

CRS Report for Congress

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Supplemental Security Income (SSI): Benefit Changes for California Residents, 2006 and 2007

Scott Szymendera
Analyst in Social Security
Domestic Social Policy Division

Carol D. Davis
Information Research Specialist
Knowledge Services Group

Summary

California adds a supplement to the monthly benefit received by Supplemental Security Income (SSI) program participants in that state. Reductions in this state benefit in calendar year (CY) 2006, and a suspension of the scheduled cost-of-living adjustment (COLA) to this state benefit will have the effect of offsetting increases to the federal SSI benefit and will result in smaller than normal increases to the total benefit paid to program participants in California. This report will not be updated.

SSI in California

The Social Security Administration (SSA) provides benefits to persons who are aged, blind, or disabled and who have limited income and resources as part of the SSI program.¹ California, along with 44 other states, provides a supplement called the State Supplementary Payment (SSP) to this basic federal benefit provided by the SSA.² In California, this state supplement, along with the federal benefit, is administered by the SSA. As a result, SSI/SSP participants in California receive a higher total monthly payment than would be provided by the SSI program without the state supplement. As is the case with all SSI benefits, the amount of the monthly SSI/SSP benefit is reduced by most types of earned and unearned income a participant has in a given month.

¹ For more information, see CRS Report RL32279, *Primer on Disability Benefits: Social Security Disability Insurance (SSDI) and Supplemental Security Income (SSI)*, by Scott Szymendera.

² The amount of this supplement can vary based on a person's blindness and living situation.

Each year, the amount of the federal SSI payment and the amount of the California SSP payment are increased to account for changes in the cost of living.³ These COLAs go into effect at the beginning of a given calendar year.

Changes to SSI and SSP COLAs for 2006 and 2007

For CY2006, the SSI COLA is set at 4.1%. As a result, the basic federal SSI benefit for a single disabled adult with no other income will increase from \$579 to \$603 per month whereas the benefit for a couple with no income will increase from \$869 to \$904 per month.

In July 2005, California Governor Arnold Schwarzenegger signed into law Senate Bill No. 68,⁴ which, among other things, amended the Welfare and Institutions Code of California to reduce the total benefit that otherwise would be paid to SSI/SSP recipients in the state during CY2006 and CY2007. Specifically, this law includes the following two provisions that affect the total SSI/SSP benefit for a person living in California:⁵

- For CY2006 and CY2007, there will be no COLA for the state SSP payment and the SSP benefit is frozen at the CY2005 level;
- For the first quarter of CY2006 and the first quarter of CY2007, the state SSP payment will be reduced by an amount equal to that of the federal SSI COLA. However, this reduction will not be in effect for the remainder of the year. As a result, SSI/SSP beneficiaries in California will not see an increase in their SSI/SSP benefits until after April 1.⁶

Impact on SSI Beneficiaries in California

In CY2005, a single aged or disabled SSI beneficiary living alone in California with no income received a total monthly SSI/SSP benefit of \$812. Of this amount, \$579 was paid by the SSI program, and the remaining \$233 was provided by the state SSP. In the first quarter of CY2006, this same single beneficiary will receive a total monthly SSI/SSP benefit of \$812. Of this amount, \$603 will be paid by the SSI program, which includes the \$24 SSI COLA. The remaining \$209 will be provided by the state SSP, which reflects

³ The Social Security Administration and the state of California use different formulas to calculate these COLAs.

⁴ 2005 Cal. Stat. 78. A copy of this bill is available at [http://info.sen.ca.gov/pub/bill/sen/sb_0051-0100/sb_68_bill_20050707_enrolled.pdf].

⁵ The law exempts certain SSI/SSP recipients from these changes, including those living in certain institutions and those whose living arrangements do not allow them to prepare their own meals.

⁶ For more information on these provisions, see California Department of Social Services, *Highlights of the 2005-2006 Governor's Budget*, available at [<http://www.dss.cahwnet.gov/pdf/highlights0506.pdf>].

both the lack of any SSP COLA and the \$24 cut to this state payment that offsets the SSI COLA. After April 1, 2006, the state SSP will increase to \$233, bringing the total monthly SSI/SSP benefit payment up to \$836.

A married couple living together with no income received a total SSI/SSP benefit payment of \$1,437 in 2005. Of this amount, \$869 was paid by the SSI program, and the remaining \$568 was provided by the state SSP. A similar system of cuts will keep the total SSI/SSP payment for a couple at \$1,437 for the first quarter of 2006, increasing to \$1,472 after April 1. **Table 1** below summarizes these changes.

Although it is not known what the federal SSI benefit rates will be for CY2007, current California law provides for no SSP COLA during that year and a reduction in the SSP supplement equal to the amount of the SSI COLA for the first quarter of the year.

Table 1. Summary of Maximum SSI/SSP Payments in California, CY2005 and CY2006

Time Period	SSI Payment	SSP Supplement	Total Monthly SSI/SSP Benefit
<i>Single, Aged or Disabled with no other income</i>			
2005	\$579	\$233	\$812
Jan 1, 2006 - Mar 31, 2006	\$603	\$209	\$812
April 1, 2006 - Dec 31, 2006	\$603	\$233	\$836
<i>Married Couple, Aged or Disabled with no other income</i>			
2005	\$869	\$568	\$1,437
Jan 1, 2006 - Mar 31, 2006	\$904	\$533	\$1,437
Apr 1, 2006 - Dec 31, 2006	\$904	\$568	\$1,472

Source: The Congressional Research Service (CRS). Data taken from California Department of Social Services, *Local Assistance Estimates - May 2005 Revise of the 2006-06 Governor's Budget*, available at [<http://www.dss.cahwnet.gov/localassistanceest/may05/AuxiliaryTables.pdf>]; and Social Security Administration, *Update 2006*, available at [<http://www.ssa.gov/pubs/10003.pdf>].

Legislative Changes Restore the SSI COLA for CY2007

On June 30, 2006, California Governor Arnold Schwarzenegger signed into law Assembly Bill No. 1801, the California Budget Act of 2006,⁷ which, among other things, rescinded the reduction in the state SSP payment equal to the amount of the federal SSI COLA that had been scheduled for the first quarter of 2007. As a result, effective January 1, 2007, and continuing throughout 2007, all SSI/SSP recipients in California will receive the federal SSI payment as increased by the federal COLA and the existing SSP

⁷ 2006 Cal. Stat. 47. A copy of this bill is available at [http://www.leginfo.ca.gov/pub/bill/asm/ab_1801-1850/ab_1801_bill_20060630_chaptered.pdf].

supplement. No COLA will be added to the SSP supplement, which will remain frozen at the 2005 level. It is estimated by the California Department of Finance that a single SSI/SSP recipient will receive a total payment of \$849 per month whereas an SSI/SSP couple will receive a total monthly payment of \$1,491.⁸

⁸ The actual payments are dependent upon the amount of the federal SSI COLA, which has not yet been announced by the Social Security Administration. For additional information, see California Department of Finance, *California State Budget: 2006-2007*, p. 44, available at [<http://www.ebudget.ca.gov/pdf/Enacted/BudgetSummary/FullBudgetSummary.pdf>].