

April 5, 2005

## **HOUSE BUDGET RESOLUTION COULD LEAD TO CUTS IN SSI**

### **Senate Budget Does Not Include These Cuts**

Both the House and Senate passed versions of the budget resolution in March, and the final budget resolution is expected to be completed in April. The two budget plans differ sharply in the level of cuts they would require in key low-income mandatory (also called “entitlement”) programs, such as the Supplemental Security Income (SSI) program.

Under the House Budget Resolution, the House Ways and Means Committee — the committee with jurisdiction over the SSI program — would be required to cut programs under its jurisdiction by \$18.7 billion over the next five years. The Senate budget resolution does not include such cuts.

The Ways and Means Committee could make cuts in any of the programs under its jurisdiction (except for Social Security) to achieve this target; the budget resolution does not specify how the committee should achieve this level of cuts. House Budget Committee Chairman Jim Nussle indicated, however, that the House budget plan assumes that none of these cuts will come from Medicare.

As a result, the SSI program could be a target for these cuts. After Medicare and Social Security, SSI is the largest program under the jurisdiction of the Ways and Means Committee. The Committee also could achieve some of the cuts it would be required to make from the other programs under its jurisdiction, including the Earned Income Tax Credit, the unemployment insurance program, and programs that provide funding to states for a range of human services, such as the Temporary Assistance to Needy Families (TANF) block grant, the child care block grant, the child support enforcement program, and the Social Services Block Grant.

The *Senate* Budget Resolution does *not* assume any cuts in these low-income programs. In the Senate, the Finance Committee has jurisdiction over these low-income programs, including SSI. It also has jurisdiction over Medicaid. The Senate Budget Resolution does not require the Finance Committee to make cuts in mandatory programs under its jurisdiction. This

#### ***Accomplishments of SSI***

*Established in 1974, SSI is the income assistance program of last resort for poor people who are elderly or have severe disabilities. SSI provides benefits to 7 million such individuals. SSI benefits often make the difference between living above and below the poverty line. In 2002, SSI lifted 2.1 million Americans — including 462,000 seniors and 427,000 children — above the poverty line.*

*Twenty-eight percent of SSI recipients were age 65 or older in December 2004. The remainder were non-elderly adults and children with severe disabilities.*

key difference between the House and Senate budget plans will have to be resolved in April when the two chambers negotiate a conference agreement on the budget resolution.

In most other areas, the House and Senate budget resolutions are similar. Both call, for example, for tax cuts of more than \$100 billion over five years; the tax cuts that are envisioned would primarily benefit higher-income Americans. As a result, if the House prevails in the conference committee on the cuts in low-income assistance programs, the stage could be set for budget legislation later this year that reduces the basic income assistance provided by SSI to vulnerably elderly individuals and people with disabilities while conferring substantial tax cuts on higher-income Americans.

### **Cuts in the SSI Program Would Harm Vulnerable People with Disabilities and the Elderly**

As noted above, the House Budget Resolution does not specify which programs the House Ways and Means Committee would cut to achieve its required \$18.7 billion in reductions. The SSI program — the largest low-income program under the Committee's jurisdiction — could be a target for cuts.

- If the Committee cuts SSI and all other low-income programs under its jurisdiction by the same percentage, SSI would absorb about one-third of the total cuts, or \$4.8 billion in reductions over five years, and \$1.2 billion in 2006.<sup>1</sup> If a cut of this size in 2006 were achieved by reducing the number of people who receive SSI benefits, 222,000 seniors and individuals with disabilities would have to be terminated from the program.<sup>2</sup>
- If the Committee chose to cut SSI *more deeply* than other low-income programs, the impact on the elderly and people with disabilities would be more severe. If, for example, the Committee chose to achieve half of the required cuts through reductions in SSI, the SSI program would be cut more than \$9 billion over the next five years and \$2 billion in 2006 alone. If such a cut in 2006 were achieved by reducing the number of SSI recipients, 368,000 poor elderly individuals and people with disabilities would lose the income support that SSI provides. If the cut in 2006 were achieved instead by across-the-board benefit reductions, the typical SSI recipient would lose \$285 a year. (Currently, federal SSI benefits for a single individual with no other income equal just three-quarters of the poverty line.)

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<sup>1</sup> This estimate of potential cuts in the SSI program was calculated by assuming that low-income programs would absorb \$14.8 billion of the \$18.7 billion in cuts assigned to the Ways and Means Committee and that all low-income programs under the jurisdiction of the committee would be cut by the same percentage. The remaining savings would come from the adoption of proposals in the President's budget related to unemployment insurance and trade disputes.

<sup>2</sup> If the cut were implemented by reducing the average benefit for all recipients, they would lose an average of \$170 in annual benefits in 2006.

Table 1 shows the potential state-by-state impact of SSI cuts under two scenarios based on the House budget resolution. The first scenario shows the impact by state if the level of cuts in SSI equals the amount that the program would be cut if all low-income programs under the jurisdiction of the Ways and Means Committee, including SSI, are reduced by the same percentage. The second scenario shows the cuts that would occur if SSI absorbs half of the cuts that the Ways and Means Committee would have to make under the House budget plan.

The state-by-state estimates of the SSI cuts, as shown in Table 1, were computed by assuming that the cuts in the SSI program would fall on each state in proportion to the share of SSI benefits individuals in that state now receive. In other words, if the SSI benefits provided to residents in a particular state equal five percent of SSI benefits nationwide, then beneficiaries in that state are assumed to absorb five percent of the SSI cuts. (These computations are based on the state-by-state distribution of SSI benefits in December 2004.)

Table 2 shows the number of elderly individuals and people with disabilities in each state who received SSI benefits in December 2004. Table 3 shows the number of people who would lose SSI assistance in each state under each of the two scenarios described above, if the cuts were implemented by reducing the number of people served.

Under the House Budget Resolution, the potential cuts in SSI would be in addition to cuts that the budget plan calls for in Medicaid. The Medicaid cuts, as well, could affect vulnerable elderly individuals and people with disabilities. The Medicaid cuts under the House Budget Resolution total at least \$14.9 billion over five years and could be as large as \$20 billion.

### **Cuts in these Programs Are a Key Difference between the House and Senate Budget Resolutions**

The Senate Budget Resolution does *not* assume any cuts in SSI, Medicaid, or other low-income programs under the jurisdiction of the Senate Finance Committee. When the conference committee meets to resolve the differences between the House and Senate budget resolutions, a key issue will be whether the final budget resolution requires the House Ways and Means and Senate Finance Committees to make cuts in these basic low-income programs. How this matter is resolved may determine whether vulnerable seniors and people with disabilities will see cuts in the modest but life-sustaining income assistance that they receive through the SSI program.

**Table 1: Potential Cuts to Supplemental Security Income (SSI),  
2006-2010  
(in millions of dollars)**

Assuming that SSI...

State	...is cut by the same <i>percentage</i> as all low-income programs under the jurisdiction of the Ways and Means Committee	...absorbs <i>half</i> of the cuts assigned to the Ways and Means Committee
<b>U.S. Total</b>	<b>\$4,759</b>	<b>\$9,340</b>
Alabama	100.6	197.5
Alaska	6.7	13.1
Arizona	61.1	120.0
Arkansas	52.2	102.4
California	1,014.9	1,991.9
Colorado	34.2	67.1
Connecticut	33.4	65.6
Delaware	8.5	16.8
District of Columbia	14.6	28.6
Florida	257.6	505.6
Georgia	121.2	237.8
Hawaii	15.3	29.9
Idaho	13.1	25.7
Illinois	170.7	335.1
Indiana	62.2	122.2
Iowa	25.8	50.6
Kansas	24.8	48.7
Kentucky	112.0	219.8
Louisiana	104.9	206.0
Maine	19.1	37.6
Maryland	62.3	122.2
Massachusetts	117.2	230.1
Michigan	148.4	291.3
Minnesota	45.0	88.2
Mississippi	75.9	149.0
Missouri	74.4	146.1
Montana	8.8	17.2
Nebraska	13.6	26.6
Nevada	20.6	40.4
New Hampshire	8.5	16.7
New Jersey	100.5	197.2
New Mexico	31.2	61.2
New York	455.6	894.2
North Carolina	115.2	226.2
North Dakota	4.2	8.3
Ohio	164.6	323.2
Oklahoma	47.8	93.8
Oregon	37.8	74.2
Pennsylvania	219.9	431.6
Rhode Island	20.9	41.0
South Carolina	63.0	123.6
South Dakota	7.1	13.9
Tennessee	99.6	195.4
Texas	274.8	539.4
Utah	14.1	27.8
Vermont	8.1	16.0
Virginia	80.7	158.5
Washington	77.7	152.4
West Virginia	48.6	95.3
Wisconsin	55.6	109.2
Wyoming	3.4	6.7

**Table 2: SSI Recipients**  
December 2004

<b>U.S. Total</b>	<b>Total 6,987,845</b>	<b>Under 18, Blind/ Disabled 993,127</b>	<b>Age 18-64, Blind/ Disabled 4,017,108</b>	<b>Age 65 or older 1,977,610</b>
Alabama	163,070	27,548	98,894	36,628
Alaska	10,773	1,074	6,682	3,017
Arizona	94,639	16,337	55,444	22,858
Arkansas	87,979	16,313	51,703	19,963
California	1,181,681	95,006	578,091	508,584
Colorado	54,223	6,591	34,029	13,603
Connecticut	51,538	6,377	32,754	12,407
Delaware	13,470	3,113	7,951	2,406
District of Columbia	20,868	4,233	12,315	4,320
Florida	413,575	78,640	198,200	136,735
Georgia	200,169	31,538	116,313	52,318
Hawaii	22,256	1,437	12,298	8,521
Idaho	21,025	3,747	14,213	3,065
Illinois	255,462	43,103	154,944	57,415
Indiana	96,211	19,823	63,870	12,518
Iowa	42,656	6,554	28,992	7,110
Kansas	38,491	6,806	25,139	6,546
Kentucky	179,418	25,797	118,941	34,680
Louisiana	169,547	30,889	100,542	38,116
Maine	31,668	3,278	22,908	5,482
Maryland	92,817	14,304	53,802	24,711
Massachusetts	168,975	17,108	104,135	47,732
Michigan	219,194	36,456	146,513	36,225
Minnesota	70,788	9,996	44,813	15,979
Mississippi	125,241	21,869	71,286	32,086
Missouri	116,231	18,723	77,055	20,453
Montana	14,572	1,892	10,236	2,444
Nebraska	22,100	3,341	14,859	3,900
Nevada	32,281	5,633	18,017	8,631
New Hampshire	13,060	1,715	9,520	1,825
New Jersey	149,942	21,142	78,523	50,277
New Mexico	51,674	6,628	29,461	15,585
New York	625,841	69,177	334,442	222,222
North Carolina	195,819	34,837	111,039	49,943
North Dakota	7,943	932	5,120	1,891
Ohio	245,532	41,426	168,018	36,088
Oklahoma	77,172	12,381	48,731	16,060
Oregon	58,924	7,872	38,502	12,550
Pennsylvania	316,733	53,930	199,469	63,334
Rhode Island	29,645	3,894	18,516	7,235
South Carolina	105,323	18,071	61,620	25,632
South Dakota	12,494	1,819	7,517	3,158
Tennessee	160,554	22,216	101,888	36,450
Texas	472,563	74,225	238,655	159,683
Utah	21,686	3,856	14,020	3,810
Vermont	12,877	1,490	8,796	2,591
Virginia	134,634	21,067	77,792	35,775
Washington	112,008	13,774	72,721	25,513
West Virginia	76,017	8,275	55,319	12,423
Wisconsin	90,070	15,850	58,166	16,054
Wyoming	5,653	840	3,944	869

**Table 3: Potential Reduction in Number of SSI Participants by State if SSI Cuts are Instituted by Reducing the Number of People Assisted Under the House Budget Resolution**

	<i>If SSI is cut by the same percentage as all low-income programs under the jurisdiction of the Ways and Means Committee</i>	<i>If SSI must absorb half of the total Ways and Means Committee cut</i>
<b>U.S. Total</b>	<b>222,000</b>	<b>368,000</b>
Alabama	5,200	8,600
Alaska	300	600
Arizona	3,000	5,000
Arkansas	2,800	4,600
California	37,500	62,200
Colorado	1,700	2,900
Connecticut	1,600	2,700
Delaware	400	700
District of Columbia	700	1,100
Florida	13,100	21,800
Georgia	6,300	10,500
Hawaii	700	1,200
Idaho	700	1,100
Illinois	8,100	13,500
Indiana	3,100	5,100
Iowa	1,400	2,200
Kansas	1,200	2,000
Kentucky	5,700	9,400
Louisiana	5,400	8,900
Maine	1,000	1,700
Maryland	2,900	4,900
Massachusetts	5,400	8,900
Michigan	7,000	11,500
Minnesota	2,200	3,700
Mississippi	4,000	6,600
Missouri	3,700	6,100
Montana	500	800
Nebraska	700	1,200
Nevada	1,000	1,700
New Hampshire	400	700
New Jersey	4,800	7,900
New Mexico	1,600	2,700
New York	19,800	33,000
North Carolina	6,200	10,300
North Dakota	300	400
Ohio	7,800	12,900
Oklahoma	2,400	4,100
Oregon	1,900	3,100
Pennsylvania	10,000	16,700
Rhode Island	900	1,600
South Carolina	3,300	5,500
South Dakota	400	700
Tennessee	5,100	8,500
Texas	15,000	24,900
Utah	700	1,100
Vermont	400	700
Virginia	4,300	7,100
Washington	3,600	5,900
West Virginia	2,400	4,000
Wisconsin	2,900	4,700
Wyoming	200	300