



Proposal to restore benefits for Aid to the Needy Disabled program

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*Policy Proposal for the
Economic Opportunity
Poverty Reduction
Task Force*

Proposal Highlights:

- The state should increase funding so recipients of Aid to the Needy Disabled will receive the pre-recession benefits.
- AND should also be adjusted annually to account for future increases in the cost of living.
- Funding for AND has fallen behind demand for aid.
- Average monthly benefit has decreased while average monthly AND caseload has grown.
- AND drives economic activity in Colorado.

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State funding for the Aid to the Needy Disabled (AND) program has fallen behind in recent years resulting in lower monthly benefits. Because total funding has been stable throughout the recession, the monthly benefit has fallen as more people became eligible and enrolled in the program. Increasing funding to AND would ensure that those who were most affected by the great recession are not left behind.¹ By providing a modest monthly cash grant to people with disabilities who are unable to work AND serves as the safety net for the state’s most vulnerable citizens. In addition, an economic analysis shows that bolstering the program would provide a boost to the state’s economy.

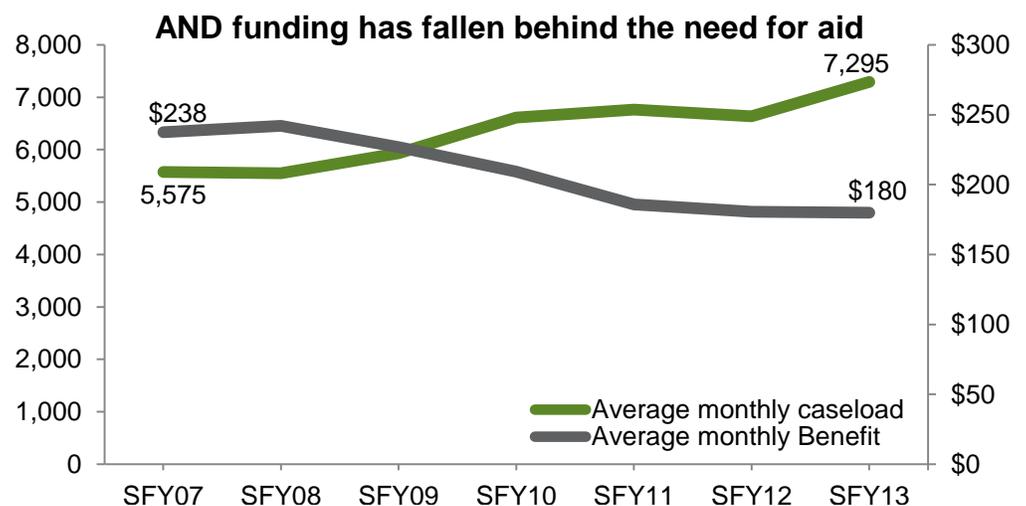
The population eligible for AND is most vulnerable

Colorado AND is only available to Colorado residents who are U.S. citizens, or have legal status, and are 18- to 59-years old with a disability that prevents work for at least six months. The value of all their assets must be less than \$2,000. The program is designed to serve those people who are unable to work and are waiting for SSI approval from the federal government. AND recipients must apply for the federal Supplemental Security Insurance benefit.

The great recession increased AND need, decreased benefit

General Fund appropriations for AND have remained effectively unchanged since before the recession began. As economic conditions deteriorated more Coloradans were forced to rely on AND, which drove down the average monthly benefit. Stagnant state funding has created undue pressure on the AND program (See Figure 1):

- Since fiscal year 2007, average monthly caseload has increased nearly 2,000 people, growing to 7,295.
- In the same time span, the average monthly benefit provided to AND recipients decreased roughly 25 percent from \$238/month to \$180/month.²



Proposal: Colorado should increase funding to restore the pre-recession benefit level and link the program to inflation

- **Increase the average monthly benefit to \$268, which equals the 2007 average monthly benefit adjusted for inflation**
- **Mandate an annual adjustment that accounts for inflation**

Given the vulnerability of the population served by AND, the 25 percent reduction in benefit in recent years could be the difference between being able to afford rent or living on the street. The state should increase General Fund support for AND by at least \$7.7 million so all recipients can be served at the pre-recession benefit level. In addition, the General Fund appropriation for AND should be adjusted annually by the rate of inflation.

This proposal would relieve substantial pressure on the program and its beneficiaries that was created by the 2007 recession by restoring the cuts experienced by program recipients. It would also help ensure that the programs spending power will keep up with increases in the cost of living.

AND benefits all Coloradans

In addition to serving the neediest Coloradans, increasing spending on AND by \$5 million would provide a boost to Colorado's economy. New AND spending would support an additional 200 jobs and create more than \$15 million in economic output across the state.³ AND funding is money well spent, and is the last line of support for the most vulnerable Coloradans.

¹ Funding for AND comes from three main sources. The majority of funding for AND comes from the State General Fund. The Federal government provides some assistance in the form of reimbursement payments to the state when a person is approved for Federal Supplemental Security Insurance. A small amount of funding also comes from local level funds.

² Data come from Colorado Department of Human Services. Data from Fiscal Year 2006-2007 to Fiscal Year 2012-2013.

³ CCLP estimate of economic impact derived from IMPLAN input/output economic modeling software.