



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #435

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

[LFB 2007-09 Budget Summary: Page 326, #1 (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.

To meet the nonfinancial criteria for federal SSI benefits, a person must be 65 years of age or older, blind, or disabled. An adult may be considered disabled if he or she is unable to engage in substantial gainful activity, which is currently defined as \$900 or more of earning per month, because of a physical or mental impairment. SSI eligibility is restricted to individuals who have countable resources of up to \$2,000, or \$3,000 for married couples. In 2007, the federal benefit an individual receives equals \$623 per month, minus the person's countable income from other sources. Individuals receive the federal SSI benefit from the U.S. Social Security Administration, which administers the program at the federal level.

The Department of Health and Family Services (DHFS), through the state's medical assistance (MA) fiscal agent, issues a basic state supplemental SSI payment to Wisconsin recipients who receive federal SSI benefits and to individuals 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 \$95.99 per month if the recipient requires 40 or more hours per month of supportive home care/respite 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 (\$802.77 in 2007 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.

As of March, 2007, 93,152 individuals in Wisconsin received state and federal SSI benefits, and 6,481 individuals in Wisconsin received the state-only SSI benefit.

Funding. Base funding for state supplemental SSI benefits is \$128,281,600 GPR. GPR funding for these benefits is budgeted in a sum sufficient appropriation. Federal law prohibits states from using federal temporary assistance for needy families (TANF) funds to support state SSI supplemental benefits, although states may use TANF funds to support SSI caretaker supplement payments. Consequently, state payments are funded exclusively with GPR.

The Governor's recommendations relating to TANF-funded SSI caretaker supplement payments will be addressed in a separate budget paper.

GOVERNOR

Provide \$5,209,600 GPR in 2007-08 and \$7,376,300 GPR in 2008-09 to reflect estimates of the amount of funding that will be required to support state-funded SSI benefit payments to elderly and disabled low-income individuals in the 2007-09 biennium.

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 established by each 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.

2. Table 1 identifies the maximum federal and state benefit levels effective January 1, 2007.

TABLE 1**SSI Maximum Monthly Payment Levels
Effective January 1, 2007**

<u>Living Arrangement</u>	<u>Federal</u>	<u>State</u>	<u>Total Payment</u>
Independent Living			
Individual	\$623.00	\$83.78	\$706.78
Couple	934.00	132.05	1,066.05
Living in the Household of Another			
Individual	415.34	83.78	499.12
Couple	622.67	132.05	754.72
Living in Own Household with Ineligible Spouse			
Individual	623.00	130.43	753.43
Living in a Household of Another with Ineligible Spouse			
Individual	415.34	135.05	550.39
Exceptional Expense Supplement-Supported Living in Nonmedical Substitute Care (8 beds or less) or in Natural Residential Setting			
Individual	623.00	179.77	802.77
Couple	934.00	477.41	1,411.41

3. 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 are at least equal its total supplemental payments in the preceding calendar year. If the state does not meet its MOE requirement, the state would be unable to claim any federal reimbursement under the medical assistance program.

In 1998, Wisconsin spent \$128,281,600 GPR for SSI benefits. \$128,281,600 was Wisconsin's MOE through 2005, which the state met by expending that amount of GPR on a combination of SSI state benefits and SSI caretaker supplement payments. 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.

4. In 2005-06, growth in the cost of providing GPR-supported state SSI payments eliminated the difference between the state's MOE and the cost of state SSI supplemental benefits. Consequently, in that year, SSI caretaker supplemental benefits were funded with TANF funds, exclusively. Similarly, in 2006-07, it is anticipated that the SSI caretaker supplement will also be funded exclusively with TANF funds.

5. In calendar year 2006, the amount DHFS required to make SSI state benefits payments surpassed the \$128,281,600 MOE level. In 2006, Wisconsin spent \$130,680,100 GPR on state SSI benefits, which is estimated to be the new required MOE that will apply to calendar year 2007. If expenditures exceed this amount in calendar year 2007, a higher MOE would be established in the next calendar year. SB 40 would provide more funding than the amount needed for the state to meet its MOE requirement because caseloads are expected to continue to increase, and the Governor wishes to maintain the current state SSI benefit levels.

6. The attachment to this paper identifies current estimates of the amount of funding that would be needed to support state supplemental SSI benefits in the 2007-09 biennium. The current estimate is based on actual expenditure information through March 2007, 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 (an 8.3% annual decrease for 2007-08 and 9.17% annual decrease in 2008-09); and (b) an increase of approximately 2% annually in the funding needed to support state SSI benefits for those who are receiving federal and state benefits.

7. The number of Wisconsin residents that only receive a state supplemental payment decreased from approximately 6,885 per month in 2005 to approximately 6,481 per month in 2006. However, the number of individuals in Wisconsin receiving the state supplement and the federal SSI benefit has increased from an average of approximately 90,275 recipients per month in 2005 to 92,165 recipients per month in 2006. As a result, the amount of GPR needed to support state supplemental SSI payments has increased.

8. To fully fund current estimates of state supplemental SSI benefit payments, funding in the SB 40 would need to be increased by \$193,700 GPR in 2007-08 and \$229,300 GPR in 2008-09.

9. If GPR-funded SSI payments increase as projected, there would be a permanent increase in the state's MOE requirement. 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 DHFS has 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 1988 to 2007. 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
For an Individual Living Alone**

<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>
1988	\$354.00		\$102.72		\$456.72	
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
2006	603.00	4.1	83.78	0.0	686.78	3.6
2007	623.00	3.3	83.78	0.0	706.78	2.9

10. If the Committee wished to ensure that the state's MOE did not continue to increase, it could budget the state's expected 2007 MOE amount (\$132,455,700 GPR) so that this amount would be available to fund calendar year 2008 and 2009 benefits costs. Under this option, funding in the bill could be decreased by \$696,200 GPR in 2007-08 and \$3,202,200 GPR in 2008-09.

Under this alternative, the state would comply with the federal MOE requirement. However, rather than increase GPR support for the program above the current MOE requirement, the state would reduce monthly payment levels for eligible recipients to offset caseload growth. 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.

Individuals receiving SSI benefits in 2007 are receiving benefits at the established rates in Table 1. Based on projected caseloads, it is estimated that SSI beneficiaries would have their monthly state benefit reduced by approximately 1.8% in calendar year 2008 and 3.4% in 2009 if the Committee chose this option. Because the number of individuals eligible for the state SSI benefit is expected to continue to rise, monthly payments to these individuals would continue to decrease under this option.

11. Since the GPR is currently budgeted in a sum sufficient appropriation, this appropriation would need to be converted to a sum certain appropriation, which would limit expenditures to the current MOE level.

As passed by the Legislature, 2005 Assembly Bill 100 (the 2005-07 biennial budget bill) would have converted the state SSI benefit appropriation from a sum sufficient appropriation to an annual sum certain appropriation for the purpose of limiting increases in the state's MOE requirement. DHFS would have been permitted to request supplemental funding under s. 13.10 of the statutes if DHFS determined that the appropriation would be insufficient to fully support benefits costs. However, the Governor's partial veto deleted this change.

12. Alternatively, the Committee could choose to retain the amount of funding the Governor's budget would provide for the program, but convert the appropriation to a sum certain appropriation to ensure that funding to support the SSI state supplemental benefits does not exceed the amount budgeted for this purpose. Under this option, if the funding in the appropriation were insufficient to fully support benefits costs in the 2007-09 biennium, DHFS could request supplemental funding to support program benefits under s. 13.10 of the statutes. Alternatively, if such a proposal were offered for consideration for the Committee, the Committee could choose to reduce monthly state SSI benefits to ensure that program expenditures did not exceed the amounts budgeted for SSI state supplement payments in the 2007-09 biennium.

13. SSI payments provide income support to help individuals who have little or no income and are age 65 or older, or have a severe disability, or are blind. In 2007, an individual with no other income who receives the maximum federal and state SSI benefit, but not the exceptional expense supplement (\$706.78 per month) would receive approximately \$8,481 for the year, which is equal to approximately 83% of the federal poverty level. For this reason, the Committee may wish to maintain current state benefit levels and fully support projected program costs.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation to increase funding for SSI state supplement benefits by \$5,209,600 GPR in 2007-08 and \$7,376,300 GPR in 2008-09. However, convert the current appropriation for this benefit from a sum sufficient appropriation to a sum certain annual appropriation. Permit DHFS to request supplemental funding under s. 13.10 of the statutes if DHFS determines that the appropriation for state SSI benefits is insufficient to fully support benefits costs.

ALT 1	Change to Bill Funding	Change to Base Funding
GPR	\$0	\$12,585,900

2. Increase funding in the bill by \$193,700 GPR in 2007-08 and \$229,300 GPR in 2008-09 to reflect current estimates of the amount of funding needed to fully fund state SSI supplemental benefits, based on the current state benefit levels and revised caseload projections through the 2007-09 biennium.

ALT 2	Change to Bill Funding	Change to Base Funding
GPR	\$423,000	\$13,008,900

3. Reduce funding in the bill by \$696,200 GPR in 2007-08 and \$3,202,200 in 2008-09. Direct DHFS to submit a proposal to reduce the state SSI benefit to the Committee within two months after the effective date of the budget. In addition, change the GPR appropriation that supports the state SSI supplemental benefits from a sum sufficient appropriation to a sum certain, annual appropriation.

ALT 3	Change to Bill Funding	Change to Base Funding
GPR	-\$3,898,400	\$8,687,500

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Attachment

