



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #256

Caretaker Supplement (Children and Families -- TANF and Economic Support and Health Services -- Elder and Disability Services)

[LFB 2023-25 Budget Summary: Page 103, #25 and Page 266, #6]

CURRENT LAW

The federal supplemental security income (SSI) program provides federal benefits to guarantee minimum income for qualifying disabled, elderly, and blind individuals. In 2023, an eligible individual may receive a maximum monthly federal benefit of \$914, and an eligible individual with an eligible spouse may receive a maximum monthly federal benefit of \$1,371. These monthly maximum amounts are reduced by subtracting the individual or family's countable income, so, for example, an individual with monthly countable income that exceeds \$914 receives no SSI payment.

In order to qualify for SSI benefits, an individual must be disabled, blind, or at least 65 years old. An adult qualifies for SSI benefits due to a disability if they have certain disabling conditions, or cannot engage in substantial gainful activity because of a physical or mental condition expected to last for over a year, or result in death.

Individuals over the age of 65 who are not disabled or blind may qualify for SSI benefits by meeting the program's financial eligibility criteria. In general, to be eligible for SSI, an individual's household income after certain disregards may not exceed the maximum federal benefit level. Individual recipients may not have more than \$2,000 in countable assets, and married couples may not have more than \$3,000 in countable assets.

All but six states provide state-funded payments to SSI beneficiaries to supplement the federal SSI benefit. Wisconsin offers three state-funded supplements: (a) a basic supplement, equal to \$83.78 per month; (b) an exceptional expense supplement, available only to SSI recipients who live in a

house or apartment but require at least 40 hours per month of supportive homecare, respite care, training in daily living skills, or community support program services; and (c) a caretaker supplement, available only to SSI recipients who have dependent children that are not eligible for SSI.

The monthly caretaker supplement payment is \$250 for an SSI recipient with one dependent child, and \$150 for each additional child.

Funding for state SSI supplements is budgeted in two DHS appropriations and one appropriation to the Department of Children and Families (DCF) as follows.

- A DHS sum sufficient GPR appropriation, with base funding of \$156,941,000;
- A DHS all moneys received PR appropriation, to which DCF transfers funds the state receives under the federal temporary assistance to needy families (TANF) block grant to partially support the costs of caretaker supplement payments, with base funding of \$17,452,900; and
- A DCF FED appropriation that funds the transfer to DHS and that limits TANF funding to support caretaker supplement payments and administration costs of the supplement to an amount specified in statute (\$18,145,000 FED in 2022-23).

The additional \$692,100 in TANF funding budgeted in DCF above the level of the DHS PR benefits appropriation supports DHS's costs of administering the caretaker supplement. This funding is transferred to a PR all moneys received appropriation in DHS that funds programs administered by the Division of Medicaid Services.

As part of each biennial budget act, the Administration estimates costs of caretaker supplement payments and program administration, based on historical funding trends. These costs are allocated to the DHS GPR appropriation and the DCF TANF appropriation in a manner that maintains the total GPR funding for all SSI-related payments at \$160,398,200 per year. For this reason, changes in the estimated costs of caretaker supplement benefits affect the amount of FED TANF funding budgeted for the program, and the corresponding PR appropriation in DHS, but not the total amount of GPR needed to fund all SSI state supplements.

As of March, 2023, there were 112,798 individuals in Wisconsin that received the basic SSI state supplement, including 4,414 SSI-eligible families that received a caretaker supplement on behalf of 8,477 dependent children.

DISCUSSION POINTS

Reestimate of Current Benefit Costs

1. Assembly Bill 43/Senate Bill 70 includes funding adjustments for both DHS and DCF to reflect estimates of the funding that will be needed to support state supplements to the federal SSI benefit in the 2023-25 biennium. The bill would decrease funding for DHS by \$1,925,400

(\$3,457,200 GPR and -\$5,382,600 PR) in 2023-24 and by \$567,500 (\$3,457,200 GPR and -\$4,024,700 PR) in 2024-25, and reduce funding in DCF by \$5,382,600 FED (TANF) in 2023-24 and by \$5,956,100 FED (TANF) in 2024-25.

2. Under the bill, \$18,338,900 (\$6,268,600 GPR and \$12,070,300 FED) in 2023-24 and \$18,155,500 (\$4,727,300 GPR and \$13,428,200 FED) would be budgeted to fund caretaker supplement payments in the 2023-25 biennium.

3. On May 2, 2023, the Committee adopted Motion 12, which increased the GPR sum sufficient appropriation for state SSI supplemental payments by the amount in AB 43/SB 70 (\$3,457,200 GPR annually) so that \$160,398,200 GPR annually would be budgeted in 2023-24 and 2024-25 for SSI supplemental payments. The GPR increase was provided to ensure that the state continues to meet its maintenance of effort requirement as it applies to state supplements to the federal SSI benefit. Consequently, the funding adjustments addressed in this paper only affect the amount of TANF funding, budgeted in DCF, needed to support the caretaker supplement (FED), and the PR appropriation in DHS that authorizes DHS to accept and expend the TANF funding transferred from DCF.

4. A review of updated payment information in 2022-23, and DHS's current plans to conduct outreach to people who are eligible for the caretaker supplement, but are not receiving benefits, suggest that the funding in the bill for the caretaker supplement payments supported by TANF funds should be adjusted. First, the AB 43/SB 70 estimates of GPR-funded state SSI benefits will be reduced, which will increase the amount of caretaker supplement payments funded from the GPR benefits appropriation, and reduce the amount of caretaker supplement payments funded from TANF, compared to the funding in the bill. The costs of monthly payments through February, 2023, would suggest a modest continuation of decreasing costs in the 2023-25 biennium. However, in June, 2023, DHS will implement policy and systems changes designed to increase enrollment in CTS by allowing families to add a request for caretaker supplement benefits at the same time they submit an application for other public assistance programs through the state's online application system, ACCESS. In addition, the CARES worker web, used by county and state income maintenance workers to manage public assistance cases, will be updated in June to identify households that are potentially eligible for caretaker supplement payments, but are not receiving them. DHS will mail letters to these families, explaining the benefit and the application process.

5. In an April 27, 2023, memorandum requesting technical changes to the budget, the DOA State Budget Director requested this office to consider changes to funding for the caretaker supplement payments to reflect the administration's reestimates. The funding options presented in this paper are consistent with the administration's revised estimates.

Benefit Level Proposals

6. Under the former aid to families with dependent children (AFDC) program, dependent children of SSI recipients were eligible for AFDC payments on a "child only" basis. As such, the parents were excluded from the number of individuals in the household (for purposes of determining household's percentage of the family's poverty level) and the parents' income (if any) was excluded

in the calculation of the benefit paid on behalf of the children in these families. These monthly 'child only' benefit payments ranged from \$249 if there was one child in the family, to \$766 if there were six children in the family.

7. 1995 Wisconsin Act 289 replaced the AFDC program with the W-2 program so that AFDC payments to families, including the "child only" AFDC benefit, were discontinued. 1997 Act 27 (the 1997-99 biennial budget act) created the caretaker supplement as a replacement to the AFDC "child only" benefit and initially established the benefit at \$77 per child, but required the Department of Health and Family Services (now, DHS) to increase the caretaker supplement benefit to \$100 per month per child if the Social Security Administration (SSA) recognized the caretaker supplement as an SSI payment, which could be counted to meet the state's SSI maintenance of effort (MOE) requirement. (Federal law includes an MOE requirement that is intended to ensure that states do not reduce state-supported SSI benefits in response increases in the federal SSI benefit.)

8. 1999 Act 9 (the 1999-01 biennial budget act) established the current caretaker supplement payment amounts at \$250 per month for one dependent child and \$150 per month for each additional dependent child, effective November 1, 1999. These benefit levels have not been increased since that time.

9. Similarly, the state-funded basic supplement for individuals and couples (\$83.78 for an individual and \$132.05 for a couple) has not changed since January, 1995. In contrast, the SSA adjusts the federal SSI maximum benefit payment annually to reflect changes in the consumer price index. Between January 1, 2001 and January 1, 2023, the maximum federal benefit increased from \$530 for an individual and \$796 for a couple to \$914 and \$1,371 respectively (72%).

10. Between November, 1999 and February, 2023, the consumer price index has increased 78.8%. In order to maintain the same purchasing power as the caretaker supplement had in January, 1998, the caretaker supplement would be \$446.88 for one dependent child, and \$268.13 for each additional child.

11. The Committee could increase the caretaker supplement payment rate to address the reduction in the real value of the benefit payment over the last 23 years. Any increase in the benefit payment would be funded by increasing TANF funding budgeted in DCF for this purpose and increasing the DHS program revenue appropriation from which TANF revenue transfers from DCF are budgeted. Several options are presented for consideration, including increasing the current supplements by 20% (Alternative 1), 40% (Alternative 2), 60% (Alternative 3), and maintaining the current caretaker supplement rates, but reestimating TANF-supported benefits to reflect cost information through February, 2023 (Alternative 4). A summary of the fiscal effect of each of these options is included in the attachment to this paper.

ALTERNATIVES

1. *\$300/\$180 Benefit Payment.* Increase the caretaker supplement benefit payment to \$300 for the first child and \$180 for each additional child, effective July 1, 2023. Reduce base TANF

funding in DCF by \$6,611,200 FED in 2023-24 and by \$5,339,000 FED in 2024-25. Reduce PR in DHS by \$6,611,200 in 2023-24 and by \$5,339,000 PR in 2024-25 to reflect reestimates of the amount of TANF funding that would be transferred from DCF to DHS to support caretaker supplement and administration costs.

ALT 1	Change to Base
FED (DCF)	-\$11,950,200
PR (DHS)	<u>-11,950,200</u>
Total	-\$23,900,400

2. *\$350/\$210 Benefit Payment.* Increase the caretaker supplement benefit payment to \$350 for the first child and \$210 for each additional child, effective July 1, 2023. Reduce base TANF funding in DCF by \$2,943,500 FED in 2023-24 and by \$1,707,900 FED in 2024-25. Reduce base funding in DHS by \$2,943,500 PR in 2023-24 and \$1,707,900 PR in 2024-25 to reflect reestimates of the amount of TANF funding that would be transferred from DCF to DHS to support caretaker supplement and administration costs.

ALT 2	Change to Base
FED (DCF)	-\$4,651,400
PR (DHS)	<u>-4,651,400</u>
Total	-\$9,302,800

3. *\$400/\$240 Benefit Payment.* Increase the caretaker supplement benefit payment to \$400 for the first child and \$240 for each additional child, effective July 1, 2023. Increase base TANF funding in DCF by \$724,300 FED in 2023-24 and by \$1,923,200 FED in 2024-25. Increase base funding for DHS by \$724,300 PR in 2023-24 and \$1,923,200 PR in 2024-25 to reflect reestimates of the amount of TANF funding that would be transferred from DCF to DHS to support caretaker supplement and administration costs.

ALT 3	Change to Base
FED (DCF)	\$2,647,500
PR (DHS)	<u>2,647,500</u>
Total	\$5,295,000

4. *\$250/\$150 Benefit Payment.* Maintain the current caretaker supplement benefit payment rates (\$250 for the first child and \$150 for each additional child). Reduce base TANF funding in DCF by \$10,279,000 in 2023-24 and by \$8,970,100 FED in 2024-25. Reduce base funding in DHS by \$10,279,000 PR in 2023-24 and by \$8,970,100 PR in 2024-25 to reflect reestimates of the amount of TANF funding that would be transferred from DCF to DHS to support caretaker supplement and

administration costs.

ALT 4	Change to Base
FED (DCF)	- \$19,249,100
PR (DHS)	<u>- 19,249,100</u>
Total	- \$38,498,200

Prepared by: Charles Morgan
Attachment

ATTACHMENT

Summary of Fiscal Effects of Alternatives

Alternative 1

	<u>2023-24</u>	<u>2024-25</u>
Caretaker Supplement Rates	Monthly Payment	Monthly Payment
One Dependent	\$300	\$300
Each Additional Dependent	\$180	\$180
Est. (All Funds) Costs of Supplement Payments	\$22,006,700	\$21,786,600
GPR	\$11,165,000	\$9,672,700
TANF	<u>10,841,700</u>	<u>12,113,900</u>
Total Caretaker Supplement Benefits Payments	\$22,006,700	\$21,786,600
Administration (TANF)	\$692,100	\$692,100
Total Amount of TANF Required	\$11,533,800	\$12,806,000
Base TANF Allocation (DCF)	<u>18,145,000</u>	<u>18,145,000</u>
TANF Change to Base (DCF)	-\$6,611,200	-\$5,339,000
Base PR Appropriations (DHS)	\$18,145,000	\$18,145,000
Total (Reestimated) Amount of TANF Transfer	<u>\$11,533,800</u>	<u>\$12,806,000</u>
PR Change to Base (DHS)	-\$6,611,200	-\$5,339,000

Alternative 2

	<u>2023-24</u>	<u>2024-25</u>
Caretaker Supplement Rates	Monthly Payment	Monthly Payment
One Dependent	\$350	\$350
Each Additional Dependent	\$210	\$210
Est. (All Funds) Costs of Supplement Payments	\$25,674,400	\$25,417,700
GPR	\$11,165,000	\$9,672,700
TANF	<u>14,509,400</u>	<u>15,745,000</u>
Total -- Benefits Payments	\$25,674,500	\$25,417,700
Administration (TANF)	\$692,100	\$692,100
Total Amount of TANF Required	\$15,201,500	\$16,437,100
Base TANF Allocation (DCF)	<u>18,145,000</u>	<u>18,145,000</u>
TANF Change to Base (DCF)	-\$2,943,500	-\$1,707,900
Base PR Appropriations (DHS)	\$18,145,000	\$18,145,000
Total (Reestimated) Amount of TANF Transfer	<u>\$15,201,500</u>	<u>\$16,437,100</u>
PR Change to Base (DHS)	-\$2,943,500	-\$1,707,900

Alternative 3

	<u>2023-24</u>	<u>2024-25</u>
Caretaker Supplement Rates	Monthly Payment	Monthly Payment
One Dependent	\$400	\$400
Each Additional Dependent	\$240	\$240
 Est. (All Funds) Costs of Supplement Payments	 \$29,342,200	 \$29,048,800
GPR	\$11,165,000	\$9,672,700
TANF	<u>18,177,200</u>	<u>19,376,100</u>
Total -- Benefits Payments	\$29,342,200	\$29,048,800
 Administration (TANF)	 \$692,100	 \$692,100
 Total Amount of TANF Required	 \$18,869,300	 \$20,068,200
Base TANF Allocation (DCF)	<u>18,145,000</u>	<u>18,145,000</u>
TANF Change to Base (DCF)	\$724,300	\$1,923,200
 Base PR Appropriations (DHS)	 \$18,145,000	 \$18,145,000
 Total (Reestimated) Amount of TANF Transfer	 \$18,869,300	 \$20,068,200
 PR Change to Base (DHS)	 \$724,300	 \$1,923,200

Current Law (Alternative 4)

	<u>2023-24</u>	<u>2024-25</u>
Caretaker Supplement Rates	Monthly Payment	Monthly Payment
One Dependent	\$250	\$250
Each Additional Dependent	\$150	\$150
 Est. (All Funds) Costs of Supplement Payments	 \$18,338,900	 \$18,155,500
GPR	\$11,165,000	\$9,672,700
TANF	<u>7,173,900</u>	<u>8,482,800</u>
Total -- Benefits Payments	\$18,338,900	\$18,155,500
 Administration (TANF)	 \$692,100	 \$692,100
 Total Amount of TANF Required	 \$7,866,000	 \$9,174,900
Base TANF Allocation (DCF)	<u>18,145,000</u>	<u>18,145,000</u>
TANF Change to Base (DCF)	-\$10,279,000	-\$8,970,100
 Base PR Appropriations (DHS)	 \$18,145,000	 \$18,145,000
 Total (Reestimated) Amount of TANF Transfer	 \$7,866,000	 \$9,174,900
 PR Change to Base (DHS)	 -\$10,279,000	 -\$8,970,100