Cash-Out in California: A History of Help and Harm

An Analysis of California's Food Stamp "Cash-Out" Policy for Recipients of SSI / SSP

CALIFORNIA FOOD POLICY ADVOCATES

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California Food Policy Advocates

California Food Policy Advocates is a public policy and advocacy organization whose mission is to improve the health and well-being of low-income Californians by increasing their access to nutritious and affordable food.

CFPA is California's only statewide advocacy organization with a focus on food and nutrition for low-income people. The organization's work emphasizes the critical importance of preserving, improving and expanding participation in the federal food programs, the state's strongest tool in overcoming malnutrition and hunger. CFPA works with community-based organizations to identify critical food access problems and to mobilize effective solutions to them.

CFPA uses research and analysis, advocacy, and community education and mobilization to ensure that every Californian has access to the nutrition required to grow, to learn, and to lead a productive life.

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Despite their difficulty in getting enough food, many low-income seniors and people with disabilities in California cannot receive assistance from the federal Food Stamp Program. They are ineligible because of a policy called "cash-out." Under this policy, people who receive cash assistance from the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program are not eligible for food stamps. California is the only state in which SSI/SSP recipients are ineligible under this policy.

Why Does California Have Cash-Out?

California's cash-out policy started in 1974 when the federal government began the combined federal-state Supplemental Security Income/ State Supplementary Payment (SSI/SSP) program. At that time, states were allowed to increase their state supplementary payment instead of administering food stamps to SSI/SSP recipients. California opted for this "cash-out" policy and increased its monthly SSP grant by $10. Over time, the criteria for maintaining cash-out has changed. Instead of the inclusion of a discrete, or "extra," $10 for food purchases in the SSP, California's cash-out policy is now based on the state's implementation of federal cost-of-living adjustments to the federal SSI benefit. California is allowed to maintain cash-out as long as its SSP is at least $156, the amount it provided to SSI/SSP recipients as of March 1983.[1]

What Does Cash-Out Mean for Low-Income Californians?

Under cash-out, many live-alone SSI/SSP recipients are unable to get the same food assistance available to most other low-income people in California and throughout the United States. Ending cash-out would allow these SSI/SSP recipients to receive much-needed food stamp benefits. At the same time, cash-out has a direct benefit for families with a disabled or elderly household member who receives SSI/SSP: it allows the Food Stamp Program to disregard the household member's SSI/SSP income when determining the rest of the family's eligibility and benefit levels. Ending cash-out would reduce these households' food stamp benefits or eliminate them altogether.

Should California End its Policy of Cash-Out?

Although California's cash-out policy hurts many low-income seniors and people with disabilities, ending cash-out at this time poses many significant risks—including a likely net loss in benefits throughout the state, substantial benefit reductions for many low-income families, and the potential loss of $10 in cash assistance each month for all SSI/SSP recipients. California Food Policy Advocates believes that until California is able to end cash-out in a way that will maximize benefits and participation among newly eligible people, mitigate the harm to low-income families, and protect the level of the SSP grant, ending cash-out is not an effective strategy for preventing hunger. Creating the conditions in which ending cash-out doesn't cause harm will take a considerable, long-term effort. If we can achieve these conditions, ending cash-out will significantly improve the health and well being of hundreds of thousands of elderly and disabled people in California.

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[1] Federal law also permits California to reduce its total SSP expenditures to its total SSP expenditure level during 1983, which could result in an SSP of even less than $156. For more information, see Appendix C.

For too many of California's low-income seniors citizens and people with disabilities, hunger is a persistent and difficult reality. More often than not, they live on modest fixed incomes that do not cover the cost of basic necessities.[2] Given the competing demands of shelter, food, and medical care, many low-income seniors and people with disabilities are unable to afford adequate, nutritious food. Their hunger, in turn, has devastating health consequences: studies show that hunger among elderly people, for example, "exacerbates diseases, increases disability, decreases resistance to infection, and extends hospital stays."[3]

Despite their difficulty in getting enough food, many low-income seniors and people with disabilities in California cannot receive assistance from the federal Food Stamp Program because they receive cash assistance through the Supplemental Security Income/State Supplementary Payment (SSI/SSP) program.[4] California is the only state in which SSI/SSP recipients are ineligible for food stamps.

Why Are SSI/SSP Recipients Ineligible for Food Stamps in California?

The Food Stamp Program is our nation's first line of defense against hunger. For roughly 1.75 million low-income Californians who meet income and asset tests, this program provides an average monthly benefit of $80 per person, available in coupons or on an electronic debit card that can be used to purchase food. These benefits, which are available to most households living with incomes below 130 percent of the Federal Poverty Line, are provided on a sliding scale based on income, household size and certain household expenses.[5]

In California, however, SSI/SSP recipients are ineligible for food stamps because of a policy called "cash-out." This policy started in 1974 when Supplemental Security Income (SSI) became a federal cash assistance program for low-income elderly, blind and disabled people. The federal government provides the majority of the assistance grant, while some states provide an optional supplement called the State Supplementary Payment (SSP).

When the SSI/SSP program started, California and other states were allowed to increase their state supplementary payment in lieu of allowing SSI/SSP recipients to receive food stamps. To save state costs associated with administering federal food stamp benefits to SSI/SSP recipients, California opted for this "cash-out" policy and increased its monthly SSP grant by $10. At the time, $10 in cash benefits was a fair substitute for the amount of

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[2] Among seniors, for example, 10 percent live in poverty while another 10 percent live very close to poverty See http://www.census.gov/hhes/poverty/65+inctopov.html for more information.
[3] Lee, Jung Sun and Edward Frongillo. "Consequences of Food Insecurity in Elderly Persons" Published 2001 by the American Society for Nutrition Sciences.
[4] 7 CFR, sec. 273.20.
[5] Specific eligibility information can be found at http://www.fns.usda.gov/fsp/RecipElig.HTM

food stamp benefits for which the SSI/SSP recipient in California would have been eligible.

California took steps to maintain its cash-out status over time, primarily to avoid the high cost of administering food stamps to SSI/SSP recipients. Congress developed a number of special exemptions to enable California to maintain its cash-out status. The most recent provision allows California to maintain cash-out as long as it passes through federal cost-of-living increases to the SSI portion of the grant.[6] Based on federal policies regarding pass-through obligations, California meets this requirement—and can therefore continue cash-out—as long as its SSP is at least $156, the amount it provided to low-income elderly and disabled people as of March 1983.[7] For a more detailed history of the cash-out policy, please see Appendix C.

What Happened to the Original $10?

Some advocates and administrators describe California's cash-out policy by saying that SSI/SSP recipients aren't eligible for food stamps because they currently receive $10 cash in place of food stamps. While it is clear that USDA based California's original cash-out status on a $10 increase in the state supplementary payment, it is no longer accurate to describe cash-out as a trade of food stamp eligibility for $10 in cash.

California's cash-out privileges are currently based on the state's obligation to pass through cost-of-living adjustments to the federal SSI benefit, not the inclusion of an "extra" $10 in the SSP. In truth, California could cut its current SSP of $205 down to $156 and still maintain its cash-out status. In addition, California's state law does not earmark in the SSP a discrete $10 for the replacement of food stamps or the purchase of food. Because it is not a discrete amount, the $10 originally included in California's 1974 SSP is subject to the same cost-of-living adjustments and loss of value due to inflation as the rest of the SSP.

As described in Appendix G, the federal SSI grant has kept pace with inflation while the SSP has lost 45 percent of its real value since 1974. Although California's SSP is higher than the SSP of all but one other state, California's SSI/SSP recipients are now living much closer to the federal poverty line than they were when the program began. In 1980, for example, an SSI/SSP grant put a recipient's income at 128 percent of the federal poverty line. In 2002, an SSI/SSP grant put a recipient's income at 102 percent of the federal poverty line. Given the Food Stamp Program's sliding-scale approach to awarding benefits, SSI/SSP recipients, on average, would be eligible for more food stamp benefits today than the $10 they received in 1974.

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[6] Each year, the federal government increases the SSI portion of the grant to compensate for the loss of value due to inflation. California is considered to "pass through" these increases to SSI/SSP recipients as long as it meets certain spending requirements for its SSP, which are outlined in detail on page 24.

[7] Federal law also permits California to reduce its total SSP expenditures to its total SSP expenditure level during 1983, which could result in an SSP of even less than $156. For a more detailed explanation of this policy, please see Appendix C.

Who Gains and Who Loses Under Cash-Out?

Under cash-out, many live-alone SSI/SSP recipients are unable to get the same food assistance available to most other low-income people in California and throughout the United States. At the same time, cash-out has a direct benefit for families with a disabled or elderly household member who receives SSI/SSP. Recent analysis by Mathematica Policy Research, Inc. (MPR)[8] shows that under cash-out:

- **Roughly 650,000 SSI/SSP recipients are unable to receive an average food stamp benefit of $18 for which they would otherwise qualify.**

  If a live-alone SSI/SSP recipient lived in any other state or received the same amount of income from any other source, he or she would be eligible for at least $10 in food stamps each month.[9] The amount would likely increase if the recipient had high housing costs or medical expenses. MPR's analysis predicts an average benefit of $18 per month if SSI/SSP recipients were made eligible.

- **Given the very low food stamp participation rates of seniors and people with disabilities, MPR predicts that only 186,000 of these 650,000 people would get food stamps** under an end to cash-out[10], unless SSI/SSP recipients were able to enroll in the Food Stamp Program through an automated application system.

- **Approximately 277,000 people get more food stamp benefits than they would without cash-out. These people are living in low-income households where one (or more) person is an SSI/SSP recipient and others are not.**

  Because SSI/SSP recipients are ineligible for benefits under cash-out, California does not count their SSI/SSP income when determining food stamp benefits for other people in their household. This policy means that families with disabled children, for example, can and do receive food stamps even though their total

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[8] Mathematica Policy Research, Inc. Policy Memo #8852-007, *Modeling the Impact of Eliminating SSI Cash-out in California*, December 9, 2002. Available at www.cfpa.net/SSIanalysisMPR.

[9] Cash-out is most detrimental to the elderly or disabled SSI/SSP recipient who lives alone and has cooking facilities. In other circumstances, such as an SSI/SSP recipient who is blind or two SSI/SSP recipients living together, the relationship between SSI/SSP grant levels and eligibility for the Food Stamp Program is more complicated. The income from a two-person SSI/SSP grant, for example, is slightly above the food stamp income limit for a two-person household. Under normal circumstances, most couples would therefore not be eligible if cash-out ended. In many other states, however, all SSI/SSP recipients—regardless of income—are made automatically eligible for food stamps. This simplifies the program significantly by allowing states to determine that all SSI/SSP recipients are eligible for food stamps. If California adopted this kind of automatic eligibility policy, two-person SSI/SSP households and other SSI/SSP recipients with income above the standard income guidelines would be made eligible for food stamps. Based on their relatively high income, they would most likely receive the minimum food stamp benefit of $10.

[10] MPR's analysis shows that for this smaller group of participants, the average monthly food stamp benefit is $16. This amount is slightly less than the average benefit of $18 if all newly eligible SSI/SSP recipients received food stamps.

household income is above the program's standard income limits. Depending on their circumstances, these households would lose an average of $47 or $66 per person per month under an end to cash-out.

For more detailed examples of why a household gains or loses benefits under cash-out, please see Appendix B. For a table summarizing these results, please refer to Appendix A.

Should California End its Cash-Out Policy?

California's cash-out policy undermines the federal Food Stamp Program's role as a nutrition safety net for low-income people of all ages. Under cash-out, many SSI/SSP recipients are unable to receive the same nutritional assistance available to most other low-income people in California and throughout the United States.

On the other hand, California's cash-out policy has a direct benefit for families with a disabled or elderly household member who receives SSI/SSP. Ending cash-out would have significant negative consequences for families who currently benefit from the policy.

Given this trade-off, any change to California's cash-out policy require careful consideration of the likely outcomes. In determining whether to pursue a legislative end to cash-out, California Food Policy Advocates focused our analysis on three key questions:

1. Would ending cash-out increase food stamp participation and/or benefits?
2. Is it possible to help some SSI/SSP households without harming others?
3. Would ending cash-out trigger a reduction in California's SSP grant?

This report provides an analysis of these three questions, a discussion of CFPA's decision not to pursue an end to cash-out at this time, and a summary of the long and complex history of the cash-out policy. Our estimates of who gains and who loses benefits under cash-out are based on analysis[11] by Mathematica Policy Research, Inc. (MPR), a leading research firm in the areas of health care, welfare, education, employment, nutrition, and early childhood policies and programs in the United States. Their full analysis is available at www.cfpa.net/SSIanalysisMPR.

[11] Mathematica Policy Research, Inc. Policy Memo #8852-007, *Modeling the Impact of Eliminating SSI Cash-out in California*, December 9, 2002. Available at www.cfpa.net/SSIanalysisMPR.

1. Would Ending Cash-Out Increase Food Stamp Participation and Benefits?

MPR's baseline analysis predicts that ending cash-out would increase the number of people receiving food stamps by approximately 86,000 people, representing a 5-percent increase in caseload. At the same time, they estimate a net loss of 12.4 percent of food stamp benefits within the state of California, or roughly $217 million each year. Specifically, they predict the following:

- An average monthly benefit of $16 for 186,000 *new* participants.[12] These recipients would be elderly or disabled people who live alone or with another SSI/SSP recipient.

- Complete loss of benefits—at an average monthly benefit of $47—for 99,000 people living in households where one (or more) household member receives SSI/SSP and the rest do not.

- An average monthly benefit loss of $66 for 178,000 people living in households where one (or more) household member receives SSI/SSP and the rest do not. These food stamp participants would receive an average monthly benefit of $21.

- No change in benefits for 85 percent of the current caseload, or 1,470,000 people.

While an end to cash-out would result in a net increase in the number of people receiving some amount of food stamps, roughly 277,000 people will lose some or all of their benefits, while 186,000 will gain new benefits. Households that lose all of their benefits will leave the Food Stamp Program, while other households will continue to participate at significantly lower benefit levels. These households will lose relatively large benefit amounts compared to the $16 that live-alone SSI/SSP recipients will gain.

Increasing Food Stamp Participation Through Automation

In their analysis of California's cash-out policy, MPR predicted food stamp participation rates based on well-documented trends in food stamp participation. These trends generally show low food stamp participation among seniors and people with disabilities. There are a number of reasons for low food stamp participation, including a burdensome application process and the stigma of receiving and using food stamps. Many seniors believe the benefits are too low to justify the time and hassle involved in getting food stamps.

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[12] This average benefit is slightly lower than the $18 average benefit for SSI/SSP recipients that would occur if all newly eligible SSI/SSP recipients enrolled in the Food Stamp Program through an automated system. This possibility is discussed under "Increasing Food Stamp Participation Through Automation."

Currently, California struggles with a participation rate of 53 percent among all eligible people, while national statistics show that food stamp participation rates among the elderly hover around 30 percent. Most SSI/SSP recipients in other states participate in the Food Stamp Program, but other states' low SSP grants significantly increase the likelihood of participation.[13]

As part of this analysis, CFPA requested that MPR demonstrate the effect of 100-percent participation among newly eligible SSI/SSP recipients. This high level of participation would only be possible with an automated enrollment system similar to those used in other states.

Washington and South Carolina, for example, have developed centralized processing centers that automatically enroll SSI recipients in the Food Stamp Program. These centers use information from the Social Security Administration to complete the majority of the food stamp application. These automated enrollment centers remove much of the red tape and hassle that make seniors and people with disabilities less likely to enroll in the Food Stamp Program.

Under a model of full participation for newly eligible SSI/SSP recipients, Mathematica predicts:

- An average monthly benefit of $18 for 650,000 *new* participants. These recipients would be elderly or disabled people who live alone or with another SSI/SSP recipient.

- Complete loss of benefits—at an average monthly benefit of $45—for 96,000 people living in households where one (or more) household member receives SSI/SSP and the rest do not.

- An average monthly benefit loss of $66 for 182,000 people living in households where one (or more) household member receives SSI/SSP and the rest do not. These food stamp participants would receive an average monthly benefit of $22.

- No change in benefits for 85 percent of the current caseload, or 1,470,000 people.

Under this model, MPR shows a 32-percent increase in the number of people receiving food stamps in California. At the same time, they estimate a net loss of 4.2 percent of food stamp benefits within the state of California, or roughly $68 million each year.

Given the substantial increase in participation and the relatively minor loss of benefits when nearly all newly eligible SSI/SSP recipients receive food stamps, it is clear that a centralized, automated enrollment system would be an essential component of any end to cash-out in California.

[13] *Trends in Food Stamp Participation Rates, 1994-1999*, U.S. Department of Agriculture, October 2001.

2. Is it Possible to Help Some SSI/SSP Households Without Harming Others?

California's cash-out policy undermines some Californians' ability to afford adequate, nutritious food. At the same time, cash-out provides a direct benefit to other households in California. USDA, the federal agency that administers food stamps, has repeatedly indicated that any change to cash-out in California must be applied to *all* SSI/SSP recipients, even if the changes are harmful to some households.

In the early 1990's, USDA rejected two separate proposals from California to end cash-out without taking benefits away from "mixed-status" households—i.e., households in which some members receive SSI/SSP and some do not. First, it rejected the state's proposal to treat *all* SSI/SSP recipients as separate households for eligibility and benefit determination purposes, even if they live and purchase food with other, non-SSI/SSP household members. USDA's concern was that under this policy, SSI/SSP recipients in mixed-status households could receive benefits even if they did not have an actual need for food assistance.

USDA rejected a second proposal to end cash-out only for "pure" SSI households—that is, individuals and couples who receive SSI/SSP. In its response to California's request, USDA noted that it had "consulted with the Social Security Administration…it is our joint position that we cannot legally split the SSI population in one State into cash-out and food stamp status. Therefore, your request is denied."[14]

Although many advocates strongly favor a targeted end to cash-out, this history suggests that USDA will not grant California the authority to end cash-out for some but not all SSI/SSP recipients.

3. Would Ending Cash-Out Trigger a Reduction in California's SSP Grant?

Because the SSP, under California law, does not include a discrete $10 amount for food, any end to cash-out should occur *without* a reduction in the SSP grant amount. California is not required by any law or regulation to reduce its SSP if it chooses to end cash-out.

At the same time, all states have the discretion to raise or lower their SSP at any time and for any reason. California could reduce its SSP all the way down to $156—or potentially even lower[15]—and still maintain its cash-out policy.

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[14] Letter from Phyllis R. Gault, Acting Administrator of USDA's Food and Consumer Services, to Eloise Anderson, Director of California Department of Social Services, November 9, 1992.

[15] Federal law also permits California to reduce its total SSP expenditures to its total SSP expenditure level during 1983, which could result in an SSP of even less than $156. For a more detailed explanation of this policy, please see Appendix C

Previous attempts to end cash-out in California, which are described in Appendix C, have paired food stamp eligibility for SSI/SSP recipients with a $10 reduction in the SSP grant—even thought the SSP does not include a discrete $10 for food.

Last fall, SSI recipients living in Los Angeles reported during a focus-group discussion that even a minor reduction in cash benefits would make it difficult for them to maintain their housing—and they emphasized that an equivalent amount of food stamps does not have the same value as cash. Gaining $10 in food stamps (which is the minimum food stamp benefit for which any new recipient would be eligible), they told us, would not make up for a $10 reduction in cash assistance.

Given the state's history of pairing an end to cash-out with an SSP reduction of $10, as well as the constant threat of SSP reductions during tight budget times, ending cash-out is likely to trigger at least a $10 reduction in cash benefits for SSI/SSP recipients. For an average food stamp benefit of $18[16] for newly eligible food stamp recipients, this potential cash reduction is likely to make SSI/SSP recipients worse off, not better.

[16] During the most recent reauthorization of the federal Food Stamp Program, CFPA and other advocates unsuccessfully encouraged Congress to increase the minimum food stamp benefit from $10 to $25. This kind of change would significantly increase the average food stamp benefit for live-alone SSI/SSP recipients, which would in turn lessen the impact of a $10 cut in cash assistance.

Under cash-out, many people receiving SSI/SSP are unable to receive the same nutrition assistance available to most other low-income people in California and throughout the United States. Cash-out makes them ineligible for food stamps, and their SSI/SSP grant does not include a discrete amount for food based on the value of food stamps for which they would otherwise be eligible. While it is larger than that of almost all other states', California's SSP has lost 45 percent of its value since 1974, making it even more difficult for SSI/SSP recipients to meet their basic needs.[17] Ending cash-out would help at least 186,000 low-income seniors and people with disabilities—and as many as 650,000—by making them eligible for an average monthly food stamp benefit of approximately $18.

At the same time, California's cash-out policy has a direct benefit for families with a disabled or elderly household member who receives SSI/SSP. Ending cash-out would have significant negative consequences for families who currently benefit from the policy: roughly 277,000 people would lose some or all of their food stamp benefits. Depending on their circumstances, these participants would lose an average monthly benefit of $47 or $66 per person.

As described in this paper, ending cash-out at this time poses many significant risks—including a likely net loss in benefits for the state of California, substantial benefit reductions for many low-income families, and the potential loss of at least $10 in cash assistance each month for SSI/SSP recipients in California. The high cost of enrolling large numbers of SSI/SSP recipients in the Food Stamp Program (even with a centralized, automated system) creates an additional challenge, especially in this time of major state budget deficits and cuts to county social service agencies.

Because of these risks, California Food Policy Advocates believes that ending cash-out at this time is not an effective strategy for preventing hunger among low-income Californians. But we also believe that it is possible to create policies in California that will reduce or eliminate the risks associated with ending cash-out—specifically, ones that maximize benefits and participation among newly eligible people, mitigate the harm to low-income families who currently benefit from cash-out, and protect the level of the SSP grant. Given the complexity of the cash-out policy, as well as the current political and budgetary climate, creating these policies will require a considerable, long-term effort by advocates in California. If we can first establish the policies that reduce or eliminate existing risks, ending cash-out will significantly improve the health and well being of hundreds of thousands of elderly and disabled people in California—without causing harm to other vulnerable Californians.

[17] See Appendix E for a comparison of states' supplementary payments, as well as Appendices F and G for more information on California's SSP levels.

"GAINERS" AND "LOSERS" UNDER CASH-OUT			
	Household type	**What happens under cash-out?**	**What happens if cash-out ends?**
Who gains benefits under cash-out?	"Mixed-status" households: i.e. households with both SSI/SSP *and* non-SSI/SSP members. Generally, any family with a disabled child, parent, or grandparent who receives SSI/SSP.	The SSI/SSP recipient and their income are not counted when the rest of the family applies for food stamps. As a result, the family gains eligibility and/or increased benefits for the rest of the household.	***Approximately 277,000 people in "mixed-status" households would lose some or all of their food stamp benefits.*** MPR's analysis shows that 99,000 people would lose all of their benefit, at an average monthly benefit of $47. Roughly 178,000 people would lose an average monthly benefit of $66 but would continue to receive $21 each month.
Who loses benefits under cash-out?	"Pure" SSI/SSP households: i.e. individuals and couples who live alone and receive SSI/SSP.[18]	The single SSI/SSP recipient is ineligible for food stamps, even though their monthly SSI/SSP grant of $757 is well below the food stamp limit of $960 for a single person.	***At least 186,000—and as many as 650,000—SSI/SSP recipients would gain eligibility.*** MPR predicts that under an end to cash-out, roughly186,000 new food stamp participants would receive an average monthly benefit of $16. If California ended cash-out and implemented an automated enrollment system, as many as 650,000 new food stamp participants would receive an average benefit of $18.

[18] Cash-out is most detrimental to the elderly or disabled SSI/SSP recipient who lives alone and has cooking facilities. In other circumstances, such as an SSI/SSP recipient who is blind or two SSI/SSP recipients living together, the relationship between SSI/SSP grant levels and eligibility for the Food Stamp Program is more complicated. The income from a two-person SSI/SSP grant, for example, is slightly above the food stamp income limit for a two-person household. Under normal circumstances, most couples would therefore not be eligible if cash-out ended. In many other states, however, all SSI/SSP recipients—regardless of income—are made automatically eligible for food stamps. This simplifies the program significantly by allowing states to determine that all SSI/SSP recipients are eligible for food stamps. If California adopted this kind of automatic eligibility policy, two-person SSI/SSP households and other SSI/SSP recipients with income above the standard income guidelines would be made eligible for food stamps. Based on their relatively high income, they would most likely receive the minimum food stamp benefit of $10.

APPENDIX B: EXAMPLES OF "GAINERS" AND "LOSERS"

Although it causes hardship for many senior citizens and people with disabilities, California's cash-out policy helps some households. Following are detailed examples of how households gain or lose benefits under cash-out:

Many "pure" SSI/SSP households lose benefits under cash-out

Under California's cash-out policy, many SSI/SSP recipients who live alone lose benefits for which they would otherwise be eligible. Cash-out is most detrimental to single-person elderly and disabled households who live independently and have cooking facilities, since their SSI/SSP income is well below the established food stamp income guidelines.

Example: How Cash-Out Hurts Single-Person SSI/SSP Households

Margaret is a single, 70-year-old woman receiving a monthly SSI/SSP grant of $757 as her only income. Under cash-out, Margaret is not eligible for food stamps—even though her monthly income is $200 less than the Food Stamp Program's gross monthly income limit of $960 for a one-person household.

Without cash-out, Margaret's food stamp benefit would depend on her housing costs and other out-of-pocket expenses. If she lived in subsidized housing and paid 30 percent of her income for rent, she would likely be eligible for the minimum monthly benefit of $10.[19] If she lived in Fresno and paid $400/month for a studio apartment[20], she would likely be eligible for approximately $39 per month in food stamps. If she lived in Los Angeles and paid $543 for a studio apartment, she would likely be eligible for approximately $82 per month in food stamps.

While many seniors and disabled people do face high housing costs and could be eligible for food stamp benefits similar to the levels shown in the Fresno and Los Angeles examples, the *average* benefit for SSI/SSP recipients made eligible under an end to cash-out would be close to the minimum benefit of $10. According to MPR's analysis, newly eligible SSI/SSP recipients would be eligible for an average monthly benefit of approximately $18.[21]

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[19] This $10 amount is the federal minimum food stamp benefit. It should not be confused with the $10 supplement that was given to SSI/SSP households under cash-out in the 1970s but no longer exists as a discrete payment within California's SSI/SSP grant.

[20] $400 and $543 represent the 2002 Fair Market Rents for a studio apartment in Fresno and Los Angeles, respectively. For more information on Fair Market Rents, please see www.huduser.org/datasets/fmr.html. In addition, this calculation assumes that households are paying for some heating or cooling costs and are using the standard utility allowance of $206 in their benefit calculation formula.

[21] For a more detailed analysis of likely housing costs for SSI/SSP recipients, please see MPR's policy memo at www.cfpa.net/SSIanalysisMPR.

As noted in Footnote 18 (Appendix A), couples who receive SSI/SSP are likely to receive the minimum benefit under an end to cash-out. Their income from the two-person SSI/SSP grant is slightly above the Food Stamp Program's income limits, making it unlikely that they would qualify for much more than a total household allotment of $10.

Mixed-Status Households gain benefits under cash-out

California's cash-out policy helps households that include SSI/SSP *and* non-SSI/SSP recipients. These households are known as "mixed-status households." Under cash-out, the SSI/SSP recipient and their SSI/SSP income are excluded from the household when the household applies for food stamps.[22] Because food stamp eligibility is based primarily on income, this income disregard helps households who would be ineligible if their family member's SSI/SSP grant were counted as income. Because food stamp benefit levels are also calculated based on income, cash-out makes it possible for households to get more benefits than they would otherwise receive. For families struggling to get food on the table—especially with a disabled family member—California's cash-out policy provides an important support.

Example: How Cash-Out Helps Mixed-Status Households

John and Linda have two children, one of whom is disabled and receives an SSI/SSP payment of $650 per month. Linda earns $1,400 each month at her full-time job, while John stays home to care for their children.

With Linda's earnings and the child's SSI/SSP payment, the household's total income is $2,050. This is above the Food Stamp Program's gross income limit of $1,961 for a family of four, making them ineligible for food stamps.

Household size	Total Monthly Income	Food Stamp Gross Monthly Income Limit	Eligible for food stamps?
4 people	$2,050	$1,961	No; gross income is too high.

Under cash-out, however, the disabled child and her income are ***not*** counted when the family applies for food stamps. The rest of the family's income—$1,400 for a family of three—is below the food stamp gross income limit of $1,628 for a family of three, which means that the non-SSI/SSP family members are eligible for food stamps.

Household size	Total Monthly Income	Food Stamp Gross Monthly Income Limit	Eligible for food stamps?
3 people (cash-out excludes the disabled child)	$1,400 (total income minus the $650 SSI/SSP grant)	$1,628	Yes.

[22] 7 CFR 273.20(c).

If the family pays $535 each month in rent for a two-bedroom apartment[23], they will be eligible for a household food stamp benefit of approximately $115 each month. If they pay $823 each month in rent, they will be eligible for a household food stamp benefit of approximately $150 each month.[24]

According to MPR's analysis, roughly 99,000 people would lose all of their benefits entirely if cash-out ended, at an average monthly benefit of $47 per person. Roughly 178,000 people would lose an average monthly benefit of $66 but would continue to receive $21 each month.

[23] This calculation assumes no out-of-pocket expense deductions for medical costs or child care. It does assume that the family receives the standard utility deduction.

[24] $535 and $823 represent the 2002 Fair Market Rents for a two-bedroom apartment in Fresno and Los Angeles, respectively. Fair Market Rents are determined by the U.S. Department of Housing and Urban Development. The current definition used for these areas is the 40th percentile rent, the dollar amount below which 40 percent of standard quality rental housing units rent in a given area. For more information on Fair Market Rents, please see http://www.huduser.org/datasets/fmr.html.

APPENDIX C: THE HISTORY OF CASH-OUT IN CALIFORNIA

The long and extremely complicated history of California's cash-out policy started in 1972, when SSI was created as a federal cash assistance program for low-income elderly, disabled and blind people under Public Law 92-603.

Prior to the creation of a federal SSI program, states operated means-tested assistance programs for low-income elderly, blind and disabled people. These programs, which were operated by states but subsidized by the federal government, were established by the Social Security Act of 1935. Each state was responsible for setting its own standards for determining who would get assistance and how much they would receive. By the early 1960s, this system drew criticism for its "crazy-quilt" method of different eligibility requirements and payment levels in different states.[25]

The federal SSI program became operative in January 1974, with a monthly federal payment of $140 for a single individual. Under P.L. 92-603, the federal government encouraged states to supplement this federal payment with a state-funded grant, or State Supplementary Payment (SSP). Given the possibility of duplication between the assistance provided through SSI/SSP and that of the Food Stamp Program, Congress took steps to prevent "overpayment" of benefits to SSI/SSP recipients.[26] P.L. 92-603 amended the Food Stamp Act to establish that no SSI/SSP recipient would be eligible for food stamps.[27]

As the implementation date of P.L. 92-603 approached, however, it became clear that the total SSI/SSP benefit amount in some states would be less than the amount that elderly, blind and disabled people had received under prior law. After the passage of P.L. 92-603 in 1972 but before its implementation in 1974, Congress took two steps to remedy this situation:

- First, Congress mandated that each state must provide an SSP high enough to prevent a decrease in recipients' base grant amount as a result of the transition from state to federal administration. (At the same time, states were not required to contribute more toward the cost of the SSP than they had contributed to their state-run programs for the aged, blind and disabled during 1972. This led to some federal supplementation of states' SSP. For more detailed information on this supplementation, please see Footnote 28.)

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[25] Social Security Administration's 2003 Annual Report of the SSI Program, available at http://www.ssa.gov/OACT/SSIR/SSI03/ProgramDescription.html#wp2341

[26] California Legislative Council for Older Americans v. Harris (U.S. District Court 1981).

[27] Public Law 92-603, Section 411.

- Second, Congress passed Public Law 93-233[28] to allow states to maintain food stamp ineligibility for SSI/SSP recipients under the new SSI/SSP program if their state supplementary payment had been specifically increased to include the "bonus value"[29] of food stamps. The increase in the SSP, called "cash-out", was based on the likely amount of food stamps for which SSI/SSP recipients would be eligible. In California, that amount was $10.

  At that time, $10 in cash benefits was a fair substitute for the amount of food stamp benefits for which the SSI/SSP recipient would have been eligible. Through cash-out, SSI/SSP recipients received cash in lieu of food stamps without burdensome food stamp application and verification requirements. Cash-out allowed California to avoid the cost of administering food stamps to its SSI/SSP population.

  Because California increased its SSP by $10 to include the "bonus value" of food stamps, the state retained food stamp ineligibility for SSI/SSP recipients when the SSI/SSP went into effect in 1974. Wisconsin, New York, Massachusetts and Nevada were the other states that opted for cash-out.[30]

Changes in Cash-Out Criteria

By 1976, a federal cost-of-living increase in the SSI portion of the grant meant that California no longer met the criteria for cash-out.[31] Nevada and New York also lost

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[28] Prior to the passage of P.L. 93-233, Public Law 93-86 was passed in 1973. According to House Report 95-1516, this law stated that food stamp eligibility for SSI recipients would be retained if the recipient failed to receive cash benefits commensurate with the total of the cash grant plus the food stamp bonus for which he or she would have been eligible in December 1973. This policy was soon replaced by P.L. 93-233 because states believed the policy under P.L. 93-86 would be extremely difficult and costly to administer.

[29] Public Law 92-603, Section 401. Until 1977, food stamp recipients paid for their food stamps; the face value of the food stamps was higher than the cash amount they paid. The difference between this cash payment and the face value of food stamps was considered the "bonus value". In 1977, the purchase requirement was removed.

[30] House Report 95-1516.

[31] House Report 94-1310. According to House Report 95-1516, states were not required to contribute more toward the cost of the SSP than they had contributed to their state-run programs for the aged, blind and disabled during 1972. In order to maintain this agreement and ensure that benefit levels did not drop, the federal government then paid the difference between the cost of the new supplementary payment and what the state had spent in 1972. The amount each state paid was referred to as its "adjusted payment level", while the federal share of state supplementation was referred to as a federal "hold harmless" payment. As an incentive for states to increase their SSP to include the value of food stamps, they were permitted to include the value of food stamps in their "adjusted payment level." Under P.L. 93-233, states with cash-out could maintain their cash-out status as long as the federal government was contributing to the cost of the SSP through the "hold harmless" provision of P.L. 92-603. When the federal government increased the SSI benefit level in 1976, California was no longer eligible for "hold harmless" payments, and as a result, faced the loss of its cash-out status.

their cash-out privileges in 1976, but they chose to restore food stamp eligibility to SSI/SSP recipients.

Because California wanted to retain its cash-out privileges, it asked Congress to establish new criteria for cash-out. In making its arguments to Congress, California estimated that only one third of SSI recipients would obtain food stamps if made eligible to participate.[32] They predicted that administrative costs would be high compared to the federal benefits issued: $66 million to administer $24 million in food stamp benefits.[33] This claim, while clearly inflated, convinced Congress to pass Public Law 94-379[34].

This new law amended P.L. 93-233 to base California's cash-out status on two key conditions. To keep cash-out, California is required to:

- Pass through federal cost-of-living adjustments[35] to the SSI grant[36] *and,*
- Add cost-of-living adjustments to its state supplement in an amount based on AB 134, the state law in effect on June 1, 1976.[37]

Although federal law does not require states to apply an annual cost-of-living adjustment to the SSP, the state law in effect on June 1, 1976[38] does provide a cost-of-living calculation for SSP grant amounts. *This new cash-out criteria linked cash-out privileges to state cost-of-living increases that would help to retain the real value of the SSP.*

A Lawsuit Against Cash-Out

With the exception of 1975, California raised its SSP each year between 1974 and 1980. As a result, the real value of the SSP kept pace with inflation, which meant that SSI/SSP recipients, on average, were not losing purchasing power or being harmed by their inability to receive food stamps. In 1981, however, California cut the SSP from $182 to $174.

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[32] National statistics have generally shown a 30 percent food stamp participation rate among seniors. According to a recent study by USDA, however, nearly all SSI/SSP recipients participate when they are eligible. *Trends in Food Stamp Participation Rates, 1994-1999*, U.S. Department of Agriculture, October 2001.
[33] Congressional Record, July 29, 1976, pp. 24386.
[34] Public Law 94-379, 90 Stat. 1111.
[35] To ensure that SSI benefits would maintain their value along with the rising cost of living, Congress passed P.L. 93-638 in 1975. This law added an annual cost-of-living adjustment (COLA) to the SSI payment based on the Consumer Price Index. The first COLA was provided in July 1976. While this law provided an important protection against inflation in the SSI grant, P.L. 93-638 did not establish a similar requirement that state supplementary payments be adjusted annually for inflation.
[36] House Report 94-1310.
[37] P.L. 94-379, § (1)(3)
[38] A.B. 134, Cal. Stats. 1973, ch. 1216 § 37.

Prior to the July 1, 1981 implementation of this SSP cut, advocates filed a lawsuit[39] that sought to restore SSI/SSP recipients' food stamp eligibility. The plaintiffs argued that by cutting the SSP in 1981, California had not maintained the SSP cost-of-living adjustments required by AB 134, the law in effect on June 1, 1976. The plaintiffs then argued that the SSP cut violated P.L. 94-379, which linked California's cash-out privileges to the maintenance of AB 134's cost-of-living adjustments. In its defense, the state argued that the intent of P.L. 94-379 was that the absolute dollar amount of the SSP grant could not drop below the level in effect on June 1, 1976.

The court found that California was in violation of P.L. 94-379. But instead of requiring the state to restore SSI/SSP recipients' food stamp eligibility, it gave the state a choice of either restoring food stamp eligibility for SSI recipients *or* adjusting the SSP to reflect the real value of the benefit in 1976. This judgment was issued on July 24, 1981, and was retroactive to January 1, 1981.

Just before this ruling was implemented, Congress passed P.L. 97-18 and P.L. 97-35[40]. These laws amended P.L. 94-379 to allow California to continue cash-out without adhering to the court's conclusion that the state must either restore food stamp eligibility or retain the real value of the SSP benefit over time.

In seeking this legislation, California once again emphasized high administrative costs for providing food stamp benefits to its SSI/SSP population. California Senator Hayakawa reported to Congress that it would cost approximately $80 million to administer just $30 million in benefits.[41]

P.L. 97-18 and P.L. 97-35 enabled the Secretary of Agriculture to find that California's SSP included the value of food stamps if, in December 1980, the SSP was increased to include the value of food stamps *and* if the state continued to pass through the federal COLA.

An additional complication in interpreting these requirements is the changing nature of the rules for passing through federal COLAs. Congress modified its federal COLA pass-through requirements with Public Law 94-485 in 1976 and Public Law 98-21 in 1983. States are considered to be in compliance with federal pass-through requirements if they either maintain their aggregate expenditures for state payments over time *or* maintain the individual supplementary payment at the March 1983 levels. To ensure compliance, Congress required states to meet these pass-through requirements or lose their eligibility for Medicaid reimbursements.[42] In times of expanding SSI caseloads,

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[39] California Legislative Council for Older Americans (CALCOA) v. Harris (U.S. District Court 1981).
[40] The criteria for maintaining cash-out is the same in the two bills. P.L. 97-18 was an emergency measure which authorized the continuation of cash-out through August 1981, while P.L. 97-35 made the authorization permanent.
[41] Congressional Record, June 25, 1981, pp. 14043.
[42] Elsa Orley Ponce, "State Optional Supplementation of SSI Payments, 1974-95," Social Security Bulletin, 59, No. 1 (Spring 1996), p.53.

states gain a fiscal advantage by using the total expenditure method; they are allowed to spend a constant pool of supplemental funds on an increasing number of participants, reducing the supplementary payment given to each participant. In times of declining caseloads, they are allowed to revert to the supplementary payment level in place as of March 1983, which could decrease total state expenditures. California currently uses the individual payment method of satisfying federal pass-through requirements.

Because California did increase its SSP in 1980, P.L. 97-35 effectively establishes that California may continue cash-out as long as it maintains an individual supplement payment level of at least $156, the amount it provided to low-income elderly and disabled people as of March 1983, *or* maintains a total expenditure on its SSP program[43] equivalent to the amount it spent on the SSP in 1983.

State Legislation to End Cash-Out

In 1992, California's Department of Social Services (CDSS) requested a set of waivers from USDA's Food and Nutrition Service that would allow California to operate a demonstration project to end cash-out for all SSI/SSP recipients and implement an automated food stamp enrollment system.[44] Some of these waivers were not granted—for a number of reasons—and as a result, California did not end its cash-out policy.

Most notably, USDA rejected California's proposal to treat all SSI/SSP recipients as separate households for eligibility and benefit determination purposes, even if they purchased food together with other, non-SSI/SSP household members. Their concern was that SSI/SSP recipients in "mixed-status" households would receive benefits that did not reflect their actual need for food assistance.

Shortly after the waivers were rejected, California passed Senate Bill 485, which reduced the SSP grant by $10 for "pure" SSI households—i.e., households in which all of the members receive SSI/SSP—and directed the Department of Social Services to seek a targeted end to cash-out for these "pure" SSI/SSP households. SB 485 also required a centralized food stamp application processing system so that counties would not be overwhelmed by having to administer food stamps to newly eligible SSI/SSP recipients. Under this system, CDSS would mail a partially completed, simplified food stamp application to all eligible SSI/SSP recipients. The applicant would complete and sign the form, then return it to CDSS where it would be processed centrally. If an SSI/SSP recipient moved from a "pure" to a "mixed" household, they would become ineligible for food stamps and their SSP grant would increase by $10.

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[43] Federal law also permits California to reduce its total SSP expenditures to its total SSP expenditure level during 1983, which could result in an SSP of even less than $156. California chooses each year to use the individual payment method of meeting federal pass-through requirements, but this is not required.
[44] California Welfare and Institutions Code §12200.5.

After the passage of SB 485, CDSS submitted to USDA a request to end cash-out for "pure" SSI households and allow them to receive food stamps through a centrally administered, automatic enrollment system. In its response to this request, USDA noted that it had "consulted with the Social Security Administration…it is our joint position that we cannot legally split the SSI population in one State into cash-out and food stamp status. Therefore, your request is denied." The letter goes on to cite Section 6(g) of the Food Stamp Act, "which provides that no individual receiving SSI or State Supplementary Payments residing in a State which provides SSI supplemental benefits that include the bonus value of food stamps shall be eligible to participate in the Food Stamp Program."[45]

Under this argument, because "mixed-status" households would continue to receive the "bonus value" of food stamps as determined in 1980, California cannot provide food stamps to any SSI/SSP recipient. As a result, California did not implement the end to cash-out—but it did cut the SSP grant from $223 to $186 in 1993.

California's Current Cash-Out Status

The Legislature's 1992 effort to end cash-out while reducing the SSP grant by $10 reflects the long-standing belief that the SSP continues to include $10 in lieu of food stamps. Many advocates and administrators continue to describe California's cash-out policy by saying that SSI/SSP recipients get $10 cash in place of food stamps.

While it is clear that USDA predicated California's cash-out status in 1974 on an increase of $10 in the SSP, it is no longer accurate to describe cash-out as a trade of food stamp eligibility for $10 in cash, for two important reasons:

- ***First, California's cash-out privileges are currently based on the state's obligation to pass through cost-of-living adjustments to the federal SSI benefit, not the inclusion of an "extra" $10 in the SSP.***

  Because California raised its SSP in 1980 in accordance with P.L. 97-35, California may now continue cash-out as long as it maintains an individual supplement payment level of at least $156, the amount it provided to low-income elderly and disabled people as of March 1983, *or* a total expenditure on its SSP program[46] equivalent to the amount spent on the SSP in 1983. This policy (which is based on the federal pass-through requirements described on page 24) effectively ties the state's cash-out privileges to its payment of a minimum SSP of $156, not the inclusion of a $10 food stamp-related supplement.

[45] Letter from Phyllis R. Gault, Acting Administrator of USDA's Food and Consumer Services, to Eloise Anderson, Director of California Department of Social Services, November 9, 1992.

[46] Federal law also permits California to reduce its total SSP expenditures to its total SSP expenditure level during 1983, which could result in an SSP of even less than $156. California chooses each year to use the individual payment method of meeting federal pass-through requirements, but this is not required.

- ***Second, California's SSP does not include a discrete $10 earmarked for the replacement of food stamps or the purchase of food.***

  Although California's SSP did increase by $10 in the early 1970s as part of the initial implementation of cash-out, state law does not require the provision of a $10 amount in lieu of food stamps. Because state law doesn't earmark this amount for food purchases in lieu of food stamps, there is no longer a $10 amount for food separate from the rest of the SSP. And because it is not a discrete amount, the $10 originally included in California's "adjusted payment level" in 1974 is subject to the same cost-of-living adjustments and loss of value due to inflation as the rest of the SSP.

  As discussed in Appendix G, the federal SSI grant has kept pace with inflation while the SSP has lost 45 percent of its real value since 1974. Although California's SSP is higher than the SSP of all but one other state, California's SSI/SSP recipients are now living much closer to the federal poverty line than they were when the program began. In 1980, for example, an SSI/SSP grant put a recipient's income at 128 percent of the federal poverty line. In 2002, an SSI/SSP grant put a recipient's income at 102 percent of the federal poverty line. Given the Food Stamp Program's sliding-scale approach to awarding benefits, SSI/SSP recipients, on average, would be eligible for more food stamp benefits today than they were in 1974.

In more recent years, some decision makers have attempted to close California's sizable budget deficit by suspending cost-of-living adjustments or making direct cuts to the SSP grant. In 2003, for example, Governor Gray Davis proposed cutting state supplementary payments down to $156 – the minimum amount needed to meet federal pass-through requirements and preserve cash-out. While the final 2003-04 budget did not enact this cut, it did suspend mid-year COLAs for SSI/SSP, leaving the 2003 state supplement at $205.

Low-income Californians who are unable to work because of age or disability must rely on state and federal assistance programs as their primary sources of income. The largest cash assistance program for low-income elderly, blind and disabled people in California is Supplemental Security Income/State Supplementary Payment (SSI/SSP). This program provides monthly cash assistance to over 1 million low-income elderly, blind and disabled people in California[47]:

	NUMBER OF RECIPIENTS	PERCENTAGE OF CASELOAD
Elderly	337,303	31%
Disabled	745,789	67%
Blind	21,800	2%
TOTAL	**1,104,892**	**100%**

SSI/SSP, which is administered by the Social Security Administration, is not dependent on prior work history or earnings. It is funded by general government funds, not Social Security taxes. SSI is a federal cash assistance grant that is combined with the State Supplementary Payment (SSP), a smaller, state-funded benefit that varies from state to state, to produce the total grant amount.

With the exception of a partial earned-income disregard, the applicant's monthly income from other sources must not exceed the SSI/SSP grant. If an applicant does have other unearned income—such as Social Security income or Veteran's benefits—the SSI/SSP payment is reduced to account for the other income source. Unless an SSI/SSP recipient is working, their typical maximum monthly income is $757 for an individual and $1,344 for a couple. [48]

JANUARY 2003	INDIVIDUALS	COUPLES
Monthly Federal SSI Payment	$552	$829
Monthly CA State Supplement Payment	$205	$515
Total SSI/SSP Payment in CA	**$757**	**$1,344**

[47] Supplemental Security Income/State Supplementary Payment (SSI/SSP) Monthly Report for January 2002. California Department of Social Services. Available at http://www.dss.cahwnet.gov/research/res/pdf/ssissp/2002/SSIJan02.pdf

[48] These grant amounts are for seniors and people with disabilities who live independently and have cooking facilities. Benefit levels differ for blind people, people without cooking facilities, and people who live in residential facilities. For more information about Supplemental Security Income, see http://www.ssa.gov/notices/supplemental-security-income/

APPENDIX E: STATES' SUPPLEMENTARY PAYMENTS

Some states add optional monthly supplements, called State Supplementary Payments (SSP), to the federally funded SSI grant. States are allowed to determine whether they will make these payments, to whom, and in what amount. Some states provide supplements to all people receiving SSI in their state, while others limit their state payments to certain groups of SSI recipients, such as the blind or residents of care facilities.[49] Other states do not have any kind of state supplementary payment.[50]

California is one of 25 states that makes state payments to individuals and couples living independently. The following chart compares California's 2002 SSP for individuals and couples living independently to those same payments in other states:

	Payments to Individuals Living Independently			Payments to Couples Living Independently		
State	***SSP***	***SSI***	***Total***	***SSP***	***SSI***	***Total***
Alaska	$362.00	$545.00	$907.00	$528.00	$817.00	$1,345.00
California	$205.00	$545.00	$750.00	$515.00	$817.00	$1,332.00
Massachusetts	$128.82	$545.00	$673.82	$201.72	$817.00	$1,018.72
New York	$87.00	$545.00	$632.00	$104.00	$817.00	$921.00
Wisconsin	$83.78	$545.00	$628.78	$132.05	$817.00	$949.05
Minnesota	$81.00	$545.00	$626.00	$111.00	$817.00	$928.00
Rhode Island	$64.35	$545.00	$609.35	$120.50	$817.00	$937.50
Vermont	$59.04	$545.00	$604.04	$110.88	$817.00	$927.88
Oklahoma	$53.00	$545.00	$598.00	$106.00	$817.00	$923.00
Idaho	$52.00	$545.00	$597.00	$20.00	$817.00	$837.00
Colorado	$37.00	$545.00	$582.00	$347.00	$817.00	$1,164.00
Nevada	$36.40	$545.00	$581.40	$74.46	$817.00	$891.46
New Jersey	$31.25	$545.00	$576.25	$25.36	$817.00	$842.36
Pennsylvania	$27.40	$545.00	$572.40	$43.70	$817.00	$860.70
New Hampshire	$27.00	$545.00	$572.00	$21.00	$817.00	$838.00
Washington	$25.90	$545.00	$570.90	$19.90	$817.00	$836.90
Iowa	$22.00	$545.00	$567.00	$44.00	$817.00	$861.00
South Dakota	$15.00	$545.00	$560.00	$15.00	$817.00	$832.00

[49] Alabama, Arizona, Connecticut, District of Columbia, Florida, Indiana, Kentucky, Louisiana, Maryland, Missouri, Montana, New Mexico, North Carolina, North Dakota, Ohio, South Carolina, Texas, and Virginia do not make supplementary payments to individuals and couples living independently. Illinois determines its SSP on a case-by-case basis.

[50] States with no supplementary payments are Arkansas, Georgia, Kansas, Mississippi, Tennessee and West Virginia.

	PAYMENTS TO INDIVIDUALS LIVING INDEPENDENTLY			**PAYMENTS TO COUPLES LIVING INDEPENDENTLY**		
STATE	***SSP***	***SSI***	***TOTAL***	***SSP***	***SSI***	***TOTAL***
Michigan	$14.00	$545.00	$559.00	$28.00	$817.00	$845.00
Maine	$10.00	$545.00	$555.00	$15.00	$817.00	$832.00
Wyoming	$9.90	$545.00	$554.90	$25.12	$817.00	$842.12
Nebraska	$8.00	$545.00	$553.00	$0.00	$817.00	$817.00
Delaware	$5.00	$545.00	$550.00	$0.00	$817.00	$817.00
Hawaii	$4.90	$545.00	$549.90	$8.80	$817.00	$825.80
Utah	$0.00	$545.00	$545.00	$4.60	$817.00	$821.60
Oregon	$1.70	$545.00	$546.70	$0.00	$817.00	$817.00

APPENDIX F: SSI/SSP PAYMENTS OVER TIME

Following are the maximum grant payment levels since 1974 to single, low-income senior citizens and people with disabilities under SSI/SSP.[51]:

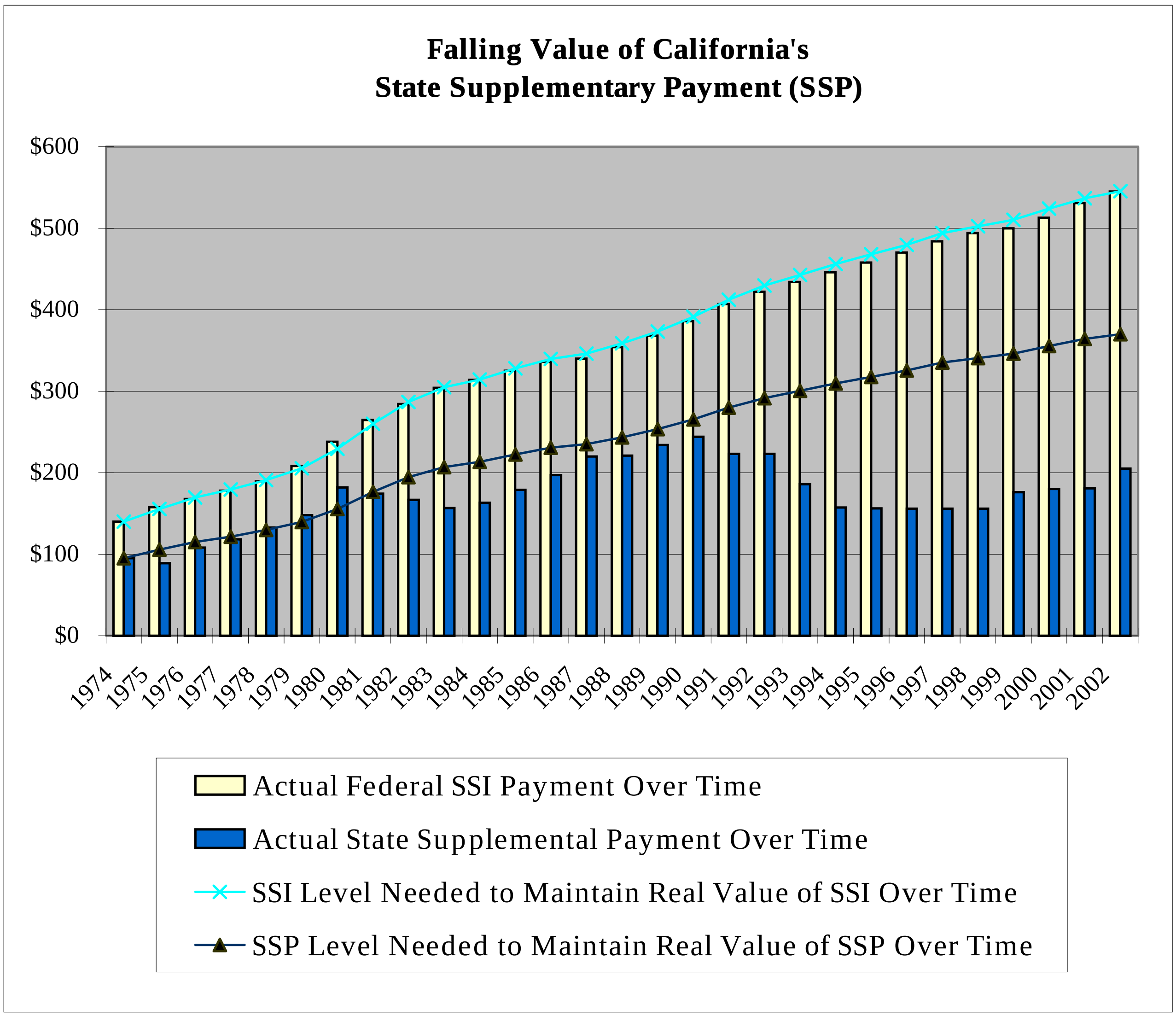
Effective Date	Federal SSI Payment	California's State Supplementary Payment	Combined SSI/SSP grant
Jan. 1974	$140.00	$95.00	$235.00
Jan. 1975	$157.70	$89.00	$246.70
Jan. 1976	$167.80	$108.20	$276.00
Jul. 1977	$177.80	$118.20	$296.00
Jul. 1978	$189.40	$132.60	$322.00
Jul. 1979	$208.20	$147.80	$356.00
Jul. 1980	$238.00	$182.00	$420.00
Jul. 1981	$264.70	$174.30	$439.00
Jul. 1982	$284.30	$166.70	$451.00
Jul. 1983	$304.30	$156.70	$461.00
Jan. 1984	$314.00	$163.00	$477.00
Jan. 1985	$325.00	$179.00	$504.00
Jan. 1986	$336.00	$197.00	$533.00
Jan. 1987	$340.00	$220.00	$560.00
Jan. 1988	$354.00	$221.00	$575.00
Jan. 1989	$368.00	$234.00	$602.00
Jan. 1990	$386.00	$244.00	$630.00
Jan. 1991	$407.00	$223.00	$630.00
Jan. 1992	$422.00	$223.00	$645.00
Jan. 1993	$434.00	$186.00	$620.00
Jan. 1994	$446.00	$157.40	$603.40
Jan. 1995	$458.00	$156.40	$614.40
Jan. 1996	$470.00	$156.00	$626.00
Jan. 1997	$484.00	$156.00	$640.00
Jan. 1998	$494.00	$156.00	$650.00
Jan. 1999	$500.00	$176.00	$676.00
Jan. 2000	$513.00	$180.00	$693.00
Jan. 2001	$531.00	$181.00	$712.00
Jan. 2002	$545.00	$205.00	$750.00
Jan. 2003	$552.00	$205.00	$757.00

[51] SSI/SSP grants vary significantly based on the living situation of the recipient. Blind SSI/SSP recipients, for example, have a higher maximum payment level, as do people with no cooking facilities and people receiving non-medical board and care. For more complete information on maximum grant amounts in California, please visit http://www.ssa.gov/pubs/11125.html#pay.

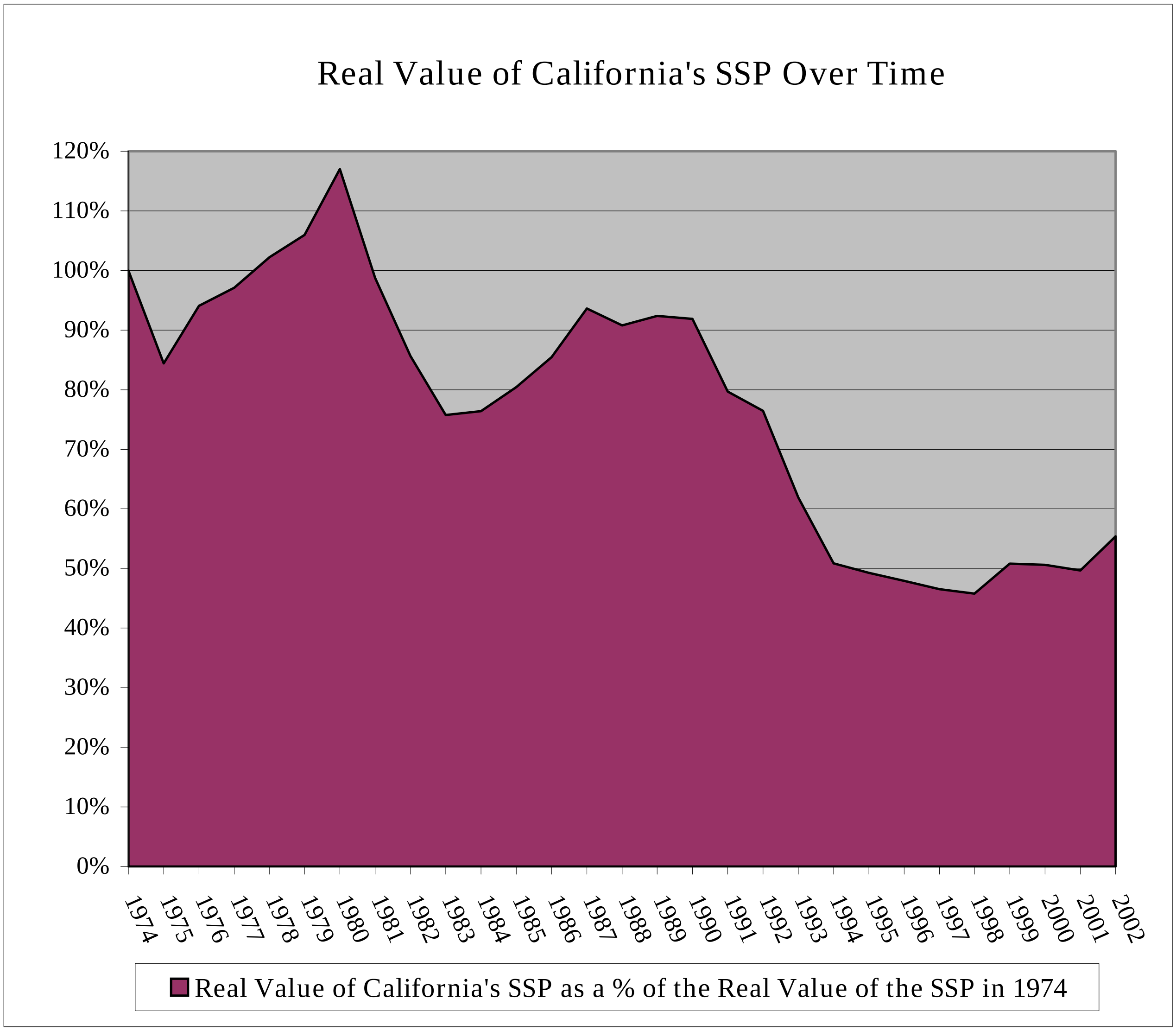
APPENDIX G: THE FALLING REAL VALUE OF SSP

Because of its annual cost-of-living adjustment, the federal SSI payment has retained its real value over time. In contrast, California's State Supplementary Payment has lost 45 percent of its real value since 1974. California law provides for an annual SSP COLA based on the California Necessities Index, but tight budget times have prompted budgetary action to suspend or reverse this statute.

If the SSP had kept pace with inflation since 1974, it would now be $370 — or $165 higher than its present value of $205:



As the following chart depicts, the SSP has undergone a 45-percent loss in real value since 1974:



SSI/SSP Grants and the Federal Poverty Line

Although California's SSP is higher than the SSP of all but one other state, the falling real value of the SSP means that California's SSI/SSP recipients are now living much closer to the federal poverty line than they were when the program began. In 1980, for example, an SSI/SSP grant put a recipient's income at 128 percent of the federal poverty line. In 2002, an SSI/SSP grant put a recipient's income at 102 percent of the federal poverty line. Given the Food Stamp Program's sliding-scale approach to awarding benefits, SSI/SSP recipients, on average, would be eligible for more food stamp benefits today than the $10 they received in 1974.

	1980	1990	2000	2002
California's SSI/SSP as a percentage of the Federal Poverty Level	127.6	120.6	99.6	101.6

Food Stamps as a Protective Mechanism Against Loss of Income

While no state is required by the federal government to maintain the real value of their State Supplementary Payment, SSI/SSP recipients in all other states are eligible to receive food stamp benefits. The Food Stamp Program is adjusted annually to reflect increases in the cost of living through its benefit calculation formula and the maximum benefit amounts. For people who receive cash assistance and food stamps, food stamps act as a safety mechanism against the loss in the real value of their cash benefits—including temporary COLA suspensions or direct benefit reductions. As cash income becomes a lower percentage of the annually adjusted federal poverty level, families become eligible for more food stamps than they would have if the cash value were retained. Because they are ineligible for food stamps, California's SSI/SSP recipients do not benefit from this protective mechanism.