



Legislative Fiscal Bureau

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Joint Committee on Finance

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SSI and Caretaker Supplement Reestimate (Health Services -- Mental Health, Public Health, and Other Programs)

[LFB 2017-19 Budget Summary: Page 241, #4]

CURRENT LAW

The supplemental security income (SSI) program, authorized under Title XVI of the federal Social Security Act, 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 defined as earnings of at least \$1,170 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 2017, individual recipients receive a maximum federal benefit of \$735 per month. The federal benefit amount is reduced, dollar for dollar, by the amount of countable income the recipient receives from other sources, such as wages or social security payments. Couples where both individuals are SSI recipients receive a maximum of \$1,103 per month. Individuals receive the federal SSI benefit from the U.S. Social Security Administration, which administers the program at the federal level. Federal SSI payments are not budgeted in any state appropriation, but are provided directly to recipients. 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 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 March of 2017, approximately 120,500 individuals received state supplemental payments.

DHS provides the GPR-funded basic state supplement to all recipients who receive federal SSI benefits. In addition, certain "grandfathered" individuals who received the state supplement

but not federal benefits as of December 31, 1995, continue to qualify for the state supplement. The basic state supplement equals \$83.78 per month for an individual and \$132.05 for a couple, 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, known as 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 as well. 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 program revenue.

Base funding for state supplemental SSI and SSI-E benefits is currently \$159,455,400 GPR annually, which is budgeted in a sum sufficient appropriation. Base funding for the caretaker supplement benefit payments is \$30,433,400 PR.

GOVERNOR

Provide \$1,112,500 GPR 2017-18 and \$3,659,500 GPR in 2018-19 to fund the administration's estimates of the amount that will be needed to support projected SSI state supplement payments in the 2017-19 biennium, based on current monthly benefit amounts. Delete \$3,094,300 PR annually to reflect a reestimate of the amount of caretaker supplement payments in the 2017-19 biennium.

DISCUSSION POINTS

1. Since 1974, states that administer a supplemental SSI payment must meet federal maintenance of effort (MOE) requirements. Under its current MOE methodology, Wisconsin must ensure that the state's total supplemental payments in a calendar year are at least equal to 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.

2. In calendar year 2016, Wisconsin spent \$156,245,800 GPR on state SSI benefits, which will become the new required MOE that will apply to calendar year 2017. Expenditures are projected to exceed this amount in calendar year 2017, and a higher MOE will be established for the next calendar year. The bill 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

continuing caseload growth. The funding in the bill assumes that the state would maintain the current maximum state SSI benefit payment amounts.

3. The bill would provide an additional \$1,112,500 GPR in 2017-18 and \$3,659,500 GPR in 2018-19 to fully fund projected costs of state supplemental SSI benefits. In producing this estimate, the administration used actual expenditure data from July, 2000, through December, 2016 for all program participants. This methodology includes participants who receive both a federal and a state benefit as well as "grandfathered" participants who only receive the basic state benefit.

4. A reestimate of the projected amount of SSI state supplemental payments using the most recently available data would suggest that expenditures may be higher than the administration's earlier projection. Using a linear approximation of payment data from July, 2008 through March, 2017 and projecting it through the end of the next biennium, SSI state supplemental payments are expected to be approximately \$160,721,600 GPR in 2017-18 and \$163,289,200 GPR in 2018-19, for a total biennial cost of \$324,010,800 GPR. This total is \$328,000 higher than the administration's estimate for the two-year period.

5. The bill would also delete \$3,094,300 PR annually to reflect the administration's reestimate of caretaker supplement payments in the coming biennium. The administration's projection for the caretaker supplement is created by taking the average of actual monthly expenditures during fiscal year 2015-16, and using that average as the estimate for caretaker supplement expenditures for the next three fiscal years. Using updated expenditure data through March, 2017, and applying the same methodology, caretaker supplement payments are expected to be \$26,038,000 PR annually, for a biennial total of \$52,076,000 PR. This total is \$2,602,200 less than the administration's estimate for the biennium [Modification].

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 indicated by the appropriation.

MODIFICATION

Increase funding in the bill by \$153,700 GPR in 2017-18 and \$174,300 GPR in 2018-19 to fully fund state supplemental payments for SSI recipients, based on an estimate of future program expenditures using data from July, 2008, to March, 2017. In addition, reduce funding in the bill by \$1,301,100 PR annually to reflect a reestimate of payments for the caretaker supplement.

	Change to	
	Base	Bill
GPR	\$5,100,000	\$328,000
PR	<u>- 8,790,900</u>	<u>- 2,602,200</u>
Total	- \$3,690,900	- \$2,274,200

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