

Congress of the United States
House of Representatives
Washington, DC 20515

October 29, 2024

The Honorable Martin O'Malley
Commissioner
The Social Security Administration
1300 D St SW
Washington, DC 20024

Dear Administrator O'Malley,

I am writing to urge the Social Security Administration (SSA) to address a critical issue affecting the interaction between direct cash programs and supplemental security income (SSI) benefits as part of its upcoming Overpayment Recovery rule, scheduled for April 2025. Specifically, SSA should take this opportunity to implement regulatory changes that will better protect SSI recipients who benefit from cash programs. These regulatory changes are urgently needed to clarify the definition of "Assistance Based on Need" (ABON) and ensure that state and local Temporary Assistance for Needy Families (TANF) programs are recognized appropriately in this context.

Over the past five years, there has been a significant rise in direct cash programs aimed at improving the economic stability of low-income households, including guaranteed income initiatives, state and local tax credits, and TANF-funded cash transfer programs. During my mayoral tenure, I helped launch a transformational universal basic income pilot that provided critical financial support to low-income families. The program, funded by the American Rescue Plan Act (ARPA), has since benefitted hundreds of households, offering \$500 monthly to families in the city's lowest-income neighborhoods. Building on this experience, I recently introduced the Guaranteed Income for Foster Youth Act alongside Congresswoman Ilhan Omar and Mayors for a Guaranteed Income (MGI) co-chair Michael Tubbs, which would provide \$1,000 monthly to young adults exiting foster care.

These programs are designed to complement—not undermine—the existing social safety net. However, many SSI beneficiaries cannot participate in these programs without jeopardizing their benefits. SSA has yet to provide clear and comprehensive guidance on how to treat these cash transfers under SSI income determinations.

The SSA's current interpretation of ABON at [20 CFR § 416.1124\(c\)\(2\)](#) requires assistance to be "wholly funded by a State or one of its political subdivisions," which has proven to be a significant barrier. Most direct cash programs are funded by public and private dollars, preventing them from meeting this narrow definition. Moreover, while SSA has made some progress, such as the recent guidance on state and local refundable tax credits, these efforts have been limited in scope and fall short of addressing the broader issue.¹ Notably, programs funded by TANF dollars remain unaddressed, even though several states use TANF Block Grant or Maintenance of Effort (MOE) funding for direct cash transfers separate from TANF cash assistance.

¹ See <https://secure.ssa.gov/apps10/reference.nsf/links/08102023112858AM>

To remedy this, I respectfully request that SSA, as part of its Overpayment Recovery rule, give due consideration to the following:

1. Eliminate the word “wholly” from the definition of ABON in its regulations. This change would acknowledge that many cash transfer programs are funded by various sources, making it easier for state and local governments to implement innovative programs without compromising SSI recipients’ benefits.
2. Clarify that TANF dollars are considered ABON when used for purposes other than cash assistance (such as through block grants or state MOE contributions).² This would ensure that cash transfer programs funded through these mechanisms are protected and that SSI beneficiaries can access these vital resources without fear of losing their benefits.

Without these changes, many SSI beneficiaries will continue to be excluded from these programs or forced to opt out of much-needed financial support. Addressing these regulations is particularly acute as federal funding from ARPA winds down, and exemptions based on the pandemic response are no longer available. Additionally, the potential loss of medical assistance for states that tie non-MAGI Medicaid to SSI eligibility is a significant risk to many individuals with disabilities, further amplifying the need for regulatory clarity.

As SSA continues to review its policies, I urge you to consider making the comprehensive changes outlined above to address direct cash and SSI interactions. These meaningful steps are necessary to protect the most vulnerable members of our communities. By making these changes, SSA can ensure that direct cash programs, designed to promote financial stability, can coexist with existing SSI benefits, improving the economic mobility of low-income individuals and families.

Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Garcia", with a stylized flourish at the end.

Robert Garcia
MEMBER OF CONGRESS

² As defined in [45 CFR 260.3](#).