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Overview of Select Safety Net Programs: SSI/SSP, CalFresh, and CalWORKs

LEGISLATIVE ANALYST'S OFFICE

Presented to:
Senate Budget and Fiscal Review Committee
Hon. Holly J. Mitchell, Chair





SSI/SSP Background

- What Is SSI/SSP?** The Supplemental Security Income/State Supplementary Payment (SSI/SSP) program provides cash grants to low-income aged, blind, and disabled individuals and couples.
- How Is SSI/SSP Funded?** The state's General Fund provides funding for the SSP portion of the grant (\$2.9 billion estimated in 2017-18) while federal funds pay for the SSI portion of the grant (\$7.1 billion estimated in 2017-18).
- Who Is Eligible?**
 - **Eligibility Requires Age of at Least 65 and/or Disability Status.** To qualify for SSI/SSP on the basis of age, an individual must be age 65 or older. To be eligible for the grant based on disability (including blindness), an applicant must demonstrate that he or she is unable to work because of a permanent or long-term impairment.
 - **Eligibility Also Requires Low Income and Limited Assets.** Generally, to be eligible for the program, an applicant's income must be at or below the amount of the SSI/SSP monthly grant. Additionally, an individual is usually ineligible for SSI/SSP if he or she has assets in excess of \$2,000 (\$3,000 for couples).



SSI/SSP Background

(Continued)



How Many Californians Receive SSI/SSP?

- The figure below shows that SSI/SSP caseload has remained relatively flat from 2008-09 to 2018-19.

SSI/SSP Caseload: Then and Now			
	2008-09	Projected 2018-19	Percentage Change
Aged	370,077	359,948	-2.74%
Blind	20,330	17,726	-12.81
Disabled	872,279	887,246	1.72
Totals	1,262,685	1,264,275	0.13%



How Much Are Grants and How Are They Calculated?

SSI/SSP grant amounts for individuals and couples vary based on marriage status, income, and living situation. Married couples typically receive a higher SSI/SSP grant than do individual recipients. In addition, SSI/SSP grant amounts are generally reduced dollar-for-dollar by a recipient's income.

- SSP Grant Levels Cannot Fall Below Federally Required Minimum.** Federal law requires that the state maintain SSP grant levels at or above March 1983 levels (\$156 for individuals and \$396 for couples). If SSP grants fall below these levels, the state risks losing its federal Medicaid funding.
- Cost-of-Living Adjustments (COLAs).** The federal government typically provides a COLA—based on the Consumer Price Index—for the SSI portion of the grant every year. Prior to 2009, there was a statutory state COLA based on the California Necessities Index. However, as discussed in the following section, a state-funded COLA has not been provided for most years since 2000-01.



SSI/SSP Background

(Continued)

- **Maximum SSI/SSP Grants.** The figure below compares maximum SSI/SSP grant levels for individuals and couples in 2008-09 and 2018-19 (as estimated by the Governor's 2018-19 budget).

SSI/SSP Maximum Grants: Then and Now

	2008-09	2018-19 Governor's Estimates	Change From 2008-09
Maximum Grant—Individuals^a			
SSI	\$674	\$770	\$96
SSP	233	161	-72
Totals	\$907	\$931	\$24
Maximum Grant—Couples^a			
SSI	\$1,011	\$1,155	\$144
SSP	568	407	-161
Totals	\$1,579	\$1,562	-\$17

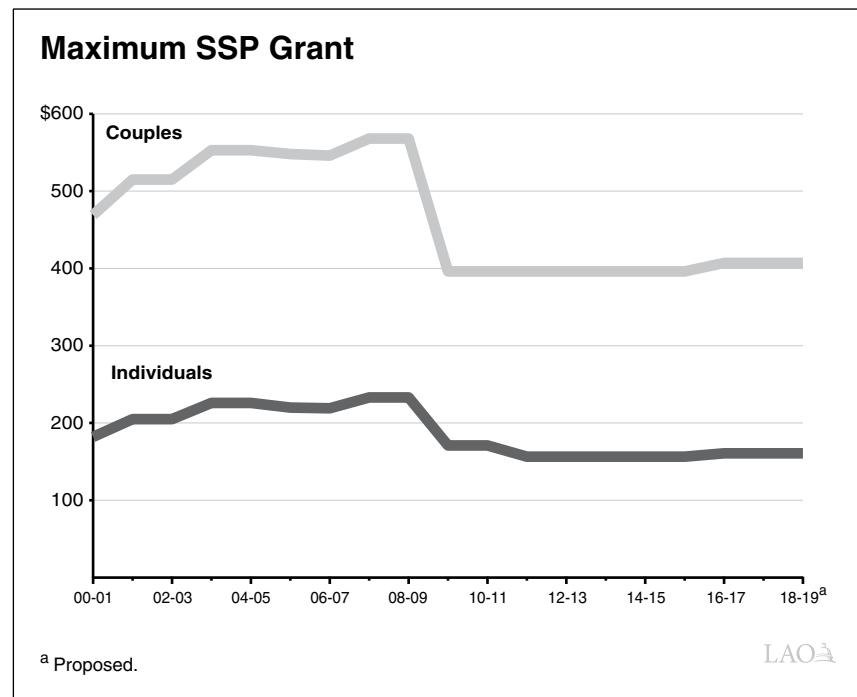
^a Reflects the maximum monthly grants for aged and disabled individuals and couples living in their own households, effective as of January 1 of the respective budget year.



Historical State Reductions and Recent Increases to SSP Grants



Reduced the SSP Portion of the Grant for Individuals and Couples. As shown in the figure below, during the recession, the state reduced SSP grants either by across-the-board grant reductions or by not “passing through” the federal COLA. By not passing through the federal COLA, the state can reduce the SSP portion of the grant by an amount equivalent to the federal COLA provided for the SSI portion of the grant. This causes the total SSI/SSP grant to remain at the same level, despite the federal COLA, and reduces General Fund costs in the SSI/SSP program.





Historical State Reductions and Recent Increases to SSP Grants

(Continued)



Did Not Provide State-Funded COLA in Most Years. The figure below shows that since 2000-01, the state has not provided the annual state COLA for grants in most years. In 2009, legislation was enacted that ended the automatic state-funded COLA for grants.

State-Funded COLAs Since 2000-01	
Year	Percentage
2000-01	2.96%
2001-02	5.31
2002-03 (June)	3.74
2003-04	—
2004-05 (April)	2.75
2005-06	—
2006-07	—
2007-08	—
2008-09	—
2009-10	—
2010-11	—
2011-12	—
2012-13	—
2013-14	—
2014-15	—
2015-16	—
2016-17 ^a	2.6
2017-18	—
2018-19 ^b	—

^a Cost-of-living adjustment (COLA) applied to SSP portion of the grant.
^b Proposed.



In 2016-17, SSP Grants Were Increased. As part of the 2016-17 budget package, SSP grants were increased 2.6 percent—about a \$4 increase to the maximum SSP individual grants and a \$10 increase to the maximum SSP couple grants—the first increase on the SSP portion of the grant since 2005.



SSI/SSP Grants Relative to FPL



Overall, the Maximum Grant Amount Remains Below FPL for Individuals

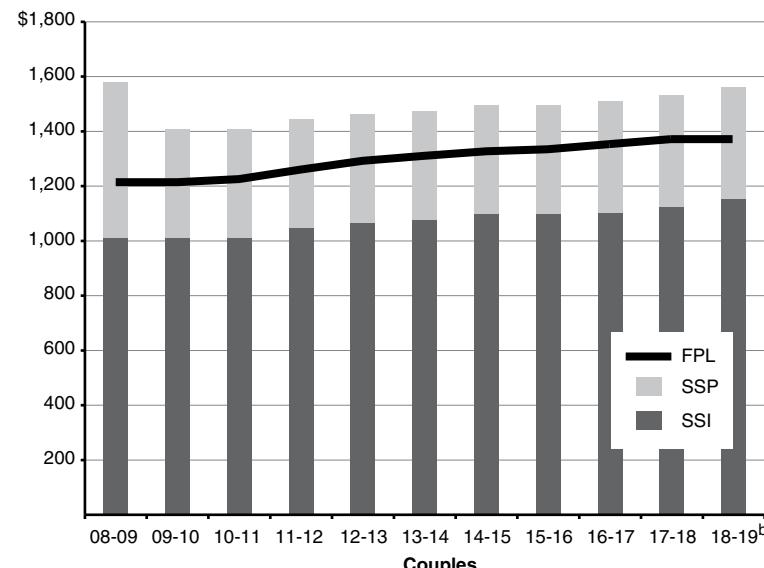
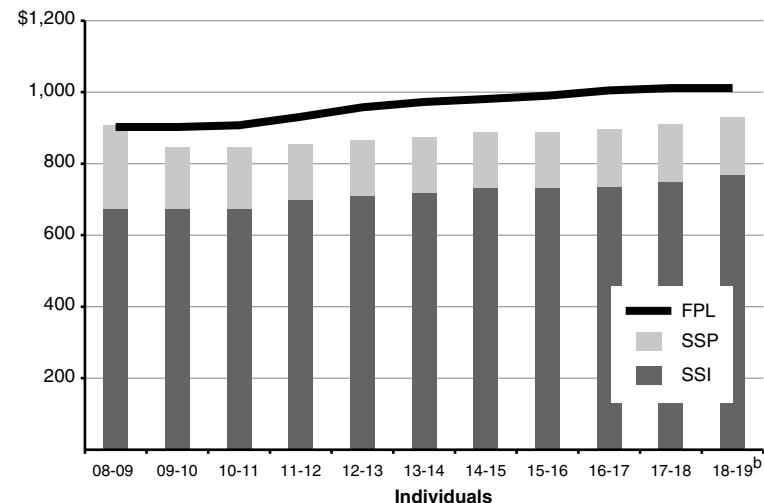
- The figure on the next page shows that the maximum SSI/SSP grant level for individuals is projected to remain below the federal poverty level (FPL) in 2018-19 (92 percent of the FPL).
- While the maximum SSI/SSP grant level for couples is projected to remain above the FPL in 2018-19 (114 percent of the FPL), the total grant amount is slightly lower than 2008-09 levels.
- ***Loss in Purchasing Power.*** If the 2008-09 maximum grant levels for individuals and couples had increased annually with inflation, they would be roughly \$240 and \$480 higher than projected 2018-19 levels, respectively.



SSI/SSP Grants Relative to FPL

(Continued)

Maximum SSI/SSP Grant For Individuals and Couples^a Relative to FPL



^a Reflects the maximum monthly grants for aged and disabled individuals and couples living in their own households, effective as of January 1 of the respective budget year.

^b Compares grant level to 2018 federal poverty level (FPL).

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CalFresh Background

- What Is CalFresh?** The CalFresh program is California's version of the federal Supplemental Nutrition Assistance Program (SNAP) that provides food assistance to low-income individuals and households.
- How Is CalFresh Funded?** Food benefits are funded almost entirely by the federal government (\$6.4 billion projected for 2018-19). Administrative costs, in contrast, are split among the federal government (50 percent), the state (35 percent), and counties (15 percent). Total administrative costs are projected to be \$1.8 billion in 2018-19.
- Who Is Eligible for CalFresh?** CalFresh food benefits are available to households—individuals who purchase and prepare meals together—whose incomes fall below certain levels. About 1.9 million households are expected to receive CalFresh food benefits in 2018-19.
- How Much Are Food Benefits and How Are They Calculated?** Food benefit amounts vary based on household size, earned and unearned income, and deductible living expenses. Additional household earnings and other income sources reduce food benefits (by \$0.30 for every additional \$1 of income). Each year, the maximum food benefit amount for each household size is set by the federal government. The 2017-18 maximum food benefit amount for a three-person household is \$504 per month. The figure shows the number of households who receive benefits, the average amount of benefits per household, and the total amount of benefits.

CalFresh Caseload and Benefits: Then and Now

	2008-09	Projected 2018-19
Households	1,057,000	1,852,000
Average household benefit	\$293	\$287
Total Benefits	\$3.5 Billion	\$6.4 Billion



Recent Changes in CalFresh Benefits, Caseload, and Participation



Benefit Amount Increased During Recession. As part of the *American Recovery and Reinvestment Act* (ARRA), the federal government increased food benefits by nearly 15 percent. Benefits remained at this higher level until 2014, when they were adjusted downward to their prior level. Since then, benefits have been adjusted annually based on changes in food prices.



Caseload Nearly Doubled During Recession. Between 2008-09 and 2015-16, the number of households enrolled in CalFresh nearly doubled from 1.1 million to over 2 million. This growth coincided with high levels of unemployment during the recession. In addition to the effects of the recession, some of this caseload growth is due to strategies to increase CalFresh participation.



Over the Same Period, Participation Rate Has Climbed

- The CalFresh participation rate estimates how many people actually received food benefits in a given year relative to how many people were eligible to receive benefits. The CalFresh participation rate for federal fiscal year 2015 was 70 percent, up from 50 percent in 2008, meaning that 70 percent of potentially eligible Californians received food benefits.
- In recent years, the state has raised awareness of the program and made it easier to receive benefits by updating the name (from the Food Stamp Program to CalFresh), eliminating the fingerprinting requirement for eligibility, instituting online applications, and simplifying application and recertification requirements for the elderly.

California's Participation Rate Had Increased, as Has National Rate

	2008	2009	2010	2011	2012	2013	2014	2015
California	50%	53%	55%	57%	63%	66%	66%	70%
United States	65	72	75	79	83	85	83	83

Note: Years correspond to federal fiscal years. Participation rate is estimated using sample data and therefore is subject to some uncertainty.



CalWORKs Background

- What Is CalWORKs?** The California Work Opportunity and Responsibility to Kids (CalWORKs) program provides monthly cash grants to low-income families with children.
- How Is CalWORKs Funded?** CalWORKs is funded by a combination of federal block grant funds, the state General Fund, local realignment funds, and other county funds. Total costs have been about \$5 billion in recent years. Approximately \$3 billion of this amount is used to provide monthly cash grants, while the remainder is used for employment training, child care, supportive services, and program administration.
- Who Is Eligible for CalWORKs?** Families with children are generally eligible if they have low income (for example, income below about 85 percent of the FPL), are legal residents, and have not exhausted the 48-month cash assistance time limit. Families whose adults are ineligible—due to immigration status, having reached the time limit, or as a result of not participating in required work-related activities—still receive the children's portion of the cash grant.
- How Much Are Grants and How Are They Calculated?** Families with no earnings receive the maximum CalWORKs grant—currently \$714 for a family of three in a high-cost county. After an income disregard, the grant amount is reduced by \$0.50 for every \$1 in earnings. Therefore, a family which combines earnings with CalWORKs assistance will have greater total resources (grant plus earnings) than a family with no earnings. As shown in the figure, the average family grant is estimated to be \$566 per month in 2018-19. (There is no automatic COLA for CalWORKs grants.)

CalWORKs Caseload and Grants: Then and Now

	2008-09	Projected 2018-19
CalWORKs families	504,994	400,777
Maximum monthly grant	\$723	\$714
Average monthly grant	533	566



Recent Changes to CalWORKs Grants



Grants Were Flat in Mid-2000s and Reduced During the Recession . . . Beginning in the mid-2000s, annual COLAs were frequently suspended. In 2009, grants were reduced by 4 percent and the statutory COLA was eliminated. In 2010, grants were further reduced by 8 percent.



. . . Then Largely Restored. Grants were increased 5 percent in 2014, 5 percent in 2015, and 1.4 percent in 2016. In 2017, the state repealed the Maximum Family Grant rule, expanding grants to include children who had been ineligible because they were born when the family was receiving CalWORKs grants.



Grant Amounts Remain Below Their Pre-Recession Levels.

- Grant increases in recent years have largely restored the dollar amount of the reductions made during the recession. However, maximum grants remain about \$10 below their 2008-09 level.
- ***Loss in Purchasing Power.*** After adjusting for inflation, the 2018-19 grant amount will have lost about \$220 of its purchasing power relative to the 2008-09 grant. In other words, had the 2008-09 grant level been increased annually with inflation, it would be \$220 higher than today's grant.

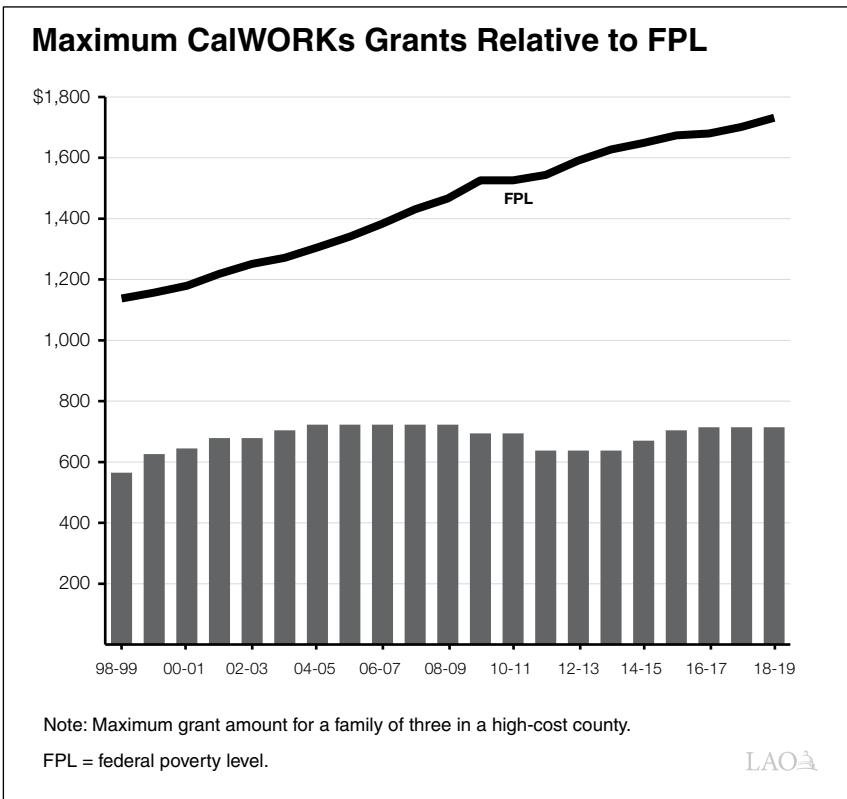


Recent Changes to CalWORKs Grants

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Overall, Maximum Grant Amount Remains Below FPL. The figure shows the maximum CalWORKs grant amount for a family of three in a high-cost county each year relative to the federal poverty level.





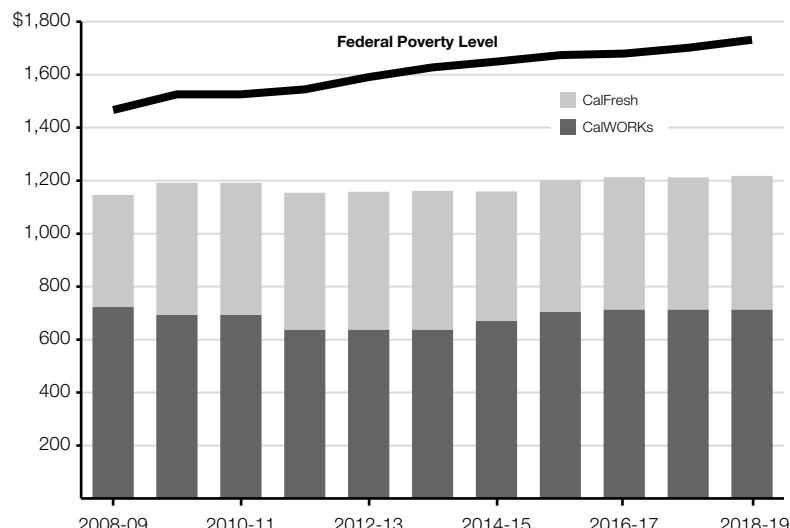
CalWORKs and CalFresh Together



Maximum Combined CalWORKs and CalFresh Benefits Remain Below FPL

- Families who receive CalWORKs monthly grants are generally eligible to receive CalFresh food benefits as well. As a result, it is often helpful to assess these two programs together.
- During the recession, the state took various actions to reduce the General Fund cost of CalWORKs, including reducing grant amounts. At the same time, the federal ARRA program temporarily increased food benefit amounts, offsetting a portion of the decline in the CalWORKs grant.
- Overall, as shown in the figure, the maximum combined CalWORKs/CalFresh benefit has remained relatively flat in recent years while the FPL has increased. In 2008-09, the combined benefit was 80 percent of the FPL, whereas it is projected to be 70 percent in 2018-19.

Maximum Combined CalWORKs and CalFresh Benefits Relative to Federal Poverty Level



Note: CalWORKs grant is maximum grant amount for a family of three in a high-cost county. CalFresh benefit amount reflects estimated benefit for a household of three who receives the maximum CalWORKs grant amount and no other income.

