

TABLE 16. AMOUNTS AND SOURCES OF BUDGETARY SAVINGS

Options <u>b/</u>	Fiscal Years 1986-1990 Budgetary Savings <u>a/</u> (in billions of dollars)	Distribution of Effects (in percent)		
		Poor <u>c/</u>	Near-Poor <u>c/</u>	Nonpoor <u>c/</u>
<b>COLAs Curtailed for All Cash Transfer Programs</b>				
One-year reduction	37.6	10.2	7.0	82.8
One-year freeze	45.8	10.4	7.0	82.6
Three-year reduction	90.7	11.6	7.3	81.1
Three-year freeze	116.9	12.5	7.4	80.1
<b>COLAs Curtailed for All Non-Means-Tested Cash Transfer Programs</b>				
One-year reduction	35.3	7.2	6.1	86.7
One-year freeze	42.9	7.4	6.1	86.5
Three-year reduction	84.6	8.4	6.5	85.1
Three-year freeze	109.4	9.2	6.6	84.2
<b>COLAs Curtailed for All Non-Means-Tested Cash Transfer Programs Except Full COLA Given if Social Security or Railroad Retirement Benefit is Below Poverty</b>				
One-year reduction	27.4	2.9	5.5	91.6
One-year freeze	32.9	3.0	5.6	91.4
Three-year reduction	63.1	3.4	6.2	90.4
Three-year freeze	77.6	3.6	6.6	89.8
<b>COLAs Curtailed for All Non-Means-Tested Cash Transfer Programs Except Full COLA Given to First \$5,000 of Social Security or Railroad Retirement Benefits</b>				
One-year reduction	15.4	0.8	2.0	97.2
One-year freeze	18.6	0.9	1.9	97.2
Three-year reduction	36.1	1.1	2.1	96.8
Three-year freeze	43.8	1.1	2.3	96.6

SOURCE: Budgetary savings based on CBO baseline; distribution of savings based on tabulations of the March 1984 Current Population Survey which reports incomes for calendar year 1983. See text for more detail and cautions in interpreting the findings.

- a. Budgetary savings estimated for fiscal years 1986-1990, whereas distributional effects are for calendar year 1983.
- b. See page 3 for definitions of alternatives.
- c. Poor families are those with incomes below Census poverty thresholds. Near-poor families have incomes between the poverty threshold and 125 percent of the poverty threshold. Non-poor families are those with incomes above 125 percent of the poverty threshold.



result from lower benefit levels for them, while the share from the near-poor would remain at about 6 percent. Under the COLA Cap option, barely 1 percent of budgetary savings would derive from the poor, and roughly 2 percent would come from those just above poverty.

Because both the Poverty COLA and the COLA Cap options would give at least partial COLAs to individuals well above the poverty line, the reduction in budgetary savings under those options would be much larger than the gains to the poor and the near-poor. With the Poverty COLA approach, individuals with low Social Security benefits but with high incomes from other sources would receive COLAs. The problem would be aggravated with the COLA Cap, because all Social Security recipients--nearly 90 percent of whom are not poor--would be given some COLA.

Some or all of the increased benefits going to those with higher incomes could be recaptured through the tax system. Under current law, up to half of Social Security benefits--and thus half of any Social Security COLA--is taxable for single people with incomes above \$25,000 and for those filing joint returns with incomes above \$32,000, so part of the COLA for such people would automatically revert to the government. <sup>20/</sup> More complex schemes that would specifically increase the taxation of COLAs could be devised to reduce the budgetary cost of protecting the poor and near-poor, but they would add further complexity to the revenue code.

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20. For this purpose, income is defined as adjusted gross income plus tax-exempt interest and half of Social Security (and Tier 1 Railroad Retirement) benefits.



Other Approaches to Protecting Low-Income People. The adverse impact on low-income people of curtailing COLAs could be mitigated by means other than adjusting the COLA options themselves. The two approaches discussed here are:

- o Providing a refundable tax credit that would replace the reduced or forgone COLA for program beneficiaries with incomes below a given level, and
- o Increasing guarantee levels or income disregards in SSI.

A refundable credit in the federal personal income tax system could be devised to replace the reduced or forgone COLAs for people with incomes below a given level such as the poverty line. Program beneficiaries with total incomes below the cutoff would qualify for a tax credit equal to the COLA that would have been provided had COLAs not been curtailed. This would reduce the amount of taxes owed for those with tax liabilities greater than the credit, and would result in cash payments to those whose credits exceeded their tax liabilities.

Such a tax credit would be straightforward to design and could, in theory, be well targeted toward any chosen group of program beneficiaries. At the same time, however, many poor people have no tax liability and consequently do not file tax returns. Unless such people could be informed of the credit and induced to file an application, many families with low incomes might not benefit from this approach.



An alternative approach to protecting low-income people from the adverse effects of curtailing COLAs would be to raise guarantee levels or income disregards in SSI. Because SSI is designed to provide income only for the poor and near-poor, this approach would likely target benefit increases almost entirely toward them and therefore would be a low-cost means of mitigating the real benefit reductions caused by the COLA changes. Further, at least some of those people who would be made poor as a result of the COLA changes would become eligible for SSI and would therefore be aided by any increase in SSI benefits.

Raising SSI as a means of reducing poverty would have three shortcomings, however. First, although any benefit increase for poor people would reduce the poverty gap, to affect the poverty rate the benefit increase would have to be large, as it would first have to move individuals up to the poverty level and then move them across it. This means that costs could be high. Second, because of state supplements and income that is not counted in determining program eligibility, a substantial number of SSI recipients are above the poverty line. Raising benefits for them would have no effect on either poverty gaps or rates. Third, less than one-third of the elderly poor and only about 6 percent of the nonelderly poor receive SSI. While increased benefit levels might induce more people to participate (and thus, incidentally, raise program costs further), people who are not SSI recipients would not benefit at all.



## **APPENDIX**



Tables A-1 through A-6 show the effects on poverty gaps and rates of curtailing COLAs for Social Security, Railroad Retirement, Civil Service Retirement, Military Retirement, and Supplemental Security Income.

Tables A-7 through A-12 show the effects on poverty gaps and rates of curtailing COLAs for non-means-tested programs only--Social Security, Railroad Retirement, Civil Service Retirement, and Military Retirement.

Tables A-13 through A-18 show the effects on poverty gaps and rates of curtailing COLAs for non-means-tested programs only, and providing COLAs for Social Security and Railroad Retirement to families whose annual program benefits are below poverty thresholds (\$4,775 for a single person and \$6,023 for larger families in 1983).

Tables A-19 through A-24 show the effects on poverty gaps and rates of curtailing COLAs for non-means-tested programs only, and providing COLAs for the first \$5,000 of annual Social Security and Railroad Retirement benefits paid to a family.

Tables A-25 through A-30 show the effects on poverty gaps and rates of curtailing COLAs for Social Security, Railroad Retirement, Civil Service Retirement, Military Retirement, and Supplemental Security Income, assuming constant inflation at 3 percent per year.

Tables A-31 through A-36 show the effects on poverty gaps and rates of curtailing COLAs for Social Security, Railroad Retirement, Civil Service Retirement, Military Retirement, and Supplemental Security Income, assuming constant inflation at 6 percent per year.

See table notes on following page.



The following notes apply to all of the appendix tables:

1. The tables are based on CBO tabulations of the March 1984 Current Population Survey, which reports incomes for calendar year 1983.
2. Some programs that would be affected by COLAs are omitted from the analysis due to data limitations. These include Veterans' Pensions and Compensation; retirement benefits for the Foreign Service, the Public Health Service, and the Coast Guard; Black Lung Disability benefits; and Special Benefits for Disabled Miners.
3. Data apply only to calendar year 1983, not to any other years.
4. Effects of alternatives are based on projected CPI changes of 3.7 percent in 1986, 4.6 percent in 1987, and 4.2 percent in 1988. The analysis assumes that these CPI changes would have occurred during one year or three years prior to 1983. See text for more detail. This does not apply to Tables A-25 through A-30, which assume a constant inflation rate of 3 percent, or to Tables A-31 through A-36, which assume a constant inflation rate of 6 percent.
5. The official poverty measures used here are based on cash incomes only. In-kind benefits such as food stamps or housing assistance are excluded from income.
6. SSI receipt was based on CPS reporting only; no allowance was made for increases in the number of eligible people or of participants as a result of lower benefits in non-means-tested programs.
7. See page 3 of text for definitions of alternatives.



TABLE A-1. EFFECTS ON POVERTY GAPS OF THE ELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS (In billions of dollars)

Alternative	Poverty Gap for Families With Only Elderly Members			Poverty Gap for Families With Any Elderly Members		
		Change in Gap from Baseline			Change in Gap from Baseline	
	Amount	Percent	Amount	Percent	Amount	Percent
Full COLA	3.4	--	--	5.4	--	--
One-Year Reduction	3.7	0.3	8.1	5.8	0.3	6.3
One-Year Freeze	3.7	0.3	10.1	5.9	0.4	7.8
Three-Year Reduction	4.3	0.9	25.4	6.5	1.1	19.6
Three-Year Freeze	4.6	1.2	36.4	7.0	1.5	28.1

TABLE A-2. EFFECTS ON POVERTY RATES OF THE ELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS

Alternative	Number of Poor Elderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of the Elderly (in percents)
Full COLA	3,711	---	---	14.1
One-Year Reduction	4,004	293	7.9	15.2
One-Year Freeze	4,058	347	9.4	15.4
Three-Year Reduction	4,409	698	18.8	16.8
Three-Year Freeze	4,664	953	25.7	17.7



TABLE A-3. EFFECTS ON POVERTY GAPS OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS (In billions of dollars)

Alternative	Poverty Gap for All Nonelderly Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	41.6	---	---
One-Year Reduction	41.8	0.2	0.4
One-Year Freeze	41.8	0.2	0.5
Three-Year Reduction	42.1	0.5	1.3
Three-Year Freeze	42.4	0.8	1.8

TABLE A-4. EFFECTS ON POVERTY RATES OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS

Alternative	Number of Poor Nonelderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All Nonelderly (in percent)
Full COLA	31,556	---	---	15.4
One-Year Reduction	31,678	122	0.4	15.4
One-Year Freeze	31,741	185	0.6	15.5
Three-Year Reduction	32,045	489	1.5	15.6
Three-Year Freeze	32,209	653	2.1	15.7



TABLE A-5. EFFECTS ON POVERTY GAPS OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS (In billions of dollars)

Alternative	Poverty Gap for All Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	47.1	--	--
One-Year Reduction	47.6	0.5	1.1
One-Year Freeze	47.7	0.6	1.4
Three-Year Reduction	48.7	1.6	3.4
Three-Year Freeze	49.3	2.3	4.8

TABLE A-6. EFFECTS ON POVERTY RATES OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS

Alternative	Number of Poor People (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All People (in percent)
Full COLA	35,267	--	--	15.2
One-Year Reduction	35,682	415	1.2	15.4
One-Year Freeze	35,800	533	1.5	15.5
Three-Year Reduction	36,454	1,187	3.4	15.7
Three-Year Freeze	36,873	1,606	4.6	15.9



TABLE A-7. EFFECTS ON POVERTY GAPS OF THE ELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS (In billions of dollars)

Alternative	Poverty Gap for Families With Only Elderly Members	Change in Gap from Baseline		Poverty Gap for Families With Any Elderly Members	Change in Gap from Baseline	
		Amount	Percent		Amount	Percent
Full COLA	3.4	--	--	5.4	--	--
One-year reduction	3.6	0.2	5.5	5.7	0.2	4.2
One-year freeze	3.6	0.2	6.9	5.7	0.3	5.3
Three-year reduction	4.0	0.6	17.6	6.2	0.7	13.5
Three-year freeze	4.3	0.9	25.5	6.5	1.1	19.4

TABLE A-8. EFFECTS ON POVERTY RATES OF THE ELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS

Alternative	Number of Poor Elderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of the Elderly (in percent)
Full COLA	3,711	--	--	14.1
One-year reduction	3,952	241	6.5	15.0
One-year freeze	3,994	283	7.6	15.2
Three-year reduction	4,289	578	15.6	16.3
Three-year freeze	4,507	796	21.4	17.1



TABLE A-9. EFFECTS ON POVERTY GAPS OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS (In billions of dollars)

Alternative	Poverty Gap for All Nonelderly Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	41.6	--	--
One-Year Reduction	41.7	0.1	0.2
One-Year Freeze	41.7	0.1	0.3
Three-Year Reduction	41.9	0.3	0.7
Three-Year Freeze	42.0	0.4	1.0

TABLE A-10. EFFECTS ON POVERTY RATES OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS

Alternative	Number of Poor Nonelderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All Nonelderly (in percent)
Full COLA	31,556	--	--	15.4
One-Year Reduction	31,633	77	0.2	15.4
One-Year Freeze	31,696	140	0.4	15.4
Three-Year Reduction	31,865	309	1.0	15.5
Three-Year Freeze	31,989	433	1.4	15.6



TABLE A-11. EFFECTS ON POVERTY GAPS OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS (In billions of dollars)

Alternative	Poverty Gap for All Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	47.1	--	--
One-Year Reduction	47.4	0.3	0.7
One-Year Freeze	47.5	0.4	0.9
Three-Year Reduction	48.1	1.0	2.2
Three-Year Freeze	48.5	1.5	3.1

TABLE A-12. EFFECTS ON POVERTY RATES OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS

Alternative	Number of Poor People (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All People (in percent)
Full COLA	35,267	--	--	15.2
One-Year Reduction	35,586	319	0.9	15.4
One-Year Freeze	35,690	423	1.2	15.4
Three-Year Reduction	36,154	887	2.5	15.6
Three-Year Freeze	36,496	1,229	3.5	15.8



TABLE A-13. EFFECTS ON POVERTY GAPS OF THE ELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON SOCIAL SECURITY BENEFITS BELOW POVERTY THRESHOLDS (\$4,775 FOR SINGLE PERSONS; \$6,023 FOR COUPLES) (In billions of dollars)

Alternative	Poverty Gap for Families With Only Elderly Members	Change in Gap from Baseline		Poverty Gap for Families With Any Elderly Members	Change in Gap from Baseline	
		Amount	Percent		Amount	Percent
Full COLA	3.4	--	--	5.4	--	--
One-year reduction	3.4	<u>a/</u>	0.3	5.5	<u>a/</u>	0.4
One-year freeze	3.4	<u>a/</u>	0.3	5.5	<u>a/</u>	0.5
Three-year reduction	3.4	<u>a/</u>	0.8	5.5	0.1	1.1
Three-year freeze	3.4	<u>a/</u>	1.1	5.5	0.1	1.5

a. Less than \$50 million.

TABLE A-14. EFFECTS ON POVERTY RATES OF THE ELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON SOCIAL SECURITY BENEFITS BELOW POVERTY THRESHOLDS (\$4,775 FOR SINGLE PERSONS; \$6,023 FOR COUPLES)

Alternative	Number of Poor Elderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of the Elderly (in percent)
Full COLA	3,711	--	--	14.1
One-year reduction	3,730	19	0.5	14.2
One-year freeze	3,733	22	0.6	14.2
Three-year reduction	3,765	54	1.5	14.3
Three-year freeze	3,781	70	1.9	14.4



TABLE A-15. EFFECTS ON POVERTY GAPS OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED FOR SOCIAL SECURITY BENEFITS BELOW POVERTY THRESHOLD (\$4,775 FOR SINGLE PERSONS; \$6,023 FOR COUPLES) (In billions of dollars)

Alternative	Poverty Gap for All Nonelderly Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	41.6	--	--
One-Year Reduction	41.7	0.1	0.2
One-Year Freeze	41.7	0.1	0.3
Three-Year Reduction	41.9	0.3	0.7
Three-Year Freeze	42.0	0.4	1.0

TABLE A-16. EFFECTS ON POVERTY RATES OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED FOR SOCIAL SECURITY BENEFITS BELOW POVERTY THRESHOLD (\$4,775 FOR SINGLE PERSONS; \$6,023 FOR COUPLES)

Alternative	Number of Poor Nonelderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All Nonelderly (in percent)
Full COLA	31,556	--	--	15.4
One-Year Reduction	31,621	65	0.2	15.4
One-Year Freeze	31,681	125	0.4	15.4
Three-Year Reduction	31,837	281	0.9	15.5
Three-Year Freeze	31,927	371	1.2	15.5



TABLE A-17. EFFECTS ON POVERTY GAPS OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED FOR SOCIAL SECURITY BENEFITS BELOW POVERTY THRESHOLDS (\$4,775 FOR SINGLE PERSONS; \$6,023 FOR COUPLES) (In billions of dollars)

Alternative	Poverty Gap for All Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	47.1	--	--
One-Year Reduction	47.2	0.1	0.2
One-Year Freeze	47.2	0.1	0.3
Three-Year Reduction	47.4	0.4	0.7
Three-Year Freeze	47.6	0.5	1.1

TABLE A-18. EFFECTS ON POVERTY RATES OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED FOR SOCIAL SECURITY BENEFITS BELOW POVERTY THRESHOLDS (\$4,775 FOR SINGLE PERSONS; \$6,023 FOR COUPLES)

Alternative	Number of Poor People (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All People (in percent)
Full COLA	35,267	--	--	15.2
One-Year Reduction	35,351	84	0.2	15.3
One-Year Freeze	35,414	147	0.4	15.3
Three-Year Reduction	35,602	335	0.9	15.4
Three-Year Freeze	35,708	441	1.3	15.4



TABLE A-19. EFFECTS ON POVERTY GAPS OF THE ELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON FIRST \$5,000 OF SOCIAL SECURITY BENEFITS (In billions of dollars)

Alternative	Poverty Gap for Families With Only Elderly Members	Change in Gap from Baseline		Poverty Gap for Families With Any Elderly Members	Change in Gap from Baseline	
		Amount	Percent		Amount	Percent
Full COLA	3.4	--	--	5.4	--	--
One-year reduction	3.4	a/	0.1	5.5	a/	0.1
One-year freeze	3.4	a/	0.1	5.5	a/	0.2
Three-year reduction	3.4	a/	0.3	5.5	a/	0.4
Three-year freeze	3.4	a/	0.5	5.5	a/	0.6

a. Less than \$50 million.

TABLE A-20. EFFECTS ON POVERTY RATES OF THE ELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON FIRST \$5,000 OF SOCIAL SECURITY BENEFITS

Alternative	Number of Poor Elderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of the Elderly (in percent)
Full COLA	3,711	--	--	14.1
One-year reduction	3,748	37	1.0	14.3
One-year freeze	3,749	38	1.0	14.3
Three-year reduction	3,772	61	1.6	14.3
Three-year freeze	3,788	77	2.1	14.4



TABLE A-21. EFFECTS ON POVERTY GAPS OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON FIRST \$5,000 OF SOCIAL SECURITY BENEFITS (In billions of dollars)

Alternative	Poverty Gap for All Nonelderly Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	41.6	--	--
One-Year Reduction	41.6	<u>a/</u>	<u>b/</u>
One-Year Freeze	41.6	<u>a/</u>	<u>b/</u>
Three-Year Reduction	41.6	<u>a/</u>	0.1
Three-Year Freeze	41.7	<u>a/</u>	0.1

TABLE A-22. EFFECTS ON POVERTY RATES OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON FIRST \$5,000 OF SOCIAL SECURITY BENEFITS

Alternative	Number of Poor Nonelderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All Nonelderly (in percent)
Full COLA	31,556	--	--	15.4
One-Year Reduction	31,569	13	<u>c/</u>	15.4
One-Year Freeze	31,576	20	0.1	15.4
Three-Year Reduction	31,641	85	0.3	15.4
Three-Year Freeze	31,649	93	0.3	15.4

- a. Less than \$50 million.
- b. Less than 0.05 percent.
- c. Less than 0.05 percentage points.



TABLE A-23. EFFECTS ON POVERTY GAPS OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON FIRST \$5,000 OF SOCIAL SECURITY BENEFITS (In billions of dollars)

Alternative	Poverty Gap for All Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	47.1	--	--
One-Year Reduction	47.1	<u>a/</u>	<u>b/</u>
One-Year Freeze	47.1	<u>a/</u>	<u>b/</u>
Three-Year Reduction	47.1	0.1	0.1
Three-Year Freeze	47.1	0.1	0.2

a. Less than \$50 million.  
b. Less than 0.05 percent.

TABLE A-24. EFFECTS ON POVERTY RATES OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED NON-MEANS-TESTED FEDERAL CASH TRANSFER PROGRAMS; COLA PROVIDED ON FIRST \$5,000 OF SOCIAL SECURITY BENEFITS

Alternative	Number of Poor People (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All People (in percent)
Full COLA	35,267	--	--	15.2
One-Year Reduction	35,317	50	0.1	15.2
One-Year Freeze	35,325	58	0.2	15.3
Three-Year Reduction	35,413	146	0.4	15.3
Three-Year Freeze	35,437	170	0.5	15.3



TABLE A-25. EFFECTS ON POVERTY GAPS OF THE ELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 3 PERCENT INFLATION (In billions of dollars)

Alternative	Poverty Gap for Families With Only Elderly Members	Change in Gap from Baseline		Poverty Gap for Families With Any Elderly Members	Change in Gap from Baseline	
		Amount	Percent		Amount	Percent
Full COLA	3.4	--	--	5.4	--	--
One-year reduction	3.7	0.3	8.1	5.8	0.3	6.3
One-year freeze	3.7	0.3	8.1	5.8	0.3	6.3
Three-year reduction	4.3	0.9	25.7	6.5	1.1	19.9
Three-year freeze	4.3	0.9	25.7	6.5	1.1	19.9

TABLE A-26. EFFECTS ON POVERTY RATES OF THE ELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 3 PERCENT INFLATION

Alternative	Number of Poor Elderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of the Elderly (in percent)
Full COLA	3,711	--	--	14.1
One-year reduction	4,005	294	7.9	15.2
One-year freeze	4,005	294	7.9	15.2
Three-year reduction	4,418	707	19.1	16.8
Three-year freeze	4,418	707	19.1	16.8



TABLE A-27. EFFECTS ON POVERTY GAPS OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 3 PERCENT INFLATION (In billions of dollars)

Alternative	Poverty Gap for All Nonelderly Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	41.6	--	--
One-Year Reduction	41.8	0.2	0.4
One-Year Freeze	41.8	0.2	0.4
Three-Year Reduction	42.2	0.5	1.3
Three-Year Freeze	42.2	0.5	1.3

TABLE A-28. EFFECTS ON POVERTY RATES OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 3 PERCENT INFLATION

Alternative	Number of Poor Nonelderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All Nonelderly (in percent)
Full COLA	31,556	--	--	15.4
One-Year Reduction	31,678	122	0.4	15.4
One-Year Freeze	31,678	122	0.4	15.4
Three-Year Reduction	32,046	490	1.6	15.6
Three-Year Freeze	32,046	490	1.6	15.6



TABLE A-29. EFFECTS ON POVERTY GAPS OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 3 PERCENT INFLATION (In billions of dollars)

Alternative	Poverty Gap for All Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	47.1	--	--
One-Year Reduction	47.6	0.5	1.1
One-Year Freeze	47.6	0.5	1.1
Three-Year Reduction	48.7	1.6	3.4
Three-Year Freeze	48.7	1.6	3.4

TABLE A-30. EFFECTS ON POVERTY RATES OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 3 PERCENT INFLATION

Alternative	Number of Poor People (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All People (in percent)
Full COLA	35,267	--	--	15.2
One-Year Reduction	35,682	415	1.2	15.4
One-Year Freeze	35,682	415	1.2	15.4
Three-Year Reduction	36,464	1,197	3.4	15.7
Three-Year Freeze	36,464	1,197	3.4	15.7



TABLE A-31. EFFECTS ON POVERTY GAPS OF THE ELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 6 PERCENT INFLATION (In billions of dollars)

Alternative	Poverty Gap for Families With Only Elderly Members	Change in Gap from Baseline		Poverty Gap for Families With Any Elderly Members	Change in Gap from Baseline	
		Amount	Percent		Amount	Percent
Full COLA	3.4	--	--	5.4	--	--
One-year reduction	3.7	0.3	7.9	5.8	0.3	6.1
One-year freeze	4.0	0.6	16.5	6.1	0.7	12.8
Three-year reduction	4.2	0.8	24.9	6.5	1.1	19.3
Three-year freeze	5.2	1.8	53.7	7.7	2.3	41.4

TABLE A-32. EFFECTS ON POVERTY RATES OF THE ELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 6 PERCENT INFLATION

Alternative	Number of Poor Elderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of the Elderly (in percent)
Full COLA	3,711	--	--	14.1
One-year reduction	4,000	289	7.8	15.2
One-year freeze	4,234	523	14.1	16.1
Three-year reduction	4,397	686	18.5	16.7
Three-year freeze	5,017	1,306	35.2	19.1



TABLE A-33. EFFECTS ON POVERTY GAPS OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 6 PERCENT INFLATION

Alternative	Poverty Gap for All Nonelderly Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	41.6	--	--
One-Year Reduction	41.8	0.2	0.4
One-Year Freeze	42.0	0.3	0.8
Three-Year Reduction	42.1	0.5	1.3
Three-Year Freeze	42.7	1.1	2.6

TABLE A-34. EFFECTS ON POVERTY RATES OF THE NONELDERLY OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 6 PERCENT INFLATION

Alternative	Number of Poor Nonelderly (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All Nonelderly (in percent)
Full COLA	31,556	--	--	15.4
One-Year Reduction	31,676	120	0.4	15.4
One-Year Freeze	31,871	315	1.0	15.5
Three-Year Reduction	32,044	488	1.5	15.6
Three-Year Freeze	32,468	912	2.9	15.8



TABLE A-35. EFFECTS ON POVERTY GAPS OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 6 PERCENT INFLATION (In billions of dollars)

Alternative	Poverty Gap for All Families	Change in Gap from Baseline	
		Amount	Percent
Full COLA	47.1	--	--
One-Year Reduction	47.6	0.5	1.1
One-Year Freeze	48.1	1.0	2.2
Three-Year Reduction	48.6	1.6	3.3
Three-Year Freeze	50.4	3.4	7.1

TABLE A-36. EFFECTS ON POVERTY RATES OF ALL PEOPLE OF CURTAILING COLAS IN SELECTED FEDERAL CASH TRANSFER PROGRAMS; ASSUMING CONSTANT 6 PERCENT INFLATION

Alternative	Number of Poor People (in thousands)	Change from Baseline (in thousands)	Percentage Change from Baseline	Poverty Rate of All People (in percent)
Full COLA	35,267	--	--	15.2
One-Year Reduction	35,676	409	1.2	15.4
One-Year Freeze	36,105	838	2.4	15.6
Three-Year Reduction	36,442	1,175	3.3	15.7
Three-Year Freeze	37,485	2,218	6.3	16.2

