

## **Federalizing Benefits: The Introduction of Supplemental Security Income and the Size of the Safety Net**

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### **Key Findings and Policy Implications**

This paper examines the enrollment shift away from state-run and other federal cash welfare programs to SSI, following SSI's implementation in 1974. To conduct the analysis, project investigators created new panel data for the entire history of the modern cash safety net from 1936 through 1988, drawing from primary data sources of either the Department of Health, Education, and Welfare or the Social Security Administration. The paper finds that:

- There was substantial caseload shifting following SSI's implementation. SSI increased the size of federal disability transfer programs, as expected, but shrank participation in other adult welfare programs, dampening the net effect of SSI implementation on the overall safety net.
- Because eligibility requirements and generosity of previous programs varied by state, SSI raised benefits more in some states than others. As one would expect, SSI had the greatest incremental impact on participation and payments in those states whose prior programs were least generous.
- An estimated 77 percent of those drawn onto SSI previously received benefits from Aid to Families with Dependent Children or General Assistance. Accounting for these shifts, each dollar of per-capita income transferred through SSI increased total per-capita transfer income by just over 50 cents.

The findings highlight the importance of cross-program interactions, as incremental changes to one social insurance program have implicit consequences for enrollment in other programs. The implementation of SSI in 1974 was the first time that the federal government committed to providing a guaranteed level of cash income to certain categories of adults who were considered unable to work; and provides a stark example of these spillover effects.

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