

Do No Harm
SSI Cashout and Mixed Households
140,000 SNAP Recipients Could Lose Some or All SNAP Benefits
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Over the past decade advocates and recipients have been fighting to restore the grant benefits for blind aged and persons living with disabilities. These cuts which began in 2009 reduce spending in the SSI/SSP program by more than \$1 billion annually. Despite the state now having a multi-billion surplus the cuts remain in effect.ⁱ This paper addresses one option for restoring the lost benefits.

The state of California is considering opting out of federal regulations that allow states to combine their Supplemental Security Income (SSI) and Supplemental Nutrition Assistance Program (SNAP) benefits into a single all cash grant.ⁱⁱ It is known as SSI cashout or just cashout. The value of the SNAP benefit when California opted in was just \$10 a month in 1974. It is still just \$10 a month in 2018. If made eligible for SNAP, approximately 370,000 poor Californians would get about \$80 a month in SNAP benefits in addition to their SSI grant. On the surface, ending SSI cashout seems like a no-brainer.

But there is a catch: 137,000 California families will get less in federal SNAP if cashout is ended. More than 120,000 of these families could fall into poverty solely due to the end of cashout. SSI recipients and advocates are united in the belief that no family should become poorer so that some SSI recipients can be less poor. Instead, the state should fund a state nutrition supplement to the SNAP grant for families that lose benefits. For roughly the cost of a six percent increase in the Supplemental Security Payment (SSP) amount (approximately \$150 million) the state could maintain SNAP levels for families if cashout is ended.ⁱⁱⁱ But by ending cashout California will draw down approximately \$365 million in new federal SNAP benefits meaning that each General Fund dollar spent brings in \$2.40 in new federal SNAP funds.

Who Are the Families Negatively Impacted by Ending Cashout?

In January, 2018 the Legislative Analyst Office released *The Potential Effects of Ending the SSI Cash-Out* which took a fresh look at the issue and reported the following:

- The LAO found that 123,000 “mixed” families will see a reduction in SNAP benefits that will reduce income by \$144 a month for the typical family. Many of these families will drop below the poverty level as a result.
- An additional 14,000 households will lose ALL eligibility for SNAP and the typical household will lose \$210 a month.

- The 370,000 persons who benefit from ending cashout are mostly single recipients who have no other source of income. For some recipients ending cashout will have the effect of restoring about 80 percent of the lost SSP grant amount suffered over the last decade.

There are two categories of families that will be impacted by ending SSI cashout. The first category are families in which the adult is on SSI and the children are on SNAP and likely CalWORKs. In 2008-2009, about 31,000 California parents qualified for (SSI) and were raising some 55,000 children receiving child-only assistance from CalWORKs.^{iv} The second category are families in which a child is receiving SSI but the parents are poor enough to qualify for SNAP. There are approximately 120,000 California children receiving SSI according to a 2015 report by the federal Office of Human Service Policy.^v There is no available data source to determine how many of these children receiving SSI will lose SNAP benefits but given the large population of SSI children in California it is reasonable to assume that large number of the families losing assistance will have a SSI child in the household.

Whether the SSI recipient is an adult or a child, the family is likely to experience significant material hardship. A 2008 analysis of families caring for disabled children using National Survey of American Families data found that *“these families have experienced significantly greater levels of material hardship than families with children who have no disabilities. Children with disabilities and their families are at substantially elevated risk for deprivation and, although this risk declines as family income increases, a substantial proportion of middle-class families raising children with disabilities experienced material hardship. Among families raising children with disabilities, single mothers and cohabiting partners were found to have experienced the greatest degree of severe hardship.”*^{vi}

Additionally the report found that material hardships impacted not just families below the poverty level but also impacted families above the poverty level. *“The two lowest strata of families by income – those earning less than 100% FPL and those earning between 100% and 199% FPL – follow the same trend on food, housing, and telephone service hardships....Consequently, families having low income (100% to 199% FPL) generally are no better off than families with income below the poverty threshold.”*^{vii}

Impact on Families with Adult SSI Recipients

Though families with an SSI recipient may receive more money than single SSI recipients, they still have material hardships. A 2010 study by the Child and Family Policy Institute of California of families on both SSI and CalWORKs found *“many SSI-parent respondents had experienced hunger and difficulty in making ends meet. It is likely that poor mental and physical health limited these parents’ flexibility and resourcefulness. One in four respondents had been hungry and unable to buy needed food in the past year, and a large majority reported other types of material hardships. Living with other adults did not confer benefits, either financial or in terms of support.”*^{viii}

SSI recipients may require special diets due to allergies, diabetes, celiac disease, and constipation.^{ix} Additionally, due to chewing challenges some SSI recipients require food that is easy to eat. A recent survey conducted by the Centers for Disease Control showed that 27.4% of adults with disabilities were obese, compared to 16.5 % of those without disabilities. Research shows that obese person utilize medical care more than non-obese persons.^x More doctor visits results in increased need for transportation and can be an impediment to acquiring and maintaining earned income from work.

Many families need personal transportation for the SSI recipient because public transportation is unavailable, slow or inconvenient. According to the American Automobile Association for vehicles driven 15,000 miles a year, average ownership costs added up to about \$706 a month or \$8,469 a year in 2017.^{xi} Many families need a vehicle with the capacity to lift a wheelchair which can make the cost of the vehicle even more expensive.

Families that see a reduction in their SNAP benefits are unlikely to be able to make up the lost benefits via earning from work. Many families with a child or adult living with disabilities will not be able to participate in CalWORKs welfare to work activities, limiting their opportunities to increase earnings from work.^{xii} These families will not get have a welfare to work plan, they will not get child care assistance, they will not get transportation costs paid for, they will not receive CalWORKs mental health, substance abuse or domestic violence services and they will not be eligible for Family Stabilization services. This means that the SSI income these families have may be used to pay for things that CalWORKs would normally pay for if the adult was not exempt due to disability or to care for a disabled child.

Impacts on Families with Children Receiving SSI

For families which include children who receive SSI, the SSI benefits help these low-income families offset the costs of raising a child with a disability. These costs include meeting the child's basic needs for food, clothing, and shelter; paying for special therapies, specially trained child-care workers, medically prescribed diets, diapers for older children, adaptive equipment, and transportation to doctor and specialist appointments – many of which are not covered or are inadequately covered by insurance or have high copays; and losing income when a parent must take time off to take the child to medical appointments or reduce work hours to care for the child. Families raising children with disabilities are more than twice as likely as other families with children to face material hardships such as homelessness, food insecurity, and utility shutoff. SSI benefits help families maximize a child's opportunity to achieve an independent, rewarding, productive life including work in adulthood.

Children in families with an SSI adult also have more behavior problems than their peers. The CFPIC study also found that *"[A]n astonishing two-thirds (64%) of parents of children over age 5 reported a school-age child displaying significant behavior problems such as school suspension, fighting, and drug or alcohol use (behavior problems were not recorded for children under age six). Parents who reported behavior problems in their children were also quite likely to have a child with poor health or a chronic health problem (38%)."*^{xiii}

Hunger and negative behavioral outcomes are associated with high housing costs. According to the CFPIC study *"clients with no rental subsidies face greater difficulties overall. They have less disposable income than the other groups (\$970 compared to \$1,182 in subsidized housing), are more likely than the subsidized clients to have experienced hunger (38% compared to 17%), and are very likely to have children with behavior problems (82%)."*

Advocates Proposal

Western Center on Law & Poverty and Justice in Aging believe the time has come for ending SSI cashout in California. In specific we encourage the Legislature to take the following actions:

1. California should authorize the Administration to opt out of SSI cashout and allow all SSI recipients to apply for cash assistance.

2. California should deliver the benefit via an existing or new state supplemental nutrition system to prevent a loss of income for families that have a combination of SSI and SNAP recipients. Specifically,
 - The benefit should be provided so long as the SSI recipient lives in the household.
 - The benefit should be available to any family with both SSI and SNAP recipients in which the total family income is below 200 percent of the federal poverty level.
 - A family which exits the program due to income, should be allowed to return to the program if their income declines.
 - A family that is not currently receiving SSI and SNAP but which does in the future shall be eligible for the benefit.
 - The benefit can be determined by making an individual determination of each household's needs or by providing a flat amount to ease automation and implementation.

3. California should fund an aggressive outreach and application assistance program to enroll SSI recipients onto SNAP. SSI recipients, more so than the general population, will need substantial assistance in completing paperwork and making appointments. A small investment at the front end will ensure that California draws down as much federal SNAP funding as possible.

Conclusion

For more than four decades SSI recipients in California have been ineligible for federal SNAP benefits. Due to the substantial cuts to the state contribution to the SSI grant and rapidly increasing housing costs,^{xiv} SSI recipients are in a state of desperation. While it is appropriate that the Legislature restore the SSP cuts and reinstate the SSP COLA, ending SSI cashout is another option for increasing the grants for those most in need. The \$80 a month that would go to recipients represents nearly 50 percent of the value of the SSP portion of the SSI benefits.^{xv} Based on recent experience, it is unlikely the Legislature will restore a similar amount from the state General Fund.

While the benefit of ending cashout is clear and compelling, the state should only do so if it is prepared to provide a state funded supplemental nutrition benefit to those who will lose SNAP benefits. It would be monumentally unfair for the state to reap the benefit of ending cashout but do nothing to prevent harm to families that would be poorer as a result.

After the substantial cuts to the SSP during the recession, recipients and advocates have waged campaigns each year to restore the cuts. It is unlikely that this effort will stop in the near future. But for about \$150 million General Fund expense to hold mixed households harmless, the state can draw down \$365 million in new SNAP benefits and target it to those who really need a boost in their income. This is a good deal for California and a major step towards undoing some of the most harmful cuts still in place from the recession from earlier this decade.

Western Center and Justice in Aging supports ending SSI cashout and providing a supplemental nutrition benefit for those who lose SNAP due to ending SSI cashout.

About Western Center on Law and Poverty: Western Center on Law and Poverty (WCLP) serves as a support center for California’s legal aid community and leads the way in large-scale impact litigation, administrative advocacy, budget advocacy and legislative advocacy in an effort to ensure that low-income Californians can easily access safe and affordable housing, adequate health care, and safety net services. www.wclp.org. For more information about Western Center’s anti-poverty priorities, please contact: Michael Herald, mherald@wclp.org, 916 282-5112.

About Justice in Aging: Justice in Aging is a national non-profit legal advocacy organization that fights senior poverty through law. Since 1972 we’ve worked for access to affordable health care and economic security for older adults with limited resources, focusing especially on populations that have traditionally lacked legal protection such as women, people of color, LGBT individuals, and people with limited English proficiency. www.justiceinaging.org. For more information about Justice in Aging’s economic security priorities, please contact: Trinh Phan, tphan@justiceinaging.org, 510-931-4203.

^{i i} In the 2006-7 state budget California provided the last statutorily required cost of living adjustment for the SSI-SSP grant amount. On January 1, 2009 the state contributed \$233 a month to the SSI check for single individuals and \$568 a month for couples. When combined with the federal SSI amount, single recipients’ grants were worth 100.6% of the federal poverty level and grants for couple equaled 131 % of the federal poverty level. But beginning in July, 2009 the state began cutting the state contributions to the SSI grant. By July 1, 2011 the state SSI contribution for individuals had been reduced to \$156 a month, a \$77 a month reduction. SSP grants to couples were cut to the federal minimum of \$396 a month in November, 2009, a \$172 a month cut. With the exception of a \$4 a month increase in the 2016-17 budget, California has not restored state funding for SSI grants or provided a cost of living adjustment for 10 years. The result is that SSI grants in California are now worth just 90 percent of the federal poverty level for a single individual.

ⁱⁱ These sections can be found at Section 1616 (a) of the Social Security Act and at 7 CFR 273.20

ⁱⁱⁱ The Governor’s 2018-19 budget project state expenditures on the state supplemental payment (SSP) at \$2.5 billion. Thus to increase the SSP grant by 1 percent would cost \$25 million. A

^{iv} *SSI Parents with Children Receiving CalWORKs Cash Assistance in San Francisco: A Population on the Edge*, the Child and Family Policy Institute of California, 2010.

^v *The Child SSI Program and the Changing Safety Net*, Office of Human Service Policy, U.S. Department of Health and Human Services, April, 2015

^{vi} Material Hardship in U.S. Families Raising Children with Disabilities, Council for Exceptional Children, University of North Carolina, p. 88 2008, https://ssw.unc.edu/files/web/pdf/ExceptChildrenMaterial_Hardship.pdf

^{vii} Ibid p. 85.

^{viii} *SSI Parents with Children Receiving CalWORKs Cash Assistance in San Francisco: A Population on the Edge*, the Child and Family Policy Institute of California, 2010.

^{ix} “*Nutrition and Children with Disabilities*” The Vanderbilt Kennedy Center 2015

^{*} *Obesity and the use of health care services*, Department of Family and Community Medicine, University of California, Davis, www.ncbi.nlm.nih.gov/pubmed/15800296

^{xi} AAA Reveals True Cost of Vehicle Ownership, American Automobile Association, 2017

<https://newsroom.aaa.com/auto/your-driving-costs/>

^{xii} Of the 66,000 CalWORKs adults who are exempt from work participation, 40 percent are exempt due to disability or because they are caring for an ill or incapacitated family member See. CalWORKs Annual Summary, California Department of Social Services, pp., 62, 65,

http://www.cdss.ca.gov/Portals/9/CalWORKs/CW%20Annual%20Summary_January%202018%20Final%203.28.18.pdf?ver=2018-04-02-093852-433

^{xiii} Ibid

^{xiv} After SSI benefits bottomed out, the housing market exploded. The Fair Market Rents in EVERY county in the state now exceeds fifty percent of the SSI grant amount and in seventeen counties local rents exceed 100% of the SSI grant amount.^{xiv} As a result SSI recipients are experiencing significantly more material hardship with recipients routinely choosing between food, medicine and electricity. SSI recipients are becoming more dependent on food banks, feeding programs, and other forms of emergency assistance to prevent starvation or homelessness.

^{xv} An additional benefit of ending cashout is that SNAP benefits cannot be accessed to pay rent. When the state increases SSP grants, many SSI recipients never see the extra money because their rent is based on a percent of their income. As it increases so does the rent. Thus ending cashout will mean more money for recipients and not for rental property owners or organizations.