

**REPORT OF THE
CHIEF LEGISLATIVE ANALYST**

DATE: February 12, 2016

TO: Honorable Members of the Rules, Elections, Intergovernmental Relations and
Neighborhoods Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No: 15-0002-S120
Assignment No: 16-01-0057

SUBJECT: Resolution (Koretz-Wesson) to SUPPORT AB 1584 (Brown) to reinstate the cost-of-living adjustment beginning July 1, 2017 and increase State Supplementary Payment (SSP) amounts.

CLA RECOMMENDATION: Adopt Resolution (Koretz-Wesson) to include in the City's 2015-2016 State Legislative Program SUPPORT, for AB1584 (Brown) which would reinstate the cost-of-living adjustment beginning July 1, 2017 and increase the amount of benefits paid under the State Supplementary Program (SSP) for the aged, blind, and disabled.

SUMMARY

Resolution (Koretz-Wesson), introduced January 26, 2016, states that Supplemental Security Income (SSI) and State Supplementary Program (SSP) are administered in California by the Social Security Administration and provide income support to individuals aged 65 or older, blind, or disabled. The Resolution further states that 1.3 million Californians are low-income, of which 72 percent have disabilities and 28 percent are elderly, whom rely on government assistance as a major source of income.

The Resolution indicates that in 2008 the State Legislature reduced grants to individuals to amounts below the federal poverty level in an effort to balance the State budget. The Resolution states that AB 1584 (Brown) would increase SSI/SSP grants by reinstating the cost-of-living adjustment beginning on July 1, 2017. The Resolution notes that the AB 1584 is proposed to increase aid grants for specified applicants and recipients by \$21 on January 1, 2017, 2018, 2019, and 2020. The Resolution adds that AB 1584 is proposed to incrementally restore income support to the most vulnerable residents of the State, including seniors and disabled, whereby they could sustain a decent quality of life.

The Resolution requests that the City support AB1584.

BACKGROUND

The State Supplementary Payment (SSP) program provides monthly cash payments to needy aged, blind, and disabled individuals and couples to meet basic living expenses such as food, clothing, and shelter which is supported by the State General Fund. The Federal Government supplements State funds through the Supplemental Security Income (SSI) program pursuant to the federal Social Security Act. In California, the federal Social Security Administration administers both the SSP and SSI programs and distributes funds to recipients in a single payment.

AB 1584, introduced January 6, 2016, as proposed, would reinstate the cost-of-living adjustment beginning July 1, 2017. The proposal would increase aid grants for specified applicants and recipients by \$21 on January 1st the following consecutive years: 2017, 2018, 2019, and 2020.

The proposed bill would amend Section 12201 add Section 1200.16 to the Welfare and Institutions Code to ensure that payments are adjusted annually to reflect any increases or decreases in the cost of living. The proposed cost-of-living adjustment is based on changes in the California Necessities Index, which is calculated based on the weighted average of changes for food, clothing, fuel, utilities, rent and transportation for low-income consumers.

Support for AB 1584 is consistent with previous Council action (C.F. 15-0002-S46) in support of State legislation relative to financial assistance to the elderly, blind, and/or disabled individuals.

The Department of Aging supports the bill and notes if the legislation is not approved it may adversely impact the older adult population served by the department. Consequently, there may be an increased need for department services in the near future.

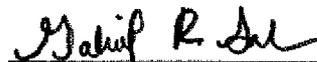
Therefore, we recommend that the Council adopt Resolution (Koretz-Wesson) relative to support for AB 1584.

DEPARTMENTS NOTIFIED

Aging
Disability

Bill Status

January 6 Bill introduced
February 1 Assembly referred to Committee on Health and Human Services



Gabriel R. Salazar
Analyst

SMT:IS:JW

Attachment: 1. Resolution (Koretz-Wesson)
2. AB 1584

RESOLUTION

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations, or policies proposed to or pending before a local, state, or federal governmental body or agency must first have been adopted in the form of a Resolution by the City Council with the concurrence of the Mayor; and

WHEREAS, 1.3 million Californians are low-income, of which 72 percent have disabilities and 28 percent are elderly, and rely on government assistance as a major source of income;

WHEREAS, Social Security Insurance/State Supplemental Payment (SSI/SSP) benefits are administered in California by the Social Security Administration and provide income support to individuals who are aged 65 or older, blind, or disabled; and

WHEREAS, in 2008 the State Legislature and Governor reduced grants to individuals to amounts well below the federal poverty level in an effort to balance the State budget; and

WHEREAS, AB 1584 (Brown) would increase SSI/SSP grants by reinstating the cost-of-living adjustment beginning July 1, 2017; and

WHEREAS, additionally, AB 1584 would increase aid grants for specified applicants and recipients by \$21 on January 1, 2017, 2018, 2019, and 2020 and increase the amount of benefits paid under the SSP; and

WHEREAS, AB 1584 would begin to incrementally restore income support to the most vulnerable residents of our State, including seniors and disabled Californians, whereby they could sustain a decent quality of life;

NOW, THEREFORE, BE IT RESVOLED, with the concurrence of the Mayor, that by adoption of this Resolution, the City of Los Angeles, hereby includes in its 2015-2016 State Legislative Program SUPPORT for AB 1584 (Brown), which would reinstate the cost-of-living adjustment beginning July 1, 2017 and increase aid grants for specified applicants and recipients.

PRESENTED BY: 
PAUL KORETZ
Councilmember, 5th District

SECONDED BY: 

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JAN 25 2016

ORIGINAL

ASSEMBLY BILL

No. 1584

**Introduced by Assembly Member Brown
(Principal coauthor: Assembly Member Thurmond)**

January 6, 2016

An act to amend Section 12201 of, and to add Section 12200.16 to, the Welfare and Institutions Code, relating to public social services, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1584, as introduced, Brown. Public social services: SSI/SSP.

Existing law provides for the State Supplementary Program for the Aged, Blind and Disabled (SSP), which requires the State Department of Social Services to contract with the United States Secretary of Health and Human Services to make payments to SSP recipients to supplement Supplemental Security Income (SSI) payments made available pursuant to the federal Social Security Act.

Under existing law, benefit payments under SSP are calculated by establishing the maximum level of nonexempt income and federal SSI and state SSP benefits for each category of eligible recipient. The state SSP payment is the amount required, when added to the nonexempt income and SSI benefits available to the recipient, to provide the maximum benefit payment. Existing law prohibits, for each calendar year, commencing with the 2011 calendar year, any cost-of-living adjustment from being made to the maximum benefit payment unless otherwise specified by statute, except for the pass along of any cost-of-living increase in the federal SSI benefits. Existing law continuously appropriates funds for the implementation of SSP.

This bill would reinstate the cost-of-living adjustment beginning July 1 of the 2017 calendar year. The bill would successively increase aid grants for specified applicants and recipients by the amount of \$21 on January 1 in 2017, 2018, 2019, and 2020.

By reinstating the cost-of-living adjustment and by increasing the amount of benefits paid under the SSP, this bill would make an appropriation.

Vote: $\frac{2}{3}$. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 12200.16 is added to the Welfare and
2 Institutions Code, to read:

3 12200.16. Notwithstanding any other law, on the following
4 dates the maximum aid payments in accordance with subdivision
5 (c) of Section 12200 for an applicant or recipient who is not entitled
6 to an allowance pursuant to subdivision (e) of Section 12200 shall
7 be increased by twenty-one dollars (\$21) per month:

8 (a) January 1, 2017.

9 (b) January 1, 2018.

10 (c) January 1, 2019.

11 (d) January 1, 2020.

12 SEC. 2. Section 12201 of the Welfare and Institutions Code is
13 amended to read:

14 12201. (a) Except as provided in subdivision ~~(d)~~, (d) or (g),
15 the payment schedules set forth in Section 12200 shall be adjusted
16 annually to reflect any increases or decreases in the cost of living.
17 Except as provided in subdivision (e), (f), ~~or (g)~~, (g), or (h) these
18 adjustments shall become effective January 1 of each year. The
19 cost-of-living adjustment shall be based on the changes in the
20 California Necessities Index, which as used in this section shall
21 be the weighted average of changes for food, clothing, fuel,
22 utilities, rent, and transportation for low-income consumers. The
23 computation of annual adjustments in the California Necessities
24 Index shall be made in accordance with the following steps:

25 (1) The base period expenditure amounts for each expenditure
26 category within the California Necessities Index used to compute
27 the annual grant adjustment are:

1	Food.....	\$ 3,027
2	Clothing (apparel and upkeep).....	406
3	Fuel and other utilities.....	529
4	Rent, residential.....	4,883
5	Transportation.....	1,757
6		
7	Total.....	<u>\$10,602</u>

8
9 (2) Based on the appropriate components of the Consumer Price
10 Index for All Urban Consumers, as published by the United States
11 Department of Labor, Bureau of Labor Statistics, the percentage
12 change shall be determined for the 12-month period which ends
13 12 months prior to the January in which the cost-of-living
14 adjustment will take effect, for each expenditure category specified
15 in paragraph (1) within the following geographical areas: Los
16 Angeles-Long Beach-Anaheim, San Francisco-Oakland, San Diego,
17 and, to the extent statistically valid information is available from
18 the Bureau of Labor Statistics, additional geographical areas within
19 the state which include not less than 80 percent of recipients of
20 aid under this chapter.

21 (3) Calculate a weighted percentage change for each of the
22 expenditure categories specified in paragraph (1) using the
23 applicable weighting factors for each area used by the Department
24 of Industrial Relations to calculate the California Consumer Price
25 Index (CCPI).

26 (4) Calculate a category adjustment factor for each expenditure
27 category in paragraph (1) by (1) adding 100 to the applicable
28 weighted percentage change as determined in paragraph (2) and
29 (2) dividing the sum by 100.

30 (5) Determine the expenditure amounts for the current year by
31 multiplying each expenditure amount determined for the prior year
32 by the applicable category adjustment factor determined in
33 paragraph (4).

34 (6) Determine the overall adjustment factor by dividing (1) the
35 sum of the expenditure amounts as determined in paragraph (4)
36 for the current year by (2) the sum of the expenditure amounts as
37 determined in paragraph (4) for the prior year.

38 (b) The overall adjustment factor determined by the preceding
39 computational steps shall be multiplied by the payment schedules
40 established pursuant to Section 12200 as are in effect during the

1 month of December preceding the calendar year in which the
2 adjustments are to occur, and the product rounded to the nearest
3 dollar. The resultant amounts shall constitute the new schedules
4 for the categories given under subdivisions (a), (b), (c), (d), (e),
5 (f), and (g) of Section 12200, and shall be filed with the Secretary
6 of State. The amount as set forth in subdivision (h) of Section
7 12200 shall be adjusted annually pursuant to this section in the
8 event that the secretary agrees to administer payment under that
9 subdivision. The payment schedule for subdivision (i) of Section
10 12200 shall be computed as specified, based on the new payment
11 schedules for subdivisions (a), (b), (c), and (d) of Section 12200.

12 (c) The department shall adjust any amounts of aid under this
13 chapter to ensure that the minimum level required by the Social
14 Security Act in order to maintain eligibility for funds under Title
15 XIX of that act is met.

16 (d) (1) No adjustment shall be made under this section for the
17 1991, 1992, 1993, 1994, 1995, 1996, 1997, 1998, 2004, 2006,
18 2007, 2008, 2009, and 2010 calendar years to reflect any change
19 in the cost of living. Elimination of the cost-of-living adjustment
20 pursuant to this paragraph shall satisfy the requirements of Section
21 12201.05, and no further reduction shall be made pursuant to that
22 section.

23 (2) Any cost-of-living adjustment granted under this section for
24 any calendar year shall not include adjustments for any calendar
25 year in which the cost-of-living adjustment was suspended pursuant
26 to paragraph (1).

27 (e) For the 2003 calendar year, the adjustment required by this
28 section shall become effective June 1, 2003.

29 (f) For the 2005 calendar year, the adjustment required by this
30 section shall become effective April 1, 2005.

31 (g) (1) ~~For the 2011 calendar year and each calendar year~~
32 ~~thereafter, to the 2016 calendar year, inclusive,~~ no adjustment
33 shall be made under this section unless otherwise specified by
34 statute.

35 (2) Notwithstanding paragraph (1), the pass along of federal
36 benefits provided for in Section 12201.05 shall be effective on
37 January 1 of each calendar year.

- 1 *(h) For the 2017 calendar year, the adjustment required by this*
- 2 *section shall become effective July 1, 2017.*

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