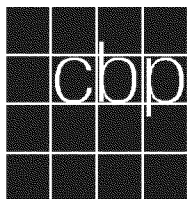


**Residential Rate Design Rulemaking
R.12-06-013 (Phase 2)
CPB 2014 SSI/SSP Analysis
Appendix D to Testimony of Henry J. Contreras
For the Center for Accessible Technology
and the Greenlining Institute**



SSI/SSP IN THE GOVERNOR'S PROPOSED 2014-15 BUDGET: ASSISTANCE FOR SENIORS AND PEOPLE WITH DISABILITIES LEFT BELOW THE POVERTY LINE

This is the latest in a series of briefs from the California Budget Project examining key components of Governor Brown's proposed 2014-15 budget, which was released in January. This *Budget Brief* looks at the Supplemental Security Income/State Supplementary Payment (SSI/SSP) Program and shows that – even with the state's improving revenue outlook – the Governor's proposed budget would leave SSI/SSP grants for individuals below the level that was in effect five years ago and at an amount equal to just 90 percent of the federal poverty line.

Recent Cuts Reduced SSI/SSP Grants for Individuals Below the Federal Poverty Line

SSI/SSP provides modest cash assistance to help 1.3 million low-income seniors and people with disabilities in California pay for food, housing, and other basic living expenses. Grants are funded with both federal (SSI) and state (SSP) dollars and are provided to either individuals or couples. In order to help close budget gaps in recent years, policymakers reduced state support for SSI/SSP. For example, policymakers eliminated the annual state cost-of-living adjustment (COLA) for SSI/SSP grants starting in 2010-11 after suspending it several times in prior years.¹ Policymakers also cut the state's SSP portion of the grant, ultimately reducing it to the minimum level allowed under federal law for both individuals and couples.

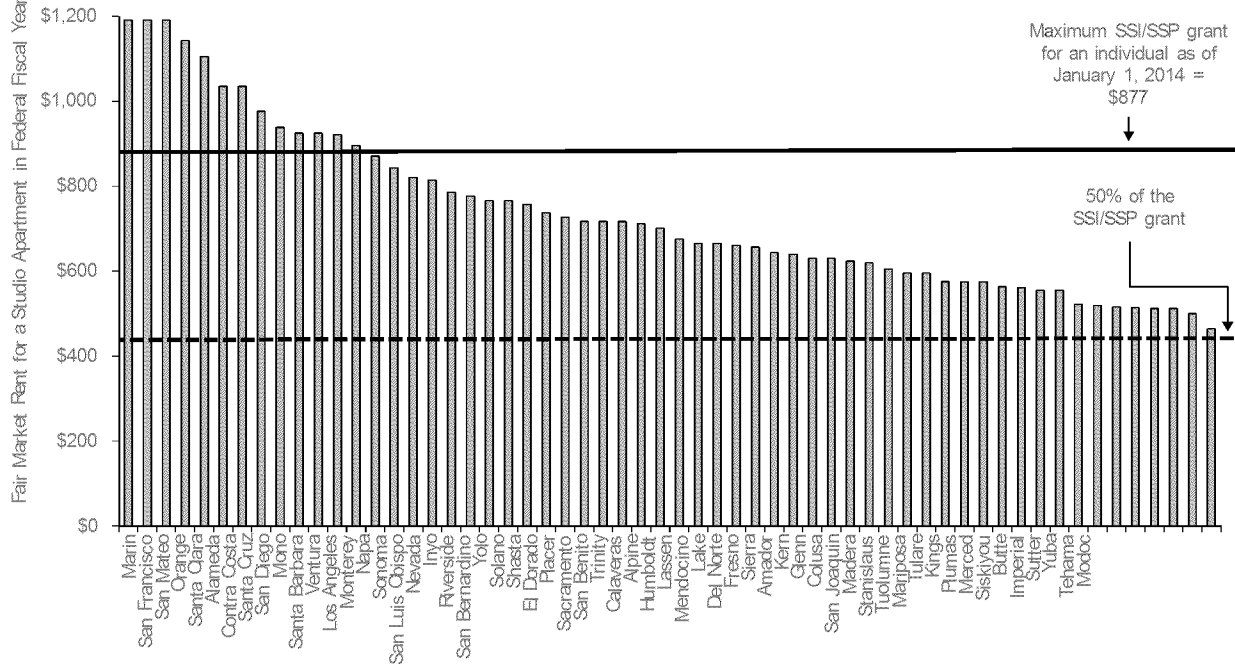
As a result of these changes, the monthly SSI/SSP grant for individuals dropped from \$907 in January 2009, an amount that lifted recipients slightly above the poverty line, to \$830 in July 2011, which was equal to 92 percent of the 2011 poverty line.² The total SSI/SSP grant has since increased because the annual federal COLA continues to be applied to the SSI portion of the grant, even as the state's SSP portion has remained frozen. Still, the current SSI/SSP grant for individuals – \$877 as of January 1, 2014 – remains \$30 below the level in effect five years ago and is equal to just 90 percent of the poverty line.³ In contrast, if the

state COLA had been provided each year starting in 2007-08, the monthly SSI/SSP grant for individuals would have risen to \$1,038 in 2013-14 – an amount that is \$161 above the actual grant level and is equal to 107 percent of the poverty line. Despite the state's significantly improved revenue outlook, the Governor does not propose to use state dollars in 2014-15 to boost SSI/SSP grant levels or to restore the annual state COLA.

Cuts Have Made It Harder for Seniors and People With Disabilities to Afford Necessities

Recent years' cuts to SSI/SSP grants have jeopardized the ability of low-income seniors and people with disabilities to afford basic necessities. For example, the federal government estimates that an elderly woman living alone has to spend \$188 per month on food in order to maintain a minimally adequate diet.⁴ By comparison, as noted above, monthly SSI/SSP grants for individuals are \$161 lower today than they would be if policymakers had provided a state COLA each year since 2007-08. In other words, the amount of SSI/SSP assistance that seniors and people with disabilities lose each month is equal to more than three weeks of groceries. SSI/SSP recipients are not eligible for food assistance through the CalFresh Program. Therefore, recipients face difficult choices about how to manage their reduced income, such as eating less and/or relying on food banks or other charities.

Figure 1: Studio Apartment Rent Exceeds One-Half of the SSI/SSP Grant in All 58 Counties and Is Higher Than the Entire Grant in 13 Counties



Source: Department of Social Services and US Department of Housing and Urban Development

High housing costs are another significant concern for SSI/SSP recipients. In California, the Fair Market Rent (FMR) for a studio apartment exceeds one-half of the current SSI/SSP grant for an individual in all 58 counties and is higher than the entire grant in 13 counties (Figure 1).⁵ Individuals are at greater risk of becoming homeless when housing costs account for more than half of household income. While some SSI/SSP recipients may receive federal rental assistance that helps them afford modest housing, such assistance reaches only a small portion of the California households that need it.⁶

Boosting Support for SSI/SSP Recipients

State policymakers can take steps to boost support for the more than 1 million low-income Californians who rely on SSI/SSP to pay for food, housing, and other necessities. For example, policymakers could increase the state's SSP grant level in 2014-15. They also could ensure that grants keep up with inflation in California by reinstating the annual state COLA. Furthermore, policymakers could create a multiyear plan for raising – and keeping – SSI/SSP grants for individuals above the poverty line.

SSI/SSP provides substantial benefits for California's low-income seniors and people with disabilities. The program also creates economic benefits throughout the state as recipients spend their grants in local communities. Greater investment in SSI/SSP is fiscally sound policy that would help lay the foundation for broadly shared prosperity in California.

ENDNOTES

- For an explanation of how the state COLA worked – and how it interacted with the federal SSI COLA – see California Budget Project, *Governor Proposes to Further Delay Federal COLA for SSI/SSP Recipients* (March 2006), p. 3.
- This Budget Brief reports maximum monthly SSI/SSP grant levels for seniors and certain people with disabilities who live in their own homes and have cooking facilities.
- The current SSI/SSP grant for couples – \$1,478 – is equal to 113 percent of the poverty line, down from 130 percent of the poverty line in January 2009. The official federal poverty measure is widely considered to be an inadequate gauge of the minimum level of income required to meet basic needs. For an alternative, see California Budget Project, *Making Ends Meet: How Much Does It Cost to Raise a Family in California?* (December 2013).
- This amount reflects the monthly cost of the "Thrifty Food Plan." See US Department of Agriculture, *Official USDA Food Plans: Cost of Food at Home at Four Levels, US Average, December 2013* (January 2014).
- The FMR generally estimates the dollar amount below which 40 percent of standard-quality rental housing units are rented.
- Center on Budget and Policy Priorities, *California: Federal Rental Assistance Facts* (December 19, 2012).

Scott Graves prepared this Budget Brief. The CBP was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The CBP engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the CBP is provided by foundation grants, subscriptions, and individual contributions.