a portion of his/her contribution specifically for food or for shelter. If the earmarked contribution equals or exceeds a pro rata share of the household operating expenses (i.e., the food expenses or the sum of the shelter expenses), the individual's living arrangement is earmarked sharing and he/she is not subject to the VTR.

As is the case with deeming, the process of determining living arrangement and any subsequent ISM valuation (VTR or PMV) is multi-faceted and complex. Living arrangement determinations may only be made by SSA personnel, and are of course, subject to the appeals process. However, it is imperative that a Benefit Specialist consider a recipients’ living arrangement before offering advice about the effect of employment on SSI benefits as ISM in the form of either VTR or PMV may be involved. Recipients must be advised to promptly report any and all changes in living arrangements to the SSA.
In-Kind Support and Maintenance

The One-Third Reduction Rule (Full In-Kind Support)

In-kind support and maintenance is unearned income in the form of food, clothing, or shelter that is given to an eligible individual or is received because someone else pays for it. Whether someone else pays a living expense in full or just in part has a bearing on the amount of SSI cash benefits individuals receive. Individuals who live in someone else’s household and receive both food and shelter and do not pay their pro rata share of household expenses are subject to a full one-third reduction of their SSI benefits. In SSA lingo this is referred to as the Value of the One-Third Reduction (VTR). The VTR rule applies only if the individual receives both food and shelter in another’s household. Individuals falling into this category will have their SSI cash benefit reduced by one-third of the amount of the FBR. In 2005, this translates into a reduction of $193 ($193 for a single person living alone and $286 for a couple). This reduction comes right off the top of their monthly benefit checks. The maximum amount of SSI that can be received by an individual who has a full in-kind support reduction is $386 ($579 - $193).

The Presumed Maximum Value Rule (Partial In-Kind Support)

When the VTR rule does not apply, ISM is determined using the Presumed Maximum Value Rule. For example, the PMV rule is used if the eligible individual has ownership interest or rental liability, separately purchases or consumes food, get only outside ISM, etc. The SSA presumes that the maximum value of the support and maintenance an individual gets is no more than $213. They arrive at this figure by adding $20 to the one-third-reduction amount of $193. After subtracting a $20 general exclusion from the PMV, the reduction in the SSI check is $193. But, if the actual value of the ISM is less than the PMV, only the actual value is counted as ISM. For example, if a third party pays the household’s electric bill, which was $100, only $100 is counted as ISM. And the $100 is divided equally among all the household members. If the household has 4 members, only $25 of ISM is counted for the SSI eligible individual.

Summary

The SSA makes determinations of in-kind support based on data gathered on the MSSICS computer screens or the Statement of Living Arrangements, In-Kind Support, and Maintenance forms. If individuals are able to pay within $5 of their fair share of the household expenses, they will be determined not to be receiving in-kind support and will avoid reductions in SSI benefits. Any contributions individuals make towards these expenses should be reported to the SSA. Often, individuals with disabilities and their family members are leery of reporting that the SSI cash benefit is used for household expenses. The SSI was intended for this purpose and it should be reported, as in some instances, it might help individuals receive the full SSI benefit.
The SSI benefit program has specific resource limitations that are set by statute and include real or personal property (including cash). This must not exceed the specified amount at the beginning of each month. The resource limits are not subject to regular cost-of-living increases, and the current limit is $2,000 for individuals and $3,000 for couples. Resources in excess of these limits at the beginning of a month will render individuals ineligible for SSI cash benefits in that month. Ineligibility will continue through the next month that resources fall below the allowable limit. If ineligibility continues for 12 consecutive months, entitlement to SSI benefits will cease. A PASS may allow individuals to save more than the resource limits, while maintaining or increasing their SSI cash benefits. This will be discussed in further detail in the unit entitled *Work Incentives*.

For SSI purposes, resources are anything an individual owns which could be changed to cash and used for food, clothing, or shelter. This includes:

- Cash, bank accounts, stocks;
- Land; or
- Personal property;

Also:
- The SSA sometimes counts a portion of deemed resources of a spouse, parent or sponsor of an alien and sponsor’s spouse.
- Most of the resource exclusions listed below also apply to a parent’s resources. In addition, if a child lives with one parent, $2,000 of the parent’s resources does not count. If the child lives with two parents, $3,000 does not count. Countable amounts over these limits are deemed to be the child’s.

The following is a partial list of resources not counted by the SSA:

- The home lived in and the land it is on;
- Household goods and personal property that do not exceed $2,000 in value;
- Burial spaces for individuals and their immediate families;
- Burial funds for individuals and their spouses valued at not more than $1,500 each;
- Life insurance policies with a combined face value of not more than $1,500 per person;
- Retroactive SSI or Social Security checks are not counted as resources for nine months after receipt;
- Property essential to self support;
- Resources needed for an approved PASS;
- Money needed for school expenses is not counted for nine months;
• For children under 18, retroactive SSI benefits that exceed six times the monthly FBR must be deposited into a dedicated savings account. These funds must be kept separate from any other funds.

• Property in a trust that is set up according to state law — to which the SSI recipients have no access;

• Replacement of lost, damaged or stolen excluded resources; and

• Payments received by an individual (or spouse) from a fund established by a state to aid victims of crime and certain relocation assistance received from a state or local government.

• Earned income tax credits excluded in month of receipt and following month.

• One automobile, regardless of value, if there is a second automobile, then $4,500 of its market value is excluded.

This SSI provision allows individuals to exclude certain resources which are essential to their means of self-support.

Properties that are used in trades or businesses by individuals for work as employees are totally excluded as of May 1, 1990. For example, the values of tools or equipment which individuals need for work are totally excluded. For periods prior to May 1, 1990, the total exclusion only applied to properties that were required by employers.

Up to $6,000 of the equity value of non-business properties that are used to produce goods or services essential to daily activities are excluded (e.g., land used to produce vegetables or livestock solely for consumption by the individual’s own household).

Also, up to $6,000 of the equity value of non-business income-producing properties are excluded, provided that the property yields an annual rate of return of at least six percent. This $6,000/ six percent rule also applies to property used in trades or businesses for periods to May 1, 1990.

RE-DETERMINATIONS are non-medical reviews, which occur annually. During the re-determination reviews, the SSA updates the individual’s income, resources, and living arrangement. If individuals are married to someone not on SSI, or are receiving SSI as a child living with their parents, the SSA also reviews the income, resources, and living arrangements of the spouses or parents. It is during this review that changes in these non-medical areas are discussed, if individuals have failed to report them during the year. With this updated information, wages will be projected for the next 12 months and SSI cash benefit amounts will be adjusted accordingly. Re-determinations may be conducted in person, by telephone interview or by mail, and will include cross-referencing the Supplemental Security Record (SSR) with the records of other federal agencies and the State for income and resource information.
Individuals living in a public shelter for the homeless may be eligible for up to six months of SSI benefits in any nine-month period. This is an exception to the standard rules to enable homeless people to plan for more permanent living arrangements. The Social Security Office (SSO) will make special arrangements to have the SSI check for homeless people sent to a third party. An organization may serve as a mail drop, permitting homeless people to pick up benefit checks at their convenience.

Mary is 25 years old, has had a label of serious mental illness for two years, one year of which she spent in a psychiatric hospital. She lives in her own home, which she inherited from her deceased parents. She has two renters and all three of the individuals receive residential supports and case management services from a mental health agency. Mary is working, earning $7 an hour, 20 hours per week. She has worked for four months, is receiving follow-along in Supported Employment. She drives her own, older car to work and takes Closaril each day to control her mental illness. What factors should you consider in predicting what she is eligible for?

Title II:

SSI: