



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #380

### **Supplemental Security Income (SSI) (Health Services -- Public Health and Other Programs)**

[LFB 2015-17 Budget Summary: Page 239, #2]

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#### **CURRENT LAW**

The supplemental security income (SSI) program provides cash benefits to low-income individuals who are elderly, blind, or disabled. An adult may be considered disabled if he or she cannot engage in "substantial gainful activity" (currently, earnings of at least \$1,090 per month) because of a physical or mental impairment. An individual may not have more than \$2,000 in assets, such as cash or bank accounts, and a married couple may not have more than \$3,000.

In 2015, individual recipients receive a maximum federal benefit of \$733 per month, minus the person's income from other sources such as wages or social security payments. Couples where both individuals are SSI recipients receive a maximum of \$1,100 per month. Individuals receive the federal SSI benefit from the U.S. Social Security Administration, which administers the program at the federal level. SSI federal payments are not budgeted in any state appropriation, but are provided directly to recipients (similar to treatment of FoodShare benefits). The federal maximum monthly SSI payment amounts established for each calendar year include an automatic cost-of-living adjustment.

In addition to the federal benefit, the Department of Health Services (DHS) issues three types of supplemental payments: the basic state supplement, the exceptional expense supplement (SSI-E), and the caretaker supplement for recipients with dependent children. In February, 2015, approximately 120,000 individuals received state supplemental payments.

DHS provides the GPR-funded basic state supplement to all recipients who receive federal SSI benefits. Also, individuals who received the state supplement but not federal benefits as of December 31, 1995, continue to qualify for the state supplement (known as "grandfathered" recipients). The basic state supplement equals \$83.78 per month for individuals, and \$132.05 for

couples, an amount that has not changed since 1996. Unlike the federal benefit, the basic state supplement is a flat monthly amount, and does not vary with income.

Certain SSI recipients are eligible for an enhanced GPR-funded payment -- the SSI-E for exceptional expenses. A recipient who resides in a home or apartment may qualify for an SSI-E payment of up to \$95.99 per month if the he or she requires 40 or more hours per month of certain supportive services. SSI recipients whose expenses exceed the SSI-E payment level, and who live in a foster or group home for children or in an adult family or foster home, qualify for SSI-E benefits. SSI recipients who reside in certain facilities, such as a community-based residential facility, automatically qualify for the SSI-E supplement.

SSI beneficiaries with dependent children may receive a caretaker supplement payment of \$250 per month for the first dependent child and \$150 per month for each additional dependent child. Individual income does not affect this flat-rate benefit. Federal temporary assistance for needy families (TANF) funds support these supplemental payments, transferred from the Department of Children and Families and budgeted in DHS as PR.

Table 1 provides the current federal and state supplement benefit payment levels.

**TABLE 1**

**2015 Monthly Payment Levels\***

<b>Maximum Federal Payment</b>	
<i>Living Independently</i>	
Individual	\$733.00
Couple	1,100.00
<i>Living in Another Person's Household</i>	
Individual	\$488.67
Couple	733.33
<b>Basic State Supplement</b>	
Individual	\$83.78
Couple	132.05
<b>SSI-E</b>	
Individual	\$95.99
Couple	345.36
<b>Caretaker Supplement</b>	
One Child	\$250.00
Each Additional Child	150.00

\*The benefit level for a couple applies if both individuals are SSI recipients.

*Funding.* Base funding for state supplemental SSI and SSI-E benefits is \$151,607,400 GPR, budgeted in a sum sufficient appropriation. Base funding for caretaker supplement benefit

payments equals \$32,017,700 PR.

## **GOVERNOR**

Provide \$2,099,700 (\$3,684,000 GPR and -\$1,584,300 PR) in 2015-16 and \$4,629,900 (\$6,214,200 GPR and -\$1,584,300 PR) in 2016-17 to fund the projected cost of SSI state benefit payments.

## **DISCUSSION POINTS**

1. The administration recommends providing \$3,684,000 GPR in 2015-16 and \$6,214,200 GPR in 2016-17 to fund basic state supplement and SSI-E benefits. The DHS methodology for producing this estimate uses July, 2000, through August, 2014 actual expenditure data for all program participants. The methodology does not separate participants who receive both a federal and a state benefit from "grandfathered" participants who only receive the basic state benefit.

2. States must meet a maintenance of effort (MOE) requirement with respect to state-funded supplemental SSI payments. Under its current MOE methodology, Wisconsin must ensure that the state's total supplemental payments in a calendar year at least equal the total supplemental payments in the preceding calendar year. Failure to meet the MOE requirement would result in a loss of federal reimbursement under the medical assistance program.

3. The MOE amount for calendar year 2015 is approximately \$152.8 million. The Governor's recommendations would meet the MOE requirement, as expenditures continue to increase based on continued caseload growth. The funding amounts in the bill do not reflect any proposed changes in monthly state-funded benefit payments.

4. The methodology used by the administration may result in an underestimate of the total amount needed to fund SSI benefits in the 2015-17 biennium. In each of the past four fiscal years, actual expenditures have exceeded the administration estimates by, on average, approximately \$1.4 million (approximately 1% of total GPR benefit expenditures). Additionally, using the data from July, 2000, through August, 2014, results in lower total benefit expenditure estimates than those determined under multiple alternate methodologies that use shorter timeframes.

5. In past budgets, this office has used an alternate methodology with a shorter timeframe than that used by DHS, and that separately considers expenditures for participants who receive both a federal and a state benefit and expenditures for "grandfathered" participants who only receive a state benefit. Using this alternative methodology and updating actual expenditure data through February, 2015, results in an additional GPR increase for SSI benefits of \$1,068,100 in 2015-16 and \$1,337,800 in 2016-17. Compared to the administration's estimate of total expenditures, this would increase funding in the bill by approximately 0.7% in 2015-16, and by approximately 0.9% in 2016-17.

6. DHS funds SSI benefits through a sum sufficient GPR appropriation. The amounts

budgeted by the Legislature represent an estimate of the general fund commitment in the biennium, rather than a cap on allowable expenditures (as occurs under a sum certain appropriation, such as the Medicaid GPR benefits appropriation). This office accounts for any differences above or below the amount budgeted in sum sufficient appropriations in updated general fund condition statements.

7. Though the Governor's recommendation may potentially underestimate total SSI benefits in the 2015-17 biennium, the difference between the amount in the bill and the amount determined under the alternate methodology is small. As the amount in the bill appears reasonable, if low, and benefits are paid from a sum-sufficient appropriation that automatically pay out the necessary benefits, the Committee could maintain the amount of funding in the bill (Alternative 1).

8. However, the Committee may decide to budget more conservatively for SSI benefits, and adopt an amount of funding that reflects the alternate methodology described above. This would provide \$1,068,100 GPR in 2015-16 and \$1,337,700 GPR in 2016-17 (Alternative 2). No change to the PR amount budgeted for caretaker supplement payments appears necessary.

9. Table 2 compares total funding, change to base budget, and change to the Governor's recommendations under Alternatives 1 and 2.

**TABLE 2**

**Comparison of Alternatives**

	Governor ( <u>Alternative 1</u> )	Reestimate ( <u>Alternative 2</u> )
Total Biennial Estimated Expenditures	\$313,113,000	\$315,518,900
Change to Base Year Doubled	\$9,898,200	\$12,304,100
Change to Bill	\$0	\$2,405,900

**ALTERNATIVES**

1. Approve Governor's recommendations.

2. Increase funding in the bill by \$1,068,100 GPR in 2015-16 and \$1,337,800 GPR in 2016-17 to reflect revised estimates of funding needed to support state-supported SSI payments in the 2015-17 biennium.

<b>ALT 2</b>	<b>Change to Bill</b>
GPR	\$2,405,900

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