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Cost of Rent and Food Highlights Inadequacy of SSI/SSP Grants for Seniors and People With Disabilities in California

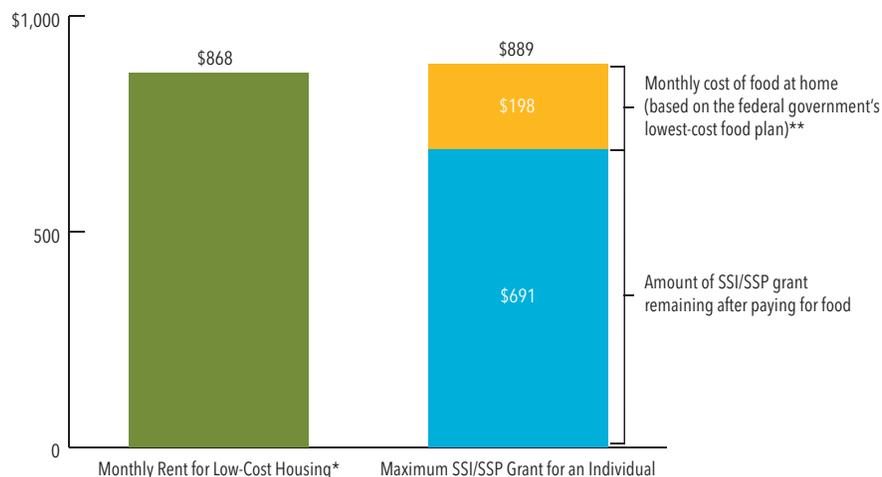
Supplemental Security Income/State Supplementary Payment (SSI/SSP) grants provide a critical source of basic income for well over 1 million seniors and people with disabilities in California.¹ These grants are funded with both federal (SSI) and state (SSP) dollars.²

State policymakers made several cuts to SSI/SSP grants during and following the Great Recession to help close budget shortfalls. This included eliminating the annual state cost-of-living adjustment (COLA) for SSI/SSP grants and reducing the state's SSP portion to the minimum levels allowed by federal law (from \$233 to \$156 per month for individuals and from \$568 to \$396 per month for couples). Due to these cuts, the maximum SSI/SSP grant for individuals fell below the federal poverty line in 2009, and the current maximum grant – \$889 per month – is equal to just 90% of the poverty line.³

For SSI/SSP recipients, the challenge of making ends meet while living in poverty is exacerbated by the fact that they are not eligible to receive federal food assistance through the Supplemental Nutrition Assistance Program, which is known as CalFresh in California.⁴ Instead, seniors and people with disabilities must use a portion of their SSI/SSP grants to buy food, leaving even less of their already inadequate income to pay for rent, utilities, and other

After Accounting for the Cost of Food, SSI/SSP Grants Fall Far Short of Covering Rent for Low-Cost Housing

25th Percentile Monthly Rent in California Compared to Monthly SSI/SSP Grant, 2016



* Excludes utilities, reflects all unit sizes, and is estimated based on the 2011-2014 annual growth rate.

** Reflects the cost of the "Thrifty Food Plan" for women ages 51 to 70.

Source: Department of Social Services, US Department of Agriculture, and Budget Center analysis of US Census Bureau, American Community Survey data

essentials. For example, a minimally adequate diet for a woman age 51 to 70 costs \$198 per month, according to the US Department of Agriculture.⁵ With a total SSI/SSP grant of \$889, a monthly food budget of this amount would leave just \$691 for other necessities. This is far short of the income needed to cover the estimated monthly rent – \$868 – for low-cost housing in California in 2016.⁶ In reality, of course, even a modest food budget is out of reach for many SSI/SSP recipients. Across California, these individuals struggle to afford high housing costs and therefore face difficult choices about how to manage their income, such as eating less and/or relying on food banks or other charities.⁷

State policymakers can take steps to boost support for low-income Californians who rely on SSI/SSP to pay for food, housing, and other necessities. Governor Brown's proposal to provide a one-time COLA to the state's SSP portion effective January 1, 2017, offers a starting point for deliberations.⁸ Policymakers should go beyond the Governor's proposal and reinstate the annual state COLA for SSI/SSP grants in order to ensure that grants fully keep up with increases in California's cost of living. Furthermore, policymakers should consider creating a multiyear plan for raising SSI/SSP grants for individuals above the poverty line. Efforts to increase the supply of affordable housing and boost state support for nutrition services, such as the Brown Bag Program, also could help SSI/SSP recipients make ends meet.⁹

SSI/SSP provides substantial benefits for low-income seniors and people with disabilities. The program also creates economic benefits throughout the state as recipients spend their grants in local communities. Boosting the state's investment in SSI/SSP would help lay the foundation for greater economic security in California.

¹ Seniors (age 65 or older) comprise approximately 43% of the SSI/SSP caseload (562,000 out of 1.3 million cases).

² In the current fiscal year (2015-16), the federal government will provide an estimated \$7.3 billion for the SSI portion of the grant and the state will provide an estimated \$2.5 billion for the SSP portion.

³ The current maximum grant for couples – \$1,496 – is equal to 112% of the poverty line, down from 130% of the poverty line in January 2009. SSI/SSP grants reported in this *Fact Sheet* are for seniors and people with disabilities who live in their own homes and have cooking facilities.

⁴ California elected to make SSI/SSP recipients ineligible for federal SNAP benefits – formerly called food stamps – in the mid-1970s. Reversing this policy, which is known as "SSI cash-out," would create winners and losers among households in California that receive SSI/SSP cash assistance. For a discussion of this issue, see Alexandra Zavis, "USDA Urges California to Reverse Food Stamp Policy, Even Though Some Could Lose Benefits," *Los Angeles Times* (August 10, 2010).

⁵ This amount reflects the cost of the "Thrifty Food Plan." See US Department of Agriculture, *Official USDA Food Plans: Cost of Food at Home at Four Levels, US Average, January 2016* (February 2016).

⁶ This estimated statewide "low-cost housing" rent reflects the 25th percentile contract rent (excluding utilities) for units of all sizes. The Budget Center developed this 2016 estimate based on the compound annual growth rate of 25th percentile contract rent between 2011 and 2014, as reflected in the US Census Bureau's American Community Survey. Contract rent at the 25th percentile differs from "fair market rents" (FMRs), which are determined by the US Department of Housing and Urban Development for metropolitan areas and nonmetropolitan counties, but not for states as a whole. FMRs are generally set at the 40th percentile and are based on the distribution of rents paid by recent movers.

⁷ For a comparison of the maximum SSI/SSP grant to the "fair market rent" in all 58 counties, see Scott Graves, *Due to State Cuts, SSI/SSP Grants Lose Ground to Housing Costs* (California Budget & Policy Center: February 2016).

⁸ The Legislative Analyst's Office estimates that the Governor's proposed one-time state COLA would equal 2.76%. An increase of this magnitude would boost SSP grants for individuals by \$4.32 per month and SSP grants for couples by \$10.94 per month. See Legislative Analyst's Office, *The 2016-17 Budget: Analysis of the Human Services Budget* (February 2016), p. 9.

⁹ The Brown Bag Program provides surplus and donated fruits, vegetables, and other food products to low-income Californians age 60 or older. State General Fund support for this program was eliminated beginning in 2010-11, although some local Brown Bag services continue with funding from other sources.