



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #421

State Supplemental SSI Payments (DHFS -- Community, Disability, and Elder Services)

[LFB 2005-07 Budget Summary: Page 280, #3 (Part)]

CURRENT LAW

The supplemental security income (SSI) program, authorized under Title XVI of the federal Social Security Act, provides cash benefits to low-income elderly, blind, and disabled persons who meet certain financial and nonfinancial eligibility criteria. In addition to the federal SSI benefit, the Department of Health and Family Services (DHFS) issues a basic state supplemental SSI payment to Wisconsin recipients of a federal SSI benefit and to those who received the state supplement, but not federal benefits, as of December 31, 1995.

In addition to the basic state supplement, certain SSI recipients are eligible for an enhanced payment, referred to as the SSI-E for exceptional expenses. An SSI recipient who resides in a natural residential setting (home or apartment) may be eligible for an SSI-E payment of up to \$96 per month if the recipient requires 40 or more hours per month of supportive home care/respice care, daily living skills training, and/or community support program services. If the recipient is a minor child residing with a parent, only services needed when the parent is away from the residence for purposes of employment count toward the 40-hour requirement. If the recipient resides with a spouse, only services needed when the spouse is away from the residence for purposes of employment or because the spouse is physically or mentally unable to provide care count toward the 40-hour requirement. SSI recipients whose expenses are greater than the SSI-E payment level (\$758.77 in 2005 for an individual) and live in a foster or group home for children or in an adult family or foster home are eligible for SSI-E benefits. An SSI recipient who resides in community-based residential facility, adult family home, or a certified residential care apartment complex is automatically eligible for the SSI-E supplement.

State supplemental benefits are not provided to individuals who receive a monthly personal needs allowance, which primarily includes individuals in hospitals and nursing homes.

SSI Caretaker Supplement Benefits. Certain SSI recipients with dependent children receive a caretaker supplement to their SSI benefit. A recipient with one dependent child receives a supplement equal to \$250 per month. A recipient with two or more dependent children receives a supplement of \$250 per month for the first child and \$150 per month for each additional dependent child. This supplement is a flat-rate benefit that is not affected by the amount of income an SSI recipient receives. The supplemental payments are supported with temporary assistance for needy families (TANF) funds.

Funding. In 2004-05, \$156,812,100 (\$128,281,600 GPR and \$28,530,500 PR) is budgeted for state supplemental SSI benefits and caretaker supplemental benefits.

GOVERNOR

No provision.

DISCUSSION POINTS

1. The federal maximum monthly SSI payment levels are established effective January 1 of every year and include a mandated automatic cost-of-living increase equal to, and coinciding with, the automatic cost-of-living increases in social security benefits. The state supplemental amounts do not have automatic cost-of-living increases and are set by the state. The maximum benefit levels are based on living arrangements (living independently in his or her own household or living in the household of another person, such as a relative or friend) and marital status. If a recipient has a spouse who is also eligible to receive SSI benefits, the couple receives a combined benefit. The Social Security Administration reported that in December, 2001, 100% of the personal income of 46.5% of SSI recipients in the U.S., was from the recipient's SSI payment.

Table 1 identifies the maximum federal and state benefit levels effective January 1, 2005.

TABLE 1**Maximum Monthly Payment Levels Effective January 1, 2005**

<u>Living Arrangement</u>	<u>Federal</u>	<u>State</u>	<u>Total Payment</u>
Independent Living			
Individual	\$579.00	\$83.78	\$662.78
Couple	869.00	132.05	1,001.05
Living in the Household of Another			
Individual	386.00	83.78	469.78
Couple	579.34	132.05	711.39
Living in Own Household with Ineligible Spouse			
Individual	579.00	130.43	709.43
Living in a Household of Another with Ineligible Spouse			
Individual	386.00	135.05	521.05
Exceptional Expense Supplement-Supported Living in Nonmedical Substitute Care (8 beds or less) or in Natural Residential Setting			
Individual	579.00	179.77	758.77
Couple	869.00	477.41	1,346.41

2. The first \$128,281,600 of the costs of state supplemental SSI benefits and caretaker supplement benefits is funded with GPR. TANF funds support the remaining caretaker supplement benefit costs but cannot be used to support state supplemental SSI benefits. The attachment to this paper identifies the estimated funding needed for these state supplemental SSI benefits and caretaker supplement benefits in the 2005-07 biennium. The reestimate uses actual expenditure information through April, 2005, and assumes: (a) a continued decrease in the amount of funding needed to support state SSI benefits for those who are not receiving a federal SSI benefit (a 9.8% annual decrease for 2005-06 and 9.7% annual decrease in 2006-07); and (b) an increase of approximately 2.1% annually in the funding needed to support state SSI benefits for those who are receiving federal and state benefits. While the reestimate of the amount of TANF funding needed for the caretaker supplement program is shown here, the Committee will consider TANF funding for this program budgeted for this program as part of its deliberations on uses of TANF funds.

3. The number of Wisconsin residents that only receive a state supplemental payment decreased from approximately 97,800 in 2003 to 90,100 in 2004. However, the number of

individuals in Wisconsin receiving the state supplement and the federal SSI benefit has increased from an average of approximately 86,800 recipients per month in 2003 to 88,400 recipients per month in 2004. As a result, the amount of GPR needed to support state supplemental SSI payments has increased.

4. In the past, when the amount of funding needed for the state SSI benefits has increased, the amount of GPR funding available to support caretaker supplement benefits decreased, and there was a corresponding increase in TANF funding to support caretaker supplement benefits. However, in both years of the 2005-07 biennium, total projected costs of the state SSI benefit are greater than the \$128,281,600 GPR that would be budgeted for the program in AB 100.

5. The state must meet a maintenance-of-effort (MOE) requirement with respect to state supplemental SSI payments. Under the current MOE methodology, the state must ensure that the state's total supplemental payments in a calendar year must be at least equal to its total expenditures for these payments in the preceding calendar year. Wisconsin's current required MOE amount is \$128,281,600, which is the amount of GPR budgeted for these payments in AB 100. In 2004, Wisconsin met its MOE requirement with regular SSI state supplement GPR expenditures of \$125,986,300 and caretaker supplement GPR expenditures of \$2,295,300.

6. To address the projected costs in the state supplemental SSI benefit program, an additional \$607,500 GPR in 2005-06 and \$2,512,200 GPR in 2006-07 would need to be provided for state SSI supplemental benefits than the amounts budgeted in AB 100, based on current payment estimates. The state cannot use additional TANF funds to support the projected increases in costs because TANF funds cannot be used to support state supplemental SSI benefits.

7. If GPR payments increased by these amounts, there would be a permanent increase in the state's MOE requirement. If the state does not meet its MOE requirement, the state would be unable to claim any federal reimbursement under the medical assistance (MA) program. If less funding is needed to support the current SSI benefit amounts in the future, the state would still be able to meet the MOE requirement by either supporting caretaker supplement benefits with GPR, as has been done in the past, or increasing the state benefit amounts. Table 2 shows the SSI maximum monthly benefit amount, by payment source, for an eligible individual in his or her own household, from 1987 to 2005. As the table shows, the federal benefit has increased each year, primarily due to the cost-of-living adjustment, but the state payment has remained at \$83.78 since 1996.

TABLE 2**SSI Maximum Monthly Benefit Amount by Payment Source***

<u>Calendar Year</u>	<u>Federal Benefit</u>	<u>% Change</u>	<u>State Benefit</u>	<u>% Change</u>	<u>Total Benefit</u>	<u>Total % Change</u>
1987	\$340.00		\$101.70		\$441.70	
1988	354.00	4.1%	102.72	1.0%	456.72	3.4%
1989	368.00	4.0	102.72	0.0	470.72	3.1
1990	386.00	4.9	102.72	0.0	488.72	3.8
1991	407.00	5.4	102.72	0.0	509.72	4.3
1992	422.00	3.7	92.72	-9.7	514.72	1.0
1993	434.00	2.8	92.72	0.0	526.72	2.3
1994	446.00	2.8	84.70	-8.6	530.70	0.8
1995	458.00	2.7	83.68	-1.2	541.68	2.1
1996	470.00	2.6	83.78	0.1	553.78	2.2
1997	484.00	3.0	83.78	0.0	567.78	2.5
1998	494.00	2.1	83.78	0.0	577.78	1.8
1999	500.00	1.2	83.78	0.0	583.78	1.0
2000	512.00	2.4	83.78	0.0	595.78	2.1
2001	530.00	3.5	83.78	0.0	613.78	3.0
2002	545.00	2.8	83.78	0.0	628.78	2.4
2003	552.00	1.3	83.78	0.0	635.78	1.1
2004	564.00	2.2	83.78	0.0	647.78	1.9
2005	579.00	2.7	83.78	0.0	662.78	2.3

*For eligible individual in own household.

8. If additional GPR funding was not provided for the state SSI supplement, the state could still comply with the federal MOE requirement if the increased costs were offset with reductions in payments levels. Under current law, DHFS may submit a proposal to change the amount of state supplemental SSI payments to the Secretary of the Department of Administration (DOA). If the DOA Secretary approves the proposal, the Secretary would submit the proposal to the Joint Committee on Finance under a 14-day passive review process.

9. Since the GPR is budgeted in a sum sufficient appropriation, the administration would not be required to reduce benefit amounts to keep expenditures at or below the current MOE level of \$128,281,600 GPR if it chose to ensure that the state's MOE would not be permanently increased. If the appropriation was a sum certain appropriation, the amount that could be spent in the appropriation would be limited to the amount budgeted for the program. Consequently, the administration would either need to request a reduction in benefit amounts, under the 14-day passive

review process, or request additional funding to support the state benefits under s. 13.10 of the statutes or separate legislation.

ALTERNATIVES

1. Provide \$607,500 GPR in 2005-06 and \$2,699,200 GPR in 2006-07 to reflect current estimates of the amount of funding needed to pay state SSI supplemental benefits, based on the current state benefit levels and revised caseload projections through the 2005-07 biennium.

<u>Alternative 1</u>	<u>GPR</u>
2005-07 FUNDING (Change to Bill)	\$3,306,700

2. Change the GPR appropriation that supports the state SSI supplemental benefits from a sum sufficient appropriation to a sum certain appropriation.

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Attachment

