

February 25, 2019

The Honorable Holly Mitchell
Chair, Senate Budget and Fiscal Review Committee
California State Capitol
Sacramento, California 95814

The Honorable Philip Ting
Chair, Assembly Budget Committee
California State Capitol
Sacramento, California 95814

Re: SSI/SSP Issues in the 2019-20 Budget

Dear Senator Mitchell and Assembly Member Ting,

The Western Center on Law and Poverty represents California's poorest residents on issues of public benefits, affordable housing, health care and access to justice. We are active participants in the state budget process and in advocating on behalf of poor Californians with state and federal agencies. One of the issues we have worked on for decades is advocating on behalf of Californians who are blind, aged or living with disabilities and who rely on the SSI/SSP grant.

We greatly appreciate the support of the budget committees for the significant progress made in the 2018-19 budget on behalf of the SSI recipients. With your support, we were able to:

- Repeal the 40 year bar on SSI recipients being eligible for SNAP benefits
- Established two new programs, the Supplemental Nutrition Benefit (SNB) and the Transitional Nutrition Benefit (TNB), to insure that households are held harmless when SSI cashout ends
- Re-instated the State Supplemental Payment cost of living adjustment beginning in January 1, 2022.

In the 2019-20 budget, we are again asking the Legislature to:

- Support a \$100 a month budget augmentation that will bring SSI grants to 100 percent of the federal poverty level for a single recipients
- Re-establish the statutory cost of living adjustment for the SSP portion of the grant on January 1, 2020.
- Insure that recipients of the SNB and the TNB programs are provided the same legal protections that SNAP recipients are currently provided.

SSP Grant Increase and COLA Restoration

The end of SSI cashout will be a major boost to the income of hundreds of thousands of Californians. The department estimates that as many as 500,000 SSI recipients will be enrolled in SNAP. This translates into less hunger, better health outcomes, less use of emergency community services and less homelessness. At the same time, we recognize that there are 1.2 million persons on SSI in California and that SNAP benefits will reach less than half of those. For those who do not get SNAP benefits, they will continue to be faced with living on an SSI/SSP grant amount that was reduced more than a decade ago and never restored.

We are again requesting that the Legislature restore the funding that has been taken and to make the combined SSI/SSP grant worth no less than 100 percent of the poverty level. It is estimated by the department that SSI/SSP grant amounts will be a maximum of \$950 beginning January 1, 2020.ⁱ The 2020 federal poverty level for a single individual is estimated to be \$1,056 a month for a single individual.ⁱⁱ Thus for California to return to the days when no SSI recipient lived above the poverty level, the Legislature must increase the SSP portion of the grant by approximately \$106 a month.

We recognize that this would require a substantial one year investment to accomplish. As we have proposed in prior years, the Legislature could choose to implement the SSP restorations over more than one budget cycle until all SSI grant amounts exceeded the federal poverty level. Additionally, WCLP is also requesting that the budget committees reinstate the SSP cost of living adjustment (COLA) on January 1, 2020 so that grants do not begin to lose value again in 2020.

Do SSI Grant Increases Go to Rent?

There has been some speculation, including from SSI recipients themselves, that any increase in the SSI/SSP grant amount automatically triggers a corresponding increase in rent. We think this characterization is at best a generalization and in many instances simply not true.

This belief may be partly explained by the way that HUD funded Public Housing, project based Section 8 and Housing Choice vouchers work. In these programs, residents cannot be required to pay more than 30% of a person's adjusted income. An SSI recipient making \$930 a month will pay a maximum of \$279 a month if they are receiving HUD housing assistance. If SSI grants are raised to \$1,056 a month as recommended here, the monthly rent will increase to \$316 a month. Thus, rent for this household would increase by \$37 a month and the recipient would have an additional \$69 a month to live on. As a rule though, SSI recipients with HUD Housing assistance are relatively better off because they get to keep 70 percent of their income for daily necessities of life.

We are not aware of a data source for the number of SSI recipients receiving HUD housing assistance either nationally or in California. We can assess from available data that it is a small percentage who get such assistance. Nationally, the three HUD programs provide housing assistance to only one out of four persons who are eligible.ⁱⁱⁱ California receives HUD housing assistance for approximately 491,000 persons from these three programs out of 4.8 million provided nationally.^{iv} Thus, California, with nearly 13 percent of the nation's population, receives just 10 percent of the federal housing assistance from these programs. Given the state's high poverty rate and our large population it is reasonable to assume that less than a quarter of the SSI population receives HUD funded housing.

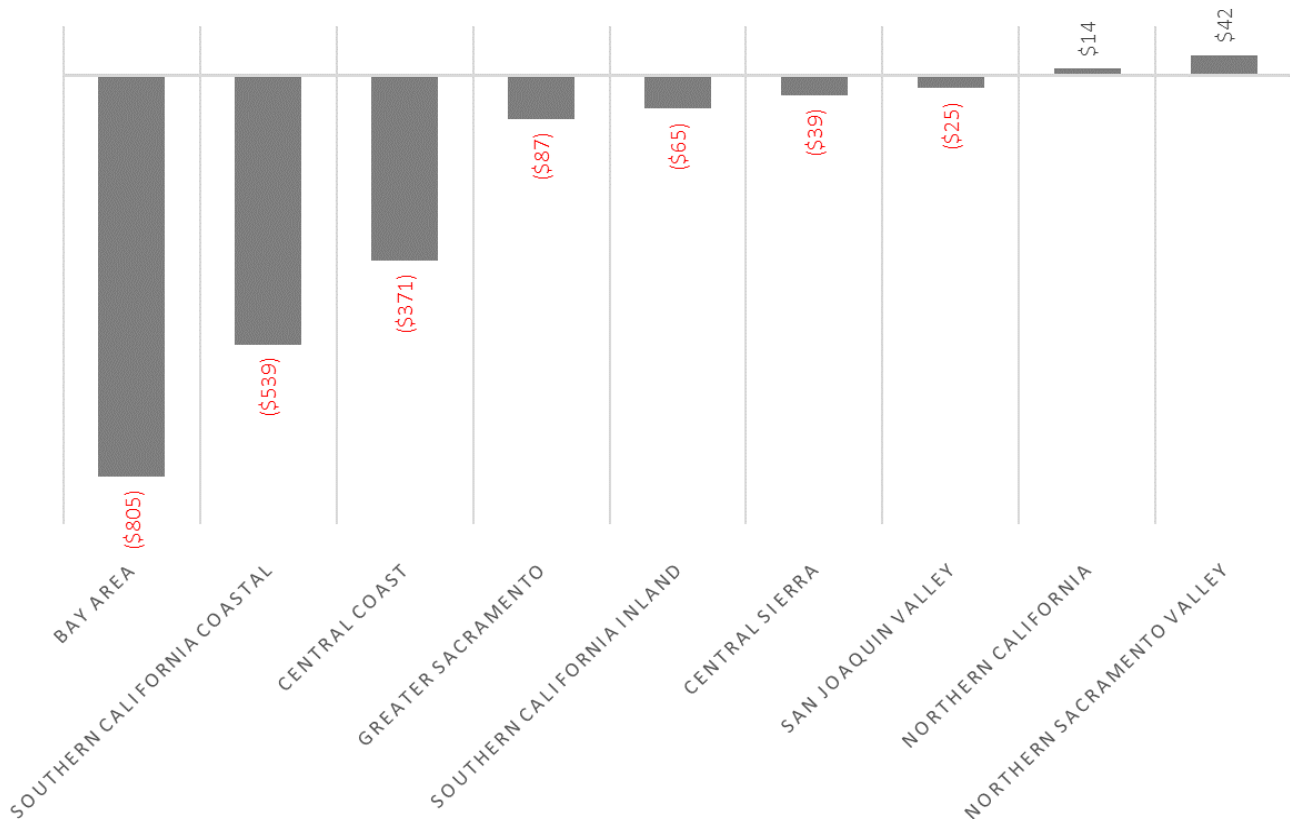
A second type of affordable housing are those that are most commonly funded by federal low income housing tax credits or state and local housing funds.^v The rents in these developments are capped at 30 percent of a percentage of the Area Median Income (AMI). In California the statewide AMI is approximately \$71,805.^{vi} For a unit that rents to a family with a maximum income at 50 percent of AMI (approximately \$35,900 annually) the rent would be about \$900 a month. Any person wishing to rent that unit would pay that amount no matter how low their income is. These rents are adjusted annually based on

a formula provided by the funding agency that consider increases in the AMI, costs of utilities, insurance, maintenance and other costs associated with managing the unit. Thus, the rents in these projects are not tied to rises in tenant’s incomes but to the formula. Even in years where SSI income did not increase at all, renters in these units may see an increase in the rent. Conversely, an increase in SSI income will not be a factor in any rent increase in these developments.

The most common form of housing is renting in the private market place. As the chart below shows, there is a large gap between the Fair Market Rents in most areas of California and the value of the SSI grant. Unlike HUD funded housing or affordable housing projects, there are very few limits on private market rents. Even in areas with the limited forms of rent control permitted in California, local governments cannot regulate rents of units once they have become vacant. Whether a person’s income increases or not landlords can raise rents. Many renters experience rent increases on an annual basis, thus SSI recipients may assume a rent increase is due to an income increase when in fact it is at the discretion of the property owner.

IN THE RED

Chart shows average amount of monthly SSI/SSP individual income remaining after rent and food costs (studio/efficiency unit), by California region. Rent + food exceeds income in 42 individual counties. Rent + food + healthcare exceeds income in all California counties.



Sources:

Food and healthcare costs sourced from California Elder Economic Security Index. Accessed online at <http://healthpolicy.ucla.edu/programs/health-disparities/elder-health.com> on 01/18/2018. Rent represents Fair Market Rent by county for an Efficiency/Studio apartment for 2018 from HUD. Maximum SSI/SSP grant for an individual is \$911 effective January 1, 2018. Above graph does not incorporate healthcare, utility or transportation costs.

Prepared by Alameda County Community Food Bank | www.accfb.org

The Repeal of SSI Cashout

The department has done a laudable job implementing the repeal of cashout. In essence, the state is adding a program of nearly 500,000 persons in less than a year. This is a monumental task. It has taken the combined efforts of the department, county partners, SSA, state partners and community organizations to put all the pieces together in such a short time frame. The commitment by all involved to reduce the hunger and trauma experienced by so many SSI recipients is impressive.

The Need for Ongoing Legislative Oversight

While we sincerely praise the efforts of the department and all partners, it is unlikely that such a large program expansion can occur and there not to be some glitches. We believe it is important for the Legislature to exercise its' oversight power of the Administration's efforts and to continue to receive regular updates once implementation begins and periodically over the coming year. Here are some of the issues we encourage the Legislature to monitor:

- **Outreach**

What are the outreach efforts of the state, federal, county and community? Which agencies are participating and which agencies are not participating? Will there be need to fund outreach after the initial application period?

- **Investments**

How are counties spending the funds appropriated by the Legislature? What is being done to avoid long lines forming at county welfare offices?

- **Ensuring ADA Compliance**

Given the high volume of SSI recipients with disabilities, how will the state support counties to ensure compliance and provide necessary access to all disabled SSI recipients?

- **Ensuring Language Access**

What is the state's plan for ensuring disability access and LEP language access, for these populations, and how will the state be able to monitor how that plan is going? Is the state's media and outreach materials soliciting stakeholder feedback from groups with direct experience with disability and LEP populations?

- **Data Gathering**

How will the state support robust (as real-time as is feasible) data gathering, analysis and to support counties identify and respond during the early months of implementation?

- **Customer Service Call Centers**

How can the state facilitate the use of multi-county call centers to assist counties that may experience higher than anticipated enrollment? Are there viable system improvements that are not being implemented that would increase CalFresh participation?

- **Electronic Signature**

Can CDSS temporarily support CalWIN counties to overcome data storage or other barriers to taking a telephonic signature over the phone, until all counties can use the PIN model used by C-IV/CalACES?

Implementation of the SNB and TNB Programs

One of the most important successes from last year's budget was protecting families from losing CalFresh when SSI recipients in their household became eligible for SNAP. Some families will experience a loss of SNAP benefits or may lose eligibility for SNAP once the income of the SSI recipient is counted as part of calculating SNAP benefits. WCLP is pleased to see that the Governor's January 10 budget includes a commitment to make protecting these families permanent.

Again, we applaud the department for their work in implementing the SNB and TNB program. To give county consortia adequate programming time, the department promulgated a series of All County Letters within days of the budget being signed and were highly responsive to the issues raised by stakeholders. The department also developed a grant table for each program that we believe has done a fair job of using the state funding provided to provide grants to families of all household sizes.

The creation of the SNB and the TNB programs happened in a very truncated process by legislative standards. We appreciated the efforts of legislative staff, the department, the Department of Finance and the county's in coming to an agreement so the state could provide SNAP benefits to SSI recipients at the earliest possible date. In the process, there were several issues that were not fully vetted and others need to be reconsidered in light of the Governor's intention to make the hold harmless programs permanent. We are asking the Legislature to make adjustments to the statute and include it in the trailer bill. We are asking for the following changes:

1. WCLP supports the Governor's proposal to make the SNB and TNB programs permanent by repealing WIC 18900.5 (e), WIC 18900.6 (j) and WIC 18900.7 (j).
2. In making the programs permanent, WCLP also supports establishing an entitlement to benefits as exists in other public benefit programs like CalWORKs, CalFresh and SSI. AB 1811 explicitly requires that funding for the TNB and SNB programs be subject to budget appropriations. Repealing these provision will ensure that a household will not suffer a loss of income in the case of a late state budget. For ease of implementation, we propose following the same legal mechanism already in place in the CalFresh program. To accomplish this we propose repealing WIC 18900.6 (i) and WIC 18900.7 (i) and adding the following language

All members of a CalFresh household receiving benefits pursuant to this section are entitled to the rights accorded CalFresh recipients under federal law and Division 9 of the Welfare and Institutions Code. Consistent with 11265.1 of the WIC, all rights, eligibility processes and procedures for CalFresh shall apply to SNS benefits, including but not limited to, notices, reporting & redetermination rules.

3. Modify the rules related to exits from the SNB or TNB programs. Nearly 25 percent of all CalFresh cases fall off at redetermination of benefits. Under CalFresh, a household can request to have their case re-established even if they missed a redetermination deadline, no matter when they seek to have benefits restored. The SNB statute allows persons to re-apply for aid if they have been terminated due to failure to complete the redetermination process but the TNB statute requires that a person who fails to complete redetermination has only 30 days to re-apply. We support the language in WIC 18900.6 (f) and request that the 30 day limiting language in 18900.7 (g) be stricken.
4. Additionally, we are asking to remove language found in WIC sections 18900.6 (f) and 18900.7 (g) that says that any other reasons for discontinuance of the benefit shall result in a permanent bar on getting either the TNB or SNB benefit. Among the reasons a person may be discontinued is if an SSI recipient is terminated from SSI benefits but who later has their SSI benefits reinstated. Additionally, an SSI recipient that leaves the household for hospitalization, incarceration or to

temporarily reside with another person may be similarly barred. The language provided in the second recommendation will ensure that reinstatements follow the CalFresh rules.

5. Allow for prospective enrollment in SNB for families that meet the eligibility criteria in the future. Both programs only permit households on CalFresh and with one or more SSI recipients on June 1, 2019 to be eligible. This provision means that families that are the same size, have the same deductions and the same income will get different amounts of food assistance solely based on when they came on aid. This policy will be hard to justify for excluded families and we propose that the rules for SNB and TNB be simplified to permit eligibility to all mixed CalFresh and SSI households. We propose to add the following language to provide SNB benefits to all impacted households.

For purposes of this section, an “SNB eligible CalFresh household” is a household that meets all of the following criteria:

- (1) *Receives benefits pursuant to Chapter 10 (commencing with Section 18900) of Part 6. (CalFresh)*
 - (2) *Has one or more household members receiving Supplemental Security Income (SSI) benefits pursuant to Title XVI of the Social Security Act or state supplementary payments pursuant to Chapter 3 (commencing with Section 12000) of Part 3.*
6. WCLP was pleased that the Legislature eliminated the \$10 gap between CAPI benefits and SSI/SSP benefits as part of the package of making SSI recipients eligible for SNAP. However, there is language in WIC 18941 (c) that makes the increase in CAPI benefits subject to a budget appropriation. WCLP is asking that this section also be stricken.

Thank you for consideration of our issues and we look forward to working with both committees toward completion of the 2019-20 budget agreement.

Sincerely,



Michael Herald
Director of Policy Advocacy

ⁱ See DSS 2019-20 Local Assistance Estimates, Reference Documents, page 33.

ⁱⁱ The Consumer Price Index is estimated to increase 1.6 percent during 2019. <https://www.plan.be/databases/17-en-consumer+price+index+inflation+forecasts>

ⁱⁱⁱ See Center on Budget and Policy Priorities, *Policy Basics: Federal Rental Assistance*, <https://www.cbpp.org/research/housing/policy-basics-federal-rental-assistance>

^{iv} See Center on Budget and Policy Priorities, *National and State Housing Facts and Data*, https://www.cbpp.org/sites/default/files/atoms/files/4-13-11_hous-CA.pdf

^v For a more in-depth understanding of low income housing tax credit rents please see the National Housing Law Project, <https://www.nhlp.org/resources/lihtc-admissions-rents-grievance-procedures/>

^{vi} American Community Survey, 2017, *Income, Poverty and Employment Status*, http://www.dof.ca.gov/Reports/Demographic_Reports/American_Community_Survey/#ACS2017x1