



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

May 19, 2009

Joint Committee on Finance

Paper #411

Supplemental Security Income (SSI) -- State Supplemental Payments (DHS -- Quality Assurance, Disabilities, and Substance Abuse)

[LFB 2009-11 Budget Summary: Page 394, #9]

CURRENT LAW

The supplemental security income (SSI) program, authorized under Title XVI of the federal Social Security Act, provides cash benefits to certain low-income elderly, blind, and disabled individuals.

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 \$980 or more of earnings per month, because of a physical or mental impairment. An individual may not have countable resources that exceed \$2,000, or, if the individual is married, the countable resources of the couple may not exceed \$3,000.

In 2009, recipients receive a federal benefit equal to \$674 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 Services (DHS) issues three types of supplemental payments: (a) the basic state supplement; (b) the exceptional expense supplement, or SSI-E; and (c) the caretaker supplement for recipients with dependent children. DHS provides the GPR-funded 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. This basic state supplement equals \$83.78 per month, an amount that has not changed since 1996.

Certain SSI recipients are eligible for an enhanced GPR-funded payment, referred to as the SSI-E for exceptional expenses. An SSI recipient who resides in a 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 or respite care, daily living skills training, or community support program services. SSI recipients whose expenses are greater than the SSI-E payment level 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 a community-based residential facility, adult family home, or a certified residential care apartment complex is automatically eligible for the SSI-E supplement.

Certain SSI beneficiaries with dependent children may qualify to receive a caretaker supplement payment. These beneficiaries receive a supplement 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.

Funding. Base funding for state supplemental SSI benefits is \$135,499,400 GPR, which is budgeted in a sum sufficient appropriation.

The caretaker supplement is supported with federal TANF funds transferred from the Department of Children and Families to DHS, where it is budgeted as program revenue (PR). Base funding for caretaker supplement payments equals \$29,450,100 PR, and base funding for administration of the caretaker supplement is \$644,600 PR. Federal law prohibits states from using TANF funds to support state SSI benefits other than the SSI caretaker supplement payments.

GOVERNOR

Provide \$2,951,000 GPR in 2009-10 and \$5,205,200 GPR in 2010-11 to reflect estimates of the amount of funding required to support state-funded SSI benefit payments in the 2009-11 biennium. Reduce funding for the caretaker supplement by \$194,900 PR in 2009-10 and \$161,600 PR in 2010-11 to reflect reestimates of payments (-\$1,095,200 PR annually) and to fully fund projected costs of administering the caretaker supplement (\$900,300 PR in 2009-10 and \$933,600 PR in 2010-11).

DISCUSSION POINTS

1. The federal maximum monthly SSI payment amounts established for each calendar year include an automatic cost-of-living adjustment that is based on cost-of-living adjustments for social security benefits. The state supplemental amounts do not have automatic cost-of-living adjustments and are established by each state. The maximum monthly federal benefit payments are based on living arrangements -- whether a person is 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. Table 1 provides the maximum federal and state benefit levels effective January 1, 2009.

**SSI Maximum Monthly Payment Levels
Effective January 1, 2009**

<u>Living Arrangement</u>	<u>Federal</u>	<u>State</u>	<u>Total Payment</u>
<i>Living Independently</i>			
Individual	\$674.00	\$83.78	\$757.78
Couple	1,011.00	132.05	1,143.05
Couple/One Spouse Eligible	637.00	130.43	767.43
<i>Living in the Household of Another Person</i>			
Individual	449.34	83.78	533.12
Couple	674.00	132.05	806.05
Couple/One Spouse Eligible	449.34	135.05	584.39
<i>Exceptional Expense Supplement (SSI-E)</i>			
Individual	674.00	179.77	853.77
Couple	1,011.00	477.41	1,488.41

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

3. In 2008, Wisconsin spent \$136,997,300 GPR on state SSI benefits, which will become the new required MOE that will apply to calendar year 2009. Expenditures are projected to exceed this amount in calendar year 2009, and a higher MOE will be established for the next calendar year. AB 75 would provide more funding than the amount needed for the state to meet its MOE requirement, as expenditures are expected to continue to increase based on continued caseload growth. The funding in the bill assumes that the state would maintain the current maximum state SSI benefit payment amounts.

4. In preparing the estimate of projected SSI state supplement GPR costs for the 2009-11 biennium, the administration used monthly expenditure data for an eight-year period, from July, 2000, through June, 2008. The 2008-09 estimates produced by using these data would predict that 2008-09 GPR costs of the program would be \$101,935,900 through March, 2009. However, through March, 2009, GPR payments totaled \$103,626,300 in 2008-09, a difference of \$1,690,400. By using these data and methodology as the basis of estimating GPR-funded SSI benefits spending for the 2009-11 biennium, actual state benefit payments will likely exceed the amount that are budgeted in AB 75 for these payments in the 2009-11 biennium.

5. Based on actual payment data through March, 2009, and using monthly payment data beginning July 1, 2003, funding in the bill would need to be increased by \$1,483,300 GPR in 2009-10 and \$1,802,400 GPR in 2010-11, so that a total of \$139,933,700 GPR in 2009-10 and \$142,507,000 GPR in 2010-11 would be budgeted for GPR-supported SSI payments (Alternative 1).

6. Funding for GPR-funded state SSI payments is budgeted in a sum-sufficient appropriation. Consequently, DHS must expend the amount necessary to fully fund program benefits -- the agency is not limited by the estimate included in the appropriation.

7. As previously indicated, the federal MOE requirement limits the state's ability to reduce program benefits in order to reduce GPR costs of the program, since the state must expend at least the current MOE amount in each calendar year. The calendar year 2009 payments are projected to equal \$138,420,800. If the Committee wished to ensure that the state's MOE did not continue to increase, it could convert the appropriation from a sum sufficient to a sum certain appropriation, and budget the estimated calendar 2009 MOE amount (\$138,420,800 GPR) so that only this amount would be available to fund calendar year 2010 and 2011 benefit costs (Alternative 2). Under this option, funding in the bill would be increased by \$435,200 GPR in 2009-10 and decreased by \$2,283,800 GPR in 2010-11.

8. Under this alternative, the state would comply with the federal MOE requirement. However, rather than increasing GPR support for the program above the current MOE requirement, the state would need to reduce monthly payment levels for eligible recipients to offset caseload growth. Under current law, DHS 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 Committee under a 14-day passive review process.

9. Converting the state SSI supplement to a sum certain appropriation would require reducing benefits provided to individuals who have little or no income, and are over age 65, have a severe disability, or are blind. In 2009, an individual with no other income who receives the maximum federal and state SSI benefit (but not the exceptional expense supplement) would receive approximately \$9,093 for the year, equal to approximately 84% of the federal poverty level for an individual.

10. Based on current projections of continued caseload growth, average GPR-funded benefit payments would need to be reduced by approximately 2.0% in calendar year 2010 and 3.7% in 2011 (compared to current average benefit payments), in order to continue to meet the projected calendar year 2009 MOE. As 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 in future years.

11. This office has reviewed the Governor's recommendations relating to funding for SSI caretaker supplement payments and administrative costs supported with TANF funds transferred from the Division of Children and Families.. The amounts budgeted in AB 75 to support

these costs appear reasonable, based on available data.

ALTERNATIVES

1. Provide \$3,285,800 GPR in 2009-11 (\$1,483,300 GPR in 2009-10 and \$1,802,400 GPR in 2010-11) to fully fund state supplemental payments for SSI recipients, based on an estimate of future program expenditures using data from July, 2003, to March, 2009. This would maintain monthly payments at their current levels.

Change to Bill Funding	
GPR	\$3,285,800

2. Change the GPR appropriation that supports the state SSI supplemental benefits from a sum sufficient appropriation to a sum certain, annual appropriation. Increase funding in the bill by \$435,200 GPR in 2009-10 and decrease funding in the bill by \$2,283,800 in 2008-09. Require DHS to submit a proposal to modify the state SSI benefit payments, beginning January 1, 2010, to the Committee by October 1, 2009.

ALT 2	Change to Bill Funding
GPR	- \$1,848,600

Prepared by: Sam Austin