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The SSI/SSP Grant: A Critical Support for Older Women and People of Color in California Left Behind by the Labor Market and State Policy

It has been over a decade since the Great Recession devastated our state's economy, caused massive state budget shortfalls, and undercut the short- and long-term economic and social prospects for millions of Californians. As revenues fell, state policymakers balanced the budget, in part, by making drastic cuts to social safety net programs such as Supplemental Security Income/State Supplementary Payment (SSI/SSP), which helps to support more than 1 million seniors and people with disabilities with low incomes. California is now well into its economic recovery, and state policymakers have spent recent years preparing for another downturn by creating a healthy budget surplus. However, policymakers still have not yet reversed the cuts they made to SSI/SSP. This *Issue Brief* explores why SSI/SSP is such an important resource for Californians with low incomes, particularly older women and people of color, and why state policymakers should reinvest in the program that helps people be able to pay for their basic needs.

SSI/SSP Grants Provide Basic Income for Older Adults and People With Disabilities Who Have Very Low Incomes

SSI/SSP is a critical source of income for well over 1 million low-income older adults (age 65 or older) and people with disabilities in California. Grants are funded with both federal (SSI) and state (SSP) dollars. The maximum monthly grant for an individual in California is nearly \$944, which reflects an SSI portion of \$783 and an SSP portion of \$160.72.¹

People are generally eligible for SSI/SSP due to: 1) their disability status or 2) their age and limited earning history. In California, 71% of SSI/SSP recipients are eligible due to disability and 29% are eligible based on their age (65 or older).² Overall, irrespective of disability status, almost half (47%) of SSI/SSP recipients in California are age 65 or older (Figure 1).³

SSI plays an important role in the social safety net. Nationally, more than half (57%) of all SSI recipients have no other source of income.⁴ In California, SSI/SSP grants alone lift 400,000 Californians out of deep poverty – which is equal to half of the poverty threshold – and raise about the same number above the poverty threshold, according to the Public Policy Institute of California.⁵

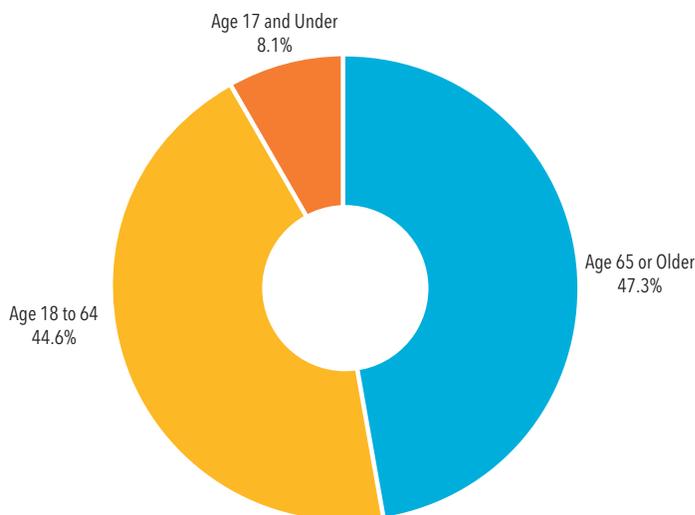
Older Adults Face Challenges Meeting Their Basic Needs

SSI/SSP is an important source of income for older adults who struggle to meet their basic needs. As life expectancy grows, Americans need more resources in order to be economically secure for longer periods of time.⁶ In particular, the risk of contending with the financial shock of losing a spouse and/or experiencing a costly chronic illness or disability grows with age.⁷ Various public supports have helped decrease the share of older adults living in poverty, yet seniors still

FIGURE 1

Almost Half of SSI/SSP Recipients in California Are Age 65 or Older

Total Number of SSI/SSP Recipients in June 2019 = 1,216,540



Source: Department of Social Services

struggle with economic insecurity. Even those whose incomes do *not* fall below the federal poverty line still face significant challenges.⁸ According to one measure of economic hardship, 26% of Californians age 65 to 74 with incomes above the poverty line struggled to pay for necessities like food and medical expenses in 2015.⁹ This share rose to 28% for those age 75 or older, indicating that the oldest Californians may have greater economic difficulties.

Due to Labor Market Inequalities, Women and People of Color Face Greater Challenges Saving for Retirement

Inequalities in the labor market contribute to women and people of color having less retirement savings and facing a greater likelihood of aging into poverty. Women and people of color are often paid less, partly due to gender- and race-based discrimination and overrepresentation in low-wage occupations.¹⁰ Though the gender wage gap has narrowed in recent decades, women who work full-time still earn less

than men.¹¹ Workers of color are also more likely to earn lower wages than are white workers, even when they work full-time and year-round.¹² Due to these dynamics, women of color in particular face significant earnings disparities.¹³ In California, while white women made 78 cents for every dollar white men took home in 2016, Black, Native American, and Latinx women's earnings ranged from 59 cents to as little as 42 cents per dollar.¹⁴ Though Social Security reduces the effects of the wage gap later in life, these inequities persist in retirement.¹⁵

Another factor contributing to the wage gap is gender differences in caregiving. Women, especially women of color, are more likely to provide unpaid labor looking after their children, grandchildren, or other adults in their lives.¹⁶ Compared to women without children, mothers face a "motherhood penalty" through reduced lifetime earnings, lower educational attainment, more time out of the workforce, and greater difficulty finding another job.¹⁷ Balancing paid employment and family is especially difficult for workers with low incomes, as they often

have jobs with limited benefits and are frequently subject to unfair scheduling practices.¹⁸ California's paid family leave policy could alleviate some of these challenges, yet low-wage workers – who are predominantly women and women of color – are less able to utilize and access paid family leave due to a lack of job protections and inadequate payments.¹⁹

Furthermore, workers of color and women often cannot fully benefit from retirement plans, which they both struggle to access and to afford. One study of private-sector workers in California in 2014 found significant racial disparities in the share of workers without a retirement plan: 74% for Latinx workers, 62% for Black workers, 42% for Asian workers and 37% for white workers.²⁰ Nationally, Black and Latinx workers are less likely to hold jobs that offer access to a retirement plan and women of color are less likely than white women to have employers who offer retirement plans.²¹ Additionally, women and Black and Latinx workers are more likely to work part-time jobs and to be subject to restrictions that can exclude them from participating in an employer-sponsored plan.²² Therefore, even if their employer offers retirement benefits, these workers may still be ineligible. Moreover, simply being able to make sufficient contributions for retirement may be a challenge for many workers. According to a 2015 survey of California workers, though most wanted to save, many felt they could not afford to save enough due to debts or low incomes.²³ To help Californians save for retirement, state policymakers in 2016 created CalSavers, a state-administered retirement savings program for certain private-sector workers.²⁴ However, while CalSavers will benefit younger workers, who will have time to build their retirement savings, this new program will not be as helpful for older Californians who are close to retirement and have lacked access to retirement plans for their entire careers.

Unsurprisingly, as women and people of color are less able to save for retirement, they are therefore more likely to struggle financially after they turn 65. According to a measure of hardship that looks specifically at older Californians, older women and

people of color were more likely to face economic insecurity in 2015.²⁵ They were more likely to live in poverty and were also more at risk of insecurity even when their incomes were *above* the federal poverty line. For example, about 28% of older women in California had incomes that were above the federal poverty line but that still did not meet the cost of basic expenses, compared to about 25% of older men. Similarly, while 26% of older whites had incomes above the poverty line yet below the cost of expenses, hardship rates were even higher for some older adults of color: 32% for older Latinx adults and 35% for older Blacks.

SSI/SSP Will Become Increasingly Important for People of Color and Women as California's Population Ages

SSI/SSP assistance is particularly critical for older people of color and women, given that they are more likely to face financial insecurity. In fact, women comprise over half (54%) of all SSI/SSP recipients in California and almost two-thirds (63%) of recipients age 65 and older (Figures 2 and 3).²⁶ Though SSI/SSP enrollment data are not available by race, national data suggest that Native Americans and Black Americans are more likely to receive SSI and that, along with Latinx Americans, they have higher poverty rates than do other recipients.²⁷

SSI/SSP's financial support will only become more salient in the coming years. California is facing significant demographic changes, with a substantial projected increase of older adults, who are highly likely to struggle to meet basic needs. According to one estimate, older adults' share of California's population will increase from 19% in 2015 to 26% by 2035.²⁸ The fastest growing subgroup is those age 80 and older, whose numbers are expected to more than double between 2015 and 2035 and who face higher poverty rates than other older adults.²⁹ Older Californians are also becoming significantly more racially diverse. People of color are projected to comprise over half (55%) of older adults by 2035, up from 41% in 2015.³⁰ Without strong commitment from

FIGURE 2

More Than Half of Adult SSI/SSP Recipients in California Are Women

Total Number of SSI/SSP Recipients Age 18 or Older in June 2019 = 1,117,976

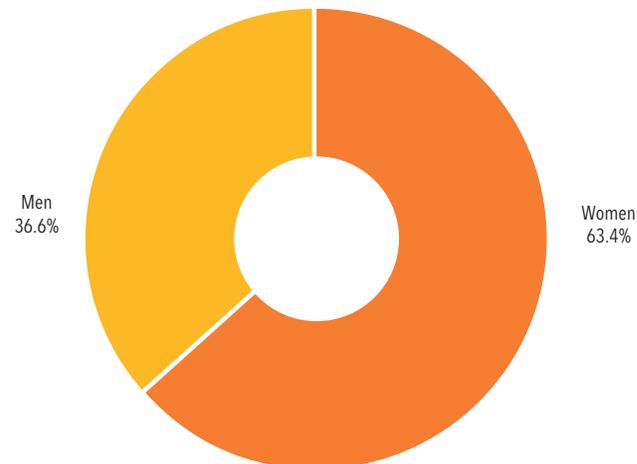


Source: Department of Social Services

FIGURE 3

Among Older Californians Enrolled in SSI/SSP, Nearly Two-Thirds Are Women

Total Number of SSI/SSP Recipients Age 65 or Older in June 2019 = 575,248



Source: Department of Social Services

policyholders to the economic well-being of older adults, an increasing share of older Californians will be unable to meet their basic needs.

Deep Reductions to SSI/SSP Grants a Decade Ago Largely Remain in Place Today

State policymakers have long failed to adequately support Californians who rely on SSI/SSP. For example, during and following the Great Recession, the state deeply cut the SSP portion of the grant, reducing it to the lowest level allowed under federal law.³¹ In addition, policymakers eliminated the annual state cost-of-living adjustment (COLA) for SSI/SSP grants. Largely due to state policy choices, the purchasing power of SSI/SSP cash assistance has declined by more than one-third since state fiscal year 1989-90, and state spending for SSP grants was about 40% below the 2007-08 level as recently as 2018-19.³²

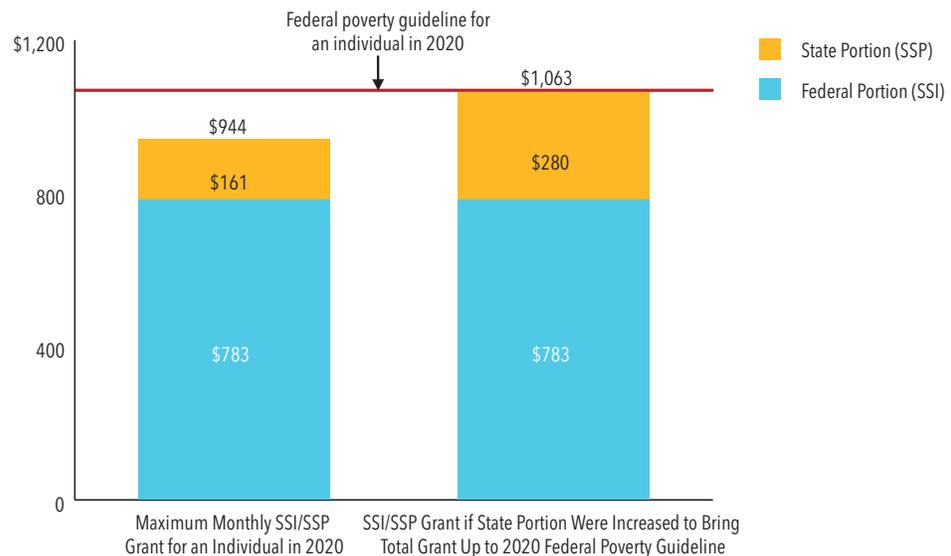
As the economy recovered from the Great Recession, state policymakers modestly improved SSI/SSP grants. They provided a 2.76% increase to the SSP portion

of the grant starting in January 2017.³³ They also restored the annual state COLA beginning July 1, 2022, though the size of each year’s increase – if any – will be determined through budget negotiations.³⁴ This state COLA will only apply to the SSP portion of the grant; in prior years, this COLA was applied to the combined SSI/SSP grant.³⁵ Additionally, policymakers recently ended the state’s “SSI cash-out” policy, which banned SSI/SSP enrollees from receiving federal food benefits through CalFresh.³⁶

Despite recent gains, state cuts to SSI/SSP largely remain in place, and the maximum SSI/SSP grant for an individual remains below the poverty line (Figure 4).³⁷ For SSI/SSP recipients who have no other source of income, inadequate grants keep them living in poverty and reduce their ability to afford basic necessities such as medicine and rent. For example, in every county in the state, the “Fair Market Rent” for a studio apartment exceeds 50% of the maximum SSI/SSP grant for an individual.³⁸ Insufficient grants increase the chance of homelessness for SSI/SSP recipients, as people are at greater risk of becoming homeless when housing costs account for more than

FIGURE 4

Policymakers Would Need to Increase SSI/SSP Grants by Over \$100 Per Month to Bring Support to the Poverty Line



Source: Budget Center analysis of Department of Social Services and US Department of Health and Human Services data

half of household income. If policymakers raised the grant above the poverty line, SSI recipients would have about \$100 more each month to put toward their rent and other needs.

California Can Help Older Adults and People with Disabilities Build Economic Security by Strengthening SSI/SSP

In order to strengthen SSI/SSP and economic security for older adults and people with disabilities, state policymakers should:

- **Increase the state's SSP portion of the grant and apply the COLA to the combined grant.** Over the upcoming budget cycles, policymakers should boost SSP so that the full SSI/SSP grant lifts all recipients above the poverty line. Additionally, as in earlier years, state leaders should apply the state COLA to the combined SSI/SSP grant, which would further economic security by ensuring that the grant keeps up with California's rising cost of living.

- **Create a reserve fund for SSP.** In the 2018-19 budget agreement, the state created a Safety Net Reserve Fund for the CalWORKs and Medi-Cal programs in preparation for estimated caseload increases in the event of a recession. Similarly, once policymakers have increased the SPP grant, the state should create a fund to protect SSP from future cuts so that older Californians and people with disabilities can continue to rely on this critical source of basic income during a downturn. The state should not be balancing the budget on the backs of Californians with few resources.

Conclusion

For over 1 million older adults with low incomes and people with disabilities in California, SSI/SSP grants are an important source of income. As California's population ages, it will become even more important for state leaders to promote policies reflecting the needs of an older and more racially diverse state. It is therefore critical that state policymakers shore up the SSI/SSP grants now so that all Californians can afford to live and age with dignity.

Esi Hutchful prepared this *Issue Brief*. The Budget Center was established in 1995 to provide Californians with a source of timely, objective, and accessible expertise on state fiscal and economic policy issues. The Budget Center engages in independent fiscal and policy analysis and public education with the goal of improving public policies affecting the economic and social well-being of low- and middle-income Californians. General operating support for the Budget Center is provided by foundation grants, subscriptions, and individual contributions. Please visit the Budget Center's website at calbudgetcenter.org. Support for this *Issue Brief* was provided by the California Association of Food Banks.

ENDNOTES

- ¹ California Department of Social Services, *Local Assistance Estimates for the 2020-21 Governor's Budget*, Reference Documents, p. 22.
- ² Budget Center analysis of data from Social Security Administration, *SSI Annual Statistical Report, 2018* (September 2019), p. 31.
- ³ Data on selected characteristics of SSI/SSP recipients were provided by the Department of Social Services on November 19, 2019. Nationally, the vast majority (86%) of people enrolled in SSI are eligible because of a severe, long-term disability; the remaining 14% of recipients are eligible based on their age (65 or older). Social Security Administration, *SSI Annual Statistical Report, 2018* (September 2019), p. 31.
- ⁴ Social Security Administration, *SSI Annual Statistical Report, 2018* (September 2019), p. 29. State-level data on the income sources of SSI recipients are not available for California.
- ⁵ Data are for 2015 and are based on the California Poverty Measure. Sarah Bohn, *Testimony to Senate Budget and Fiscal Review Committee, Informational Hearing on Human Services* (Public Policy Institute of California: February 14, 2018).

- ⁶ US Department of Health and Human Services, Administration for Community Living and Administration on Aging, *2018 Profile of Older Americans* (April 2018), p. 2.
- ⁷ Jason Brown, *The Economic Security of American Households, Issue Brief Three: The Economic Security of Older Women* (US Treasury Department, Office of Economic Policy: January 2017), p. 3; James Poterba, Steven Venti, and David A. Wise, *Longitudinal Determinants of End-of-Life Wealth Inequality* (National Bureau of Economic Research: Revised August 2017), p. 31; United Nations Department of Economic and Social Affairs, "Ageing and Disability"; and Brian W. Ward, Jeannine S. Schiller, and Richard A. Goodman, "Multiple Chronic Conditions Among US Adults: A 2012 Update," *Preventing Chronic Disease* 11 (2014).
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- ¹⁴ Kristin Schumacher, *Addressing Pay Inequality and Boosting Income for Women*, Women's Well-Being Index (California Budget & Policy Center: June 2018).
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- ¹⁷ Matthew S. Rutledge, Alice Zulkarnain, and Sara Ellen King, *How Much Does Motherhood Cost Women in Social Security Benefits?* (Center for Retirement Research at Boston College: October 2017).
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- ¹⁹ Kristin Schumacher, *Paid Family Leave: Helping Workers Balance Career and Caregiving Commitments* (California Budget & Policy Center: November 2019) and Kristin Schumacher, *Supporting Working Mothers in California*, Women's Well-Being Index (California Budget & Policy Center: June 2018).
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