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SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION

OF THE

COMMITTEE ON WAYS AND MEANS
U.S. HOUSE OF REPRESENTATIVES

Information on Public Assistance
Legislative Recommendations for Fiscal Year 1978
Considered During May 2–6, 1977 Hearings

APRIL 27, 1977

Prepared by the staff of the Subcommittee on Public Assistance
and Unemployment Compensation

NOTE.—This document has been printed for information purposes only.
It has not been considered or approved by the committee.

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I. Press Release Announcing Hearings, May 2-6, 1977.

FOR THE PRESS
FOR IMMEDIATE RELEASE
THURSDAY, APRIL 7, 1977

SUBCOMMITTEE ON PUBLIC ASSISTANCE AND
UNEMPLOYMENT COMPENSATION PR #2
COMMITTEE ON WAYS AND MEANS
1102 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, D. C. 20515
TELEPHONE: (202)225-3625

CHAIRMAN JAMES C. CORMAN (D., CALIF.), SUBCOMMITTEE ON PUBLIC ASSISTANCE AND UNEMPLOYMENT COMPENSATION, COMMITTEE ON WAYS AND MEANS, ANNOUNCES PUBLIC HEARINGS TO BE HELD MAY 2 THROUGH MAY 6, ON THE PUBLIC ASSISTANCE LEGISLATIVE RECOMMENDATIONS CONTAINED IN THE COMMITTEE ON WAYS AND MEANS' MARCH 15 REPORT TO THE COMMITTEE ON THE BUDGET FOR FISCAL YEAR 1978

The Honorable James C. Corman (D., Calif.), Chairman of the Subcommittee on Public Assistance and Unemployment Compensation of the Committee on Ways and Means, today announced that the Subcommittee will hold public hearings on May 2, 3, 4, 5, and 6, 1977, on the legislative recommendations pertaining to public assistance programs contained in the Committee on Ways and Means' March 15 report to the Committee on the Budget for fiscal year 1978. The hearings will also consider H.R. 4138, 4139, and 5093, all of which pertain to the treatment of aliens under the Supplemental Security Income (SSI) program; and H.R. 6124, containing provisions approved by the House but not the Senate during the 94th Congress which deal with administrative simplification and improvement of the SSI program. The hearings will begin at 10:00 a.m. each day. The place of hearings will be announced at a later date.

The legislative recommendations concerning public assistance programs that will be considered during these hearings are described on pages 39-41 of the Committee on Ways and Means' March 15 report for fiscal year 1978 to the Committee on the Budget (Committee on Ways and Means Print: 95-13). These recommendations include the following:

1. Extension of the Supplemental Security Income (SSI) program to Puerto Rico, Guam and the Virgin Islands.

2. Elimination of the Ceiling on Federal Funding for the AFDC Program in Puerto Rico, Guam, and the Virgin Islands.

3. Establishment of a separate Title XX Social Services entitlement for Puerto Rico, Guam, and the Virgin Islands.

4. Extension of the $200 million increase in the Title XX Social Services Ceiling.

5. Establishment of an entitlement program for child welfare services which are now authorized under Title IV-B of the Social Security Act.

6. Standardization of the AFDC work expense disregard as proposed in the President's Budget for fiscal year 1978.

Testimony presented at these hearings will be limited to the Public Assistance legislative recommendations in the Committee on Ways and Means' March 15 Budget Report for fiscal year 1978 and the bills listed above. Those wishing to testify must identify in their request to be heard which of the issues in the March 15 report or bills listed in this press release they will address. Witnesses will be scheduled according to the issues they will be addressing. Other areas, including general welfare reform, will be the subject of a subsequent hearing.

It is expected that representatives of the Department of Health, Education, and Welfare will be the leadoff witness, to be followed by the testimony from the interested public.

It is requested that all persons and organizations having a common position exert the maximum effort to designate one spokesman to represent their viewpoint. It will be necessary for each witness to summarize his testimony, with the understanding that a more detailed statement can be submitted for review and for inclusion in the printed record of the hearing. If it becomes necessary, the Committee staff will group the public witnesses into panels to expedite the hearing process further.

Requests to be heard must be received no later than the close of business Friday, April 22. Requests should be addressed to John M. Martin, Jr., Chief Counsel, Committee on Ways and Means, 1102 Longworth House Office Building, Washington, D. C. 20515, telephone: (202)225-3625. Confirmation of appearance to those requesting to be heard will be made promptly. If a change in the witness or a cancellation is necessary, please advise this office immediately.

The request to be heard should contain the following information:

1. The name, address, and capacity in which the witness appears.

2. A list of any clients (or the firm or association he represents) at whose behest or in whose employ the witness appears.

3. An outline of the comments and recommendations the witness will make, bearing in mind that the only testimony which will be received at this time relates to the subjects herein described.

Persons scheduled to appear must submit 35 copies of their prepared statement to the Committee office, Room 1102 Longworth House Office Building at least 24 hours in advance of the appearance. An additional supply may be furnished for distribution to the press and public.

Any persons or organizations may, instead of appearing in person, file a written statement for inclusion in the printed record of the hearing. For this purpose, five copies of the statement should be submitted by the close of business Friday, May 6. Additional copies may be furnished for distribution to the members of the Subcommittee, staff, press and public, if submitted to the Committee during the course of the hearings.

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II. SUMMARY OF ACTIONS TO DATE AND FUTURE ACTIVITIES REQUIRED BY THE BUDGET CONTROL ACT

A. Public Assistance Budget Recommendations to the House Budget Committee by the Committee on Ways and Means for Fiscal Year 1978.

As required by Section 301(c) of the Congressional Budget Act of 1974, on March 15, 1977 the Committee on Ways and Means submitted a report to the House Budget Committee containing the views and estimates related to matters within the jurisdiction of the Committee on Ways and Means. The following are excerpts from this report:

I. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH REQUIRE REENACTMENT OR MODIFICATION OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1978

[In millions of dollars]

Major issue or program	President's request		Committee recommendation		
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	Comment
PUBLIC ASSISTANCE					
None					

II. PRESIDENT'S BUDGET REQUESTS FOR NEW AND EXPANDED PROGRAMS WHICH WOULD REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1978—Continued

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	Comment
PUBLIC ASSISTANCE					
Extension for another year, to maintain the $2.7 billion ceiling, of the $200 million increase for child day care services under Title XX social services program.	200	200	200	200	The Committee recommends maintaining ceiling at $2.7 billion, but deferred decision on whether temporary or permanent increase and conditions attached to $200 million. (See Narrative Appendix.)

III. PRESIDENT'S BUDGET REQUESTS FOR REDUCTIONS IN EXISTING PROGRAMS WHICH WOULD REQUIRE AMENDMENT OF AUTHORIZING LEGISLATION FOR FISCAL YEAR 1978

[In millions of dollars]

Legislative proposal	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
PUBLIC ASSISTANCE					
Standardize AFDC work expense disregard.	−50	−50	−50	−50	The Committee includes the reduction in AFDC expenditures recommended by the President, recognizing that the Public Assistance Subcommittee considered this issue during the 94th Congress but was unable to reach agreement.

IV. LEGISLATIVE INITIATIVES OF CONGRESS FOR FISCAL YEAR 1978

[In millions of dollars]

Initiative	Budget authority	Outlays	Comment
PUBLIC ASSISTANCE			
Extension of SSI to Puerto Rico, Guam, and the Virgin Islands.	135	135	The Committee recommends that SSI be extended to Puerto Rico, Guam, and the Virgin Islands.
Elimination of ceiling on Federal funding for AFDC in Puerto Rico, Guam, and the Virgin Islands.	63	63	The Committee recommends that the ceiling on Federal funding for AFDC for Puerto Rico, Guam, and the Virgin Islands be eliminated.
Establishment of separate title XX social services entitlement for Puerto Rico, Guam, and the Virgin Islands.	16	16	The Committee recommends a separate Title XX entitlement for Puerto Rico, Guam, and the Virgin Islands.
Establish a child welfare services program as an entitlement program with a $266 million ceiling.	266	266	The Committee recommends $266 million be provided under new entitlement authority to provide the option to establish an entitlement program for child welfare services, which would include provision for adequate accountability and emphasis on preventive services. (See item in Format V dealing with appropriation for Title IV–B child welfare services.)

V. PRESIDENT'S BUDGET REQUESTS FOR EXISTING PROGRAMS WHICH DO NOT REQUIRE AUTHORIZING LEGISLATION FOR FISCAL YEAR 1978

[In millions of dollars]

Major issue of program	President's request		Committee recommendation		Comment
	Budget authority	Outlays	Budget authority (difference)	Outlays (difference)	
PUBLIC ASSISTANCE					
Expiration of Federal reimbursement for child support enforcement for nonwelfare recipients—June 30, 1977.	0	0	0	0	President's budget allows authority for Federal funding to expire. The Committee recommends that the authority be allowed to expire.
Appropriations for title IV–B child welfare services.	56.5	56.5	0 (−56.5)	0 (−56.5)	President Carter's budget provides for a $56.5 million appropriation for the current Title IV–B child welfare services program which has an authorization level of $266 million. The Committee recommends funding instead, as described in Format IV, of a child welfare services program as an entitlement program.

B. House Budget Committee Actions to Date

The House Budget Committee and the Senate Budget Committee have each reported their version of the First Concurrent Resolution on the Budget for fiscal year 1978.

One change was made by the House Budget Committee in the March 15 Public Assistance recommendations made by the Committee on Ways and Means. The House Budget Committee did not recommend the establishment of a separate Title XX Social Services entitlement for Puerto Rico, Guam and the Virgin Islands.

It should be noted that in addition to accepting the recommendation for a $266 million funding level for child welfare services, the House Budget Committee also accepted the recommendation that the child welfare services now authorized in Title IV-B and with funding levels controlled by the Appropriations Committee be changed to an entitlement program. If finally included in the First Concurrent Resolution on the Budget, allocation for child welfare services in fiscal year 1978 would be in the form of new entitlement authority allocated to the Committee on Ways and Means.

The definition of an entitlement program is found in section 401(c)(2)(C), Congressional Budget Act of 1974, P.L. 93-344:

> "To make payments (including loans and grants)...to any person or government if, under the provisions of the law..., the United States is obligated to make such payments to persons or governments who meet the requirements established by such law."

Under this definition, Title XX of the Social Security Act is an entitlement program, in that if a state meets certain specified conditions the United States is obligated to reimburse that state, generally on a matching basis, for social services it has provided, up to the maximum allocated to the state under the allocation formula provided in the law.

C. Future Actions Related to the First Concurrent Resolution on the Budget for Fiscal Year 1978

On or Before May 15

-- Adoption of the First Concurrent Resolution on the Budget.

-- Statement of the conferees in reporting the Conference Report on the First Concurrent Resolution on the Budget, including the allocation of the budget authority among the standing Committees.

-- Authorizing legislation which is not an entitlement or an appropriation is to be reported out by Committee prior to May 15.

After May 15

Each Committee which receives an allocation of budget authority is then required to subdivide its allocation either by Subcommittees or by programs within its jurisdiction. (For fiscal year 1977, the Committee on Ways and Means allocated both on the basis of Subcommittees and programs. Allocation of budget authority was made on the basis of Subcommittees in the case of the Health, Social Security and Trade Subcommittees, but on the basis of programs in the case of programs within the jurisdiction of the separate Subcommittees on Public Assistance and Unemployment Compensation.)

D. Schedule of Activities After May 15 and Selected Rules Related to Requirements of the Budget Control Act.

Legislation providing new entitlement authority can be brought to the House floor only after May 15, or after the First Concurrent Resolution on the Budget for Fiscal Year 1978 has been enacted. Prior to May 15 such legislation would be subject to a point of order. This does not preclude a Committee from reporting out legislation prior to May 15. Legislation from a Committee that has not subdivided the allocation it received under the First Concurrent Resolution is also subject to a point of order in the House.

If legislation is reported out of the Full Committee containing new entitlement authority which exceeds the allocation (by Subcommittee or program) made by the Committee, the legislation would be referred to the Appropriations Committee. The Appropriations Committee would be instructed to report the legislation with its recommendation within 15 days. In reporting such legislation, the Appropriations Committee can include

an amendment limiting the total amount of new entitlement authority it provides. If the Appropriations Committee fails to report the legislation within 15 days, it is automatically discharged from further consideration of the legislation and the bill is placed on the appropriate calendar.

A point of order would lie against legislation brought to the House floor to create new entitlement authority which:

-- would be effective prior to the beginning of the fiscal year for which a fiscal concurrent resolution has been passed; i.e., October 1, 1978.

-- would begin in a fiscal year after fiscal year 1978.

Legislation that increases entitlement authority in future years by automatically triggered cost-of-living increases, with the initial triggering taking place during fiscal year 1978, would not be subject to a point of order.

The Committee on Ways and Means can request from the Rules Committee a waiver of points of order which would lie against legislation. The House Rules Committee in matters related to the requirements of the Budget Act have sought the recommendations of the House Budget Committee.

Action by Congress on regular appropriations and entitlement legislation is to be completed by seven days after Labor Day, which is September 12 in 1977.

E. Second Concurrent Resolution on the Budget for Fiscal Year 1978 and the Reconciliation Process

The Second Budget Resolution is to be adopted by September 15 and is to reaffirm or revise the provisions of the First Concurrent Resolution on the Budget. The Second Resolution can, to the extent necessary, direct the Committee on Ways and Means or other Committees of the House to report legislation to modify, for example, the amount of new entitlement authority provided in law for fiscal year 1978.

If only one Committee of the House is directed in the Second Resolution to report legislation to make recommended changes, it is reported directly to the House. If more than one Committee has been so directed, the respective Committees make their recommendations to the House Budget Committee, which in turn reports legislation to carry out the recommendations, but without any substantive changes in the legislation.

The Budget Act states that Congress is to complete action on reconciliation legislation not later than September 25.

After the Second Concurrent Resolution on the Budget is passed or, if needed, reconciliation legislation is passed, a point of order would lie against legislation brought to the House floor which would cause the appropriate level of total new budget authority or total budget outlays set forth in the most recently agreed to concurrent resolution on the budget for such fiscal year to be exceeded, or would cause revenues to be less than the appropriate level of revenues set forth in such concurrent resolution.

III. TITLE IV-B CHILD WELFARE SERVICES.

A. Ways and Means March 15th Budget Report Recommendations

The primary points in the Committee's recommendation related to changes in the Title IV-B child welfare services program are as follows:

1. Establish an entitlement program for child welfare services that would replace the current authorization/appropriation means of funding. (See definition of an entitlement program in Section II B on page 6.)

2. Increase the funding level from the current $56.5 million to the current full authorization for Title IV-B of $266 million.

3. Provide in legislation for increased accountability of the funds provided for child welfare services including:

-- insure that increases in Federal funds would not be used to substitute for current state and local expenditures for child welfare services.

-- insure that emphasis would be placed on preventive services, and alternatives to indefinite placement in foster care.

B. Description of the Child Welfare Program Authorized Under Title IV-B of the Social Security Act

Purpose and Description of Activities Authorized

Section 425 of the Social Security Act defines Child Welfare Services as follows: "the term 'child-welfare services' means public social services which supplement, or substitute for, parental care and supervision for the purpose of (1) preventing or remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provision of adequate care of children away from their homes in foster family homes or day-care or other child-care facilities."

Examples of Types of Services and Activities

-- For abused and neglected children:

. preventive services
. protective services
. foster care services (including foster care maintenance payments for children not eligible under AFDC foster care payment program.)

-- Adoption services
-- Services to courts, especially in matters relating to protective services
-- Day Care services
-- Homemaker services
-- Services to unmarried parents (mothers)
-- Services to runaway children

Other uses of funds under Title IV-B include State related research and demonstration projects, child welfare staff training, and administrative costs such as information systems related to child abuse reporting, etc.

Formula for Allocation of Funds to States

From the current appropriation level of $56.5 million, each state receives a uniform grant of $70,000 a year, plus an additional grant which varies directly with the number of children under age 21 and inversely with average per capita income. The Table on page 14 gives the state by state allocation of the fiscal year 1976 appropriation of $52.5 million and the fiscal year 1977 appropriation of $56.5 million.

Matching Requirements and Comparison of Federal and State Expenditures

Federal matching for a particular state is based on a formula related to the per capita income of the state compared to other states. In no case is the Federal matching less than 33 1/3% or more than 66 2/3%. However, the requirement for matching is nearly meaningless because state expenditures for child welfare services far exceed the matching requirements for Title IV-B.

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The following is an estimate by HEW of state & Federal shares of expenditures for child welfare services in recent years and projected for fiscal year 1978.

Year	Total Funds	Federal Funds	State Share
1971	$657.0 M.	$46.0 M.	$611.0 M.
1976	$752.5 M.	$52.5 M.	$700.0 M.
1977	$810.0 M.	$56.5 M.	$753.5 M.
1978	$870.0 M.	$56.5 M.	$813.5 M.

HEW Estimates of Federal and State Child Welfare Services Expenditures by Type of Service Related to Title IV-B*
Fiscal Year 1976

(In thousands)

	Total Funds	Federal Funds	State Share
Adoption	$ 14,370	$ 1,003	$ 13,367
Day Care	67,257	4,693	62,564
Foster Care	541,331	37,763	503,568
Protective Services	46,455	3,239	43,216
Other Child Welfare Services	83,145	5,802	77,343
Total	$752,558	$52,500	$700,058

*Since there is not a concise definition of what is a "child welfare service" these estimates should be seen only as a rough indication of the extent and nature of child welfare services related to the Title IV-B child welfare program.

C. Other Federally Assisted Programs Providing Child Welfare Services

Title XX of the Social Security Act

Approximately one half or $1.2 billion of the current Federal expenditures for social services under Title XX are for services which could meet the definition of child welfare services in Title IV-B.

One of the statutory goals of the Title XX social services program is to furnish services directed toward the goal of:

> "preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families."

Services provided by a state to accomplish this goal may be provided without regard to the income of the individual and family; thus, these services are similar in terms of eligibility and type of services to those provided under Title IV-B. Over $250 million are expected to be provided as non-means tested protective services for children under Title XX in fiscal year 1978.

Foster Care Maintenance Payments under Title IV-A of the Social Security Act

Section 408 of the Social Security Act provides Federal matching for foster care maintenance payments for eligible children as a component of the state's AFDC program. Eligibility is limited by the requirements that the child:

1. was either receiving AFDC, was eligible to receive AFDC, or lived with a relative who received or could have been eligible to receive AFDC within the previous six months; and

2. was removed from the home as a result of a judicial determination that continuance in the home would be contrary to his or her welfare for any reason.

Current Title IV-A foster care law requires that:

1. an individual service plan be developed for each child receiving services or assistance; and

2. that the need for and the appropriateness of the care and services provided to a child placed outside his home be reviewed not less frequently than every six months.

Allocation to States Under the Title IV-B Program

States	1976 Actual	1977 Estimate
Alabama	$ 1,095,825	$ 1,180,089
Alaska	145,691	154,230
Arizona	631,054	686,376
Arkansas	648,529	712,954
California	4,091,955	4,420,291
Colorado	654,331	699,752
Connecticut	600,429	634,935
Delaware	182,990	191,614
District of Columbia	176,753	184,564
Florida	1,790,153	1,955,009
Georgia	1,386,831	1,492,687
Guam	104,996	118,238
Hawaii	242,112	258,371
Idaho	298,391	322,254
Illinois	2,191,368	2,345,843
Indiana	1,332,903	1,414,892
Iowa	716,095	770,259
Kansas	552,261	587,103
Kentucky	985,895	1,068,569
Louisiana	1,200,530	1,287,954
Maine	352,258	378,764
Maryland	902,962	956,876
Massachusetts	1,238,768	1,328,601
Michigan	2,021,492	2,169,716
Minnesota	993,794	1,059,188
Mississippi	828,299	892,309
Missouri	1,155,053	1,230,106
Montana	258,385	276,073
Nebraska	417,585	444,627
Nevada	184,416	195,403

Allocation to States Under the Title IV-B Program

(continued)

States	1976 Actual	1977 Estimate
New Hampshire	$ 233,561	$ 282,704
New Jersey	1,357,979	1,438,211
New Mexico	426,021	459,706
New York	3,255,530	3,479,774
North Carolina	1,477,274	1,600,954
North Dakota	221,334	232,419
Ohio	2,469,370	2,654,867
Oklahoma	747,150	800,588
Oregon	587,388	628,487
Pennsylvania	2,552,237	2,729,585
Puerto Rico	1,339,738	1,505,158
Rhode Island	271,290	284,076
South Carolina	895,367	967,275
South Dakota	251,212	266,025
Tennessee	1,157,334	1,258,768
Texas	3,209,566	3,475,706
Utah	452,878	493,593
Vermont	200,241	209,004
Virgin Islands	105,435	112,530
Virginia	1,206,365	1,298,321
Washington	819,851	889,983
West Virginia	535,140	577,528
Wisconsin	1,178,139	1,265,928
Wyoming	160,226	171,163
Sub Total	52,492,730	56,500,000
Adjustments	+7,270	---
Total	$ 52,500,000	$ 56,500,000

1/ Each State receives a uniform grant of $70,000 and an additional grant which varies directly with child population under 21 and inversely with average per capita income.

IV. TITLE XX SOCIAL SERVICES PROGRAM

A. Ways and Means March 15th Budget Report Recommendations

The Committee recommended that the Title XX ceiling not revert to $2.5 billion in fiscal year 1978, which would be the case if the current one year $200 million increase for child day care services under Title XX is allowed to expire on September 30, 1977.

The one year $200 million increase for fiscal year 1977 was enacted as part of P.L. 94-401 (Section 3(b)). P.L. 94-401 also contained a number of other changes in Title XX which expire on September 30, 1977 related to how Title XX funds may be used. These provisions which expire are explained on pages 20 and 21.

While accepting President Carter's recommendation that the Title XX ceiling not revert to $2.5 billion in fiscal year 1978, the Committee deferred any decision as to whether the continuation of the $200 million increase would be another temporary one year increase or a permanent increase in the ceiling. It also deferred any decision on whether this money would be earmarked for any special purpose or whether to subject this money to matching requirements by the States.

The Committee also recommended that a separate $16 million Title XX entitlement program be established for Puerto Rico, Guam and the Virgin Islands instead of relying on reallotment to these jurisdictions of funds not used by the States. The House Budget Committee rejected this recommendation.

B. Summary of the Title XX Social Services Program

1. Goals for Services

a. Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency.

b. Achieving or maintaining self-sufficiency, including reduction or prevention of dependency.

c. Preventing or remedying neglect, abuse or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families.

d. Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care.

e. Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

2. Funding

a. $2.5 billion Federal ceiling plus $200 million for child care in fiscal year 1977.

b. Allocation of Federal funds to the states based on population. (See Table on page 23 and 24 for allocation of funds for fiscal year 1977.

c. Federal matching: 75% for all services except 90% for family planning services, and 100% for $200 million for child day care services in fiscal year 1977.

d. Personnel training at a 75% matching rate and outside the $2.5 billion ceiling.

e. Donated private funds may be used for matching purposes if transferred to state control.

3. Required and Allowable Services (See chart on page 22)

a. Require at least one service (state selected) directed at each of the five goals.

b. Require at least three services (state selected) for SSI recipients.

c. Family planning services are required for AFDC recipients, but do not have to be provided with Title XX funds.

d. Other Social Services at the State's option which meet the statutory goals of Title XX and are described in the State's Services Plan and not specifically prohibited as an ineligible expenditure (See Section 5 on the next page.)

4. Eligibility for Services

a. Information and referral services, family planning services, and services to meet the goal of preventing or remedying neglect, abuse or exploitation of children or adults may be provided without regard to income.

b. An amount equal to 50% of Federal expenditures in a state must be for individuals and families who are welfare recipients (AFDC, Medicaid, SSI, and State supplement only SSI recipients).

c. Services may be available to those whose incomes fall within selected state limits but do not exceed 115% of a state's median income.

d. Persons with incomes above 80% but below 115% must be charged a reasonable fee for services. Fees may be imposed on those with incomes below 80%.

e. Services may be provided on a group eligibility basis if substantially all the members of the group who receive the particular service are members of families with monthly gross incomes of not more than 90% of the state's median income, adjusted for family size.

5. Ineligible Expenditures

a. Medical care including that available under Medicaid. (If medical care is an integral but subordinate part of a social service it is allowed.) An exception is in the case of family planning services and short term medical services to alcoholics and drug addicts.

b. Construction and capital improvements costs.

c. Room and board. (Room and board services costs are allowed if they are an integral but subordinate part of a social service and provided for less than six months. Emergency shelter care for children for up to 30 days in a six month period can be provided if it is part of a protective service for abused or neglected children.)

d. Educational services generally available through public schools.

e. Expenditures which could be made under Medicare.

f. Hospital, nursing home and foster home care under most circumstances. (Special payments to foster home families to meet the needs of children with special needs are allowed.)

g. Cash payments as a service.

6. Program Planning Requirements

States must submit a Services plan for public review 90 days before the beginning of the service program year and

allow 45 days for public comment before publishing the final plan. The plan must include:

a. Program objectives.

b. Services to be provided and relationship to objectives and goals.

c. Geographic areas for service and amount and kind of service in area.

d. Categories of individuals served.

e. Description of Title XX planning, evaluation and reporting activities.

f. Sources of program resources.

g. Description of organizational structure including use of provider agencies, public, private and voluntary.

h. Description of coordination with AFDC, SSI, Child Welfare Services and other service programs.

i. Estimated expenditures by service, categories and geographic areas served.

j. Description of steps taken to assure that needs of all residents were considered in plan development.

C. Other Provisions in Title XX Which Expire September 30, 1977

While the only issue mentioned in the Budget Report was the expiration of the $200 million funds for child day care, the following provisions as enacted in P.L. 94-401 will also expire on September 30, 1977:

Social Services--Title XX Grants--Grants to Hire Welfare Recipients for Day Care Services

Expiration of authority for states to use up to their allocation share from $200 million of Title XX funds, at 100% Federal matching, for grants to child day care providers to hire welfare recipients. (Section (c) of P.L. 94-401)

Social Services--Title XX--100% Federal Matching for Child Day Care

Expiration of 100% Federal matching to states for their allocation share of $200 million of child day care costs under Title XX. (Section 3(d) of P.L. 94-401)

*Social Services--Title XX--Federal Day Care Standards Moratorium

Expiration of the law which delays required implementation by states of staffing standards under Federal Interagency Day Care requirements. Until October 1, 1977 states cannot require less stringent staffing standards in a day care facility requiring Title XX funds than the more stringent of either state law or the staffing in the facility as of September 15, 1975. (Section 7(a)(3) of P.L. 93-647 as amended by Section 2 of P.L. 94-401)

*Social Services--Title XX--States Authority to Waive Day Care Standards

Expiration of authority for states to waive Federal staffing standards in cases where a small number or percentage of children in a center are Title XX funded. (Section 2002(a)(9)(A)(ii) of the Social Security Act and Section 5(b) of P.L. 94-401)

*Social Services--Title XX--Standards for Family Day Care Homes

Expiration of modifications in Federal staffing standards in cases of family day care homes. (Section 2002(a)(9)(A)(ii) of the Social Security Act and Section 5(b) of P.L. 94-401)

Social Services--Title XX--Services for Alcoholics and Drug Addicts

Expiration of authority to use social services funds for medical services beyond that normally allowed under Title XX during detoxification of alcoholics and drug addicts. (Section 4(c) of P.L. 94-120 as modified by Section 6 of P.L. 94-401)

Welfare Recipient Day Care Employment Tax Credit

Expiration of authority for tax credit to employers under the Federal Welfare Recipient Employment Incentive Program in the case of child day care employment. (Section 50A(a) of the Internal Revenue Code of 1954 as amended by Section 4 of P.L. 94-401)

*Current law (without an expiration date) provides that the Secretary of Health, Education and Welfare, effective October 1, 1977, may modify the Federal standards for child day care funded through Title XX. Thus, for example, the Secretary of Health, Education and Welfare could continue by regulations, those provisions indicated above related to child day care standards which expire on October 1, 1977.

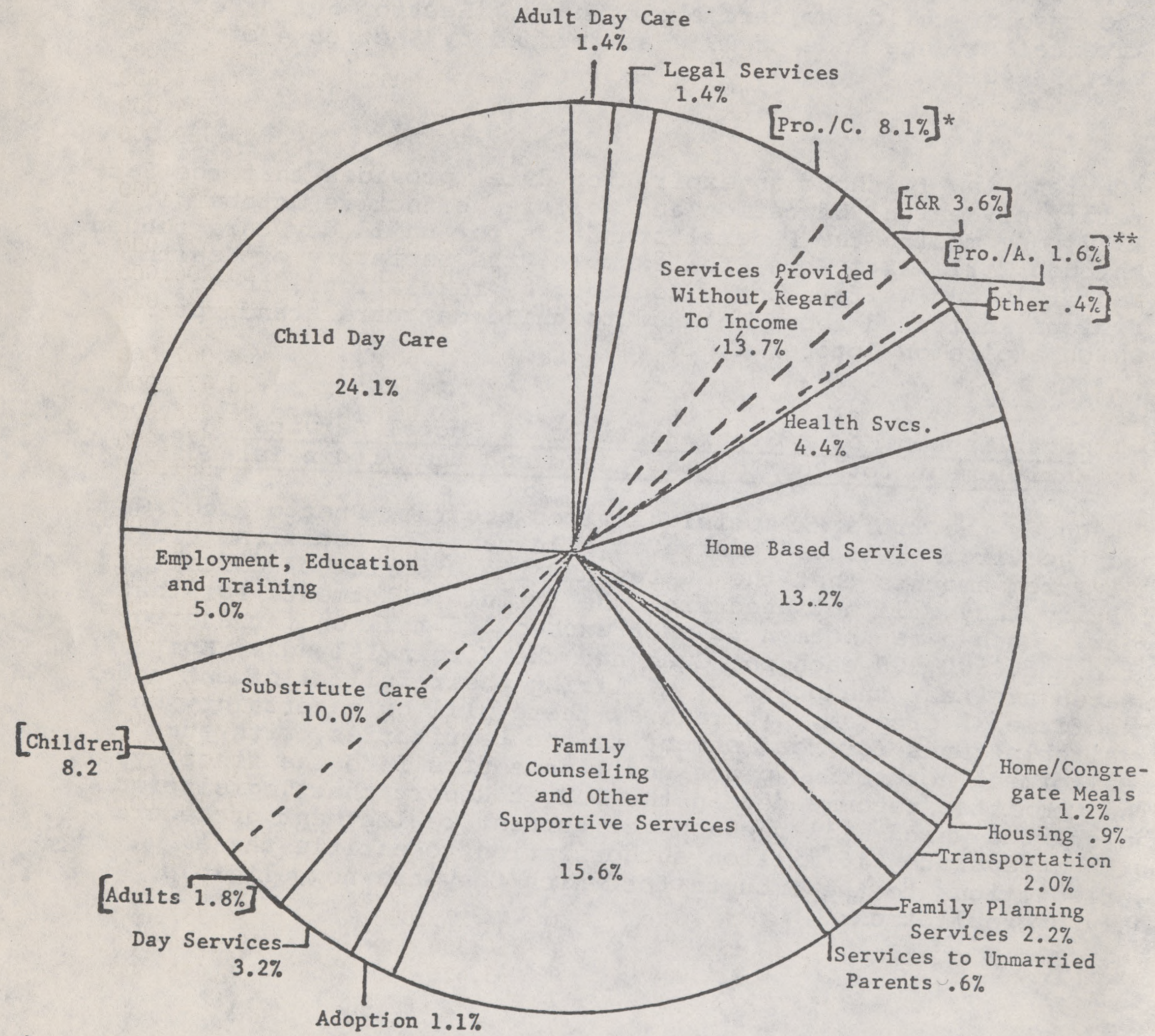
D. Establishment of a Separate Title XX Social Services Entitlement for Puerto Rico, Guam and the Virgin Islands

Under the Title XX social services program, Puerto Rico, Guam and the Virgin Islands receive an allotment for social services only from amounts that the States and the District of Columbia certify they will not need from the formula allotments for that year. Such a reallotment cannot exceed $15 million for Puerto Rico and $500,000 each for Guam and the Virgin Islands. Most states are near the point of utilizing their full allotment under the Title XX program. Therefore, there will be uncertainty on available funds for reallotment to the territories, with such reallotment not taking place until some time into the fiscal year. The Committee recommended in the Budget Report that legislation be enacted which will replace the current reallotment procedure with a separate $16 million authorization to entitle these jurisdictions to the amounts for which they are now eligible only by reallotment.

ESTIMATED TITLE XX EXPENDITURES

AS A PERCENT OF THE TOTAL BUDGET

This chart is based, for the most part, on data available in the FY 77 Final CASP plans. Please remember that these are <u>estimates</u> for Title XX social services and are not <u>actual</u> expenditures.



*Protective Services/Children
**Protective Services/Adults

Title XX Social Services Allotment to States

	PL 94-401 (Child Day Care FY 1977)	Fiscal Year 1977	Combined Total FY 1977
TOTAL	200,000,000	2,500,000,000	2,700,000,000
Alabama	3,384,000	42,300,000	45,684,000
Alaska	318,000	3,975,000	4,293,000
Arizona	2,036,000	25,450,000	27,486,000
Arkansas	1,950,000	24,375,000	26,325,000
California	19,780,000	247,250,000	267,030,000
Colorado	2,362,000	29,525,000	31,887,000
Connecticut	2,922,000	36,525,000	39,447,000
Delaware	542,000	6,775,000	7,317,000
Dist. of Columbia	684,000	8,550,000	9,234,000
Florida	7,654,000	95,675,000	103,329,000
Georgia	4,618,000	57,725,000	62,343,000
Guam	-	-	-
Hawaii	802,000	10,025,000	10,827,000
Idaho	756,000	9,450,000	10,206,000
Illinois	10,532,000	131,650,000	142,182,000
Indiana	5,042,000	63,025,000	68,067,000
Iowa	2,702,000	33,775,000	36,477,000
Kansas	2,148,000	26,850,000	28,998,000
Kentucky	3,176,000	39,700,000	42,876,000
Louisiana	3,562,000	44,525,000	48,087,000
Maine	990,000	12,375,000	13,365,000
Maryland	3,874,000	48,425,000	52,299,000
Massachusetts	5,488,000	68,600,000	74,088,000
Michigan	8,606,000	107,575,000	116,181,000
Minnesota	3,706,000	46,325,000	50,031,000
Mississippi	2,198,000	27,475,000	29,673,000
Missouri	4,520,000	56,500,000	61,020,000
Montana	696,000	8,700,000	9,396,000
Nebraska	1,460,000	18,250,000	19,710,000
Nevada	542,000	6,775,000	7,317,000
New Hampshire	764,000	9,550,000	10,314,000
New Jersey	6,936,000	86,700,000	93,636,000
New Mexico	1,062,000	13,275,000	14,337,000
New York	17,136,000	214,200,000	231,336,000
North Carolina	5,074,000	63,425,000	68,499,000

	PL 94-401 (Child Day Care FY 1977)	Fiscal Year 1977	Combined Total FY 1977
North Dakota	602,000	7,525,000	8,127,000
Ohio	10,158,000	126,975,000	137,133,000
Oklahoma	2,564,000	32,050,000	34,614,000
Oregon	2,144,000	26,800,000	28,944,000
Pennsylvania	11,198,000	139,975,000	151,173,000
Puerto Rico	-	-	-
Rhode Island	886,000	11,075,000	11,961,000
South Carolina	2,634,000	32,925,000	35,559,000
South Dakota	646,000	8,075,000	8,721,000
Tennessee	3,906,000	48,825,000	52,731,000
Texas	11,400,000	142,500,000	153,900,000
Utah	1,110,000	13,875,000	14,985,000
Vermont	444,000	5,550,000	5,994,000
Virgin Islands	-	-	-
Virginia	4,644,000	58,050,000	62,694,000
Washington	3,288,000	41,100,000	44,388,000
West Virginia	1,694,000	21,175,000	22,869,000
Wisconsin	4,320,000	54,000,000	58,320,000
Wyoming	340,000	4,250,000	4,590,000

V. SUPPLEMENTAL SECURITY INCOME ISSUES

A. Ways and Means March 15 Budget Report Recommendations

The Committee on Ways and Means included in its March 15 report to the House Budget Committee the following items related to the SSI program.

The Committee recommended:

1. The extension of the SSI program to Puerto Rico, Guam and the Virgin Islands effective October 1, 1978.

2. The need for Congress to extend the current situation beyond June 30, 1977 regarding the eligibility of SSI recipients for food stamps to prevent from going into effect a very complex procedure for determining eligibility for food stamps, which is generally seen as administratively unworkable.

B. Extension of SSI to Puerto Rico, Guam and the Virgin Islands

U. S. citizens living in Puerto Rico and the territories are not eligible to receive benefits under SSI. Benefits are administered by these jurisdictions under the programs of aid to the aged, blind and disabled which, prior to SSI, authorized matching funds for states programs of assistance to such individuals. Largely because of the ceiling on Federal matching funds, benefits are relatively low and coverage is limited.

A Federal District Court recently decided that the denial of SSI to a citizen of the United States who had traveled from a state where he was a SSI recipient to Puerto Rico was unconstitutional. This decision conceivably could lead to a Supreme Court opinion declaring the denial of SSI benefits to the U. S. citizens living in Puerto Rico, Guam and the Virgin Islands as unconstitutional.

The House has agreed on two separate occasions to extend SSI to Puerto Rico, Guam and the Virgin Islands: once in the House-passed version of H.R. 1, which established the SSI program, and more recently in the SSI bill (H.R. 8911) passed by the House last year. In both instances, the Senate refused to accept the provision.

The Federal SSI benefit level for residents of Puerto Rico, Guam and the Virgin Islands would be adjusted to relate to the per capita income of each jurisdiction. Under the legislation as it passed the House in 1976 and which was the basis of the cost estimate for this item in the Ways and Means Committee's Budget Report, the Federal SSI benefit levels would be adjusted so that they bear the same ratio to the benefit rates in SSI in the States as the per capita income in each territory bears to that state with the lowest per capita income.

The following compares the current Federal SSI benefit levels in the States and the District of Columbia to the benefit levels that would result from such legislation for Puerto Rico, Guam and the Virgin Islands:

	Projected SSI Federal Benefit Levels Oct. 1, 1977	
	Individual	Couple
50 States and the District of Columbia	$177.80	$266.70
Puerto Rico	$102.40	$153.60
Guam	$160.00	$240.00
Virgin Islands	$177.80	$266.70

At the present time an adult aged, blind or disabled individual receives $52.00 a month in the Virgin Islands and $21.50 a month in Puerto Rico.

C. Legislation Concerning the Eligibility of Aliens for SSI Benefits.

Description of Bills

The following two bills set a residence requirement which must be met before an alien can receive SSI benefits:

H.R. 5093 provides than an alien may not be paid SSI benefits unless he not only is a permanent resident of the U. S., but has also continuously resided in the U. S. for at least one year.

H.R. 4139 provides that SSI benefits shall be payable to a resident alien only if he has continuously resided in the U. S. for at least five years.

The following bill requires citizenship before a person is eligible for such benefits:

H.R. 4138 provides that SSI benefits shall be payable only to aged, blind or disabled individuals who are both citizens and residents of the United States.

These bills represent an effort to deal with recent complaints about aliens who receive SSI benefits within a short time after arrival in the U. S.

Current Statute and Regulations

In order to be eligible for SSI, an individual must be aged (65 years of age or older), blind or disabled (must meet definite criteria of disability). In addition that person must be a resident of the United States and be either a citizen or an "alien lawfully admitted for permanent residence in the United States." 1614(a)(1)(B) In addition, in order to be eligible to receive such benefits, that individual must reside in the United States for a period of thiry consecutive days. (1611(f))

The regulations governing AFDC and medicaid state that an alien must be a permanent resident of the United States and meet the criteria of eligibility. The wording for alien eligibility is the same in all three programs. Eligibility is restricted to a citizen or "an alien lawfully admitted for permanent residence or otherwise permanently residing in the United States under color of law including any alien who is lawfully present in the United States as a result of the application of the provisions

of Section 203(a)(7) or Section 212(d)(5) of the Immigration and Nationality Act." However, the requirement of permanent residence is regulatory not statutory in the AFDC and medicaid programs. The requirement appears in the regulations for the AFDC program at 45 CFR 233.50 (October 1974) and for the medical assistance program at 45 CFR 248.50 (October 1974).

Factors Influencing the Promulgation of Current Regulations

Two factors influenced the promulgation of current regulations: the first was a U.S. Supreme Court decision on June 14, 1971, Graham v Richardson (403 U.S. 265); and the second was the enactment of the Supplemental Security Income program in 1972. The law establishing the program contained a provision allowing resident alien participation in SSI if otherwise determined eligible.

The case of Graham v Richardson addressed itself to State statutes which deny welfare benefits to resident aliens or aliens who have not resided in the United States for a specified number of years. The Supreme Court held that such statutes are violative of the Equal Protection Clause of the Constitution and "encroach upon the exclusive Federal power over the entrance and residence of aliens."

Related Federal Immigration Law and Practices

The Immigration and Nationality Act provides for the denying of admittance of aliens into the United States who:

"...in the opinion of the consular officer at the time of application for a visa, or in the opinion of the Attorney General at the time of application for admission, are likely at any time to become public charges..."

The following is a letter to Congressman John Moss on this matter from the Commissioner of the Immigration and Naturalization Service:

UNITED STATES DEPARTMENT OF JUSTICE
Immigration and Naturalization Service
Washington, D. C. 20536

Office of the Commissioner

March 11, 1977

Dear Mr. Moss:

Reference is made to your recent letter with enclosures, including a copy of a newsclipping, concerning affidavits of support for prospective immigrants and the receipt of public assistance by aliens shortly after their arrival in the United States.

Affidavits of support are frequently required by American consuls abroad in conjunction with applications for immigrant visas to establish that the alien applicant is not likely to become a public charge in the United States. Affidavits of support may be given consideration by the consular officer as one form of evidence that the alien will not become a public charge where the alien does not, or will not, have in the United States funds of his own sufficient to provide for his support, or the alien does not have employment which will provide an adequate income.

An affidavit of support requires on the part of the affiant an affirmation of willingness and ability to receive, maintain, and support the alien in question and of readiness and willingness to deposit a bond, if necessary, with this Service to guarantee that the alien will not become a public charge during his or her stay in the United States. The affiant must establish that he is financially capable of providing the support offered.

Neither the law nor the regulations require affidavits of support to establish that an alien is not likely to become a public charge. No statutory liability attaches to an affidavit of support under the immigration laws. Some State courts have concluded that such an affidavit constitutes only a moral, and not a legal, obligation.

With regard to the newsclipping reference to absence from the United States of permanent residents, an alien lawfully admitted for permanent residence who departs this country may be readmitted to the United States as a returning resident immigrant without the presentation of an immigrant visa, if he is returning to an unrelinquished lawful permanent residence in this country, if he is returning from a temporary absence abroad, and if he is otherwise admissible. It has been both administratively and judicially held that to establish

that an absence abroad was temporary, the alien must show that at the time he departed he had a fixed intent to return to the United States within a specific period of time.

Admissibility of a permanent resident alien following an absence can be determined only at the time of application for readmission upon consideration of all the factors involved, including the temporary nature of the absence and whether the alien is returning to an unrelinquished permanent residence in this country. The burden is upon the applicant to establish his admissibility.

Permanent resident status implies a permanent residence in the United States; it may not be utilized as a matter of convenience for the purpose of visiting the United States and obtaining benefits to which not otherwise entitled while maintaining a residence abroad.

Insofar as the enclosure to your letter pertains to Supplemental Security Income, that is not a matter within the purview of this Service. In an effort to be of assistance, I have taken the liberty of forwarding a copy of your letter and its enclosures to the Administrator of the Social Security Administration, Department of Health, Education and Welfare, for his consideration and further response to you.

Sincerely,

/s/ L.F. Chapman Jr.

L. F. Chapman, Jr.
Commissioner

Honorable John E. Moss
House of Representatives
Washington, D. C. 20515

Efforts to Tighten up the Enforceability of Letters of Support

The State Department is now working on a regulation which would make the commitment of the sponsor to support the alien enforceable.

Issue of Constitutionality

A recent U. S. Supreme Court decision may be instructive in evaluating the proposed legislation related to SSI for aliens.

In 1976, a new Supreme Court case, Matthews v Diaz (426 U.S. 67) was decided which has great impact on whether aliens can be denied public assistance because of certain factors. The Supreme Court upheld a requirement that aliens must be admitted for permanent residence to the United States and reside here for at least five years before they can qualify for enrollment in the Medicare insurance program.

The court reasoned that such a classification did not violate the due process clause of the fifth amendment. The court stated that Congress has the power to make rules concerning aliens which would be "unacceptable if applied to citizens." In addition "Congress has no duty to provide all aliens with the welfare benefits provided to citizens."

The case distinguishes Graham v Richardson which held that state statutes that deny welfare benefits to resident aliens who do not meet a durational residence requirement violate the Equal Protection Clause of the 14th Amendment and encroach upon the exclusive Federal power over the entrance and residence of aliens.

Matthews v Diaz held that "it is the business of the political branches of the Federal government rather than that of either the states or the Federal judiciary to regulate the conditions of entry and residence of aliens." The equal protection analysis in the Graham case "involves significantly different considerations because it concerns the relationship between aliens and the states rather than between aliens and the Federal government."

Estimates of Aliens Who End Up As Public Charges

Based on a sample study of 2,600 cases of new recipients of SSI benefits from January 1975-June 1976, approximately 4.7% were aliens.

D. Summary of Amendments from SSI Bill (H.R. 8911 Passed by the House in 1976 But Not Acted on by the Senate--Introduced as SSI Amendments of 1977: H.R. 6124

Section 2--*Attribution of Parents Income and Resources to Children

Makes uniform the SSI eligibility for blind or disabled individuals aged 18-21, regardless of student status.

Section 3--Outreach Program

Requires the Department of Health, Education and Welfare to conduct an outreach program for individuals potentially eligible for SSI. HEW is to report on the program's success in six months.

Section 4--*Modification of Requirements for Third Party Payee

Allows for direct payments of SSI benefits to drug addicts or alcoholics upon certification of a medical officer that such a payment procedure has significant therapeutic value for the individual with little risk of misuse.

Section 5--*Continuation of Benefits for Individuals Hospitalized Outside the U.S. in Certain Cases

Provides that SSI recipients not lose eligibility when absent from the U.S. in order to obtain inpatient hospital services.

Section 6--*Exclusion of Certain Gifts and Inheritances from Income

Permits the Secretary of the Department of Health, Education and Welfare to issue regulations which provide that non-liquid gifts and inheritances can be considered resources rather than income in determining eligibility.

Section 7--*Increased Payments for Presumptively Eligible Individuals

Merges the $100 emergency payments and the presumptive eligibility authorization to provide an individual with the upper limit of the benefit.

Section 8--Emergency Replacement of Benefit Payments

Provides for emergency replacement of lost, stolen or undelivered checks through Federal reimbursement to the state agency which issues the emergency check.

Section 9--*Termination of Mandatory Minimum State Supplementation in Certain Cases

Eliminates the mandatory minimum supplementation of SSI benefits for recipients who received assistance under Federal-state programs in December 1973, where it is no longer beneficial to the recipient.

Section 10--*Monthly Computation for Determination of SSI Benefits

Provides that benefits be determined using monthly computation instead of quarterly method.

Section 11--*Eligibility of Individuals in Certain Medical Institutions

Provides that an institutionalized individual would continue to receive his full SSI benefits for a period of at least three months before such benefit is reduced due to Medicaid benefits. After the third month, the SSI grant would be reduced to $25, which is currently the case after one month.

Section 12--Exclusion of Income of Certain Assistance Based on Need

Eliminates any deduction from SSI resulting from assistance provided an individual based on need furnished by a private charitable entity.

Section 13--Exclusion of Certain Asssitance Payments from Income

The Housing Amendments of 1976 provide that subsidies under the Act shall not be counted as income for determining the amount of SSI benefits effective October 1, 1976. This amendment would cancel any overpayments attributable under such subsidies prior to October 1, 1976.

*Amendments which have been cited by the Social Security Administration to improve the administrative efficiency of the SSI program.

E. Eligibility of SSI Recipients for Food Stamps

President Carter's budget does not mention a provision of law which expires on June 30 which will result in changes in the conditions related to the eligibility of SSI recipients for food stamps. In 1976 when this issue was dealt with on an emergency basis it was anticipated that a major food stamp reform bill would be enacted in 1976, thus permanently resolving this issue.

If there is no further action by the Congress, effective July 1, each SSI recipient would have his food stamp benefit calculated by a very complex procedure which is generally seen as being administratively unworkable or at the least very expensive to administer. The individual eligibility determination would have to be made on the basis of whether current income is larger or smaller than that received or would have been received in December 1973.

This issue is also mentioned in the House Agriculture Committee's March 15th Report to the Budget Committee. If the House Agriculture Committee does not act on this matter, the Ways and Means Committee will need to act to decide whether or not to continue the current requirements related to eligibility of SSI recipients for food stamps.

VI. AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC) ISSUES

A. Ways and Means March 15 Budget Report Recommendations

The Committee on Ways and Means included in their March 15 Report to the House Budget Committee, the following items related to the Aid to Families with Dependent Children (AFDC) program:

1. The Committee included the President's recommendation to reduce AFDC expenditures by standardizing the work related expenses disregard provisions.

2. The Committee recommended elimination of the current statutory ceiling on Federal funding for the AFDC program in Puerto Rico, Guam and the Virgin Islands.

B. Administration's Recommendation to Standardize the AFDC Work-Related Expenses Income Disregards

The President's budget for fiscal year 1978 contained a $50 million reduction in Federal expenditures for the Aid to Families with Dependent Children (AFDC) program by standardizing the disregard for work-related expenses. The Committee has not yet received the details of the Administration's proposal.

This $50 million reduction in AFDC expenditures proposed by the President was included in the Ways and Means March 15th report to the Budget Committee. In making this recommendation the Committee recognized that the Subcommittee on Public Assistance considered proposals to standardize the AFDC work expense disregard during the 94th Congress but was unable to reach agreement.

Currently, applicants for and recipients of AFDC are allowed to deduct those expenses which are reasonably attributable to employment from their earnings when determining eligibility for and the amount of their AFDC grant. Under present law, $30 is also subtracted (in the case of those applicants found eligible) from gross monthly earnings plus one-third of additional earnings. Each state defines what it considers to be legitimate work-related expenses. Consequently, the type and amount of work expenses vary from state to state. The remaining monthly earnings, after the disregards, are compared against the grant level of the state to determine the amount of AFDC benefit.

C. Elimination of the Ceiling on Federal Funding for the AFDC Program in Puerto Rico, Guam and the Virgin Islands

The Aid to Families with Dependent Children (AFDC) program exists in Puerto Rico, Guam and the Virgin Islands, but current law denies those jurisdictions coverage under the same terms as provided to the fifty states. Section 1108 of the Social Security Act imposes absolute ceilings on Federal financial participation for all income maintenance programs in those jurisdictions. Since 1972 the income maintenance ceilings have been $24 million per year in Puerto Rico, $1.1 million in Guam, and $0.8 million in the Virgin Islands. These ceilings represent not only the amount of Federal funds available for costs of administration and benefit payments involved in the AFDC program, but also for cash assistance programs for the aged, blind, and disabled.

The fifty states, by contrast, have no ceilings on Federal financial participation for either benefit payments or the administrative costs of AFDC. A report recently issued by the Under-Secretary's Advisory Group on Puerto Rico, Guam and the Virgin Islands stated that the Federal share of the average monthly AFDC grant in Puerto Rico is $4.78 as compared to a U.S. average of $39. (Based on November 1975 data.)

In order to provide equal treatment of U. S. citizens residing on the mainland and in Puerto Rico, Guam and the Virgin Islands, the Committee on Ways and Means recommended the elimination of the ceilings on Federal financial participation for AFDC in those jurisdictions.

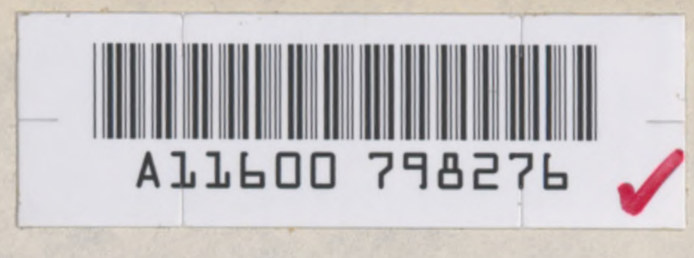
D. Expiration of Federal Reimbursement for Child Support Enforcement for Non-Welfare Recipients - June 30, 1977

Public Law 93-647, passed January 4, 1975, required each state to implement a child support enforcement program for the purpose of establishing paternity, locating deserting parents, and collecting child support payments for families on welfare and those not on welfare who request the service. One of the primary goals of the program was to reduce welfare costs by obtaining financial support for dependent children on the welfare rolls. One reason for offering the service to non-welfare individuals upon request was to help prevent future reliance on welfare. The program was also envisioned as a method of deterring fathers from deserting their families.

To cover the costs of the program, 75 percent Federal matching was provided for support and enforcement services to both welfare and non-welfare individuals, but only for one year (until June 30, 1976) for non-welfare individuals. It was intended that after one year the cost of services to non-welfare individuals would be taken over by the states. Under Federal law, states may charge non-welfare individuals an application fee and may also recover costs in excess of the application fee from the amount of the support payment. Three-fourths of the states currently charge such a fee.

Public Law 94-365, enacted July 14, 1976, extended the 75 percent Federal matching for child support services to non-welfare individuals until June 30, 1977. The American Public Welfare Association, the American Bar Association, and several District Attorneys favored the extension for an additional year to give states adequate time to develop the program and begin collecting sufficient fees for the program to be self-supporting.

The President's fiscal year 1978 budget assumes the expiration on June 30, 1977 of Federal funding for child support services to non-welfare individuals, and the Committee did not recommend an extension. States will still be required to continue a program of child support services to non-welfare individuals. HEW estimates that a one-year extension would cost an estimated $22.5 million in fiscal year 1978.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