PUBLIC ASSISTANCE IN CALIFORNIA: FACTS AND FIGURES

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INTRODUCTION

Decisions affecting California's two primary welfare programs--Aid to Families with Dependent Children (AFDC), which provides cash grants to needy children and their parents, and Supplemental Security Income/State Supplementary program (SSI/SSP), which provides cash grants to the aged, blind, and disabled--are among the more important decisions that the Legislature must make. There are two reasons for this. First, these decisions can have a more immediate and dramatic impact on the lives of individual Californians than is the case with most other decisions it makes. This is particularly true when issues affecting eligibility are being resolved. Second, these two programs are among the most costly administered by the state. Together, they account for 11 cents out of every dollar spent from the state's General Fund.

Our office frequently is called upon to provide the Legislature with facts and figures regarding these two programs. This information may be provided through our annual Analysis of the Budget Bill, in testimony to legislative committees, in letters responding to requests from Members, or even over the telephone. No one source, however, provides a complete picture of the AFDC and SSI/SSP programs.

This report provides a compilation of the data concerning these two programs that we have gathered in recent years. It also provides a comprehensive description of the rules governing the programs.

The report begins with a brief history of the AFDC and SSI/SSP programs in California and the U.S. as a whole, including trends in caseloads and expenditures. Then, for each program the report (1) describes eligibility requirements and other rules governing the program, (2) presents trends in caseloads, expenditures, and the characteristics of program recipients, and (3) provides a perspective on benefit levels.

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ACKNOWLEDGEMENTS

Much of the information on welfare recipients presented in this report is derived from data gathered and compiled by the Department of Social Services. We are grateful to the department for its continuing cooperation in making this data available to us. In particular, we wish to express our gratitude to the Statistical Services Branch and the Adult Program Management Bureau for providing data on the characteristics of those persons receiving assistance under the Aid to Families with Dependent Children program and Supplemental Security Income/State Supplementary program.

EXECUTIVE SUMMARY

This report contains a compilation of selected data on California's two major public assistance programs--the Aid to Families with Dependent Children (AFDC) program and the Supplemental Security Income/State Supplementary program (SSI/SSP). The purpose of the report is to assemble in one place basic information on AFDC and SSI/SSP that could be useful to the Legislature in making policy decisions affecting these two programs.

The report begins with an overview of the history, caseloads, and expenditures of California's public assistance programs, set within the context of national policies and programs. The report then describes for each program (1) eligibility requirements and policies and (2) historical trends in caseloads, expenditures, and the characteristics of the program's recipients. Finally, for each program the report describes California's benefit levels and compares them to (1) benefit levels in other states, (2) trends in inflation, and (3) the federal poverty level. The report also catalogues other publicly financed benefits that <u>may</u> be available to AFDC or SSI/SSP recipients.

A. AN OVERVIEW OF PUBLIC ASSISTANCE PROGRAMS IN CALIFORNIA

<u>Caseloads and Expenditures</u>. In general, California has a relatively large share of the nation's public assistance population. In addition, it spends more on a per capita basis for welfare than does the nation as a whole. Specifically:

- Since 1975, between 6 and 7 percent of California's population has been receiving benefits each month under the AFDC program.

In contrast, AFDC caseloads in the other 49 states, as a percent of population, range from 5.2 percent in 1975 to 4.3 percent in 1983.

- The percentage of Californians receiving SSI/SSP benefits declined from 3.1 percent in 1975 to 2.6 percent in 1983. During the same period, the percentage of the population in the other 49 states receiving SSI/SSP benefits declined from 1.9 percent to 1.6 percent.
- In 1983, California, with 11 percent of the nation's population, accounted for 21 percent of the nation's expenditures on AFDC and 22 percent of its expenditures on SSI/SSP.
- In 1983, California spent 0.9 percent of its personal income to support AFDC families, while the other 49 states spent 0.5 percent of their combined personal income on AFDC benefits.
- In 1983, California spent 0.6 percent of its personal income on SSI/SSP benefits, while the other 49 states spent 0.3 percent of their combined personal income on SSI/SSP benefits.

B. AID TO FAMILIES WITH DEPENDENT CHILDREN

Eligibility. The federal government sets the basic eligibility requirements for the AFDC program. The federal law:

- Places a limit of $1,000 on the amount of real and personal property a family may have and still qualify for AFDC.
- Permits AFDC families to own a motor vehicle provided that its equity value is not over $1,500.

- Determines eligibility based on a standard of need that is developed by the state. California's standard is $555 per month for a family of three. A family of three with a net income above $555 per month is not eligible for AFDC in California.
- Requires all AFDC recipients, with certain exceptions, to register for employment services, training, and other employment-related activities under the Work Incentive program in order to qualify for AFDC.

<u>States' Options</u>. Although federal law specifies most of the eligibility requirements for AFDC, the law allows states several options for varying these rules. For example, federal law permits states to:

- Count the value of food stamps or housing subsidies as income to the recipient. California does not count these items as income.
- Provide assistance to women in the last four months of pregnancy who have no other children but otherwise would be eligible for aid. California has elected this option and provides aid to these women.
- Provide aid to 18 year olds who expect to complete high school or vocational school prior to their 19th birthday. California provides aid for these 18 year olds.
- Prorate the portion of the need standard and grant amount for shelter, utilities, and similar needs whenever the AFDC family lives with other individuals as a household. California does not make this adjustment in the need standard.

- Provide supplemental payments to recipients whose income from sources other than the AFDC grant declines. California does not provide supplemental payments for this purpose.
- Establish any of several different work programs.

State-Only Programs. In addition to the federally funded AFDC program, California administers programs that provide benefits for certain families with unemployed parents (AFDC-U) and pregnant women who are not eligible for benefits under federal law. These benefits are fully funded by the state and its 58 counties.

Historical Trends. Our review of historical trends in caseloads, expenditures, and characteristics of AFDC recipients shows that:

- The number of persons receiving AFDC increased by 202,000 persons, or 14 percent, between 1977-78 and 1984-85 (estimated). The increase is partly due to (1) a court case that qualified unemployed mothers for aid and (2) general increases in the state's population.
- Between 1977-78 and 1984-85 (estimated), AFDC expenditures increased by $1.7 billion, or 94 percent. The increase is due primarily to caseload increases and cost-of-living adjustments to AFDC grants.
- The average size of the AFDC family declined substantially between 1967 and 1977. Since 1977, family size has remained relatively unchanged.
- In 1982, half of the AFDC-FG families had been on aid for three or more years during their lifetimes. Half of the AFDC-U

families had received aid for a year and one-half or more during their lifetimes.

- In 1983, the AFDC grant was the sole source of income for 87 percent of AFDC-FG families and 78 percent of AFDC-U families. The proportion of recipients with no other reported income was higher in 1983 than in any other recent year, and is due to recent changes in federal eligibility requirements.
- Between 1975 and 1983, the percentage of those receiving AFDC-U benefits who were not U.S. citizens increased from 10 percent to 35 percent. For the most part, this increase reflects the large number of AFDC-eligible refugees admitted to the U.S. that have chosen to locate in California.
- Data on the birthplaces of AFDC children do not appear to support the view that families move from other states to California to receive AFDC benefits.
- In terms of sheer numbers, AFDC recipients live in large cities and urban counties. However, on a per population basis, AFDC recipients make up a larger share of the residents in the central valley and northern counties.
- The ethnic composition of the AFDC-FG program is about one-third white, one-third black, and one-third Hispanic. The composition of the AFDC-U program is somewhat different: 36 percent white, 26 percent Hispanic, 6 percent black, and 29 percent Asian or Pacific Islander.

- On a national basis, the most likely reason for a family turning to AFDC-FG for aid is the absence, separation, or death of the male spouse. The most likely reason that a family will leave the AFDC rolls is the marriage of the female head of household.

AFDC Grant Levels in Perspective. The main goal of the AFDC program is to provide needy people with sufficient funds so that they can achieve at least a minimum standard of living. While there is no totally objective method for determining the extent to which current AFDC grants are "adequate," there is data available that can help one make a subjective assessment of this important and controversial matter. Our review indicates that:

- Compared to the other 10 largest states, California's AFDC grants are higher.
- The purchasing power of AFDC grants also was higher in California than it was in most other states during 1982 (the most recent period for which data is available).
- Between 1974 and 1982, the purchasing power of California's AFDC grant increased by approximately 7 percent. During the same period, the "real" value of the median family income in California decreased by 6 percent. Between 1981-82 and 1984-85, the purchasing power of the AFDC grant decreased by about 9 percent.
- Compared to the federally designated poverty level, the combined AFDC grant and food stamps benefit provided to an AFDC family of three in 1983-84 equaled 91 percent of the poverty level income.

C. SUPPLEMENTAL SECURITY INCOME/STATE SUPPLEMENTARY PROGRAM

Eligibility. Whenever the federal government administers a state's SSP program, as it does for California, federal eligibility requirements are used to determine an applicant's eligibility for both the SSI and SSP programs. These requirements allow an individual or couple to qualify for the SSI/SSP program if the applicant:

- Is aged (65 years of age or older), blind, or disabled.
- Has no more than $1,037 in income.
- Has personal property valued at $1,500 or less ($2,250 or less for couples).
- Has household and personal effects with an equity value of no more than $2,000.
- Has, with certain exceptions, a motor vehicle having an equity value of no more than $4,500.

An individual or couple can own a home and still qualify for the SSI/SSP program.

Historical Trends. In part, our review of program information pertaining to the SSI/SSP in California indicates that:

- The number of persons receiving SSI/SSP benefits declined by 60,752 persons, or 9 percent, between 1980-81 and 1984-85 (estimated). This decrease is due principally to a decline in the number of aged persons qualifying for SSI/SSP.
- Contrary to the conventional wisdom, the SSI/SSP program does not primarily serve aged persons. In fact, the majority (57 percent) of SSI/SSP recipients are eligible because of a disability. The aged comprise about 40 percent of total recipients.

- Total SSI/SSP program costs have increased each year since the program began in 1974. Between 1980-81 and 1984-85, however, <u>state</u> costs declined by $89 million, or 7 percent, primarily because increases in unearned income--especially social security benefits--reduced grant payments to many recipients.
- In January 1984, at least 395,000 recipients, or 62 percent of all recipients, received income--earned or unearned--from another source in addition to their SSI/SSP grant. The principal source of this other income is social security benefits.
- In January 1984, 436,000 recipients, or 68 percent of all recipients, did not own property or have any resources other than income. During the same month, 270,000 recipients owned resources of one type or another, as follows: (1) an automobile (55 percent), (2) a home (33 percent), (3) a life insurance policy (11 percent), or (4) other resources (1 percent).
- In January 1984, 500,000 SSI/SSP recipients, or 81 percent, resided in independent living arrangements (that is, they resided in owned or rented quarters).
- The two most common reasons why a recipient ceases to participate in the program are (1) death and (2) increases in income from other sources that make them ineligible for the program.
- The single largest group of recipients in the SSI/SSP program are disabled white females, who comprise 22 percent of all recipients.

- About 35 percent of all SSI/SSP recipients in California reside in Los Angeles County; other counties having a large share of the state's caseload are San Diego (6 percent), Alameda (5 percent), San Francisco (5 percent), and Orange (4 percent). However, on a per population basis, SSI/SSP recipients make up a larger share of the residents in the central valley and northern counties.

SSI/SSP Grant Levels in Perspective. As with the AFDC program, there is no totally objective method for determining the extent to which current SSI/SSP grants are "adequate." There is, however, data available that can help one make a subjective assessment of this matter. Our review indicates that:

- Of the ten largest states, only five chose to supplement the basic SSI grant. Of these five states, California provided the largest supplement to both individuals and couples.
- During 1982, the purchasing power of the SSI/SSP grant was higher in San Diego, Los Angeles, and San Francisco than in any other area in the U.S. The purchasing power of the SSI/SSP grant was the highest in San Diego where it allowed a couple to live at 174 percent of the lower budget for a retired couple, as estimated by the Bureau of Labor Statistics. The same grant provided a couple with 121 percent of the costs of the intermediate budget.
- Between 1974 and 1982, the purchasing power of the SSI/SSP grant declined in California. This decline, however, was not as much as the decrease in the purchasing power of the median family income.
- Since 1978-79, the SSI/SSP grant has allowed a recipient to stay above the federally designated poverty level.

CHAPTER I

AN OVERVIEW OF PUBLIC ASSISTANCE CASELOADS AND EXPENDITURES: U.S. AND CALIFORNIA

Various factors contribute to changes in expenditures and caseloads for welfare programs. In general, such changes occur in the context of changes in the population and income of both the state and the nation. This chapter identifies the changes in caseloads and costs under the AFDC and SSI/SSP programs against the background of changes in the population and income of California and the rest of the U.S.

What Percent of California's Population Receives Cash Assistance Under AFDC or SSI/SSP?

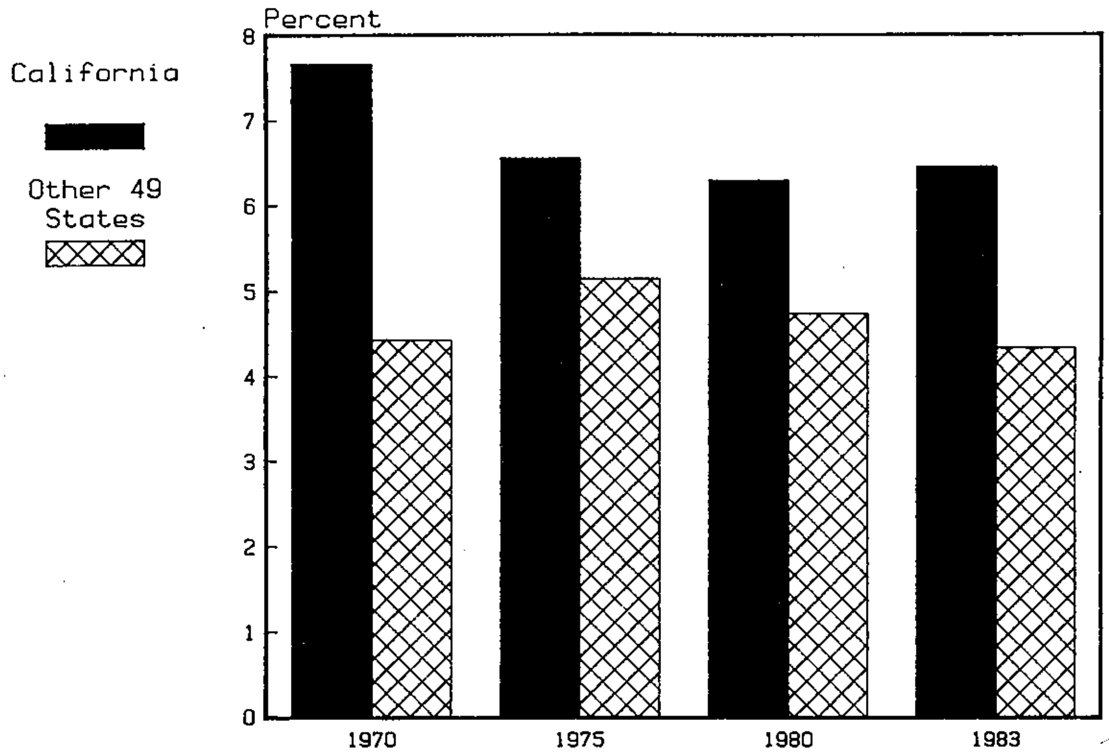
Since 1975, the percentage of Californians receiving AFDC has averaged between 6 and 7 percent. This is illustrated in Chart 1. By comparison, AFDC caseloads in the other 49 states, as a percent of population, declined from 5.2 percent in 1975 to 4.3 percent in 1983.

In contrast to the AFDC program, the percentage of Californians receiving SSI/SSP has declined since 1975, from 3.1 percent in 1975 to 2.6 percent in 1983. This is illustrated in Chart 2. This decline parallels a downward trend in the percentage of individual's receiving SSI/SSP benefits that occurred in the other 49 states.

Chart 1

Percent of Population on AFDC

California & the Other 49 States

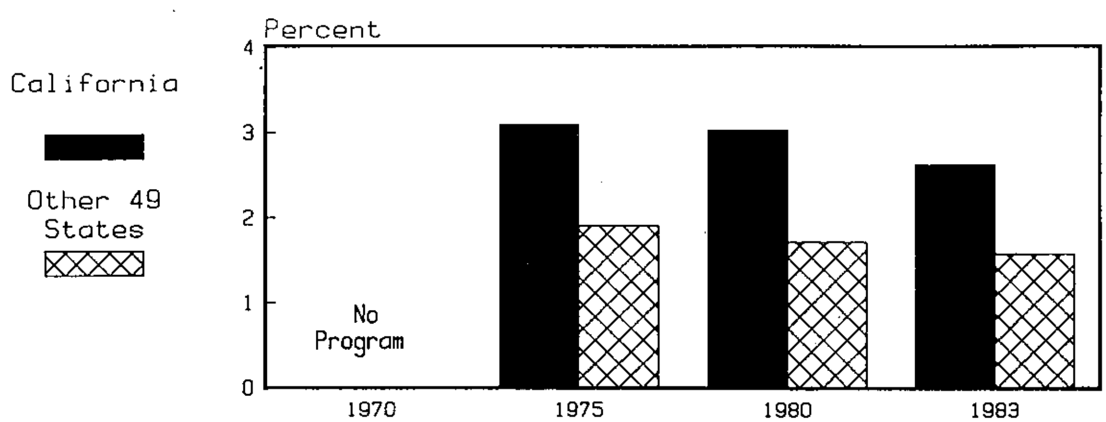


SOURCE: Department of Social Services, 1984-85 Governor's Budget, and U.S. Bureau of the Census.

Chart 2

Percent of Population on SSI/SSP

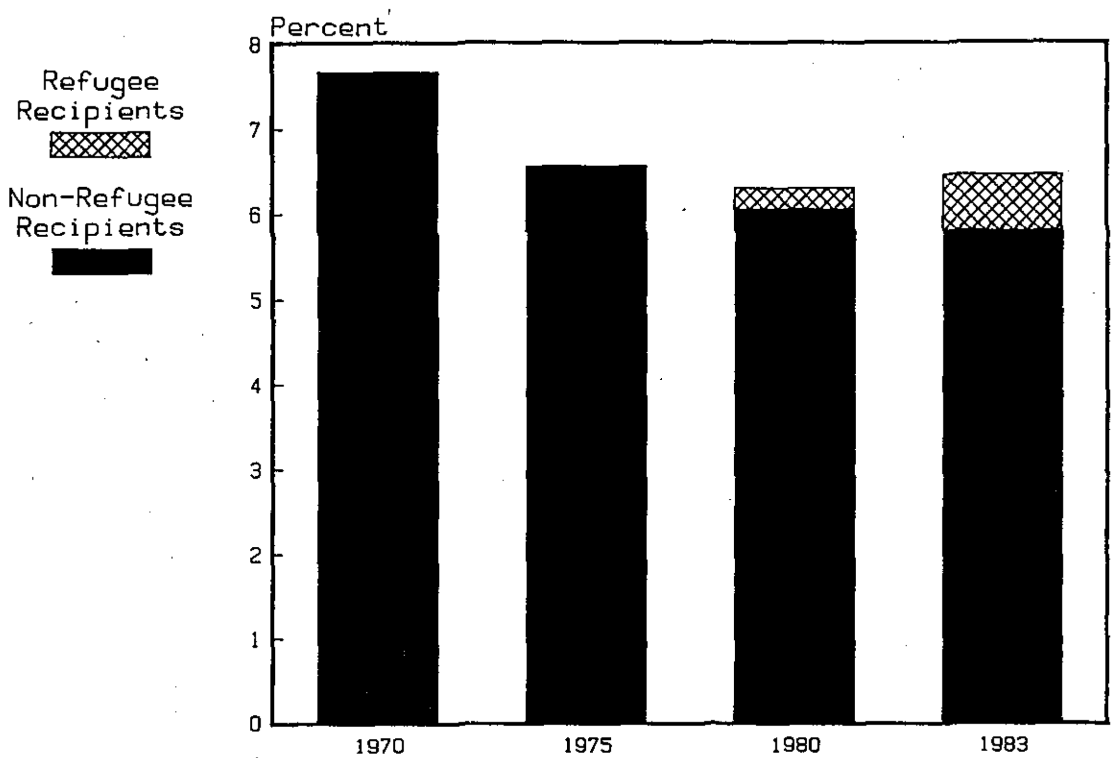
California & the Other 49 States



SOURCE: Department of Social Services, 1984-85 Governor's Budget, and U.S. Bureau of the Census.

One reason why the percentage of Californians on AFDC has remained relatively stable--despite the decline in caseloads nationwide--is that a large number of refugee families have settled in California and qualified for assistance. Chart 3 shows the percentage of Californians on AFDC and divides the total into two categories: refugees and nonrefugees. The chart shows that the percent of Californians receiving AFDC would have declined between 1975 and 1983 had it not been for the increased number of refugees receiving AFDC.

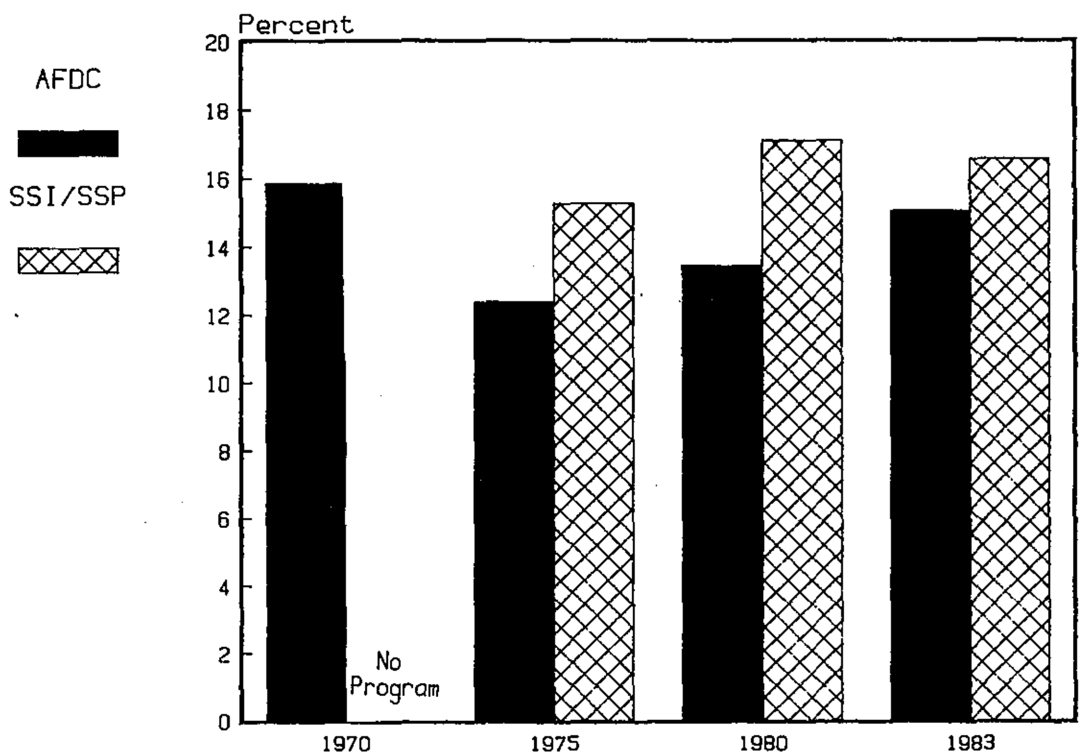
Chart 3
Percent of Population on AFDC
California



SOURCE: Department of Social Services.

Chart 4 shows the percent of AFDC and SSI/SSP recipients nationwide who reside in California. As the chart shows, during 1983 15 percent of all AFDC recipients and about 17 percent of all SSI/SSP recipients lived in California. In terms of population, California accounts for about 11 percent of the U.S. total. Chart 4 also shows that, historically, SSI/SSP recipients are more heavily concentrated in California than are AFDC recipients. This difference, however, is shrinking as California's share of AFDC recipients nationwide has increased.

Chart 4
California Aid Recipients
As Percent of U.S. Recipients



SOURCE: Department of Social Services, 1984-85 Governor's Budget, and U.S. Bureau of the Census.

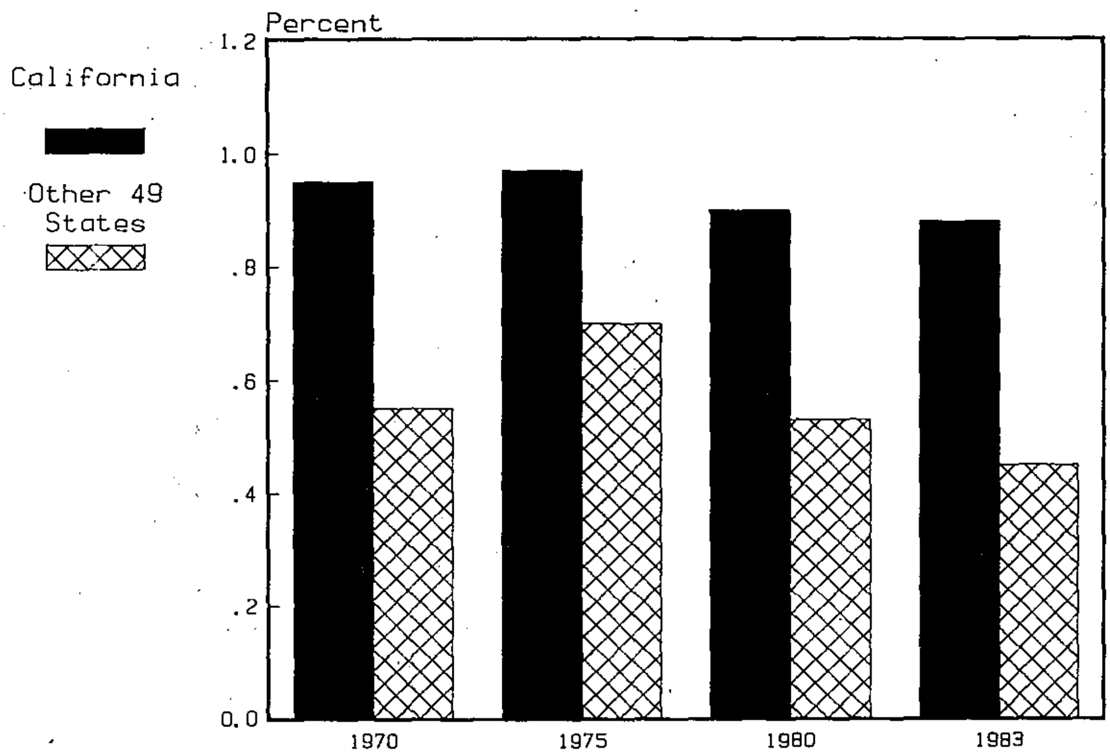
What Percent of California's Personal Income Goes for Support of the AFDC and SSI/SSP Programs?

Chart 5 shows the percent of personal income spent on the AFDC program in both California and the rest of the nation. We estimate that in 1983, California spent 0.88 percent of its personal income to support AFDC families, while the other 49 states spent only 0.45 percent of their combined personal income on the AFDC program. This difference is due to two factors: (1) the percentage of California's population receiving AFDC payments is larger than the national average and (2) California's grant levels are higher than those of most other states. Both in California and in the nation as a whole, the share of personal income going for AFDC

Chart 5

Percent of Personal Income Spent

AFDC -- Calif. & Other 49 States

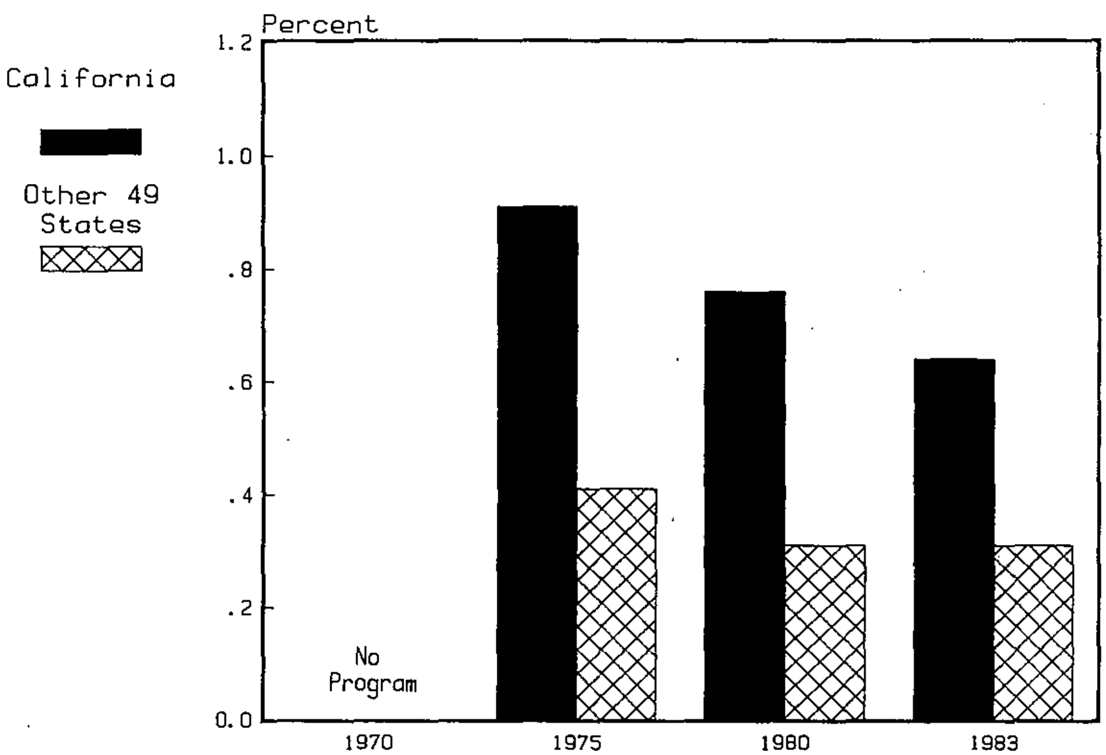


SOURCE: Department of Social Services, 1984-85 Governor's Budget, and U.S. Bureau of the Census.

payments has decreased since 1975. The decrease in California (from 0.97 percent to 0.88 percent) would have been much larger had it not been for the sharp increase in the number of refugee families receiving AFDC.

Chart 6 shows the share of personal income in both California and the nation that went to support SSI/SSP recipients. We estimate that in 1983, California spent 0.64 percent of its personal income to support the SSI/SSP program. This is down significantly from 1975, when California spent 0.91 percent of its personal income on the program. The other 49 states spent 0.31 percent of their combined personal incomes on the SSI/SSP program--down from 0.41 percent in 1975. In both cases, the decline is due primarily to the drop in the percentage of the population receiving SSI/SSP grants.

Chart 6
Percent of Personal Income Spent
SSI/SSP -- Calif. & Other States



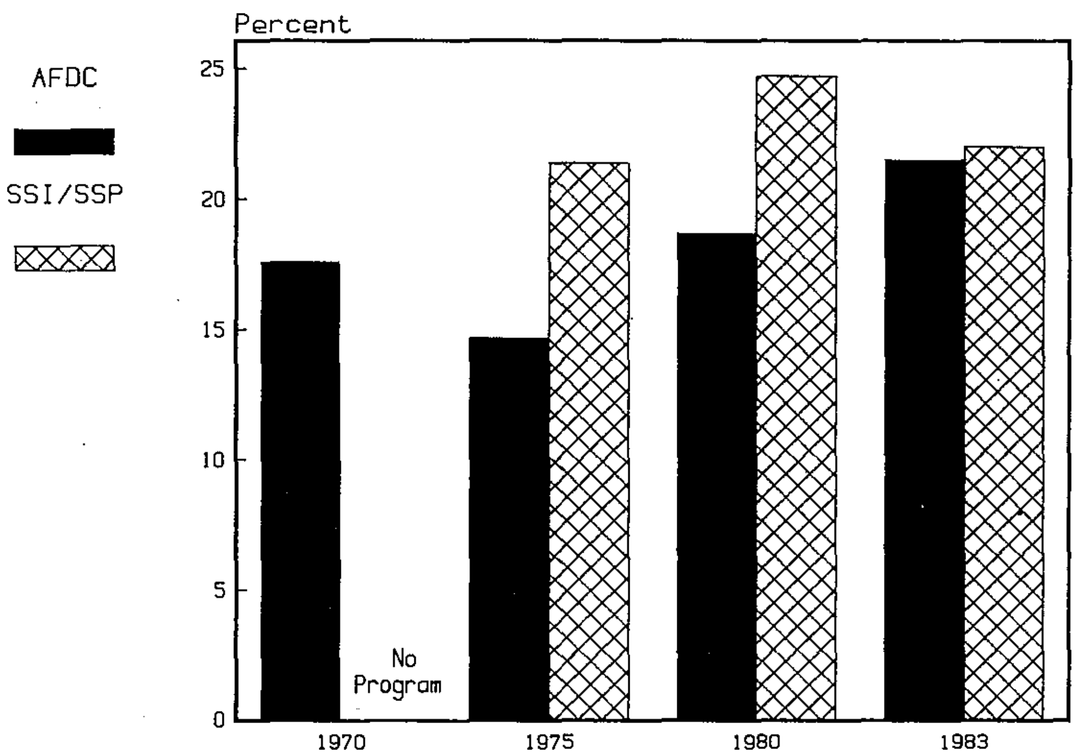
SOURCE: Department of Social Services. 1984-85 Governor's Budget, and U.S. Bureau of the Census.

Finally, Chart 7 shows California's share of total expenditures for the AFDC and SSI/SSP programs. It shows that in 1983, California accounted for 21 percent of U.S. expenditures on AFDC and 22 percent of U.S. expenditures on SSI/SSP. California's share of national AFDC expenditures has increased steadily since 1975. This is due to two factors: (1) the growth in the percentage of AFDC recipients residing in California and (2) increases in California's AFDC grant levels exceeding the increases provided by most other states. Again, part of the increase in caseload is due to the large influx of refugee families qualifying for AFDC. In addition, as the AFDC grant level in California increases relative to the grant levels in other states, a greater share of the state's population is able to meet the financial eligibility requirements for participating in the program, thereby causing the caseload to increase.

Chart 7

California Aid Expenditures

As Percent of U.S. Expenditures



SOURCE: Department of Social Services, 1984-85 Governor's Budget, and U.S. Bureau of the Census.

California's share of national SSI/SSP expenditures declined from nearly 25 percent in 1980 to 22 percent in 1983. This reflects the fact that California's caseloads have decreased over this period more rapidly than caseloads in the other 49 states.

Part One: Aid to Families with Dependent Children

CHAPTER II

ELIGIBILITY REQUIREMENTS: AFDC

The Aid to Families with Dependent Children (AFDC) program is the nation's primary public assistance program, providing cash grants to children and their parents or guardians when the parents' income is not sufficient to meet the family's basic needs. All 50 states, the District of Columbia, and three territories participate in the AFDC program.

This chapter discusses the basic eligibility requirements established by the federal government that must be met in order to participate in the AFDC program. Some states, such as California, have established certain eligibility criteria that differ from the federal requirements. Federal funds are not available to help finance benefits paid to those recipients who are able to satisfy the state, but not the federal, requirements. Differences between the two sets of requirements also are discussed in this chapter. In addition, this chapter discusses several options that the federal government has made available to the state for modifying the AFDC program's eligibility requirements.

Table 1 compares the eligibility requirements adopted for the AFDC program by California and the nine next largest states, as of December 1983. (Where the eligibility criteria in a state is identical to the federal criteria, it is so noted.) Recent federal legislation (PL 98-369) has made several changes in AFDC eligibility rules and rules affecting determination of AFDC grant payments. These changes are discussed in

Appendix G. Most provisions of the act are expected to take effect October 1, 1984.

We use the 10 largest states as the basis for comparing eligibility requirements because these states account for about 72 percent of the total U.S. population and approximately 70 percent of the nation's AFDC population. In addition, these states represent every region in the country and include both large urban and rural populations.

Categorical Requirements

The AFDC program has three components: (1) the AFDC-Family Group (AFDC-FG) program, (2) the AFDC-Unemployed Parent (AFDC-U) program, and (3) the AFDC-Foster Care (AFDC-FC) program. The federal government also provides financial participation for emergency assistance payments in states which have exercised their option to establish such programs.

AFDC-FG. The AFDC-FG program provides cash assistance to families where one parent is absent, deceased, or physically or mentally incapacitated.

AFDC-U. This program provides cash grants to families where there is not an absent parent but one parent is unemployed. The federal government does not require states to establish an AFDC-U program. Among the 10 largest states, 3 states--Texas, Florida, and North Carolina--do not have an active AFDC-U program. (Although Florida has enacted legislation establishing an AFDC-U, the program has not been funded.)

In order to qualify for federal support under the AFDC-U program, the family's unemployed parent must:

- Be the "principal wage earner." (The federal government defines the principal wage earner as the parent who earned the greater amount of income in the 24-month period preceding either the month of application for AFDC benefits or the date of redetermination.)
- Be unemployed for at least 30 days prior to the date of application.
- Have established a connection with the labor force. A labor force connection is established by meeting either one of the following two requirements for six calendar quarters during a 13 calendar quarter period ending within a year of the application date: (1) gross earnings of at least $50 during the quarter or (2) participation for five or more days in a Work Incentive (WIN) program or a Community Work Experience program (CWEP).
- Not have refused job training.

AFDC-FC. This program provides cash grants for children who have been placed by a court in a foster care home after being removed from an AFDC-eligible family. Because this report reviews only those programs that provide cash assistance directly to individuals, the Foster Care program is beyond the scope of the report and will not be discussed.

Emergency Assistance. The Emergency Assistance (EA) program is designed to provide short-term aid to families with a needy child who risk destitution without such assistance. Aid is available for not more than 30 days in any 12-month period. The federal government requires states to specify the eligibility requirements or emergency needs to be met, and the services to be provided under their EA programs.

Seven of the ten largest states (including California) have EA programs. The three states without an EA program are Texas, Florida, and North Carolina.

Resource Requirements

Property Limitation. Federal law limits the amount of real and personal property which a family may have and still be eligible for AFDC. Currently, the limit on real and personal property is $1,000. Five states, including California, specifically count cash assets, such as the value of life insurance, toward the $1,000 limitation. Florida has a more general standard, which counts "all items of cash value" toward the $1,000 limit.

Federal regulations allow exemptions to the $1,000 limit for "basic maintenance items essential to day-to-day living such as clothes, furniture, and other similar essential items of limited value." In California, personal and household items that are exempt from the $1,000 limit include furniture, major and minor appliances, kitchenware, air conditioners, television sets, wedding rings, heirlooms, and gardening and cleaning supplies.

States are allowed to exclude other items from the $1,000 limit, and California has done so. It is the only large state to exempt burial insurance and prepaid burial contracts from the limit. In contrast, six states specifically count these items as available resources when determining eligibility.

Motor Vehicle. Federal regulations allow AFDC families to own a motor vehicle with an equity value of not more than $1,500. States are allowed to limit the equity value to even lower amounts. Of the 10 largest states, only Ohio, which uses a $1,200 maximum, has chosen to set a limit on the equity value of a motor vehicle that differs from the federal limit.

Property Transfer. Federal regulations do not prohibit families from transferring property to someone else for the purpose of reducing their assets sufficiently to qualify for AFDC. Five states--California, Texas, Pennsylvania, Michigan, and Florida--have adopted regulations, however, that prohibit families from transferring property with the intent of qualifying for aid. Under California's property transfer provision, a family cannot qualify for AFDC if it transfers property without receiving fair payment for the property. Texas and Pennsylvania have similar provisions. Michigan specifies that an applicant is ineligible for aid for one year after the property is transferred. Florida denies eligibility for two years after such a transfer.

Income Requirements

Need Standard. Federal regulations require states to identify, by family size, the monthly amount of money "needed" to live in the state. This amount is referred to as the "need standard." California's need standard was established in 1971 and has been modified several times since then. Currently, state law requires that the need standard be increased annually to reflect changes in the cost of living.

Because each state establishes its own need standard, these standards vary greatly across the country. In addition, some states have multiple need standards that vary by geographic location within the state. Illinois, for example, has three different need standards, with the highest one being applicable to the Chicago area.

California has a single standard of need that depends only on family size. As of December 1983, California's need standard for a family of three was the fourth highest ($526) among the 10 large states, falling short of Pennsylvania's ($549), Illinois' ($542), and Ohio's ($537). (As of July 1, 1984, California raised its need standard for a family of three to $555.)

Gross Income Limit. In order to qualify for AFDC payments, a family must pass two income tests: a gross income test and a net income test. Under the gross income test, families with a gross income exceeding 150 percent of the state's need standard are not eligible for aid. (This limit was raised by PL 98-369 to 185 percent of the need standard effective October 1, 1984 [see Appendix G].) "Gross income" includes income from all sources, and makes no allowance for mandatory payroll deductions. During 1984-85, the gross income limit for a family of three in California is $833 per month. Thus, a three-person family with gross income exceeding $833 per month is not eligible for AFDC in California. The gross income limit varies widely among states. This is because each state's income limit is based on its need standards which, as noted above, vary widely.

Net Income Limit. A family is eligible for AFDC if its income, less allowable deductions, is below the AFDC need level. Allowable deductions include the following:

- Work-related expenses.
- Child care expenses.
- $30 and one-third of earned income.

Some states subtract these deductions from gross income; other states, including California, have been directed by a federal court to subtract these deductions from income after mandatory deductions--for example, income taxes and social security--have been made. (Congress clarified this issue in PL 98-369 requiring these deductions to be subtracted from gross income.)

The first deduction is for work-related expenses. The federal government requires states to disregard a flat $75 if the AFDC applicant/recipient is working full-time. States are permitted to disregard a lesser amount if the individual is working part-time. Nine of the ten largest states, including California, deduct $75 for full-time workers. Michigan sets the deduction equal to 18 percent of gross earnings, up to a maximum of $75, for both full-time and part-time workers.

As of December 1983, California, New York, and Texas provided for a $50 deduction in the case of part-time workers. Three other states also made reduced deductions for part-time work: Florida ($38), Pennsylvania ($55), and Illinois ($60). The remaining five states had not established separate deductions for part-time work. (Starting October 1, 1984, PL 98-369 requires that states provide a $75 work expense deduction for all persons with earnings, regardless of whether they worked full-time or part-time [see Appendix G].)

The second income deduction is for dependent or child care expenses. The federal government permits individuals working full-time to deduct actual dependent care expenses up to a maximum of $160 per dependent per month. The federal government requires states to limit dependent care deductions for part-time workers to lesser amounts.

The third income deduction is for earned income. The federal government requires that the first $30 of earned income and one-third of the remainder be disregarded when calculating an individual's net income. (This deduction is referred to as the "$30 and one-third" disregard.) In the case of persons who have received AFDC at any time during the four months prior to the application date, the $30 and one-third deduction can be applied to income in order to arrive at the person's net income. In the case of persons who are applying for AFDC for the first time or who have not received aid during the most recent four-month period, the $30 and one-third deduction is <u>not</u> applied when determining eligibility, but it is provided for up to four months after eligibility has been established in calculating the grant to which the recipient is entitled. (Public Law 98-369 extended from 4 months to 12 months the period of time that the $30 earned income disregard can be applied [see Appendix G].)

<u>Grant Payments</u>. The maximum AFDC grant is the amount of money a family receives if it has no other income. AFDC families that have income from another source receive grants that are less than the maximum. During 1984-85, the maximum AFDC grant for a family of three in California is $555. The actual amount of the grant provided to a family is calculated by subtracting the family's net income from the maximum aid payment.

Federal law does not require that a state's maximum grant be set at a level that is equal to 100 percent of the state's need standard. As a result, the maximum AFDC grant ranges from 100 percent of the need standard in California, New York, and New Jersey to as low as 50 percent of the standard in North Carolina. In Texas, grants to families with no other income equal 70 percent of the need standard. In addition, no AFDC payment may exceed $300, regardless of family size, making it possible for the maximum grant to be even less than 70 percent of the need standard.

Work Requirements Under the Work Incentive Program

Federal regulations require all AFDC recipients to register for employment services, training, and other employment-related activities under the Work Incentive (WIN) program in order to be eligible for grants through the AFDC program.

The federal government established the WIN program in 1967 for the purpose of helping AFDC recipients become self-supporting without government aid. It seeks to accomplish this purpose by providing incentives, opportunities, and necessary services to recipients.

An AFDC recipient is exempt from the WIN registration requirement if he or she is:

- Under age 16 or over age 65.
- Ill or incapacitated.
- Providing care for an incapacitated person or a child under age 6 in the home.
- Working at least 30 hours per week in unsubsidized employment which is expected to last a minimum of 30 days.

In California, 33 percent of AFDC-FG parents and 42 percent of AFDC-U parents were registered under the WIN program in January 1981.

In addition to WIN, states can (but are not required to) establish other types of work programs. These optional work programs include a WIN Demonstration Project, a Community Work Experience Program (CWEP), and a

Work Supplementation program. The WIN Demonstration Project allows states to modify their WIN programs in order to test different types of work programs. Under the CWEP option, states can require AFDC recipients to participate in on-the-job training or work experience in exchange for their AFDC benefits. Work supplementation programs allow states to subsidize jobs held by AFDC recipients when it can result in savings to the AFDC program.

State Options for Amending AFDC Eligibility Rules

Federal law sets forth most of the rules governing eligibility for federally supported AFDC benefits. In a few areas, however, the federal government allows states to modify the rules governing eligibility without jeopardizing the receipt of federal funds. Most of these options were created by the Omnibus Reconciliation Act of 1981 (PL 97-35) and the Tax Equity and Fiscal Responsibility Act of 1982 (PL 97-248). (Additional options were allowed under the Deficit Reduction Act, PL 98-369. Some of these options are listed in Appendix G.)

This section describes the optional federal programs available to states as a result of enactment of PL 97-35 and PL 97-248, and indicates which options California and other large states have chosen to implement. If a state elects one or more of the optional programs, the federal government will share in the costs of these programs. If, however, a state modifies any other AFDC eligibility rules, the federal government will not contribute toward the cost of benefits attributable to the modifications.

Counting Food Stamps and Housing Subsidies as Income. Under federal law, states may choose to count the value of food stamps or housing subsidies as income to an AFDC recipient in calculating the recipient's grant level. In effect, this would reduce the amount of the AFDC grant by approximately the value of the food stamps and housing subsidies.

California has not chosen to count food stamps and housing subsidies as income. None of the nine other largest states count food stamps as income, and only North Carolina has chosen to count housing subsidies as income.

Aid to Pregnant Women. Federal law allows states to provide assistance to pregnant women with no other children during the last four months of their pregnancy, provided they would otherwise be eligible for AFDC if they had a child. Women in this category may receive assistance based on the state's need standard for one person. The pregnancy must be medically verified. California and four other large states--New York, Ohio, Michigan, and Florida--provide assistance to pregnant women. California also provides aid, without federal financial participation, to pregnant women with no other children during the first five months of their pregnancy.

Aid to 18 Year Olds. Under federal law, dependent children who are less than 18 years of age are eligible for AFDC. Federal law also gives states the option of providing aid to 18 year olds who expect to complete high school or vocational school prior to their 19th birthday. Eight of the ten largest states provide aid to 18 year olds in this category. These states are California, New York, Texas, Pennsylvania, Illinois, Ohio, New Jersey, and North Carolina. Michigan and Florida do not provide aid to 18 year olds.

Proration of Need Standard for Shelter, Utilities, and Similar Needs. Federal law permits states to divide the need standard and grant amount into shelter, utilities, and other components, and prorate the grant whenever an AFDC family lives with other individuals as part of a household. In effect, this reduces the amount of the grant available to an AFDC family living with others. Proration of the grant amount is permitted on the theory that a family's shelter and utility expenses are reduced when it shares living arrangements with other families. Neither California nor any of the other large states make this adjustment to the need standard.

State-Paid Supplementation. Federal law permits states to supplement the regular AFDC grant during the period between when a family's outside income declines and when its grant is adjusted upward. Under the AFDC program, the AFDC grant received in any month is based on income earned two months earlier. If a family's outside income declines, there is a two-month lag before the grant is increased to compensate for the drop in outside income. Supplemental payments increase the grant during this two-month period. Supplemental payments are not counted as income for the purposes of calculating the AFDC grant in later months. Currently, New York and North Carolina provide these supplemental payments.

Employment Search. Federal law permits states to establish employment search programs and support them with federal funds. Under this option, states may require certain applicants and recipients to participate in a job search program, beginning at the time they apply for assistance. Currently, California operates a program of this type--the Employment Preparation program--through the Employment Development Department, but it has not qualified for federal funds under this option.

Work Incentive Program Demonstrations. Federal law allows states to establish WIN demonstration programs. Such programs are intended to demonstrate new ways of encouraging AFDC parents to find employment. These demonstration programs provide for a single state agency to administer the AFDC work programs. Six large states--Florida, Illinois, Michigan, New Jersey, Pennsylvania, and Texas--began WIN demonstration programs in 1982.

Community Work Experience Programs. Federal law allows states to establish CWEPs. Under a CWEP, certain AFDC recipients are required to participate in on-the-job training and work experience in exchange for their AFDC benefits. Seven of the ten largest states have some kind of CWEP operating. California's program operates in one county--San Diego. Pennsylvania and Michigan operate statewide programs. New Jersey, New York, North Carolina, and Ohio operate CWEPs in a limited number of counties.

California's State-Only AFDC Programs

California provides AFDC benefits to several categories of recipients that are not eligible for federal support. The grant and administrative costs associated with these recipients are paid entirely with state and county funds. (A substantial share of the state-only AFDC costs occur in the Foster Care component of the AFDC program. Because this report is concerned primarily with cash grants paid to intact families, AFDC payments for children in foster care are not discussed here.)

State-Only AFDC-U. California provides support for families with unemployed parents that fail to qualify for federal aid under federal eligibility rules. As discussed above, federal law requires that unemployed parents satisfy the following conditions in order to qualify for federal support: (1) they must have been unemployed for at least 30 days, (2) they must have an established connection with the work force, and (3) they must not have refused job training. Parents that fail to meet these conditions can receive federally supported AFDC emergency assistance during a 30-day period. For a period of two months thereafter, California will provide AFDC-U payments to these families without federal financial participation. A family can qualify for these 100 percent state- and county-funded benefits once in any 12-month period. In 1983-84, an average of about 900 families received these benefits each month.

Pregnant Women. California law provides AFDC benefits to any pregnant women who would qualify for assistance if she had other children. Aid can begin as soon as the pregnancy is verified, and is based on the AFDC maximum aid payment for a family of one. Because federal financial support for those grants is available only for the last four months of pregnancy, any aid payments made before the sixth month of pregnancy are fully funded by the state and county governments. In addition to the grant, a special needs allowance of $70 is provided to pregnant women with no other children in any month during which federal financial support is available.

Table 1

AFDC Program Characteristics in the 10 Largest States
December 1983

	California	New York	Texas	Pennsylvania	Illinois	Ohio	Michigan	Florida	New Jersey	North Carolina
I. Categorical Requirements										
A. AFDC-Family Group	Child with one parent absent, deceased, or physically or mentally incapacitated.*	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.
B. AFDC-Unemployed Parent	"Principal wage earner" unemployed, has work experience, unemployed at least 30 days, and has not refused training.*	Same.	No program.	Same.	Same.	Same.	Same.	No program (enacted, but not funded).	Same.	No program.
C. Emergency Assistance Program	State plans must specify eligibility conditions, emergency needs to be met, services to be provided, and whether migrant workers and their families are eligible. Federal participation available only for assistance authorized in one 30-day period in any 12 months.*	Same.	No program.	Same.	Same.	Same.	Same.	No program.	Same.	No program.

* Identical to federal requirement.

Table 1--contd

	California	New York	Texas	Pennsylvania	Illinois	Ohio	Michigan	Florida	New Jersey	North Carolina
1. Eligibility Conditions	Available for needy child under 21 and other family members living with child.	Same.	--	Same. Destitution did not arise because needy relative refused employment.	Same. Resident of state and AFDC recipient.	Same. Need did not arise because needy relative refused employment.	Same. Include AFDC grantees and children in foster care and protective services.	--	Same. AFDC recipient or participant in state program for unemployed.	--
2. Emergencies Covered	Unemployment.	Disasters, serious injury, property damage, mass emergencies, sudden homelessness.	--	Civil disorder or major disaster within area declared disaster area.	Lost or stolen cash; eviction, malfunction of appliances; shelter, food, transportation for family when member seeking medical care.	Nondeferrable needs, victim of crime, natural disaster, civil disorder, wage garnishment.	Civil disorder, disaster, appliance failure, health hazard, foreclosure, or utility cut-off threat.	--	Fire, flood, disaster, domestic violence, emergencies leaving family homeless.	--
3. Assistance Provided	Cash assistance.	Food, clothing, supplies, shelter, transportation, cost of home repairs (up to $500)--through money vendor payments or payments in-kind.	--	Cash, replacement of household items, medical assistance (up to 15 days), cost of home repair (up to $500) if rent for one year exceeds repair costs--through money and vendor payments.	Food, clothing, appliance repair, shelter, transportation--through vendor payments.	Food, clothing, shelter, utility payments, purchase ($500 limit) or repair ($100 limit) of home due to disaster or civil disorder--through money and vendor payments.	Food (up to $3 per day), clothing (up to $100 per person), rent to prevent eviction--through money, vendor payments, or payment in-kind.	--	Shelter, food, clothing, minimum furnishings--through money and vendor payments.	--
4. Migrant Families	Included.	Included.	--	Included for emergency medical assistance.	Not included.	Included.	Included.	--	Included.	--

Table 1--contd

	California	New York	Texas	Pennsylvania	Illinois	Ohio	Michigan	Florida	New Jersey	North Carolina
D. AFDC-Foster Care	Child placed in foster care. Federal eligibility is for a child removed by the court from an AFDC-eligible home.*	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.
II. Resource Requirements										
A. Real and Personal Property	$1,000 limit; home exempt.*	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.
1. Household/Personal Goods and Effects	Exempt.*	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.
2. Other Exclusions (from $1,000 limit)	Burial insurance and prepaid burial contracts (up to $1,000), tools necessary for employment.	None.	Farm equipment or livestock, limited for family's personal use.	None.	Savings accumulated from income exempt by law.	None.	Farm animals raised for home consumption.	Livestock, poultry, produce used for home consumption.	None.	None.
3. Specific Inclusions (in $1,000 limit)	Cash, securities, life insurance, campers, vans, mobile homes, nonfarm tools and equipment.	Life insurance.	Cash, stocks, bonds, savings, mineral rights, life and burial insurance, prepaid funeral contracts.	Life insurance, burial insurance, prepaid burial contracts, farm machinery, livestock, tools and equipment.	Same as PA.	Cash value of assets, life insurance, income-producing property.	Same as PA.	All items of cash value, exept exemptions listed above.	Same as PA.	Same as OH and PA.

* Identical to federal requirement.

Table 1--contd

	California	New York	Texas	Pennsylvania	Illinois	Ohio	Michigan	Florida	New Jersey	North Carolina
B. Motor Vehicle	One, with equity value of not more than $1,500.*	Same.	Same.	Same.	Same.	One, with equity value of not more than $1,200.	Same as CA.	Same as CA.	Same as CA.	Same as CA.
C. Property Transfer Provision	May not transfer property to qualify.	No provision.	Same.	Same as TX.	No provision.	No provision.	May not transfer property within one year of application.	May not transfer property within two years of application.	No provision.	No provision.
III. Income Requirements										
A. Gross Income Limit	150% of state's need standard before application of earned income disregards*--$789.[a]	Same--$760.	Same--$741.	Same--$823.	Same--$813.	Same--$805.	Same--$648.	Same--$600.	Same--$540.	Same--$606.
1. Need Standard, Family of Three	$526[b]	$424 (New York City)	$494	$549 (Philadelphia and Pittsburgh)	$542 (Chicago)	$537	$432 (Detroit)	$400	$360	$404
2. Maximum Aid Payment, Family of Three	$526[c]	$474 (New York City)	$148	$350 (Philadelphia and Pittsburgh)	$302 (Chicago)	$276	$404 (Detroit)	$231	$360	$202
3. Percent of Need Met	100%	100%	70%	61%	Varies by location and family size.	About 52% (varies with family size).	91.5%	57%	100%	50%

* Identical to federal requirement.
a. California's gross income limit was raised to $833 effective July 1, 1984.
b. California's need standard was raised to $555 effective July 1, 1984.
c. California's maximum grant was increased to $555 effective July 1, 1984.

Table 1--contd

	California	New York	Texas	Pennsylvania	Illinois	Ohio	Michigan	Florida	New Jersey	North Carolina
B. Allowable Income Deductions										
1. Standard Work Expenses	$75 full-time, $50 part-time (federal requirement--$75 full-time; less part-time).	Same.	Same.	Same, except $55 part-time.	Same, except $60 part-time.	Same.	18% of gross earnings, up to a maximum of $75.	Same, except $38 part-time.	Same.	Same.
2. Child Care Expenses	Up to $160 per child full-time (federal requirement--actual expenses up to $160 per month per child full-time; less part-time).	Same.	Same, except $150 part-time.	Same, except $120 part-time.	Same, except $128 part-time.	Same, except $120 part-time.	27.5% of gross earnings, up to $160.	Same, except $80 part-time.	Same.	Same, except $38 part-time.
3. Other	First $30 and one-third of remainder of earned income not already disregarded; limited to four months; not provided again until 12 months since last AFDC payment.*	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.	Same.

* Identical to federal requirement.

Table 1--contd

	California	New York	Texas	Pennsylvania	Illinois	Ohio	Michigan	Florida	New Jersey	North Carolina
C. Work Requirements										
1. Work Incentive Demonstration Program	No program.	No program.	State has established program.	State has established program.	State has established program.	No program.	State has established program.	State has established program.	State has established program.	No program.
2. Community Work Experience Program	Program in San Diego County.	Demonstration program.	No program.	Statewide program.	No program.	Program in some counties.	Statewide program.	No program.	Program in some counties.	Program in some counties.
3. Work Supplementation Program	No program.	No program.	No program.	No program.	No program.	No program.	No program.	No program.	No program.	No program.

CHAPTER III

HISTORICAL TRENDS: AFDC

This chapter provides a description of the AFDC program and its recipients. It does so by answering a series of questions often asked about the AFDC program. The first set of questions involves the number of AFDC recipients and total expenditures made on their behalf. The second set of questions involves other characteristics of the AFDC population in California and how this population has changed in recent years.

How Many People Receive AFDC?

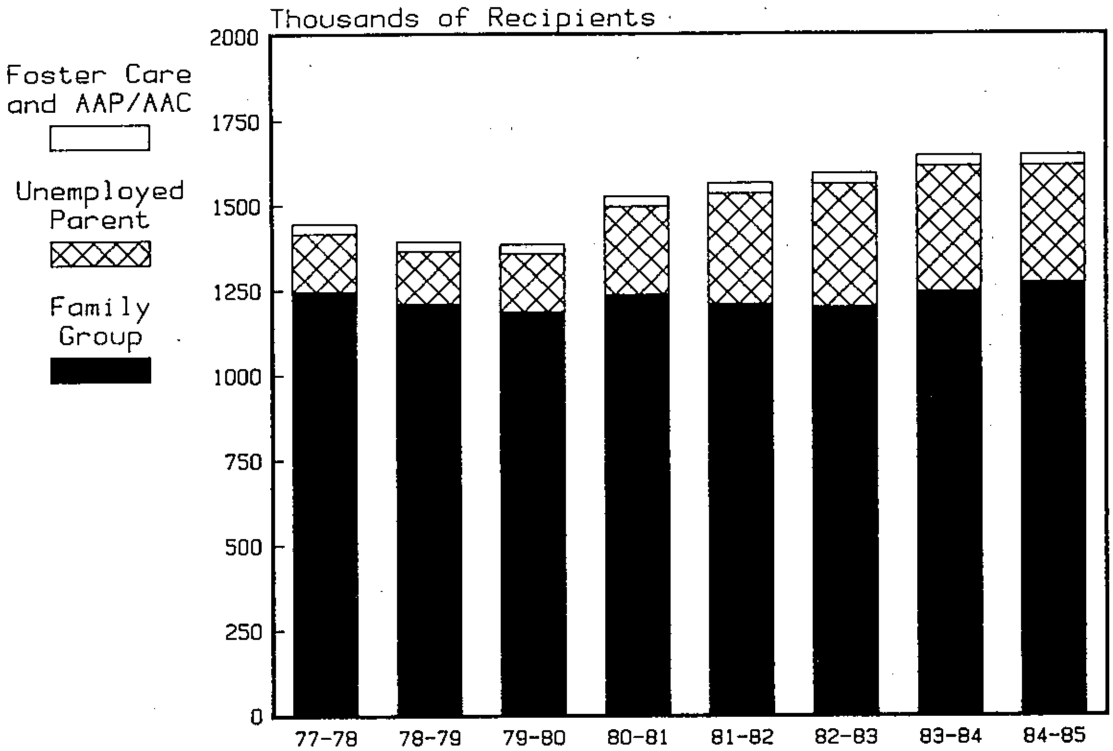
Chart 8 shows the number of individuals receiving AFDC benefits each year since 1977-78. It indicates that the AFDC caseload increased by 202,000 persons, or 14 percent, between 1977-78 and 1984-85 (estimated). This increase is primarily due to the following two factors.

Westcott v. Califano. About one-half of the increase was due to the court's decision in the Westcott v. Califano case. This decision allowed unemployed mothers to qualify for AFDC-U benefits, and is primarily responsible for the large jump in the AFDC-U caseload between 1979-80 and 1980-81.

Population Increases. Between January 1978 and January 1983, California's population increased by about 8 percent. Some of the increase in the AFDC caseload can be attributed to overall growth in the state's population.

Chart 8 shows that most of the growth in the AFDC caseload has occurred in the unemployed parent component of the program. The family group component has remained relatively stable.

Chart 8
AFDC Average Monthly Caseload
By Eligibility Category



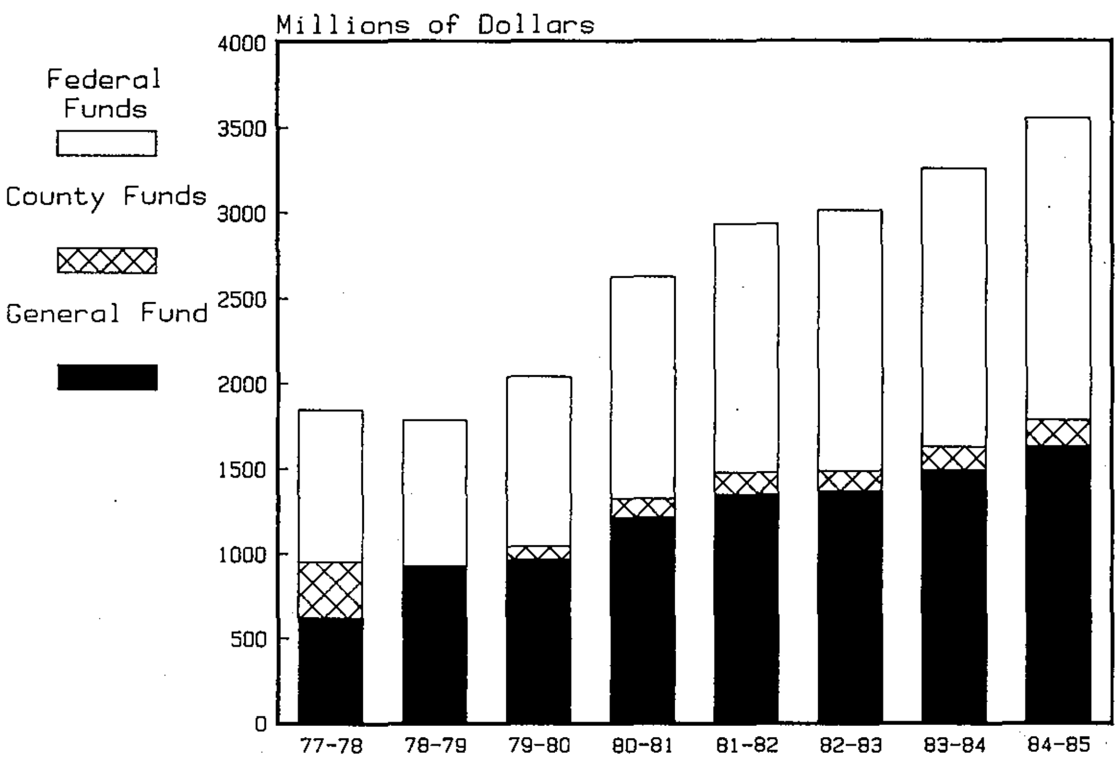
SOURCE: Department of Social Services.

AFDC caseloads would have grown much more had it not been for the enactment of several measures that restricted eligibility for the AFDC program. These measures include SB 633 (Ch 69/81), SB 1x and AB 2x (Chapter 1 and Chapter 3, 1981-82 First Extraordinary Session), and SB 1326 (Ch 327/82). Of these measures, SB 1x and AB 2x, which implemented changes in federal eligibility requirements, had the most significant effect on the growth in AFDC rolls.

How Much Does the Program Cost?

Between 1977-78 and 1984-85, AFDC expenditures increased by $1.7 billion, or 94 percent, as shown in Chart 9. In part, increases during this period were due to the increases in caseload cited above, particularly the large increase that occurred between 1979-80 and 1980-81 primarily as a result of the Westcott v. Califano decision. The large increases in 1981-82, 1983-84, and 1984-85 reflect cost-of-living increases in AFDC grant levels. No cost-of-living increase was provided in 1982-83.

Chart 9
AFDC Grant Expenditures
By Funding Source



SOURCE: Department of Social Services.

The costs of AFDC grants are shared by the federal, state, and county governments. In California, the federal government pays 50 percent of the grant costs for federally eligible recipients (those recipients that satisfy federal eligibility requirements) and 100 percent of the costs for those AFDC-eligible refugees who have been in the U.S. for 36 months or less. For federally eligible AFDC families, California pays 44.6 percent of the grant costs and the counties pay the remaining 5.4 percent.

Prior to 1978-79, the state paid about 34 percent and counties paid about 16 percent of AFDC grant costs for federally eligible recipients. As one element of the local fiscal relief package approved by the Legislature in the wake of Proposition 13's approval by the voters, the counties' share of AFDC grant costs was virtually eliminated in 1978-79. Since 1979-80, the counties have paid 5.4 percent of the grant costs.

Characteristics of AFDC Recipients

The Department of Social Services (DSS) conducts quarterly surveys of the AFDC population in order to determine the characteristics of those families receiving grants. The results of these surveys can be used to answer some commonly asked questions about the AFDC program and its participants.

1. How Do Families Qualify for AFDC? Eligibility for the AFDC program is limited to families with children who are needy due to the absence, death, incapacitation, or unemployment of a parent or guardian. Table 2 shows the percentage of families receiving AFDC grants that qualify for AFDC for each of these reasons. As the table shows, in 1983, 84 percent of the AFDC families qualified for assistance under the Family

Table 2

Factors Making AFDC Families Eligible for Aid[a]

	Family Group and Unemployed Parent				
	October 1975	July 1977	July 1979	July 1981	April 1983
Percent of All AFDC Families:					
Family Group	91.9%	91.8%	92.6%	85.9%	83.6%
Unemployed Parent	8.1	8.2	7.4	14.1	16.4
Totals	100.0%	100.0%	100.0%	100.0%	100.0%
	Family Group[b]				
	October 1975	July 1977	July 1979	July 1981	April 1983
Total families	413,318	426,072	409,709	440,749	460,519
Percentage of families with:					
Parent absent, but not dead, deported, or institutionalized	92.6%	91.0%	91.0%	91.6%	93.4%
Parent deceased	N/A	5.6	3.6	4.2	3.5
Parent incapacitated, but in the home	N/A	7.3	11.1	7.4	6.5
Parent unemployed	N/A	--	--	--	--
	Unemployed Parent				
	October 1975	July 1977	July 1979	July 1981	April 1983
Total families	36,228	38,024	32,602	72,609	90,313
Percentage of families with:					
Parent absent, but not dead, deported, or institutionalized	9.1%	11.5%	14.4%	18.5%	9.3%
Parent deceased	N/A	0.4	0.4	0.2	0.6
Parent incapacitated, but in the home	N/A	0.6	0.2	0.6	--
Parent unemployed	98.6	100.0	100.0	100.0	100.0

a. SOURCE: Department of Social Services

b. Sums of percentages for categories do not add to 100 because AFDC family may include one child who qualifies under FG and other children who qualify under the U program.

Group (FG) component of the program, and 93 percent of these families qualified because one of the parents was absent. The percentage of AFDC-FG families qualifying on this basis has remained very stable since 1975.

The AFDC-U component of the program served 16 percent of the AFDC families in 1983. This share increased substantially--from 7.4 percent to 14.1 percent--between 1979 and 1981, due to the Westcott v. Califano decision.

Among AFDC-U families, 9.9 percent included children who also would have qualified under the AFDC-FG program. This is because one of the child's parents was either absent, deceased, or incapacitated.

2. Are AFDC Families Growing in Size? Table 3 shows that a substantial decline in family size occurred during the decade between 1967 and 1977. During that period, the size of families in the AFDC-FG program decreased by 21 percent, from 3.8 to 3.0 persons; unemployed parent families decreased in size by 23 percent over the same period. Since 1977, family size has remained relatively unchanged. The average size of the AFDC-U family in April 1983 was 4.4 persons, which is equal to the average size of all California families with children.

Table 3

Average Size of AFDC Families[a]

Program	July 1967[b]	July 1971[b]	October 1975	July 1977	July 1979	July 1981	April 1983
Family Group	3.8	3.3	3.1	3.0	2.8	2.9	2.8
Unemployed Parent	5.7	4.7	4.4	4.4	4.6	4.5	4.4

a. SOURCE: Department of Social Services
b. These estimates were derived from caseload reports; family size for later periods was taken from characteristics surveys of AFDC families.

3. <u>What Income Do AFDC Families Have Besides Their Aid Payment?</u> Table 4 shows the percentage of AFDC families that report income from sources other than the AFDC grant. The table shows that in 1983, 87 percent of AFDC-FG families and 78 percent of AFDC-U families reported no income other than the grant. The percentage of families with no other income was considerably higher in 1983 than at any other time shown in the table. For the most part, this reflects a significant drop in the percentage of families with <u>earned</u> income.

The decline in the percentage of AFDC families with earned income appears to be the result of three changes in federal law governing eligibility and grant amounts. First, effective January 1982, families with gross earnings that exceed 150 percent of the AFDC need level are no longer eligible for AFDC grants (see Appendix G for recent changes in this rule). Second, when calculating the size of the AFDC grant, a smaller amount of a family's earnings can be disregarded. For example, the amount of funds that can be disregarded for work-related expenses, such as transportation, is now limited to $75 per month; previously, actual work-related expenses were allowed without any limit. Thirdly, the earnings disregard is available only for four months; previously it was allowed for an unlimited number of months. As a result of these changes in federal law, there has been a sharp decrease in the percentage of AFDC families that report earned income.

4. <u>How Many AFDC Families Are Not U.S. Citizens?</u> Eligibility for AFDC grants is restricted to citizens and resident aliens--that is, those persons who have been legally admitted to this country. Table 5 shows that

Table 4

AFDC Families with Income from Sources Other than AFDC

	Family Group				
	October 1975	July 1977	July 1979	July 1981	April 1983
Total families	413,318	426,072	409,709	440,749	460,519
Percentage of families with:					
Earned income	16.6%	13.6%	15.3%	18.2%	5.0%
OASDI, Railroad Retirement	3.2	2.5	4.6	3.4	2.3
Unemployment Compensation	1.2	0.7	0.9	1.5	2.3
Other cash income	3.1	3.5	4.9	3.1	1.8
Families receiving no nonassistance income	69.6	77.8	72.2	71.9	86.6

	Unemployed Parent				
	October 1975	July 1977	July 1979	July 1981	April 1983
Total families	36,228	38,024	32,602	72,609	90,313
Percentage of families with:					
Earned income	13.7%	10.1%	14.4%	20.2%	8.7%
OASDI, Railroad Retirement	0.6	0.6	0.6	0.4	0.2
Unemployment Compensation	3.6	16.6	7.3	7.5	10.9
Other cash income	3.6	5.5	7.1	3.7	2.2
Families receiving no nonassistance income	63.4	69.6	73.0	68.6	78.0

SOURCE: Department of Social Services

a growing percentage of AFDC-U families are not U.S. citizens, but resident aliens. For the most part, this increase in the percentage of AFDC recipients who are not U.S. citizens reflects the large number of AFDC-eligible refugees admitted to the U.S. that have chosen to locate in California. In April 1983, 35 percent of AFDC-U recipients were not U.S. citizens. The DSS estimates that 82 percent of these aliens were refugees.

Table 5

Citizenship of AFDC Family Members

	Unemployed Parent				
	October 1975	July 1977	April 1980	April 1982	April 1983
Not U.S. citizen	10.2%	7.6%	20.5%	26.3%	34.7%
U.S. citizen	89.8	92.4	79.5	73.7	65.3
	Family Group				
	October 1975	July 1977	April 1980	April 1982	April 1983
Not U.S. citizen	2.3%	3.6%	3.2%	7.0%	6.7%
U.S. citizen	97.7	96.4	96.8	93.0	93.3

SOURCE: Department of Social Services

5. <u>How Long Do AFDC Families Stay on Aid?</u> Table 6 shows the length of time that an AFDC family receives aid, using two different measures: (1) the length of time since the most recent case opening and (2) total amount of time that the family has received aid, including episodes prior to the most recent case opening. In October 1982, half of the AFDC-FG families had been receiving aid continuously for 25.4 months or more. In

contrast, half of the AFDC-U families had been on aid continuously for 14.5 months or more.

Table 6 also shows the total months spent on aid by both groups of families, including all previous episodes. Half of AFDC-FG families sampled in October 1982 had been on aid for 35.8 months or more during their lifetimes. Among AFDC-U families, half had received aid for 20.5 months or more during their lifetimes.

These data provide a point-in-time picture of how long recipients have been receiving aid. The data, however, do not provide a complete picture of how long families remain on aid. Because the data focus on the median length at a single point in time, cases that receive aid for only a few months are under-represented. In addition, the data make no allowance for the fact that some of the AFDC families will remain on aid for many months after the survey month.

Table 6

Median Months Receiving Aid

	October 1975	October 1977	July 1981	October 1982
Family Group:				
Months since last case opening	21.0	21.3	22.4	25.4
Total months on AFDC (all episodes)	35.0	N/A	32.3	35.8
Unemployed Parent:				
Months since last case opening	9.0	14.4	11.3	14.5
Total months on AFDC (all episodes)	15.0	N/A	15.5	20.5

N/A = not available.
SOURCE: Department of Social Services.

Table 6 shows that between July 1981 and October 1982, there was a substantial increase in the median number of months spent on aid by the AFDC-FG caseload. Samples from the characteristics surveys on which Table 6 is based are too limited to identify the specific factors that caused this increase in time on aid. The increase may, in part, have resulted from two important events that occurred between July 1981 and October 1982: (1) an increase in the unemployment rate and (2) changes in AFDC eligibility rules that were put into effect in January 1982.

California's unemployment rate rose from 7.3 percent in July 1981 to 10.8 percent in October 1982. An increase in the unemployment rate tends to decrease the chances for AFDC parents to get jobs and leave the assistance rolls. This results in an increase in the observed time on aid for AFDC families.

Recent federal changes in the AFDC eligibility rules resulted in about 30,000 AFDC families losing eligibility for aid. For the most part, families that lost eligibility were those with incomes that exceeded the new gross income limit established in 1981 and put into effect in January 1982. The effect of these changes on a family's time on aid differed for the two AFDC programs: Family Group and Unemployed. In the AFDC-FG program, families with earned income tended to have been on aid for longer periods of time than AFDC-FG families without income. Thus, the federal changes that disqualified families with earned income from aid brought about a reduction in time on aid that partially offset the effect of higher unemployment rates. On the other hand, AFDC-U families with income tended to have been on aid for fewer months than AFDC-U families without income. The disqualification of these income-earning families tended to increase the observed time on aid for those who were not discontinued.

6. <u>Do Families Move to California Because AFDC Benefits Here are Higher Than They are in Other States?</u> As noted earlier, the percentage of the population receiving AFDC is greater in California than it is in the U.S. as a whole. Some observers maintain that this is due to the fact that California's grant levels are high relative to those in other states, thereby encouraging low-income families to migrate to California.

The DSS does not collect survey data that answers directly the question of the extent to which families came to California because of its relatively high grant levels. However, other data are available that may shed some light on this question. If a significant number of parents in other states move to California because of the relatively higher AFDC grants, we would expect data on AFDC family characteristics to show the following: (a) the percentage of California's AFDC children who are born in California would be less than the percentage of all of the state's children born in California and (b) the percentage of California-born children receiving aid in the state would be less than the percentage of children born in other states who are AFDC recipients.

Table 7 shows the birthplaces of those children receiving AFDC grants and the birthplaces of all children residing in California (ages 0-19). The table shows that, in general, AFDC-FG children are <u>more</u> likely than non-AFDC children to be born in California. In 1977, 80 percent of the AFDC-FG children and 77 percent of the AFDC-U children were born in the state. By comparison, the Census Bureau reported that in 1980, only 75 percent of all children in California were born in the state. By 1982, the share of AFDC-FG children that were born in California had increased to 85 percent.

At the same time, the share of AFDC-U recipients born in California fell to 61 percent. The decline observed in the AFDC-U component (from 77 percent to 61 percent) is due solely to the nearly six-fold increase in the percentage of AFDC-U recipients born in other countries (from 5.5 percent to 31.0 percent). As noted earlier, this increase is due to the large number of refugee families now receiving AFDC in California.

Data on the birthplace of refugee children cannot distinguish between recent immigrants to California and longer-term residents in the same way it can for U.S.-born children. Thus, we have no information that could indicate whether higher welfare grants is an important factor influencing refugee families' decisions to relocate in California.

We used the data on place of birth reported for 1977 and 1982 to estimate the share of California-born children and non-California-born children that received AFDC in California during 1980. Table 8 shows that 14 percent of California-born children were on AFDC in 1980, while only 12 percent of non-California-born children were on AFDC in that year.

The data presented in Tables 7 and 8 do not lend support to the theory that California has a larger percentage of its population on AFDC because eligible families are moving to California in order to take advantage of higher grant levels.

Table 7

Birthplace of California Children

	AFDC Families				All Families in California[b]
	Family Group[a]		Unemployed Parent[a]		
	July 1977	October 1982	July 1977	October 1982	April 1980
Number of children	857,453	794,554	94,797	195,135	7,268,776
Percentage of children born in:					
California	79.7%	85.1%	77.2%	60.7%	74.7%
Another state	16.2	12.5	13.0	8.7	14.7
Another country	2.9	2.4	5.5	30.6	10.6
Percentage of children unborn	1.2	--	4.3	--	--

a. SOURCE: Department of Social Services.
b. Ages 0-19 years, 1980 census (SOURCE: U.S. Census Bureau).

Table 8

Percent of California Children Receiving AFDC
By Birthplace of Child
1980[a]

	Born in California	Born in Another State	Born in Another Country
Receiving AFDC	13.8%	12.1%	5.4%
Not receiving AFDC	86.2	87.9	94.5

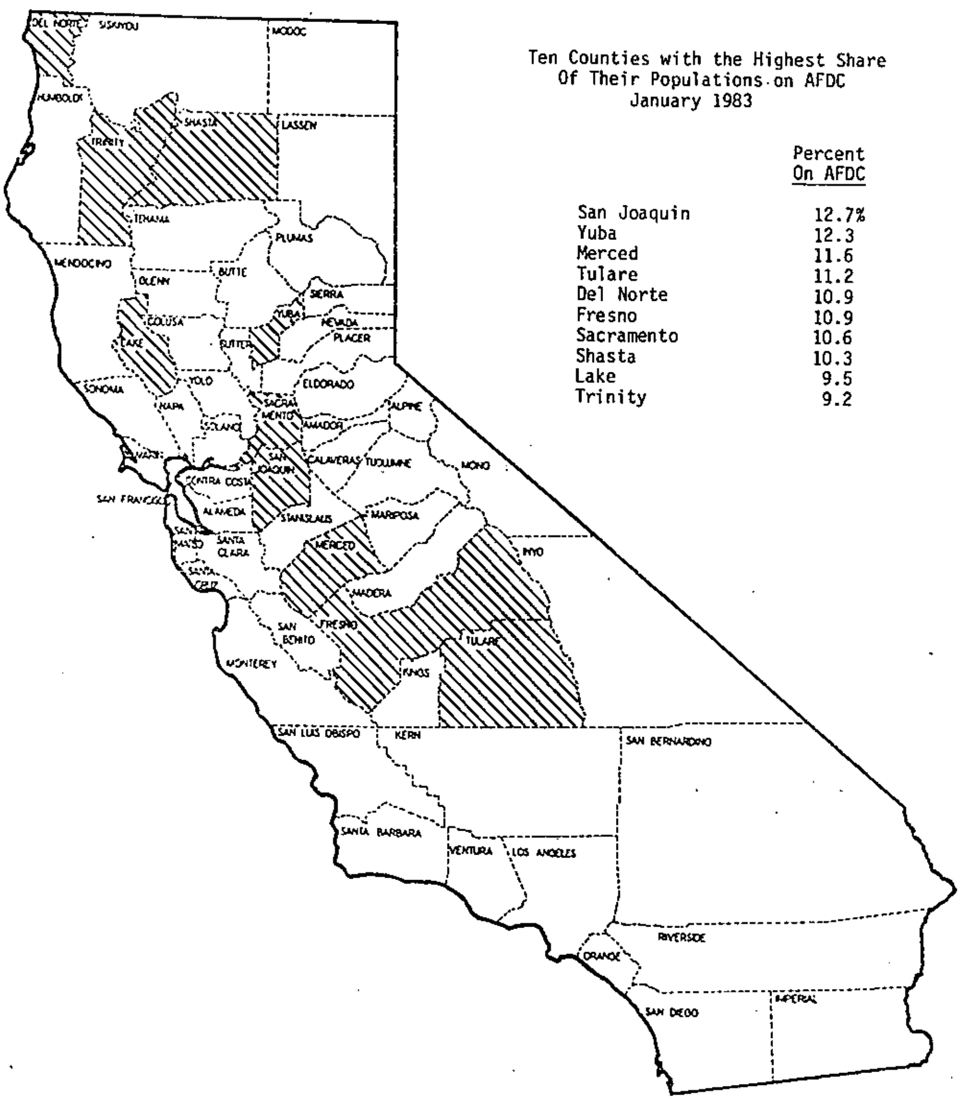
a. Estimate based on 1977 and 1982 survey data, 1980 census data, and 1980 caseload reports.

It is more likely that the relatively large AFDC caseload in California is the result of relatively high grant and need levels that allow a greater percentage of Californians to qualify for benefits. As discussed earlier, eligibility for AFDC grants is limited to families with gross incomes that are less than 150 percent of the AFDC need level. Because California has established one of the highest need levels in the nation, a larger percentage of California families can qualify for the program.

7. Which Counties Have the Most AFDC Recipients? The conventional wisdom holds that AFDC recipients tend to be concentrated in large cities and urban counties. In terms of sheer numbers, this view is accurate. For example, 35 percent of the state's AFDC population reside in Los Angeles County and an additional 12 percent reside in San Diego and Alameda Counties. If, however, we look at the percentage of a county's total population that is receiving AFDC, a different picture emerges. Specifically, we find that AFDC recipients make up a larger share of the population in the central valley and northern counties. This is illustrated in Chart 10. Of the ten counties with the largest percentage of their populations receiving AFDC, five are central valley counties and three are northern counties. Appendix A shows the percent of each county's population that receives AFDC grants.

8. What are the Racial and Ethnic Origins of AFDC Recipients? Table 9 shows the racial and ethnic origins of AFDC families. The composition of families receiving aid through the AFDC-FG program is about one-third white, one-third Hispanic, and one-third black. Other racial and

CHART 10



Ten Counties with the Highest Share
Of Their Populations on AFDC
January 1983

	Percent On AFDC
San Joaquin	12.7%
Yuba	12.3
Merced	11.6
Tulare	11.2
Del Norte	10.9
Fresno	10.9
Sacramento	10.6
Shasta	10.3
Lake	9.5
Trinity	9.2

ethnic categories account for only a small portion of the program's recipient population.

The racial and ethnic composition of the AFDC-U population changed dramatically between 1979 and 1982, and is now very different from the composition of the AFDC-FG population. In July 1979, 45 percent of AFDC-U recipients were white, 34 percent were Hispanic, and 12 percent were black. By October 1982, the percentages of white, Hispanic, and black recipients were lower, while the percentage that were Asian or Pacific Islanders had risen to 29 percent from 7.5 percent in 1979.

Table 9

AFDC Families, by Racial and Ethnic Grouping[a]

	Family Group		Unemployed Parent	
	July 1979	October 1982	July 1979	October 1982
White	38.8%	36.2%	45.0%	36.1%
Hispanic	26.4	28.4	33.9	26.0
Black	30.1	32.2	11.6	6.4
Asian or Pacific Islander	1.9	1.8	7.5	29.2
American Indian or Alaskan Native	1.4	0.8	0.2	1.7
Filipino	0.7	0.3	0.9	0.4
Unknown	0.7	0.3	0.9	0.2
Total Families	409,709	440,120	32,602	78,452

a. Ethnic origin was collected for the AFDC family member who receives the monthly check. Some families may have members who are of different ethnic origins than that reported for the payee.

SOURCE: Department of Social Services.

9. <u>Why Do Families Enter or Leave the AFDC Rolls?</u> We have been unable to find recent data that sheds light on the reasons why California families turn to AFDC for support or the reasons why these families'

eligibility for aid ceases. A recent study, however, provides some answers to this question for the national AFDC caseloads. The study followed a sample of AFDC recipients over time in order to determine why families enter and leave the AFDC rolls. This study was based on data collected prior to the federal changes in eligibility requirements that were made in 1981.

Regarding entry to the AFDC program, the study concluded that:

- About half of all AFDC episodes started after a wife became a head of household as a result of the absence, divorce, separation, or death of her husband.
- Another 30 percent went on the AFDC rolls because a never-married, divorced, or separated woman acquired a child.

As to why AFDC families leave AFDC rolls, the study showed that:

- 32 percent went off the rolls because a female head of household married.
- 14 percent left AFDC because all of the household's children reached the age of 18.
- 39 percent left the rolls because the household's earnings increased.

The same study showed that 34 percent of those who left the AFDC rolls eventually returned to welfare.

With respect to the duration of benefits, the study reported that about half of all AFDC episodes are less than two years in length. However, about half of the recipients on the rolls at any one time are in the midst of a very long episode on AFDC (more than eight years).

These results, which are based on a national sample, may not accurately reflect the experience of California's AFDC recipients. California's AFDC population differs from the AFDC population nationwide, primarily because (1) California's need standard and grant levels are higher than most other states; (2) California is one of only 23 states with an AFDC program for unemployed parents; and (3) California has considerably more refugees receiving AFDC than do most other states.

Currently, the DSS does not track a sample of AFDC families over time in order to determine why they enter and leave the welfare rolls. We believe that such information would assist the Legislature in making decisions about the AFDC program. Therefore, we recommend that the DSS submit to the Legislature a report on the costs and benefits of restructuring its characteristics surveys so as to provide longitudinal data on AFDC recipients. Such data would be in addition to the point-in-time data on AFDC recipients now collected by the department.

Effects of the 1981 Federal Changes in AFDC Rules

In August 1981, Congress enacted the Omnibus Reconciliation Act of 1981 (PL 97-35) which made three important changes in the rules governing eligibility for and the calculation of AFDC benefits.[1]

- First, the federal law provides that families with a gross income exceeding 150 percent of the state's AFDC need level are ineligible for AFDC benefits. In 1983-84, this limit in

1. Some of these changes have been modified by recent federal legislation, to be effective October 1, 1984 (see Appendix G).

California was $789 per month for a family of three and $937 per month for a family of four. (As of July 1984, these limits were raised to $833 and $990 respectively. Federal changes described in Appendix G will increase them further.)

- Second, the federal law limits the use of the $30-and-one-third earned income disregard to four months. Under prior law, when calculating an individual's AFDC grant earned income was reduced by a standard deduction of $30 plus one-third of the remainder for an indefinite period of time.
- Finally, the law specifies that the $30 and one-third disregard be calculated after other income deductions (for example, work-related expenses and child care expenses) have been made. Previously, the disregard was applied before other deductions were made. By requiring that the one-third disregard be calculated last, the federal government, in effect, reduced the value of the disregard, thereby causing the grant for a family that qualifies for the disregard to be lower.

Some observers have maintained that these changes will have an adverse impact on the likelihood that AFDC recipients will find and hold jobs. To assess the validity of this view, answers are needed to the following questions:

- First, will parents who are dropped from the AFDC rolls because their income exceeds the gross limit, reduce their earnings in order to go back on AFDC?

- Second, will AFDC recipients with jobs reduce their earnings when the $30-and-one-third disregard expires at the end of four months?
- Finally, will AFDC recipients without earnings be less likely to get jobs under the new rules?

In order to obtain data that would help answer these questions, the Department of Social Services (DSS) conducted a study of AFDC recipients before and after the federal rule changes took effect in California. The department identified a sample of cases with earned income in July and October 1981 and then reviewed the status of these cases a year later, after the AFDC rule changes were implemented. The DSS followed up on cases in the same county as the 1981 case appeared, and reviewed cases transferred to another county. However, no attempt was made to ensure that a family whose case was closed in one county did not subsequently reapply for aid in some other county. This may cause the estimate of cases closed in 1982 to be too high.

Do Families Who are Dropped from the AFDC Rolls Because Their Income is Too High Go Back on Aid? The department found that families whose AFDC payments were discontinued because their income exceeded the gross income limit were no more likely to return to the AFDC rolls than those whose payments were discontinued for other reasons. Table 10 shows that 25 percent of AFDC families with earned income were dropped from the AFDC rolls as a result of the new gross income limit. Of these recipients, 14 percent were back on AFDC a year later. The return rate for recipients whose payments were discontinued for other reasons was similar (15 percent).

Table 10

Most AFDC Cases Discontinued Because of Excess Income Remained Off Aid[a]

Status in 1982 of Cases Closed in 1981[b]	Discontinued Cases: Due to Gross Income Limit	Discontinued Cases: Not Due to Income Limit Change
Cases remained closed	86%	85%
Cases reopened	14	15
Totals	100%	100%
Number of samples cases	97	87
Percent of total sample	25%	22%

a. Source: Department of Social Services.
b. Closed both July and October 1982.

Do AFDC Families Reduce Their Earnings When the Income Disregard Expires? The DSS data suggest that some AFDC families may be less likely to continue working at the end of the four-month period when the income disregard expires. Table 11 compares the aid status in 1982 of two groups of recipients that had earned income before the new rules took effect. While both groups retained AFDC eligibility under the new rules, the grants for the first group were reduced when the income disregard expired after four months. The AFDC grants for the second group were not affected by the new rules because these recipients had little or no earnings when the rules actually took effect.

As the table shows, families that used up their four-month earned income disregard were more likely than those families in the second group to be on aid a year later (89 percent, compared to 82 percent) and, if they were on aid, were less likely to have earnings (16 percent, compared to 50 percent).

Table 11

Status of AFDC Cases Not Discontinued
Due to 1981 Rule Changes

Status of Cases in 1982[a]	Grants Reduced at end of Four Months	Grants Not Reduced at End Of Four Months
Closed	11%	19%
Open with earnings	16	50
Open without earnings	73	32
Totals	100%	100%
Number of sample cases	81	117
Percent of total sample	21%	30%

a. Status in either July or October 1982.

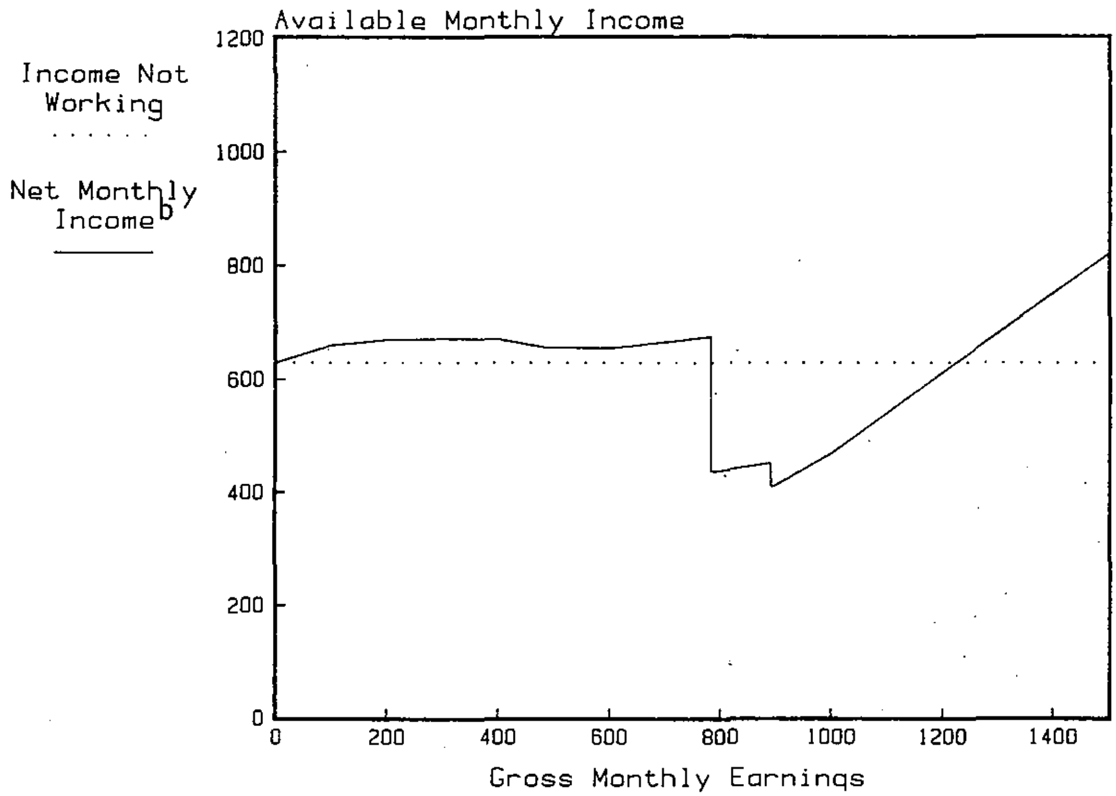
Will AFDC Families Choose to Work? The DSS survey provided no data that could help answer the third question: under the new rules, are nonworking AFDC families more or less likely to seek and find employment under the current AFDC income rules? Since these rules took effect, the percentage of AFDC families with earned income has declined from nearly 19 percent (July 1981) to 5.6 percent (April 1983). Part of this decline is due to cases discontinued as a result of the gross income limit, and part is due to increases in unemployment. If the percentage of recipients with earned income continues to decline, however, it would suggest that fewer AFDC families choose to work.

One reason why fewer families can be expected to find employment is that under some circumstances, a working AFDC family will have less income available to meet its needs than a nonworking AFDC family. For example, Chart 11 shows that as of December 1983, the nonworking AFDC family of three could receive $629 per month from AFDC grants, food stamps, and the state renter's tax credit. If the parent took a job paying a gross income between $783 and $1,225 per month, <u>the working family would actually have</u>

Chart 11

Available Monthly Income if an AFDC-FG Parent Takes a Job[a]

(First Four Months Only)



a. Assumes one parent and two children.
b. Includes AFDC grant (if eligible), food stamps, renter's credit, federal earned income tax credit, and earnings, less child care expenses and other work expenses, and taxes. (Child care costs assumed to equal one-third of earnings to a maximum of $160 per child per month.)

less money left, after job expenses are paid, than the family that did not work. This is because a family with gross earnings of more than $783 per month is ineligible for AFDC. (The actual AFDC income limit for a family of three is $789. A person with gross earnings of more than $783 would exceed this limit because of the federal earned income credit, which is about $6 per month at this income level.) Moreover, after the income disregard expires, a working family's available income is less than what a nonworking AFDC family receives for a much wider range of gross incomes (from $261 to $1,225).

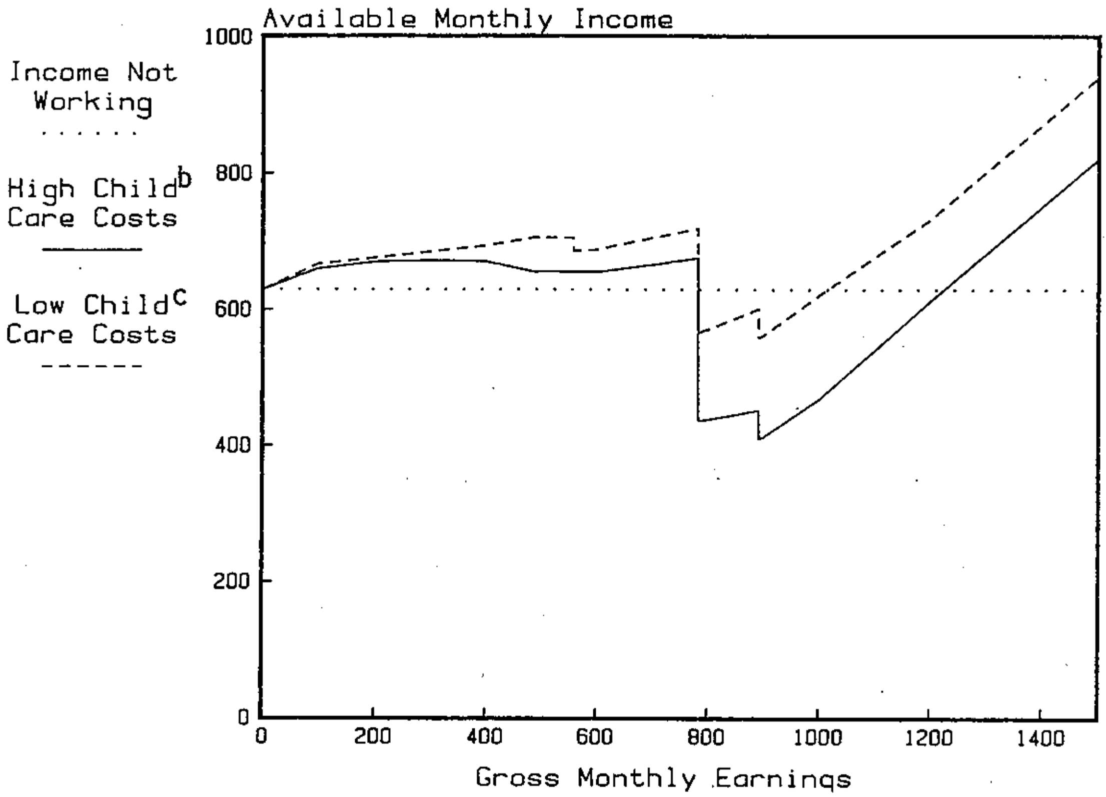
Some working families will have more income available than the amount shown in Chart 11 because they have been able to find child care at a cost less than that assumed in the chart. Chart 12 compares the available income of two AFDC families, both eligible for the $30-and-one-third disregard. One family has "high" child care expenses (one-third of income up to a maximum of $160 per child per month). The other family has lower child care expenses (one-sixth of income up to a maximum of $100 per child per month). The chart shows that less expensive child care means more income available to the family for the family's other needs. As a result, if child care expenses are low, a working parent's available income falls below the income of the nonworking AFDC parent over a much narrower range of monthly earnings than if child care expenses are high.

Reducing the Loss of Income for Working Families. The possibility that finding a job will cause a reduction in available income may deter some AFDC families--particularly those who cannot find low-cost child care--from taking jobs paying more than the gross income limits for AFDC or

Chart 12

Available Monthly Income if an AFDC-FG Parent Takes a Job[a]

With High and Low Child Care Costs



a. Assumes one parent and two children.
b. Assumes child care costs equal to one-third of income to a maximum of $160 per chid per month.
c. Assumes child care costs equal to one-sixth of income to a maximum of $100 per child per month.

food stamps. There are three ways in which these potential disincentives to work could be reduced.

1. Increase the Availability of Low-Cost Child Care. As Chart 12 shows, lowering the cost of child care increases the amount of earnings available to working families over the entire income range and almost

eliminates those situations in which a working family's available income is less than a nonworking family's income. The State of California does provide a limited amount of low-cost child care through the Department of Education.

2. Increase Tax Credits Available to Low-Income Families. Another way to reduce the loss of income experienced by AFDC recipients that find jobs is to increase the size of the tax credits available to low-income families. State and federal taxes determine, in part, the amount of income available to a family that works. The less a family has to pay in taxes, the less it has to earn in order to have available the same amount of income as a nonworking AFDC family. To increase the amount of income available to a family with earnings, however, the tax credits would have to be made refundable in the same manner as the federal Earned Income Tax Credit. This is because existing tax credits available to low-income families more than offset the state tax liability for most of the income levels discussed here.

3. Increase the AFDC Need Level. Another way to reduce the loss of income to AFDC recipients that take jobs is to increase the AFDC need level. Increasing the need level would not automatically increase the size of AFDC grants, and thus would not affect payments to most recipients. It would, however, increase the amount that an AFDC family can earn and still qualify for AFDC. This would have three important effects: (a) it would increase AFDC caseloads by adding families that receive relatively small grants, (b) it would increase Medi-Cal caseloads, and (c) it would narrow the range of incomes within which a nonworking family loses money if the parent accepts a job.

CHAPTER IV

AFDC GRANT LEVELS IN PERSPECTIVE

One of the goals of the AFDC program is to provide recipients with sufficient funds so that they can achieve at least a minimum standard of living. There is, however, no totally objective method for determining what a "minimum standard of living" is. Obviously, some objective factors enter into this important determination, such as food prices, the availability of other forms of assistance, and family size. Beyond these factors, individual values are what determine how much is enough.

While it is not possible to make a totally objective assessment of the extent to which current AFDC grants are "adequate," there is data available that can help one make a subjective assessment of this important and controversial matter. In this chapter, we present data that may put current grant levels in perspective. Specifically, the chapter presents information on:

- Current AFDC grant levels in California.
- California's AFDC grants compared to grants provided by other states.
- Purchasing power of AFDC grants and food stamps in California and other states.
- Trends in the purchasing power of AFDC grants in California.
- California's AFDC grant levels compared to the Federal Poverty Level.
- The value of benefits and resources available to AFDC families.

Not everyone will look upon each of these benchmarks as equally relevant to the question of what is an "adequate" grant level. Some may consider a portion of this information to be irrelevant, while others consider it to be very important. In presenting the data contained in this chapter, we do not wish to imply that this data is or is not compelling. We present it only because observations based on this kind of data frequently are brought into the debate over cash grant levels.

Current AFDC Grant Levels in California

Table 12 shows the maximum AFDC grant levels that prevailed in 1983-84 for selected family sizes, as well as the maximum grant levels for 1984-85. The 1984-85 maximum grant levels reflect a 5.6 percent cost-of-living adjustment (COLA) that was provided for AFDC grants beginning on July 1, 1984.

Table 12

Maximum AFDC Grant Levels
1983-84 and 1984-85

		1984-85[a]	
Family Size	1983-84	Amount	Change
1	$258	$272	$14
2	424	448	24
3	526	555	29
4	625	660	35
5	713	753	40

a. Based on a 5.6 percent increase in the California Necessities Index.

California's AFDC Grants Compared to Grants Provided by Other States

Table 13 shows the AFDC grants provided by the ten largest states to families of two, three, and four persons with no other income. This table demonstrates that aid payments in these ten states vary widely. These payments range from $148 per month in Texas (family of three) to $526 per month in California.

Table 13

Maximum AFDC Benefits, by Family Size[a]
January 1984

	Family Size		
	Two	Three	Four
California[b]	$424	$526	$625
New York[c]	399	474	566
Michigan[d]	348	418	488
New Jersey	273	360	414
Pennsylvania[e]	273	350	415
Illinois[f]	250	302	368
Ohio	227	276	343
Florida	178	231	273
North Carolina	176	202	221
Texas	128	148	178

a. SOURCE: Background Material and Data on Programs within the Jurisdiction of the Committee on Ways and Means, U.S. House of Representatives, February 21, 1984.
b. California has since raised these payment levels to $448, $555, and $660, effective July 1, 1984.
c. New York City, including energy payments.
d. Detroit.
e. Philadelphia and Pittsburgh.
f. Chicago.

Purchasing Power of AFDC Grants and Food Stamps in California and Other States

The grant levels provided by the 10 largest states may vary, in part, because of differences in the cost of living among these states. Unfortunately, there is no up-to-date, widely accepted measure of living costs in different localities.

Until 1982, the Bureau of Labor Statistics (BLS) published annual hypothetical budgets for low-, intermediate-, and high-income families of four living in each of the major metropolitan areas within the U.S. For each budget, there was an estimate of the cost for food, housing, transportation, clothing, medical care, and other items. Different qualities and quantities of these goods and services were provided for each hypothetical budget level. These family budgets were based on lists of goods and services specified in the mid-1960s and were adjusted for changes in the prices of these goods and services since then.

In order to determine the relative purchasing power of the AFDC grant in California, we compared the amount of the grant plus food stamps provided in various localities with the cost of living in those areas, as estimated by the BLS lower income budget for a family of four. Table 14 shows the 17 locations where these benefits had the most purchasing power in 1982. The table shows that:

- The purchasing power of AFDC grants plus food stamps ranged from 65 percent of living costs in Philadelphia to 77 percent in San Diego.
- AFDC families in San Diego had the highest assistance income of all major metropolitan areas and the four nonmetropolitan regions, including those not shown in the table for which the BLS calculated budgets.
- The purchasing power of AFDC grants and food stamp allotments in California's three largest cities exceeded the purchasing power of these payments in all of the other cities listed except Minneapolis/St. Paul, Milwaukee, and New York City.

Table 14

Purchasing Power of AFDC Grant and Food Stamp Allotments, for Selected Localities[a] (January 1, 1982)

City or State	Annual Cost of Living[b]	Monthly AFDC Grant[c]	Monthly Food Stamp Allotment[d]	Total Monthly Aid	Total Annual Aid	Percent of Cost of Living
San Diego	$10,830	$601	$98	$699	$8,390	77.47%
Vermont[e]	10,668	581	104	685	8,222	77.07
Milwaukee	10,624	563	110	672	8,069	75.95
Los Angeles	11,336	601	98	699	8,390	74.02
Minneapolis	10,569	520	123	643	7,710	72.95
Rhode Island[e]	10,668	518	123	641	7,691	72.10
New York City	10,754	515	124	639	7,665	71.28
San Francisco	11,844	601	98	699	8,390	70.84
Connecticut[e]	10,668	501	128	629	7,550	70.78
Detroit	10,248	451	143	594	7,130	69.58
Honolulu	13,657	546	225	771	9,250	67.73
Anchorage	15,308	634	224	858	10,301	67.29
North Dakota[f]	10,577	437	147	584	7,013	66.30
New Jersey (excluding NE)	10,367	414	154	568	6,820	65.78
Nebraska[f]	10,577	420	155	575	6,897	65.21
Iowa[f]	10,577	419	155	574	6,890	65.15
Philadelphia	10,367	401	158	559	6,710	64.73

a. Sources: Office of Family Assistance, Department of Health and Human Services; Bureau of Labor Statistics, U.S. Department of Labor; California Department Social Services.

b. Cost of living equals the BLS Lower Budget for a Family of Four in Autumn 1981, excluding medical care costs.

c. AFDC maximum is given to a family of four with no other income; the table assumes that food stamps are not considered to be income for purposes of calculating the AFDC grant.

d. Food stamp allotment assumes no elderly or disabled household members and total housing costs (rent and utilities) equal to the BLS Family Budget item for rental housing.

e. Cost of living for these states is based on the BLS Family Budget for the Northeast region's nonmetropolitan areas.

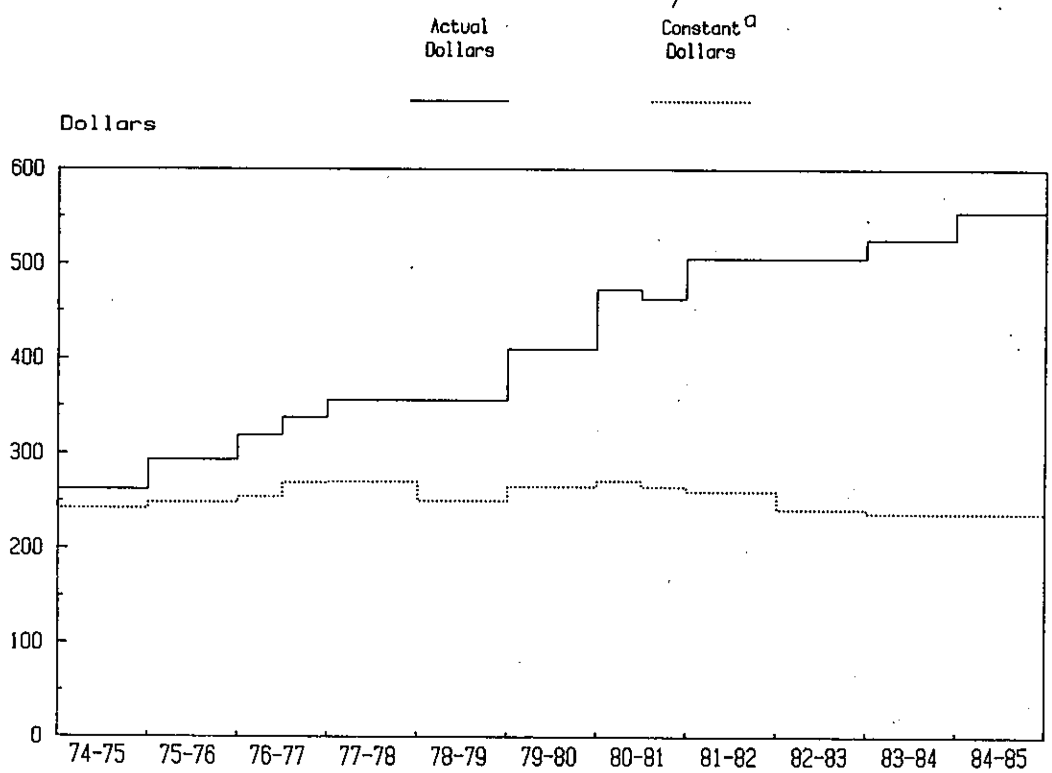
f. Cost of living for these states is based on the BLS Family Budget for the North Central region's nonmetropolitan areas.

Trends in the Purchasing Power of AFDC Grants in California

One benchmark that is used by some to assess the adequacy of AFDC grants is the trend in the purchasing power of those grants within the state.

Chart 13 shows the maximum AFDC grant for a family of three during the past ten years in two different ways. First, it shows the actual level of these grants. Second, it shows what the maximum grant represents in inflation-adjusted dollars. (In other words, each year's maximum grant

Chart 13
Purchasing Power of AFDC Grants
Maximum Grant: Family of Three

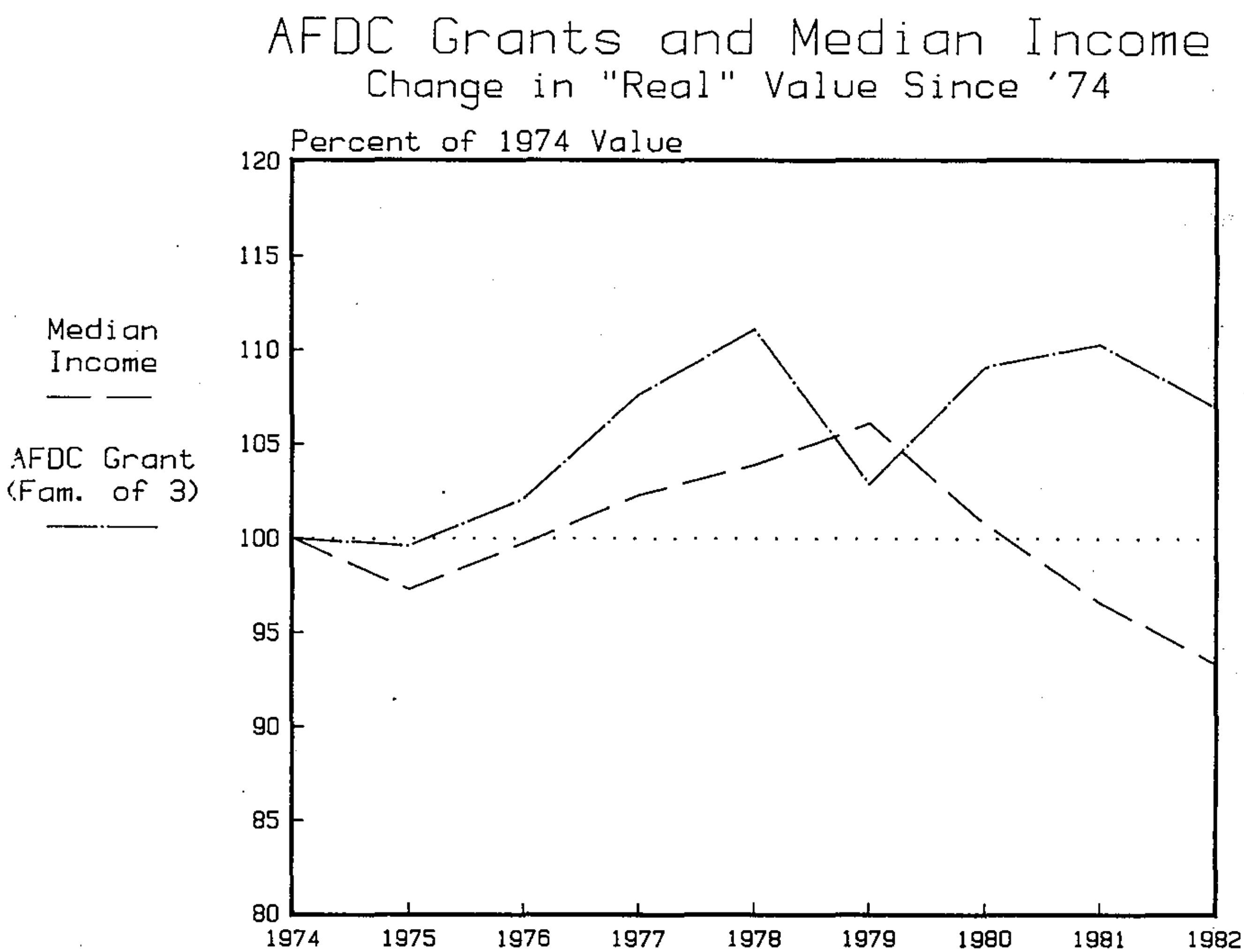


a. Aid payment adjusted for inflation as measured by the California Necessities Index during the preceding calendar year.

level is "deflated" to adjust for the erosion in purchasing power caused by inflation since 1973-74. Inflation, in this case, is measured by the California Necessities Index.) The chart shows that between 1974-75 and 1981-82, the purchasing power of the AFDC grant increased from $242 to $260 per month. Since 1981-82, the purchasing power of the grant has decreased by about 9 percent.

Chart 14 compares trends in the purchasing power of the maximum AFDC grant with trends in the purchasing power of the median family income in

Chart 14



California. The chart shows that between 1974 and 1982, the purchasing power of the AFDC grant increased while the purchasing power of the median family income decreased.

California's AFDC Grant Levels Compared to the Federal Poverty Level

One benchmark used by some to evaluate the adequacy of AFDC grants in meeting the basic needs of recipients is the federally designated poverty income level. Table 15 compares the value of the AFDC grant plus food stamps in California with the poverty level for a family of three. The table shows that at least since 1978-79, the combined maximum AFDC grant and food stamp allotment has been less than the poverty income level. In 1984-85, these benefits provide an AFDC family that has no other income with benefits that are equal to about 90 percent of the poverty level.

Because some AFDC families (about 15 percent) have earned and unearned income in addition to their grant and food stamps, it is possible that these families' total resources exceed the federal poverty level. Data from a recent survey conducted by the DSS, however, indicate that few AFDC families have reported resources that exceed the poverty level.

Table 15

AFDC Grant and Food Stamps Allotments
As a Percent of the Poverty Level
1978-79 to 1984-85

	Census Bureau Poverty Level	Family of Three AFDC Grant	Estimated Food Stamp Allotment	Total Aid (AFDC plus Food Stamps)	Total Aid As Percent Of Poverty Level
1978-79	$455	$356	$85	$441	96.9%
1979-80	516	410	82	492	95.4
1980-81[a]	561	473	59	532	94.9
1980-81[b]	590	463	90	553	93.8
1981-82	625	506	75	581	92.9
1982-83	652	506	88	594	91.1
1983-84	682	526	91	617	90.5
1984-85[c]	722	555	95	650	90.1

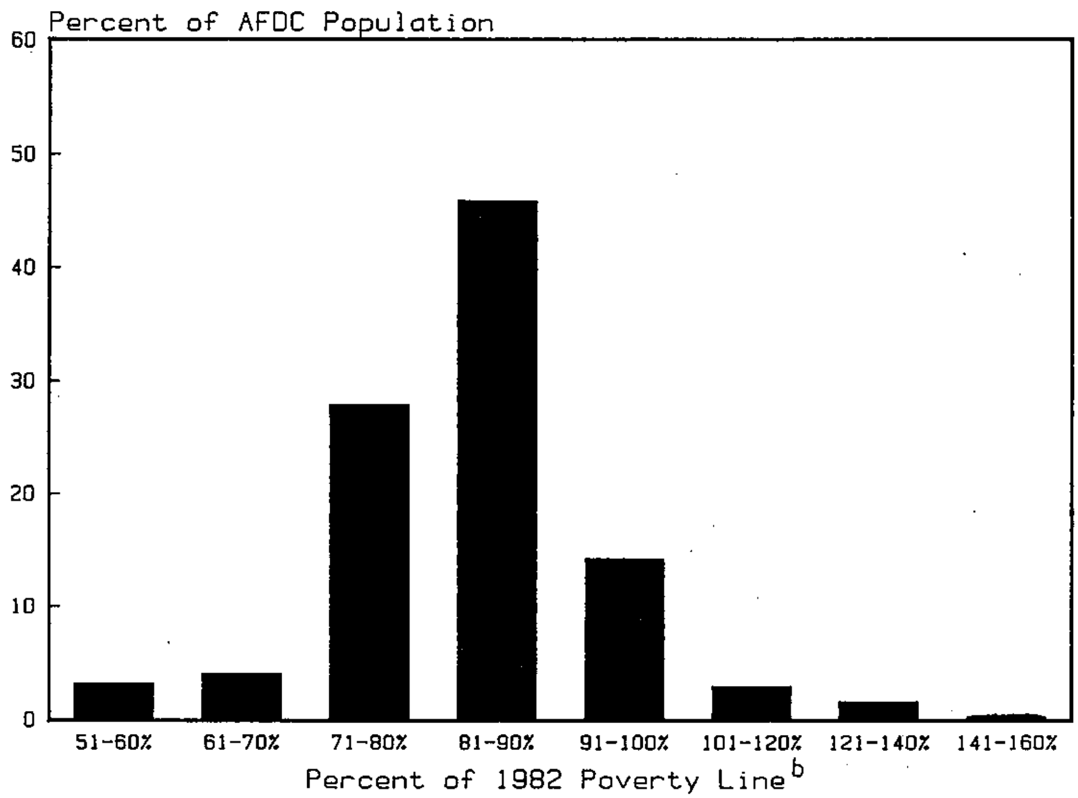
a. AFDC grant level during the first half of 1980-81.
b. AFDC grant level during the last half of 1980-81, which is lower than the grant paid during the first half of the fiscal year.
c. AFDC grant level based on the 5.6 percent increase required by current law.

Chart 15 shows the distribution of resources for a sample of AFDC families in February 1982. The income for each family includes the AFDC grant, the food stamp allotment (prorated in food stamp households that include individuals besides the AFDC family members), gross earnings, cash contributions, and any other reported income (earned or unearned income, Social Security, unemployment benefits, in-kind income, etc.). The family's income is calculated as a percent of the Census Bureau's poverty level for a family of the appropriate size in 1982.

Chart 15

Most AFDC Families Are Below the Poverty Level[a]

February 1982 AFDC Survey



[a] Source: Department of Social Services. Income includes AFDC grant and, if applicable, food stamps, earned income, Social Security, unemployment benefits, cash contributions, other cash income, and in-kind income.

[b] Poverty level based on 1982 Census Bureau figures.

The chart shows that most families have total incomes <u>below</u> the poverty level. In fact, 35 percent of the families surveyed had incomes that were less than 80 percent of the poverty level. A small group of families (4.8 percent) had income that exceeded the poverty level.

It is not surprising that most AFDC families fall between 80 and 90 percent of the poverty level. The AFDC grant alone provides an amount equal to between 70 percent and 80 percent of the poverty level. When the food stamp allotment is added to the AFDC grant, the total is equal to between 80 percent and 90 percent of the poverty level. What is surprising is that there is such a large number of families (35 percent of those covered by the DSS' survey) with incomes that are less than 80 percent of the poverty threshold. About 60 percent of these families had a monthly income that consisted only of the AFDC grant. They received no food stamps and had no earnings or other income.

Almost all of the families with incomes above the poverty level had earned income. According to the DSS' data, when expenses associated with working are deducted from the income of these families, only 2.1 percent of all AFDC families remain above the poverty level. Most of these families are above the poverty line because they qualify for the $30 and one-third earned income disregard, which expires after four months (see Appendix G for recent changes in this four-month limit). Once the $30 and one-third earned income disregard expires, only 0.3 percent of the families in the sample will have incomes that are above the poverty level.

The DSS' survey data provides the most complete picture of the resources available to AFDC families in 1982. The relationship of AFDC families' income to the federal poverty level, however, may not be the same in 1984 as it was in 1982. This is because major federal program changes, originally enacted in August 1981, were still being implemented during the month in which the survey was conducted. Consequently, most families with earned income were still entitled to the $30 and one-third disregard. Since the disregard expires after a family has received aid for four months, a smaller percentage of today's AFDC caseload probably has incomes above the poverty line.

The data provided in Chart 15 has another important limitation. As used in the chart, "income" includes only cash and in-kind resources. Since many AFDC families receive benefits under the programs listed in Table 16, such as Medi-Cal, Low-Income Home Energy Assistance, subsidized housing, child care, and child nutrition, the chart has a downward bias. That is, it tends to ignore the fact that benefits received under these other programs decrease the demands on the family's cash resources and allow the family to provide for its basic living needs with an "income" that is less than the federal poverty level.

The Value of Benefits and Resources Available to AFDC Recipients

In addition to the monthly cash grant, AFDC recipients may qualify for and receive benefits under a variety of other publicly supported programs. Benefits under some of these programs, such as Medi-Cal, are available to individuals because they are AFDC recipients. Other benefits, such as public housing and social security, are available to AFDC recipients only to the extent that they meet specific eligibility criteria and, in the case of public housing, are chosen from among those applying to receive benefits.

This section discusses the major publicly financed benefits available to AFDC recipients in addition to their monthly cash grants. In addition to the benefits discussed here, AFDC recipients may:

1. Utilize a variety of social services, including family planning, provided by local agencies.

2. Participate in the Work Incentive program (WIN), which provided employment services and social services for 189,130 persons in 1982-83.

3. Participate in the Women, Infants, and Children Nutrition program if the parent is pregnant or if the family has children under five years of age.

Medi-Cal. The Medi-Cal program, administered under Title XIX of the federal Social Security Act, provides funds to health care providers to pay for the cost of care delivered to public assistance recipients and other individuals whose medical costs exceed their ability to pay. All AFDC recipients are eligible for Medi-Cal-supported health care. During 1982-83, 568,400 persons, or 36 percent of all AFDC recipients, utilized Medi-Cal-reimbursed fee-for-service care. In addition, an unknown number of AFDC recipients received services financed by the Medi-Cal program through prepaid health plans, dental plans, and other plans where payments are made on a per capita, rather than per service unit, basis. The average monthly cost of fee-for-service Medi-Cal health care received by AFDC recipients during 1982-83 was $140.02.

Unemployment Insurance. Unemployment Insurance (UI), which is supported by employer contributions, provides weekly cash payments to unemployed persons who are actively seeking work. Approximately 57,834 AFDC recipients also received UI benefits in 1982-83.

The amount of weekly UI benefits paid to an unemployed person depends upon the amount of earnings received by the claimant during a base period of employment. The average UI benefit received by AFDC recipients in 1982-83 was $258 per month. Based on the average family size, the average value of UI payments per family member was $91.17.

Food Stamps. The purpose of the federal government's Food Stamp program is to ensure that low-income households are financially able to obtain food that provides an adequate level of nutrition. In order to achieve this goal, eligible households are given food stamps that they can use to purchase food. The recipients pay nothing for their food stamps.

In general, eligibility for food stamps is based on the gross income and resources available to the applicant. Because their income is low, most AFDC households qualify for food stamps. In 1982-83, 1,254,578 persons receiving AFDC grants also participated in the Food Stamp program. According to the DSS, the average cash value of food stamps provided to individual AFDC recipients was $33.04.

AFDC Special Needs. During 1982-83, the Special Needs program provided average allowances of $55.00 to 23,822 AFDC families for special needs such as prenatal nutrition. The average value of the benefits provided under the program was $19.43 per individual.

Social Security. The federal Retirement, Survivors, Disability, and Health Insurance (RSDHI) program provides benefits to retired and disabled workers and their dependents, as well as to survivors of insured workers. It also provides health insurance benefits for persons age 65 and over and for disabled persons under age 65. According to statistics compiled by the DSS, 10,773 AFDC families received RSDHI payments averaging $216 per month during 1982-83--an average of $76.33 per individual. The RSDHI payments are counted as income for AFDC grant purposes. As a result, individual AFDC grants are reduced by the amount of the RSDHI payment, less specified deductions.

Child Care During Working Hours. Several different child care programs may be available to AFDC recipients, depending on where they live. The Office of Child Development (OCD) in the State Department of Education provides subsidies on behalf of children from AFDC families to a network of child care centers throughout the state. In 1982-83, an estimated 31,391 AFDC children received subsidized child care in OCD-supported centers, at an average cost of $128.67 per child per month.

Another child care resource available to AFDC families in 1982-83 was the "income disregard" mechanism. Under this arrangement, individual AFDC families select and pay for child care and are then allowed to deduct the cost of the care from their net countable income (on which the AFDC grant calculation is based). These child care deductions are limited to a maximum of $160 per child.

In 1982-83, approximately 7,639 families received child care funded through this indirect subsidy mechanism. The countable income of these families was reduced by an average of $98 per month as a result.

Child Nutrition Programs. Low-income children, including those from AFDC families, are eligible for free meals provided through schools and child care agencies. Public schools must provide at least one such meal per day for each needy pupil, at an estimated cost of $1.35 per meal. Approximately 35 percent of AFDC recipients are school-age children.

Housing Programs. Several housing assistance programs are available to low- and moderate-income households. These households may receive (1) subsidized shelter as tenants in public housing or (2) rental assistance to help them lease new or rehabilitated units owned by public or private agencies. The availability of housing assistance and the income thresholds that an AFDC recipient must meet in order to be eligible for this assistance vary among the counties. In 1982-83, an estimated 46,847 AFDC recipients resided in public housing and an additional 123,363 received rental assistance.

Low-Income Home Energy Assistance Program (LIHEAP). California provides cash assistance to low-income households to help them pay the cost of the energy they used. Categorical public assistance recipients, such as AFDC households, are automatically eligible for this assistance, which is not considered when the amount of a household's cash grant is calculated. During 1982-83, approximately 388,613 AFDC recipients received a cash grant under this program. The average annual benefit provided under the Home Energy Assistance program in that year was $162, or $57.24 per individual. An unknown number of AFDC recipients also received (1) up to $300 to help them pay their energy bill during emergencies and (2) up to $1,000 in weatherproofing for their homes. All of this assistance is paid with federal funds.

Other Income. During 1982-83, 13 percent of AFDC recipients reported that they received income from sources other than publicly funded programs. This other income can take the form of child support payments, contributions from household members who do not receive AFDC, an AFDC recipient's own earnings, and in-kind benefits. The maximum AFDC grant may be reduced by some portion of the other income received. This income is available to the recipient in addition to the actual AFDC grant they receive each month.

Calculation of Average Benefits. Table 16 shows the average value of benefits and other income received in 1982-83 by an individual residing in a three-person AFDC household. The averages are calculated in two ways. The "average cash value of resource received" shows the average benefit per individual for those AFDC households that received the particular benefit. For example, among those AFDC households that received food stamps, the average value of the coupons per individual was $33.04.

The "value of resource averaged over all AFDC recipients" gives the average benefit per participant in the AFDC program, including both those participants who received the particular benefit and those who did not. Obviously, the average benefit per AFDC participant will be less than the average benefit for just those AFDC recipients who receive the benefit.

The average value of benefits provided to a family of three was calculated by multiplying the average benefit value per AFDC recipient by three.

Difficulties Encountered in Attempting to Calculate Benefits Received by AFDC Families. Like all averages, of course, the average benefit masks what can be large differences among individual families. Some families may receive more benefits than the average; others may receive less. Nevertheless, benefit value provides the best available measure of the cost of benefits received by the hypothetical "average" AFDC household.

When reviewing the information on average benefit values provided in Table 16, the following points must be kept in mind:

- Not All Recipients Receive Each of These Benefits. Some programs are not available to residents of some areas; others have long waiting lists; still others have eligibility criteria that some AFDC recipients are unable to meet.
- More Than One-Half of All AFDC Families Receive Less Than the Average Benefit Value. This is because relatively few individuals receive unemployment compensation, child care, or rental subsidies--each of which provides relatively large benefits to those who qualify. This skews the distribution of benefits, causing the median family benefit to be less than the average benefit.
- The Number of Persons Who Participate in a Program During the Course of a Year is Larger than the Average Number of Persons Receiving Benefits. This is because some recipients enroll for only a few months at a time. Consequently, the program is likely to provide aid to more individuals in the state than what the monthly average figure would imply.
- Finally, Not All Programs Vary the Size of Benefits by the Size of the Recipient-Family. Under some benefit programs, such as UI, Social Security, and LIHEAP, larger families get the same benefit as smaller families.

Table 16

Monthly Benefits and Resources Available to AFDC Recipient[a]
1982-83

Resource	Recipients Using Resource	Percent Of AFDC Recipients[b]	Average Cash Value Of Resource Received	Value of Resource Averaged Over All Recipients	Overall Average Times Three (family of three)
AFDC cash grant	1,561,559	100.0%	$149.18	$149.18	$447.54
Food stamps	1,254,578	80.3	33.04	26.54	79.62
Medi-Cal[c]	568,400	36.4	140.02	50.97	152.91
Child nutrition[d]	549,669	35.2	19.69	6.93	20.79
Rental subsidies[e]	123,363	7.9	80.00	6.32	18.96
Earned income	87,399	5.6	104.59	5.85	17.55
Other income[f]	79,551	5.1	47.15	2.40	7.20
AFDC special needs	67,416	4.3	19.43	0.84	2.52
Unemployment Insurance	57,834	3.7	91.17	3.38	10.14
Public housing[e,g]	46,847	3.0	40.00	1.20	3.60
Child care[h]	31,391	2.0	128.67	2.59	7.77
Social security	30,488	2.0	76.33	1.49	4.47
Average total monthly resources	--	--	--	$257.69	$773.07
Average total annual resources	--	--	--	$3,092.28	$9,276.84
LIHEAP[i]	388,613	24.9%	$57.24	$14.25	$42.75
Average total annual resources with LIHEAP	--	--	--	$3,106.53	$9,319.59

a. SOURCES: Department of Social Services, Office of Economic Opportunity, Department of Health Services, federal Departments of Housing and Urban Development and Health and Human Services, state Department of Housing and Community Development.
b. Percentage figures do not total 100 percent because some recipients utilized more than one benefit.
c. Fee-for-service users only. Other Medi-Cal service categories such as prepaid health plans are paid for on a per capita basis. Data on the utilization of these fee-for-service categories by public assistance recipients is not available at this time.
d. Based on $1.35 average meal value, one meal per 175 school days per year.
e. Based on 1981 federal study of percent of subsidized housing occupied by AFDC recipients.
f. Includes contributions from absent parents and other persons in the households and in-kind income.
g. Includes assistance under Sections 8 and 23 of the federal Housing and Urban Development Act and the Farmer's Home Administration's Rental Assistance program.
h. Includes only subsidized child care provided through the Office of Child Development in the State Department of Education.
i. This amount is received in a lump sum rather than on a monthly basis.

Part Two: Supplemental Security Income/State Supplementary Program

CHAPTER V

ELIGIBILITY REQUIREMENTS: SSI/SSP

The federal Supplemental Security Income (SSI) program provides cash grants to aged, blind, and disabled individuals and couples who meet specified eligibility requirements. States can (and in some cases, must) supplement the federal SSI grant with a state supplementation payment (SSP).

The Social Security Administration (SSA) administers the SSI program. In addition, the SSA will administer a state's SSP program if it is requested to do so by the state. When the federal government administers a state's SSP program, federal eligibility requirements are used to determine an applicant's eligibility for both the SSI and SSP programs. If, on the other hand, the state administers its SSP program, the state is free to set its own eligibility requirements.

This chapter summarizes the eligibility requirements that apply to SSI/SSP programs in nine of the ten largest states. The other large state--Texas--has no SSP program.

State Supplementation Payments

There are two types of state supplementation payments: (1) mandatory and (2) optional.

1. Mandatory Supplementation Program. Federal law requires that states continue to provide cash grants to aged, blind, and disabled persons who were receiving grants prior to implementation of the SSI program on

January 1, 1974, regardless of whether these persons satisfy federal eligibility requirements. All states except Texas and Utah have mandatory supplementation programs. According to the Department of Social Services, California currently provides mandatory supplementation payments to one individual who was receiving aid prior to implementation of the SSI program.

2. Optional Supplementation Program. In addition, states have the option of supplementing the federal SSI grant. If a state elects to supplement the basic SSI grant, it can limit the categories of persons who can receive the supplement. As of January 1982, 40 states, including California and the District of Columbia, have elected to provide such a supplement to one or more categories of recipients.

Table 17 shows the SSP eligibility requirements for nine of the ten largest states, including California, as of January 1, 1984. The federal government administers the SSP program for five of these states--California, New York, Pennsylvania, Michigan, and New Jersey. The remaining four states--Illinois, Ohio, Florida, and North Carolina--administer their own SSP programs.

The nine largest states have been used as the basis for comparison because they account for about 72 percent of the total U.S. population and approximately 50 percent of the nation's SSI/SSP population. In addition, these states represent every region in the country and include both large urban and rural populations.

Categorical Requirements

An individual can qualify for the SSP program if he or she is aged, blind, or disabled and thus meets the categorical requirements of the program. In those states where the federal government administers the SSP program:

- An individual can qualify as aged if he or she is age 65 or older.
- An individual can qualify as blind if the person's vision is correctable to no better than 20/200 in the better eye, or the individual has tunnel vision in which the field of vision is no greater than 20 degrees.
- An individual can qualify as disabled if the person is unable to engage in substantial gainful activity due to physical or mental impairment that is expected to result in death or last for a continuous period of a year or longer.

In addition, disabled or blind children are eligible for aid if they are under 18 years of age (or 22 years of age and a student) and neither married nor the head of a household.

Table 17 shows that the categorical requirements for the nine states are very similar. The major difference is that the four states which administer their own SSP programs limit eligibility to aged, blind, and disabled persons who live in community care facilities that provide room, board, and personal care. By contrast, states whose SSP programs are administered by the federal government provide aid to aged, blind, and disabled individuals regardless of whether they live in a community care facility or independently in their own home or rental unit.

Income Limits

In order to qualify for aid, an individual must meet specified income criteria. Both earned and unearned income, with specified exclusions, are counted in determining an individual's eligibility for aid. (Appendices E and F give examples of unearned income and receipts that are not considered to be income.)

Gross Income Limit. The "gross income limit" is the maximum amount of income that an individual can receive and still be eligible for one dollar of aid under the SSI/SSP program. This amount can be calculated by subtracting one dollar from the maximum SSI/SSP grant, multiplying this figure by two, and adding allowable income exclusions. Table 17 shows that an individual living independently in California could have $1,037 in income per month and still receive one dollar of aid under the SSI/SSP program. Blind recipients could have more than $1,037 of income and qualify for aid because they are permitted to exclude more income from the total than are aged or disabled persons.

General Income Exclusion. Federal law permits states to exclude $20 per month of general income in determining whether a person is eligible for the SSI/SSP program. Seven states, including California, provide for this exemption under their SSP programs. Illinois allows a $25-per-month general income exclusion. In North Carolina, blind recipients are permitted a $10-per-month general income exclusion and aged and disabled recipients are permitted a $9-per-month exclusion.

Earned Income Exclusion. In addition to the general income exclusion, federal law does not recognize as income the first $65 of earned income plus one-half of the remainder for purposes of determining the eligibility of an aged individual for the SSI/SSP program. Blind and disabled recipients also are permitted to exclude any income that is used to gain self-sufficiency. Among the expenses that blind recipients can deduct from otherwise-countable income are:

- Bus or cab fare.
- Guide dog and upkeep.
- Private automobile ($.15 per mile).
- Braille instruction.
- Lunches.
- Professional association dues that are work-related.
- Taxes; FICA; self-employment; federal, state, or local income taxes.

California and six other states permit the same exclusions from earned income as the federal government. In Illinois, aged and disabled participants are permitted to exclude up to $50 of earned income per month. In North Carolina, aged and disabled recipients are permitted to exclude the first $20 of earned income plus one-half of any remainder up to a maximum exemption of $60 per month.

Net Income Limit. "Net income" is equal to gross income minus exclusions. The net income limit is the maximum SSI/SSP grant. As of January 1, 1984, the maximum SSI/SSP grant for an aged individual in an independent living arrangement ranged from $314 in Illinois, Ohio, Florida, and North Carolina (these states do not supplement the SSI grant) to $477 in California.

Resource Requirements

In order to qualify for the SSP program, an individual must meet specified resource requirements. In general, "resources" include cash, liquid assets, and real or personal property that can be converted to cash for the financial support of the applicant.

Home. The SSA defines a home as any building that the recipient owns and uses as a principal place of residence and any land contiguous to the residence. Federal law exempts the entire value of the home from consideration in determining an applicant's eligibility for SSI. Eight of the states, including California, allow the same home exemptions as the federal government. North Carolina allows participants to exempt their house and $12,000 worth of contiguous property.

Personal Property. Federal regulations define "personal property" as property that can be moved or stored. Examples of personal property include furniture, furnishings, appliances, clothing, jewelry, and cash. Federal law permits individuals and couples to exclude $1,500 and $2,250 of personal property, respectively, in order to qualify for aid. In addition, the recipient is permitted to exclude life insurance policies with a cash value of $1,000 or a prepaid burial plan with a value of $1,500. Seven states, including California, allow the same personal property exemptions as the federal government. (See Appendix G for a discussion of how these limits were changed by recent federal legislation--PL 98-369.)

Household and Personal Effects. In determining a person's resources for purposes of establishing SSI/SSP eligibility and grant levels, the SSA exempts from consideration wedding and engagement rings, prosthetic devices, dialysis machines, hospital beds, and wheelchairs. All remaining household and personal effects up to an equity value of $2,000 are also excluded from the total. Six states, including California, impose the same requirements as the federal government under their SSP programs.

Motor Vehicle. The entire value of an automobile can be excluded from total resources if the vehicle is necessary for employment, essential for medical use, or specially equipped for the handicapped. Otherwise, up to $4,500 of a vehicle's equity value is excluded. California and five other states impose the same requirements as the federal government.

Other Eligibility Requirements

Liens. Illinois places a lien on the homesteads of SSI/SSP recipients that are worth more than $25,000. Upon the death of the recipient, the state attempts to recover the amount of assistance provided to the recipient from the value of the homestead. Recipients under age 65 and those with spouses, children, or SSI recipients residing in the home are excepted from this requirement. State claims against the deceased recipient's property are considered after the claims of other creditors.

Relative Responsibility. Under federal regulations, part of a spouse's income and resources are considered to be available for the support and care of an SSI/SSP applicant or recipient. Parents also are financially responsible for their blind or disabled children under age 21, except when the child is age 18 or older and financially independent. These federal provisions apply to seven of the states, including California. Ohio and Florida limit relative responsibility to spouses.

Table 17

Eligibility Requirements for SSI and State Supplemental Programs
January 1, 1984

	Federal Eligibility	Federally Administered SSP Programs: California	Federally Administered SSP Programs: New York	Federally Administered SSP Programs: Pennsylvania	Federally Administered SSP Programs: Michigan	Federally Administered SSP Programs: New Jersey	State Administered SSP Programs: Illinois	State Administered SSP Programs: Ohio	State Administered SSP Programs: Florida	State Administered SSP Programs: North Carolina
I. CATEGORICAL REQUIREMENTS										
A. Aged	1. 65 years old and older if housed in an independent living situation. 2. Payment for residing in medical facilities is limited to a personal and incidental needs allowance of $25/month.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	65 years or older in a facility with room, board, and personal care.	65 years or older and in a community-based living arrangement. These include an adult foster home or a group home licensed by the state health department.	65 years or older in a care facility. These include an adult in foster home or room and board with personal care.	65 years or older in a facility with room, board, and personal care.
B. Blind	Vision correctable to no better than 20/200 in better eye or tunnel vision in which field of vision is no greater than 20 degrees.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal and in a facility with room, board, and personal care.	Same as federal and 18 years or older in a community-based living arrangement. These include an adult foster home or a group home licensed by the state health department.	Same as federal and 18 years or older in a care facility. These include room or board with personal care or adult foster home.	Same as federal and in a facility with room, board, and personal care.

Table 17--contd

	Federal Eligibility	Federally Administered SSP Programs					State Administered SSP Programs			
		California	New York	Pennsylvania	Michigan	New Jersey	Illinois	Ohio	Florida	North Carolina
C. Disabled	Mental or physical impairment which precludes gainful employment or activity.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal and in a facility with room, board, and personal care.	Same as federal and 18 years or older in a community-based living arrangement. These include an adult foster home or a group home licensed by the state health department.	Same as federal and in a community-based living arrangement. These include room and board with personal care; adult foster home care; foster homes; group homes; or a residential habilitation center.	Same as federal and in a facility with room, board, and personal care.
II. INCOME										
A. Gross Income Limit[b]	$711	$1,037	$833	$775	$759	$769	$711[a]	$711[a]	$711[a]	$711[a]
B. General Income Exclusion	$20/month general exclusion.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	$25/month. Income from contributions is not excluded.	Same as federal.	Same as federal.	Aged and disabled: $9/month Blind: $10/month
C. Earned Income Exclusion										

Table 17--contd

	Federal Eligibility	Federally Administered SSP Programs: California	New York	Pennsylvania	Michigan	New Jersey	State Administered SSP Programs: Illinois	Ohio	Florida	North Carolina
1. All Categories	First $65/month of earned income plus 1/2 of remaining earned income is excluded.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Aged and disabled: $20 plus 1/2 of next $60/month of earned income is excluded. Blind: $85 plus 1/2 of remainder of earned income is excluded.	Same as federal.	Same as federal.	Aged and disabled: first $20/month plus 1/2 of remainder of first $80/month up to maximum exemptions of $50. Total disregard. Blind: first $85 plus 1/2 remainder of earned income over $85/month.
2. Blind and Disabled	Any income used towards gaining self-sufficiency is excluded.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.		Same as federal.	Same as federal.	
D. Net Income Limit	Maximum SSI/SSP grant.[b]	$477	$375	$346	$338	$343	$314[a]	$314[a]	$314[a]	$314[a]
III. RESOURCE LIMITS										
A. Real Property/Home	The principal place of residence and contiguous property is excluded.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Exemptions: --homes and income-producing business or farm equipment	Same as federal.	Same as federal.	Total value of house excluded and $12,000 worth of contiguous property.
B. Personal Property	$1,500 limit for individual; $2,250 limit for couple; life insurance with a cash or face value of $1,000; prepaid burial plan with a $1,500 value.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Exemptions are limited to life insurance with a cash value of $1,000 or a prepaid burial plan of $1,500.	Same as federal.	Same as federal.	Blind: $2,000 limit for individual. Aged and Disabled: $1,000 limit for individual and $1,100 limit for couple.

Table 17--contd

	Federal Eligibility	Federally Administered SSP Programs: California	New York	Pennsylvania	Michigan	New Jersey	State Administered SSP Programs: Illinois	Ohio	Florida	North Carolina
C. Household/ Personal Effects	$2,000 limit equity value.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Exemptions are limited to clothing and household furnishings.	Entire value excluded.	Same as federal.	Total value excluded.
D. Motor Vehicle	$4,500 limit equity value except when the care is used for employment; essential for medical use; or specially equipped for the handicapped. If one of these cases apply, the entire value of the vehicle is exempt.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Entire value exempt.	$1,200 exempted if used for employment or specially equipped for the handicapped. Otherwise, the entire value of the vehicle is counted.	Same as federal.	Total value excluded.
IV. OTHER										
A. Liens	None.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Lien on home worth more than $25,000 and claims are filed upon the death of the recipient except when: --the recipient was under age 65 --a child, spouse, or SSI/SSP recipient resides in the home --there has been a claim filed by other creditors	Same as federal.	Same as federal.	Same as federal.

Table 17--contd

	Federal Eligibility	Federally Administered SSP Programs					State Administered SSP Programs			
		California	New York	Pennsylvania	Michigan	New Jersey	Illinois	Ohio	Florida	North Carolina
B. Relative Responsi-bility	--Spouse for spouse --Parent for child under age 21, except when child is age 18 or older and financially independent	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Same as federal.	Spouse for spouse.	Spouse for spouse.	Same as federal.

a. Does not include supplemental payment because these states do not provide a supplement to individuals in an independent living arrangement. Supplemental payments, however, are made to other groups of recipients in these states.
b. Aged individual in an independent living arrangement, January 1, 1984.

NOTE: The State of Texas has no SSP program.

CHAPTER VI

HISTORICAL TRENDS: SSI/SSP

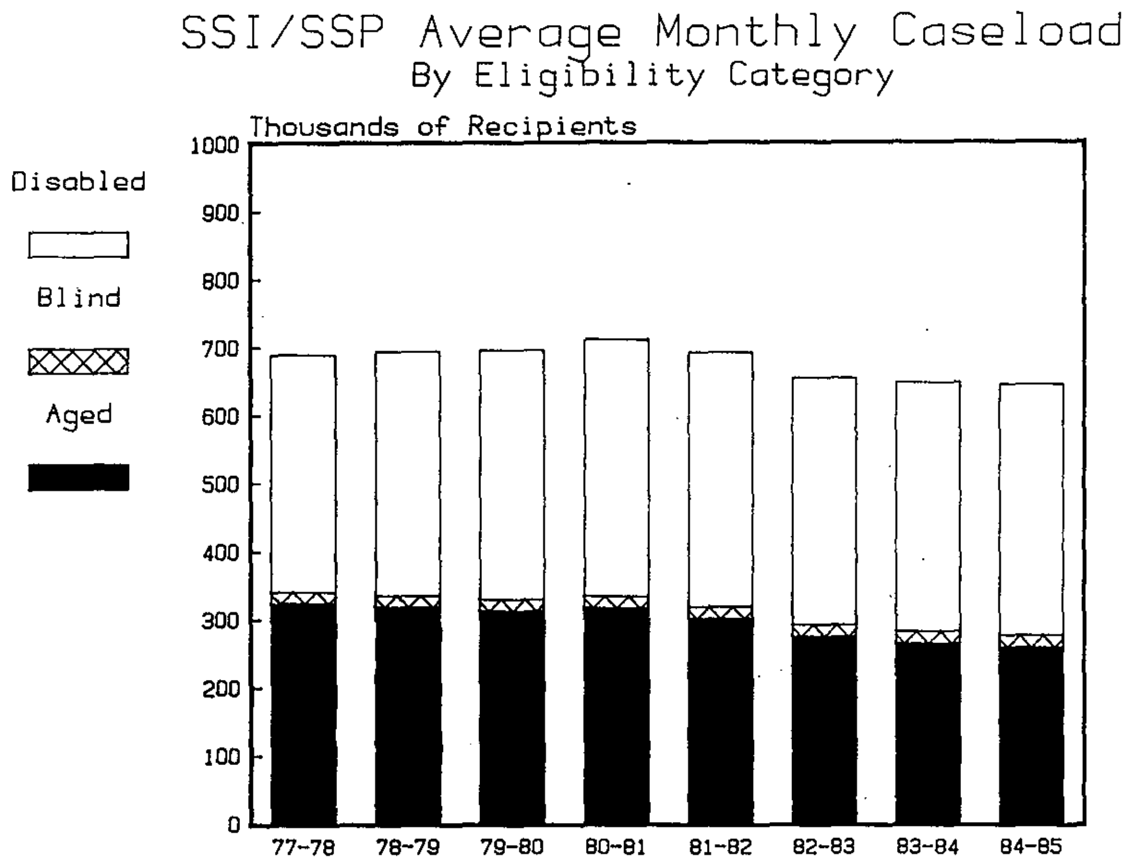
This chapter provides a description of the Supplemental Security Income/State Supplementary program (SSI/SSP) and its recipients. It does so by answering a series of questions often asked about the SSI/SSP. The first set of questions involves the number of SSI/SSP recipients and total expenditures made on their behalf. The second set of questions concerns the characteristics of SSI/SSP recipients in California and how this population has changed in recent years.

How Many People Receive SSI/SSP?

In 1984-85, an average of 651,190 persons per month are expected to receive SSI/SSP grants. Thus, in any given month, approximately 2.6 percent of California's 25 million people will be receiving SSI/SSP grants. Of these persons, the Department of Social Services estimates that 261,800 will be aged, 18,540 will be blind, and 370,850 will be disabled. Chart 16 shows, by eligibility category, the average number of persons per month receiving SSI/SSP grants during the years 1977-78 through 1984-85.

Chart 16 shows that the total number of SSI/SSP recipients has declined since 1980-81. Compared to the number of persons who received grants in 1980-81, approximately 60,752 fewer persons will receive grants in 1984-85--a drop of 9 percent. The decrease is due principally to a decline in the number of aged persons qualifying for SSI/SSP. Although the percentage of California's total population that are aged is increasing, the percentage of SSI/SSP recipients who are aged is declining. This

Chart 16

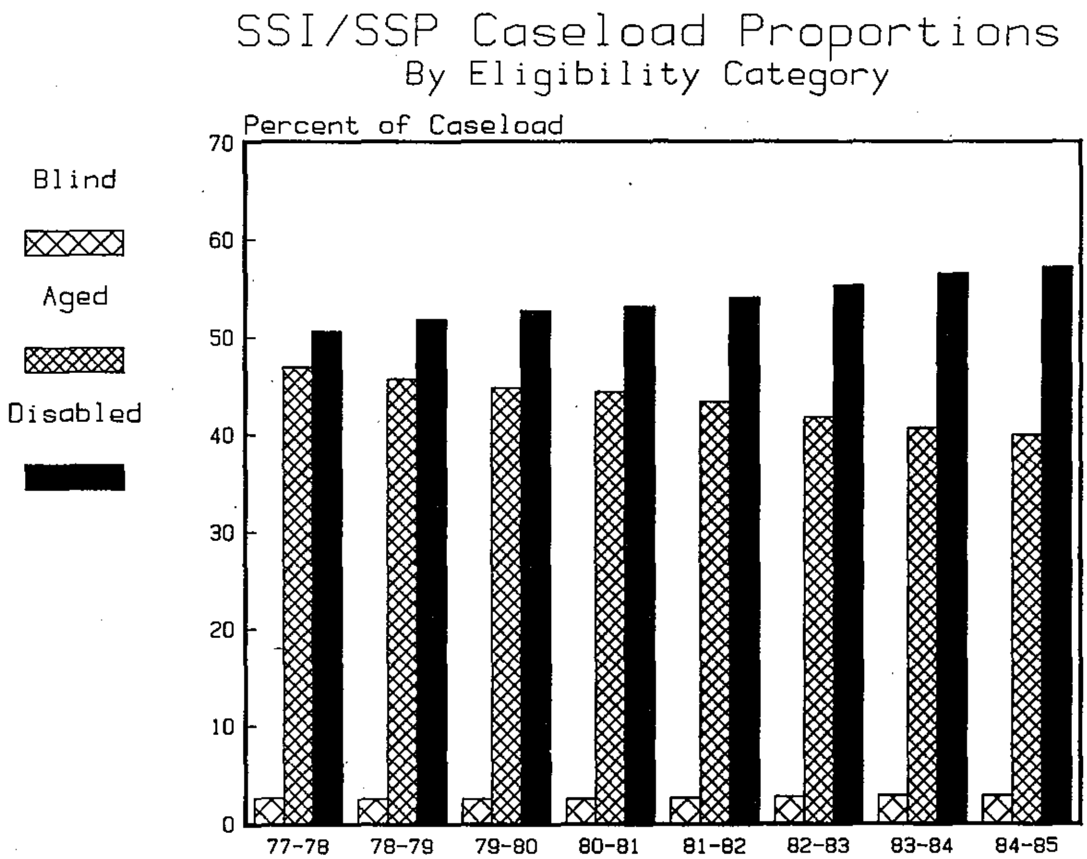


SOURCE: Department of Social Services.

anomaly primarily reflects the fact that income to the aged from other sources, such as social security payments, has been increasing at a relatively rapid pace, thereby reducing the number of aged persons eligible for SSI/SSP.

Chart 17 shows the distribution of aged, blind, and disabled recipients as a percentage of all SSI/SSP recipients for each year since 1977-78. The chart shows that the percentage of recipients who are aged

Chart 17



SOURCE: Department of Social Services.

has declined from 47 percent in 1977-78 to 40 percent in 1984-85. Conversely, the disabled population increased from 51 percent of the total to 57 percent over the same period.

How Much Does the Program Cost?

The cost of the SSI/SSP program in 1984-85 is expected to total $2.3 billion. Of this amount, $1.2 billion will come from the state's General Fund and $1.1 billion will come from the federal government.

Between 1977-78 and 1980-81, General Fund expenditures for the SSI/SSP program increased by $566 million, or 78 percent. This increase was due principally to two factors: (1) cost-of-living adjustments granted in 1979-80 (15.7 percent) and 1980-81 (15.5 percent) and (2) the state's decision to assume the county's share of SSI/SSP program costs, beginning in 1978-79. Since 1980-81, General Fund expenditures have decreased by $89 million, or 7 percent, primarily because increases in unearned income--especially social security benefits--reduced grant levels for many recipients.

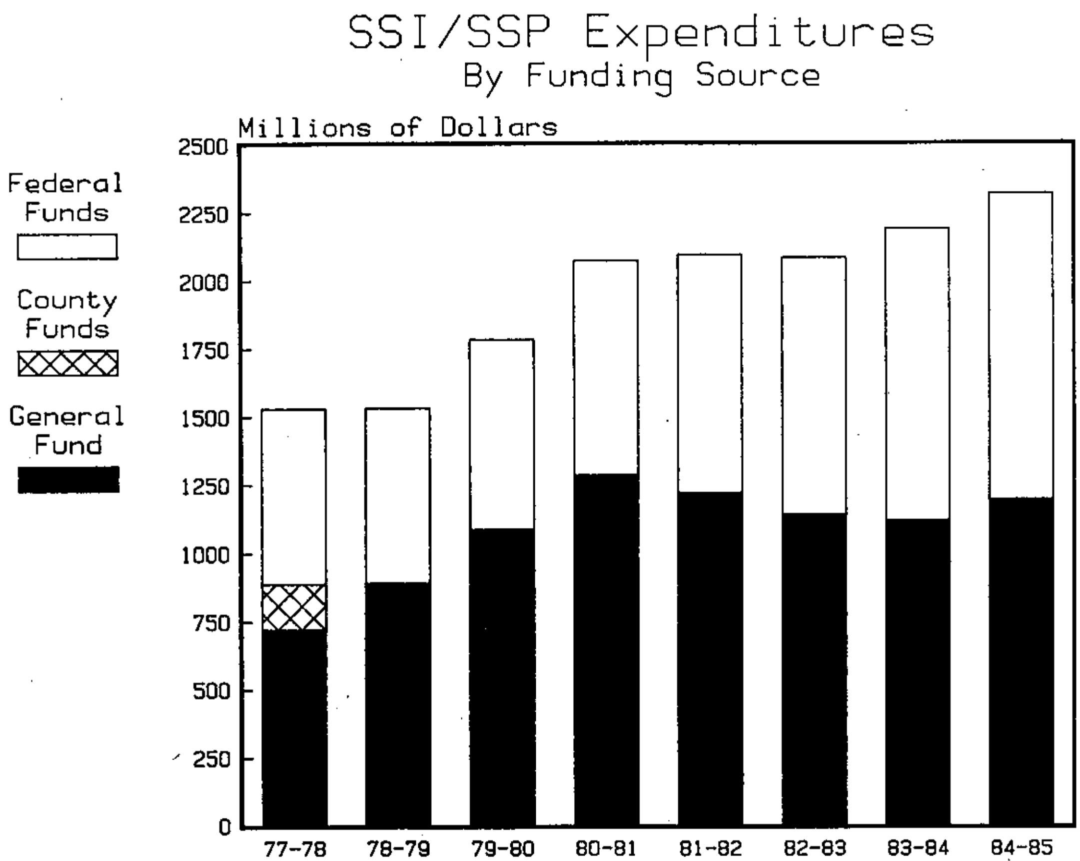
Chart 18 shows the trend in SSI/SSP expenditures, by funding source, for the years 1977-78 through 1984-85.

Characteristics of SSI/SSP Recipients

The Department of Social Services prepares quarterly management reports showing the characteristics of persons applying for and receiving SSI/SSP grants. We have used the information contained in these reports to answer some commonly asked questions about the SSI/SSP program and its participants.

1. Does the SSI/SSP Program Support Primarily Aged Persons? The conventional wisdom is that the SSI/SSP program provides assistance primarily to aged persons. In fact, however, the majority of SSI/SSP recipients--57 percent in 1984--qualify for aid because they are disabled. Even though the majority of SSI/SSP recipients qualify for aid by virtue of a disability, the department does not collect information on the types of disabilities that affect these recipients.

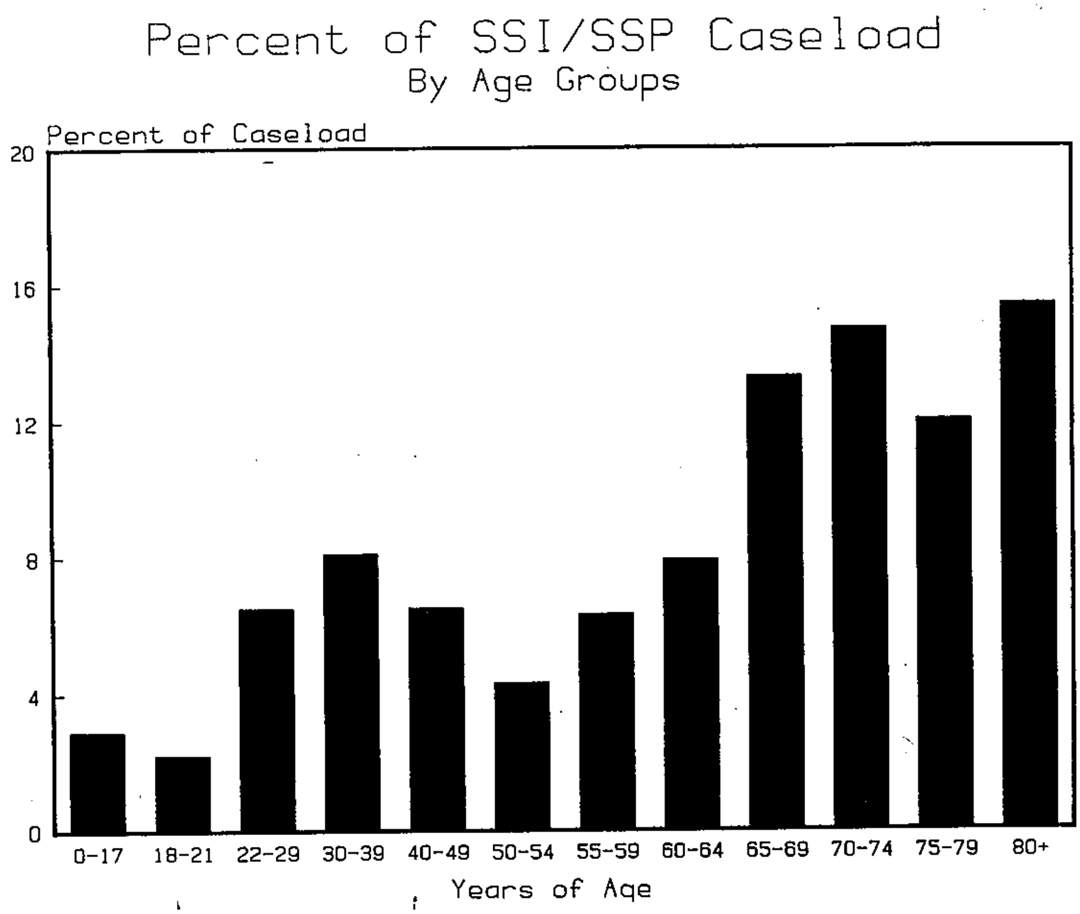
Chart 18



SOURCE: Department of Social Services.

Aged recipients comprise the second largest group of SSI/SSP beneficiaries (40 percent). In January 1984, the average age of aged recipients was 77 years, while the average ages of blind and disabled recipients were 57 years and 49 years, respectively. Chart 19 shows the percentage distribution of recipients, by age, in 1984. The chart shows that one-fifth of the SSI/SSP population is less than 40 years old.

Chart 19



SOURCE: Department of Social Services.

2. <u>What are the Largest Recipient Groups by Aid-Category, Race, and Sex?</u> Table 18 shows the largest recipient groups, by aid-category (aged and disabled), race, and sex, in January 1982 and January 1984. The table shows that disabled white females are the single largest group of recipients accounting for 22 percent of all SSI/SSP claimants in both years. The next largest groups are aged white females and disabled white males, accounting for 18 percent and 15 percent of total recipients,

respectively. A rapidly growing group of recipients are aged females of "other" races. This group increased from 5.7 percent of all recipients in January 1982 to 8 percent in January 1984.

Table 18

Largest Categories of Recipients
By Aid-Category, Race, and Sex

	Number Of Recipients		Percent of All Recipients	
	January 1982	January 1984	January 1982	January 1984
Disabled white female	150,041	139,646	22.1%	21.8%
Aged white female	145,903	115,788	21.5	18.0
Disabled white male	105,730	97,697	15.6	15.2
Aged white male	55,923	40,770	8.2	6.4
Disabled black female	44,643	42,957	6.6	6.7
Aged other female	38,897	51,592	5.7	8.0
Disabled black male	30,373	28,652	4.5	4.5
Aged other male	22,628	28,708	3.3	4.5
Aged black female	21,957	18,492	3.2	2.9
Disabled other female	19,779	29,037	2.9	4.5
Disabled other male	16,807	23,718	2.5	3.7
All other categories	26,516	24,622	3.9	3.8
Totals	679,197	641,679	100.0%	100.0%

Tables 19 and 20 provide a distribution of the SSI/SSP recipient population by race and sex. Table 19 shows that 63 percent of all recipients are white, 15 percent are black, and 21 percent are of other races. Table 20 shows that 64 percent of all recipients are women and 36 percent are men. Of the aged recipients, 71 percent are women and 29 percent are men.

Table 19

SSI/SSP Recipient Population by Race
January 1984[a]

	Number Of Recipients	Percent of Aid Category	Percent of All Recipients
Aged	261,896	100.0%	40.9%
White	(156,558)	(59.8)	(24.4)
Black	(25,038)	(9.6)	(3.9)
Other	(80,300)	(30.7)	(12.5)
Blind	17,066	100.0	2.7
White	(11,261)	(66.0)	(1.8)
Black	(2,024)	(11.9)	(0.3)
Other	(3,781)	(22.2)	(0.6)
Disabled	361,717	100.0	56.4
White	(237,353)	(65.5)	(37.0)
Black	(71,609)	(19.8)	(11.2)
Other	(52,755)	(14.6)	(8.2)
Total	640,679	--	100.0%
White	(405,172)	--	(63.2)
Black	(98,671)	--	(15.4)
Other	(136,836)	--	(21.4)

a. Detail may not add due to rounding.

Table 20

SSI/SSP Recipient Population, by Sex
January 1984

	Number Of Recipients	Percent of Aid Category	Percent of All Recipients
Aged	261,842	100.0%	40.8%
Male	(76,009)	(29.0)	(11.8)
Female	(185,833)	(71.0)	(29.0)
Blind	18,062	100.0	2.8
Male	(6,949)	(38.5)	(1.1)
Female	(11,113)	(61.5)	(1.7)
Disabled	361,528	100.0	56.4
Male	(150,035)	(41.5)	(23.4)
Female	(211,593)	(58.5)	(33.0)
Total	641,532	--	100.0%
Male	(232,993)	--	(36.3)
Female	(408,539)	--	(63.7)

3. Do Persons Receiving SSI/SSP Also Have Other Sources of Income?

The majority of SSI/SSP recipients receive income from other sources in addition to their SSI/SSP grant. Table 21 shows that in January 1982, at least 435,692 recipients, or greater than 64 percent of all recipients, received income from sources other than the SSI/SSP grant. In January 1984, 395,354 recipients, or 62 percent of all recipients, had other sources of income.

Income from these other sources, after specified exclusions, reduce the size of the SSI/SSP grant provided to recipients.

Table 21

Other Sources of Income Received by SSI/SSP Recipients[a]

	Number Of Recipients		Average Income	
	January 1982	January 1984	January 1982	January 1984
Earned income	14,515	13,567	$51	$48
Unearned income	435,692	395,354	293	322
Social security benefits[b]	(403,662)	(365,218)	(283)	(313)
Other (no social security benefits)	(32,030)	(30,136)	--	--

a. The total number of recipients with both earned and unearned income cannot be determined due to limitations in the available data.
b. Some of the recipients that receive social security benefits also receive other types of unearned income.

Table 21 shows that only 13,567 recipients, or 2 percent of all recipients had earned income in January 1984. The average earned income of these recipients in that month was $48.

A much larger percentage of recipients--over 60 percent of the total--receive some sort of unearned income. Social security benefits are the most prevalent source of unearned income. Fifty-six percent of all SSI/SSP recipients received social security benefits in 1984. These payments averaged $313 per month. Five percent of SSI/SSP recipients did not receive social security benefits but did receive other types of unearned income, which included military pensions, in-kind payments, and employment pensions.

4. <u>How Many Recipients Own Property or Other Resources?</u> SSI/SSP eligibility requirements permit recipients to own certain property and resources, subject to specified limits. Table 22 shows that in January 1984, 436,000, or 68 percent, of all recipients owned no resources. The table also shows that during the same month, 270,000 recipients owned one or more resources. Of those individuals with resources, 33 percent owned a house, 55 percent owned an automobile, and 11 percent owned a life insurance policy.

Table 22

Number of SSI/SSP Recipients With One Or More Resources in January 1984

Resource	Number Of Recipients	Percent of Recipients With Resources	Percent of All Recipients
Recipients with no resources	436,038	--	68.0%
Recipients with resources	269,466	100.0%	32.0
House	(89,521)	(33.2)	(14.0[a])
Auto	(149,171)	(55.4)	(23.2[a])
Life Insurance	(29,204)	(10.8)	(4.6[a])
Other resources	(1,570)	(0.6)	(0.2[a])

a. Total exceeds 32 percent because some recipients have more than one resource.

5. <u>Do Most Recipients Live in Their Own Homes?</u> Table 23 shows that in January 1984, 500,000, or 81 percent, of all recipients resided in independent living situations. The living arrangements of these recipients included both owned and rented quarters. Another 19,000 recipients, or 3.1 percent of the total, resided in independent living quarters without

cooking facilities (for example, a hotel room). About 61,000 recipients, or 10 percent of the total, lived in nonmedical board and care facilities.

Table 23

Living Arrangements of SSI/SSP Recipients

	All Recipients	
	January 1984	Percent Of Total
Independent living	498,688	81.0%
Independent living without cooking facilities	18,794	3.1
Living in another's house	22,450	3.6
Nonmedical board and care facility	60,830	9.9
Other	15,135	2.4
Totals	615,897	100.0%

6. How Long Do SSI/SSP Recipients Remain on Aid? The SSI/SSP program is considered to be an income source of last resort. Individuals are eligible for the program only if they (1) cannot adequately support themselves because of age, blindness, or a physical or mental disability and (2) meet certain income and resource limitations. Because the conditions that qualify persons for this program (age, blindness, or disability) generally do not improve, the program will probably tend to be a long-term source of support for such individuals. Because the SSI/SSP program is only 10 years old, it is not possible at this time to draw meaningful conclusions from the available data concerning the length of time that recipients remain on aid.

7. <u>What are the Most Common Reasons for Getting Off Aid?</u> Table 24 shows the various reasons why a person leaves the SSI/SSP program. The two most common reasons are (1) death and (2) increases in income from other sources that make the person ineligible for aid. As of January 1984, death accounted for 28 percent of all benefit terminations, and incomes that exceeded program limits accounted for another 18 percent. The next two most common reasons--failure to report or supply required information and resources that exceed program limits--accounted for 16 percent and 11 percent, respectively, of terminations reported in January 1984. Together, these four factors account for nearly three-quarters of all terminations reported in January 1982 and January 1984.

Table 24

Reasons for Termination of SSI/SSP Benefits

	January 1982	Percent Of Total	January 1984	Percent Of Total
Death	2,440	23.2%	2,202	27.7%
Excessive income	2,192	20.9	1,389	17.5
Failure to report	1,465	14.0	1,292	16.3
Excessive resources	1,370	13.1	859	10.8
Reasons undetermined[a]	1,187	11.3	943	11.9
Moved to other state	768	7.3	711	9.0
Cessation of disability	518	4.9	111	1.4
Outside of U.S.	274	2.6	196	2.5
Incarcerated	150	1.4	126	1.6
Voluntary termination	130	1.2	107	1.3
Cessation of blindness	3	--	1	--
Totals	10,497	100.0%[b]	7,937	100.0%

a. These cases represent terminations that are as yet unclassified.
b. Detail may not add due to rounding.

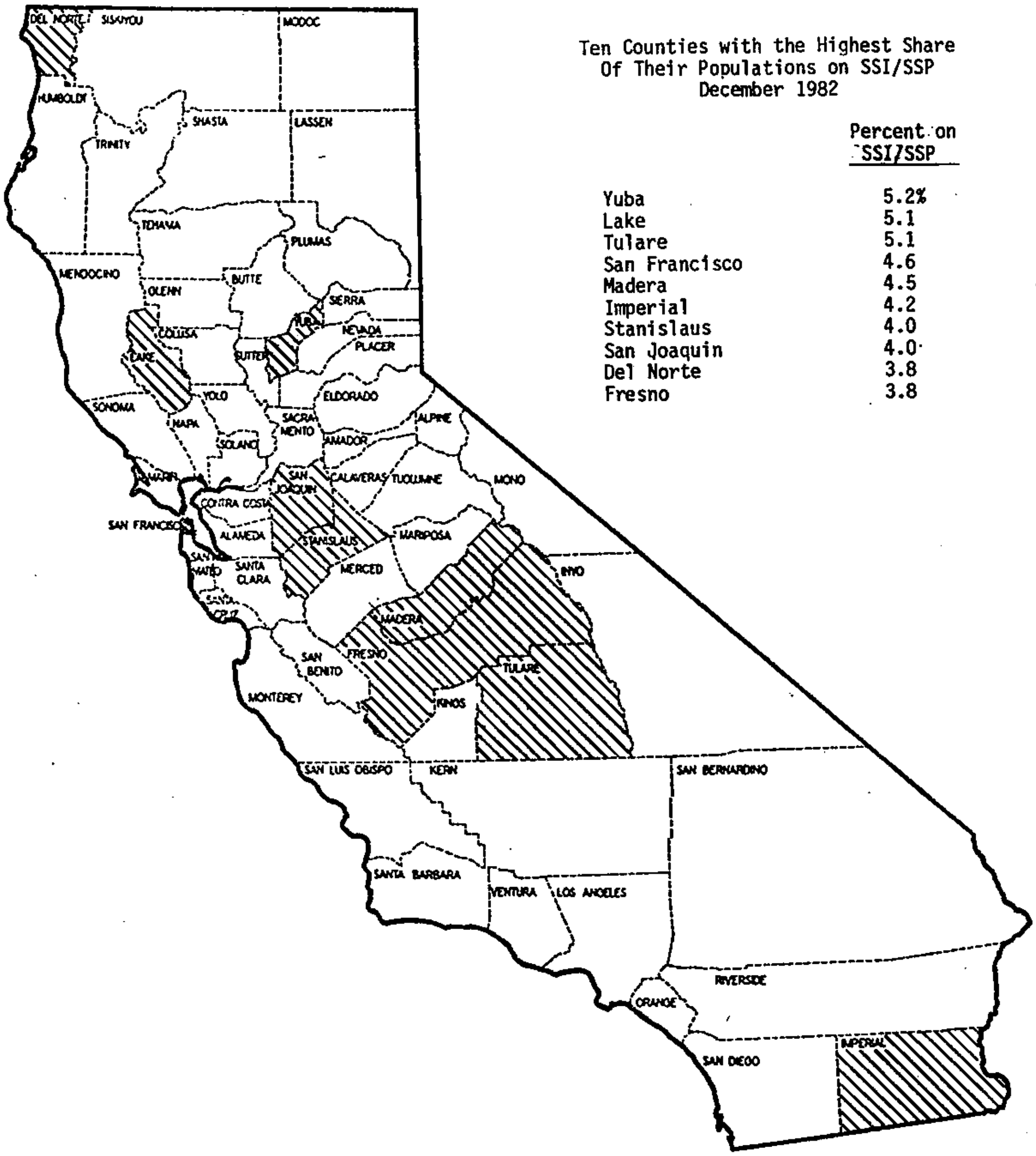
8. Which Counties Have the Most SSI/SSP Recipients? In terms of absolute numbers, SSI/SSP recipients are concentrated in five counties with large metropolitan centers. Specifically, 35 percent of all recipients reside in Los Angeles County, 6 percent reside in San Diego, 5 percent each reside in Alameda and San Francisco, and 4 percent reside in Orange. This distribution of SSI/SSP recipients is generally consistent with the distribution of the state's population as a whole.

If the distribution of SSI/SSP recipients is analyzed as a percentage of each county's total population, we find that recipients tend to be concentrated in the central valley and northern counties. Of the ten counties with the largest percentages of their populations on SSI/SSP, five are central valley counties and three are northern counties. This distribution is very similar to the distribution of AFDC recipients in California. Chart 20 highlights the ten counties having the largest percentages of their populations on SSI/SSP as of December 1982.

Chart 20

Ten Counties with the Highest Share
Of Their Populations on SSI/SSP
December 1982

	Percent on SSI/SSP
Yuba	5.2%
Lake	5.1
Tulare	5.1
San Francisco	4.6
Madera	4.5
Imperial	4.2
Stanislaus	4.0
San Joaquin	4.0
Del Norte	3.8
Fresno	3.8



CHAPTER VII

SSI/SSP GRANT LEVELS IN PERSPECTIVE

The main goal of the SSI/SSP program is to provide needy people with sufficient funds so that they can achieve at least a minimum standard of living. There is, however, no objective method for determining what a "minimum standard of living" is. Clearly, some objective factors enter into this important determination, such as the prices of food and shelter and the availability of other forms of assistance. Beyond these factors, individual values determine how much is enough.

While it is not possible to make a totally objective assessment of the extent to which current SSI/SSP grants are "adequate," there is data available that can help one make a subjective assessment of this important and controversial matter. In this chapter, we present data that may put current grant levels in perspective. Specifically, the chapter presents information on:

- Current SSI/SSP grant levels in California.
- California's SSI/SSP grants compared to grants provided by other states.
- Purchasing power of SSI/SSP grants in California and other states.
- Trends in the purchasing power of the SSI/SSP grant in California.
- California's SSI/SSP grant levels compared to the Federal Poverty Level.

- The value of benefits and resources available to SSI/SSP recipients.

Not everyone will look upon each of these benchmarks as equally relevant to the question of what is an "adequate" grant level. Some may consider a portion of this information to be irrelevant, while others will consider it to be very important. In presenting the data contained in this chapter, we do not wish to imply that this data is or is not compelling. We present it only because observations based on this kind of data frequently are brought into the debate over cash grant levels.

Current SSI/SSP Grant Levels in California

Table 25 shows the maximum SSI/SSP payment levels in 1984 and 1985 for selected categories of recipients living in a home or rental unit. The table shows that as of January 1, 1985, the total SSI/SSP grant will increase by 5.6 percent. For example, the grant for an aged or disabled individual will increase from $477 in 1984 to $504 on January 1, 1985.

Table 25

Maximum Monthly SSI/SSP Grant Levels
1984 and 1985

Category of Recipient	January-December 1984	January-December 1985 5.6 Percent[a] Amount	Change
Aged/Disabled Individual			
Total Grant	$477	$504	5.6%
SSI	314	334	6.4
SSP	163	170	4.3
Aged/Disabled Couple			
Total Grant	886	936	5.6
SSI	472	501	6.1
SSP	414	435	5.1
Blind Individual			
Total Grant	535	565	5.6
SSI	314	334	6.4
SSP	221	231	4.5
Blind Couple			
Total Grant	1,041	1,099	5.6
SSI	472	501	6.1
SSP	569	598	5.1

a. Adjustments to the total SSI/SSP grants may not equal 5.6 percent exactly, due to statutory requirement that payments be rounded to the nearest dollar.

California's SSI/SSP Grants Compared to Grants Provided by Other States

Table 26 shows the SSI/SSP benefits provided to aged or disabled individuals and couples by California and the 9 most populous states, as of January 1, 1984. The table indicates that of the 10 states, 5 chose to supplement the basic SSI grant, and of these 5, California provided by far the largest supplement to both individuals and couples. The resulting grant levels in California are 27 percent and 62 percent higher, respectively, than the grant levels prevailing in New York, the state with the next largest supplement. California's SSI/SSP standards exceed those of states that do not supplement the SSI grant by 52 percent in the case of individuals and 88 percent in the case of couples.

Table 26

Maximum Monthly SSI/SSP Grant Levels
Ten Largest States
January 1, 1984

State	Aged or Disabled Individual		Aged or Disabled Couple	
	Total Grant	State SSP	Total Grant	State SSP
California	$477	$163	$886	$414
New York	375	61	548	76
Texas	314	--	472	--
Pennsylvania	346	32	521	49
Illinois	314	--	472	--
Ohio	314	--	472	--
Florida	314	--	472	--
Michigan	338	24	508	36
New Jersey	343	29	495	23
North Carolina	314	--	472	--

Purchasing Power of SSI/SSP Grants in California and Other States

The grant levels provided by the 10 largest states may vary, in part, because of differences in the cost of living among these states. Unfortunately, there is no up-to-date, widely accepted measure of living costs in different localities.

Until 1982, the Bureau of Labor Statistics (BLS) published annual hypothetical budgets for low-, intermediate-, and higher-income retired couples living in each of the major metropolitan areas of the U.S. For each budget, there was an estimate of the cost for food, housing, transportation, clothing, medical care, and other items. Different qualities and quantities of these goods and services were provided for each hypothetical budget level. These budgets were based on a list of goods and services specified in the mid-1960s, and adjusted for changes in the prices of goods and services since that time.

In order to determine the purchasing power of the SSI/SSP grant, we compared the amount of the grant plus food stamps provided in various localities with the cost of living in those locations, as estimated by the BLS lower income budget for a retired couple. Table 27 shows the 20 locations where these benefits had the most purchasing power in 1982. The table shows that:

- The purchasing power of SSI/SSP grants plus food stamps ranged from 96 percent of the living costs for a retired couple in Pittsburgh to 174 percent in San Diego.
- The benefits provided in San Diego had the highest purchasing power among those areas, including those not shown in the table, for which the BLS calculates budgets.
- The purchasing power of the benefits provided in all three California localities--San Diego, Los Angeles, and San Francisco--exceeded 150 percent of the BLS lower income budget for retired persons.

Table 27

Purchasing Power of SSI/SSP Grant and Food Stamp Allotments for Selected Localities[a]
(January 1, 1982)

City or State	Annual Cost of Living[b]	Monthly SSI/SSP Grant[c]	Monthly Food Stamp Allotment[d]	Total Monthly Aid	Total Annual Aid	Percent of Cost of Living
San Diego, CA	$5,622	$815	--[e]	$815	$9,780	173.96%
Los Angeles, CA	5,842	815	--[e]	815	9,780	167.41
San Francisco, CA	6,273	815	--[e]	815	9,780	155.91
Denver, CO	5,764	674	--[f]	674	8,088	140.32
Anchorage, AL	8,029	773	$30	803	9,635	120.00
Nebraska[g]	5,580	534	4	538	6,460	115.76
Boston, MA	6,431	611	--[f]	611	7,332	114.01
New Mexico[h]	5,828	547	--[f]	547	6,569	112.71
Milwaukee, WI	6,092	558	--[e]	558	6,696	109.91
Nevada[h]	5,828	487	18	505	6,065	104.06
Atlanta, GA	5,242	397	45	442	5,309	101.27
Philadelphia, PA	5,654	446	31	477	5,720	101.17
Dallas, TX	5,421	397	45	442	5,309	97.93
Connecticut[i]	6,229	491	17	508	6,098	97.90
Chicago, IL	5,428	397	45	442	5,309	97.80
Indiana (Northwest)	5,428	397	45	442	5,309	97.80
New Jersey (excl. Northeast)	5,654	422	38	460	5,519	97.61
Rhode Island[i]	6,229	485	19	504	6,048	97.09
Minneapolis, MN	5,897	441	32	473	5,678	96.29
Pittsburgh, PA	5,948	446	31	477	5,720	96.17

a. SOURCES: Department of Health and Human Services; Bureau of Labor Statistics, U.S. Department of Labor; California Department of Social Services.
b. Cost of living equals the BLS lower budget for a retired couple in Autumn 1981, excluding medical care costs.
c. SSI/SSP maximum grant for a couple with no other income.
d. Food stamp allotment assumes total housing costs (rent and utilities) equal to the BLS budget item for rental housing.
e. SSI/SSP recipients in California and Wisconsin do not receive food stamps because their monthly income from the grant exceeds the maximum monthly income established for the Food Stamp program.
f. Food stamp benefits calculated to be zero.
g. Cost of living for these states is based on the BLS budget for the North Central region's nonmetropolitan areas.
h. Cost of living for these states is based on the BLS budget for the West region's nonmetropolitan areas.
i. Cost of living for these states is based on the BLS budget for the Northeast region's nonmetropolitan areas.

California's benefit levels also exceeded 100 percent of the intermediate budget published by the BLS. Table 28 shows the purchasing power of SSI/SSP benefits provided in 12 areas as a percent of all 3 BLS budgets. Only in California did the purchasing power of benefits exceed the BLS intermediate budget. In fact, California's SSI/SSP benefits ranged from 71 percent to 79 percent of the higher budget for a retired couple.

Table 28

SSI/SSP Grants and Food Stamps as a Percent
Of Bureau of Labor Statistics' Budgets
(January 1982)

	Percent of Budget		
	Lower	Intermediate	Higher
San Diego	174%	121%	79%
Los Angeles	167	116	74
San Francisco	156	108	71
Denver	140	97	63
Anchorage	120	89	63
Nebraska	116	84	58
Boston	114	72	47
New Mexico	113	84	57
Milwaukee	110	75	50
Nevada	104	77	53
Atlanta	101	67	46
Philadelphia	101	64	45

Trends in the Purchasing Power of California's SSI/SSP Grants

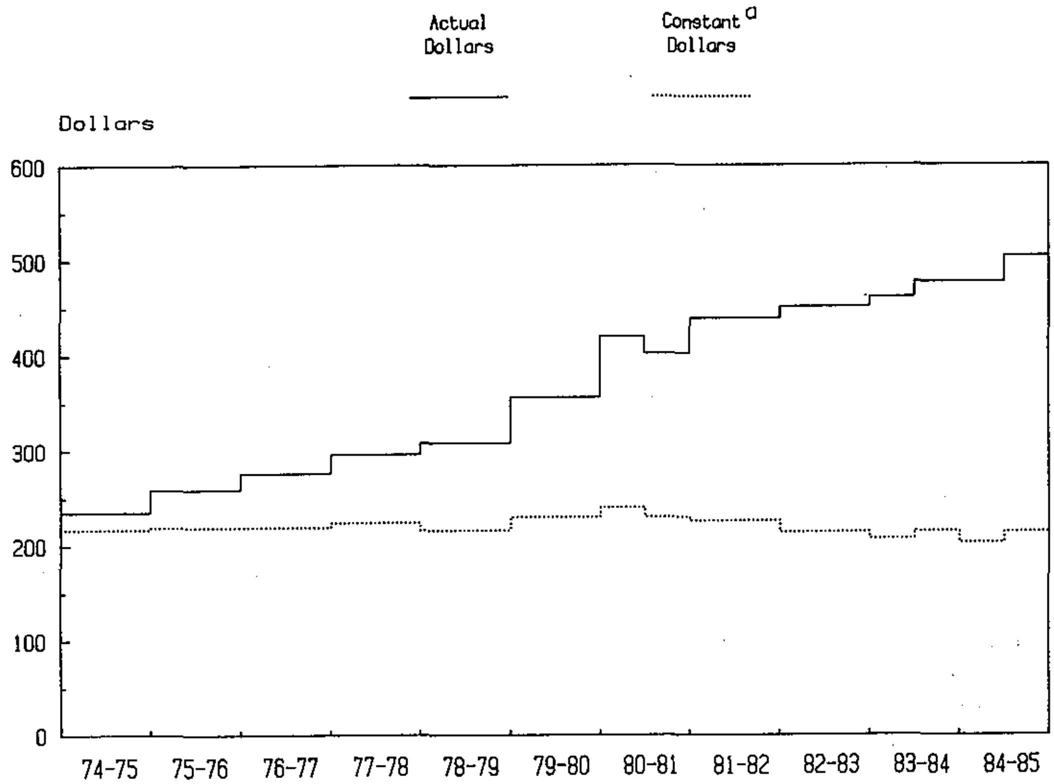
Another benchmark that is used by some to assess the adequacy of the SSI/SSP grant is the trend in the purchasing power of those grants within the state.

Chart 21 shows the maximum SSI/SSP grant for an aged or disabled individual during the past ten years in two different ways. First, it

Chart 21

Purchasing Power of SSI/SSP Grants

Maximum Grant for Aged or Disabled Individual

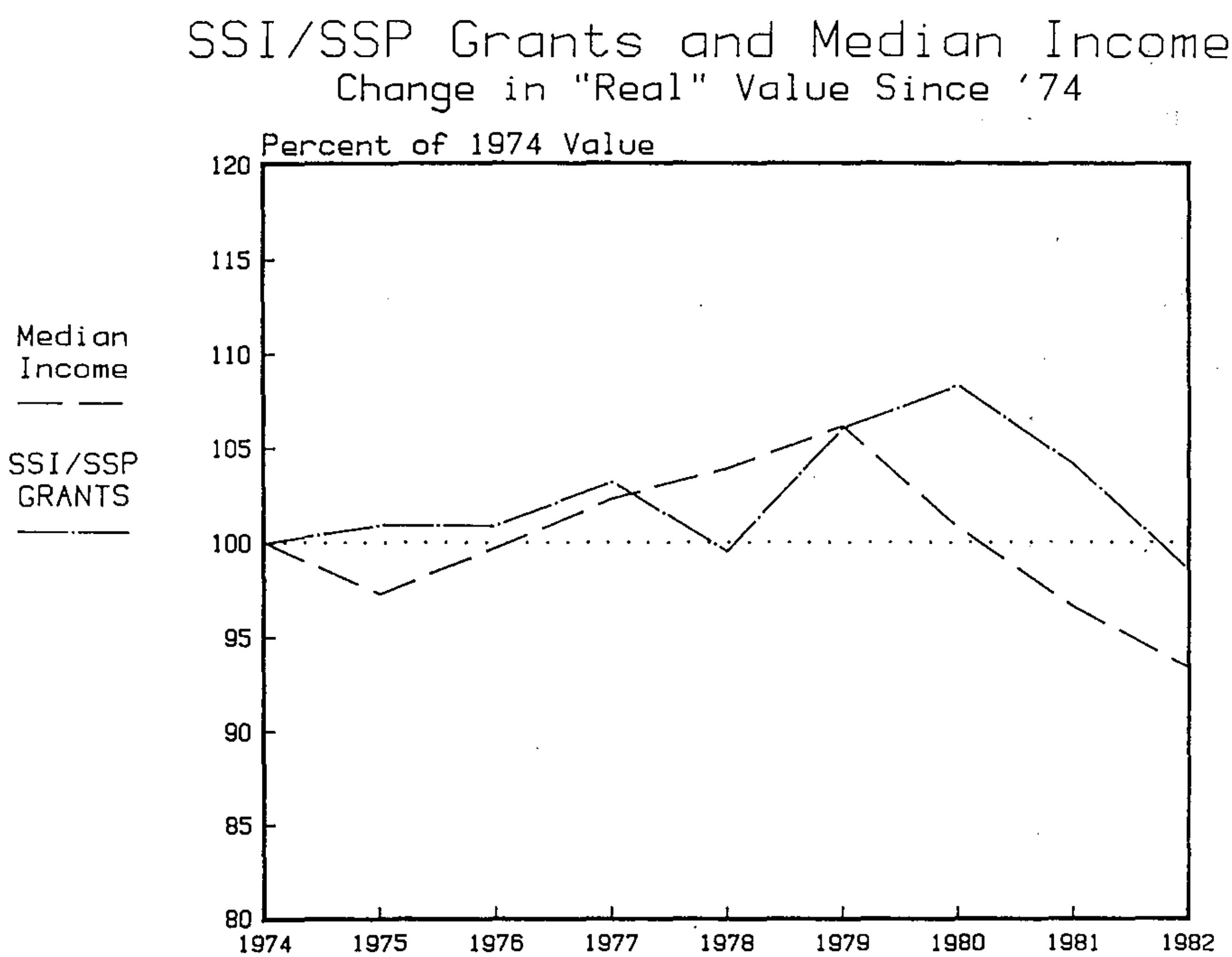


a. Aid payment adjusted for inflation as measured by the California Necessities Index during the preceding calendar year.

shows the actual level of these grants. Second, it shows what the maximum grant represents in inflation adjusted dollars. (In other words, each year's maximum grant level is "deflated" to adjust for the erosion in purchasing power caused by inflation since 1974-75.) The chart shows that, in general, the purchasing power of the SSI/SSP grant in constant dollars increased from $217 per month in 1974-75 to $240 per month in 1980-81. Since 1980-81, however, the purchasing power of the grant has declined steadily, from $240 in 1980-81 to $214 per month in the second half of 1984-85.

Chart 22 compares trend in the purchasing power of the maximum SSI/SSP grant to the trend in the purchasing power of the median family income in California. The chart shows that between 1974 and 1982, the purchasing power of the SSI/SSP grant decreased, but not by as much as the decrease in the purchasing power of the median family income in California.

Chart 22



California's SSI/SSP Grant Levels Compared to the Federal Poverty Level

One benchmark used by some to evaluate the adequacy of SSI/SSP grants in meeting the basic needs of recipients is the federally designated poverty income level. Table 29 compares the maximum SSI/SSP grant for aged and disabled individuals to the federal poverty level. The table shows that for the period 1978-79 to 1984-85, the maximum SSI/SSP grant allowed recipients to stay above the poverty level. The table indicates that the grant allowed individuals over the age of 64 a higher standard of living, as measured by the federal poverty level, than individuals under the age of 64. The difference is due to the fact that the federal poverty level designated for aged individuals is less than the poverty level for other individuals, while the SSI/SSP grant for both recipients is the same.

The maximum grant shown in Table 29 is the total cash income available to program recipients to meet their basic needs, excluding certain allowable income exemptions. SSI/SSP recipients may, of course, receive other benefits such as Medi-Cal, Low-Income Home Energy Assistance (LIHEA), In-Home Supportive Services (IHSS), and housing subsidies. If these resources were counted, then SSI/SSP recipients would be even further above the poverty level than is indicated in Table 29.

Table 29

SSI/SSP Grants to Aged or Disabled Individuals
As a Percent of the Poverty Level
1978-79 to 1984-85

	Census Bureau Poverty Level		SSI/SSP Grant	SSI/SSP Grant As a Percent of The Poverty Level	
	Age 15 to 64	Over Age 64	(Aged or Disabled)	Age 15 to 64	Over Age 64
1978-79	$297	$274	$308	103.7%	112.6%
1979-80	336	310	356	105.8	114.8
1980-81[a]	366	337	420	114.8	124.5
1980-81[b]	385	355	402	104.5	113.3
1981-82	408	376	439	107.6	116.8
1982-83	425	392	451	106.0	115.0
1983-84[c]	437	402	461	105.6	114.6
1983-84[d]	453	418	477	105.2	114.1
1984-85[e]	464	428	477	102.8	111.5
1984-85[f]	477	440	504	105.7	114.5

a. SSI/SSP grant level during the first half of 1980-81.
b. SSI/SSP grant level during the last half of 1980-81.
c. SSI/SSP grant level during the first half of 1983-84.
d. SSI/SSP grant level during the last half of 1983-84.
e. SSI/SSP grant during the first half of 1984-85.
f. SSI/SSP grant level during the second half of 1984-85 based on a 5.6 percent increase provided in the 1984 Budget Act.

The Value Benefits and Resources Available to SSI/SSP Recipients

In addition to the monthly cash grant, SSI/SSP recipients may qualify for and receive a variety of other benefits from federal, state, and local governments. Some of these additional benefits, such as health care services provided through the Medi-Cal program, are available to individuals because they are SSI/SSP recipients. Other benefits, such as public housing and social security benefits, are available to SSI/SSP recipients only to the extent that they meet specific eligibility criteria and, in the case of public housing, are chosen from among those applying to receive benefits.

This section discusses six major benefits that are available to some SSI/SSP recipients in addition to their monthly cash grants. The discussion focuses on benefits provided in 1982-83, the latest year for which data utilization is available. In addition to the benefits discussed in this section SSI/SSP recipients may receive:

1. Various adult social services from county welfare departments.

2. Cash assistance through AFDC (approximately 34,000 SSI/SSP households did so in 1982-83).

3. Interim assistance grants while they awaited determination of their eligibility for SSI/SSP. Neither the number of eligible applicants, nor the size of the interim assistance grant which they received, is known.

Because the combined monthly income of SSI/SSP recipients exceeds the monthly income limits for the Food Stamp program, SSI/SSP recipients are not eligible for food stamps.

Social Security. The federal Retirement, Survivors, Disability, and Health Insurance (RSDHI) program provides benefits to retired and disabled workers and their dependents, as well as to the survivors of insured workers. It also provides health insurance benefits for persons age 65 and over and for disabled persons under age 65. According to statistics compiled by the federal Social Security Administration, 368,870 SSI/SSP recipients received RSDHI payments averaging $300 per month during 1982-83. The RSDHI payments are counted as income for purposes of determining the SSI/SSP grant amount. As a result, individual SSI/SSP grants are reduced by the amount of the RSDHI payment, less a $20 standard deduction. The RSDHI payments constitute 90 percent of all countable income received by SSI/SSP recipients.

Medi-Cal. The Medi-Cal program, administered under Title XIX of the federal Social Security Act, provides funds to health care providers to pay for the cost of care delivered to public assistance recipients, and other individuals whose medical costs exceed their ability to pay. All SSI/SSP recipients are eligible for Medi-Cal-financed health care. During 1982-83, 461,160 individuals, or 70 percent of all SSI/SSP recipients, utilized Medi-Cal reimbursed fee-for-service care. An unknown number of additional SSI/SSP recipients received other services financed by the Medi-Cal program through prepaid health plans, dental plans, and other plans where payments are made on a per capita, rather than per service, basis. The average monthly cost of fee-for-service Medi-Cal health care received by SSI/SSP recipients during 1982-83 was $197.

In addition to regular Medi-Cal benefits, some SSI/SSP recipients received Long-Term Care (LTC) benefits. The LTC payments are made to skilled nursing facilities and intermediate care facilities to cover the cost of board and care of beneficiaries. Because Medi-Cal covers the cost of room and board, SSI/SSP recipients in these facilities do not receive the same grant as those residing in independent living arrangements. Instead, they receive only an SSI/SSP personal and incidental needs allowance of $25.

In-Home Supportive Services. The IHSS program, funded in California under Title XX of the federal Social Security Act, provides domestic and personal care services to aged, blind, and disabled individuals with the goal of preventing institutionalization. SSI/SSP recipients are eligible to receive this service. Other individuals may be eligible for IHSS if they meet all other SSI/SSP eligibility criteria other than the net income limit.

Under the IHSS program, monthly payments are made to providers on behalf of IHSS recipients. The authorized payment level is based on need, as determined by county social workers or assessment workers. Recipients who receive 20 or more hours of specified IHSS service each month are eligible for higher maximum monthly benefits ($838 in 1982-83) than other IHSS recipients ($581 in 1982-83). During 1982-83, 94,635 SSI/SSP recipients received services under the IHSS program.

Low-Income Home Energy Assistance. California provides cash assistance to low-income households to help them pay the cost of the energy they used. Categorical public assistance recipients, such as SSI/SSP recipients, are automatically eligible for this assistance, which is not considered when the amount of the SSI/SSP cash grant is calculated. During 1982-83, approximately 146,801 SSI/SSP recipients received a cash grant under this program. The average annual benefit provided under the Home Energy Assistance program in that year was $162. An unknown number of SSI/SSP recipients also receive (1) up to $300 to help them pay their energy bills during emergencies and (2) up to $1,000 in weatherproofing their homes.

Housing Programs. Several housing assistance programs are available to low- and moderate-income households. These households may receive (1) subsidized shelter as tenants in public housing complexes owned and operated by local public housing authorities or (2) rental assistance in new or rehabilitated units owned by public or private agencies. The availability of housing assistance and income eligibility thresholds that an applicant must meet in order to be eligible for this assistance vary among the counties. In 1982-83, an estimated 9,834 SSI/SSP recipients resided in public housing and an additional 144,784 SSI/SSP individuals received rental assistance.

Senior Nutrition Programs. The Department of Aging administers community-based programs providing meals to the elderly, either at group sites or in the recipient's home. All individuals age 60 or older and their spouses under age 60 are eligible to receive these meals. Therefore, all aged individuals receiving SSI/SSP grants qualify for this benefit. Access to these nutrition programs, however, is limited because (1) the programs serve only a small portion of the eligible clients and (2) there are regional variations in the availability of the services. In 1982-83, approximately 222,000 individuals, or 6.1 percent of the population age 60 years or older, received 12.3 million meals at 827 sites in California. Another 28,000 persons were served 3.3 million meals in their homes. Because of the open-door policy of these centers, it is not possible to quantify the benefits actually received by SSI/SSP recipients under these nutrition programs.

Calculation of Average Benefits. Table 30 shows the average value of benefits received in 1982-83 by SSI/SSP eligible individuals. The averages are calculated in two ways. The "Average Cash Value of Benefits Received" shows the average benefit value per individual for those SSI/SSP recipients that received the particular benefit. For example, in the case of those SSI/SSP participants who received social security payments, the average value of the payment per recipient was $300. The "Value of Benefits Averaged Over All SSI/SSP Recipients" gives the average benefit value per participant in the SSI/SSP program, including both those participants who received the particular benefit and those who did not.

Obviously, the average benefit received per SSI/SSP participant is less than the average benefit for just those SSI/SSP participants who receive the benefit.

Difficulties Encountered in Attempting to Calculate Benefits Received By SSI/SSP Eligibles. Like all averages, of course, the average benefit conceals differences among individual recipients. The average benefit value, however, provides the best available picture of the total benefits received by SSI/SSP individuals. When using the information on average benefit values provided in Table 30, the following points should be kept in mind:

- Not All SSI/SSP Recipients Receive Each of These Benefits. Some benefits are contingent upon health or degree of physical impairment.
- The Availability of Some Benefits is Limited. Some programs are geographically limited. In other cases, the ability of SSI/SSP recipients to travel to the site where services are provided is limited. In yet other cases, eligible individuals may not be aware that a particular benefit is available.
- Some SSI/SSP Recipients May Choose Not to Receive Some Benefits. They may use alternative resources such as family, friends, the church, and other nonprofit service providers or they may choose to fend for themselves in an effort to gain or maintain independence.
- The Average Number of Persons Receiving a Benefit Through a Given Program Understates the Number of Persons Who Participate in the Program During the Course of a Year. This is because some

recipients only enroll for a few months at a time. Consequently, the program provides aid to more individuals in the state than the monthly average figure would imply.

The Importance of the SSI/SSP Grant. Table 30 shows the contribution of the basic SSI/SSP grant to the income of recipients. It indicates that on the average, the grant accounts for 37 percent of the benefits received by these individuals. Social security benefits account for 24 percent of the benefits available to SSI/SSP recipients.

Table 30

Monthly Benefits Available to SSI/SSP Recipients[a]
1982-83

Benefit	Number of Recipients Using Benefit	Percent of Total SSI/SSP Caseload[b]	Average Cash Value of Benefit Received	Value of Benefit Averaged Over All SSI/SSP Recipients	Value of Benefit Averaged Over All SSI/SSP Couples
SSI/SSP cash grant	657,017	100.0%	$258.33	$258.33	$412.92
Social security payments (RSDHI)	368,870	56.1	300.22	168.42	414.30
Medi-Cal:					
Health care[c]	461,160	70.2	197.29	138.50	277.00
Long-term care	68,010	10.4	750.94	78.10	--[g]
In-home supportive services, domestic and personal care assistance	94,635	14.4	209.71	30.20	30.20[h]
Public housing[d]	9,834	1.5	74.55	1.12	1.12[i]
Rental subsidies[d,e]	144,784	22.0	61.92	13.62	13.62
Average total monthly benefits	--	--	--	$688.29	$1,149.16
Average total annual benefits	--	--	--	$8,259.48	$13,789.92
LIHEAP[f]	146,801	22.3%	162.00	$36.13	$36.13[i]
Average total annual benefits with LIHEAP	--	--	--	$8,295.61	$13,826.05

a. Source: Departments of Health Services and Social Services, Office of Economic Opportunity, federal Department of Housing and Urban Development, the Social Security Administration, and the Bureau of Labor Statistics.
b. The percentage figures do not add to 100 percent because many recipients utilized more than one benefit.
c. Fee-for-service users only. Other Medi-Cal service categories, such as dental and prepaid health plans, are funded on a per capita basis. Data on the utilization of these nonfee-for-service categories by public assistance recipients is unavailable at this time.
d. Housing assistance caseloads are based on a household size of two with a monthly income of $791 (aged couple). Housing authorities and state and federal departments do not maintain specific data on public assistance recipients who reside in subsidized housing.
e. Includes assistance under Sections 8 and 23 of the federal Housing and Urban Development Act and the Farmers' Home Administration's Rental Assistance program.
f. Cash benefits shown are total payments, rather than monthly benefit.
g. Couples classified as two individuals for LTC.
h. No data available. Assumes same level of benefit as for individual living alone.
i. Benefit is calculated on basis of household, regardless of size.

APPENDIX A

Table 1

Distribution of California AFDC Recipients, by County

County	Percent of Population on AFDC: Family Group	Unem-ployed	Foster Care	Total	County Population	Persons Receiving AFDC: Family Groups	Unem-ployed	Foster Care
Alameda	5.55%	1.11%	.13%	6.79%	1,136,800	63,126	12,565	1,478
Alpine	6.17%	2.58%	.08%	8.83%	1,200	74	31	1
Amador	2.88%	1.15%	.02%	4.06%	20,800	599	242	4
Butte	4.54%	1.93%	.14%	6.62%	152,900	6,945	2,955	220
Calaveras	3.93%	2.18%	.11%	6.22%	23,800	936	518	25
Colusa	3.43%	.90%	.04%	4.37%	14,000	480	126	6
Contra Costa	3.86%	1.12%	.15%	5.13%	677,000	26,158	7,594	1,003
Del Norte	6.89%	3.89%	.13%	10.91%	18,500	1,275	719	24
El Dorado	3.60%	1.56%	.07%	5.23%	94,800	3,415	1,476	70
Fresno	7.24%	3.53%	.11%	10.88%	539,200	39,049	19,036	599
Glenn	3.83%	.93%	.25%	5.01%	22,200	850	206	57
Humboldt	5.26%	2.37%	.11%	7.74%	110,900	5,837	2,625	123
Imperial	5.03%	1.99%	.12%	7.15%	98,500	4,959	1,964	117
Inyo	3.31%	1.80%	.15%	5.25%	18,500	615	335	27
Kern	5.05%	.50%	.17%	5.72%	436,000	22,012	2,196	724
Kings	6.60%	2.04%	.13%	8.77%	78,000	5,146	1,595	102
Lake	6.95%	2.42%	.12%	9.49%	41,100	2,855	995	51
Lassen	4.91%	3.01%	.13%	9.05%	23,700	1,164	713	31
Los Angeles	5.99%	1.26%	.12%	7.37%	7,701,400	461,212	97,237	9,049
Madera	5.77%	2.33%	.11%	8.21%	69,600	4,015	1,620	76
Marin	1.10%	.28%	.09%	1.46%	223,700	2,459	620	191
Mariposa	4.56%	2.56%	.04%	7.28%	12,100	564	312	5
Mendocino	6.66%	1.89%	.18%	8.73%	69,900	4,654	1,324	127
Merced	7.23%	4.50%	.12%	11.85%	143,700	10,395	6,463	169
Modoc	4.95%	2.98%	.24%	8.16%	9,300	460	277	22
Mono	1.40%	.57%	.01%	1.99%	9,400	132	54	1
Monterey	3.47%	1.25%	.07%	4.79%	305,100	10,572	3,817	217
Napa	2.84%	.58%	.14%	3.55%	101,200	2,870	584	139
Nevada	3.24%	1.82%	.08%	5.14%	60,400	1,957	1,099	49
Orange	1.92%	.98%	.07%	2.98%	2,021,500	38,898	19,901	1,453
Placer	3.91%	1.68%	.09%	5.68%	126,900	4,953	2,129	120
Plumas	3.75%	1.84%	.15%	5.75%	18,500	558	343	29
Riverside	5.40%	1.78%	.13%	7.31%	719,400	38,846	12,826	938
Sacramento	7.34%	3.10%	.12%	10.57%	832,000	61,099	25,781	1,037
San Benito	4.06%	1.27%	.11%	5.44%	27,200	1,104	346	30
San Bernadino	6.31%	2.04%	.10%	8.45%	971,100	61,256	19,798	1,010
San Diego	4.15%	1.50%	.12%	5.76%	1,968,300	81,627	29,458	2,342
San Francisco	3.85%	1.61%	.17%	5.63%	699,600	26,931	11,268	1,198
San Joaquin	7.89%	4.52%	.16%	12.57%	375,000	29,575	16,963	588
San Luis Obispo	2.49%	.65%	.08%	3.23%	168,100	4,194	1,092	137
San Mateo	1.58%	.18%	.11%	1.96%	589,400	9,687	1,036	653
Santa Barbara	2.77%	.69%	.07%	3.53%	309,200	8,562	2,131	226
Santa Clara	3.50%	1.28%	.12%	4.89%	1,331,600	46,606	17,035	1,536
Santa Cruz	3.06%	.84%	.08%	3.97%	198,100	6,052	1,664	154
Shasta	6.51%	3.67%	.16%	10.34%	122,500	7,973	4,495	197
Sierra	2.24%	2.15%	.18%	4.58%	3,300	74	71	6
Siskiyou	4.93%	3.21%	.06%	8.19%	41,600	2,050	1,334	24
Solano	4.54%	.90%	.13%	5.57%	254,500	11,571	2,528	343
Sonoma	3.57%	1.25%	.09%	4.91%	314,700	11,231	3,929	289
Stanislaus	6.04%	2.96%	.12%	9.12%	282,100	17,036	8,351	327
Sutter	5.14%	2.36%	.07%	7.57%	55,500	2,853	1,310	40
Tehama	5.01%	2.50%	.12%	7.63%	41,400	2,073	1,036	49
Trinity	4.81%	4.36%	.07%	9.24%	12,500	601	545	9
Tulare	8.41%	2.72%	.11%	11.23%	259,300	21,804	7,045	277
Tuolumne	4.75%	2.26%	.12%	7.13%	36,500	1,734	825	43
Ventura	3.22%	.89%	.08%	4.19%	559,500	17,994	4,993	443
Yolo	4.61%	1.93%	.12%	6.66%	119,700	5,524	2,308	139
Yuba	8.49%	3.67%	.09%	12.25%	50,800	4,315	1,863	48
Statewide	4.90%	1.50%	.11%	6.52%	24,724,000	1,212,315	371,703	29,393

APPENDIX A

Table 2

Distribution of California SSI/SSP Recipients, by County

County	Percent of Population on SSI/SSP: Aged	Blind	Disabled	Total	County Population	Persons Receiving SSI/SSP: Aged	Blind	Disabled
Alameda	.99%	.09%	1.91%	3.00%	1,136,800	11,241	1,078	21,739
Alpine	.67%	.08%	.67%	1.42%	1,200	8	1	8
Amador	.96%	.03%	.98%	1.97%	20,300	194	7	199
Butte	1.58%	.11%	2.08%	3.76%	152,900	2,421	169	3,184
Calaveras	.96%	.05%	1.07%	2.08%	23,800	228	12	255
Colusa	1.39%	.08%	1.56%	3.03%	14,000	195	11	219
Contra Costa	.80%	.06%	1.18%	2.04%	577,000	4,604	384	6,799
Del Norte	1.54%	.13%	2.12%	3.79%	18,500	285	24	393
El Dorado	.66%	.05%	.82%	1.53%	94,800	630	47	779
Fresno	1.63%	.09%	2.06%	3.78%	539,200	8,809	463	11,104
Glenn	1.44%	.08%	1.23%	2.74%	22,200	319	18	272
Humboldt	1.09%	.08%	1.83%	3.00%	110,900	1,207	93	2,030
Imperial	2.09%	.08%	2.03%	4.20%	98,500	2,063	79	1,998
Inyo	1.42%	.08%	1.17%	2.67%	18,500	255	14	217
Kern	1.40%	.09%	1.97%	3.46%	436,000	6,119	390	8,598
Kings	1.71%	.08%	1.86%	3.66%	78,000	1,337	62	1,452
Lake	2.21%	.10%	2.80%	5.11%	41,100	910	42	1,149
Lassen	1.10%	.07%	1.51%	2.68%	23,700	260	16	358
Los Angeles	1.29%	.08%	1.54%	2.91%	7,701,400	99,225	5,986	118,806
Madera	1.99%	.10%	2.37%	4.47%	69,600	1,385	72	1,651
Marin	.43%	.03%	.67%	1.13%	223,700	964	69	1,503
Mariposa	1.39%	.03%	.83%	2.25%	12,100	168	4	100
Mendocino	1.40%	.08%	1.95%	3.44%	69,900	980	58	1,364
Merced	1.53%	.08%	1.97%	3.59%	143,700	2,199	122	2,832
Modoc	1.38%	.15%	1.37%	2.89%	9,300	128	14	127
Mono	.24%	.01%	.43%	.68%	9,400	23	1	40
Monterey	.82%	.04%	.99%	1.86%	305,100	2,512	134	3,031
Napa	.79%	.07%	1.26%	2.11%	101,200	795	68	1,277
Nevada	.88%	.04%	1.06%	1.99%	60,400	533	25	642
Orange	.60%	.04%	.67%	1.31%	2,021,500	12,067	794	13,552
Placer	.91%	.05%	1.34%	2.30%	126,900	1,161	57	1,697
Plumas	1.30%	.08%	1.33%	2.70%	18,500	241	15	247
Riverside	1.23%	.08%	1.56%	2.86%	719,400	8,839	557	11,188
Sacramento	1.03%	.08%	1.81%	2.91%	832,000	8,529	657	15,061
San Benito	1.15%	.06%	.93%	2.15%	27,200	314	17	254
San Bernadino	1.03%	.08%	1.45%	2.56%	971,100	10,003	739	14,126
San Diego	.85%	.06%	1.09%	2.00%	1,968,300	16,806	1,133	21,493
San Francisco	1.90%	.11%	2.58%	4.58%	699,600	13,290	743	18,027
San Joaquin	1.54%	.10%	2.33%	3.97%	375,000	5,773	372	8,724
San Luis Obispo	1.09%	.06%	1.13%	2.28%	168,100	1,837	99	1,897
San Mateo	.72%	.04%	.88%	1.64%	589,400	4,244	236	5,178
Santa Barbara	.83%	.05%	1.07%	1.96%	309,200	2,564	161	3,323
Santa Clara	.76%	.05%	.92%	1.73%	1,331,600	10,130	681	12,238
Santa Cruz	.99%	.07%	1.19%	2.25%	198,100	1,956	146	2,364
Shasta	1.51%	.09%	1.99%	3.59%	122,500	1,855	108	2,432
Sierra	1.21%	.03%	1.45%	2.70%	3,300	40	1	48
Siskiyou	1.42%	.07%	1.70%	3.19%	41,500	589	29	708
Solano	.69%	.06%	1.18%	1.92%	254,500	1,748	147	2,997
Sonoma	.92%	.08%	1.52%	2.52%	314,700	2,887	258	4,796
Stanislaus	1.72%	.10%	2.21%	4.03%	282,100	4,857	274	6,246
Sutter	1.41%	.09%	1.57%	3.07%	55,300	781	52	869
Tehama	1.60%	.11%	1.87%	3.58%	41,400	664	44	775
Trinity	1.09%	.08%	1.34%	2.50%	12,500	136	10	157
Tulare	2.11%	.13%	2.82%	5.06%	259,300	5,464	346	7,304
Tuolumne	1.08%	.05%	1.19%	2.33%	36,500	394	19	436
Ventura	.75%	.04%	.88%	1.67%	559,500	4,203	228	4,900
Yolo	1.00%	.06%	1.48%	2.54%	119,700	1,195	75	1,768
Yuba	1.75%	.14%	3.32%	5.22%	50,800	892	72	1,686
Statewide	1.11%	.07%	1.45%	2.63%	24,724,000	273,466	17,344	358,415

APPENDIX B

AFDC Families, by Number of Persons
In Assistance Group

	Family Group				
	October 1975	July 1977	July 1979	July 1981	April 1983
1 person in family	3.9%	8.5%	7.5%	6.1%	10.1%
2 persons in family	39.6	38.6	42.5	42.1	40.5
3 persons in family	27.5	25.0	25.2	28.3	28.3
4 persons in family	14.3	14.4	14.8	12.3	11.3
5 persons in family	7.6	7.6	5.6	6.6	6.1
6 persons in family	3.3	4.0	3.6	2.9	2.7
7 or more persons in family	3.8	1.9	0.8	1.7	1.0
Total Families	413,318	426,072	409,709	440,749	460,519
Average Family Size	3.1	3.0	2.8	2.9	2.8

	Unemployed Parent				
	October 1975	July 1977	July 1979	July 1981	April 1983
1 person in family	0.6%	0.2%	--	0.9%	2.2%
2 persons in family	8.9	4.4	0.9%	5.8	2.5
3 persons in family	28.2	25.8	25.1	23.8	22.8
4 persons in family	23.6	30.9	26.8	29.1	33.9
5 persons in family	14.7	20.8	23.0	17.2	19.5
6 persons in family	10.5	10.5	14.2	10.8	10.0
7 or more persons in family	7.2	7.4	10.0	12.4	9.1
Total Families	36,228	38,024	32,602	72,609	90,313
Average Family Size	4.4	4.4	4.6	4.5	4.4

SOURCE: Department of Social Services

APPENDIX C

Time on Aid--Number of Months AFDC Families Have Received Aid Since Most Recent Case Opening

	Family Group			
	October 1975	October 1977	July 1981	October 1982
0 to 6 months	13.3%	17.1%	12.3%	12.1%
6 months to 1 year	17.9	12.1	18.5	13.1
1 year to 2 years	20.6	23.1	20.4	20.4
2 years to 5 years	24.7	27.5	25.7	32.6
5 years to 12 years	20.5	11.9	18.4	13.9
More than 12 years	3.0	10.1	4.7	5.9
Total Families	413,318	433,772	440,749	440,120
Median Months	21.0	21.3	22.4	25.4

	Unemployed Parent			
	October 1975	October 1977	July 1981	October 1982
0 to 6 months	31.3%	27.4%	22.0%	22.7%
6 months to 1 year	29.1	13.0	29.1	18.5
1 year to 2 years	21.0	28.3	27.4	24.2
2 years to 5 years	12.1	22.7	14.6	27.5
5 years to 12 years	6.5	6.0	6.3	4.7
More than 12 years	--	2.6	0.6	1.1
Total Families	36,228	35,277	72,609	78,452
Median Months	9.0	14.4	11.3	14.5

SOURCE: Department of Social Services

APPENDIX D

Total Time on Aid--Number of Months AFDC Families Have Received Aid

	Family Group		
	October 1975	July 1981	October 1982
0 to 6 months	7.2%	6.6%	6.6%
6 months to 1 year	9.0	14.8	9.9
1 year to 2 years	19.7	17.2	14.8
2 years to 5 years	30.3	26.9	33.3
5 years to 12 years	27.3	24.7	20.8
More than 12 years	3.5	7.1	9.9
Total Families	413,318	440,749	440,120
Median Months	35.0	32.3	35.8

	Unemployed Parent		
	October 1975	July 1981	October 1982
0 to 6 months	16.6%	17.4%	14.0%
6 months to 1 year	22.7	22.1	15.0
1 year to 2 years	20.4	25.3	23.4
2 years to 5 years	24.8	21.1	33.9
5 years to 12 years	12.9	11.1	9.2
More than 12 years	0.2	1.1	1.3
Total Families	36,228	72,609	78,452
Median Months	15.0	15.5	20.5

SOURCE: Department of Social Services.

APPENDIX E

Unearned Income, SSI/SSP

Federal regulations define unearned income as follows:

1. Annuities, pensions, and other periodic payments.
2. Alimony and support payments.
3. Dividends.
4. Interest, royalties, and rent.
5. Proceeds of a life insurance policy.
6. Prizes and awards.
7. Gifts and inheritances.
8. Support and maintenance in-kind.

APPENDIX F

Receipts Not Considered Income
SSI/SSP

The following receipts are not considered to be income and are excluded from consideration when determining eligibility for aid:

1. Income tax refunds.
2. Disability insurance payments.
3. Insurance payments made on behalf of borrowers to cover debt payments in the case of death or disability.
4. Proceeds of a loan.
5. Bills paid by others (however, the value of the object received is counted).
6. Replacement of income that has already been received.
7. Medical services.
8. Social services.
9. Weatherization assistance.
10. Receipts from the sale or exchange of a resource.
11. Replacement or repair of a resource that has been lost, damaged, or stolen.

APPENDIX G

Provisions of the Deficit Reduction Act of 1984 (PL 98-369)

In June 1984, Congress passed PL 98-369, the Deficit Reduction Act of 1984 (DEFRA). This act makes several changes in the federal rules governing eligibility and grant payments for the AFDC and SSI/SSP programs. Most of the rule changes will take effect on October 1, 1984; a few will be applied retroactively to the date the measure was signed by the President. California has enacted legislation and is developing the regulations needed to implement the new federal requirements.

Here we summarize the <u>major</u> features of PL 98-369 that affect the AFDC and SSI/SSP programs.

<u>AFDC Program</u>

1. <u>Increase Gross Income Limit</u>. The act increases the gross income limit in order to qualify for the AFDC program from 150 percent to 185 percent of the state's need standard.

2. <u>Modification of Earned Income Disregards</u>. This provision:

   - Increases the use of the $30 earned income disregard from 4 months to 12 months.
   - Provides a $75 work expense disregard for part-time workers. Currently, states are required to set a lower amount than $75 for part-time work. California currently allows $50.
   - Specifies that disregards are subtracted from gross income, without any adjustment for mandatory payroll deductions. Currently, California and several other states are under

court order to subtract disregards from income after mandatory deductions.

3. Exclude Certain Property from Countable Resources. This provision requires states to exclude burial plots and prepaid funeral arrangements from resources considered in determining AFDC eligibility. The act also excludes, for six months and under certain circumstances, property that a family is trying to sell. Proceeds from the sale are used to refund the costs of grants paid. California has been allowing these exclusions.

4. Optional Monthly Reporting and Retrospective Budgeting. The act allows states to modify their systems of monthly reporting and retrospective budgeting (MR/RB). Currently, states are required to establish a MR/RB, although many states have received waivers to allow modification of the monthly reporting requirement.

5. Treatment of the Earned Income Tax Credit (EITC). The act provides that the federal EITC should be counted as income only when it is actually received. Currently, this benefit is assumed to be received when calculating AFDC benefits for families with earnings.

6. Child Support Disregard. The act requires that the first $50 in child support paid each month to an AFDC family by an absent parent shall not be considered in determining the family's income. Currently, all child support payments are counted as income.

SSI/SSP

1. Increased Resource Limits. The act increases the limits on countable resources for SSI recipients by $100 for an individual and $150

for a married couple each year for five years beginning in 1985. Current limits are $1,500 and $2,250, respectively.

2. Limit on Overpayment Recoupment Rate. The act limits to 10 percent the amount that may be deducted from a recipient's check to collect overpayments not involving fraud. Currently, no limit exists. The act also provides that when overpayments are due to excess resources of $50 or less, recoupment of the overpayment is waived.

3. Changes in Treatment of Retroactive Benefit Checks. The act provides that retroactive SSI/SSP or OASDI checks may not be considered as countable resources for six months after the month in which the payment was received. Currently, retroactive SSI/SSP benefits are counted as resources three months after they are received. Retroactive OASDI checks are counted as unearned income.

4. Adjustment of SSI/SSP Benefits to Account for Retroactive Benefit Payments. The act provides for adjustment in SSI/SSP payments in cases involving retroactive OASDI paid before the receipt of the SSI/SSP benefits.