

Background Material and Data on  
Major Federal Expenditure  
Programs Under the  
Jurisdiction of the Senate  
Committee on Finance

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PREPARED BY THE STAFF FOR THE USE OF THE  
COMMITTEE ON FINANCE  
UNITED STATES SENATE  
ROBERT J. DOLE, *Chairman*



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## SECTION 1

### BUDGET AUTHORITY AND OUTLAYS

#### SUMMARY TABLES

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- Table 2. Major entitlement and authorization programs under the jurisdiction of the Senate Finance Committee.
- Table 3. Other programs under jurisdiction of the Senate Finance Committee.
- Table 4. Selected other budget accounts under the jurisdiction of the Senate Finance Committee.
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TABLE 1.—Major direct spending programs under jurisdiction of the Senate Finance Committee

[In millions of dollars]

Program (budget account No.), function and classification	Fiscal year 1970		Fiscal year 1975		Fiscal year 1980		Fiscal year 1981	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Old-age and survivors insurance, income security, entitlement.....	31,746	27,320	58,756	56,676	100,051	<sup>1</sup> 103,227	120,935	<sup>1</sup> 122,021
Disability insurance, income security, entitlement.....	4,380	2,954	7,920	7,982	17,388	15,332	13,116	17,414
Medicare part A, hospital insurance, health, entitlement.....	5,614	4,953	12,568	10,612	25,415	24,288	32,785	27,735
Medicare part B, medical insurance, health, appropriated entitlement.....	1,876	2,196	4,336	4,170	10,275	10,746	12,389	13,017
Unemployment insurance trust fund, income security entitlement.....	4,078	3,555	7,676	12,710	15,262	<sup>2</sup> 15,487	<sup>4</sup> 18,036	<sup>1</sup> 21,217
Revenue sharing, general purpose fiscal assistance, entitlement.....	( <sup>6</sup> )	( <sup>6</sup> )	6,205	6,138	6,828	6,828	4,570	5,156
Earned income tax credit, income security, entitlement.....	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	( <sup>6</sup> )	1,275	1,275	1,203	1,203
Pension Benefit Guaranty Corporation, income security, revolving fund.....	( <sup>6</sup> )	( <sup>6</sup> )	0	-34	0	-27	0	-38
Interest on public debt, interest, entitlement..	14,400	14,400	32,655	32,655	74,860	74,860	90,600	90,600

<sup>1</sup> Includes \$2,462,000,000 under jurisdiction of the Education/HHS/Labor Subcommittees of the Appropriations Committees.

<sup>2</sup> Includes \$3,243,000,000 (1981 dollars) under jurisdiction of above subcommittees (named in footnote 1).

<sup>3</sup> Includes \$1,117,000,000 under jurisdiction of above subcommittees.

<sup>4</sup> Includes \$31,000,000 (1981 dollars) in budget authority under jurisdiction of above subcommittees.

<sup>5</sup> Includes \$1,358,000,000 (1981 dollars) in outlays under jurisdiction of above subcommittees.

<sup>6</sup> Not in existence.



**TABLE 2.—Major entitlement and authorization programs under jurisdiction of the Senate Finance Committee**

[In millions of current dollars]

Program (budget account No.), function and classification	Fiscal year 1970		Fiscal year 1975		Fiscal year 1980		Fiscal year 1981	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Medicaid, health, appropriated entitlement . . .	2,595	2,727	6,996	6,840	14,445	13,957	16,482	17,265
Payments to health care trust funds for benefits not funded by payroll taxes, health, appropriation . . . . .	(1)	(1)	(1)	(1)	7,868	7,968	9,568	9,568
AFDC, income security, appropriated entitlement . . . . .	(1)	2,163	(1)	5,139	7,709	7,308	7,705	7,817
SSI, income security, appropriated entitlement . . . . .	(1)	1,894	4,857	4,779	6,468	6,412	7,243	7,270
Social services (including child welfare and training), education, training, employment and social services (ETESS), appropriated entitlement . . . . .	(1)	554	(1)	2,064	2,763	2,889	3,136	2,562

Unemployment insurance for Federal workers, income security, appropriated entitlement . . .	188	184	2,365	749	1,250	1,305	2,940	2,984
Advances to U.I. trust and other funds, <sup>1</sup> income security, appropriated entitlement . . .	( <sup>1</sup> )	( <sup>1</sup> )	5,750	785	1,260	1,260	2,052	2,052
Low-income energy aid, income security, appropriation . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>1</sup> )	<sup>3</sup> 1,200	1,850	1,850
Black lung disability trust fund, income security, appropriations . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	860	808	740	792
Payments to OASDI trust funds for benefits not funded by payroll taxes, income security, appropriation . . . . .	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	677	675	672	672
Unemployment trust fund—training and employment, ETESS, appropriated entitlement . .	( <sup>1</sup> )	( <sup>1</sup> )	439	501	758	<sup>4</sup> 731	<sup>4</sup> 820	<sup>4</sup> 801
Funds for repayable advances to black lung disability trust fund, income security, appropriations . . . . .	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	481	536	453	517
Work incentive program (WIN), ETESS, authorization program . . . . .	102	87	210	314	365	395	365	365
Maternal and Child Health Services. <sup>7</sup> Health, authorization program . . . . .	275	184	350	278	400	371	400	357

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<sup>1</sup> Not readily available.

<sup>2</sup> For predecessor program.

<sup>3</sup> Not in existence.

<sup>4</sup> These accounts include a portion of trade adjustment assistance funds, as does the U.I. trust fund (table 1).

<sup>5</sup> Outlays are under the jurisdiction of the Labor/HHS/Education Appropriations Subcommittees.

<sup>6</sup> Minus \$31,000,000 in budget authority under jurisdiction of appropriations committees.

<sup>7</sup> Includes crippled children's services.

**TABLE 3.—Other programs <sup>1</sup> under jurisdiction of the Senate Finance Committee**

[In millions of dollars]

Program (budget account No.), function and classification	Fiscal year 1970		Fiscal year 1975		Fiscal year 1980		Fiscal year 1981	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
Interest on IRS collections, interest, appropriation (permanent).....	113	113	236	236	502	502	708	708
IRS collections for Puerto Rico (taxes on articles produced in Puerto Rico and used there or in United States, general purpose fiscal assistance, entitlement).....	80	85	112	122	228	217	225	225

<b>Funds deposited from sale of abandoned and seized merchandise, general government, trust funds, public enterprise funds, special funds.....</b>	(?)	(?)	(?)	(?)	4.3	2.2	7	7
<b>Payments of State share of child support collected by IRS, income security, entitlement.</b>	(?)	(?)	(?)	(?)	.22	.13	.35	.44
<b>Annuities to widows and children of tax court judges, income security, entitlement.....</b>	(?)	.01	(?)	.02	.12	.07	.13	.08

<sup>1</sup> Table excludes programs with zero outlays in fiscal year 1980 and fiscal year 1981.

<sup>2</sup> Not readily available.  
<sup>3</sup> Not in existence.

**TABLE 4.—Selected other budget accounts is under jurisdiction of the Senate Finance Committee**

[In millions of dollars]

Program (budget account No.), function and classification	Fiscal year 1970		Fiscal year 1975		Fiscal year 1980		Fiscal year 1981	
	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays	Budget authority	Outlays
IRS examinations and appeals, general government, appropriations.....	639	632	811	828	841.0	867.0	900.0	891.0
IRS taxpayer service and returns processing general government, appropriations.....	214	213	733	731	792.0	798.0	846.0	837.0
†IRS investigations and collections, general government, fund for detecting tax non-compliance.....	(1)	(1)	(1)	(1)	506.0	519.0	569.0	564.0
Customs Service expenses and salaries, administration of justice, appropriations....	129	121	292	299	459.0	480.0	488.0	482.0
administration of public debt, including sale of securities, general government appropriations.....	66	64	97	100	207.0	201.0	192.0	198.0
IRS salaries and expenses, general government appropriations.....	26	25	42	43	148.0	151.0	164.0	162.0

Bureau of Alcohol, Tobacco and Firearms expenses and salaries, administration of justice, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	94	94	143.0	146.0	150.0	148.0
Expenses of employment and Training Administration for U.S. Employment Services, U.I., and others, ETESS, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	67	69	90.0	89.0	94.0	90.0
Grants to states for U.I. and employment services, ETESS, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	64	-19	22.0	24.0	24.5	25.0
Policy research (poverty, income maintenance, work, health insurance, etc.), income security, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	24.0	22.0	22.0	24.0
U.S. Tax Court expenses and salaries, administration of justice, appropriated entitlement.	3	3	6	7	10.0	9.6	11.0	11.0
Office of Revenue-Sharing expenses and salaries, general purpose fiscal assistance, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	6.2	6.4	6.7	7.2
Energy tax credit (where credit exceeds tax liability) energy, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	1.9	2.3	.9	.9
Antirecession fiscal assistance to States, general purpose fiscal assistance, appropriations.....	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	0	0	0	2.2

<sup>1</sup> Not a separate account in these years.

<sup>2</sup> Not readily available.

<sup>3</sup> Not in existence.

<sup>4</sup> A different budget account number from current one.

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## SECTION 2

### MAJOR PROGRAMS UNDER THE JURISDICTION OF THE SENATE COMMITTEE ON FINANCE

1. Social Security Cash Insurance Programs—Old Age and Survivors Insurance, Disability Insurance.
  2. Medicare.
  3. Unemployment Trust Fund (Unemployment Compensation).
  4. Trade Adjustment Assistance.
  5. Revenue Sharing.
  6. Earned Income Tax Credit.
  7. Pension Benefit Guaranty Corporation.
- 
-

# **1. SOCIAL SECURITY CASH INSURANCE PROGRAMS**

## **OLD-AGE AND SURVIVORS INSURANCE PROGRAM (OASI)**

<b>Budget function:</b>	<b>Income Security</b>
<b>Budget account number:</b>	<b>20-8006-0-7-601</b>
<b>Classification:</b>	<b>Entitlement</b>
<b>Legal citation:</b>	<b>42 U.S.C. 401 et seq., Ch. 531, Title IV</b>

### **SUMMARY**

The OASI program provides partial earnings replacement for covered workers and their families when retirement or death occurs. More than 9 out of 10 workers in the United States are covered under the OASI program. About 31 million people are currently receiving benefits each month, including about 20 million retired workers. Average benefits in December 1980 were: \$333 for a retired worker, \$568 for a couple, and \$772 for the family of a worker who has died. In November 1980, more than 238,000 benefits were awarded to workers, their spouses and children, and to their survivors. The program cost \$103 billion in Fiscal Year 1980. Benefits are financed by taxes imposed on earnings and paid by employers and employees. Taxes paid by employees and employers totaled \$137 billion in Fiscal Year 1980.

### **ELIGIBILITY**

To be eligible, a worker must be insured—that is, have credit for having worked under covered employment for a certain number of calendar quarters. In 1981, a worker receives credit for 1 quarter for each \$310 of earnings up to a maximum of 4 quarters. There is a different measure for self-employed persons. To be “fully” insured, a worker generally must have one quarter of coverage for each calendar year after 1950, or if later, after age 21. A person who has 40 quarters of coverage is fully insured for life. To qualify for some benefits, a worker may need only to be “currently” insured, which requires having



6 quarters of coverage in the 13 quarters which concluded in retirement or death. A number of special provisions provide eligibility to groups of people who could not otherwise qualify. Survivor benefits are available on the death of a worker; retirement benefits are generally payable at age 62 (reduced amount) or age 65 (full benefit).

### DISABILITY INSURANCE PROGRAM (DI)

Budget function:	Income Security
Budget account number:	20-8007-0-7-601
Classification:	Entitlement
Legal citations:	42 USC 426-1 and 1395 RR, Secs. 1 and 2 42 USC 1395T, Sec. 102(A)

### SUMMARY

The DI program provides partial income replacement for workers (and their families) who are unable to work due to a disabling condition. It has about 4.7 million beneficiaries (2.9 million workers) and pays an average of \$356 monthly to single disabled workers and \$727 monthly to disabled workers with dependents. It cost \$15.3 billion in fiscal year 1980. Among workers awarded benefits in 1975, the average age was 55.6, 44 percent had been employed in blue-collar occupations requiring some type of physical labor, 32 percent were women, and 15 percent were black. The leading causes of disability were: diseases of the circulatory system, 30 percent; diseases of the musculoskeletal system, 19 percent; mental disorders, 11 percent; and cancer, 10 percent. Disability insurance benefits are financed by taxes imposed on earnings and paid by employers and employees.

### ELIGIBILITY

To be eligible, a worker must be both "fully" and "disability" insured. To be fully insured for life, a worker must have credit for working 40 calendar quarters in covered employment. If a person has not worked 40 quarters, he is still fully insured if he has at least one quarter of coverage for each year after 1950, or if later, after the year the worker became age 21. To be disability insured, the worker must have 20 quarters of coverage in the immediately preceding 40 quarters (there are exceptions for younger workers and the blind). The worker must be unable to do any kind of work which exists in the national economy because of the disability (taking into consideration age, education, and work experience), and it must be expected to last at least 12 months or to end in death. There is a 5 month waiting period before benefits begin.

## BOTH PROGRAMS—OLD AGE, SURVIVORS, AND DISABILITY INSURANCE

### GENERAL

The old-age and survivors and the disability insurance programs (OASDI) provide monthly benefits to retired and disabled workers and to their dependents and to survivors of insured workers. Old-age retirement benefits were provided for by the original Social Security Act of 1935, benefits for dependents and survivors by the 1939 amendments, benefits for the disabled by the 1956 amendments, and benefits for the dependents of disabled workers by the 1958 amendments.

A worker builds protection under the OASDI programs through employment covered under the law. Coverage is generally compulsory. Contributions on wage and salary workers' earnings up to a statutory maximum each year are withheld and matched by employers. Self-employed persons pay contributions on their earnings annually up to the same maximum as employees, but at a rate that is roughly 150 percent of the employee rate. All contributions under the OASDI tax rate are credited to the two trust funds that are sources of payment for: (1) monthly benefits when the worker retires, dies, or becomes disabled (including a financial interchange with the railroad retirement system); (2) vocational rehabilitation services when disability benefits are or have recently been received; and (3) administrative expenses for such program.

### OASDI BENEFITS

#### *Summary*

Monthly benefits under OASDI are paid to workers who gain insured status and to their eligible dependents and survivors. A lump-sum payment is also payable on the death of a fully or currently insured worker. Generally, benefits levels are related to the past earnings of individuals. Benefits are subject to an earnings or retirement test, under which all or part of benefit payments are withheld when the earnings of a beneficiary under age 72 exceed the exempt amount (currently \$5,500 for those over 65 and \$4,080 for those under 65). Benefits for dependents and survivors are calculated as a percentage of the insured worker's primary insurance amount (PIA). The calculated amounts are subject to minimum and maximum limits stated in the law. Benefits payable to workers, spouses, widows and widowers who start to receive them before age 65 are subject to an actuarial reduction.

In November 1980, there were 35.6 million OASDI beneficiaries in current-payment status. Monthly benefits paid out were \$10.67 billion. The following table summarizes various types of beneficiaries and average benefit amounts:

TABLE 1.—OASDI cash benefits in current-payment status, November 1980

Type of beneficiary	Number (thousands)	Percent of beneficiary population	Average monthly benefit
Total monthly beneficiaries.....	35,598	100	\$300
Retired workers.....	19,524	54.8	341
Wives and husbands.....	3,016	8.4	172
Children.....	649	1.8	141
Disabled workers.....	2,861	8.0	371
Wives and husbands.....	463	1.3	111
Children.....	1,368	3.8	111
Widowed mothers.....	561	1.6	246
Surviving children.....	2,643	7.4	240
Widows and widowers.....	4,728	13.3	311
Disabled widow(er)s.....	127	.4	205
Parents.....	15	.04	276
Special age-72.....	94	.3	104

*Description of major benefit types*

*Child's benefit.* A monthly benefit payable to an unmarried child or eligible grandchild of a retired or disabled worker or of a deceased worker who died fully or currently insured if the child or grandchild is under age 18, a full-time student aged 18–21 or reaching age 22 before completing the current semester or quarter, or a dependent disabled person aged 18 or over whose disability began before age 22. A grandchild is eligible for benefits on a grandparent's earnings record (or that of the spouse of such worker) if he is dependent on the grandparent for at least half his support and his parents are either disabled or deceased or, where a parent is alive, the grandparent is dead and the child has been adopted by the surviving grandparent.

*Disabled child's benefit.* A monthly benefit payable to a disabled person aged 18 or over—a dependent son or daughter or eligible grandson or granddaughter of a retired, deceased, or disabled worker—whose disability began before age 22.

*Disabled-worker (disability insurance) benefit.* A monthly benefit payable to a disabled worker under age 65 insured for disability. Before November 1960, disability benefits were limited to disabled workers aged 50–64. Generally disability is defined in the act as the inability to engage in a gainful activity by reason of any medically determinable physical or mental impairment that can be expected to

result in death or to last for a continuous period of not less than 12 months. Inability to engage in a gainful activity means: (1) for a nonblind disabled worker, a blind worker under age 55, or disabled child, the inability to engage in a substantial gainful activity; (2) for a blind worker aged 55 or over, inability to engage in any substantial gainful activity requiring skills comparable with those in any gainful activity in which he previously engaged; (3) for a disabled widow, widower, or surviving divorced wife, inability to engage in any gainful activity.

Except in cases involving second and subsequent disabilities the law requires that a person be disabled continuously for 5 months before he can qualify for a "period of disability" or a disabled-worker benefit.

*Mother's or father's benefit.* A monthly benefit payable to a widow (widower) or surviving divorced mother (father) if (1) the deceased worker on whose account the benefit is paid was fully or currently insured at time of death and (2) the widow (widower) or surviving divorced mother (father) has 1 or more entitled children of the worker in her (his) care, excluding full-time students aged 18-21.

*Lump-sum death benefit.* A lump sum payable on the death of a fully or currently insured worker to the surviving spouse or to the person or persons paying burial expenses. The maximum amount is \$255.

*Retired-worker (old-age) benefit.* Monthly benefit payable to a fully insured retired worker aged 62 or over to a person entitled under the transitional insured-status provision in the law. Retired-worker benefit data do not include "special age-72" benefits unless so indicated.

*"Special age-72" benefit.* Monthly benefit payable to certain persons born before January 2, 1900, who do not have sufficient quarters of coverage to qualify for a retired-worker benefit under either the full or the transitional insured-status provisions. The benefit is payable only for months in which the individual is a resident of the 50 States or the District of Columbia and receives no public assistance money payments or SSI payments. It is reduced by the amount of any government pension (except workers' compensation and veterans' service-connected compensation) that the individual is receiving or is eligible to receive. When husband and wife are both eligible for these benefits, the amount payable to the wife is equal to half the amount payable to the husband.

*Student's benefit.* Child's benefit payable to a full-time unmarried student aged 18-21 or reaching age 22 before completing the current semester or quarter.

*Widow's benefit.* Monthly benefit payable to: (1) a widow or surviving divorced wife of a worker fully insured at time of death if she is (a) aged 60 or older or (b) aged 50-59 and has been disabled throughout a waiting period of 5 consecutive calendar months that began no later than 7 years after the month the worker died or after the end of her entitlement to benefits as a widowed mother; or (2) a widow of a transitionally insured worker if she was born before January 2, 1897.

**Widower's benefit.** Monthly benefit payable to a widower of a worker fully insured at time of death if he did not remarry before age 60 (except to a woman entitled to widow's, mother's, parent's, wife's, or disabled adult child's benefit) and is: (1) aged 60 or older; or (2) aged 50-59 and has been disabled throughout a waiting period of 5 consecutive calendar months that began no later than 7 years after the month the worker died or after the end of his entitlement to benefits as a widowed father.

For months before 1979, the benefit amount for a widower aged 60 or older was reduced to one-half of the deceased wife's PIA if he married a person other than one of the above-named beneficiaries.

**Wife's benefit.** Monthly benefit payable to a wife or divorced wife of a retired or disabled worker under one of the following conditions: (1) wife is aged 62 or older or has 1 or more entitled children of the worker in her care, excluding full-time students aged 18-21; (2) divorced wife is aged 62 or older and her marriage to worker had lasted 10 years (20 years for months before 1979) before divorce became final; or (3) wife was born before January 2, 1897, and husband is transitionally insured.

#### *Benefit computations*

The worker's average indexed monthly earnings, or AIME, are used as the basis for determining the primary insurance amount for most workers who attain age 62, become disabled, or die after 1978. Indexing creates an earnings record that reflects the value of the individual's earnings relative to national average earnings in the indexing year. The indexing year is the second year before the year in which the worker attains age 62, becomes disabled, or dies. Earnings after the indexing year are counted at their nominal value.

Earnings are indexed by multiplying the posted earnings for each year after 1950 through the indexing year by the average wages of all workers for the indexing year, and dividing the average wages of all workers for the year being indexed. Once the earnings record has been indexed the AIME is computed by (1) determining the number of computation years—the number of years after 1950 (or the year of attainment of age 21, if later) and up to the year the worker attains age 62, becomes disabled, or dies, minus dropout years, generally 5 (minimum number of computation years is 2); (2) selecting the actual computation years, based on highest earnings, from any year after 1950; and (3) dividing the sum of earnings in the computation years by the total number of months in the computation years.

For workers becoming entitled to disability benefits after June 1980 the number of dropout years will vary by age attained in year of disability onset. The number will be 0, 1, 2, 3, 4, and 5, respectively, for workers aged 26 and under, 27-31, 32-36, 37-41, 42-46, and 47 and over. Effective for months after June 1981, however, disabled workers under age 37 may obtain up to 3 additional dropout years (3, 2, and 1, respectively, for those aged 26 and under, 27-31, and 32-36) for years otherwise included as computation years in which the worker had no earnings and was living with a child (of the worker or his or her spouse) under age 3.

To illustrate, if a worker retired at age 62 in 1979 and had earned \$2,900 in 1960, the \$2,900 would be multiplied by the ratio of average

annual wages in 1977 (\$9,779) to average annual wages in 1960 (\$4,007), as follows:  $\$2,900 \times \$9,779 \div \$4,007 = \$7,077$ .

Thus, while the worker's actual earnings for 1960 were \$2,900, his relative or indexed earnings would be \$7,077. This procedure would be followed in adjusting the worker's earnings for each year since 1951 up to 1977 (the second year prior to attaining age 62). These "relative" earnings would then be averaged over the time the worker could reasonably be expected to have worked in covered employment. The final average would be computed on a monthly basis. The result, known as averaged indexed monthly earnings (AIME), is applied to the primary benefit formula.

Taking this example a little further demonstrates how a social security benefit computation works. Let us assume that after the hypothetical worker has indexed his entire wage record, his AIME comes out to be \$420. For workers retiring in 1979 the benefit formula provided:

90 percent of the first \$180 of AIME, plus  
32 percent of AIME over \$180 through \$1085, plus  
15 percent of AIME over \$1085,

In the above example an AIME of \$420 would produce an initial benefit, known as a PIA, of \$238.30 ( $0.9 \times 180 = 162$ , plus  $0.32 \times 240 = 76.80$ ). Since the worker here would be retiring at age 62 instead of 65 the primary insurance amount (PIA) would be actuarially reduced by 20 percent, generating an ultimate payable monthly benefit of \$191.14 ( $0.8 \times 238.30$ ).

#### *Benefit maximums and minimum*

*Maximum family benefit.* The maximum monthly amount that can be paid on a worker's earnings record varies with his PIA. For benefits payable on the earnings records of retired and deceased workers, and of disabled workers entitled before July 1980, the maximum varies between 150 and 188 percent of the PIA. For disabled workers entitled after June 1980, the maximum represents the smaller of (1) 85 percent of the worker's AIME (or 100 percent of his PIA, if larger), or (2) 150 percent of his PIA. Whenever the total of the individual monthly benefits payable to all the beneficiaries entitled to one's earnings record exceeds the maximum, each dependent's or survivor's benefit is proportionately reduced to bring the total within the maximum. In computing the total of the individual monthly benefits for entitlements based on a single earnings record, a benefit payable to a divorced spouse or to a surviving divorced wife is not included. Such benefits thus affect neither the necessity for nor the extent of the reduction in the individual monthly secondary benefit.

*Minimum benefit.* This is the lowest benefit (before actuarial reduction) payable under the regular insurance programs to a retired worker, a disabled worker, or a sole survivor of a deceased worker. Through 1978 the minimum benefit increased when there was a general benefit increase. The minimum benefit is frozen at \$122 for persons who first become eligible after 1978. The new "frozen" minimum does not increase when other benefit amounts receive annual adjustments, although a beneficiary who receives the frozen minimum will receive cost-of-living adjustments once he comes on the benefit roll.

When there is a break in entitlement, any benefit amount resulting from the subsequent entitlement or reentitlement is based on the latest primary insurance amount on record; that is, the benefit includes any increases that may have been added up to the month of termination. Beneficiaries who turned 62, became disabled, or became newly eligible for survivor benefits in 1978 or earlier will receive whatever minimum benefit was in effect at the time they came on the rolls, plus any cost-of-living adjustments. For instance, a 65-year-old worker who retired in January 1981 would receive a minimum benefit of \$153 per month. Approximately 3 million individuals now receive the minimum benefit. Data from 1977 show that about 10 percent of all benefit awards in that year were for the minimum (about 5 percent for men, 16 percent for women).

#### *Automatic benefit adjustments*

Generally speaking, if the cost of living, as measured by the Bureau of Labor Statistics' Consumer Price Index (CPI) rises by 3 percent or more over approximately a 1-year interval, a benefit increase for social security and SSI recipients will be triggered. The change in the CPI is measured from the first calendar quarter of one year to the first calendar quarter of the next year. If it shows a 3 percent or more increase, a benefit increase of equivalent amount will be due for the month of June following the end of the measuring period. The CPI for the two calendar quarters used to measure the change represents the straight average of the CPI for each of the 3 months in both quarters. The following example, which uses the latest benefit increase computation, illustrates how it is done:

1. The CPI for the first quarter of 1979 was 207.0. This was the arithmetical average of the CPI for January, February and March, 1979.

Month in 1979:	CPI
January.....	204.7
February.....	207.1
March.....	209.3
	<hr/>
Total.....	621.1

The average CPI for the 1st quarter of 1979 is thus:

$$\frac{621.1}{3} = 207.0$$

2. The CPI for the first quarter of 1980 was 236.6. This was the arithmetical average of the CPI for January, February and March, 1980.

Month in 1980:	CPI
January.....	233.3
February.....	236.5
March.....	239.9
	<hr/>
Total.....	709.7

The average CPI for the 1st quarter of 1980 is thus:

$$\frac{709.7}{3} = 236.6$$

3. The percentage increase in the CPI from the first quarter of 1979 to the first quarter of 1980 is:

$$\frac{236.6 - 207.0}{236.6} \times 100 = 14.3\%$$

The benefit increase is rounded to the nearest 0.1 percent. It applies to all types of beneficiaries.

The Secretary of Health and Human Services (HHS) is required by law to publish the amount of the increase in the Federal Register within 45 days after the close of the measuring period (which typically means by May 15th of each year). The change in the CPI for March of each year (the closing month of the measuring period) is announced by the Bureau of Labor Statistics somewhere between the 20th and 25th of April. The benefit increase first appears in the July benefit checks, i.e., 3 months after the close of the measuring period. The current estimate of what the CPI increase will be for 1981 is 11.2 percent.

#### *Benefit reductions*

Social security benefits may be reduced or withheld for several reasons, chiefly on account of early retirement and, after entitlement, on account of earnings in excess of the exempt amount provided in the law (\$5,500 in 1981 for beneficiaries aged 65 or older).

*Actuarial reduction.* Reduction in monthly benefit amount payable (a) on entitlement at ages 62-64 if the beneficiary is a retired worker, a wife of a retired or disabled worker (with her entitlement not dependent on having a child beneficiary in her care), a husband or a divorced spouse; (b) on entitlement at ages 60-64 if the beneficiary is a widow, widower, or a surviving divorced wife; or (c) on entitlement, in case of disability, at ages 50-59 if the beneficiary is a widow, widower, or surviving divorced wife.

At the time of award, the following reductions in benefit amount are made for:

*A retired-worker beneficiary*—5/9 of 1 percent for each month of entitlement before age 65 (maximum reduction of 20 percent);

*A wife or husband beneficiary*—25/36 of 1 percent for each month of entitlement before age 65 (maximum reduction of 25 percent);

*A nondisabled widow or widower or surviving divorced wife*—19/40 of 1 percent for each month of entitlement before age 65 (maximum reduction of 28.5 percent); and

*A disabled widow or widower or surviving divorced wife*—28.5 percent plus an additional 43/240 of 1 percent for each month of entitlement before age 60 (maximum reduction of 50 percent).



The benefit continues to be paid at a reduced rate even after age 65, except that the reduced rate is refigured at age 65 for all beneficiaries and also at age 62 for a widow, widower, and a surviving divorced wife to omit months for which the reduced benefit was not paid and to take into account any additional earnings. Data on benefit awards to retired workers for 1977 indicates that 67 percent of all such awards were actuarially reduced benefits (62 percent for men, 74 percent for women).

A disabled-worker benefit may also be actuarially reduced if it is payable to a beneficiary already entitled to a reduced retired-worker or widow's benefit, with the reduction related to the number of months before age 65 the reduced benefit was actually drawn.

*Withholding.* Suspension of benefit payments until the conditions causing deductions are known to have ended. Reasons for withholding benefits include: (1) for a beneficiary under age 72 (age 70 beginning in 1982), covered or noncovered employment yielding sufficient earnings above the amount allowable by law (for beneficiaries age 65 or over, \$5,500 in 1981, \$6,000 in 1982, adjusted automatically to wage growth thereafter) to offset the benefit payments due him (if benefits of a retired worker are withheld, the benefits of all dependents are also withheld), (2) failure of a wife under age 62 or mother or father beneficiary to have an entitled child in her care; (3) refusal of a disabled person to accept rehabilitation services; (4) pending determination of continuing disability; (5) for special age-72 beneficiaries, receipt of public assistance or supplemental security income (SSI) payments or offsetting government pensions; (6) workers' compensation offset for disabled workers; (7) payee not determined; and (8) administrative reasons.

Some of the administrative reasons for withholding benefits are: (a) refusal of beneficiary to accept checks for personal reasons; (b) beneficiary's residence in certain foreign countries; and (c) under certain conditions, an alien beneficiary's residence outside the United States for more than 6 full consecutive calendar months.

Suspension of monthly benefit payments does not affect eligibility for hospital insurance benefits.

#### *Characteristics of beneficiary population*

Tables 2 through 5 provide detailed information on the numbers of various OASDI beneficiaries, the average amount of monthly benefits by type of beneficiary and beneficiary population by age group and type of benefit for 1970, 1975 and 1980. More detailed information is shown in table 5 for calendar year 1978.

**TABLE 2.—OASI cash benefits: Average amount of monthly benefits by type and number of beneficiaries, calendar years 1970, 1975, and 1980**

Period, payment status, and number/average	Retired workers and their dependents		
	Retired workers	Spouses	Children
<b>1970:</b>			
Current:			
Number (in thousands) . . . . .	13,349	2,500	546
Average payment . . . . .	\$118	\$61	\$45
New awards:			
Number (in thousands) . . . . .	1,338	339	183
Average payment . . . . .	\$124	\$58	\$45
<b>1975:</b>			
Current:			
Number (in thousands) . . . . .	16,588	2,671	643
Average payment . . . . .	\$207	\$105	\$77
New awards:			
Number (in thousands) . . . . .	1,506	351	226
Average payment . . . . .	\$206	\$96	\$82
<b>1980 (through November):</b>			
Current:			
Number (in thousands) . . . . .	19,524	3,016	649
Average payment . . . . .	\$341	\$172	\$141
New awards:			
Number (in thousands) . . . . .	1,504	334	265
Average payment . . . . .	\$345	\$160	\$161

**TABLE 3.—OASI cash benefits: Average amount of monthly benefits by type and number of beneficiaries, calendar years 1970, 1975, and 1980**

Period, payment status, and number/ average	Survivors of deceased workers			
	Children	Mothers	Widows	Parents
<b>1970:</b>				
Current:				
Number (in thousands).....	2,688	523	3,227	29
Average payment.....	\$82	\$87	\$102	\$103
New awards:				
Number (in thousands).....	592	112	363	2
Average payment.....	\$78	\$87	\$106	\$116
<b>1975:</b>				
Current:				
Number (in thousands).....	2,919	582	3,889	21
Average payment.....	\$139	\$147	\$192	\$172
New awards:				
Number (in thousands).....	591	116	354	1
Average payment.....	\$137	\$150	\$193	\$197
<b>1980 (through November):</b>				
Current:				
Number (in thousands).....	2,643	560	4,278	15
Average payment.....	\$240	\$246	\$311	\$276
New awards:				
Number (in thousands).....	459	99	340	1
Average payment.....	\$223	\$227	\$294	\$293

**TABLE 4.—Disability cash benefits: Average amount of monthly benefits by type and number of beneficiaries, calendar years 1970, 1975, and 1980**

Period, payment status and number/average	Disabled workers and their dependents		
	Disabled workers	Spouses	Children
<b>1970:</b>			
Current:			
Number (in thousands).....	1,493	451	889
Average payment.....	\$131	\$43	\$39
New awards:			
Number (in thousands).....	350	96	317
Average payment.....	\$140	\$40	\$37
<b>1975:</b>			
Current:			
Number (in thousands).....	2,489	453	1,411
Average payment.....	\$226	\$67	\$62
New awards:			
Number (in thousands).....	592	149	515
Average payment.....	\$234	\$68	\$63
<b>1980 (through November):</b>			
Current:			
Number (in thousands).....	2,861	463	1,368
Average payment.....	\$371	\$111	\$111
New awards:			
Number (in thousands).....	358	100	353
Average payment.....	\$377	\$108	\$110

**TABLE 5.—Estimated number of recipients and total benefits to OASDI beneficiaries (in millions of dollars), by selected age and beneficiary groups, average benefit and percent of total benefits for each beneficiary group, calendar year 1978**

	Number (thou- sands)	Total benefits	Average annual benefit	Percent of total benefits
<b>Retired workers:</b>				
<b>Men:</b>				
62 to 64.....	950	3,067	3,228	3.2
65 to 69.....	3,257	11,798	3,622	12.3
70 and over.....	5,892	20,331	3,451	21.3
<b>Total, retired men.....</b>	<b>10,098</b>	<b>35,196</b>	<b>3,485</b>	<b>36.8</b>
<b>Women:</b>				
62 to 64.....	966	2,178	2,254	2.3
65 to 69.....	2,508	7,128	2,842	7.5
70 and over.....	4,828	13,713	2,840	14.4
<b>Total, retired women....</b>	<b>8,302</b>	<b>23,016</b>	<b>2,777</b>	<b>24.2</b>
<b>Total, retired workers... 18,400</b>	<b>58,212</b>	<b>3,163</b>	<b>61.0</b>	
<b>Disabled workers:</b>				
<b>Men:</b>				
20 to 49.....	570	2,107	3,696	2.2
50 to 59.....	786	2,933	3,732	3.1
60 to 61.....	243	933	3,840	.9
62 to 64.....	421	1,595	3,789	1.7
<b>Total, disabled men.....</b>	<b>2,020</b>	<b>7,568</b>	<b>3,747</b>	<b>7.9</b>
<b>Women:</b>				
20 to 49.....	225	661	2,938	.7
50 to 59.....	387	1,065	2,752	1.1
60 to 61.....	123	344	2,797	.4
62 to 64.....	201	566	2,816	.6
<b>Total, disabled women..</b>	<b>936</b>	<b>2,637</b>	<b>2,817</b>	<b>2.8</b>
<b>Total, disabled workers. 2,956</b>	<b>10,205</b>	<b>3,452</b>	<b>10.7</b>	

**TABLE 5.—Estimated number of recipients and total benefits to OASDI beneficiaries (in millions of dollars), by selected age and beneficiary groups, average benefit and percent of total benefits for each beneficiary group, calendar year 1978—Continued**

	Number (thou- sands)	Total benefits	Average annual benefit	Percent of total benefits
<b>Wives of retired workers:</b>				
<b>With entitled children:</b>				
35.....	6	9	1,500	.01
35 to 44.....	25	30	1,200	.03
45 to 54.....	80	96	1,200	.1
55 to 64.....	91	110	1,209	.12
<b>Total, with entitled children.....</b>	<b>202</b>	<b>245</b>	<b>1,213</b>	<b>.26</b>
<b>Without entitled children:</b>				
62 and over.....	2,779	4,554	1,639	4.7
<b>Total, wives of retired workers.....</b>	<b>2,981</b>	<b>4,799</b>	<b>1,610</b>	<b>5.0</b>
<b>Wives of disabled workers:</b>				
<b>With entitled children:</b>				
35.....	85	76	894	.08
36 to 44.....	142	128	901	.1
45 to 54.....	159	167	1,050	.2
55 to 64.....	41	52	1,268	.05
<b>Total, with entitled children.....</b>	<b>427</b>	<b>423</b>	<b>990</b>	<b>.4</b>
<b>Without entitled children:</b>				
62 and over.....	75	91	824	.09
<b>Total, wives of disabled workers.....</b>	<b>502</b>	<b>514</b>	<b>976</b>	<b>.5</b>

**TABLE 5.—Estimated number of recipients and total benefits to OASDI beneficiaries (in millions of dollars), by selected age and beneficiary groups, average benefit and percent of total benefits for each beneficiary group, calendar year 1978—Continued**

	Number (thou- sands)	Total benefits	Average annual benefit	Percent of total benefits
<b>Children:</b>				
<b>Children of retired workers:</b>				
0 to 6.....	25	19	760	.02
7 to 10.....	49	41	836	.04
11 to 17.....	304	317	1,043	.3
18 to 21 (students).....	142	231	1,627	.2
Disabled children 18 and over.....	121	178	1,471	.2
<b>Total, children of retired workers.....</b>	<b>641</b>	<b>786</b>	<b>1,226</b>	<b>.8</b>
<b>Children of deceased workers:</b>				
0 to 6.....	179	424	2,369	.4
7 to 10.....	371	784	2,113	.8
11 to 17.....	1,556	3,231	2,127	3.4
18 to 21 (students).....	513	1,245	2,427	1.3
Disabled children 18 and over.....	227	496	2,185	.5
<b>Total, children of de- ceased workers.....</b>	<b>2,846</b>	<b>6,180</b>	<b>2,171</b>	<b>6.4</b>
<b>Children of disabled workers:</b>				
0 to 6.....	183	167	913	.16
7 to 10.....	258	225	872	.2
11 to 17.....	902	870	964	.9
18 to 21 (students).....	174	240	1,379	.3
Disabled children 18 and over.....	28	37	1,321	.04
<b>Total, children of dis- abled workers.....</b>	<b>1,545</b>	<b>1,539</b>	<b>996</b>	<b>1.6</b>
<b>Total, children.....</b>	<b>5,032</b>	<b>8,505</b>	<b>1,690</b>	<b>8.8</b>

**TABLE 5.—Estimated number of recipients and total benefits to OASDI beneficiaries (in millions of dollars), by selected age and beneficiary groups, average benefit and percent of total benefits for each beneficiary group, calendar year 1978—Continued**

	Number (thou- sands)	Total benefits	Average annual benefit	Percent of total benefits
<b>Widowed mothers and fathers:</b>				
20 to 29.....	49	129	2,633	.14
30 to 39.....	126	268	2,127	.2
40 to 49.....	210	451	2,147	.5
50 to 59.....	170	403	2,370	.4
60 to 61.....	11	27	2,455	.03
62 and over.....	10	25	2,500	.03
<b>Total, widowed mothers and fathers.....</b>	<b>576</b>	<b>1,303</b>	<b>2,262</b>	<b>1.3</b>
<b>Widows (nondisabled):</b>				
60.....	62	158	2,548	.17
61.....	95	245	2,579	.3
62.....	122	324	2,656	.3
63.....	137	369	2,693	.4
64.....	148	403	2,723	.4
65 to 69.....	775	2,271	2,930	2.4
70 and over.....	2,746	8,062	2,936	8.4
<b>Total, widows.....</b>	<b>4,085</b>	<b>11,832</b>	<b>2,896</b>	<b>12.4</b>
<b>Parents:</b>				
62 to 69.....	2	5	2,500	.01
70 to 79.....	6	12	2,000	.01
80 to 89.....	9	17	1,889	.02
90 and over.....	3	8	2,667	.01
<b>Total, parents.....</b>	<b>20</b>	<b>44</b>	<b>2,200</b>	<b>.5</b>

Note: Columns may not add due to rounding.  
Source: Congressional Budget Office.



The previous four tables have shown the number and average benefit classified by type of beneficiary. Many individuals receive benefits on their own records plus other benefits based upon earnings of their spouse or former spouse.

#### FINANCING

The social security programs (OASDHI) are self-financed on a pay-as-you-go basis; that is, current income to the system goes to meet benefit obligations on a current basis. No provision is made for accumulating the funds' assets at a given level equal to anticipated payments. Moneys accumulated in the trust fund provide a reserve to cushion temporary shortfalls in revenues or unexpectedly large increases in outlays due to economic fluctuations.

#### *Contribution rates*

Social security is financed by a payroll tax on earnings, with portions of its revenues earmarked for each of the trust funds. All persons who work in employment covered by the program, pay a mandatory tax on their earnings up to a maximum dollar amount. Employers pay an equal tax rate for these workers. Under current law, as of 1981, the tax is levied at a rate of 6.65 percent of the first \$29,700 of earnings for both the employer and employee. Table 6 summarizes the current payroll tax schedule. Self-employed persons pay at a rate of 9.3 percent, which roughly equals three-fourths of the combined employer and employee rate.

**TABLE 6.—Current law social security payroll tax rates for employers and employees and taxable earnings bases, by individual and combined trust funds, 1979–86**

Year	Employee and employer rates, each (percent)					Taxable earnings Base
	OASI	DI	OASDI combined	HI	OASDHI combined	
1979.....	4.330	0.750	5.080	1.050	6.130	\$22,900
1980.....	4.520	.560	5.080	1.050	6.130	25,900
1981.....	4.700	.650	5.350	1.300	6.650	29,700
1982.....	4.575	.825	5.400	1.300	6.700	<sup>1</sup> 32,100
1983.....	4.575	.825	5.400	1.300	6.700	<sup>1</sup> 34,800
1984.....	4.575	.825	5.400	1.300	6.700	<sup>1</sup> 38,700
1985.....	4.750	.950	5.700	1.350	7.050	<sup>1</sup> 42,900
1986.....	4.750	.950	5.700	1.450	7.150	<sup>1</sup> 47,700

<sup>1</sup> Automatic increase based on statutory formula and CBO's preliminary economic assumptions.

Source: Public Law 95-216 and Public Law 96-403.

### *Status of the trust funds*

As a result of its pay-as-you-go financing mechanism the social security system is extremely sensitive to the performance of the economy. Rates of inflation, unemployment and real GNP and wage growth are particularly important in the short term. High unemployment rates reduce contributions to the system and high rates of inflation trigger large annual increases in outlays.

At the beginning of fiscal year 1982 the level of OASI reserves is expected to stand at approximately 15 percent of outgo during the year (Carter budget estimate). Because social security receipts come in throughout the month but all benefits are paid at the beginning of the month it is believed that the trust fund reserve level at a minimum should not fall below one-twelfth of anticipated outgo, or approximately 8 to 9 percent. Depletion of the reserve below that level would make it impossible for the system to fully meet all benefit obligations for a month. Under present law and all economic scenarios the old-age and survivors insurance trust fund is expected to become exhausted sometime in fiscal year 1982. Combining the OASI and disability insurance trust funds postpones only slightly ultimate exhaustion of the OASI fund.

The following tables illustrate the current law operations of the OASI trust fund and the combined OASDHI trust funds under several economic assumptions. (Tables 7-10.)

Looking at the combined OASDHI trust funds for fiscal years 1981-86 cumulatively, the economic assumptions underlying President Reagan's recovery program produce \$6.9 billion more in revenues to the trust funds and reduce benefit outgo by some \$57.4 billion. (Table 7.) This net improvement of \$64.3 billion would avert the crisis (assuming in the interim a tax rate allocation to the otherwise insolvent OASI fund) forecast by the Carter administration, under whose assumptions the combined OASDHI trust funds would run below a sufficient level of reserves to meet all benefit commitments sometime in fiscal year 1984. (Table 8.) Under the Carter economic assumptions, combined trust fund assets at the beginning of the fiscal year as a percentage of outgo during the year drops from 23 percent in 1982 to 7 percent in 1985, a level insufficient to guarantee full payments. By contrast, the trust funds reserve ratio begins fiscal year 1982 at 24 percent under the Reagan scenario and bottoms out at 16 percent in 1985 before increasing to 18 percent in 1986.

The Congressional Budget Office has prepared its own independent projection of social security trust fund operations for the period fiscal years 1981-86. These projections are based on CBO's internally developed preliminary economic assumptions. (Table 9.)

As can be seen in all three sets of projections, the largest trust fund, OASI, which pays out well over 80 percent of the system's cash benefits, is in serious financial condition under present law and financing. The fund runs a deficit in each of the fiscal years 1981-86 ranging from \$53.8 billion (Reagan) to \$116.4 billion (Carter), depending upon which set of assumptions is used. The difference in the estimates is almost completely attributable to inflation assumptions which in a CPI-indexed system drive benefit growth dramatically. The disability

and medicare funds under all assumptions are expected to remain solvent, with continued growth in disability reserves and modest net increases in the hospital insurance fund.

When the annual report of the board of trustees is published each spring, forecasts of trust fund operations are made under three sets of economic assumptions—optimistic, pessimistic, and intermediate. Historically, assessment of the financial condition of the trust funds has been premised upon the intermediate set of assumptions. However, for the periods 1972, 1973, and 1977 to 1980, actual economic performance has fallen more closely within the range of the estimated pessimistic assumptions. Therefore, in addition to the forecasts of the Reagan and Carter administrations and CBO, a set of trust fund projections has been prepared based on economic assumptions developed from Data Resource Incorporated's (DRI) pessimistic alternative (PESSIM012381). (Table 10.)

TABLE 7.—Estimated operations of the OASI and OASDHI trust funds under current law based upon Reagan 1982 budget assumptions

[Billions of dollars]						
Fiscal years 1981 to 1986						
	1981	1982	1983	1984	1985	1986
<b>Old Age and Survivors Insurance</b>						
Outlays.....	122.1	140.1	156.6	171.2	185.4	199.0
Income.....	120.9	130.7	143.5	156.9	175.4	193.2
Year end balance.	23.3	13.9	.8	-13.4	-23.4	-29.2
Start of year balance <sup>1</sup> .....	20.0	17.0	(9)	(?)	(?)	(?)
<b>Combined Old Age and Survivors, Disability and Hospital Insurance</b>						
Outlays.....	167.2	192.6	215.2	236.8	258.7	280.7
Income.....	166.7	191.9	213.9	235.2	266.5	298.3
Year end balance.	46.2	45.5	44.2	42.6	50.4	67.9
Start of year balance <sup>1</sup> .....	28.0	24.0	21.0	19.0	16.0	18.0

<sup>1</sup> As a percent of outlays.

<sup>2</sup> Negative balance.

<sup>3</sup> Between 0 and 0.5 percent.

( ) Denotes cash flow difficulties.

Source: Social Security Administration, Office of the Actuary.

**TABLE 8.—Estimated operations of the OASI and OASDHI trust funds based upon Carter 1982 budget assumptions**

[Billions of dollars]

	Fiscal years 1981 to 1986					
	1981	1982	1983	1984	1985	1986
<b>Old Age and Survivors Insurance</b>						
Outlays.....	122.4	142.2	162.0	181.0	200.0	218.6
Income.....	119.8	130.0	141.8	154.8	173.2	190.2
Year end balance.	21.9	9.8	-10.4	-36.8	-63.5	-91.9
Start of year balance <sup>1</sup> .....	20.0	15.0	(6)	(?)	(?)	(?)
<b>Combined Old Age and Survivors, Disability and Hospital Insurance</b>						
Outlays.....	167.2	194.6	220.9	247.6	275.0	303.3
Income.....	165.2	191.1	212.1	233.6	265.8	297.8
Year end balance.	44.6	41.2	32.4	18.4	9.3	3.7
Start of year balance <sup>1</sup> .....	28.0	23.0	19.0	13.0	(7)	(3)

<sup>1</sup> As a percent of outlays.

<sup>2</sup> Negative balance.

( ) Denotes cash flow difficulties.

Source: Social Security Administration, Office of the Actuary.

**TABLE 9.—Estimated operations of the OASI and OASDHI trust funds based upon preliminary CBO 1982 budget assumptions**

[Billions of dollars]

	Fiscal years 1981 to 1986					
	1981	1982	1983	1984	1985	1986
<b>Old Age and Survivors Insurance</b>						
Outlays.....	122.6	141.4	158.7	178.0	199.3	222.6
Income.....	117.8	129.0	143.0	159.1	181.9	203.7
Year end balance.	19.7	7.4	-8.2	-27.1	-44.5	-63.5
Start of year balance <sup>1</sup> .....	20.0	14.0	(4.7)	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )
<b>Combined Old Age and Survivors, Disability and Hospital Insurance</b>						
Outlays.....	168.0	195.1	218.4	245.4	276.0	310.0
Income.....	162.3	189.2	212.6	237.5	275.1	313.6
Year end balance.	41.0	35.2	29.6	21.6	20.8	24.3
Start of year balance <sup>1</sup> .....	27.7	21.0	16.1	12.0	(7.8)	(6.7)

<sup>1</sup> As a percent of outlays.

<sup>2</sup> Negative balance.

( ) Denotes cash flow difficulties.

Source: Congressional Budget Office.

**TABLE 10.—Estimated operations of the OASI and OASDHI trust funds based upon DRI pessimistic alternative**

[Billions of dollars]

	Fiscal years 1981 to 1986					
	1981	1982	1983	1984	1985	1986
<b>Old Age and Survivors Insurance</b>						
Outlays.....	122.2	142.3	166.3	190.7	216.8	243.2
Income.....	120.7	131.6	141.2	156.6	179.8	201.1
Year end balance.	23.0	12.3	-12.8	-46.9	-83.8	-125.9
Start of year balance <sup>1</sup> .....	20.0	16.0	(7)	(?)	(?)	(?)
<b>Combined Old Age and Survivors, Disability and Hospital Insurance</b>						
Outlays.....	166.4	193.2	211.0	236.2	275.7	314.6
Income.....	167.4	195.4	227.1	260.9	297.6	335.7
Year end balance.	45.7	43.6	27.5	2.8	-19.2	-40.3
Start of year balance.....	28.0	23.0	19.0	11.0	(1)	(?)

<sup>1</sup> As a percent of outlays.

<sup>2</sup> Negative balance.

( ) Denotes cash flow difficulties.

Source: Social Security Administration, Office of the Actuary.

Table 11 compares the combined old age and survivors, disability and hospital insurance trust funds under several economic scenarios. Carter and the pessimistic assumptions have trust fund balances declining while the CBO assumptions have the trust fund balance declining until 1985 and then with the tax increases scheduled for 1985, the fund balance starts to increase. The Reagan economic assumptions have trust fund balances declining until 1984 and then in 1985 and 1986, trust fund balances increase.

The difference in these balances illustrates the extreme sensitivity of social security projections to economic assumptions.

**TABLE 11.—Combined old age and survivors, disability and hospital insurance trust fund balances at the end of each fiscal year for several economic assumptions**

[In billions of dollars]

Economic assumptions	1981	1982	1983	1984	1985	1986
Carter.....	44.6	41.2	32.4	18.4	9.3	3.7
CBO.....	41.0	35.2	29.6	21.6	20.8	24.3
Reagan.....	46.2	45.5	44.2	42.6	50.4	67.9
DRI <sup>1</sup> .....	45.7	43.6	27.5	2.8	-19.2	-40.3

<sup>1</sup> Alternative pessimistic path based on economic assumptions developed from DRI's model PESSIM012381 by the Social Security Administration, Office of the Actuary.

Table 12 illustrates the dollar amounts needed to restore the combined OASDHI fund to a given standard by the end of fiscal year 1985. Some economists have argued that a 6- to 12-month balance is required to weather an economic cycle without resorting to short term changes in financing. The table shows, for example, that if the committee wishes to plan based upon the Carter economic assumptions and desires a 3-month balance by the end of fiscal year 1985, an additional \$66.5 billion will be needed.

**TABLE 12.—Dollar amounts needed (additional revenues or reduced expenditures) to restore combined OASDHI trust fund to a given standard, by economic scenario, by the end of fiscal year 1985**

[In billions of dollars]

Economic assumption	1 mo (8½ percent)	3 mo (25 percent)	6 mo (50 percent)	12 mo (100 percent)
Carter.....	16.0	66.5	142.4	294.0
CBO.....	5.0	56.7	134.2	289.2
Reagan.....	0	19.8	90.0	230.3
DRI <sup>1</sup> .....	45.4	97.8	176.5	333.8

<sup>1</sup> Alternative pessimistic path based on economic assumptions developed from DRI's model PESSIM012381 by the Social Security Administration, Office of the Actuary.

Table 13 summarizes the key economic assumptions contained in President Carter's fiscal year 1982 budget and compares them with the assumptions underlying President Reagan's program for economic recovery, CBO's preliminary 1981 forecast, and an alternative economic scenario developed from DRI's pessimistic path.

TABLE 13.—Comparison of the economic assumptions underlying trust fund projections of President Carter's 1982 budget, President Reagan's program for economic recovery, CBO's 1981 preliminary estimates, and the pessimistic path developed from DRI's<sup>1</sup> model, calendar years 1980–86

	1980	1981	1982	1983	1984	1985	1986
<b>Percent change in real GNP:</b>							
Carter.....	-0.1	0.9	3.5	3.5	3.7	3.7	3.7
Reagan.....	-0.1	1.1	4.2	5.0	4.5	4.2	4.2
CBO.....	-0.1	1.0	3.8	3.2	2.9	2.7	2.5
DRI.....	-0.1	-0.1	.7	.7	4.4	4.4	3.4
<b>Unemployment rate:</b>							
Carter.....	7.2	7.8	7.5	7.1	6.7	6.3	6.0
Reagan.....	7.2	7.8	7.2	6.6	6.4	6.0	5.6
CBO.....	7.2	7.8	7.4	7.1	7.1	7.1	7.3
DRI.....	7.2	8.3	8.7	9.7	9.1	8.0	7.4
<b>Percent change in CPI:</b>							
Carter.....	13.5	12.5	10.3	8.7	7.7	7.0	6.3
Reagan.....	13.5	11.1	8.3	6.2	5.5	4.7	4.2
CBO.....	13.4	10.3	10.1	9.3	9.3	9.1	8.7
DRI.....	13.5	12.8	13.6	11.6	10.9	9.7	8.6
<b>Percent change in covered wage:</b>							
Carter.....	8.3	10.1	9.5	9.5	8.8	8.0	7.6
Reagan.....	8.5	10.4	9.8	8.8	7.9	7.1	7.0
CBO.....	7.7	8.6	11.3	10.7	11.0	10.7	10.3
DRI.....	8.5	10.6	11.0	10.3	12.0	10.4	9.2
<b>Real wage differential:</b>							
Carter.....	-5.2	-2.4	-0.8	.7	1.1	1.0	1.3
Reagan.....	-5.0	-0.7	1.5	2.6	2.4	2.4	2.8
CBO.....	-5.7	-1.7	1.2	1.4	1.7	1.6	1.6
DRI.....	-5.0	-2.2	-2.6	-1.3	1.1	.7	.6
<b>Benefit increase (percent):</b>							
Carter.....	14.3	12.3	11.3	9.2	8.0	7.3	6.5
Reagan.....	14.3	11.2	9.3	6.6	5.8	4.9	4.4
CBO.....	14.3	12.0	8.9	9.4	9.3	9.2	8.9
DRI.....	14.3	11.6	14.4	11.9	11.4	10.6	9.0

<sup>1</sup> Economic assumptions developed from DRI's model PESSIM012381 by the Social Security Administration, Office of the Actuary.

Source: Social Security Administration, Office of the Actuary; and Congressional Budget Office.



## ADMINISTRATION

The Social Security Administration (SSA), a component of the Department of Health and Human Services, administers the old-age, survivors and disability insurance programs. In fiscal year 1980, SSA had a permanent staff of 74,498. The national headquarters offices are located principally in Baltimore, Md. There are 10 regional offices located in cities throughout the country which direct and coordinate most SSA activities in their respective regions. For the DI program, however, State agencies gather medical and vocational evidence and make the original determination of disability, after the social security field office has taken the claim and assembled information on the claimant's condition, treatment sources, and ability to work. The SSA field office generally completes all of the nondisability portion of the claim (for example, whether the person is eligible for social security).

## PROGRAM DATA

The following tables present summary data on the operations of the OASDI programs. Table 14 shows the funding levels and number of beneficiaries for each program separately and then with OASI and DI combined. Table 15 provides the number of beneficiaries receiving monthly benefits (OASI and DI) in each State, while Table 16 shows the dollar amount of benefits by State for a particular fiscal year.

TABLE 14.—Funding levels and beneficiaries for the OASDI programs

[Dollar amounts in billions; fiscal years]

	1970	1975	1980	1981 <sup>1</sup>
<b>OASI:</b>				
Trust fund income.....	\$31.7	\$58.8	\$100.1	\$120.9
Trust fund outgo.....	\$27.3	\$56.7	\$103.2	\$122.1
Beneficiaries (millions) <sup>2</sup> ....	22.8	26.9	30.3	30.9
<b>DI:</b>				
Trust fund income.....	\$4.4	\$7.9	\$17.4	\$13.1
Trust fund outgo.....	\$3.0	\$8.0	\$15.3	\$17.4
Beneficiaries (millions) <sup>2</sup> ....	2.5	3.9	4.8	4.7
<b>OASDI:</b>				
Trust fund income.....	\$36.1	\$66.7	\$117.4	\$134.0
Trust fund outgo.....	\$30.3	\$64.7	\$118.5	\$139.5
Beneficiaries (millions) <sup>2</sup> ....	25.3	30.9	35.1	35.6

<sup>1</sup> Current law, Reagan fiscal year 1982 budget assumptions.<sup>2</sup> December data, except fiscal year 1981—November data.

TABLE 15.—OASDI: Number of monthly benefits in current-payment status by State, June 1980

State <sup>1</sup>	Total	State <sup>1</sup>	Total
Alabama.....	636,923	New Jersey.....	1,151,500
Alaska.....	20,880	New Mexico.....	172,564
Arizona.....	414,688	New York.....	2,862,307
Arkansas.....	438,479	North Carolina....	887,467
California.....	3,179,084	North Dakota.....	104,346
Colorado.....	327,514	Ohio.....	1,611,006
Connecticut.....	472,490	Oklahoma.....	467,212
Delaware.....	86,115	Oregon.....	406,639
District of Columbia.....	87,690	Pennsylvania.....	2,052,847
Florida.....	2,038,867	Rhode Island.....	168,213
Georgia.....	764,043	South Carolina....	443,333
Hawaii.....	111,003	South Dakota.....	118,438
Idaho.....	130,046	Tennessee.....	730,591
Illinois.....	1,620,344	Texas.....	1,799,293
Indiana.....	811,096	Utah.....	145,738
Iowa.....	489,191	Vermont.....	80,073
Kansas.....	372,822	Virginia.....	712,313
Kentucky.....	594,936	Washington.....	574,855
Louisiana.....	578,705	West Virginia....	358,438
Maine.....	196,631	Wisconsin.....	761,058
Maryland.....	525,682	Wyoming.....	48,981
Massachusetts....	918,712	Other areas:	
Michigan.....	1,349,424	American	
Minnesota.....	612,321	Samoa.....	2,394
Mississippi.....	426,810	Guam.....	3,013
Missouri.....	854,098	Puerto Rico.....	568,427
Montana.....	118,007	Virgin Islands...	7,578
Nebraska.....	253,237	Abroad.....	311,600
Nevada.....	92,333		
New Hampshire..	138,535	Total.....	35,219,930

<sup>1</sup> Beneficiary by State of residence.

TABLE 16.—OASDI: Estimated amount of benefit payments in fiscal year 1979 by State and by type of program

[In thousands of dollars]

State <sup>1</sup>	Total <sup>2</sup>	OASI total	DI total
Total.....	101,020,422	87,460,851	13,428,454
Alabama.....	1,597,455	1,327,283	268,855
Alaska.....	55,562	47,692	7,870
Arizona.....	1,180,679	1,019,688	160,030
Arkansas.....	1,074,208	879,914	192,716
California.....	9,426,050	8,030,227	1,382,995
Colorado.....	929,043	812,224	115,466
Connecticut.....	1,526,488	1,377,806	146,285
Delaware.....	260,832	226,995	33,564
District of Columbia...	230,990	200,606	29,862
Florida.....	5,834,503	5,144,796	684,130
Georgia.....	1,932,903	1,556,926	373,283
Hawaii.....	300,566	268,203	31,960
Idaho.....	363,960	321,200	42,392
Illinois.....	5,034,346	4,493,771	533,443
Indiana.....	2,477,598	2,170,943	304,032
Iowa.....	1,430,986	1,301,389	126,179
Kansas.....	1,090,747	994,770	93,532
Kentucky.....	1,513,745	1,244,961	267,253
Louisiana.....	1,543,566	1,180,660	270,343
Maine.....	539,541	470,745	68,108
Maryland.....	1,544,392	1,352,433	189,455
Massachusetts.....	2,789,929	2,499,336	286,677
Michigan.....	4,198,840	3,605,158	589,802
Minnesota.....	1,743,365	1,589,797	149,771
Mississippi.....	969,793	783,979	184,758
Missouri.....	2,424,389	2,115,279	305,930
Montana.....	334,985	293,304	41,135
Nebraska.....	722,433	661,965	58,557
Nevada.....	261,716	221,653	39,873
New Hampshire.....	416,481	372,715	43,090

**TABLE 16.—OASDI: Estimated amount of benefit payments in fiscal year 1979 by State and by type of program—Continued**

[In thousands of dollars]

State <sup>1</sup>	Total <sup>2</sup>	OASI total	DI total
New Jersey.....	3,680,885	3,225,381	451,707
New Mexico.....	436,075	364,991	70,586
New York.....	9,102,800	7,940,105	1,150,588
North Carolina.....	2,269,466	1,890,933	375,792
North Dakota.....	278,695	256,650	21,475
Ohio.....	4,860,582	4,194,616	660,080
Oklahoma.....	1,292,692	1,117,297	173,674
Oregon.....	1,217,359	1,071,092	144,926
Pennsylvania.....	6,327,229	5,546,592	772,722
Rhode Island.....	504,990	442,686	61,568
South Carolina.....	1,120,836	908,975	210,544
South Dakota.....	315,218	287,503	27,015
Tennessee.....	1,859,916	1,543,928	313,389
Texas.....	4,754,718	4,145,965	602,974
Utah.....	424,058	380,103	43,623
Vermont.....	229,120	200,157	28,619
Virginia.....	1,896,794	1,600,756	293,000
Washington.....	1,733,764	1,523,482	208,004
West Virginia.....	993,595	795,020	197,376
Wisconsin.....	2,286,741	2,050,903	232,147
Wyoming.....	142,373	129,035	13,136
Other areas:			
American Samoa..	2,368	1,988	380
Guam.....	4,889	4,181	708
Puerto Rico.....	894,811	587,957	306,854
Virgin Islands.....	16,918	14,885	2,033
Abroad.....	713,440	669,252	44,188

<sup>1</sup> Beneficiary by State of residence.

<sup>2</sup> Includes special age-72 payments.

## **2. MEDICARE**

### **PART A. HOSPITAL INSURANCE**

**Budget Function:** Health  
**Budget Account Number:** 20-8005-0-7-551  
**Classification:** Entitlement (trust fund and appropriation)  
**Legal Citations:** 79 Stat 299  
42 USC 1395I  
Sec. 102(A)  
92 Stat 307  
42 USC 426-1 and 1395RR  
Secs. 1 and 2

### **PART B. SUPPLEMENTARY MEDICAL INSURANCE**

**Budget Function:** Health  
**Budget Account Number:** 20-8004-0-7-551  
**Classification:** Appropriated entitlement  
**Legal Citations:** 79 Stat 308  
42 USC 1395T  
Sec. 102(A)  
92 Stat. 307  
42 USC 426-1 and 1395RR  
Secs. 1 and 2

### **SUMMARY**

Medicare, authorized under title XVIII of the Social Security Act, is a nationwide health insurance program for the aged and certain disabled persons. Medicare has two parts, the hospital insurance or part A program and the supplementary medical insurance or part B program.

### **LEGISLATIVE OBJECTIVE**

Section 1811 of the Social Security Act specifies that the part A program provides basic protection against the costs of hospital, related posthospital, and home health services for eligible individuals. Section 1831 of the act establishes a voluntary insurance program to provide medical insurance benefits for aged and disabled individuals who elect to enroll in the program.

## ELIGIBILITY CRITERIA

The vast majority of persons reaching age 65 are automatically entitled to protection without cost under the hospital insurance program. Persons aged 65 and older not entitled to coverage may voluntarily obtain hospital insurance protection, providing they pay the full cost of such coverage (currently \$78 per month rising to \$89 per month on July 1, 1981). Also eligible are disabled workers at any age, disabled widows and disabled dependent widowers between the ages of 50 and 65, beneficiaries aged 18 or older who receive benefits because of disability prior to reaching age 22, and disabled railroad annuitants (all after a certain period of disability). Fully or currently insured workers under Social Security and their dependents with chronic renal disease are, under certain circumstances, considered to be disabled for purposes of hospital insurance coverage.

The supplementary medical insurance portion of medicare is a voluntary program. All persons aged 65 or older (whether or not they are entitled to hospital insurance) and all other persons entitled to hospital insurance (i.e., the disabled) may elect to enroll in the supplementary medical insurance program. Persons aged 65 or older who elect to "buy into" the hospital insurance program are required to buy supplementary protection as well.

The number of persons with medicare protection is shown in table 1.

## BENEFITS

### PART A BENEFITS

During each benefit period,<sup>1</sup> hospital insurance pays the "reasonable costs" for the following services:

*Inpatient hospital care*—90 days. For the first 60 days, the reasonable cost of all covered services, except for an initial inpatient hospital deductible (\$204 in 1981). For the 61st day through the 90th day, the costs of all covered services, except for a daily coinsurance (\$51 in 1981). An additional "lifetime reserve" of 60 hospital days may be drawn upon when more than 90 days per benefit period is needed. Each reserve day pays for all covered services, except for a coinsurance of \$102 per reserve day in 1981. Special limitations apply in the case of treatment in mental hospitals.

*Skilled nursing facility care*—100 days in a skilled nursing facility for persons in need of skilled nursing care and/or skilled rehabilitation services on a daily basis. All covered services are paid for the first 20 days, after which patients must pay a daily coinsurance amount (\$25.50 in 1981). Patients must be in a hospital for 3 consecutive days and must, except for special circumstances, be admitted to the skilled nursing facility within 14 days following hospital discharge.

*Home health care*—Up to 100 medically necessary home health visits by nurses, therapists, and other health workers. Hospital insurance pays for these services in the 12-month period following

<sup>1</sup> A "benefit period" begins the first time an insured person enters a hospital after his hospital insurance begins. It ends after he has not been an inpatient in a hospital or skilled nursing facility for 60 days in a row. There is no limit to the number of benefit periods an insured person may have.

a 3-day hospital stay or discharge from a skilled nursing facility. Effective July 1, 1981, the prior hospitalization requirement and the number of visits limitation are deleted; further, occupational therapy is added as a qualifying criteria.

*Alcohol detoxification facility services*—Effective April 1, 1981, coverage is available when such services are provided on an inpatient basis.

#### PART B BENEFITS

During any calendar year, supplementary medical insurance (with certain exceptions) pays 80 percent of the "reasonable charges" for covered services, after the insured pays the first \$60 toward the costs of such services. Covered expenses incurred toward the end of one calendar year may be used to satisfy this deductible for the following year. Covered services include:

*Services of independent practitioners*—Includes the services of medical doctors, osteopaths, chiropractors, and certain other practitioners regardless of where their services are provided (hospital, office, home, etc.). Special limitations apply in the case of psychiatric care outside of hospitals and for certain therapy services provided by an independent therapist practitioner.

*Home health care*—100 home health visits in addition to the visits provided for under the hospital insurance program. The 20 percent coinsurance does not apply for such benefits. Effective July 1, 1981, the number of visits limitation is removed and the services will be exempt from the deductible; payment for services will generally be made under part A except where the individual is not eligible under that program.

*Medical and other services*—Certain diagnostic services; X-ray or other radiation treatments; surgical dressings; casts, braces, artificial limbs and eyes; certain other equipment; certain medical supplies; ambulance services; rural health clinic services; kidney dialysis services and supplies; comprehensive outpatient rehabilitation facility services (effective July 1, 1981); and pneumococcal vaccine (flu shot) and its administration without regard to the coinsurance and deductible (effective July 1, 1981).

*Outpatient and laboratory services*—Certain physical therapy and speech pathology services; clinical lab, X-ray and other services of pathologists and radiologists. Effective July 1, 1981, the coinsurance exemption for inpatient radiology and pathology services will only apply where the physician accepts medicare payments as payments in full for all program eligibles.

#### FINANCING

For the most part, the part A hospital insurance program is financed by means of a special hospital insurance payroll tax levied on employees, employers, and the self-employed. During calendar year 1981, each will pay a tax equal to 1.30 percent of the first \$29,700 of covered yearly earnings. The tax rate is slated to remain at 1.30 percent through 1984 and rise to 1.35 percent in 1985 and 1.45 percent in 1986; covered yearly earnings subject to the tax will be automatically adjusted each year.

The part B supplementary medical insurance program is financed on a current basis from monthly premiums paid by persons insured under the program and from the general revenues of the Treasury. Persons protected by the supplementary program pay only about one-quarter of the costs of benefits and program administration; the balance is paid for by the Federal Government. The monthly premium charge for enrollees under the part B program is \$9.60 for the period July 1980–June 1981 rising to \$11.00 for the period July 1981–June 1982.

Federal outlays in selected years are shown in table 1.

#### PAYMENT FOR SERVICES

Payments under medicare are made on the basis of “reasonable costs” to institutional providers and “reasonable charges” to physicians and other practitioners. Specific criteria are established in medicare law and regulations for making these determinations. Institutional providers of services submit bills on behalf of the beneficiary and agree to accept the program’s reasonable cost reimbursement as payment in full for covered services. Beneficiaries are liable only for the applicable deductible and coinsurance amounts in connection with such services.

For services paid on a reasonable charge basis, payment is made either to the doctor or beneficiary depending on whether or not the physician or supplier has accepted assignment for the claim. In the case of assigned claims, beneficiaries are liable for the applicable deductible and coinsurance amounts. In addition, for nonassigned claims, the patient is responsible for any difference between the reasonable charge determined by medicare and the physician’s actual bill.

#### ADMINISTRATION

The medicare program is administered by the Health Care Financing Administration (HCFA) of the Department of Health and Human Services. Much of the day-to-day operational work of the program is performed by “intermediaries” and “carriers” which have responsibility for reviewing claims for benefits and making payments.

Hospitals and other providers that are paid on a reasonable cost basis can nominate, subject to HCFA’s approval, a national, State, or other public or private agency to serve as a fiscal intermediary between themselves and the Federal Government. Presently, there are nine organizations serving as medicare intermediaries: this figure includes the Blue Cross Association which carries out its claims administration activities through 69 statewide and local Blue Cross plans.

Medicare payments that are based on reasonable charges are made by insurance organizations, referred to as carriers, that have been selected by the Secretary to serve specified geographical areas. There are 43 carriers, including 28 Blue Shield plans.



PROGRAM DATA  
**TABLE 1.—Medicare overview**  
 [In millions; fiscal years] <sup>1</sup>

	1970 (actual)	1975 (actual)	1980 (actual)	1981 (current law estimate)	1982 (current law estimate)
<b>Part A.—Federal Hospital Insurance Trust Fund:</b>					
Federal outlays.....	\$4,952.9	\$10,611.5	\$24,287.5	\$28,174.9	\$32,169.7
Budget authority.....	\$5,613.8	\$12,567.9	\$25,414.8	\$32,785.4	\$39,078.1
Persons with protection <sup>2</sup> .....	20.0	23.7	27.4	28.0	28.6
Aged.....	20.0	21.6	24.5	24.9	25.4
Disabled.....		2.1	3.0	3.1	3.2
Persons receiving services.....	4.4	5.5	6.7	6.9	7.1
Aged.....	4.4	4.9	5.9	6.1	6.2
Disabled.....		0.6	0.8	0.9	.9
<b>Part B.—Federal Supplementary Insurance Trust Fund:</b>					
Federal outlays.....	\$2,196.3	\$4,169.9	\$10,746.3	\$12,980.3	\$14,923.7
Budget authority.....	\$1,875.7	\$4,336.0	\$10,275.0	\$12,389.0	\$17,715.0
Persons with protection <sup>2</sup> .....	19.2	23.3	27.1	27.7	28.4
Aged.....	19.2	21.5	24.4	24.9	25.5
Disabled.....		1.8	2.7	2.8	2.9
Persons receiving services.....	9.2	12.6	17.3	18.2	19.2
Aged.....	9.2	11.2	15.5	16.4	17.2
Disabled.....		1.4	1.7	1.9	2.0

<sup>1</sup> CBO estimates.

<sup>2</sup> Annual average.

## PROFESSIONAL STANDARDS REVIEW ORGANIZATIONS (PSROs)

### PROGRAM DESCRIPTION

The "Social Security Amendments of 1972" provided for the establishment of Professional Standards Review Organizations (PSROs), which are charged with the comprehensive and on-going review of services provided under medicare, medicaid, and the maternal and child health programs. PSROs determine, for purposes of reimbursement under these programs, whether services are: (1) medically necessary, (2) provided in accordance with professional standards, and (3) in the case of institutional services, rendered in the appropriate setting.

PSROs are formed by organizations representing substantial numbers of practicing physicians in 194 geographical areas nationwide. There are currently 47 fully designated and 140 conditionally designated PSROs in operation. The major focus of the PSRO program has been on the review of inpatient hospital services.

The Reagan current law estimates assume a phaseout of the PSRO program. Carter estimates assume continuation of the program at current funding levels.

### PROGRAM DATA

TABLE 1.—*PSRO program funding*

[In millions; fiscal years]

	1975 (actual)	1980 (actual)	1981		1982	
			Carter	Reagan	Carter	Reagan
Program level..	\$36.2	\$155.2	\$173.7	\$135.4	\$173.7	\$69.6
Hospital reviews.....		96.6	118.3	92.7	118.3	47.4
Other.....		58.6	55.4	42.7	55.4	22.2

### **3. UNEMPLOYMENT TRUST FUND (UNEMPLOYMENT COMPENSATION)**

#### **FUNDS FOR BENEFIT PAYMENTS AND ADMINISTRATIVE EXPENSES**

Budget Function:	Income Security
Budget Account Number:	20-8042-0-7-603
Classification:	Entitlement
Legal Citations:	93 Stat 654, 26 USC 3306, Sec. 4 49 Stat 840 42 USC 1104 Title IX, Sec. 904

#### **SUMMARY**

The Federal-State unemployment compensation system was enacted as a part of the Social Security Act of 1935. It has two primary purposes: (1) to provide partial wage replacement to qualified unemployed workers, in order to assist them in meeting nondeferable expenses during periods of temporary and involuntary unemployment; and (2) to help stabilize the economy during periods of economic decline. The program is a joint Federal-State system composed of programs administered by the 50 States, the District of Columbia, Puerto Rico, and the Virgin Islands.

The framework of the unemployment compensation system is established under the provisions of title III of the Social Security Act and the Federal Unemployment Tax Act (FUTA), chapter 23 of the Internal Revenue Code. The major provisions of the program are determined by State laws. In general, State laws establish eligibility requirements, the number of weeks an individual may collect regular unemployment compensation, the amount of the weekly benefit, the circumstances under which benefits may be denied, the length of denial, and the State unemployment tax structure. 1980 amendments to the Federal law established certain eligibility requirements and other limitations with respect to the extended benefits program, one-half of which is financed by the Federal Government.

**TABLE 1.—Unemployment compensation program statistics**

	Fiscal year—						
	1976	1977	1978	1979	1980	Estimates	
						1981	1982
Total unemployment rate (percent).....	8.0	7.4	6.2	5.8	6.8	7.8	7.6
Insured unemployment rate (percent) <sup>1</sup> ....	5.0	4.1	3.5	3.1	3.8	4.3	4.2
Coverage (millions: number of individuals).....	66.6	70.0	79.9	85.4	86.5	86.8	88.7
Average weekly benefit amount (dollars)..	71.75	75.80	80.40	85.00	95.70	101.50	107.40
State unemployment compensation:							
Claimants (millions: number of individuals).....	8.7	8.4	7.6	7.8	9.8	10.5	10.2
Regular benefit exhaustions (millions: number of individuals).....	4.1	2.9	2.2	2.0	2.7	3.7	3.8
Regular benefits paid (billions of dollars).....	10.24	8.94	8.32	8.74	12.95	16.48	16.92

Extended benefits (State share: billions of dollars).....	1.41	0.95	0.51	0.12	0.56	2.16	1.78
State tax collections (billions of dollars).....	6.40	9.25	11.03	12.27	11.91	12.61	15.52
State trust fund impact (income-outlays: billions of dollars).....	-5.25	-0.64	+2.20	+3.41	-1.60	-6.03	-2.98
Federal unemployment compensation accounts:							
Federal tax collections (billions of dollars).....	1.53	1.87	2.60	2.91	3.19	3.20	3.33
Outlays: Federal extended benefits share plus Federal supplemental benefits (billions of dollars).....	4.98	2.61	0.69	0.12	0.56	2.16	1.78
Administrative costs (includes Employment Service: billions of dollars).....	1.21	1.51	1.52	1.56	1.92	2.24	2.42

<sup>1</sup> The percent of workers covered under State unemployment compensation programs who collected unemployment compensation benefits.

Source: Office of Research, Legislation and Program Policies/ETA/UIS/DOL, Division of Actuarial Services, Jan. 22, 1981.

## COVERAGE

More than 87 million workers, or about 97 percent of wage and salary workers are covered by the unemployment compensation system. "Covered" employment is employment subject to the Federal and/or State unemployment taxes; or, employment (such as employment for State and local governments and nonprofit organizations) that States are required by Federal law to cover under their programs even though such employment is not subject to the Federal unemployment tax.

An employer is subject to a Federal unemployment tax if, during the current or last year, he employed one or more individuals during some part of a day in each of at least 20 calendar weeks, or if he paid wages of \$1,500 or more during one calendar quarter of either year. In addition, agricultural employers who employ 10 or more farmworkers in 20 weeks or have quarterly payrolls for agricultural services of \$20,000 or more are covered. Also covered are employers who pay \$1,000 cash wages or more in a quarter to domestic workers. Federal law also requires coverage of employment for nonprofit organizations with four or more workers and coverage of unemployment for State and local governments.

Failure by a State to cover employment required to be covered under Federal law results in employers in the State being denied the credit against the Federal tax (discussed in detail in later section). Further, employees not covered under State law are not eligible for benefits if they become unemployed. Hence, coverage in all States is at least as broad as Federal law with minor exceptions.

Where employment is specifically exempt from Federal taxation, under the provisions of FUTA, a State may provide coverage at its option. Employment exempt under Federal law includes self-employment, employment for relatives, employment of a student by a school or university, and employment of agricultural or domestic workers which does not meet the quarterly payroll minimum specified above. Most States have chosen not to cover this exempt employment, although some States cover a portion of the services.

## BENEFITS

The States have developed diverse methods for determining if an individual qualifies for unemployment compensation and, if so, the amount and duration of his or her weekly payments. Among the most important of these factors are (1) a demonstrated ability and willingness to seek and accept suitable employment, (2) specified disqualifications related primarily to the circumstances of separation from the most recent employment and refusal of a job offer and, (3) the amount of employment and wages prior to becoming unemployed.

*Eligibility conditions*

All State laws provide that, to receive benefits, a claimant must be (1) able to work and (2) available to work. These requirements are positive conditions that must be continually met in order to receive benefits.

Only minor variations exist in State laws setting forth the requirements concerning "ability to work." A few States specify that a claimant must be mentally and physically able to work.

"Available for work" is often translated to mean being ready, willing, and able to work. In addition to registration for work at a local employment office, most State laws require that a claimant be actively seeking work or making a reasonable effort to obtain work. Generally, a person may not refuse, without good cause, an offer or referral to "suitable work."

"Suitable work" is generally work in a claimant's customary occupation, which meets certain health, safety, moral, and labor standards. Most State laws list certain criteria by which the "suitability of a work offer is to be tested. The usual criteria include the degree of risk to a claimant's health, safety, and morals; the physical fitness and prior training, experience, and earnings of the person; the length of unemployment and prospects for securing local work in a customary occupation; and the distance of the available work from the claimant's residence. Generally, as the length of unemployment increases the claimant is required to accept a wider range of jobs.

Effective March 31, 1981, Federal law requires States to deny benefits provided under the extended benefit program to any individual who fails to accept any work that is offered in writing or is listed with the State employment service, or fails to apply for any work to which he or she is referred by the State agency, if the work is within the person's capabilities, pays wages equal to the highest of the Federal or any State or local minimum wage, pays a gross weekly wage that exceeds the person's average weekly unemployment compensation benefits plus any supplemental unemployment compensation payable to the individual, and is consistent with the State definition of "suitable" work in other respects.

States must refer extended benefits claimants to any job meeting these requirements. If the State, based on information provided by the individual, determines that the individual's prospects for obtaining work in his or her customary occupation within a reasonably short period are good, the determination of whether any work is "suitable work" is made in accordance with State law rather than the above.

There are certain circumstances under which Federal law provides that State and extended benefits may not be denied. A State may not deny benefits to an otherwise eligible individual for refusing to accept

new work under any of the following conditions: (1) If the position offered is vacant due directly to a strike, lockout, or other labor dispute; (2) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than in those prevailing for similar work in the locality; (3) if as a condition of being employed the individual would be required to join a company union or to resign from or refrain from joining any bona fide labor organization. Further, benefits may not be denied solely on the grounds of pregnancy. The State is prohibited from cancelling wage credits or totally denying benefits except in cases of misconduct, fraud, or receipt of disqualifying income.

There are also certain conditions under which Federal law requires that benefits be denied. For example, benefits must be denied to teachers and other professional employees of education institutions during summer (and other vacation periods) if they have a reasonable assurance of reemployment; to professional athletes between sport seasons; and to aliens not legally admitted to work in the United States.

#### *Disqualifications*

The major causes for disqualification from benefits are not being able to work or available for work, voluntary separation from work without good cause, discharge for misconduct connected with the work, refusal of suitable work without good cause, and unemployment resulting from a labor dispute. Disqualification for one of these reasons may result in a postponement of benefits for some prescribed period, a cancellation of benefit rights, or a reduction of benefits otherwise payable.

Of the 23.5 million "monetarily eligible" initial UI claimants in fiscal year 1980, 19.2 percent were disqualified. This figure subdivides into 5.6 percent for not being able to work or available for work, 5.7 percent for voluntarily leaving a job without good cause, 2.9 percent for being fired for misconduct on the job, 0.3 percent for refusing suitable work, and 4.7 percent for committing other disqualifying acts. The total disqualification rate ranged from a low of 5.7 percent in North Carolina to a high of 88.4 percent in Nebraska.

Effective March 31, 1981, Federal law requires that benefits provided under the extended benefits program will be denied to an individual for the entire spell of his or her unemployment if he or she was disqualified from receiving State benefits because of voluntarily leaving employment, discharge for misconduct, or refusal of suitable work. Extended benefits will be denied even though the disqualification was subsequently lifted with respect to the State benefits prior to reemployment. The person could receive extended benefits if the disqualification is lifted because he or she became reemployed and met the work or wage requirement of State law.



Federal law requires that an individual's unemployment benefit must be reduced by the amount of any public or private work-related pension income a claimant is receiving if such pension was maintained or contributed to by a base period or chargeable employer. In determining the amount of the offset, States are permitted to take into account any employee contributions to the pension. Because almost all employers are covered by the social security old-age and survivor's program, and contribute social security payroll taxes to the social security trust fund, most social security old-age recipients who claim unemployment compensation are subject to this pension offset.

*Amount and duration of weekly benefit*

All States require that in order to receive benefits an individual must have earned a specified amount of wages and/or worked for a certain period of time prior to filing for unemployment compensation. The amount of wages or duration of previous employment that is required varies significantly from State to State. In general, the amount of a qualified claimant's weekly payment (up to a maximum amount specified in State law), and the number of weeks he or she can draw benefits, vary according to the claimant's previous wages.

The period of past wages used and the formulas for computing benefits from these past wages vary greatly among the States. In most of the States, the formula is designed to compensate for a fraction of the full-time weekly wage the individual was receiving while working, within the limits of State established minimum and maximum benefit amounts. Most of the States use a formula which determines benefits on the basis of wages earned in that quarter of recent employment in which wages were highest. A worker's weekly benefit rate, intended to represent a certain proportion of his or her average weekly wages in the high quarter, is computed directly from these wages.

In most States, the number of weeks a person can collect benefits varies according to the amount of previous wages earned or weeks of employment prior to unemployment. Ten States provide "uniform duration" of benefits and entitle all qualifying claimants to the same maximum potential number of weeks of benefits, although the weekly benefit amount varies according to each claimant's previous employment record. Generally, States provide up to a maximum of 26 weeks of State unemployment compensation benefits to unemployed individuals who meet the qualifying requirements of State law. Many claimants qualify for less than the maximum 26 weeks, and in 9 States, claimants may receive more than 26 weeks of State benefits (see table 3).

TABLE 2.—Weekly State unemployment compensation benefits for total unemployment in 1979

State	Weekly benefit amount <sup>1</sup>		Required total earnings in base year <sup>2</sup>		Minimum work in base year (weeks) <sup>3</sup>
	Minimum	Maximum	For minimum weekly benefit	For maximum weekly benefit	
Alabama.....	\$15	\$90	\$522	\$3,204	20
Alaska.....	18-28	90-120	750	8,500	20
Arizona.....	25	90	937	3,356	20
Arkansas.....	15	124	450	3,720	20
California.....	30	104	750	3,308	
Colorado.....	25	137	750	14,144	
Connecticut.....	15-20	128-192	600	5,120	20
Delaware.....	20	150	720	5,400	
District of Columbia.....	13-14	172	450	5,899	20
Florida.....	10	95	400	3,760	20
Georgia.....	27	90	412	3,337	20
Hawaii.....	5	134	150	4,020	14
Idaho.....	17	121	520	3,775	20
Illinois.....	15	129-154	1,000	3,609	20
Indiana.....	35	74-124	500	2,122	20
Iowa.....	17-18	131-148	600	3,503	20
Kansas.....	30	123	900	3,690	20
Kentucky.....	22	120	1,000	3,779	20
Louisiana.....	10	141	300	4,230	
Maine.....	12-17	96-144	900	2,167	20
Maryland.....	10-13	106	360	3,816	20
Massachusetts.....	12-18	122-183	1,200	3,170	
Michigan.....	16-18	97-136	350	2,240	14
Minnesota.....	30	150	900	5,382	15
Mississippi.....	10	80	360	2,880	20
Missouri.....	15	85	450	2,550	20
Montana.....	30	119	1,150	4,621	20
Nebraska.....	12	106	600	3,150	20
Nevada.....	16	115	562	4,275	20
New Hampshire.....	21	102	1,200	8,600	20

TABLE 2.—Weekly State unemployment compensation benefits for total unemployment in 1979—Continued

State	Weekly benefit amount <sup>1</sup>		Required total earnings in base year <sup>2</sup>		Minimum work in base year (weeks) <sup>3</sup>
	Minimum	Maximum	For minimum weekly benefit <sup>4</sup>	For maximum weekly benefit	
New Jersey.....	20	117	600	3,480	20
New Mexico.....	20	98	633	3,152	20
New York.....	25	125	800	4,980	20
North Carolina.....	15	130	565	5,049	20
North Dakota.....	36	131	1,440	5,240	20
Ohio.....	10-16	120-189	400	3,760	20
Oklahoma.....	16	132	1,000	4,912	20
Oregon.....	35	127	700	10,120	18
Pennsylvania.....	13-18	152-160	440	6,000	20
Rhode Island.....	26-31	120-140	1,060	4,327	20
South Carolina.....	10	111	300	4,290	20
South Dakota.....	28	109	1,160	3,469	20
Tennessee.....	14	100	504	3,600	20
Texas.....	16	91	500	3,375	20
Utah.....	10	137	700	3,656	19
Virgin Islands.....	15	82	396	2,460	20
Vermont.....	18	115	700	4,580	20
Virginia.....	38	122	1,368	4,392	20
Washington.....	17	137	1,800	3,412	.....
West Virginia.....	18	166	1,150	16,550	.....
Wisconsin.....	27	145	780	4,320	15
Wyoming.....	24	121	960	3,000	20
Puerto Rico.....	7	72	150	2,880	20

<sup>1</sup> A range of amounts is shown for those States which provide dependents' allowances.

<sup>2</sup> In some States larger total earnings may be required in order for the benefits to be paid for the maximum number of weeks.

<sup>3</sup> Number of weeks of work in base year required to qualify for minimum benefits. "20" denotes that State directly or indirectly requires work in at least 2 quarters of the base year. States without an entry have the minimum work requirement specified as a wage amount.

Source: Department of Labor.

TABLE 3.—Duration (in weeks) of regular unemployment benefits in 1979<sup>1</sup>

State	Minimum potential duration	Maximum potential duration	Earnings in base year required for maximum potential benefits <sup>2</sup>
Alabama.....	11	26	\$7,017
Alaska.....	14	28	8,500
Arizona.....	8	26	7,019
Arkansas.....	10	26	9,300
California.....	12	26	5,406
Colorado.....	7	26	14,144
Connecticut.....	26	26	5,120
Delaware.....	11	26	7,798
District of Columbia.....	17	34	11,694
Florida.....	10	26	9,776
Georgia.....	4	26	9,180
Hawaii.....	26	26	4,020
Idaho.....	10	26	9,815
Illinois.....	26	26	3,609
Indiana.....	3	26	7,696
Iowa.....	15	26	10,215
Kansas.....	10	26	9,591
Kentucky.....	15	26	9,358
Louisiana.....	12	28	9,867
Maine.....	3	26	7,486
Maryland.....	26	26	3,816
Massachusetts.....	9	30	10,163
Michigan.....	11	26	5,600
Minnesota.....	11	26	11,064
Mississippi.....	12	26	6,237
Missouri.....	10	26	6,630
Montana.....	8	26	9,119
Nebraska.....	17	26	8,188
Nevada.....	11	26	8,967
New Hampshire.....	26	26	8,600

TABLE 3.—Duration (in weeks) of regular unemployment benefits in 1979<sup>1</sup>—Continued

State	Minimum potential duration	Maximum potential duration	Earnings in base year required for maximum potential benefits <sup>2</sup>
New Jersey.....	15	26	6,090
New Mexico.....	18	26	4,245
New York.....	26	26	4,980
North Carolina.....	13	26	10,101
North Dakota.....	12	26	10,004
Ohio.....	20	26	6,188
Oklahoma.....	20	26	10,293
Oregon.....	6	26	9,906
Pennsylvania.....	30	30	6,000
Rhode Island.....	12	26	9,087
South Carolina.....	10	26	8,655
South Dakota.....	13	26	8,499
Tennessee.....	12	26	7,797
Texas.....	9	26	8,762
Utah.....	10	36	11,668
Virgin Islands.....	26	26	2,460
Vermont.....	26	26	4,580
Virginia.....	12	26	9,516
Washington.....	8	30	12,328
West Virginia.....	28	28	16,550
Wisconsin.....	1	34	12,384
Wyoming.....	12	26	10,083
Puerto Rico.....	20	20	2,880

<sup>1</sup> Based on benefits for total unemployment. Amounts payable can be stretched out over a longer period in the case of partial unemployment.

<sup>2</sup> Based on maximum weekly benefit amount paid for maximum number of weeks. Total potential benefits equals a worker's weekly benefit amount times his potential duration.

Source: Department of Labor.

### EXTENDED BENEFITS

Under the permanent Federal-State extended benefits program, additional weeks of unemployment compensation are payable to individuals who exhaust their State benefits during periods of high unemployment. Under the extended benefits program, an individual may receive additional weeks of benefits equal to one-half of the number of weeks of State benefits to which he or she was entitled. No one may receive more than 13 weeks of extended benefits, or more than 39 weeks of State plus extended benefits.

Extended benefits are payable in a State when, for the most recent 13-week period, the State insured unemployment rate (IUR—the percentage of workers covered by the State unemployment compensation program who are currently claiming State or extended benefits) averages at least 4 percent and, in addition, is 20 percent higher than it was during the same 13-week period in the two previous years. When the “20 percent” factor is not met, a State, at its option, may provide extended benefits when the State IUR averages 5 percent. (39 States have incorporated the optional 5 percent trigger into their State law.)

Extended benefits are payable in all States when the national IUR, for the most recent 13-week period, averages 4.5 percent (“National trigger”).

TABLE 4.—National and State extended benefit indicators under Public Law 94-566, as of Feb. 14, 1981

	National indicator insured unemployment rate for 13-week periods ending Jan. 31, 4.28 percent; Feb. 7, 4.21 percent; Feb. 14, 4.15 percent (seasonally adjusted)		Status of extended benefit periods: Beginning date
	Extended benefit indicators		
	13-week IUR	Percent of prior 2 yr	
Alabama (on).....	5.62	143	June 22, 1980
Alaska (on).....	9.84	90	Jan. 19, 1975
Arizona <sup>1</sup> .....	2.78	146	
Arkansas (on).....	6.18	123	June 8, 1980
California (on).....	4.58	121	July 20, 1980
Colorado.....	2.59	139	
Connecticut.....	3.40	125	
Delaware (on) <sup>1</sup> .....	5.31	158	July 20, 1980
District of Columbia.....	2.92	107	
Florida.....	2.10	111	
Georgia.....	3.06	123	
Hawaii.....	3.19	118	
Idaho (on).....	6.41	115	Feb. 17, 1980
Illinois (on).....	5.91	153	June 29, 1980
Indiana (on).....	4.74	162	Mar. 23, 1980
Iowa <sup>1 2</sup> .....	4.11	145	
Kansas.....	3.21	155	
Kentucky (on) <sup>1</sup> .....	6.60	138	June 1, 1980
Louisiana.....	3.26	117	
Maine (on).....	6.13	122	Mar. 16, 1980
Maryland <sup>2</sup> .....	4.09	144	
Masachusetts.....	4.09	107	
Michigan (on).....	<sup>3</sup> (8.75)	(128)	Sept. 30, 1979
Minnesota <sup>2</sup> .....	4.08	138	
Mississippi (on).....	5.07	145	July 13, 1980
Missouri (on).....	5.19	185	June 1, 1980
Montana (on) <sup>1</sup> .....	5.88	119	June 15, 1980
Nebraska.....	2.57	132	
Nevada <sup>1 2</sup> .....	4.63	159	
New Hampshire <sup>1</sup> .....	<sup>3</sup> (2.59)	(146)	
New Jersey (on).....	6.03	105	Mar. 9, 1980
New Mexico.....	3.42	124	
New York.....	4.65	105	
North Carolina <sup>2</sup> .....	4.02	157	
North Dakota <sup>1</sup> .....	4.38	116	

Footnotes at end of table.

TABLE 4.—National and State extended benefit indicators under Public Law 94-566, as of Feb. 14, 1981—Continued

	National indicator insured unemployment rate for 13-week periods ending Jan. 31, 4.28 percent; Feb. 7, 4.21 percent; Feb. 14, 4.15 percent (seasonally adjusted)		Status of extended benefit periods: Beginning date
	Extended benefit indicators		
	13-week IUR	Percent of prior 2 yr	
Ohio (on).....	6.00	161	Feb. 17, 1980
Oklahoma.....	1.92	112	
Oregon (on).....	6.60	141	Mar. 16, 1980
Pennsylvania (on).....	5.84	115	Feb. 24, 1980
Puerto Rico (on).....	10.05	77	Feb. 23, 1975
Rhode Island (on).....	6.60	112	Mar. 9, 1980
South Carolina (on).....	4.66	173	July 20, 1980
South Dakota <sup>1</sup> .....	<sup>3</sup> (2.96)	(119)	
Tennessee (on).....	5.45	131	June 29, 1980
Texas.....	1.90	133	
Utah <sup>1</sup> .....	3.79	121	
Vermont (on).....	5.20	115	July 20, 1980
Virginia.....	2.49	136	
Virgin Islands.....	3.33	105	
Washington (on).....	6.02	134	July 6, 1980
West Virginia (on) <sup>1</sup> .....	7.12	132	June 15, 1980
Wisconsin (on) <sup>1</sup> .....	6.34	145	Mar. 23, 1980
Wyoming <sup>1</sup> .....	2.38	150	

<sup>1</sup> State does not have the 5-percent option in its law.

<sup>2</sup> Will not be eligible for a State extended benefit period until Apr. 26, 1981.

<sup>3</sup> Trigger indicator as of Feb. 7, 1981.

Note: National 4.5 percent trigger "off" for week ending Jan. 3, 1981. The national "extended benefit" period ended with the week ending Jan. 24, 1981. States without a beginning date ended at the time the national "extended benefit" period ended.

Source: U.S. Department of Labor, ETA, UIS Office of Research, Legislation and Program Policies.

#### TAXATION OF UNEMPLOYMENT INSURANCE BENEFITS

The Revenue Act of 1978 (Public Law 95-600) provided that State and Federal unemployment insurance benefits would be subject to the Federal income tax for certain taxpayers. Effective for taxable years beginning after December 31, 1978, the amount of unemployment insurance benefits subject to the Federal tax is, generally, an amount equal to one-half of the excess of income (including unemployment insurance payments and excludable disability income) over \$20,000 for single taxpayers, over \$25,000 for married taxpayers filing jointly, and over zero for married taxpayers filing separately.



## FINANCING

The unemployment compensation system is financed by State and Federal payroll taxes on employers. Three States also levy unemployment taxes on employees.

Under the Federal Unemployment Tax Act (FUTA), a payroll tax of 3.4 percent on the first \$6,000 of wages is levied on employers who, in the current or last year, employed at least one person for 20 weeks or had a quarterly payroll of at least \$1,500. The FUTA tax is also levied on agricultural employers who employ 10 or more workers for 20 weeks or who have quarterly payrolls of \$20,000 or more, and on employers who pay at least \$1,000 a quarter for services performed by household workers.

If the State's unemployment compensation program meets the requirements of Federal law, employers in that State receive a 2.7 percent credit against the 3.4 percent Federal unemployment tax. Thus, the Federal tax rate in a State which has an approved program is 0.7 percent. The tax may be higher in States having outstanding unemployment insurance loans from the Federal Government.

The Federal tax is used to pay both State and Federal administrative costs associated with the unemployment compensation and State employment service programs, to fund 50 percent of the extended benefits paid to unemployed workers under the Federal-State Extended Compensation Act of 1970, and to maintain a loan fund from which an individual State may borrow (title XII of the Social Security Act) whenever it lacks funds to pay State unemployment compensation benefits due for a month.

States also levy unemployment compensation taxes on covered, private employers in the State. State taxes finance regular State benefits and one-half the costs of extended benefits. State unemployment funds are deposited with the Federal Government in the unemployment trust fund, which is a part of the unified Federal budget. States then pay benefits from this fund.

The method and level of taxation varies considerably among the States. Most States have a number of tax rate schedules and will use higher or lower schedules depending on the solvency of the States' trust fund. All jurisdictions, with the exception of Puerto Rico and the Virgin Islands, provide a system of experience rating under which State tax rates vary among employers according to the total amount of unemployment benefits that have recently been paid to former employees of each employer. Federal law requires that no reduced rate (usually a rate below 2.7 percent) may be assigned to an employer except on the basis of the employer's experience rating.

In 1980, the estimated average State tax rate was 2.4 percent of taxable wages, ranging from 0.5 percent in Texas to 4.7 percent in Pennsylvania. All States have a wage base of at least \$6,000. Seventeen States have a higher wage base, ranging from \$6,300 to \$13,300.

In the case of nonprofit organizations and government entities, Federal law requires the State to provide the employer the option of reimbursing the fund for the actual cost of benefits to unemployed workers rather than being taxed.

Table 5 shows the tax base in each State, the payroll tax rate as a percent of taxable wages and all wages, and those States not receiving the maximum Federal credit of 2.7 percent because of outstanding Federal unemployment loans.

Table 6 shows recent data on unemployment compensation-covered employment, wages, tax rates on taxable wages, and average weekly wages.

TABLE 5.—State unemployment tax data

State	1981 tax base	Estimated 1980 average tax rates as a percent of—		1981 Federal Credit (percent)
		Taxable wages	All wages	
U.S. average.....	( <sup>1</sup> )	2.4	1.1	NA
Alabama.....	\$6,600	1.8	0.9	( <sup>2</sup> )
Alaska.....	13,300	4.0	2.0	( <sup>2</sup> )
Arizona.....	( <sup>1</sup> )	1.8	0.9	( <sup>2</sup> )
Arkansas.....	( <sup>1</sup> )	1.9	1.1	( <sup>2</sup> )
California.....	( <sup>1</sup> )	2.6	1.2	( <sup>2</sup> )
Colorado.....	( <sup>1</sup> )	0.9	0.5	( <sup>2</sup> )
Connecticut.....	( <sup>1</sup> )	2.4	1.1	2.0
Delaware.....	( <sup>1</sup> )	2.9	1.1	2.1
District of Columbia.....	( <sup>1</sup> )	3.0	1.3	2.1
Florida.....	( <sup>1</sup> )	1.2	0.7	( <sup>2</sup> )
Georgia.....	( <sup>1</sup> )	1.8	0.7	( <sup>2</sup> )
Hawaii.....	12,200	2.0	1.4	( <sup>2</sup> )
Idaho.....	12,000	2.1	1.5	( <sup>2</sup> )
Illinois.....	6,500	3.5	1.5	2.4
Indiana.....	( <sup>1</sup> )	1.3	0.5	( <sup>2</sup> )
Iowa.....	8,000	2.6	1.3	( <sup>2</sup> )
Kansas.....	( <sup>1</sup> )	1.9	1.0	( <sup>2</sup> )
Kentucky.....	( <sup>1</sup> )	2.6	1.3	( <sup>2</sup> )
Louisiana.....	( <sup>1</sup> )	2.0	1.0	( <sup>2</sup> )
Maine.....	( <sup>1</sup> )	2.9	1.6	2.4
Maryland.....	( <sup>1</sup> )	4.1	1.7	( <sup>2</sup> )
Massachusetts.....	( <sup>1</sup> )	3.1	1.5	( <sup>2</sup> )
Michigan.....	( <sup>1</sup> )	3.9	1.6	( <sup>2</sup> )
Minnesota.....	8,000	2.1	1.1	( <sup>2</sup> )
Mississippi.....	( <sup>1</sup> )	2.1	1.2	( <sup>2</sup> )
Missouri.....	( <sup>1</sup> )	1.0	0.4	( <sup>2</sup> )
Montana.....	7,800	2.9	1.7	( <sup>2</sup> )
Nebraska.....	( <sup>1</sup> )	1.2	0.6	( <sup>2</sup> )
Nevada.....	8,400	2.9	1.7	( <sup>2</sup> )
New Hampshire.....	( <sup>1</sup> )	1.3	0.7	( <sup>2</sup> )

TABLE 5.—State unemployment tax data—Continued

State	1981 tax base	Estimated 1980 average tax rates as a percent of—		1981 Federal Credit (percent)
		Taxable wages	All wages	
New Jersey.....	7,500	3.7	1.7	2.4
New Mexico.....	8,000	1.8	1.0	( <sup>2</sup> )
New York.....	( <sup>1</sup> )	3.4	1.3	( <sup>2</sup> )
North Carolina.....	( <sup>1</sup> )	2.1	1.0	( <sup>2</sup> )
North Dakota.....	8,400	2.8	1.6	( <sup>2</sup> )
Ohio.....	( <sup>1</sup> )	2.2	0.8	( <sup>2</sup> )
Oklahoma.....	( <sup>1</sup> )	1.1	0.5	( <sup>2</sup> )
Oregon.....	10,000	3.0	1.9	( <sup>2</sup> )
Pennsylvania.....	6,300	4.7	2.1	2.1
Puerto Rico <sup>3</sup> .....	( <sup>1</sup> )	3.0	3.0	2.4
Rhode Island.....	7,800	4.2	2.5	2.1
South Carolina.....	( <sup>1</sup> )	2.1	1.2	( <sup>2</sup> )
South Dakota.....	( <sup>1</sup> )	1.0	0.6	( <sup>2</sup> )
Tennessee.....	( <sup>1</sup> )	1.9	0.9	( <sup>2</sup> )
Texas.....	( <sup>1</sup> )	0.5	0.2	( <sup>2</sup> )
Utah.....	12,000	1.5	1.0	( <sup>2</sup> )
Vermont.....	( <sup>1</sup> )	3.4	1.8	2.1
Virginia.....	( <sup>1</sup> )	1.3	0.7	( <sup>2</sup> )
Virgin Islands.....	( <sup>1</sup> )	3.7	2.2	2.4
Washington.....	10,200	3.0	1.8	( <sup>2</sup> )
West Virginia.....	( <sup>1</sup> )	2.6	1.0	( <sup>2</sup> )
Wisconsin.....	( <sup>1</sup> )	2.7	1.1	( <sup>2</sup> )
Wyoming.....	( <sup>1</sup> )	1.4	0.7	( <sup>2</sup> )

<sup>1</sup> The 1981 tax base is \$6,000 except as otherwise shown in this column.

<sup>2</sup> All figures are 2.7 percent except as otherwise shown in this column.

<sup>3</sup> Total wages paid to an individual are taxable.

Source: Department of Labor (based on estimates by State agencies).

**TABLE 6.—12-month average employment and total wages covered by unemployment insurance (UI) for period ending March 1980**

State	Average employment (millions)	Total wages <sup>1</sup> (millions)	Taxable wages (millions)	Ratio of taxable wages to total wages	Average weekly wages for UI
United States...	87,066	\$1,151,804	\$461,337	0.40	\$254
Alabama.....	1,264	14,877	6,754	.45	226
Alaska.....	146	3,167	1,289	.41	414
Arizona.....	966	12,209	5,089	.42	242
Arkansas.....	720	7,761	3,719	.48	207
California.....	9,662	136,836	51,957	.38	272
Colorado <sup>2</sup> .....	1,169	14,629	6,354	.43	240
Connecticut <sup>2</sup> ....	1,377	18,228	7,165	.39	254
Delaware.....	251	3,531	1,208	.34	270
District of Columbia.....	387	5,703	1,827	.32	282
Florida.....	3,360	39,054	17,495	.45	223
Georgia.....	2,016	23,769	10,462	.44	226
Hawaii.....	374	4,562	2,540	.57	234
Idaho.....	311	3,648	2,085	.57	225
Illinois <sup>2</sup> .....	4,570	66,781	24,457	.37	280
Indiana <sup>2</sup> .....	2,097	28,597	11,004	.38	262
Iowa.....	1,084	13,277	5,720	.43	235
Kansas.....	890	10,714	4,456	.42	231
Kentucky.....	1,143	14,144	5,766	.41	237
Louisiana.....	1,465	19,196	8,055	.42	251
Maine.....	393	4,171	1,881	.45	204
Maryland <sup>2</sup> .....	1,556	18,869	6,855	.36	233
Massachusetts..	2,508	32,124	13,166	.41	246
Michigan <sup>2</sup> .....	3,420	58,641	17,393	.30	329
Minnesota.....	1,680	21,797	9,839	.45	249
Mississippi.....	784	8,161	3,894	.48	200
Missouri.....	1,892	24,000	9,436	.39	243
Montana.....	251	2,926	1,718	.59	224
Nebraska.....	594	6,691	2,692	.40	216
Nevada.....	377	4,490	2,613	.53	250
New Hampshire..	367	4,153	1,845	.44	217
New Jersey.....	2,917	41,129	16,366	.40	271
New Mexico.....	413	4,898	2,162	.44	227
New York.....	6,962	101,292	34,145	.34	279
North Carolina..	2,286	25,346	11,720	.46	213
North Dakota....	217	2,449	1,096	.45	216

TABLE 6—12-month average employment and total wages covered by unemployment insurance (UI) for period ending March 1980—Con.

State	Average employment (millions)	Total wages <sup>1</sup> (millions)	Taxable wages (millions)	Ratio of taxable wages to total wages	Average weekly wages for UI
Ohio.....	4,227	59,466	21,593	.36	270
Oklahoma.....	1,021	12,840	5,296	.41	241
Oregon.....	1,004	13,354	6,758	.51	255
Pennsylvania <sup>2</sup> ..	4,551	60,643	22,957	.38	256
Puerto Rico <sup>3</sup> ....	727	5,481	3,841	.70	145
Rhode Island....	390	4,487	1,878	.42	221
South Carolina..	1,115	12,233	5,660	.46	211
South Dakota....	219	2,214	963	.43	194
Tennessee <sup>2</sup> .....	1,671	18,635	8,566	.46	214
Texas.....	5,399	71,824	30,846	.43	255
Utah.....	487	5,978	3,289	.55	236
Vermont.....	188	2,062	895	.43	211
Virginia <sup>2</sup> .....	1,920	22,609	10,234	.45	226
Virgin Islands...	34	366	138	.38	203
Washington <sup>2</sup> ....	1,524	22,068	10,759	.49	278
West Virginia....	618	8,333	3,179	.38	259
Wisconsin.....	1,888	24,259	9,132	.39	246
Wyoming.....	189	2,694	1,130	.42	272

<sup>1</sup> Total wages exceed taxable wages because wages from reimbursable employers are included in the former and because wage base is limited.

<sup>2</sup> Data estimated for 1 quarter.

<sup>3</sup> Data estimated for 3 quarters.

#### FEDERAL UNEMPLOYMENT LOANS TO STATES

A State that has depleted its own unemployment funds may receive interest-free Federal loans as necessary to pay regular State benefits. If after 2 years a State has not repaid the full amount of the loan, the Federal unemployment tax on employers in the State is automatically increased by at least 0.3 percent per year, up to a maximum of 3.4 percent, until sufficient revenue has been raised to repay the State's entire outstanding loan balance. As of January 31, 1981, there were outstanding loans to 13 States, Puerto Rico, the Virgin Islands and the District of Columbia totaling \$4.28 billion. Table 7 shows the loans made to each State from the Federal Unemployment Account.

#### ADMINISTRATION

Both the regular benefit and extended benefit programs are administered by State Employment Security Agencies, which are financed by grants from the U.S. Department of Labor (DOL). The U.S. Treasury manages and invests surplus funds and DOL oversees the State programs.

**Table 7.—Advances to States from the Federal unemployment account**

[In million dollars per calendar year]

States	1972	1973	1974	1975	1976	1977	1978	1979	1980	Loans re- quested <sup>1</sup>	Loans ap- proved <sup>2</sup>	Repay- ments	Total out- standing
Connecticut.....	31.8	21.7	8.5	203.0	137.0	75.0	37.0					145.2	368.8
Washington.....		40.7	3.4	50.0	55.3							149.4	0
Vermont.....			5.3	23.0	9.2	10.2						7.1	40.6
New Jersey.....				352.2	145.0	141.7	96.0					85.8	649.1
Rhode Island.....				45.8	20.0	9.0	31.0	5.0	18.5			8.4	120.9
Massachusetts.....				140.0	125.0							265.0	0
Michigan.....				326.0	245.0	53.0			842.0	173.0	44.0	624.0	886.0
Puerto Rico.....				35.0	22.0	18.2	13.5					4.3	84.4
Minnesota.....				47.0	76.0	49.0			28.2	85.8	71.6	172.0	99.8
Maine.....				2.4	12.5	8.0	13.5					.2	36.2
Pennsylvania.....				173.8	379.2	373.3	261.0	35.0	222.0	305.0	233.0	146.5	1,530.8
Delaware.....				6.5	14.0	16.1	10.4			9.5	9.5	7.2	49.3
District of Columbia.....				7.0	26.6	25.4	8.4	6.1				14.2	59.3
Alabama.....				10.0	20.0	26.7						56.7	0
Illinois.....				68.8	446.5	243.3	187.9		37.5	447.0	327.0	30.2	1,280.8

Virgin Islands.....	2.5	5.6	2.8						3.8	7.1			
Arkansas.....		20.0	10.0			29.2	34.8	33.3	30.0	62.5			
Hawaii.....		22.5							22.5	0			
Nevada.....		7.6							7.6	0			
Florida.....		10.0	32.0						42.0	0			
Montana.....		1.4	7.9	1.2					10.5	0			
Oregon.....		18.5							18.5	0			
Maryland.....		36.1	26.5						62.6	0			
Ohio.....			1.9			246.1	353.8	274.8	1.9	520.9			
West Virginia.....						47.2	52.6	52.6		99.8			
New York.....			155.8	180.0					335.8	0			
Kentucky.....							52.1	30.0		30.0			
<b>Total.....</b>	<b>31.8</b>	<b>62.4</b>	<b>17.2</b>	<b>1,493.0</b>	<b>1,855.0</b>	<b>1,285.8</b>	<b>839.9</b>	<b>46.1</b>	<b>1,470.7</b>	<b>1,513.6</b>	<b>1,075.8</b>	<b>2,251.4</b>	<b>5,926.3</b>

<sup>1</sup> In accordance with the procedure which permits SESA's to request title XII advances for a 3-mo period (Jan. 1 to Apr. 30, 1981).

<sup>2</sup> Through Mar. 31, 1981.

Note: The total loans requested in 1980 was \$1,470,700,000. Loan requests Jan. 1 through Apr. 30, 1981, \$1,513,600,000.

Jan. 1 through Apr. 30, 1981:

Arkansas.....	\$34,800,000
West Virginia.....	52,600,000
Ohio.....	353,800,000

Jan. 1 through Apr. 30, 1981—Continued

Illinois.....	\$447,000,000
Minnesota.....	85,800,000
Delaware.....	9,500,000
Kentucky.....	52,100,000
Pennsylvania.....	305,000,000
Michigan.....	173,000,000
<b>Total.....</b>	<b>1,513,600,000</b>

#### **4. TRADE ADJUSTMENT ASSISTANCE**

**Budget Function :** Income Security  
**Budget Account Numbers :** 20-8042-0-7-603  
16-0326-0-1-603  
16-0327-0-1-603  
**Legal Citation :** Sections 221 through 250 of Trade Act of 1974

**Note:** Trade adjustment assistance has no separate budget account. Funds for TAA are imbedded in the above three accounts.

#### **TRADE ADJUSTMENT ASSISTANCE FOR WORKERS**

##### **LEGISLATIVE OBJECTIVE**

Congress originally authorized trade adjustment assistance (TAA) for workers under the Trade Expansion Act of 1962 (Public Law 87-794). The objective was to aid workers harmed by import competition resulting from Federal policies to encourage foreign trade for the benefit of the entire country. The premise of the program was that workers should not bear the costs of these Federal policies without some Federal aid.

There also is a trade adjustment assistance program for firms, briefly described at the end of this entry.

##### **CERTIFICATION AND ELIGIBILITY REQUIREMENTS**

Originally TAA for workers was available only if it could be demonstrated to the U.S. International Tariff Commission (now the U.S. International Trade Commission) that increased imports resulting from trade concessions were the major factor causing or threatening to cause unemployment or underemployment.

Congress amended the program in enacting the Trade Act of 1974 (P.L. 93-618). This act shifted the authority to certify workers to the Secretary of Labor, broke the necessary connection between trade concessions and increased imports, and required only that increased imports must have "contributed importantly" to the workers' unemployment or underemployment.



### *Certification*

To certify a group of workers eligible to apply for adjustment assistance, the Secretary must determine that three conditions are met:

1. A significant number or proportion of the workers in the firm or subdivision of the firm have been or are threatened to be totally or partially laid off;
2. Sales and/or production of the firm or subdivision have decreased absolutely; and
3. Increased imports of articles like or directly competitive with articles produced by the firm or subdivision have "contributed importantly" to both the layoffs and the decline in sales and/or production.

An individual worker covered by a certification must file an *application* with his State employment security office for a trade readjustment allowance for any week of unemployment which begins after the certification "impact date" (i.e., the date on which total or partial layoffs began or threatened to begin). In order to qualify for such allowances, the individual worker must meet the following eligibility requirements:

1. His last total or partial layoff must have occurred not more than 1 year prior to the date of the petition, on or after the "impact date", and within 2 years after the date the Secretary of Labor issued the certification covering the worker, and before the termination date (if any) of the certification; and
2. He was employed at least 26 of the 52 weeks immediately preceding the last layoff in adversely affected employment with a single firm or subdivision thereof at wages of \$30 per week or more.

From April 1975 through Dec. 31, 1980, a total of 920,900 workers had been certified for TAA. Table 1 shows their distribution by industry.

TABLE 1.—Number of workers certified for trade adjustment assistance benefits by industry from April 1975 through Dec. 31, 1980

	<i>Thousands</i>
Number of workers certified .....	920.9
Industry:	
Automobiles .....	408.9
Apparel .....	117.6
Steel .....	107.3
Footwear .....	63.2
Electronics .....	49.9
Fabricated metal products .....	25.7
Textiles .....	23.5

### BENEFITS

The program provides services and four types of benefit allowances payable to eligible workers:

1. *Trade readjustment allowances:* TRA benefits are set at 70 percent of the worker's former gross weekly wage not to exceed the current average weekly manufacturing wage (now about \$269.00 per week), reduced by the amount of his unemployment compensation entitlement and 50 percent of any part-time earnings, for a period of generally no more than 52 weeks of unemployment. Older workers age 60 or over or workers exhausting benefits while still in approved training programs may receive benefits up to an additional 26 weeks.

Table 2 shows that TAA outlays multiplied more than 10 times between 1977 and 1980. Average weekly payments climbed from \$48 in 1976 to \$138 in 1980.

**TABLE 2.—Total benefits, number of recipients, average weekly payment and duration under the trade adjustment assistance program for fiscal years 1976 to 1980**

Fiscal year	Total outlays (millions)	Total number of recipients (thousands)	Average weekly payment per recipient	Average week's duration
1976 <sup>1</sup> .....	\$70	47	\$48	25.7
1977.....	151	111	54	25.2
1978.....	258	157	68	24.4
1979.....	259	132	71	27.7
1980.....	1,624	539	138	24.3
1981 estimated...	2,744	750	122	30.0

<sup>1</sup> Fiscal year 1976 is the 1st full year of experience under the liberalized program as amended by the Trade Act of 1974.

Note: The above figures relate only to basic trade readjustment allowances; administrative expenses and outlays for employment services, training, and job search and relocation allowances are not included. Total outlays for these functions were about \$19,000,000 in fiscal year 1980, including \$11,900,000 for training, \$700,000 for job search and relocation allowances, and about \$6,000,000 for salaries and administrative expenses.

2. *Employment services* (counseling, testing, placement) through State agencies whenever appropriate, and *training* provided under other laws, preferably on-the-job training, if no suitable employment is available but would be after training; supplemental *transportation allowance* of up to 12 cents per mile and *subsistence allowance* of up to \$15 per day for workers who must commute to training facilities.

3. *Job search allowances* for 80 percent of necessary expenses up to a maximum of \$500;

4. *Relocation allowances* if new employment is beyond the worker's commuting area for 80 percent of reasonable and necessary expenses plus a lump sum equal to the lower of 3 times the worker's average weekly wage or \$500.

Table 3 presents data on workers given such noncash benefits.

**TABLE 3.—Cumulative number of workers receiving other benefits from fiscal year 1976 through fiscal year 1980**

	<i>Thousands</i>
Number of workers receiving counseling and/or testing . . .	162.3
Number of workers entering training . . . . .	27.7
Number of job searches . . . . .	3.5
Number of worker relocations . . . . .	2.3

#### FUNDING AND ADMINISTRATION

Federal funds cover only the trade readjustment allowance supplement to the worker's entitlement under the unemployment insurance program plus job search and relocation allowances. Funds made available under other programs defray expenses of any employment services. A portion of the discretionary funds available to the Secretary of Labor for the CETA program are allotted annually for training.

The certification function has been delegated by the Secretary of Labor to the Office of Trade Adjustment Assistance, Bureau of International Labor Affairs.

Administration of the benefit program, including processing of worker applications, payments of allowances, and provision of employment services, is handled by the States under agreements between each State and the Secretary of Labor.

#### TRADE ADJUSTMENT ASSISTANCE PROGRAM FOR FIRMS

Sections 251 through 264 of the Trade Act of 1974 contain the procedures, eligibility requirements, benefits and their terms and conditions, and administrative provisions of the adjustment assistance program for firms adversely impacted by increased import competition, established under the Trade Expansion Act of 1962. Firms must complete a two-step procedure to receive adjustment assistance: (1) certification by the Secretary of Commerce that the petitioning firm is eligible to apply, and (2) approval by the Secretary of Commerce of the application by a certified firm for benefits, including the firm's proposal for economic adjustment.

#### CERTIFICATION AND ELIGIBILITY REQUIREMENTS

To *certify a firm* as eligible to apply for adjustment assistance, the Secretary must determine that three conditions are met:

- (1) A significant number or proportion of the workers in the firm have been or are threatened to be totally or partially laid off;
- (2) Sales and/or production of the firm have decreased absolutely; and

(3) Increased imports of articles like or directly competitive with articles produced by the firm have "contributed importantly" to both the layoffs and the decline in sales and/or production.

A *certified firm* may file an *application* with the Secretary of Commerce for trade adjustment assistance benefits at any time within two years after the date of the certification of eligibility. The application must include a proposal by the firm for its economic adjustment. The Secretary may furnish technical assistance to the firm in the preparation of a viable proposal. The firm's application must meet the following requirements for approval of technical and/or financial assistance:

(1) The firm has no reasonable access to financing through the private capital market.

(2) The adjustment proposal demonstrates that the assistance sought (a) is reasonably calculated to make a material contribution to the economic adjustment of the firm in establishing a competitive position in the same or a different industry; (b) gives adequate consideration to the interests of the workers in the firm; and (c) demonstrates the firm will make all reasonable efforts to use its own resources for economic development.

In addition, the Secretary must determine that a firm seeking financial assistance (1) does not have the required funds available from its own resources; and (2) there is reasonable assurance that the loan will be repaid.

The total number of firms certified for assistance in the period from April 1975 to December 31, 1980, was 1,066.

#### BENEFITS

Technical assistance and financial assistance may be furnished singly or in combination to certified firms with approved applications.

1. *Technical assistance* may be given to implement the firm's economic adjustment proposal in addition to, or in lieu of, such assistance provided to develop the proposal. It may be furnished through existing Government agencies or through private individuals, firms, and institutions, including private consulting services. The Federal share of the cost normally cannot exceed 75 percent of the funds required.

From April 1975 to December 1980, 821 firms received technical assistance for a total Federal cost of \$54 million.

2. *Financial assistance* may be direct loans and/or loan guarantees for (1) acquiring, constructing, installing, modernizing, developing, converting, or expanding land, plant, buildings, equipment, facilities, or machinery; or (2) supplying such working capital as may be necessary to enable the firm to implement its adjustment proposal.

(a) Direct loans to any firm cannot exceed an aggregate amount of \$1 million outstanding at any time. The interest rate is determined by the Secretary of the Treasury plus an amount adequate to cover administrative costs and probable losses under the program.

(b) Loan guarantees to any firm cannot exceed an aggregate amount of \$3 million outstanding at any time. No loan can be guaranteed for more than 90 percent of the balance of the loan outstanding.

**TABLE 4.—Number of firms receiving loans and the total amount of direct loans and loan guarantees authorized for the period from April 1975 to Dec. 31, 1980**

	<i>Dollar amounts in thousands</i>
Number of firms receiving loans.....	259
Total firm loans authorized.....	<u>\$277,691</u>
Direct loans.....	<u>\$164,709</u>
Loan guarantees.....	<u>\$112,982</u>
Loans authorized: <sup>1</sup>	
Apparel.....	\$83,497
Footwear.....	\$60,955
Handbags.....	\$15,313
Textiles.....	\$15,313
Number of firms: <sup>1</sup>	
Apparel.....	78
Footwear.....	49
Handbags.....	25
Textiles.....	11

<sup>1</sup> Includes calendar years 1978, 1979, 1980 only.

#### ADMINISTRATION AND FUNDING

The program is administered by the Economic Development Administration of the Department of Commerce. Funds to cover all costs are allotted from the EDA overall appropriations.

## 5. REVENUE SHARING

Budget Function :	General purpose fiscal assistance
Budget Account Number :	20-8111-0-7-851
Classification :	Appropriated entitlement
Legal Citations :	94 Stat 3516 and 3517
	31 USC 1224, 1225, and 1226
	Sec. 2
	90 Stat 2341, 2342
	USC 1224
	Sec. 3
	86 Stat 919
	31 USC 1221-1263
	Entire law

### LEGISLATIVE OBJECTIVE

The State and Local Fiscal Assistance Act of 1972 (P.L. 92-512) established a trust fund to provide general revenue sharing payments to State and local governments. Payments were intended to supplement existing Federal aid and to stimulate the economy by returning an anticipated Federal surplus to the States. The original act authorized payments through December 1976. Amendments of 1976 (P.L. 96-488) extended the program through fiscal year 1980 at an annual level of \$6.9 billion. Amendments of 1980 (P.L. 96-604) extended the program through fiscal year 1983, but eliminated State governments from general revenue sharing payments during fiscal year 1981.

### ELIGIBILITY

Under the program prior to October 1, 1980, one-third of funds went to States and two-thirds to local governmental units. During fiscal year 1981, State governments are ineligible. In fiscal year 1982 and fiscal year 1983, payments to State governments are reauthorized, but require congressional appropriation. Further, to be eligible at that time, a State must decline an equal amount, or refund an equal amount, in categorical grant funds from the Federal Government.

### BENEFITS

The 1980 amendments provide for the distribution of approximately \$13.8 billion to units of local government over a 3-year period starting October 1980. Amounts to be distributed to each unit of government are determined by applying a set of formulas to descriptive data pertaining to each unit. The formula and data are used to determine each government's share of the total amount.

On April 7, 1981, the Office of Revenue Sharing distributed approximately \$1.14 billion in revenue sharing funds to more than 37,000 local governments. This was the second quarterly payment in fiscal year 1981.

## General Revenue Sharing—Payments to State and Local Governments

State	1975, entitlement period 5	1980, projected payments, entitle- ment period 11	1981, 1st quarter only, entitlement period 12
Alabama.....	\$103,036,563	\$107,786,676	\$16,404,559
Alaska.....	8,252,916	22,347,980	3,024,912
Arizona.....	63,010,333	80,718,116	13,114,034
Arkansas.....	64,864,866	68,502,943	10,069,709
California.....	647,679,118	798,920,068	116,302,020
Colorado.....	65,528,141	76,683,860	1,005,268
Connecticut.....	79,721,204	85,552,353	10,915,606
Delaware.....	18,636,100	20,690,303	2,977,172
District of Columbia.....	26,672,828	28,252,251	4,809,813
Florida.....	191,702,277	204,739,661	25,635,088
Georgia.....	131,174,829	150,981,216	21,658,873
Hawaii.....	26,704,966	32,154,886	994,228
Idaho.....	23,707,716	25,848,184	4,108,509
Illinois.....	312,087,014	338,557,666	50,774,341
Indiana.....	127,916,902	134,438,412	20,633,819
Iowa.....	86,095,796	87,366,672	12,863,437
Kansas.....	56,884,561	60,489,802	9,354,902
Kentucky.....	98,548,570	110,556,906	15,640,926
Louisiana.....	139,165,008	135,968,625	15,336,007
Maine.....	38,011,906	38,661,187	5,835,178
Maryland.....	120,131,483	132,440,894	22,320,740
Massachusetts.....	194,932,050	214,612,048	33,839,380
Michigan.....	262,691,159	294,446,135	44,701,282
Minnesota.....	122,452,521	136,137,142	20,907,103
Mississippi.....	97,467,636	94,644,839	12,237,050
Missouri.....	117,607,533	122,009,162	19,233,403
Montana.....	25,280,162	27,249,067	3,449,165
Nebraska.....	41,585,763	47,452,387	7,596,994
Nevada.....	13,450,727	17,400,663	3,014,656
New Hampshire.....	20,210,527	23,489,198	3,204,068
New Jersey.....	193,795,435	226,031,610	31,158,462
New Mexico.....	38,684,054	40,397,177	6,225,249
New York.....	690,289,560	745,004,890	46,109,628
North Carolina.....	156,879,019	168,759,740	26,333,352
North Dakota.....	21,133,527	20,036,379	2,595,130
Ohio.....	246,598,620	275,664,972	42,664,009
Oklahoma.....	69,822,385	77,292,521	10,873,944
Oregon.....	61,951,390	77,982,955	12,815,185
Pennsylvania.....	326,905,282	331,153,982	53,741,409
Rhode Island.....	27,248,353	29,484,306	3,144,895
South Carolina.....	85,545,274	91,211,225	13,026,316
South Dakota.....	25,679,199	23,300,167	3,276,749
Tennessee.....	120,118,362	131,329,271	19,157,799
Texas.....	294,057,210	329,938,109	45,204,403
Utah.....	36,227,230	42,493,158	4,063,258
Vermont.....	17,400,326	20,942,561	2,730,202
Virginia.....	121,895,158	140,932,843	18,127,507
Washington.....	86,753,684	94,250,131	13,401,702
West Virginia.....	61,561,647	60,845,402	9,818,600
Wisconsin.....	154,944,848	160,020,693	18,684,063
Wyoming.....	10,677,215	14,276,375	2,005,962
National total.....	6,173,368,953	6,820,547,769	927,119,866

Source: Office of Revenue Sharing, Payment Summary Series.

**Total payments to date (through first quarter, entitlement period 12)**

State	State	Local governments	Totals
Alabama.....	\$302,771,607	\$622,188,468	\$924,970,075
Alaska.....	39,117,762	79,972,784	119,090,546
Arizona.....	194,645,622	403,584,361	598,229,983
Arkansas.....	193,875,343	384,124,532	577,999,875
California.....	2,020,344,987	4,157,111,044	6,177,456,031
Colorado.....	201,035,363	415,216,549	616,251,912
Connecticut.....	235,817,621	482,577,130	718,394,751
Delaware.....	59,725,242	113,243,564	172,968,806
District of Columbia.....	242,516,067		242,516,067
Florida.....	554,522,692	1,133,352,989	1,687,875,681
Georgia.....	395,223,000	811,799,563	1,207,022,563
Hawaii.....	85,715,309	172,424,849	258,140,153
Idaho.....	71,336,086	146,769,603	218,105,689
Illinois.....	939,580,305	1,929,705,674	2,869,285,979
Indiana.....	385,259,997	790,983,371	1,176,243,368
Iowa.....	241,101,767	495,088,095	736,189,862
Kansas.....	169,497,066	348,170,688	517,667,754
Kentucky.....	324,484,067	601,534,156	926,018,223
Louisiana.....	394,483,319	848,720,450	1,243,203,769
Maine.....	114,395,367	234,608,383	349,003,750
Maryland.....	367,500,219	757,414,587	1,124,914,806
Massachusetts.....	589,435,954	1,212,750,703	1,802,186,657
Michigan.....	779,885,191	1,605,378,979	2,385,264,170
Minnesota.....	371,418,368	764,380,457	1,135,798,825
Mississippi.....	289,037,957	573,596,427	862,634,384
Missouri.....	347,270,483	713,410,066	1,060,680,549
Montana.....	70,727,316	144,889,975	215,617,291
Nebraska.....	124,129,057	255,790,031	379,919,088
Nevada.....	43,797,145	90, F29,664	134,426,809
New Hampshire.....	60,731,385	124,721,503	185,452,888
New Jersey.....	589,423,698	1,210,277,061	1,799,700,759
New Mexico.....	119,648,467	239,299,505	358,947,972
New York.....	2,072,715,463	4,191,879,004	6,264,594,467
North Carolina.....	464,015,004	955,083,287	1,419,098,291
North Dakota.....	58,394,422	119,344,226	177,738,648
Ohio.....	746,466,602	1,536,115,594	2,282,582,196
Oklahoma.....	205,885,803	422,542,903	628,428,706
Oregon.....	195,772,548	404,516,795	600,289,343
Pennsylvania.....	952,800,422	1,959,017,109	2,911,817,531
Rhode Island.....	81,193,933	165,179,776	246,373,709
South Carolina.....	255,185,918	517,037,768	772,223,686
South Dakota.....	69,793,660	143,124,094	212,917,754
Tennessee.....	346,783,798	715,283,433	1,062,067,231
Texas.....	900,497,712	1,844,903,968	2,745,401,680
Utah.....	109,110,038	222,771,076	331,881,114
Vermont.....	54,268,394	111,105,008	165,373,402
Virginia.....	374,683,579	784,079,351	1,158,762,930
Washington.....	267,152,666	547,732,400	814,885,066
West Virginia.....	207,557,819	327,199,729	534,757,548
Wisconsin.....	451,389,175	921,779,660	1,373,177,835
Wyoming.....	33,433,011	68,978,591	102,411,602
National total.....	18,765,562,796	37,821,398,983	56,586,961,779

Note: National totals include payments made in prior periods to governments now dis-incorporated or merged.

Source: Office of Revenue Sharing, State and Local Governments Paid to Date.



## 6. EARNED INCOME TAX CREDIT

Budget Function:	Income Security
Budget Account Number:	20-0906-0-1-609
Classification:	Entitlement
Legal Citation:	89 Stat. 971 26 USC 43 Sec. 2(C)

This fund is used to pay an income tax filer whose earned income credit exceeds his tax liability owed.

### LEGISLATIVE OBJECTIVE

The Earned Income Tax Credit (EITC), which was added to the Internal Revenue Code in 1975, is intended to give a cash income supplement to working parents with relatively low earnings. For tax filers too poor to owe income taxes, or whose tax liability is smaller than their credit, the U.S. Treasury makes a direct payment of the credit.

### ELIGIBILITY

The credit is available to a parent (or parents) with earnings whose adjusted gross income is not above \$10,000 annually and who maintains a household<sup>1</sup> for (a) a child who is either under 19 or a student; or (b) a son or daughter who is an adult but disabled and who can be claimed as his tax dependent.

To receive the credit, a person need *not* owe or pay any income tax. However, he must apply for the credit, either by filing an income tax return at the end of the tax year or by filing an earned income eligibility certificate with his employer for advance payments of the credit. To be eligible for EITC, married couples must file a joint income tax return.

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<sup>1</sup> IRS has ruled that those who use AFDC funds to pay part of the cost of maintaining a home for a child may *not* count these welfare benefits as their own contribution. Thus, an AFDC parent is ineligible for the credit unless her earnings at least equal the AFDC grant.

**BENEFITS**

The EITC equals 10 percent of the first \$5,000 of earnings, including net earnings from self-employment, but may not exceed \$500 per family. The size of the credit is unrelated to the number of a worker's dependents. Between earnings of \$5,000 and \$6,000, the maximum credit of \$500 is received. For each dollar of adjusted gross income (or, if higher, earned income) above \$6,000 the credit is reduced by 12.5 cents. As a result, it ends when adjusted gross income reaches \$10,000.

**DATA**

In fiscal year 1980 earned income tax credits totaled \$2,033 billion, of which \$1.384<sup>1</sup> billion represented Treasury payments to tax filers whose credit exceeded their current year tax liability and \$.644 billion, credits deducted from tax liability. Some 7.1 million families received the credit, which averaged \$287 per family.

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<sup>1</sup> This is \$109 million above fiscal year 1980 budget outlays for the purpose, because the budget figure reflects prior year adjustments.

## **7. PENSION BENEFIT GUARANTY CORPORATION (PBGC)**

Budget function: Income Security  
Budget account number: 16-1204-0-3-601  
Classification: Revolving fund with annual obligating authority granted by OMB apportionment  
Legal citation: 88 Stat. 829  
31 USC 849  
Title IV

### **LEGISLATIVE OBJECTIVE**

The Pension Benefit Guaranty Corporation (PBGC) was established under title IV of the Employee Retirement Income Security Act of 1974 (ERISA) (88 Stat. 829) to protect the retirement income of plan participants and their beneficiaries covered under private sector, defined benefit pension plans. ERISA requires PBGC to:

Encourage the continuation and maintenance of voluntary pension plans for the benefit of their participants;

Provide for the timely and uninterrupted payment of pension benefits under plans covered by title IV; and

Maintain insurance premiums at the lowest level consistent with carrying out the Corporation's obligations under title IV.

### **ELIGIBILITY CRITERIA**

Individuals protected by the pension plan termination insurance program are participants and beneficiaries of defined benefit pension plans that either affect interstate commerce or are qualified under the Internal Revenue Code. Only vested benefits are insured. Pension plans specifically excluded are government and church plans, individual account plans (i.e., defined contribution plans such as profit-sharing, money purchase, thrift and savings, and stock bonus plans), and plans of fraternal societies financed entirely by member contributions.

### **BENEFITS**

Pension benefits for vested employees under defined benefit plans are guaranteed by the Pension Benefit Guaranty Corporation. The limitation on insured benefits under single employer plans is the lesser of 100 percent of the employee's wages or \$1,261 a month. The dollar amount is adjusted annually to reflect changes in the Social Security contribution and benefit base.

Different benefit guaranty levels exist for participants in multi-employer pension plans. As a result of the Multiemployer Pension Plan Amendments Act of 1980, only the first \$5 of the monthly benefit accrual rate is 100 percent guaranteed for each year of a participant's service and 75 percent of the next \$15 of basic monthly benefits is guaranteed. (The 75 percent guarantee is reduced to 65 percent for plans that do not meet specified funding requirements.)

## FINANCING

The financial structure of PBGC's programs includes both revolving and trust funds, borrowing authority, and other sources of income.

### *Revolving funds*

(1) One fund is used in connection with the basic benefits and contingent liability insurance programs related to single employer plans.

(2) A second fund is used in connection with the basic benefits and contingent liability insurance programs related to multiemployer pension plans.

(3) A third fund is used in connection with non-basic benefits insurance programs related to single employer pension plans.

(4) A fourth fund is to be used in connection with non-basic benefits insurance programs related to multiemployer pension plans.

### *Trust funds*

(1) *Plan Assets.* The assets of plans for which PBGC has become trustee are the primary source of funding for the trust fund.

(2) *Employer Liability.* An employer sponsoring a covered pension plan that terminates with insufficient assets to pay benefits is liable for up to 30 percent of the employer's net worth in the case of single employer plans, and in the case of multiemployer plans, an amount equal to an employer's share of the plan's total unfunded vested liability determined under the basic rule or one of the alternative rules which the plan may adopt.

(3) *Investment Income.* Assets of plans and employer liability collections are invested in a diversified portfolio of private and public sector securities so as to realize the highest possible rate of return consistent with an appropriate level of risk for the type of program administered.

### *Sources of income*

(1) *Insurance Premiums.* The principal revenue is required premiums paid by ongoing covered plans. The Corporation is required to prescribe insurance premium rates and coverage schedules to provide sufficient revenues to carry out its title IV functions, including the payment of guaranteed benefits and administrative expenses. Premiums for each participant in a single employer plan are set at \$2.60. Multiemployer plans are assessed a per capita premium rate beginning with \$1.00, increasing to \$1.40 for the first four plan years beginning after September 26, 1980, \$1.80 for the fifth and sixth plan years; \$2.20 for the seventh and eighth plan years, and \$2.60 for the ninth and succeeding plan years.

(2) *Investment Income.* Whenever the Corporation determines that its revolving fund balances are in excess of current needs, it may request the investment of such amounts by the Secretary of the Treasury in obligations issued or guaranteed by the United States.

*Borrowing authority*

In addition to the premium and investment incomes which are generated for the revolving funds, the Corporation is authorized to borrow up to \$100 million from the United States Treasury to carry out its responsibilities.

**ADMINISTRATION**

The Pension Benefit Guaranty Corporation is a U.S. Government Agency governed by a Board of Directors consisting of the Secretary of Labor, who is Chairman, the Secretary of Commerce, and the Secretary of the Treasury. The Corporation is a self-financing, wholly-owned Government corporation. To assist the Corporation in discharging its responsibilities, the Act provides for a 7-member Advisory Committee, appointed by the President, for staggered 3-year terms. The committee is to advise the Corporation as to its policies and procedures relating to the appointment of trustees in termination proceedings, investment of moneys, plan liquidations, and other matters as requested by the Corporation.

**DATA**

Termination insurance program covers 33 million participants and beneficiaries in defined benefit pension plans.

*Budget authority and outlays*

[In millions of dollars, fiscal years]

	1970	1975	1980	1981
Federal outlays.....	( <sup>1</sup> )	-34	-27	-38
Budget authority.....	( <sup>1</sup> )	0	0	0

<sup>1</sup> Not in existence.

*PBGC Trusteeships*

Recipients	1979	1978	1977	1976 (15 mo)	1975 (10 mo)
Plan in PBGC trusteeship.....	389	266	145	48	3
Participants with guaranteed benefits in trustee plans.....	42,676	27,000	16,000	6,435	386
Potential plan trusteeships pending.....	259	260	281	( <sup>1</sup> )	( <sup>1</sup> )

<sup>1</sup> Data unavailable for this period.

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### SECTION 3

#### MAJOR BUDGET ACCOUNTS FOR WHICH ONLY BUDGET AUTHORITY IS UNDER THE JURISDICTION OF THE SENATE COMMITTEE ON FINANCE

8. Medicaid.
  9. Aid to Families With Dependent Children (AFDC).
  10. Supplemental Security Income (SSI).
  11. Social Services (Including Child Welfare and Training).
  12. Human Development Services.
  13. Unemployment Insurance for Federal Workers.
  14. Advances to the Unemployment Insurance Trust Fund.
  15. Low-Income Energy Assistance.
  16. Black Lung Disability Trust Fund.
  17. Unemployment Trust Fund (Training and Employment).
  18. Work Incentive Program (WIN).
  19. Maternal and Child Health (MCH) and Crippled Children's Services (CCS).
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## 8. MEDICAID

Budget Function : Health  
 Budget Account Number : 75-0512-0-1-551  
 Classification : Appropriated entitlement  
 Legal Citation : 49 Stat. 620  
 42 U.S.C. 302 et seq., Title XIX

### SUMMARY

Medicaid is a federally aided, State-designed and administered program authorized by Title XIX of the Social Security Act, which provides medical assistance for certain categories of low-income persons who are aged, blind, disabled or members of families with dependent children. Subject to Federal guidelines, States determine eligibility and the scope of benefits to be provided.

### LEGISLATIVE OBJECTIVE

Section 1901 of the Social Security Act specifies that the purpose of the program is to enable each State, as far as practicable under the conditions in such State, to furnish: (1) medical assistance on behalf of families with dependent children and of aged, blind, or disabled individuals, whose income and resources are insufficient to meet the cost of necessary medical services, and (2) rehabilitation and other services to help such families and individuals attain or retain capability for independence or self-care. Tables 1 and 2 show budgetary data and the number of persons with medicaid coverage.

**TABLE 1.—Medicaid overview<sup>1</sup>**

[In millions, fiscal years]

	1970 (actual)	1975 (actual)	1980 (actual)	1981 (cur- rent law estimate)	1982 (cur- rent law estimate)
Federal outlays.....	\$2,726.8	\$6,840.4	\$13,956.7	\$16,482.2	\$17,205.3
Budget authority....	\$2,594.7	\$6,996.4	\$14,445.2	\$17,265.5	\$17,581.6
Recipients (undupli- cated annual)..	15.0	22.5	21.7	22.5	23.0
Aged.....	3.0	4.2	3.4	3.5	3.6
Blind.....	.1	.1	2.9	2.9	3.0
Disabled.....	1.2	2.4			
Adults in AFDC- type families.....	3.3	5.1	5.0	5.3	5.4
Children under 21..	7.4	10.7	10.4	10.8	11.0

<sup>1</sup> CBO estimates.

**TABLE 2.—Medical assistance: Federal share of medical vendor payments, and State and local administration and training; by State; fiscal years 1980–82**

[Based on actual obligations for fiscal year 1980 and November 1980 States estimates for fiscal years 1981 and 1982. Estimates by State]

States and territories	Fiscal year 1980 actual	Fiscal year 1981 estimate	Fiscal year 1982 estimate
Alabama.....	\$232,558,320	\$233,907,000	\$257,938,000
Alaska.....	21,030,408	23,261,000	27,087,000
Arizona.....	0	0	0
Arkansas.....	185,076,363	223,621,000	257,986,000
California.....	1,516,713,198	2,086,404,000	2,350,707,000
Colorado.....	101,579,205	113,194,000	129,260,000
Connecticut.....	183,525,086	194,794,000	209,400,000
Delaware.....	23,916,854	32,091,000	33,052,000
District of Columbia.....	88,029,190	95,125,000	108,521,000
Florida.....	250,266,938	320,249,000	381,010,000
Georgia.....	321,132,591	387,920,000	445,077,000
Hawaii.....	44,871,292	56,862,000	61,292,000
Idaho.....	35,930,297	41,339,000	45,033,000
Illinois.....	640,149,104	723,104,000	722,426,000
Indiana.....	230,796,785	264,492,000	307,580,000
Iowa.....	139,838,784	155,613,000	173,531,000
Kansas.....	107,570,669	120,973,000	128,847,000
Kentucky.....	235,446,797	266,182,000	295,063,000
Louisiana.....	306,730,907	338,395,000	358,616,000
Maine.....	105,386,157	116,812,000	138,118,000
Maryland.....	211,058,956	242,281,000	263,505,000
Massachusetts.....	558,085,135	660,535,000	774,226,000
Michigan.....	621,711,167	694,421,000	755,633,000
Minnesota.....	337,695,046	402,932,000	449,850,000
Mississippi.....	174,633,303	198,419,000	212,025,000
Missouri.....	206,275,326	246,959,000	300,465,000
Montana.....	43,624,953	45,878,000	50,948,000
Nebraska.....	70,684,191	82,232,000	91,498,000
Nevada.....	22,796,868	29,029,000	35,675,000
New Hampshire.....	48,826,776	57,464,000	68,352,000



**TABLE 2.—Medical assistance: Federal share of medical vendor payments, and State and local administration and training; by State; fiscal years 1980–82—Continued**

[Based on actual obligations for fiscal year 1980 and November 1980 States estimates for fiscal years 1981 and 1982. Estimates by State]

States and territories	Fiscal year 1980 actual	Fiscal year 1981 estimate	Fiscal year 1982 estimate
New Jersey.....	\$397,986,547	\$470,074,000	\$529,023,000
New Mexico.....	51,163,229	64,849,000	73,056,000
New York.....	2,359,847,201	2,565,607,000	2,787,727,000
North Carolina.....	285,338,140	337,490,000	404,834,000
North Dakota.....	33,712,786	40,052,000	46,364,000
Ohio.....	471,811,521	632,113,000	726,529,000
Oklahoma.....	204,255,219	225,846,000	231,687,000
Oregon.....	104,180,323	128,323,000	143,685,000
Pennsylvania.....	700,225,315	844,655,000	956,537,000
Rhode Island.....	94,578,886	92,277,000	113,488,000
South Carolina.....	181,371,896	210,618,000	246,146,000
South Dakota.....	43,190,543	44,918,000	47,044,000
Tennessee.....	259,764,788	296,815,000	375,562,000
Texas.....	637,751,645	777,357,000	845,515,000
Utah.....	64,622,599	78,238,000	96,676,000
Vermont.....	44,471,956	52,406,000	58,304,000
Virginia.....	238,537,955	252,700,000	281,107,000
Washington.....	206,364,222	212,871,000	243,851,000
West Virginia.....	81,823,004	89,746,000	102,649,000
Wisconsin.....	426,209,439	499,923,000	569,429,000
Wyoming.....	7,342,959	9,363,000	11,157,000
Guam.....	900,000	900,000	900,000
Puerto Rico.....	30,000,000	30,000,000	30,000,000
Virgin Islands.....	1,116,625	1,000,000	1,000,000
North Mariana.....	112,889	183,000	213,000
<b>Total.....</b>	<b>13,992,614,353</b>	<b>16,412,812,000</b>	<b>18,355,208,000</b>

## ELIGIBILITY CRITERIA

States having medicaid programs must cover the "categorically needy." In general, categorically needy individuals are persons receiving cash assistance payments under the Aid to Families with Dependent Children program (AFDC) or aged, blind, or disabled persons receiving benefits under the supplemental security income program (SSI). A State must cover under medicaid all recipients of AFDC payments. A State is, however, provided certain options (based, in large measure, on its coverage levels in effect prior to implementation of SSI in 1974) in determining the extent of coverage for persons receiving Federal SSI benefits and/or State supplementary SSI payments. States may cover certain additional groups of persons as "categorically needy" under their medicaid programs. These might include persons who would be eligible for cash assistance, except that they are patients in medical facilities (other than for persons under 65 who are in tuberculosis institutions or persons over 21 and under 65 who are in mental institutions).

States may also include the "medically needy"—those whose incomes and resources are large enough to cover daily living expenses, according to income levels set by the State, within certain limits, but not large enough to pay for medical care, providing that they are aged, blind, disabled, or members of families with children. States may also include all needy and medically needy children under the age 21, even though they are not eligible for assistance under one of the cash assistance programs.

All States (except Arizona) and the District of Columbia, Guam, Puerto Rico, the Virgin Islands, and the Northern Mariana Islands, have medicaid programs. Twenty jurisdictions cover only the "categorically needy," while 34, including the Northern Mariana Islands, cover both the "categorically needy" and the "medically needy."

Tables 3 and 4 show State medicaid coverage as of January 1979.

TABLE 3.—Basic medicaid eligibility coverage by State, January 1979

State	AFDC	All SSI recipients	More re-stricted stand-ard	State supplement recipients			Medi-cally needy
				Aged	Blind	Dis-abled	
Alabama	X	X		X	X	X	
Alaska	X	X		X	X	X	
Arizona <sup>1</sup>							
Arkansas	X	X					X
California	X	X					X
Colorado	X	X		X	X	X	
Connecticut	X		X	X	X	X	X
Delaware	X	X		X	X	X	
District of Columbia	X	X					X
Florida	X	X		X	X	X	

TABLE 3.—Basic medicaid eligibility coverage by State, January 1979—Continued

State	AFDC	All SSI recipients	More restricted standard	State supplement recipients			Medically needy
				Aged	Blind	Disabled	
Georgia.....	X	X					
Guam.....	X			(?)			X
Hawaii.....	X		X	X	X	X	X
Idaho.....	X	X		X	X	X	
Illinois.....	X		X	X	X	X	X
Indiana.....	X		X				
Iowa.....	X	X		X	X	X	
Kansas.....	X	X		X	X	X	X
Kentucky.....	X	X		X	X	X	X
Louisiana.....	X	X					X
Maine.....	X	X		X	X	X	X
Maryland.....	X	X		X			X
Massachusetts.....	X	X		X	X	X	X
Michigan.....	X	X		X	X	X	X
Minnesota.....	X		X				X
Mississippi.....	X		X				
Missouri.....	X		X				
Montana.....	X	X					X
Nebraska.....	X		X	X	X	X	X
Nevada.....	X	X		X	X	X	
New Hampshire.....	X		X	X	X	X	X
New Jersey.....	X	X					
New Mexico.....	X	X					
New York.....	X	X					X
North Carolina.....	X		X	X	X	X	X
North Dakota.....	X	X					X
Ohio.....	X		X	X		X	
Oklahoma.....	X		X	X	X	X	X
Oregon.....	X	X		X	X	X	
Pennsylvania.....	X	X					X
Puerto Rico.....	X			(?)			X
Rhode Island.....	X	X		X	X	X	X
South Carolina.....	X	X		X	X	X	
South Dakota.....	X	X		X	X	X	
Tennessee.....	X	X					X
Texas.....	X	X					
Utah.....	X		X				X
Vermont.....	X	X		X	X	X	X
Virgin Islands.....	X			(?)			X
Virginia.....	X		X	X	X	X	X
Washington.....	X	X		X	X	X	X
West Virginia.....	X	X		X		X	X
Wisconsin.....	X	X					X
Wyoming.....	X	X					
Total.....	53	35	15	30	27	29	33

<sup>1</sup> No medicaid program.

<sup>2</sup> The SSI program does not provide coverage in Guam, Puerto Rico, or the Virgin Islands. Federal-State matching programs for assistance to the aged, blind and disabled remains in effect, and medicaid is provided for these persons.

Source: DHEW/HCFA.

TABLE 4.—Optional medicaid coverage groups, January 1979

State	Unemployed fathers and their families	Children of unemployed fathers	All financially eligible individuals under age 21
Alabama.....			
Alaska.....			
Arizona <sup>1</sup> .....			
Arkansas.....			X
California.....	X	X	X
Colorado.....	X	X	
Connecticut.....	X	X	X
Delaware.....	X	X	
District of Columbia.....	X	X	X
Florida.....			
Georgia.....			
Guam.....	X	X	
Hawaii.....	X	X	X
Idaho.....			
Illinois.....	X	X	
Indiana.....			
Iowa.....	X	X	
Kansas.....	X	X	
Kentucky.....	X	X	
Louisiana.....			
Maine.....			X
Maryland.....	X	X	X
Massachusetts.....	X	X	X
Michigan.....		X	X
Minnesota.....	X	X	X
Mississippi.....			
Missouri.....	X	X	
Montana.....	X	X	
Nebraska.....	X	X	
Nevada.....			
New Hampshire.....			
New Jersey.....	X	X	X
New Mexico.....			
New York.....	X	X	X
North Carolina.....			
North Dakota.....			
Ohio.....	X	X	
Oklahoma.....			X
Oregon.....	X	X	
Pennsylvania.....	X	X	X

TABLE 4.—Optional medicaid coverage groups, January 1979

State	Unemployed fathers and their families	Children of unemployed fathers	All financially eligible individuals under age 21
Puerto Rico.....	X	X	X
Rhode Island.....	X	X	.....
South Carolina.....	.....	.....	.....
South Dakota.....	.....	.....	.....
Tennessee.....	.....	.....	.....
Texas.....	.....	.....	.....
Utah.....	X	X	X
Vermont.....	X	X	X
Virgin Islands.....	X	X	X
Virginia.....	.....	.....	.....
Washington.....	X	X	X
West Virginia.....	X	X	.....
Wisconsin.....	X	X	X
Wyoming.....	.....	.....	.....
<b>Total.....</b>	<b>30</b>	<b>31</b>	<b>20</b>

† No Medicaid program.

#### BENEFITS

Federal law requires States to include the following basic services in their medicaid programs: inpatient hospital services; outpatient hospital services; laboratory and X-ray services; skilled nursing facility services for individuals 21 and older; home health care services for individuals eligible for skilled nursing facility services; physicians' services; family planning services; rural health clinic services; and early and periodic screening, diagnosis and treatment services for individuals under 21. In addition, States may provide any number of other services if they elect to do so, including drugs, eyeglasses, private duty nursing, intermediate care facility services, inpatient psychiatric care for the aged and persons under 21, physical therapy, dental care, etc. Table 5 shows State medicaid services.

For both the mandatory and optional services, States may set limitations on the amount, duration, and scope of coverage (for example, a limitation on the number of days of hospital care or on the number of physician visits).

Under current law, medicaid recipients are permitted to obtain medical assistance from any institution, agency, community pharmacy, or person qualified to perform the service if such individual or entity undertakes to provide it. This is known as the "freedom of choice" provision.

## MEDICAID SERVICES STATE BY STATE (December 1, 1979)

**Basic required medicaid services:** Medicaid recipients receiving federally supported financial assistance must receive at least these services: Inpatient hospital services; outpatient hospital services; rural health clinic services; other laboratory and X-ray services; skilled nursing facility services and home health services for individuals 21 and older; early and periodic screening, diagnosis, and treatment for individuals under 21; family planning; and physician services. Federal financial participation is also available to States electing to expand their Medicaid programs by covering additional services and/or by including people eligible for medical but not for financial assistance. For the latter group States may offer the services required for financial assistance recipients or may substitute a combination of seven services.

Services provided only under the Medicare buy-in or the screening and treatment program for individuals under 21 are not shown on this chart.

Definitions and limitations on eligibility and services vary from State to State. Details are available from local welfare offices and State Medicaid agencies.

### Optional Services in State Medicaid Programs

FMAP <sup>1</sup>	SEE ABOVE	State	Podiatrists Services	Optometrists Services	Chiropractors Services	Other Practitioners Services	Prescribe Duty Nursing	Clinic Services	Dental Services	Physical Therapy	Occupational Therapy	Speech, Hearing, Language Disorder	Prescribed Drugs	Dentures	Prosthetic Devices	Eyeglasses	Diagnostic Services
71	●	Alabama															
50	●	Alaska		●				●				●					
81		Arizona															
73	•	Arkansas															
50	•	California															
53	●	Colorado	●														
50	•	Connecticut															
50	●	Delaware	●														
50	•	D.C.															
58	●	Florida															
67	●	Georgia	●														
50	•	Guam															
50	•	Hawaii															
66	●	Idaho		●	●	●	●			●	●	●	●	●	●	●	●
50	•	Illinois															
57	●	Indiana	●														
58	●	Iowa	●	●	●	●	●			●	●	●	●	●	●	●	●
54	•	Kansas															
68	•	Kentucky															
69	•	Louisiana															
70	•	Maine															
50	•	Maryland															
52	•	Massachusetts															
50	•	Michigan															
58	•	Minnesota															
78	●	Mississippi															
60	●	Missouri															
64	•	Montana															
38	•	Nebraska															
50	●	Nevada															
61	•	New Hampshire															
50	●	New Jersey															
66	●	New Mexico															
50	●	New York															
66	•	North Carolina															
51	•	North Dakota															
50	•	N. Mariana Islands															
56	●	Ohio	●	●	●	●	●			●	●	●	●	●	●	●	●
64	•	Oklahoma															
58	●	Oregon															
58	•	Pennsylvania	●	●	●	●	●			●	●	●	●	●	●	●	●
50	•	Puerto Rico															
58	•	Rhode Island															
71	●	South Carolina	●		●												
66	●	South Dakota															
66	•	Tennessee															
58	●	Texas	●	●	●	●	●			●	●	●	●	●	●	●	●
66	•	Utah															
66	•	Vermont															
50	•	Virgin Islands															
57	•	Virginia															
50	•	Washington															
67	•	West Virginia															
58	•	Wisconsin															
50	●	Wyoming															
●	20	●	14	13	10	10	6	14	10	9	7	6	18	10	15	11	5
•	34	•	26	26	17	21	14	31	24	28	19	23	33	24	30	28	17
	54	Total	30	39	27	31	19	45	34	35	26	29	62	34	46	37	22

<sup>1</sup> FMAP-Federal Medicaid Assistance Percentage: Rate of Federal financial participation in a State's medical vendor payment expenditures on behalf of individuals and families eligible under Title XIX of the Social Security Act. Percentages, effective from October 1, 1979, through September 30, 1981 are rounded.

<sup>2</sup> Categorically Needy: People receiving federally supported financial assistance.

<sup>3</sup> Medically Needy: People who are eligible for medical but not for financial assistance.

Optional Services in State Medicaid Programs

Screening Services	Preventive Services	Rehabilitative Services	Services for Age 65 or Older on TB Instructions			Services for Age 65 or Older on Mental Ill			Intermediate Care Facility Services	ICF for Mentally Retarded	Inpatient Psychiatric Services for Under Age 22	Christian Science Nurses	Chiropractic Services	SNF for Under Age 21	Emergency Hospital Services	Personal Care Services	Total Additional Services		
			A	B	C	A	B	C											
																	12	AL	
																		10	AK
																		21	AZ
																		30	AR
																		12	CA
																		24	CO
																		8	CT
																		19	DE
																		9	DC
																		13	FL
																		10	GA
																		20	GU
																		13	HI
																		20	ID
																		24	IL
																		21	IN
																		26	IA
																		16	KS
																		16	KY
																		23	LA
																		18	ME
																		28	MA
																		31	MD
																		8	MI
																		17	MS
																		20	MN
																		23	MT
																		19	NE
																		25	NH
																		27	NJ
																		17	NM
																		20	NV
																		19	NC
																		23	ND
																		16	NM
																		23	OH
																		10	OR
																		23	OR
																		15	PA
																		13	PR
																		11	RI
																		12	SC
																		16	SD
																		14	TN
																		13	TX
																		18	UT
																		10	VT
																		9	VI
																		17	VA
																		20	WA
																		20	WV
																		32	WI
																		5	WY
3	6	16	9	2	2	14	9	12	24	22	12	1	7	19	18	4			
13	16	20	19	10	8	29	18	17	26	25	22	5	11	27	28	10			
18	20	30	27	12	10	43	27	29	50	47	34	6	18	46	46	14			

## FINANCING

The Federal Government helps States share in the cost of medicaid services by means of a variable matching formula that is periodically adjusted. The matching rate, which is inversely related to a State's per capita income, can range from 50 to 83 percent though no State currently receives higher than 78 percent. Federal matching for the territories is set at 50 percent with a maximum dollar limit placed on the amount each territory can receive. The Federal share of administrative costs is 50 percent for all States except for certain items where the authorized rate is higher. Table 6 shows Federal matching rates for medicaid by State.

TABLE 6.—Federal medical assistance percentages

State	Promulgated for the periods—	
	Oct. 1, 1979- Sept. 30, 1981	Oct. 1, 1981- Sept. 30, 1983
Alabama.....	71.32	71.13
Alaska.....	50.00	50.00
Arizona.....		
Arkansas.....	72.87	72.16
California.....	50.00	50.00
Colorado.....	52.16	52.28
Connecticut.....	50.00	50.00
Delaware.....	50.00	50.00
Disrtict of Columbia.....	50.00	50.00
Florida.....	58.94	57.92
Georgia.....	66.76	66.28
Guam.....	50.00	50.00
Hawaii.....	50.00	50.00
Idaho.....	65.70	65.43
Illinois.....	50.00	50.00
Indiana.....	57.28	56.73
Iowa.....	56.57	55.35
Kansas.....	53.52	52.50
Kentucky.....	68.07	67.95
Louisiana.....	68.82	66.85
Maine.....	69.53	70.63
Maryland.....	50.00	50.00
Massachusetts.....	51.75	53.56
Michigan.....	50.00	50.00
Minnesota.....	55.64	54.39



TABLE 6.—Federal medical assistance percentages—Continued

State	Promulgated for the periods—	
	Oct. 1, 1979– Sept. 30, 1981	Oct. 1, 1981– Sept. 30, 1983
Mississippi.....	77.55	77.36
Missouri.....	60.36	60.38
Montana.....	64.28	65.34
Nebraska.....	57.62	58.12
Nevada.....	50.00	50.00
New Hampshire.....	61.11	59.41
New Jersey.....	50.00	50.00
New Mexico.....	69.03	67.19
New York.....	50.00	50.88
North Carolina.....	67.64	67.81
North Dakota.....	61.44	62.11
Northern Mariana Islands.....	50.00	50.00
Ohio.....	55.10	55.10
Oklahoma.....	63.64	59.91
Oregon.....	55.66	52.81
Pennsylvania.....	55.14	56.78
Puerto Rico.....	50.00	50.00
Rhode Island.....	57.81	57.77
South Carolina.....	70.97	70.77
South Dakota.....	68.78	68.19
Tennessee.....	69.43	68.53
Texas.....	58.35	55.75
Utah.....	68.07	68.64
Vermont.....	68.40	68.59
Virgin Islands.....	50.00	50.00
Virginia.....	56.54	56.74
Washington.....	50.00	50.00
West Virginia.....	67.35	67.95
Wisconsin.....	57.95	58.02
Wyoming.....	50.00	50.00

<sup>1</sup> Not applicable; no title XIX program in effect.

Source: MMB/HCFA/HEW.

Federal law permits States to impose nominal copayments and deductible amounts with respect to optional services for the categorically needy and for all services for the medically needy. In addition, nursing home residents are required to turn over their excess income to help pay for the cost of their care; in general they are allowed to retain \$25 for their personal needs.

#### PAYMENT FOR SERVICES

States, in general, determine the reimbursement rate for services, except for inpatient hospital care, where they are required to use medicare's reasonable cost payment system unless they have approval from the Secretary of Health and Human Services to use an alternative payment methodology. States are required to reimburse skilled nursing facilities and intermediate care facilities at rates that are reasonable and adequate to meet the cost which must be incurred by efficiently and economically operated facilities in order to meet applicable laws and quality and safety standards. Generally, for other services, States may establish their own reimbursement levels, provided the amounts do not exceed what would be allowed under medicare. In many instances, the rates are considerably less.

Payments for covered services are made directly to the provider of services and the provider is required to accept the medicaid payment as payment in full for covered services.

#### ADMINISTRATION

Medicaid is a State-administered program. At the Federal level, the Health Care Financing Administration (HCFA) of the Department of Health and Human Services is responsible for overseeing State operations.

Federal law requires that one State agency be designated as the single State agency responsible for the administration of the medicaid program. Traditionally, that agency has been either the State welfare agency, the State health agency, or the umbrella human resources agency. Though the single State agency bears ultimate responsibility for administration of the medicaid program, that agency often contracts with other State agencies to carry out some program functions. In addition, States may process claims for reimbursement themselves or contract with fiscal agents or health insuring agencies to process these claims.

Tables 7-9 present State-by-State data on medicaid payments per recipient, recipients and expenditures by source of funds.

**TABLE 7.—Unduplicated numbers of recipients by basis of eligibility and by State, fiscal year 1978  
(preliminary data)**

[Recipients, in thousands]

State	Total	Age 65 and over	Blindness	Permanent and total disability	Dependent children under 21	Adults in families with depend- ent children	Other title XIX recipients
<b>Total, United States (estimate).....</b>	<b>22,946</b>	<b>3,786</b>	<b>79</b>	<b>2,900</b>	<b>9,129</b>	<b>4,937</b>	<b>2,115</b>
<b>Total, reporting States.</b>	<b>18,178</b>	<b>2,599</b>	<b>63</b>	<b>2,131</b>	<b>7,659</b>	<b>3,917</b>	<b>1,810</b>
Alabama.....	310	102	2	52	104	50	.....
Alaska.....	14	1	(*)	2	7	3	1
Arkansas.....	216	65	2	38	69	32	11
California.....	3,283	512	17	469	1,344	708	224
Delaware.....	69	6	(*)	7	39	17	.....
District of Columbia.....	135	11	(*)	13	76	35	(*)
Georgia.....	459	122	3	93	165	76	.....
Hawaii.....	109	11	(*)	7	52	26	13
Idaho.....	64	11	(*)	9	28	14	1
Illinois.....	1,110	88	2	137	618	251	15

Footnotes at end of table.

TABLE 7.—Unduplicated numbers of recipients by basis of eligibility and by State, fiscal year 1978 (preliminary data)—Continued

[Recipients, in thousands]

State	Total	Age 65 and over	Blindness	Permanent and total disability	Dependent children under 21	Adults in families with dependent children	Other title XIX recipients
Indiana.....	239	34	1	27	119	58	.....
Iowa.....	167	32	1	17	71	43	4
Kansas.....	177	27	(*)	16	73	34	26
Maine.....	126	19	(*)	16	51	39	2
Maryland.....	307	43	(*)	33	161	70	(*)
Massachusetts.....	1,023	206	.....	105	419	176	98
Michigan.....	912	90	2	101	475	234	10
Mississippi.....	286	82	2	30	130	42	1
Missouri.....	373	72	3	40	161	82	15
Montana.....	42	7	(*)	6	19	9	.....
Nebraska.....	69	15	(*)	9	29	14	2
Nevada.....	21	4	(*)	3	9	5	.....
New Hampshire.....	48	10	(*)	5	22	10	1
New Jersey.....	655	59	1	59	356	162	18
New Mexico.....	81	12	(*)	15	36	17	.....

North Carolina.....	389	89	4	65	150	77	5
North Dakota.....	30	8	(*)	3	11	6	1
Ohio.....	779	81	2	87	391	218	7
Oklahoma.....	253	55	1	24	126	41	7
Oregon.....	224	19	1	18	98	66	22
Pennsylvania.....	2,540	166	6	249	995	623	502
Puerto Rico.....	1,490	12	2	40	414	271	752
South Carolina.....	249	56	2	44	89	53	5
Tennessee.....	347	70	2	64	131	48	33
Texas.....	688	243	4	104	228	89	.....
Utah.....	65	9	(*)	7	32	15	2
Vermont.....	49	9	(*)	6	23	11	1
Virgin Islands.....	19	1	(*)	(*)	8	3	7
Virginia.....	310	61	1	40	141	67	.....
Washington.....	281	45	1	37	113	64	21
West Virginia.....	189	33	1	36	79	39	1

\* Less than 500.

Note: Totals may not add due to rounding.

Source: U.S. Department of Health, Education, and Welfare, Health Care Financing Administration. Preliminary National Medicaid Statistics: Fiscal Year 1978. HEW Publication No. (HCFA)-03029, April 1980, p. 13.

**TABLE 8.—Medicaid: Expenditures <sup>1</sup> for medical assistance payments, by State and source of funds, fiscal year 1978**

State	Amount			Percentage	
	Total	Federal <sup>2</sup>	State <sup>2 3</sup>	Federal	State
<b>Total</b> .....	<b>\$18,168,064,962</b>	<b>\$10,030,306,059</b>	<b>\$8,137,758,903</b>	<b>55.2</b>	<b>44.8</b>
Alabama.....	202,775,921	147,307,040	55,468,881	72.6	27.4
Alaska.....	21,973,265	11,020,187	10,953,078	50.2	49.8
Arizona.....					
Arkansas.....	178,561,649	128,696,689	49,864,960	72.1	27.9
California.....	2,415,676,722	1,208,802,780	1,206,873,942	50.0	50.0
Colorado.....	145,155,347	78,153,154	67,002,193	53.8	46.2
Connecticut.....	251,016,824	125,659,527	125,357,297	50.1	49.9
Delaware.....	30,631,475	15,373,958	15,257,517	50.2	49.8
District of Columbia.....	119,431,872	60,369,347	59,062,525	50.5	49.5
Florida.....	267,721,138	151,637,527	116,083,611	56.6	43.4
Georgia.....	368,055,277	242,697,813	125,357,464	65.9	34.1
Guam.....	2,392,485	1,196,242	1,196,243	50.0	50.0
Hawaii.....	77,933,312	39,153,487	38,779,825	50.2	49.8
Idaho.....	38,407,322	24,447,579	13,959,743	63.7	36.3
Illinois.....	990,459,820	495,229,910	495,229,910	50.0	50.0

Indiana.....	272,543,610	157,693,733	114,849,877	57.9	42.1
Iowa.....	181,713,245	94,903,363	86,809,882	52.2	47.8
Kansas.....	145,094,798	76,169,076	68,925,722	52.5	47.5
Kentucky.....	202,614,586	141,424,720	61,189,866	69.8	30.2
Louisiana.....	290,167,813	204,663,578	85,504,235	70.5	29.5
Maine.....	109,942,029	76,817,443	33,124,586	69.9	30.1
Maryland.....	287,898,680	144,707,941	143,190,739	50.3	49.7
Massachusetts.....	835,819,026	432,130,059	403,688,967	51.7	48.3
Michigan.....	934,334,549	469,862,169	464,472,380	50.3	49.7
Minnesota.....	431,046,416	238,799,712	192,246,704	55.4	44.6
Mississippi.....	169,859,441	132,781,783	37,077,658	78.2	21.8
Missouri.....	198,937,530	120,956,352	78,031,178	60.8	39.2
Montana.....	47,170,154	28,871,614	18,298,540	61.2	38.8
Nebraska.....	85,286,122	45,622,304	39,663,818	53.5	46.5
Nevada.....	25,819,351	12,998,720	12,820,631	50.3	49.7
New Hampshire.....	50,249,392	31,628,554	18,620,838	62.9	37.1
New Jersey.....	563,092,348	283,519,040	279,573,308	50.4	49.6
New Mexico.....	56,671,353	40,730,568	15,940,785	71.9	28.1
New York.....	3,134,752,238	1,571,697,084	1,563,055,154	50.1	49.9
North Carolina.....	290,379,082	197,228,940	93,150,142	67.9	32.1
North Dakota.....	37,041,769	18,825,450	18,216,319	50.8	49.2
Ohio.....	617,250,449	342,653,099	274,597,350	55.5	44.5
Oklahoma.....	209,350,579	137,071,308	72,279,271	65.5	34.5
Oregon.....	155,127,142	89,435,783	65,691,359	57.7	42.3
Pennsylvania.....	1,041,452,971	574,311,970	467,141,001	55.1	44.9

Footnotes at end of table.

TABLE 8.—Medicaid: Expenditures<sup>1</sup> for medical assistance payments, by State and source of funds, fiscal year 1978—Continued

State	Amount			Percentage	
	Total	Federal <sup>2</sup>	State <sup>2,3</sup>	Federal	State
Puerto Rico.....	57,652,976	28,273,231	29,379,745	49.0	51.0
Rhode Island.....	114,425,699	65,366,700	49,058,999	57.1	42.9
South Carolina.....	168,512,542	121,475,796	47,036,746	72.1	27.9
South Dakota.....	40,072,448	25,704,318	14,368,130	64.1	35.9
Tennessee.....	270,912,334	186,841,812	84,070,522	69.0	31.0
Texas.....	789,519,210	479,737,609	309,781,601	60.8	39.2
Utah.....	62,674,182	43,460,234	19,213,948	69.3	30.7
Vermont.....	46,036,084	31,392,345	14,643,739	68.2	31.8
Virgin Islands.....	1,542,971	771,486	771,485	50.0	50.0
Virginia.....	261,804,043	149,671,181	112,132,862	57.2	42.8
Washington.....	244,260,032	126,413,256	117,846,776	51.8	48.2
West Virginia.....	77,321,233	54,248,578	23,072,655	70.2	29.8
Wisconsin.....	539,668,728	316,435,528	223,233,200	58.6	41.4
Wyoming.....	9,805,378	5,264,382	4,540,996	53.7	46.3

<sup>1</sup> As reported by the States.

<sup>2</sup> Exclusive of adjustments.

<sup>3</sup> Includes local funds in those States which require local contributions.

Source: U.S. Department of Health and Human Services, Social Security Administration, Office of Policy, Office of Research and Statistics. Expenditures for Public Assistance Programs, Fiscal Year 1978. SSA Publication No. 13-11951, October 1980, p. 10.

Note: Federal and State shares reflect actual expenditures, exclusive of certain adjustments. They differ slightly from amounts calculated using Federal medical assistance percentages.



**TABLE 9.—Medicaid; Expenditures <sup>1</sup> for administration and training, by State and source of funds, fiscal year 1978**

State	Amount			Percentage	
	Total	Federal <sup>2</sup>	State <sup>2 3</sup>	Federal	State
<b>Total.....</b>	<b>\$968,799,090</b>	<b>\$548,300,700</b>	<b>\$420,498,390</b>	<b>56.6</b>	<b>43.4</b>
Alabama.....	7,005,862	4,106,934	2,898,928	58.6	41.4
Alaska.....	905,186	523,625	381,561	57.8	42.2
Arizona.....					
Arkansas.....	7,396,060	4,267,300	3,128,760	57.7	42.3
California.....	154,844,913	81,403,395	73,441,518	52.6	47.4
Colorado.....	8,057,438	4,683,366	3,374,072	58.1	41.9
Connecticut.....	8,469,982	4,547,190	3,922,792	53.7	46.3
Delaware.....	1,392,327	841,817	550,510	60.5	39.5
District of Columbia.....	6,366,983	3,583,342	2,783,641	56.3	43.7
Florida.....	14,731,823	7,789,319	6,942,504	52.9	47.1
Georgia.....	16,267,718	10,312,572	5,955,146	63.4	36.6
Guam.....	94,362	47,182	47,180	50.0	50.0
Hawaii.....	3,793,432	2,351,366	1,442,066	62.0	38.0
Idaho.....	3,041,445	1,790,092	1,251,353	58.9	41.1
Illinois.....	39,015,365	22,106,015	16,909,350	56.7	43.3

Footnotes at end of table.

**TABLE 9.—Medicaid; Expenditures<sup>1</sup> for administration and training, by State and source of funds, fiscal year 1978**  
—Continued

State	Amount			Percentage	
	Total	Federal <sup>2</sup>	State <sup>2 3</sup>	Federal	State
Indiana.....	15,517,588	8,223,093	7,294,495	53.0	47.0
Iowa.....	7,346,970	4,155,051	3,191,919	56.6	43.4
Kansas.....	8,537,383	4,916,442	3,620,941	57.6	42.4
Kentucky.....	12,126,552	7,094,298	5,032,254	58.5	41.5
Louisiana.....	13,586,453	7,448,962	6,137,491	54.8	45.2
Maine.....	3,042,626	1,767,207	1,275,419	58.1	41.9
Maryland.....	13,470,216	7,730,263	5,739,953	57.4	42.6
Massachusetts.....	28,210,084	14,890,630	13,319,454	52.8	47.2
Michigan.....	83,989,234	46,925,638	37,063,596	55.9	44.1
Minnesota.....	19,792,047	11,831,588	7,960,459	59.8	40.2
Mississippi.....	8,666,473	4,529,982	4,136,491	52.3	47.7
Missouri.....	9,417,879	4,991,536	4,426,343	53.0	47.0
Montana.....	3,568,786	2,053,871	1,514,915	57.6	42.4
Nebraska.....	7,399,602	4,221,651	3,177,951	57.1	42.9
Nevada.....	2,862,275	1,543,852	1,318,423	53.9	46.1
New Hampshire.....	4,297,231	2,630,993	1,666,238	61.2	38.8
New Jersey.....	28,405,839	16,574,265	11,831,574	58.3	41.7
New Mexico.....	3,683,705	2,299,671	1,384,034	62.4	37.6
New York.....	155,027,188	91,350,464	63,676,724	58.9	41.1
North Carolina.....	20,254,409	10,593,553	9,660,856	52.3	47.7

North Dakota.....	2,930,900	1,824,543	1,106,357	62.3	37.7
Ohio.....	30,747,540	17,744,968	13,002,572	57.7	42.3
Oklahoma.....	17,418,720	10,223,952	7,194,768	58.7	41.3
Oregon.....	10,669,086	6,308,493	4,360,593	59.1	40.9
Pennsylvania.....	43,110,140	23,643,311	19,466,829	54.8	45.2
Puerto Rico.....	3,330,506	1,726,769	1,603,737	51.8	48.2
Rhode Island.....	4,339,990	2,451,558	1,888,432	56.5	43.5
South Carolina.....	8,702,969	4,670,699	4,032,270	53.7	46.3
South Dakota.....	1,985,521	1,180,129	805,392	59.4	40.6
Tennessee.....	7,501,100	3,930,458	3,570,642	52.4	47.6
Texas.....	62,764,898	39,325,055	23,439,843	62.7	37.3
Utah.....	4,382,328	2,795,853	1,586,475	63.8	36.2
Vermont.....	2,936,637	1,589,064	1,347,573	54.1	45.9
Virgin Islands.....	392,101	215,991	176,110	55.1	44.9
Virginia.....	11,434,982	6,178,244	5,256,738	54.0	46.0
Washington.....	15,917,776	9,910,311	6,007,465	62.3	37.7
West Virginia.....	5,389,514	3,039,290	2,350,224	56.4	43.6
Wisconsin.....	13,683,561	7,084,134	6,599,427	51.8	48.2
Wyoming.....	575,385	331,353	244,032	57.6	42.4

<sup>1</sup> As reported by the State.

<sup>2</sup> Exclusive of adjustments.

<sup>3</sup> Includes local funds in those States which require local contributions.

Source: U.S. Department of Health and Human Services, Social Security Administration, Office of Policy, Office of Research and Statistics. Expenditures for Public Assistance Programs, Fiscal Year 1978. SSA Publication No. 13-11951, October 1980, p. 21.

## **9. AID TO FAMILIES WITH DEPENDENT CHILDREN**

<b>Budget Function:</b>	Income Security
<b>Budget Account Number:</b>	75-0412-0-1-609
<b>Classification:</b>	Appropriated entitlement
<b>Legal Citations:</b>	92 Stat 304 42 USC 1397A Note Sec. 1 49 Stat 620 42 USC 420 et seq. Titles I, IV, X, XI and XIV

### **SUMMARY**

The original Social Security Act, in title IV, offered matching grants to States to enable them to give cash relief to children needy for specified reasons, insofar as was practicable in each State. This remains the stated purpose of the AFDC program.

This budget account provides grants to States for the Federal share of AFDC assistance payments and program administration, plus the Federal share of: cash aid to needy adults in outlying areas without the SSI program, emergency assistance to needy families with children, child support enforcement, State and fiscal training, research and evaluation, and repatriation. In fiscal year (FY) 1980, AFDC benefits accounted for 87 percent of total costs of this budget account.

### **ELIGIBILITY**

The aid to families with dependent children (AFDC) program provides cash grants to States for needy children and their caretakers. Federal matching funds are available for children who lack support because at least one parent is dead, disabled, continually absent from home, unemployed or partially employed.

All States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands have an AFDC program for one-parent families. Twenty-five (25) States plus Guam and the District of Columbia have also chosen to provide benefits to two-parent families under the AFDC-unemployed parents (AFDC-UP) program. Regulations permit AFDC-UP benefits for those who work fewer than 100 hours monthly.

To be eligible for AFDC, a child must be living with a parent or other relative within a specified degree of relationship by blood or marriage. A child is eligible for AFDC foster care payments if he or she is removed from the home of parents or relatives eligible to receive AFDC payments.

AFDC eligibility ends upon a child's 18th birthday unless his State chooses to pay benefits to students age 18 to 21. A new law, effective in 1981, permits a State to limit AFDC student benefits to persons attending high school or vocational school.

Federal law requires certain able-bodied AFDC recipients and applicants to register with the Work Incentive Program (WIN) for work or training and job development, which can include up to 8 weeks of job search in a year. Excluded from this requirement are persons already working at least 30 hours per week; persons who are ill, incapacitated, or of advanced age; mothers or other caretaker relatives whose youngest child is younger than 6, or who are responsible for an incapacitated household member; children under age 16 or attending school full time; caretakers of children of any age when another family member is subject to the work rule; and persons too remote from a WIN project for effective participation.

The law requires AFDC mothers as a condition of eligibility, to assign their child support rights to the State and to cooperate with welfare offices in establishing paternity of a child born outside of marriage and in obtaining support payments from the father.

States determine "need," but Federal law governs the treatment of recipients' earnings. The law requires States to phase out AFDC grants gradually as earnings rise and generally results in an earned income eligibility ceiling that is about double the State's payment standard.<sup>1</sup>

The law requires States to take resources into account in deciding a family's need. States set their own resource limits within an outer limit, set in Federal regulation, of \$2,000 in counted assets per person. States have the option to exclude from counted assets the home, personal effects, automobile, and income-producing property. Actual State practices vary widely. For example, as of April 1, 1978, 13 States restricted the value of allowable homes; two permitted only old cars.

### BENEFIT LEVELS

The States set benefit levels, define "need," and establish their own income and resource limits. As a result, benefit levels for AFDC vary widely from State to State, as shown by table 1, which presents maximum benefits (State guarantee levels) for families ranging from 2 to 5 persons, as of January 1981.

<sup>1</sup> The payment standard is the sum from which any countable income is subtracted so as to calculate the AFDC grant. This standard is usually, but not always, maximum benefit.

TABLE 1.—Maximum AFDC benefits, by family size,<sup>1</sup> January 1981

State	2-person family	3-person family	4-person family	5-person family	6-person family
Alabama	89	118	148	177	207
Alaska	457	514	572	629	686
Arizona	156	202	244	279	312
Arkansas	133	161	188	214	238
California	374	463	550	628	706
Colorado* <sup>2</sup>	249	311	375	446	514
Connecticut* <sup>3</sup>	331	406	477	546	617
Delaware*	197	266	312	386	440
District of Columbia	225	286	349	402	473
Florida* <sup>4</sup>	150	195	230	265	300
Georgia	137	164	193	221	240
Hawaii* <sup>5</sup>	390	468	546	626	709
Idaho	260	323	367	409	445
Illinois* <sup>6</sup>	250	302	368	434	495
Indiana	195	255	315	375	435
Iowa*	292	360	419	464	516
Kansas* <sup>7</sup>	290	345	390	430	470
Kentucky*	162	188	235	275	310
Louisiana <sup>8</sup>	125	173	213	252	287
Maine <sup>9</sup>	207	280	352	424	496
Maryland*	211	270	326	377	416
Massachusetts	314	379	445	510	575
Michigan* <sup>10</sup>	387	462	538	621	708
Minnesota*	344	417	486	546	605
Mississippi	60	96	120	144	168
Missouri	199	248	290	329	366
Montana* <sup>11</sup>	193	259	331	381	433
Nebraska*	270	335	400	465	530
Nevada	211	262	314	365	417
New Hampshire* <sup>12</sup>	292	346	392	438	498

Footnotes at end of table.

**TABLE 1.—Maximum AFDC benefits, by family size,<sup>1</sup> January 1981—Continued**

State	2-person family	3-person family	4-person family	5-person family	6-person family
New Jersey*	273	360	414	468	522
New Mexico*	178	220	267	307	335
New York* <sup>13</sup>	401	477	563	638	697
North Carolina*	167	192	210	230	248
North Dakota*	259	334	408	464	511
Ohio	216	263	327	381	424
Oklahoma*	218	282	349	409	468
Oregon*	286	339	409	480	547
Pennsylvania* <sup>14</sup>	262	318	381	438	478
Rhode Island* <sup>15</sup>	368	453	518	583	657
South Carolina	99	129	158	188	217
South Dakota* <sup>16</sup>	280	321	361	401	441
Tennessee	97	122	148	174	201
Texas <sup>17</sup>	86	116	140	164	185
Utah	269	348	415	527	623
Vermont <sup>18</sup>	410	492	552	626	669
Virginia <sup>19</sup>	203	258	305	360	401
Washington <sup>20</sup>	361	440	515	590	665
West Virginia <sup>21</sup>	164	206	249	284	322
Wisconsin* <sup>22</sup>	377	444	529	608	656
Wyoming <sup>23</sup>	280	315	340	390	445
Guam	202	262	307	337	367
Puerto Rico <sup>24</sup>	64+	91+	119+	146+	173+
Virgin Islands	123	167	210	254	297

<sup>1</sup> Maximum benefit paid for a family of given size with zero countable income. Family members include 1 adult caretaker.

<sup>2</sup> Colorado has 4 separate payment schedules broken down by 1-adult or 2-adult AFDC families and summer or winter months. Summer includes May through November and winter includes December through April. Data shown are from the 1-adult winter payment schedule.

<sup>3</sup> Connecticut has 3 rent regions. Data shown are from rent region B which is the rent region with the most population and medium rents.

<sup>4</sup> Florida has 2 payment schedules—1 that includes shelter expenses and 1 that does not. Data shown include shelter.

<sup>5</sup> The Hawaii figures include shelter maximums of \$215, \$240, \$265, \$290, and \$320 for an AFDC family with 2 recipients to 6 recipients, respectively.

<sup>6</sup> Illinois divides itself into 3 distinct areas with regard to payment schedules. Data shown are from the Cook County area, which includes Chicago.

<sup>7</sup> Kansas has a basic standard and a shelter standard. The shelter standard varies from area to area (i.e., from \$80 monthly to \$125 monthly). The shelter payment in Topeka and some of the other larger cities is about \$100 monthly.

<sup>8</sup> Louisiana has 2 payment schedules—1 for urban areas, from which our data were taken, and 1 for rural areas.

<sup>9</sup> Maine also has a children only schedule.

<sup>10</sup> Shown are benefits for Washtenaw County (Ann Arbor). Michigan has varied shelter maximums. Washtenaw County has a shelter maximum of \$160 and Wayne County has a shelter maximum of \$130. As of Jan. 1, 1981, the maximum benefits in Wayne County (Detroit) were: \$357 for a 2-person family; \$425 for a 3-person family; \$508 for a 4-person family; \$591 for a 5-person family; and \$678 for a 6-person family.

<sup>11</sup> Montana has 2 payment schedules—1 with shelter costs included and the other without shelter costs. Data shown include shelter.

<sup>12</sup> New Hampshire payment schedules include a basic maintenance allowance plus an additional amount depending on the type of shelter: (1) no heat or utilities included in the shelter costs, (2) either heat or utilities included, or (3) both heat and utilities included.

<sup>13</sup> New York has payment schedules for each social service district. Shown are the Suffolk County amounts, highest in the State. New York City maximums as of Jan. 1, 1981, were: 2-person family, \$333 monthly; 3-person family, \$394 monthly; 4-person family, \$476 monthly; 5-person family, \$594 monthly; 6-person family, \$619 monthly.

<sup>14</sup> Pennsylvania has 4 regions. The figures in the table are from region 2, which has a plurality of the population.

<sup>15</sup> Rhode Island has a winter and nonwinter payment schedule. The figures in the table are from the winter schedule which lasts from December through March. The nonwinter schedule lasts from April to December.

<sup>16</sup> South Dakota may be reducing its payment rate to 95 percent of need rather than 100 percent of need. This option has not, however, been approved yet.

<sup>17</sup> Texas also has a payment schedule for children only.

<sup>18</sup> Vermont has a base amount plus a housing maximum which depends on whether the recipient is living in a furnished or unfurnished apartment inside or outside of Chittenden County. 73.4 percent of the sum [base amount plus housing allowance] is equal to the largest amount paid to a recipient with no other income. The figures in the table assume the recipient is in a furnished apartment (the amount paid for a furnished apartment is constant statewide—i.e., \$199).

<sup>19</sup> Virginia has 3 payment schedules.

<sup>20</sup> Washington has 2 areas. The figures in the table are from the area 1 payment schedule which has the bulk of the population.

<sup>21</sup> West Virginia has 3 payment schedules.

<sup>22</sup> Wisconsin has 2 payment schedules.

<sup>23</sup> Wyoming has 2 payment schedules—1 that includes shelter costs and 1 that excludes shelter costs. The figures shown do not include shelter.

<sup>24</sup> In addition, Puerto Rico pays 57 percent of the AFDC family's actual rent.

\*These States pay 100 percent of the need standard.

Today's average AFDC family has 3 members. Table 2 presents combined AFDC plus food stamp benefits for one-parent families of three, as of January 1981. Combined potential benefits ranged from \$279 monthly in Mississippi, 51 percent of the poverty threshold, to above the poverty threshold of \$548 in Alaska; California; Hawaii; Michigan; Suffolk County, New York; Vermont; Washington; and Wisconsin. In addition to the monthly cash grant, AFDC recipients automatically are eligible for medicaid coverage.



**TABLE 2.—Maximum potential AFDC and food stamp benefits, 1-parent family\* of 3 persons, January 1981 (later, if so marked)**

	Maximum AFDC grant	Food stamp benefit <sup>1</sup>	Combined benefits		As percent of 1980 poverty threshold <sup>2</sup>
			Monthly	Yearly	
Alabama.....	\$118	\$183	\$301	\$3,612	55
Alaska.....	<sup>3</sup> 514	232	746	8,152	109
Arizona.....	202	182	384	4,608	70
Arkansas.....	161	183	344	4,128	63
California.....	<sup>4</sup> 463	104	567	6,804	104
Colorado.....	<sup>5</sup> 311	150	461	<sup>6</sup> 5,427	83
Connecticut.....	406	121	527	6,324	96
Delaware.....	266	163	429	5,148	78
District of Columbia...	286	157	443	5,316	81
Florida.....	195	183	378	4,536	69
Georgia.....	164	183	347	4,164	63
Hawaii.....	468	195	663	7,956	105
Idaho.....	<sup>7</sup> 282	158	440	5,280	80
Illinois.....	<sup>8</sup> 302	152	454	5,448	83
Indiana.....	255	167	422	5,064	77
Iowa.....	360	135	495	4,940	90
Kansas.....	345	140	485	5,820	89
Kentucky.....	188	183	371	4,452	68
Louisiana.....	173	183	356	4,272	65
Maine.....	280	159	439	5,268	80
Maryland.....	270	162	432	5,184	79
Massachusetts.....	<sup>9</sup> 379	129	508	6,096	93
Michigan.....	<sup>10</sup> 462	<sup>10</sup> 107	569	6,828	104
Minnesota.....	417	118	535	6,420	98
Mississippi.....	96	183	279	3,348	51
Missouri.....	248	169	417	5,004	76
Montana.....	259	165	424	5,088	77
Nebraska.....	<sup>11</sup> 335	143	478	5,736	87
Nevada.....	262	164	426	5,112	78
New Hampshire.....	346	139	485	5,820	89

Footnotes on p. 118.

**TABLE 2.—Maximum potential AFDC and food stamp benefits, 1-parent family\* of 3 persons, January 1981 (later, if so marked)—Continued**

	Maximum AFDC grant	Food stamp benefit <sup>1</sup>	Combined benefits		As percent of 1980 poverty threshold <sup>2</sup>
			Monthly	Yearly	
New Jersey.....	360	135	495	5,940	90
New Mexico.....	220	177	397	4,764	73
New York.....	477	100	577	6,924	105
New York City.....	(394)	(125)	(519)	(6,228)	95
North Carolina.....	192	183	375	4,500	68
North Dakota.....	334	143	477	5,724	87
Ohio.....	263	164	427	5,124	78
Oklahoma.....	282	158	440	5,280	80
Oregon..... <sup>12</sup>	339	<sup>13</sup> 183	522	6,264	95
Pennsylvania.....	318	148	466	5,592	85
Rhode Island..... <sup>14</sup>	453	<sup>15</sup> 141	594	<sup>16</sup> 6,224	95
South Carolina.....	129	183	312	3,744	57
South Dakota.....	321	147	468	5,616	85
Tennessee.....	122	183	305	3,660	56
Texas.....	116	183	299	3,588	55
Utah..... <sup>17</sup>	348	139	487	5,844	89
Vermont.....	492	95	587	7,044	107
Virginia.....	258	166	424	5,088	77
Washington..... <sup>18</sup>	440	111	551	6,612	101
West Virginia.....	206	181	387	4,644	71
Wisconsin.....	444	110	554	6,448	101
Wyoming.....	315	149	464	5,568	85
Guam.....	262	256	518	6,216	95
Puerto Rico..... <sup>19</sup>	91	174	265	3,180	48
Virgin Islands.....	167	228	395	4,740	72
Median State....	286	157	443	5,316	81

Footnotes on p. 118.

<sup>1</sup> Food stamp benefits are based on maximum AFDC benefits shown and assume deductions of \$200 monthly (\$85 standard household deduction plus \$115 maximum allowable deduction for excess shelter costs and/or dependent care) in the 48 contiguous States and District of Columbia. In the remaining 5 jurisdictions these maximum allowable food stamp deductions are assumed: Alaska, \$345; Hawaii, \$285; Guam, \$310; Puerto Rico, \$90; and Virgin Islands, \$160. If only the standard deduction were assumed, food stamp benefits would drop by \$35 monthly in most of the 48 contiguous States and District of Columbia (by less than \$35 in States with AFDC benefits below \$200); and by \$60 in Alaska, \$50 in Hawaii; \$28 in Guam; \$12 in Puerto Rico, and \$26 in the Virgin Islands. Maximum food stamp benefits in calendar year 1981 are \$183 for a family of 3 except in these 5 jurisdictions, where they are as follows: Alaska, \$283; Hawaii, \$250; Guam, \$256; Puerto Rico, \$174; and Virgin Islands, \$230.

<sup>2</sup> Except for Alaska and Hawaii, this column is based on the Census Bureau's 1980 poverty threshold for a nonfarm family of 3 persons, \$6,570. For Alaska, this threshold was increased by 25 percent; for Hawaii, by 15 percent, following the practice of the Office of Management and Budget (OMB).

<sup>3</sup> Alaska raised the maximum benefit from \$450 to \$514, effective Jan. 1, 1981.

<sup>4</sup> California decreased the maximum benefit from \$473 to \$463, effective Jan. 1, 1981.

<sup>5</sup> Colorado's winter rate, effective in December through April. Summer rate, as of July 1980, was \$290.

<sup>6</sup> Five months at winter AFDC rate, 7 at summer benefit level. Monthly annual average of combined benefits was \$452.

<sup>7</sup> As of Mar. 1, 1981. Effective on that date, Idaho reduced the maximum benefit from \$323 to \$282.

<sup>8</sup> Illinois increased the maximum benefit from \$288 to \$302, effective Jan. 1, 1981.

<sup>9</sup> Massachusetts increased the maximum benefit from \$385 to \$379, effective Sept. 1, 1980.

<sup>10</sup> Of the AFDC total, \$83 represents allowances for heating fuel (\$59) and utilities (\$24), an increase of \$7 over the corresponding July 1980 allowances. Michigan disregards this increase in calculating food stamp benefits.

<sup>11</sup> Nebraska increased the maximum benefit from \$310 to \$335, effective Aug. 1, 1980.

<sup>12</sup> Oregon decreased the maximum benefit from \$388 to \$339, effective Jan. 1, 1981.

<sup>13</sup> Oregon's legislature (Senate bill 981) designated \$155.59 of the reduced monthly cash payment made to an AFDC family of three as "energy assistance," effective Oct. 1, 1980, and directed that it not be counted as income by the food stamp program. The Agriculture Department has disputed the legality of this income disregard, but Oregon is applying it. Without it, the food stamp benefit would drop by \$42.

<sup>14</sup> Rhode Island's winter rate, effective in December through March. Summer rate, as of July 1980, was \$340.

<sup>15</sup> Calculated on basis of Rhode Island summer AFDC benefit. The food stamp program disregards the extra winter cash allowance for fuel.

<sup>16</sup> Four months at winter AFDC rate; 8 at summer benefit level. Monthly annual average of combined benefits was \$519.

<sup>17</sup> Utah decreased the maximum benefit from \$360 to \$348, effective Oct. 1, 1980.

<sup>18</sup> Washington decreased the maximum benefit from \$458 to \$440, effective Nov. 1, 1980.

<sup>19</sup> Puerto Rico increased the maximum benefit, exclusive of shelter, from \$51 to \$91, effective Oct. 1, 1980. In addition, it pays 57 percent of actual rent.

\* In most States these benefit amounts apply also to two-parent families of three (where the second parent is incapacitated, or, as permitted in about half the States, unemployed or underemployed). Some, however, increase benefits for such families.

To insure a work incentive, States are required by Federal law to disregard certain earned income. When determining the amount of benefits to which a recipient family is entitled, the law requires deduction of an initial \$30 in monthly earnings plus one-third of remaining earnings, plus work expenses (any expenses, including child care costs, reasonably attributable to the earning of income). When making an *initial* determination of eligibility, however, only work expenses

are disregarded. Since June 17, 1980, Public Law 96-272 has required that earnings disregards not be applied to any earned income that is reported late, unless there is good cause.

The following example shows how earnings of an AFDC mother with a minimum wage job and specified work expenses are treated under current law.

	Full-time job	Half-time job
Gross earnings.....	\$581	\$290
Plus earned income credit.....	+32	+29
Minus disregards:		
Initial sum.....	-30	-30
One-third of rest.....	-194	-96
Child care.....	-100	-50
Other expenses:		
Payroll tax.....	-39	-19
Other (assumed at 10 percent of gross wages).....	-58	-29
<b>Total income to count against AFDC benefit.....</b>	<b>192</b>	<b>95</b>

The family's monthly AFDC benefit would depend on the family size and place of residence. For example:

	Detroit (benefit payable)			Chicago (benefit payable)		
	Zero earnings	Half-time job	Full-time job	Zero earnings	Half-time job	Full-time job
Family of 3.....	\$357	\$262	\$165	\$250	\$155	\$58
Family of 4.....	432	337	240	302	207	110

The family's AFDC benefit would be phased out gradually as earnings increase and would cease when gross earnings equalled approximately 150 percent of the maximum benefit, plus \$360 a year, plus 150 percent of work expenses. Depending upon work expenses, this point usually is double the maximum benefit. Thus, a Detroit family of 3 generally must earn over \$700 before AFDC eligibility terminates.

#### FINANCING

Federal matching for AFDC varies from State to State, depending in part, on per capita income. All States except two chose in 1980 to receive AFDC reimbursement on the basis of the "Federal medical assistance percentage" (FMAP) which offers cost-sharing for all benefits paid no matter how high. Under this medicaid formula, the Federal share is inversely related to the ratio of the State's per capita income

squared to the square of the U.S. per capita income. For a State with average per capita income, the Federal share is 55 percent; for States with below-average income, the Federal share ranges up to 77.55 percent in fiscal years 1980-81, to 77.36 percent in fiscal years 1982-83. Table 3 shows the State matching rates for fiscal years 1978-83.

TABLE 3.—Federal medical assistance percentages (FMAP), used to determine the amount of the Federal share of the AFDC program,<sup>1</sup> fiscal years 1978 through 1983

State	1978-79 <sup>2</sup>	1980-81 <sup>3</sup>	1982-83 <sup>4</sup>
Alabama.....	72.58	71.32	71.13
Alaska.....	50.00	50.00	50.00
Arizona.....	60.81	61.47	59.87
Arkansas.....	72.06	72.87	72.16
California.....	50.00	50.00	50.00
Colorado.....	58.71	53.16	52.28
Connecticut.....	50.00	50.00	50.00
Delaware.....	50.00	50.00	50.00
District of Columbia.....	50.00	50.00	50.00
Florida.....	56.55	58.94	57.92
Georgia.....	65.82	66.76	66.28
Guam.....	<sup>5</sup> 50.00	<sup>6</sup> 75.00	75.00
Hawaii.....	50.00	50.00	50.00
Idaho.....	63.58	65.70	65.43
Illinois.....	50.00	50.00	50.00
Indiana.....	57.86	57.28	56.73
Iowa.....	51.96	56.57	55.35
Kansas.....	52.35	53.52	52.50
Kentucky.....	69.71	68.07	67.95
Louisiana.....	70.45	68.82	66.85
Maine.....	69.74	69.53	70.63
Maryland.....	50.00	50.00	50.00
Massachusetts.....	51.62	51.75	53.56
Michigan.....	50.00	50.00	50.00
Minnesota.....	55.26	55.64	54.39
Mississippi.....	78.09	77.55	77.36
Missouri.....	60.66	60.36	60.38
Montana.....	61.10	64.28	65.34
Nebraska.....	53.46	57.62	58.12
Nevada.....	50.00	50.00	50.00
New Hampshire.....	62.85	61.11	59.41
New Jersey.....	50.00	50.00	50.00
New Mexico.....	71.84	69.03	67.19
New York.....	50.00	50.00	50.88
North Carolina.....	67.81	67.64	67.81

State	1978-79 <sup>1</sup>	1980-81 <sup>2</sup>	1982-83 <sup>4</sup>
North Dakota.....	50.71	61.44	62.11
Ohio.....	55.46	55.10	55.10
Oklahoma.....	65.42	63.64	59.91
Oregon.....	57.29	55.66	52.81
Pennsylvania.....	55.11	55.14	56.78
Puerto Rico.....	<sup>3</sup> 50.00	<sup>6</sup> 75.00	75.00
Rhode Island.....	57.00	57.81	57.77
South Carolina.....	71.93	70.97	70.77
South Dakota.....	63.80	68.78	68.19
Tennessee.....	68.88	69.43	68.53
Texas.....	60.66	58.35	55.75
Utah.....	68.98	68.07	68.64
Vermont.....	68.02	68.40	68.59
Virgin Islands.....	<sup>3</sup> 50.00	<sup>6</sup> 75.00	75.00
Virginia.....	57.01	56.54	56.74
Washington.....	51.64	50.00	50.00
West Virginia.....	70.16	67.35	67.95
Wisconsin.....	58.53	57.95	58.02
Wyoming.....	53.44	50.00	50.00

<sup>1</sup> Except in States that elect an alternate formula, Texas and Arizona did so in fiscal year 1980. Federal funds paid about 46.6 percent of AFDC benefits in Arizona and 69.3 percent in Texas in fiscal year 1979.

<sup>2</sup> Effective Oct. 1, 1977, through Sept. 30, 1979.

<sup>3</sup> Effective Oct. 1, 1979, through Sept. 30, 1981.

<sup>4</sup> Effective Oct. 1, 1981, through Sept. 30, 1983.

<sup>5</sup> Public Law 95-600 changed the FMAP for fiscal year 1979 from 50 to 75 percent.

<sup>6</sup> Public Law 96-272 made permanent the 75-percent matching rate for AFDC effective Oct. 1, 1979. For medicaid the matching rate remains 50 percent.

Source: Department of Health and Human Services.

Prepared by: Subcommittee on Public Assistance and Unemployment Compensation.

In fiscal years 1980 and 1981, 13 States and the District of Columbia paid the maximum *State* share of 50 percent. For the outlying areas (Puerto Rico, Guam, and the Virgin Islands) the Federal matching rate used for AFDC is 75 percent, but the law imposes a ceiling on total funding.

An alternate AFDC reimbursement formula, known as the "Federal percentage," is provided by old law. As of mid-1980, only Texas and Arizona used this formula, which places a *ceiling* on average benefits eligible for Federal matching. Texas found the old formula advantageous because of its low average benefits, and Arizona is ineligible to use the medicaid formula because it has no medicaid program.

Total Federal and State AFDC expenditures for AFDC benefits in fiscal year 1979 were \$10.7 billion, including foster care payments (preliminary figures). Of that amount, \$5.8 billion were Federal funds. In fiscal year 1979, Federal funds paid 54 percent of total AFDC benefits; State funds, about 40 percent; local funds (11 States only) about 6 percent. Table 4 presents State AFDC data.

TABLE 4.—Aid to families with dependent children (AFDC), total benefit payments and source of funds, by State, fiscal year 1979

	Total payments computable for Federal funding (thousands)	Source of funds (thousands)		Percentage	
		Federal funds	Non-Federal funds <sup>1</sup>	Federal funds	Non-Federal funds
Alabama.....	\$80,307.3	\$58,287.3	\$22,020.4	72.6	27.4
Alaska.....	22,150.0	11,075.0	11,075.0	50.0	50.0
Arizona.....	31,623.9	13,409.7	18,214.2	42.4	57.6
Arkansas.....	50,260.5	36,217.7	14,042.8	72.1	27.9
California.....	1,809,754.9	904,877.4	<sup>2</sup> 904,877.4	50.0	50.0
Colorado.....	72,939.9	39,176.0	<sup>3</sup> 33,763.9	53.7	46.3
Connecticut.....	175,469.7	87,734.9	87,734.9	50.0	50.0
Delaware.....	31,207.6	15,613.9	15,593.7	50.0	50.0
District of Columbia.....	91,800.3	45,900.2	45,900.1	50.0	50.0
Florida.....	87,703.8	155,090.7	67,386.9	56.6	43.4
Georgia.....	111,336.8	73,281.9	38,054.9	65.8	34.2
Hawaii.....	86,942.3	43,471.1	43,471.2	50.0	50.0
Idaho.....	23,057.2	14,659.8	8,397.2	63.6	36.4
Illinois.....	660,023.8	330,011.9	330,011.9	50.0	50.0
Indiana.....	112,705.5	65,211.4	<sup>4</sup> 47,494.1	57.9	42.1

Iowa.....	118,743.9	61,699.4	57,044.5	52.0	48.0
Kansas.....	69,399.4	36,330.6	33,068.8	52.4	47.6
Kentucky.....	121,069.8	84,397.8	36,672.0	69.7	30.3
Louisiana.....	100,801.4	71,014.6	29,786.8	70.5	29.5
Maine.....	56,694.9	39,539.1	17,155.8	69.7	30.3
Maryland.....	178,871.5	89,435.7	89,435.8	50.0	50.0
Massachusetts.....	464,735.2	239,897.3	224,838.9	51.6	48.4
Michigan.....	848,816.7	424,408.3	424,408.4	50.0	50.0
Minnesota.....	186,225.3	102,908.1	<sup>4</sup> 83,317.2	55.3	44.7
Mississippi.....	54,326.6	42,423.6	11,903.0	78.1	21.9
Missouri.....	150,297.0	91,170.2	59,126.8	60.7	39.3
Montana.....	15,409.5	9,420.9	<sup>5</sup> 5,988.6	61.1	38.9
Nebraska.....	38,239.6	20,442.9	17,796.7	53.5	46.5
Nevada.....	8,170.3	4,085.2	4,085.1	50.0	50.0
New Hampshire.....	22,272.7	13,998.4	8,274.3	62.9	37.1
New Jersey.....	487,421.8	243,708.3	<sup>6</sup> 243,713.5	50.0	50.0
New Mexico.....	34,282.5	24,628.5	9,654.0	71.8	28.2
New York.....	1,612,849.2	806,424.6	<sup>7</sup> 806,425.5	50.0	50.0
North Carolina.....	138,602.5	93,986.4	<sup>8</sup> 44,616.1	67.8	32.2
North Dakota.....	14,400.1	7,306.6	<sup>9</sup> 7,093.5	50.7	49.3

Footnotes at end of table.



TABLE 4.—Aid to families with dependent children (AFDC), total benefit payments and source of funds, by State, fiscal year 1979—Continued

	Total payments computable for Federal funding (thousands)	Source of funds (thousands)		Percentage	
		Federal funds	Non-Federal funds <sup>1</sup>	Federal funds	Non-Federal funds
Ohio.....	454,873.7	252,273.0	<sup>o</sup> 202,600.7	55.5	44.5
Oklahoma.....	80,859.1	52,898.0	27,961.1	65.4	34.6
Oregon.....	144,646.8	82,868.1	61,778.7	57.3	42.7
Pennsylvania.....	719,019.2	396,251.5	322,767.7	55.1	49.9
Rhode Island.....	65,475.7	32,191.2	24,284.5	57.0	43.0
South Carolina.....	56,581.7	42,049.6	14,532.1	74.3	25.7
South Dakota.....	17,612.0	11,236.5	6,375.5	63.8	36.2
Tennessee.....	77,892.2	53,652.1	24,240.1	68.9	31.1
Texas.....	118,796.9	81,095.9	37,701.0	68.3	31.7
Utah.....	39,841.0	27,482.3	12,358.7	69.9	31.0
Vermont.....	29,119.8	19,805.9	9,313.9	68.0	32.0
Virginia.....	145,084.6	82,712.8	62,371.8	57.0	53.0
Washington.....	146,845.1	75,830.8	71,014.3	51.6	48.4
West Virginia.....	58,970.1	41,373.5	17,596.6	70.2	29.8
Wisconsin.....	273,314.3	159,970.9	113,343.4	58.5	41.5

Wyoming.....	6,794.1	3,630.5	<sup>10</sup> 3,163.6	53.4	46.6
Guam.....	2,996.4	2,247.3	749.1	75.0	25.0
Puerto Rico.....	64,638.7	48,479.9	16,159.7	75.0	25.0
Virgin Islands.....	1,687.5	1,265.6	421.9	75.0	25.0
<b>Total <sup>11</sup>.....</b>	<b>10,732,351</b>	<b>5,801,173</b>	<b>4,931,178</b>	<b>54.1</b>	<b>45.9</b>

<sup>1</sup> According to State AFDC plans as of Sept. 30, 1979, 11 States required their localities to help pay the non-Federal share of AFDC benefits. Local funding is estimated to have totaled about \$650,000,000, 6 percent of total benefit costs. For details, see footnotes below.

<sup>2</sup> The California AFDC plan requires localities to pay 10.8 percent of the non-Federal share of AFDC benefits (2.5 percent for foster care children). On this basis, the fiscal year 1979 local funding share was \$95,100,000.

<sup>3</sup> The Colorado AFDC plan requires localities to pay 44.14 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding share was \$14,900,000. However, Colorado reported to HHS that no local funds were used in fiscal year 1979.

<sup>4</sup> The Indiana and Minnesota AFDC plans require localities to pay 40 percent of the non-Federal share of AFDC benefits. On this basis, fiscal year 1979 local funding shares were \$19,000,000 in Indiana and \$33,300,000 in Minnesota.

<sup>5</sup> The Montana AFDC plan requires localities to pay 22.5 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding share was \$1,300,000.

<sup>6</sup> The New Jersey and North Dakota AFDC plans require localities to pay 25 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding shares were \$60,900,000 in New Jersey and \$1,800,000 in North Dakota.

<sup>7</sup> The New York AFDC plan requires localities to pay 50 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding share was \$403,200,000.

<sup>8</sup> The North Carolina AFDC plan requires that State funds provide no more than 50 percent of the non-Federal share of AFDC benefits and that the remainder be paid by localities "on an equalizing basis according to ability of county." According to North Carolina reports submitted to the U.S. Department of Health and Human Services, local funds provided \$17,900,000 of AFDC benefits in fiscal year 1979.

<sup>9</sup> The Ohio AFDC plan requires localities to pay 4 percent of total AFDC benefit costs and the State to pay 40.5 percent. On this basis, the fiscal year 1979 local funding share was \$18,000,000.

<sup>10</sup> The Wyoming AFDC plan requires that State funds provide not less than 50 percent of the non-Federal share of AFDC benefits, and local funds not more than 50 percent. On this basis, the fiscal year 1979 local funding share was \$1,600,000. However, Wyoming reported to HHS that no local funds were used in fiscal year 1979.

<sup>11</sup> Totals may not add because of rounding.

Source: U.S. Department of Health and Human Services.

About three out of four AFDC families receive food stamps in addition to AFDC cash aid. Table 5 shows the Federal share of combined maximum AFDC and food stamp benefits for a 1-parent family of three persons as of January 1. The Federal share of combined benefits ranged from a low of 59 percent in California and New York (Suffolk County) to peaks of 88 percent in South Carolina, Tennessee and Texas, 89 percent in Alabama, and 92 percent in Mississippi.

TABLE 5.—Federal funding of maximum combined AFDC and food stamp benefits for a 1-parent family\* of 3 persons, January 1981 (later, if so marked)

	Federal share of maximum AFDC benefit		Food stamp benefit <sup>3</sup> (100 percent Federal)	Total maximum combined benefits	Federal share of maximum combined AFDC plus food stamp benefits	
	Per-cent <sup>1</sup>	Dollars <sup>2</sup>			Dollars	Per-cent
Alabama.....	71.32	\$84	\$183	\$301	\$267	89
Alaska.....	50.00	257	232	746	489	66
Arizona..... <sup>4</sup>	46.60	94	182	384	276	72
Arkansas.....	72.87	117	183	344	300	87
California.....	50.00	232	104	567	336	59
Colorado.....	53.16	<sup>5</sup> 159	<sup>5</sup> 153	452	312	69
Connecticut.....	50.00	203	121	527	324	61
Delaware.....	50.00	133	163	429	296	69
District of Columbia.....	50.00	143	157	443	300	68
Florida.....	58.94	115	183	378	298	79
Georgia.....	66.76	109	183	347	292	84
Hawaii.....	50.00	234	195	663	429	65
Idaho.....	55.70	<sup>6</sup> 185	158	440	343	78
Illinois.....	50.00	151	152	454	303	67
Indiana.....	57.28	146	167	422	313	74
Iowa.....	56.67	204	135	495	339	68
Kansas.....	53.52	185	140	485	325	67
Kentucky.....	68.07	128	183	371	311	84
Louisiana.....	68.82	119	183	356	302	85
Maine.....	69.53	195	159	439	354	81
Maryland.....	50.00	135	162	432	297	69
Massachusetts.....	51.75	196	129	508	325	64
Michigan.....	50.00	231	107	569	338	59
Minnesota.....	55.64	232	118	535	350	65
Mississippi.....	77.55	74	183	279	257	92
Missouri.....	60.36	150	169	417	319	76
Montana.....	64.28	167	165	424	332	78
Nebraska.....	57.62	193	143	478	336	70
Nevada.....	50.00	131	164	426	295	69
New Hampshire....	61.11	229	139	485	368	76

**TABLE 5.—Federal funding of maximum combined AFDC and food stamp benefits for a 1-parent family\* of 3 persons, January 1981 (later, if so marked)—Continued**

	Federal share of maximum AFDC benefit		Food stamp benefit <sup>3</sup> (100 percent Federal)	Total maximum combined benefits	Federal share of maximum combined AFDC plus food stamp benefits	
	Per-cent <sup>1</sup>	Dollars <sup>2</sup>			Dollars	Per-cent
New Jersey.....	50.00	180	135	495	315	64
New Mexico.....	69.03	152	177	397	329	83
New York.....	50.00	239	100	577	339	59
New York City.....	(50.00)	(197)	(125)	(519)	(322)	(62)
North Carolina.....	67.64	130	183	375	313	83
North Dakota.....	61.44	205	143	477	348	73
Ohio.....	55.10	145	164	427	309	72
Oklahoma.....	63.64	179	158	440	337	76
Oregon.....	55.66	189	183	522	372	71
Pennsylvania.....	55.14	175	148	466	323	69
Rhode Island.....	57.81	<sup>5</sup> 219	<sup>7</sup> 141	519	360	69
South Carolina.....	70.97	92	183	312	275	88
South Dakota.....	68.78	221	147	468	368	79
Tennessee.....	69.43	85	183	305	268	88
Texas.....	<sup>4</sup> 69.30	80	183	299	263	88
Utah.....	68.07	237	139	487	276	77
Vermont.....	68.40	337	95	587	432	74
Virginia.....	56.54	146	166	424	312	74
Washington.....	50.00	220	111	551	331	60
West Virginia.....	67.35	139	181	387	320	83
Wisconsin.....	57.95	257	110	554	367	66
Wyoming.....	50.00	158	149	464	307	66
Guam.....	75.00	197	256	518	453	87
Puerto Rico.....	75.00	68	174	265	242	91
Virgin Islands.....	75.00	125	228	395	353	89

\* In most States these AFDC benefit amounts apply also to 2-parent families of 3 (where the second parent is incapacitated, or, as permitted in about half the States, unemployed or underemployed). Some, however, increase benefits for such families.

<sup>1</sup> Unless otherwise marked, this is the medicaid matching share (used for AFDC reimbursement, too, by all States except Arizona and Texas in late 1980.

<sup>2</sup> Jan. 1, 1981, unless otherwise noted.

<sup>3</sup> Calculated using calendar year 1981 food stamp terms. Assumes maximum allowable food stamp deductions (standard deduction plus deduction for excess shelter/dependent care). If only the standard deduction were assumed, food stamp benefits would be smaller.

<sup>4</sup> This is the share of AFDC benefits paid by Federal funds in fiscal year 1978. Arizona has no medicaid program; Texas has chosen not to use the medicaid formula for AFDC.

<sup>5</sup> Calculated on basis of average AFDC monthly maximum benefits (\$299 in Colorado and \$378 in Rhode Island). These States have a summer and winter AFDC benefit schedule.

<sup>6</sup> Idaho reduced the maximum benefit from \$323 to \$285, effective Mar. 1, 1981. (Table is based on later figure.)

<sup>7</sup> Calculated on basis of summer AFDC benefit (\$340). Rhode Island disregards the extra winter AFDC benefit for food stamp purposes.

Source: Department of Health and Human Services.

## ADMINISTRATION

The AFDC program is administered at the State and local level, but the Federal Government pays 50 percent of AFDC administrative costs. In 18 States the State agency supervises a locally administered program. Elsewhere the State agency administers the program directly. Table 6 shows that administrative costs per AFDC family ranged in fiscal year 1979 from \$104 in Mississippi to \$703 in Nevada and averaged \$375.

**TABLE 6.—Average monthly number of AFDC families, total benefit payments, total administrative costs, and administrative cost per AFDC family, by State, fiscal year 1979**

State	Average monthly number of AFDC families	Total benefit payments (millions)	Total administrative costs (millions)	Administrative cost per AFDC family
Alabama.....	60,000	\$78.1	\$13.1	\$218
Alaska.....	6,000	22.0	2.7	484
Arizona.....	17,000	31.6	7.7	447
Arkansas.....	30,000	49.8	5.1	174
California.....	464,000	1,746.3	219.5	473
Colorado.....	28,000	71.0	9.7	352
Connecticut.....	46,000	173.4	9.7	210
Delaware.....	11,000	30.3	2.4	217
District of Columbia.....	31,000	91.1	8.8	281
Florida.....	83,000	152.7	32.1	389
Georgia.....	79,000	108.5	19.5	247
Hawaii.....	19,000	86.9	3.9	204
Idaho.....	7,000	22.6	4.0	549
Illinois.....	211,000	658.2	82.8	392
Indiana.....	51,000	110.8	17.8	350
Iowa.....	33,000	116.7	8.5	255
Kansas.....	24,000	63.7	8.0	339
Kentucky.....	61,000	118.6	18.7	310
Louisiana.....	64,000	97.9	21.1	327
Maine.....	21,000	53.6	3.7	180
Maryland.....	74,000	173.2	15.5	210
Massachusetts.....	124,000	463.5	38.9	313
Michigan.....	205,000	825.6	66.4	324
Minnesota.....	47,000	180.9	18.1	383
Mississippi.....	55,000	52.9	5.7	104

**TABLE 6.—Average monthly number of AFDC families, total benefit payments, total administrative costs, and administrative cost per AFDC family, by State, fiscal year 1979—Continued**

State	Average monthly number of AFDC families	Total benefit payments (millions)	Total administrative costs (millions)	Administrative cost per AFDC family
Missouri.....	65,000	147.8	21.8	337
Montana.....	6,000	14.6	2.6	419
Nebraska.....	12,000	36.6	5.6	453
Nevada.....	4,000	7.5	2.6	703
New Hampshire...	8,000	21.4	2.3	303
New Jersey.....	145,000	486.1	49.3	339
New Mexico.....	17,000	34.2	6.5	380
New York.....	363,000	1,420.9	250.6	690
North Carolina....	74,000	137.6	14.7	199
North Dakota.....	5,000	13.6	1.4	304
Ohio.....	165,000	449.6	44.9	272
Oklahoma.....	29,000	79.7	12.4	431
Oregon.....	42,000	137.3	16.7	397
Pennsylvania.....	214,000	703.8	93.1	435
Rhode Island.....	17,000	56.5	4.3	251
South Carolina....	52,000	55.7	11.4	220
South Dakota.....	7,000	16.9	3.3	448
Tennessee.....	58,000	74.6	16.4	282
Texas.....	93,000	115.1	35.3	379
Utah.....	12,000	39.3	4.5	374
Vermont.....	7,000	28.7	2.2	332
Virginia.....	58,000	140.6	19.9	342
Washington.....	49,000	144.1	15.0	302
West Virginia.....	26,000	57.6	6.5	255
Wisconsin.....	71,000	265.7	11.7	164
Wyoming.....	2,000	6.6	1.1	457
Guam.....	1,000	3.0	.4	304
Puerto Rico.....	41,000	64.6	10.9	264
Virgin Islands.....	1,000	1.7	.2	154
U.S. total.....	3,496,000	10,341.2	1,310.9	375

<sup>1</sup> According to State AFDC plans as of Sept. 30, 1979, 11 States required their localities to help pay the non-Federal share of AFDC benefits. Local funding is estimated to have totaled about \$650,000,000, 6 percent of total benefit costs. For details, see footnotes below.

<sup>2</sup> The California AFDC plan requires localities to pay 10.8 percent of the non-Federal share of AFDC benefits (2.5 percent for foster care children). On this basis, the fiscal year 1979 local funding share was \$95,100,000.

<sup>3</sup> The Colorado AFDC plan requires localities to pay 44.14 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding share was \$14,900,000. However, Colorado reported to HHS that no local funds were used in fiscal year 1979.

<sup>4</sup> The Indiana and Minnesota AFDC plans require localities to pay 40 percent of the non-Federal share of AFDC benefits. On this basis, fiscal year 1979 local funding shares were \$19,000,000 in Indiana and \$33,300,000 in Minnesota.

<sup>5</sup> The Montana AFDC plan requires localities to pay 22.5 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding share was \$1,300,000.

<sup>6</sup> The New Jersey and North Dakota AFDC plans require localities to pay 25 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding shares were \$60,900,000 in New Jersey and \$1,800,000 in North Dakota.

<sup>7</sup> The New York AFDC plan requires localities to pay 50 percent of the non-Federal share of AFDC benefits. On this basis, the fiscal year 1979 local funding share was \$403,200,000.

<sup>8</sup> The North Carolina AFDC plan requires that State funds provide no more than 50 percent of the non-Federal share of AFDC benefits and that the remainder be paid by localities "on an equalizing basis according to ability of county." According to North Carolina reports submitted to the U.S. Department of Health and Human Services, local funds provided \$17,900,000 of AFDC benefits in fiscal year 1979.

<sup>9</sup> The Ohio AFDC plan requires localities to pay 4 percent of total AFDC benefit costs and the State to pay 40.5 percent. On this basis, the fiscal year 1979 local funding share was \$18,000,000.

<sup>10</sup> The Wyoming AFDC plan requires that State funds provide not less than 50 percent of the non-Federal share of AFDC benefits, and local funds not more than 50 percent. On this basis, the fiscal year 1979 local funding share was \$1,600,000. However, Wyoming reported to HHS that no local funds were used in fiscal year 1979.

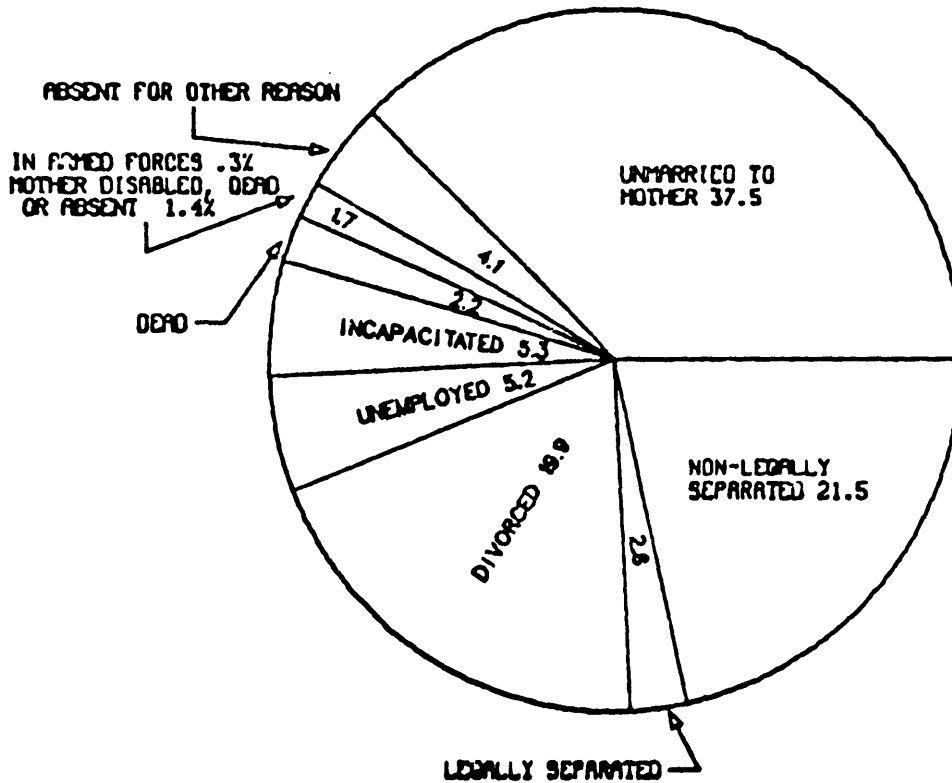
<sup>11</sup> Totals may not add because of rounding.

Source: U.S. Department of Health and Human Services.

### CHARACTERISTICS OF RECIPIENTS

Tables 7 and 8 contain information about AFDC families. The average family size has been declining; the proportion of needy children because of a father's absence has risen.

**PERCENTAGE OF AFDC CHILDREN ELIGIBLE BECAUSE  
OF PARENTAL DEPRIVATION  
STATUS OF FATHER: MARCH 1979**



SOURCE: 1979 AFDC  
STUDY

TABLE 7



TABLE 8.—AFDC characteristics: 1969–79

	May 1969	Jan- uary 1973	May 1975	March 1977	March 1979
Average family size (persons)...	4.0	3.6	3.3	3.1	3.0
Incidence of fathers (percent):					
Absent.....	<sup>1</sup> 77.1	<sup>2</sup> 80.5	<sup>2</sup> 83.3	<sup>2</sup> 84.7	<sup>2</sup> 85.9
Not married to the mother...	<sup>1</sup> 27.9	<sup>2</sup> 31.5	<sup>2</sup> 31.0	<sup>2</sup> 33.8	<sup>2</sup> 37.5
Incidence of working mothers (percent):					
With full-time jobs.....	8.2	9.8	10.4	8.4	8.7
With part-time jobs.....	6.3	6.3	5.7	5.3	5.4
Actively seeking work, or in school or training.....	10.0	11.5	12.2	13.8	12.8
Median number of months on AFDC <sup>3</sup> .....	23.0	27.4	31.0	26.3	29.3
Race (percent):					
White.....	<sup>4</sup> 49.2	46.9	50.2	52.6	51.8
Black.....	46.2	45.8	44.3	43.0	43.7
Incidence of households (per- cent):					
Living in public housing..... <sup>5</sup>	12.8	13.6	14.6	14.9	NA
Participating in food stamp or donated-food program..	52.9	68.6	75.1	74.0	75.2
Including nonrecipient members.....	33.1	34.9	34.8	NA	NA
Average family AFDC grant.....	\$171	\$189	\$211	\$236	\$252
Average grant per recipient.....	\$43	\$53	\$65	\$76	\$83

<sup>1</sup> Calculated on the basis of total number of families.

<sup>2</sup> Calculated on the basis of total number of children.

<sup>3</sup> Since most recent enrollment.

<sup>4</sup> Excludes Puerto Rico and the Virgin Islands.

<sup>5</sup> As of 1971. Item not available for 1969.

**RELATED PROGRAMS**

Two programs related to AFDC are the work incentive program (WIN), described in more detail in a later entry in this publication, and the child support enforcement program (title IV-D).

As mentioned earlier, applicants for, and beneficiaries of, AFDC are required to make an assignment of support rights to the State in order to receive AFDC. In addition, each applicant or recipient must cooperate with the State if necessary to establish paternity and secure child support.

The support payments made on behalf of AFDC children are paid to the State for distribution rather than directly to the family. If the child support collection is insufficient to make the family ineligible for public assistance, the family receives its full welfare grant and the child support is distributed to reimburse the State and Federal Governments in proportion to their assistance to the family. If the recipient's income, including the child support, exceeds the State's needs standard, the recipient's benefits are terminated.

Non-AFDC families participate in the program on a voluntary basis. States are permitted to charge a fee not to exceed \$20 for services to non-welfare families and to collect any costs in excess of the fee from the child support collected. Services to non-AFDC families were made a permanent part of the program in 1980.

Table 9 presents State-by-State child support collections for August 1980. The remaining tables provide other August 1980 State benefit data: Table 10, total AFDC benefits; table 11, AFDC-unemployment parent benefits; and table 12, AFDC foster care payments.

TABLE 9.—Child support collection and AFDC payments, August 1980

State	Child support collections	AFDC payments	Percent collections are of AFDC payments
Total.....	\$47,219,282	\$1,075,515,289	4.4
Alabama.....	483,931	7,018,502	6.9
Alaska.....	( <sup>1</sup> )	2,425,206	.....
Arizona.....	90,176	3,519,955	2.6
Arkansas.....	193,735	4,233,876	4.6
California.....	7,929,684	207,686,531	3.8
Colorado.....	294,671	6,933,212	4.3
Connecticut.....	1,023,878	18,016,921	5.7
Delaware.....	146,207	2,706,145	5.4
District of Columbia.....	91,501	7,533,057	1.2
Florida.....	1,008,889	17,184,459	5.9
Georgia.....	151,597	12,351,788	1.2
Guam.....	( <sup>1</sup> )	299,274	.....
Hawaii.....	169,838	7,588,394	2.2
Idaho.....	195,085	2,040,684	9.6
Illinois.....	1,074,835	59,709,668	1.8
Indiana.....	872,958	11,807,120	7.4
Iowa.....	993,511	12,513,480	7.9
Kansas.....	360,774	7,698,191	4.7
Kentucky.....	345,064	11,983,096	2.9
Louisiana.....	516,770	11,118,370	4.6
Maine.....	302,633	5,041,269	6.0
Maryland.....	882,540	19,028,667	4.6
Massachusetts.....	2,518,915	47,053,673	5.4
Michigan.....	5,703,861	90,937,252	6.3
Minnesota.....	1,211,471	18,468,913	6.6
Mississippi.....	35,569	5,131,300	.7
Missouri.....	401,612	15,851,225	2.5
Montana.....	65,678	1,658,045	4.0
Nebraska.....	203,527	3,811,085	5.3
Nevada.....	62,135	995,506	6.2

TABLE 9.—Child support collection and AFDC payments, August 1980—Continued

State	Child support collections	AFDC payments	Percent collections are of AFDC payments
New Hampshire.....	172,220	2,315,909	7.4
New Jersey.....	2,417,813	48,583,996	5.0
New Mexico.....	<sup>2</sup> 100,000	3,634,995	2.8
New York.....	4,469,182	134,274,622	3.3
North Carolina.....	842,914	12,827,489	6.6
North Dakota.....	99,079	1,375,494	7.2
Ohio.....	2,203,005	47,272,484	4.7
Oklahoma.....	138,654	7,791,587	1.8
Oregon.....	1,147,686	13,418,764	8.6
Pennsylvania.....	2,006,006	<sup>2</sup> 64,322,010	3.1
Puerto Rico.....	( <sup>1</sup> )	2,056,162	.....
Rhode Island.....	270,161	5,456,512	5.0
South Carolina.....	239,329	<sup>2</sup> 6,406,300	3.7
South Dakota.....	( <sup>1</sup> )	1,609,447	.....
Tennessee.....	<sup>2</sup> 340,000	7,238,055	4.7
Texas.....	495,902	11,188,749	4.4
Utah.....	519,232	4,567,663	11.4
Vermont.....	120,783	2,794,806	4.3
Virgin Islands.....	( <sup>1</sup> )	403,654	.....
Virginia.....	259,738	13,992,914	1.9
Washington.....	1,466,093	22,810,623	6.4
West Virginia.....	150,953	6,470,865	2.3
Wisconsin.....	2,398,564	3,133,909	7.6
Wyoming.....	30,863	723,416	4.3

<sup>1</sup> Data not reported; reporting waived for Guam, Puerto Rico and the Virgin Islands.

<sup>2</sup> Estimate.

Note: Most of the amount collected is used to reimburse Federal and State governments for their shares in current and past AFDC payments. Part of the Federal share is then paid to States and political subdivisions as incentives, which amount to 15 percent of the collections made by political subdivisions or by 1 State on behalf of another. Nationally, about 5 percent of the total amount collected is paid to recipients. In some States this percentage is higher because of payments to recipients pursuant to sec. 402(a) (28) of the Social Security Act, which insures against reductions in aid.

**TABLE 10.—Aid to families with dependent children: Recipients of cash payments and amount of payments, by State, August 1980 (includes nonmedical vendor payments, unemployed parent segment, and AFDC-foster care data)**

State	Number of families	Number of recipients		Payments to recipients		Percentage change from	
		Total	Children	Total amount	Average per family	Number of recipients	Amount
Total.....	3,743,411	10,863,838	7,469,314	\$1,075,515,289	\$287.31	6.3	12.9
Alabama.....	63,590	180,330	129,454	7,018,502	110.37	1.7	3.1
Alaska.....	6,270	15,105	10,385	2,425,206	386.80	5.0	24.7
Arizona.....	20,010	55,759	40,821	3,519,955	175.91	14.8	21.3
Arkansas.....	29,331	84,171	61,412	4,233,876	144.35	-2.2	-1.1
California.....	488,158	1,432,218	959,814	207,686,531	425.45	8.0	16.7
Colorado.....	28,530	79,373	54,302	6,933,212	243.01	7.0	16.4
Connecticut.....	48,531	138,654	96,004	18,016,921	371.25	2.2	13.3
Delaware.....	11,876	32,863	22,736	2,706,145	227.87	4.2	12.2
District of Columbia	30,025	82,834	56,996	7,533,057	250.89	-5.6	-7.5
Florida.....	97,739	265,954	190,324	17,184,459	175.82	13.4	14.8

Georgia.....	87,347	227,834	164,873	12,351,788	141.41	7.1	23.3
Guam.....	1,429	5,090	3,737	299,274	209.43	12.2	16.2
Hawaii.....	19,714	60,610	40,412	7,588,394	384.92	2.7	.9
Idaho.....	7,860	21,382	14,575	2,040,684	259.63	5.7	2.2
Illinois.....	219,209	683,173	478,875	59,709,668	272.39	2.6	9.7
Indiana.....	57,747	163,637	115,267	11,807,120	204.46	10.8	22.2
Iowa.....	40,229	110,457	72,837	12,513,480	311.06	16.1	18.1
Kansas.....	27,460	71,423	50,575	7,689,191	280.34	11.5	18.1
Kentucky.....	64,563	170,315	119,522	11,983,096	185.60	3.9	19.1
Louisiana.....	70,113	215,445	158,001	11,118,370	158.58	4.2	20.6
Maine.....	21,495	58,051	39,828	5,041,269	234.53	-3.0	8.6
Maryland.....	79,168	216,987	147,604	19,028,667	240.36	4.3	16.7
Massachusetts.....	124,392	348,204	225,802	47,053,673	378.27	-1.0	20.2
Michigan.....	239,343	731,601	485,673	90,937,252	379.95	16.1	24.8
Minnesota.....	52,243	142,170	94,375	18,468,913	353.52	10.2	19.4
Mississippi.....	58,782	174,175	128,586	5,131,300	87.29	2.2	4.7
Missouri.....	71,902	211,094	142,281	15,851,225	220.46	10.8	20.7
Montana.....	7,210	20,529	14,056	1,658,045	229.96	16.0	18.3
Nebraska.....	13,152	36,724	25,416	3,811,085	289.77	5.1	20.8
Nevada.....	4,556	12,520	8,697	995,506	218.60	19.7	27.9

**TABLE 10.—Aid to families with dependent children: Recipients of cash payments and amount of payments, by State, August 1980 (includes nonmedical vendor payments, unemployed parent segment, and AFDC-foster care data)—Continued**

State	Number of families	Number of recipients		Payments to recipients		Percentage change from	
		Total	Children	Total amount	Average per family	Number of recipients	Amount
New Hampshire....	8,408	23,108	15,295	2,315,909	275.44	7.8	11.0
New Jersey.....	150,097	463,592	319,330	48,583,996	323.68	2.2	10.9
New Mexico.....	19,043	55,009	37,934	3,634,995	190.88	6.8	21.2
New York.....	365,408	1,104,114	759,624	134,274,622	367.46	.7	-2.2
North Carolina....	78,430	198,263	140,743	12,827,489	163.55	3.6	6.0
North Dakota.....	4,958	13,485	9,298	1,375,494	277.43	6.3	18.0
Ohio.....	189,358	540,034	362,432	47,272,484	249.65	14.3	3.3
Oklahoma.....	31,014	91,120	66,281	7,791,587	251.23	4.6	5.3
Oregon.....	39,613	105,171	67,402	13,418,764	338.75	11.2	19.9
Pennsylvania <sup>1</sup> ....	216,868	632,801	433,608	64,322,010	296.60	.6	8.1

Puerto Rico.....	44,063	165,409	116,279	2,056,162	46.66	4.8	11.4
Rhode Island.....	18,586	53,604	36,378	5,456,512	293.58	7.6	21.0
South Carolina <sup>1</sup> ....	56,926	156,742	111,991	6,406,300	112.54	8.3	6.5
South Dakota.....	7,193	19,672	13,800	1,609,447	223.75	-2.8	4.6
Tennessee.....	63,516	168,196	119,294	7,238,055	113.96	9.4	11.8
Texas.....	102,368	311,104	226,674	11,188,749	109.30	5.8	10.5
Utah.....	13,507	42,299	26,347	4,567,663	338.17	25.1	41.3
Vermont.....	7,931	23,700	15,039	2,794,806	352.39	17.1	24.3
Virgin Islands.....	1,049	3,168	2,526	403,654	384.80	6.8	113.3
Virginia.....	62,570	169,670	117,976	13,992,914	223.64	5.6	16.6
Washington.....	58,511	164,681	103,118	22,810,623	389.85	20.7	36.1
West Virginia.....	27,220	77,497	58,654	6,470,865	237.72	1.2	5.0
Wisconsin.....	82,049	225,736	151,080	31,633,909	385.55	14.1	29.3
Wyoming.....	2,751	6,981	4,971	723,416	262.96	10.1	15.4

<sup>1</sup> Estimated data.



TABLE 11.—Aid to families with dependent children, unemployed parent segment: Recipients of cash payments and amount of payments, by State, August 1980 (includes nonmedical vendor payments)

State	Number of families	Total number of recipients	Payments to recipients		Percentage change from	
			Total amount	Average per family	Number of recipients	Amount
Total.....	168,257	724,233	\$73,168,576	\$434.86	53.7	66.0
California.....	48,996	214,380	26,589,748	542.69	45.1	64.7
Colorado.....	1,312	5,556	466,193	355.33	77.7	99.0
Connecticut.....	820	3,552	409,935	499.92	17.5	34.0
Delaware.....	367	1,525	108,116	294.59	25.2	32.7
District of Columbia.....	219	942	76,525	349.43	-5.7	-4.6
Guam.....	106	524	30,227	285.16	138.2	173.9
Hawaii.....	867	3,980	395,444	456.11	1.9	-1.9
Illinois.....	7,757	34,636	2,620,801	337.86	29.9	35.4
Iowa.....	2,851	11,332	1,096,338	384.55	231.1	249.9
Kansas.....	921	3,474	326,350	354.34	148.7	159.9

Maryland.....	1,334	5,692	407,831	305.72	30.8	40.6
Massachusetts.....	5,066	21,450	2,472,725	488.10	8.9	29.6
Michigan.....	29,096	125,282	12,820,067	440.61	98.9	105.6
Minnesota.....	3,067	12,982	1,363,633	444.61	131.5	152.3
Missouri.....	2,003	8,576	553,511	276.34	218.8	256.4
Montana.....	485	2,055	138,316	285.19	196.1	172.2
Nebraska.....	220	1,018	86,279	392.18	223.2	316.7
New Jersey.....	5,347	23,564	2,131,439	398.62	19.8	32.3
New York.....	10,200	45,331	3,880,752	380.47	16.8	16.3
Ohio.....	19,220	79,630	6,199,519	322.56	61.4	47.1
Pennsylvania.....	9,865	41,989	3,344,557	339.03	19.2	26.3
Rhode Island.....	360	1,512	115,890	321.92	110.6	136.3
Utah.....	2,050	8,982	836,980	408.28	83.3	124.1
Vermont.....	671	2,828	275,587	410.71	118.5	122.4
Washington.....	6,395	26,156	2,910,904	455.18	103.4	144.1
West Virginia.....	2,923	12,138	781,942	267.51	50.5	57.2
Wisconsin.....	5,739	25,147	2,728,967	475.51	102.8	127.4

**TABLE 12.—Aid to families with dependent children, foster care segment: Recipients of cash payments and amount of payments, by State, August 1980 (includes nonmedical vendor payments)**

State	Total foster care			Foster family homes <sup>1</sup>		Child care institutions <sup>1</sup>	
	Total children	Total amount	Average per child	Total children	Total payments	Total children	Total payments
Total.....	100,146	\$36,546,211	\$364.93	78,446	\$19,841,796	12,401	\$13,679,455
Alabama.....	1,452	185,440	127.71	1,337	171,768	115	13,672
Alaska.....	50	40,223	804.46	36	13,631	14	26,592
Arizona.....	203	64,169	316.10	188	45,201	15	18,968
Arkansas.....	317	42,484	134.02	297	39,135	20	3,349
California.....	13,735	6,494,542	472.85	11,301	3,463,770	2,434	3,030,772
Colorado <sup>2</sup> .....	582	117,718	202.26	443	55,885	139	61,833
Connecticut <sup>3</sup> .....	2,198	453,364	206.26	1,714	235,749	484	217,615
Delaware.....	306	65,981	215.62	224	39,884	82	26,097
District of Columbia.....	150	42,609	284.06	105	27,751	45	14,858
Florida.....	1,232	223,386	181.32	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

Georgia <sup>2</sup> .....	1,463	239,405	163.64	1,287	206,796	176	32,609
Guam.....	18	2,085	( <sup>3</sup> )	18	2,085	0	0
Hawaii.....	15	2,119	( <sup>3</sup> )	15	2,119	0	0
Idaho.....	227	32,714	144.11	198	( <sup>1</sup> )	29	0
Illinois <sup>2</sup> .....	4,330	774,000	178.75	4,000	599,000	330	175,000
Indiana.....	1,764	157,257	89.15	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Iowa.....	623	145,584	233.68	493	100,380	130	45,204
Kansas.....	1,703	498,739	292.86	1,231	239,362	472	259,377
Kentucky.....	1,279	208,109	162.71	1,216	195,475	63	12,634
Louisiana <sup>2</sup> .....	1,696	388,428	229.03	1,617	293,191	79	95,237
Maine.....	1,178	274,543	233.06	1,063	181,763	115	92,780
Maryland.....	2,423	517,878	213.73	2,224	391,271	199	126,607
Massachusetts.....	2,103	628,922	299.06	1,938	423,481	165	205,441
Michigan.....	5,592	2,980,449	532.98	4,828	1,706,202	764	1,274,247
Minnesota.....	1,707	506,318	296.61	1,581	436,780	126	69,538
Mississippi.....	911	108,049	118.60	911	108,049	0	0
Missouri <sup>2</sup> .....	2,117	209,480	98.95	1,934	191,402	183	18,078
Montana.....	263	84,543	321.46	263	84,534	0	0
Nebraska.....	533	141,474	265.43	478	124,974	55	16,500
Nevada.....	226	78,496	347.33	205	66,298	21	12,198

Footnotes at end of table.

TABLE 12.—Aid to families with dependent children, foster care segment: Recipients of cash payments and amount of payments, by State, August 1980 (includes nonmedical vendor payments)—Continued

State	Total foster care			Foster family homes <sup>1</sup>		Child care institutions <sup>1</sup>	
	Total children	Total amount	Average per child	Total children	Total payments	Total children	Total payments
New Hampshire.....	503	79,703	158.46	377	56,199	126	23,504
New Jersey <sup>2</sup> .....	1,200	163,434	136.20	1,106	120,945	94	42,489
New Mexico.....	98	15,145	154.54	81	12,660	17	2,477
New York.....	19,865	13,573,119	683.27	15,683	7,014,511	4,182	6,558,608
North Carolina.....	1,836	250,955	136.69	1,542	212,244	294	38,711
North Dakota.....	367	73,870	225.90	295	57,099	32	16,771
Ohio.....	3,912	446,382	114.11	3,532	( <sup>1</sup> )	380	( <sup>1</sup> )
Oklahoma.....	697	117,763	168.96	697	117,763	0	0
Oregon.....	1,469	496,541	338.01	1,308	270,844	161	225,697
Pennsylvania <sup>2</sup> .....	6,124	2,131,115	347.99	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )

Puerto Rico.....	0	0	( <sup>2</sup> )	0	0	0	0
Rhode Island.....	386	99,015	256.52	338	53,552	48	45,463
South Carolina <sup>3</sup> .....	556	78,553	141.28	556	78,553	0	0
South Dakota.....	397	74,472	187.59	371	60,929	26	13,543
Tennessee.....	1,824	234,552	128.59	1,749	222,521	75	12,031
Texas.....	3,100	847,710	273.45	2,991	801,784	109	45,926
Utah.....	179	38,106	212.88	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )	( <sup>1</sup> )
Vermont <sup>3</sup> .....	344	50,000	145.35	325	37,201	19	12,799
Virgin Islands.....	0	0	( <sup>2</sup> )	0	0	0	0
Virginia.....	2,454	423,800	172.70	2,388	402,215	66	21,585
Washington.....	852	211,272	247.97	783	162,599	69	48,673
West Virginia.....	589	141,402	240.07	495	63,952	94	77,450
Wisconsin.....	2,986	1,272,763	426.24	2,647	643,227	339	629,536
Wyoming.....	52	18,031	346.75	37	7,045	15	10,986

<sup>1</sup> Foster family homes and child care institution columns will not add due to nonreporting of these items by several States.

<sup>2</sup> Estimated data.

<sup>3</sup> Average payment not computed on base of fewer than 50 cases of children.

## 10. SUPPLEMENTAL SECURITY INCOME (SSI)

Budget Function:	Income Security	
Budget Account Number:	75-0406-0-1-609	
Classification:	Appropriated entitlement	
Legal Citations:	86 Stat 1329	87 Stat 152
	42 USC 1382E Notes	42 USC 1396
	Title XVI Sec. 401	et seq.
		Sec. 312
	91 Stat 1564	94 Stat 477
	42 USC 1382E	Not codified
	Sec. 405 (B)	Sec. 507 (A)

### LEGISLATIVE OBJECTIVE

The supplemental security income (SSI) program was created by the Social Security Amendments of 1972, effective in 1974, to assure a minimum cash income to all aged, blind, or disabled persons with low liquid assets.

### ELIGIBILITY

Title XVI of the Social Security Act entitles to Federal payments persons who are (1) aged 65 and over, blind, or disabled; (2) whose counted income and resources fall within limits set by law and regulations, and (3) who live in 1 of the 50 States, the District of Columbia, or the Northern Mariana Islands.

For basic Federal benefits, the countable income limit (July 1980-June 1981) is \$714 quarterly per individual and \$1,071 quarterly per couple (\$238 and \$357 monthly). These amounts are equal to the maximum Federal benefits under the program and are 14.3 percent higher than those payable the year before, reflecting the rise in the Consumer Price Index (CPI) from the first quarter of 1979 to the same quarter of 1980.

Countable resources may not exceed \$1,500 per individual and \$2,250 per couple. Excluded assets include

- full value of a home;
- first \$2,000 in equity value of household goods and personal effects;
- full value of an auto if needed for employment or medical treatment, or if modified for use by a handicapped person, otherwise, the first \$4,500 in market value of the auto; and
- life insurance policy not exceeding \$1,500 in cash surrender value.

For State supplementary SSI benefits, countable income limits are higher, ranging up to \$1,206 quarterly per aged individual in California, as of January 1981.

Under a law passed by the 96th Congress it is presumed that if assets were given away or sold for less than fair market value within two years of application, the purpose of the transfer was to meet the SSI resource test. Unless the applicant provides convincing evidence that this was not his purpose, such assets will be counted as still available to him.

Under another provision passed by the 96th Congress SSI now takes into account the income and resources of an alien's sponsor. The sponsor's income, except for an allowance deducted for the needs of his family, is deemed available for the support of the alien applicant for a three-year period after entry into the United States. This provision does not apply to persons who become blind or disabled after arrival, to refugees, or to persons granted political asylum.

A person who lives in a public institution is ineligible for SSI unless the institution receives medicaid payments on his behalf and these payments represent more than half the cost of service provided to him. However, SSI payments may be made to persons in publicly operated community residences that serve no more than 16 persons.

#### BENEFITS

The Social Security Act establishes benefit levels and requires that they be adjusted annually to reflect changes in the Consumer Price Index (CPI). SSI benefits are adjusted at the same time and by the same percentage as Social Security benefits. States that pay supplements are required to "pass-through" to recipients the Federal increase by maintaining aggregate spending for supplements at the prior year's level.

The SSI basic income guarantees are \$238 monthly per individual and \$357 per couple (July 1980-June 1981). However, for persons who live in another's household and receive support and maintenance in kind from him, the law requires a one-third SSI benefit reduction. Maximum SSI benefits to persons in a medicaid institution are \$25 monthly.

State supplements for aged persons living independently were offered in 30 States as of July 1980. In January 1981, these ranged from \$10 in Maine to \$164 in California.

Tables 1 and 2 present State SSI maximum payment levels for aged individuals and couples, respectively, and show food stamp benefits payable to them, as of January 1981. As of January 1981, SSI recipients in three States, California, Massachusetts, and Wisconsin, received cash in lieu of foodstamps due to State action.



**TABLE 1.—SSI and food stamp benefits for individuals living independently, January 1981\***

	Maximum SSI benefit <sup>1</sup>	Food stamp benefit <sup>2</sup>	Combined benefits	
			Monthly	Annual
Alabama.....	\$238.00	\$60.00	\$298.00	\$3,576.00
Alaska.....	<sup>3</sup> 473.00	73.00	546.00	6,552.00
Arizona.....	238.00	60.00	298.00	3,576.00
Arkansas.....	238.00	60.00	298.00	3,576.00
California.....	<sup>4</sup> 402.00	( <sup>5</sup> )	402.00	4,824.00
Colorado.....	<sup>6</sup> 293.00	44.00	337.00	4,044.00
Connecticut.....	239.90	60.00	299.90	3,598.80
Delaware.....	238.00	60.00	298.00	3,576.00
District of Columbia.....	253.00	56.00	309.00	3,708.00
Florida.....	238.00	60.00	298.00	3,576.00
Georgia.....	238.00	60.00	298.00	3,576.00
Hawaii.....	253.20	95.00	348.20	4,178.40
Idaho.....	292.00	44.00	336.00	4,032.00
Illinois.....	<sup>7</sup> 238.00	60.00	298.00	3,576.00
Indiana.....	238.00	60.00	298.00	3,576.00
Iowa.....	<sup>8</sup> 238.00	60.00	298.00	3,576.00
Kansas.....	238.00	60.00	298.00	3,576.00
Kentucky.....	238.00	60.00	298.00	3,576.00
Louisiana.....	238.00	60.00	298.00	3,576.00
Maine.....	248.00	57.00	305.00	3,660.00
Maryland.....	238.00	60.00	298.00	3,576.00
Massachusetts.....	<sup>9</sup> 375.22	( <sup>5</sup> )	375.22	4,502.64
Michigan.....	262.30	53.00	315.30	3,783.60
Minnesota.....	272.00	50.00	322.00	3,864.00
Mississippi.....	238.00	60.00	298.00	3,576.00
Missouri.....	238.00	60.00	298.00	3,576.00
Montana.....	238.00	60.00	298.00	3,576.00
Nebraska.....	313.00	38.00	351.00	4,212.00
Nevada.....	<sup>10</sup> 284.70	46.00	330.70	3,968.40
New Hampshire.....	271.00	51.00	322.00	3,864.00
New Jersey.....	261.00	54.00	315.00	3,780.00
New Mexico.....	238.00	60.00	298.00	3,576.00
New York.....	301.21	41.00	342.21	4,106.52
North Carolina.....	238.00	60.00	298.00	3,576.00
North Dakota.....	238.00	60.00	298.00	3,576.00
Ohio.....	238.00	60.00	298.00	3,576.00
Oklahoma.....	317.00	37.00	354.00	4,248.00
Oregon.....	<sup>11</sup> 250.00	57.00	307.00	3,684.00
Pennsylvania.....	270.40	51.00	321.40	3,856.80
Rhode Island.....	280.05	48.00	328.05	3,936.60

Footnotes at end of table.

TABLE 1.—SSI and food stamp benefits for individuals living independently, January 1981\*—Continued

	Maximum SSI benefit <sup>1</sup>	Food stamp benefit <sup>2</sup>	Combined benefits	
			Monthly	Annual
South Carolina.....	\$238.00	\$60.00	\$298.00	\$3,576.00
South Dakota.....	253.00	56.00	309.00	3,708.00
Tennessee.....	238.00	60.00	298.00	3,576.00
Texas.....	238.00	60.00	298.00	3,576.00
Utah.....	248.00	57.00	305.00	3,660.00
Vermont.....	279.00	48.00	327.00	3,924.00
Virginia.....	238.00	60.00	298.00	3,576.00
Washington..... <sup>12</sup>	281.15	47.00	328.15	3,937.80
West Virginia.....	238.00	60.00	298.00	3,576.00
Wisconsin.....	337.70	( <sup>3</sup> )	337.70	4,052.40
Wyoming.....	258.00	54.00	312.00	3,744.00

\*In general, the amounts shown are the maximum amounts payable to aged, blind and disabled recipients of the supplemental security income and food stamp programs who are living in their own households. However, benefits vary according to individual circumstances. Variables, and assumptions used in calculating food stamp benefits, are explained in the following footnotes.

<sup>1</sup> Amounts represent the maximum amount payable to an SSI individual recipient in combined Federal and State supplementary payments. The Federal benefit level for the year July 1, 1930, to June 30, 1931, is \$233. State supplementary payment amounts are taken from a publication of the Department of Health and Human Services entitled "Supplemental Security Income for the Aged, Blind and Disabled; Summary of State Payment Levels, State Supplemental, and Medicaid Decisions," Oct. 1, 1980.

<sup>2</sup> For single-person households, maximum food stamp benefits are \$70 per month in the 48 contiguous States and the District of Columbia, \$108 in Alaska, and \$95 in Hawaii.

For the 48 contiguous States and the District of Columbia, the calculation of benefits assumes: (1) a "standard" deduction of \$85 per month; (2) an "excess shelter expense" deduction of \$115 per month (the maximum allowable for non-elderly, nondisabled households); and (3) an "excess medical expense" deduction of \$6 per month (estimated from 1978 medical expense information). For Alaska and Hawaii, higher deduction levels were used, as mandated by law.

Food stamp benefits may be higher than the amounts shown in this table if shelter and medical expense deductions claimed are higher than \$115 and \$6, respectively (higher than \$210/\$10 and \$165/\$8 in Alaska and Hawaii). However, they may also be lower if: (1) claimed shelter and medical expense deductions are lower than the amounts assumed; or (2) the household receives social security income in addition to SSI payments. Receipt of social security income would lower food stamp benefits by approximately \$7 per household per month. Differing levels of claimed deductions would raise or lower the food stamp benefit by 30 cents for each dollar difference from the levels assumed in this table.

<sup>3</sup> Less if shelter costs less than \$35 monthly.

<sup>4</sup> \$451 for a blind individual.

<sup>5</sup> SSI recipients in these States are ineligible for food stamps; their States provide increased cash benefits in lieu of stamps.

<sup>6</sup> \$251 for a blind or disabled individual, plus allowance for specified circumstances.

<sup>7</sup> This is the Federal payment. Data not available for State supplementation amounts. State administers supplementary program and budgets each case individually.

<sup>8</sup> \$260 for a blind individual.

<sup>9</sup> \$396.14 for a blind individual and \$360.79 for a disabled individual.

<sup>10</sup> \$357 for a blind individual and \$238 for a disabled individual.

<sup>11</sup> \$275 for a blind individual.

<sup>12</sup> This is the amount payable in King, Pierce, Kitsap, Snohomish, and Thurston Counties, \$259.20 is the amount payable in the rest of the State.

TABLE 2.—SSI and food stamp benefits for couples living independently, January 1981\*

	Maximum SSI benefit <sup>1</sup>	Food stamp benefit <sup>2</sup>	Combined benefits	
			Monthly	Annual
Alabama.....	\$357.00	\$83.00	\$440.00	\$5,280.00
Alaska.....	<sup>3</sup> 695.00	95.00	790.00	9,480.00
Arizona.....	357.00	83.00	440.00	5,280.00
Arkansas.....	357.00	83.00	440.00	5,280.00
California.....	<sup>4</sup> 746.00	( <sup>5</sup> )	746.00	8,952.00
Colorado.....	<sup>6</sup> 586.00	14.00	600.00	7,200.00
Connecticut.....	346.80	86.00	432.80	5,193.60
Delaware.....	357.00	83.00	440.00	5,280.00
District of Columbia.....	387.00	74.00	461.00	5,532.00
Florida.....	357.00	83.00	440.00	5,280.00
Georgia.....	357.00	83.00	440.00	5,280.00
Hawaii.....	381.20	149.00	530.20	6,362.40
Idaho.....	417.00	65.00	482.00	5,784.00
Illinois.....	<sup>7</sup> 357.00	83.00	440.00	5,280.00
Indiana.....	357.00	83.00	440.00	5,280.00
Iowa.....	<sup>8</sup> 357.00	83.00	440.00	5,280.00
Kansas.....	357.00	83.00	440.00	5,280.00
Kentucky.....	357.00	83.00	440.00	5,280.00
Louisiana.....	357.00	83.00	440.00	5,280.00
Maine.....	372.00	78.00	450.00	5,400.00
Maryland.....	357.00	83.00	440.00	5,280.00
Massachusetts.....	<sup>9</sup> 571.32	( <sup>5</sup> )	571.32	6,855.84
Michigan.....	393.40	72.00	465.40	5,584.80
Minnesota.....	401.00	70.00	471.00	5,652.00
Mississippi.....	357.00	83.00	440.00	5,280.00
Missouri.....	357.00	83.00	440.00	5,280.00
Montana.....	357.00	83.00	440.00	5,280.00
Nebraska.....	471.00	49.00	520.00	6,240.00
Nevada.....	<sup>10</sup> 446.86	56.00	502.86	6,034.32
New Hampshire.....	379.00	76.00	455.00	5,460.00
New Jersey.....	369.00	79.00	448.00	5,376.00
New Mexico.....	357.00	83.00	440.00	5,280.00
New York.....	436.48	59.00	495.48	5,945.76
North Carolina.....	357.00	83.00	440.00	5,280.00
North Dakota.....	357.00	83.00	440.00	5,280.00
Ohio.....	357.00	83.00	440.00	5,280.00
Oklahoma.....	515.00	35.00	550.00	6,600.00
Oregon.....	<sup>11</sup> 367.00	80.00	447.00	5,364.00
Pennsylvania.....	405.70	68.00	473.70	5,684.40
Rhode Island.....	436.36	59.00	495.36	5,944.32

Footnotes at end of table.

TABLE 2.—SSI and food stamp benefits for couples living independently, January 1981\*—Continued

	Maximum SSI benefit <sup>1</sup>	Food stamp benefit <sup>2</sup>	Combined benefits	
			Monthly	Annual
South Carolina.....	\$357.00	\$83.00	\$440.00	\$5,280.00
South Dakota.....	372.00	78.00	450.00	5,400.00
Tennessee.....	357.00	83.00	440.00	5,280.00
Texas.....	357.00	83.00	440.00	5,280.00
Utah.....	377.00	77.00	454.00	5,448.00
Vermont.....	<sup>12</sup> 433.00	60.00	493.00	5,916.00
Virginia.....	357.00	83.00	440.00	5,280.00
Washington.....	<sup>13</sup> 401.15	69.00	470.15	5,641.80
West Virginia.....	357.00	83.00	440.00	5,280.00
Wisconsin.....	518.00	( <sup>5</sup> )	518.00	6,126.00
Wyoming.....	397.00	71.00	468.00	5,616.00

<sup>1</sup> Amounts represent the maximum amount payable to an SSI couple in combined Federal and State supplementary payments. The Federal benefit level for the year July 1, 1980, to June 30, 1981, is \$357. State supplementary payment amounts are taken from a publication of the Department of Health and Human Services entitled "Supplemental Security Income for the Aged, Blind and Disabled; Summary of State Payment Levels, State Supplemental, and Medicaid Decisions," Oct. 1, 1980.

<sup>2</sup> For couples, maximum food stamp benefits are \$128 per month in the 48 contiguous States and the District of Columbia, \$197 in Alaska, and \$175 in Hawaii.

For the 48 contiguous States and the District of Columbia, the calculation of benefits assumes: (1) a "standard" deduction of \$85 per month; (2) an "excess shelter expense" deduction of \$115 per month (the maximum allowable for nonelderly nondisabled households); and (3) an "excess medical expense" deduction of \$6 per month (estimated from 1978 medical expense information). For Alaska and Hawaii, higher deduction levels were used, as mandated by law.

Food stamp benefits may be higher than the amounts shown in this table if shelter and medical expense deductions claimed are higher than \$115 and \$6, respectively (higher than \$200/\$10 and \$165/\$8 in Alaska and Hawaii). However, they may also be lower if: (1) claimed shelter and medical expense deductions are lower than the amounts assumed; or (2) the household receives social security income in addition to SSI payments. Receipt of social security income would lower food stamp benefits by approximately \$7 per household per month. Differing levels of claimed deductions would raise or lower the food stamp benefit by 30 cents for each dollar difference from the levels assumed in this table.

<sup>3</sup> Less if shelter costs less than \$35 monthly.

<sup>4</sup> \$877 for a blind couple.

<sup>5</sup> SSI recipients in these States are ineligible for food stamps; their States provide increased cash benefits in lieu of stamps.

<sup>6</sup> \$502 for a blind or disabled couple, plus allowance for specified circumstances.

<sup>7</sup> This is the Federal payment. Data not available for State supplementation amounts. State administers supplementary program and budgets each case individually.

<sup>8</sup> \$401 for a blind couple.

<sup>9</sup> \$792.28 for a blind couple and \$549.66 for a disabled couple.

<sup>10</sup> \$715.20 for a blind couple and \$357 for a disabled couple.

<sup>11</sup> \$398 for a blind couple.

<sup>12</sup> This is the amount payable in Chittenden County (Burlington). \$409 is the amount payable in the rest of the State.

<sup>13</sup> This is the amount payable in King, Pierce, Kitsap, Snohomish, and Thurston Counties. \$363.25 is the amount payable in the rest of the State.

\*In general, the amounts shown are the maximum amounts payable to aged, blind and disabled recipients of the supplemental security income and food stamp programs who are living in their own households. However, benefits vary according to individual circumstances. Variables, and assumptions used in calculating food stamp benefits, are explained in the following footnotes.

*Benefits for recipients who work*

The law provides that \$20 of monthly income from virtually any source (such as social security benefits, but not veterans' pensions) is disregarded from countable income (total income minus all income disregarded). If the individual works, he is also permitted to disregard \$65 of monthly earnings plus half of any additional earnings. This assures the SSI recipient of some financial gain from work. For the blind and disabled, the cost of an approved plan to achieve self-support also is disregarded, as are reasonable work expenses. As countable income increases, a recipient's SSI benefit is reduced. Eligibility ends when countable income equals the Federal benefit plus the maximum State supplemental payment, if any.

*Benefits for the disabled*

Public Law 96-265, adopted by the 96th Congress, allows disabled SSI recipients whose increased earnings lift them over the regular SSI cash eligibility limit (\$300 in monthly earnings for the disabled, signaling "substantial gainful activity") to receive special SSI cash benefits if they continue to be medically disabled. These benefits are provided until the disabled recipient's income reaches the regular SSI Federal gross earnings limit shown in Table 3 (\$561 monthly), plus disability related expenses. These special cash benefits carry the same rights to Medicaid and social services as do regular SSI benefits.

Tables 3 and 4 show the federal income eligibility limits for aged SSI recipients, maximum federal SSI payments, and average benefit payments.

**TABLE 3.—Federal SSI income eligibility limits for the aged July 1980 through June 1981**

	Receiving only nonwage income		Receiving only wages	
	Per month	Per year	Per month	Per year
Individual.....	\$258	\$3,096	\$561	\$6,732
Couple.....	377	4,524	799	9,588

**TABLE 4.—Maximum Federal SSI payment level and average (Federal plus State) benefit payments**

	July 1979	July 1980	July 1981
<b>Federal maximum:</b>			
Individual.....	\$208.20	\$238.00	<sup>1</sup> \$265.00
Couple.....	312.30	357.00	<sup>1</sup> 397.50
<b>Average SSI payments:</b>			
Total.....	141.00	168.00	NA
Aged.....	108.00	124.00	NA
Blind.....	180.00	214.00	NA
Disabled.....	168.00	198.00	NA

<sup>1</sup> Estimate

## FINANCING AND ADMINISTRATION

Since January 1974, SSI has provided a minimum income floor, federally financed and federally administered, to persons eligible under Federal rules. State may provide additional payments to SSI recipients at their own expense. A "grandfather" clause requires States to provide supplements to a small number of persons, estimated at 26,000 in fiscal year 1980, who were previously enrolled in the pre-SSI programs of Federal-State cash aid for needy adults, whose income otherwise would fall below its December 1973 level.

If a State chooses to have the Social Security Administration (SSA) administer its supplements, it must agree to provide supplements for all Federal SSI recipients of the same class. If SSA administers the State supplements, Federal funds pay all administrative costs, plus, in the case of three States, a share of the cost of supplementary benefits. These three States, Hawaii, Massachusetts, and Wisconsin, are permanently eligible for Federal funding of the costs of passing through to recipients of SSI State supplements the annual cost-of-living rise in the basic Federal SSI grant. This is because they had "hold-harmless" status as of July 1, 1977, qualifying them for Federal reimbursement of additional SSI expenditures caused by caseload growth. Effective on that date, two provisions of Public Law 94-585 took effect: (1) requirement that States maintain their aggregate spending on SSI supplements after a rise in the basic Federal benefit and (2) provision of Federal funds for this pass through rule in States that then possessed hold-harmless protection (those whose 1977 SSI spending from State funds to maintain January 1972 "adjusted payment levels" exceeded their calendar year 1972 spending on cash aid to the aged, blind, and disabled).

If States administer their own SSI supplements, they must pay all costs but are generally free to design their own supplementary programs and may adopt more restrictive eligibility rules than those of SSI.

In April 1980, the Federal Government administered supplements for 27 jurisdictions. Approximately one-third of Federal SSI recipients also receive a federally administered State supplement.

In fiscal year 1980, Federal funds paid 75.5 percent of total SSI benefits of \$7.5 billion (including State-administered supplements). The Federal share ranged from 48 percent in Massachusetts, a State with a large supplement, to 100 percent in Indiana, Tennessee, and Texas, where no supplements were provided.

Table 5 presents State data on fiscal year 1980 federally administered payments; Table 6, on State-administered supplements.

Table 7 shows that by 1980 hold-harmless payments had declined to a total of \$39.3 million, all but \$3.2 million of which went to Wisconsin.

**TABLE 5.—Supplemental security income: Total payments, Federal SSI payments, and federally administered State supplementary payments, by State, fiscal year 1980**

(In thousands)

State	Total	Federal SSI <sup>1</sup>	State supplementation <sup>2</sup>
<b>Total <sup>3</sup></b> .....	<b>\$7,489,914</b>	<b>\$5,657,906</b>	<b>\$1,832,008</b>
Alabama.....	189,659	189,659	.....
Alaska.....	5,363	5,363	.....
Arizona.....	51,605	51,605	.....
Arkansas.....	104,038	103,974	64
California.....	1,911,908	706,004	1,205,904
Colorado.....	45,148	45,148	.....
Connecticut.....	37,417	37,417	.....
Delaware.....	10,637	10,175	462
District of Columbia.....	29,819	26,092	3,727
Florida.....	276,997	276,997	.....
Georgia.....	225,028	224,933	95
Hawaii.....	19,188	14,979	4,209
Idaho.....	10,482	10,482	.....
Illinois.....	198,659	198,659	.....
Indiana.....	57,125	57,125	.....
Iowa.....	32,531	31,673	858
Kansas.....	27,057	26,972	85
Kentucky.....	145,435	145,435	.....
Louisiana.....	214,094	213,895	199
Maine.....	27,683	23,160	4,523
Maryland.....	79,084	78,867	217
Massachusetts.....	237,039	114,420	122,619
Michigan.....	234,010	157,374	76,636
Minnesota.....	40,560	40,560	.....
Mississippi.....	165,617	165,560	57
Missouri.....	124,566	124,566	.....
Montana.....	10,462	9,795	667
Nebraska.....	18,291	18,291	.....
Nevada.....	10,575	8,120	2,455
New Hampshire.....	7,479	7,479	.....

Footnotes at end of table.

**TABLE 5.—Supplemental security income: Total payments, Federal SSI payments, and federally administered State supplementary payments, by State, fiscal year 1980—Continued**

[In thousands]

State	Total	Federal SSI <sup>1</sup>	State supplementation <sup>2</sup>
New Jersey.....	\$150,492	\$124,284	\$26,208
New Mexico.....	39,870	39,870	.....
New York.....	773,896	545,772	228,124
North Carolina.....	202,567	202,567	.....
North Dakota.....	8,354	8,354	.....
Ohio.....	193,523	193,373	150
Oklahoma.....	97,572	97,572	.....
Oregon.....	33,510	33,510	.....
Pennsylvania.....	306,495	247,828	58,667
Rhode Island.....	23,748	17,858	5,890
South Carolina.....	119,279	119,279	.....
South Dakota.....	9,885	9,846	39
Tennessee.....	191,869	191,869	.....
Texas.....	352,418	352,418	.....
Utah.....	11,003	11,003	.....
Vermont.....	15,332	10,616	4,716
Virginia.....	114,783	114,783	.....
Washington.....	83,939	65,220	18,719
West Virginia.....	69,943	69,943	.....
Wisconsin.....	120,019	59,155	60,864
Wyoming.....	2,452	2,452	.....
Other areas: Northern Mariana Islands.....	1,323	1,323	.....

<sup>1</sup> Federal SSI payments of \$95,000 not reported by State.

<sup>2</sup> The total amount of State payments was reduced by \$104,000 to reflect returned checks and overpayment refunds in some States where an amount is not shown.

<sup>3</sup> Includes \$20,091,000 paid to Indochinese refugees—\$14,135,000 Federal SSI and \$5,596,000 State supplementation.



TABLE 6.—*Supplemental security income: Amount of State-administered State supplementation, by reason for eligibility and State, fiscal year 1980*<sup>1</sup>

[In thousands of dollars]

State	Total	Aged	Blind	Disabled
Total.....	<sup>2</sup> 222,102	115,080	4,263	100,236
Alabama.....	12,658	9,457	96	3,105
Alaska.....	2,606	1,050	50	1,506
Arizona.....	1,228	961	5	263
Colorado.....	29,089	22,702	49	6,338
Connecticut.....	18,903	6,839	90	11,974
Florida.....	1,849	784	( <sup>3</sup> )	<sup>4</sup> 1,065
Idaho.....	3,198	1,229	21	1,947
Illinois.....	25,690	4,052	300	21,338
Kentucky.....	12,160	7,066	100	4,994
Maryland.....	<sup>2</sup> 575	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>2</sup> )
Minnesota.....	10,163	2,450	153	7,560
Missouri.....	11,932	8,400	1,648	1,884
Nebraska.....	4,910	1,391	80	3,438
New Hampshire.....	4,538	1,016	162	3,359
New Mexico.....	<sup>2</sup> 189	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
North Carolina.....	23,060	13,034	670	9,355
North Dakota.....	<sup>2</sup> 902	23	1	15
Oklahoma.....	42,406	27,640	351	14,416
Oregon.....	6,077	2,445	414	3,217
South Carolina.....	<sup>2</sup> 2,256	914	26	1,147
South Dakota.....	556	375	4	177
Utah.....	<sup>2</sup> 726	( <sup>3</sup> )	( <sup>3</sup> )	( <sup>3</sup> )
Virginia.....	6,155	3,162	40	2,953
West Virginia.....	94	37		57
Wyoming.....	182	50	3	128

<sup>1</sup> Excludes data for Indiana and Iowa.

<sup>2</sup> Includes \$2,524,000 for 4 States not distributed by reason for eligibility: \$575,000 for Maryland; \$189,000 for New Mexico; \$864,000 for North Dakota; \$169,000 for South Carolina; and \$727,000 for Utah.

<sup>3</sup> Data not available.

<sup>4</sup> Includes data for the blind.

TABLE 7.—*Supplemental security income: Federal contribution to State supplementation by State, fiscal years 1974–80*

State	Amount (millions)							
	1974	1975	1976	Transi- tion quarter	1977	1978	1979	1980
Total.....	\$80.5	\$210.6	\$63.8	\$7.0	\$39.3	\$38.8	\$41.3	\$39.3
California.....	29.5	69.3						
Hawaii.....	.7	1.7	.9		(1)	(2)	.1	.1
Massachusetts....	19.8	42.3	28.7	1.7	9.4	6.9	5.5	3.1
Nevada.....	.3	.6	.1					
New York.....	25.9	69.4	7.6					
Wisconsin.....	4.3	27.2	26.5	5.3	29.9	31.8	35.6	36.2

<sup>1</sup> Hawaii—\$20,200.

<sup>2</sup> Hawaii—\$33,100.

#### CHARACTERISTICS OF RECIPIENTS

(AS OF DECEMBER 1978)

*Age*: 43 percent were 70 or older; 33 percent were at least 80.

*Income*: More than 60 percent had other income. Fifty-two percent had Social Security benefits; 3 percent had earnings.

*Sex*: 67 percent were women.

*Race*: 65 percent were white; 27 percent black; 3 percent other races and 5 percent unknown.

*Reason for eligibility (January 1981)*: 54.6 percent received SSI because of disability; 43.5 percent because of age; and 1.9 percent because of blindness.

Tables 8–10 percent recent enrollment data, State by State.

TABLE 8.—*Supplemental security income for the aged, blind, and disabled: Number of persons receiving federally administered payments, by reason for eligibility and State, January 1981*

State	Total	Aged	Blind	Disabled
Total <sup>1</sup> .....	4,147,776	1,804,252	78,623	2,264,901
Alabama <sup>2</sup> .....	134,172	75,521	1,887	56,764
Alaska <sup>2</sup> .....	3,118	1,189	65	1,864
Arizona <sup>2</sup> .....	29,676	11,441	559	17,676
Arkansas.....	78,129	42,720	1,492	33,917
California.....	715,303	317,104	18,011	380,188
Colorado <sup>2</sup> .....	30,532	12,971	361	17,200
Connecticut <sup>2</sup> .....	23,474	7,383	344	15,747
Delaware.....	7,190	2,550	169	4,471
District of Columbia...	15,221	4,170	211	10,840
Florida.....	174,256	86,351	2,724	85,181
Georgia.....	154,766	70,947	2,954	80,865
Hawaii.....	10,194	5,009	157	5,028
Idaho <sup>2</sup> .....	7,540	2,549	125	4,866
Illinois <sup>2</sup> .....	123,995	35,280	1,813	86,902
Indiana <sup>2</sup> .....	41,588	14,646	1,121	25,821
Iowa.....	25,652	10,726	1,033	13,893
Kansas.....	20,471	7,800	307	12,364
Kentucky <sup>2</sup> .....	94,874	41,892	2,076	50,906
Louisiana.....	136,783	64,715	2,154	69,914
Maine.....	21,620	9,590	289	11,741
Maryland.....	48,448	15,937	642	31,869
Massachusetts.....	123,624	66,114	5,223	52,287
Michigan.....	114,087	37,426	1,877	74,784
Minnesota <sup>2</sup> .....	31,919	12,731	643	18,545
Mississippi.....	112,011	60,754	1,833	49,424
Missouri <sup>2</sup> .....	84,563	39,869	1,352	43,342
Montana.....	6,973	2,322	145	4,506
Nebraska <sup>2</sup> .....	13,748	5,349	235	8,164
Nevada.....	6,789	3,543	457	2,789
New Hampshire <sup>2</sup> .....	5,409	2,060	126	3,223

Footnotes at end of table.

**TABLE 8.—Supplemental security income for the aged, blind, and disabled: Number of persons receiving federally administered payments, by reason for eligibility and State, January 1981—Con.**

State	Total	Aged	Blind	Disabled
New Jersey.....	85,989	32,699	1,086	52,204
New Mexico <sup>2</sup> .....	25,487	10,344	468	14,675
New York.....	365,730	135,513	4,064	226,153
North Carolina <sup>2</sup> .....	140,637	63,463	3,176	73,998
North Dakota <sup>2</sup> .....	6,271	3,178	79	3,014
Ohio.....	119,534	34,469	2,299	82,766
Oklahoma <sup>2</sup> .....	67,197	33,804	1,015	32,378
Oregon <sup>2</sup> .....	22,372	7,289	518	14,565
Pennsylvania.....	163,407	56,755	3,255	103,397
Rhode Island.....	15,071	5,853	199	9,019
South Carolina <sup>2</sup> .....	83,526	38,001	1,871	43,654
South Dakota.....	7,947	3,727	143	4,077
Tennessee.....	131,286	60,737	1,970	68,579
Texas <sup>3</sup> .....	262,033	146,473	4,229	111,331
Utah <sup>2</sup> .....	7,798	2,437	156	5,205
Vermont.....	8,906	3,597	112	5,197
Virginia <sup>2</sup> .....	80,987	34,742	1,379	44,866
Washington.....	45,336	15,201	563	29,572
West Virginia <sup>2</sup> .....	41,197	13,609	656	26,932
Wisconsin.....	68,489	30,581	951	36,957
Wyoming <sup>2</sup> .....	1,841	759	29	1,053
Unknown.....	1	1		
Other areas: Northern Mariana Islands <sup>3</sup> ....	609	361	20	228

<sup>1</sup> Includes persons with Federal SSI payments and/or federally administered State supplementation, unless otherwise indicated.

<sup>2</sup> Data for Federal SSI payments only. State has State-administered supplementation.

<sup>3</sup> Data for Federal SSI payments only. State supplementary payments not made.

**TABLE 9.—Supplemental security income for the aged, blind, and disabled: Amount of payments, Federal SSI payments, and federally administered State supplementation, by State, January 1981**

[In thousands]

State	Total	Federal SSI	Federally administered State supplementation
<b>Total</b> .....	<b>\$685,460</b>	<b>\$529,247</b>	<b>\$156,213</b>
Alabama.....	17,436	17,436	
Alaska.....	497	497	
Arizona.....	4,753	4,753	
Arkansas.....	9,492	9,486	6
California.....	171,252	66,953	104,299
Colorado.....	4,193	4,193	
Connecticut.....	3,513	3,513	
Delaware.....	992	952	40
District of Columbia.....	2,817	2,467	351
Florida.....	27,100	27,099	1
Georgia.....	20,964	20,954	10
Hawaii.....	1,809	1,433	375
Idaho.....	1,017	1,017	
Illinois.....	19,034	19,034	
Indiana.....	5,505	5,505	
Iowa.....	3,124	3,042	82
Kansas.....	2,546	2,539	7
Kentucky.....	13,777	13,777	
Louisiana.....	19,724	19,707	17
Maine.....	2,563	2,167	396
Maryland.....	7,415	7,396	19
Massachusetts.....	20,916	10,596	10,321
Michigan.....	20,793	15,109	5,684
Minnesota.....	3,852	3,852	
Mississippi.....	15,184	15,179	6

Footnotes at end of table.

TABLE 9.—Supplemental security income for the aged, blind, and disabled: Amount of payments, Federal SSI payments, and federally administered State supplementation, by State, January 1981—Con.

[In thousands]

State	Total	Federal SSI	Federally administered State supplementation
Missouri.....	\$11,541	\$11,541	.....
Montana.....	986	927	\$59
Nebraska.....	1,765	1,765	.....
Nevada.....	1,024	799	225
New Hampshire.....	729	729	.....
New Jersey.....	14,158	11,826	2,331
New Mexico.....	3,754	3,754	.....
New York.....	69,528	50,658	18,870
North Carolina.....	18,932	18,932	.....
North Dakota.....	779	779	.....
Ohio.....	18,173	18,159	13
Oklahoma.....	8,905	8,905	.....
Oregon.....	3,214	3,214	.....
Pennsylvania.....	27,358	22,343	5,015
Rhode Island.....	2,234	1,682	552
South Carolina.....	11,170	11,170	.....
South Dakota.....	916	913	3
Tennessee.....	17,874	17,873	1
Texas.....	32,938	32,938	.....
Utah.....	1,057	1,057	.....
Vermont.....	1,425	1,008	417
Virginia.....	10,924	10,924	.....
Washington.....	7,612	6,066	1,545
West Virginia.....	6,578	6,578	.....
Wisconsin.....	11,262	5,696	5,566
Wyoming.....	235	235	.....
Unknown.....	( <sup>1</sup> )	( <sup>1</sup> )	.....
Other areas: Northern Mariana Islands.....	120	120	.....

<sup>1</sup> Less than \$500.

**TABLE 10.—Supplemental security income for the aged, blind, and disabled: Average monthly amount of combined Federal and State payments in States with federally administered State supplementation, by reason for eligibility and State, January 1981**

State	Average monthly amount			
	Total	Aged	Blind	Disabled
Arkansas.....	\$121.50	\$96.83	\$163.29	\$150.73
California.....	239.41	191.23	289.09	277.24
Delaware.....	138.01	90.85	159.27	164.10
District of Columbia.....	185.09	127.15	194.41	207.20
Florida.....	155.52	135.67	176.58	174.96
Georgia.....	135.46	103.94	171.11	161.81
Hawaii.....	177.41	149.82	207.87	203.95
Iowa.....	121.77	82.86	159.61	149.00
Kansas.....	124.38	91.25	150.60	144.63
Louisiana.....	144.20	113.34	175.59	171.80
Maine.....	118.54	71.86	151.56	155.85
Maryland.....	153.05	101.40	185.28	178.23
Massachusetts.....	169.19	129.52	226.69	213.62
Michigan.....	182.26	126.53	204.15	209.60
Mississippi.....	135.56	106.46	172.15	169.98
Montana.....	141.41	88.37	150.77	168.44
Nevada.....	150.88	127.28	198.21	173.11
New Jersey.....	164.65	130.28	184.92	185.75
New York.....	190.11	142.11	207.94	218.55
Ohio.....	152.03	99.39	169.61	173.46
Pennsylvania.....	167.42	115.36	208.63	194.70
Rhode Island.....	148.24	103.88	194.55	176.00
South Dakota.....	115.28	83.47	172.00	142.38
Tennessee.....	136.15	99.36	180.87	167.45
Vermont.....	159.99	107.92	191.50	195.35
Washington.....	167.89	116.05	197.63	193.98
Wisconsin.....	164.43	116.15	210.65	203.20

## 11. SOCIAL SERVICES (INCLUDING CHILD WELFARE)

Budget Function:	Education, Training, Employment, and Social Services	
Budget Account Number:	75-1634-9-1-506	
Classification:	Appropriated entitlement	
Legal Citations:	94 Stat 446	94 Stat 516
	42 USC 1382I	42 USC 620
	Sec. 201 (C)	Sec. 103
	94 Stat 445	94 Stat 501
	42 USC	42 USC 1381
	Sec. 201 (A)	Sec. 101 (A) 1

### A. TITLE XX SOCIAL SERVICES

#### SUMMARY

Congress enacted title XX of the Social Security Act in 1974, to take effect October 1, 1975. The new title consolidated previous portions of the Social Security Act that authorized reimbursement to States for giving social services to welfare recipients. Title XX broadened eligibility for services to nonwelfare low-income individuals, retained the \$2.5 billion nationwide ceiling on Federal spending for social services established in 1972, and provided for funds to be allocated to States according to their relative population size. Title XX requires States to develop and publish a comprehensive services plan, based on a needs assessment, covering a one-, two-, or three-year period. As stated in section 2001 of the statute (P.L. 93-647), services provided must be directed toward at least one of the following goals: achieving or maintaining economic self-support or self-sufficiency; preventing or remedying abuse or neglect of children and adults unable to protect their own interest; providing community-based or home-based care; or enabling individuals to secure appropriate institutional care when necessary.



### ELIGIBILITY

Eligibility for services financed through title XX is determined by States within certain Federal guidelines. States must use at least 50 percent of their title XX allotment for services to recipients of Aid to Families with Dependent Children, Supplemental Security Income or Medicaid, or to persons eligible for these programs. Remaining funds may be used to serve anyone with incomes no higher than 115 percent of State median income, although information and referral, family planning and protective services may be provided to anyone regardless of income. States must charge a fee for services to individuals with incomes between 80 percent and 115 percent of State median income. States also may charge a fee for services to individuals with incomes below 80 percent of median income.

### BENEFITS

Benefits are provided in the form of services directed at achieving at least one of the goals listed above.

### FINANCING

Title XX authorizes the Federal Government to reimburse States for most social services at a 75 percent Federal/25 percent nonfederal matching rate. Family planning services are reimbursed at a 90 percent Federal rate, and certain child day care services are 100 percent federally funded. Current law provides limited indexing of the nationwide ceiling on Federal title XX expenditures for fiscal year 1980 through fiscal year 1985 and authorizes these amounts: \$2.9 billion in fiscal year 1981; \$3.0 billion in fiscal year 1982; \$3.1 billion in fiscal year 1983; \$3.2 billion in fiscal year 1984; and \$3.3 billion in fiscal year 1985. Of the total amount of Federal funds available for title XX, up to \$200 million is available in fiscal year 1981 for child day care services with no State matching requirements. In fiscal year 1982 and subsequent years. States may use up to 8 percent of their title XX allotment for child day care services with no matching requirement. Finally, effective October 15, 1979, the following amounts were authorized as a separate title XX entitlement for the outlying areas; \$15 million for Puerto Rico; \$500,000 for Guam; \$500,000 for the Virgin Islands; and \$100,000 for the Northern Marianas.

### ADMINISTRATION

States must designate a single State agency to administer title XX social services, which may be provided either directly by the State agency or through contracts with other public or private agencies. At the Federal level, title XX is administered by the Office of Human Development Services within the Department of Health and Human Services.

## CHARACTERISTICS OF RECIPIENTS

In fiscal year 1978, States reported 33 percent of primary recipients of title XX services were children and 67 percent were adults. States also reported 34 percent of primary recipients in fiscal year 1978 were eligible by virtue of their income; 30 percent were AFDC recipients; 14 percent were SSI recipients; 18 percent received services available regardless of income; and 4 percent were medically needy recipients of medicaid.

States reported to DHHS that 6.5 million individuals were primary recipients of title XX services during fiscal year 1978. However, the primary recipient is the person for whom a title XX goal is established and often is a member of a family in which more than one person receives services to help achieve the primary recipient's goal. In other words, if economic self-support is established as a goal for a low-income woman, her children may receive day care services so that she may pursue training or employment opportunities. However, the mother and not the children would be counted among primary recipients. As a result, the total number of recipients of title XX services is considerably larger than the number of primary recipients. DHHS estimates the total number of recipients in fiscal year 1978 to have been 10.6 million.

## B. TITLE IV-B CHILD WELFARE SERVICES

### SUMMARY

As revised by Public Law 96-272, the aims of title IV-B child welfare services are: (a) to protect and promote the welfare of all children, including handicapped, homeless, dependent, or neglected children; (b) to prevent or remedy, or assist in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children; (c) to prevent the unnecessary separation of children from their families by identifying family problems, assisting families in resolving their problems, and preventing breakup of the family where the prevention of child removal is desirable and possible; (d) restoring to their families children who have been removed, by the provision of services to the child and the families; (e) placing children in suitable adoptive homes, in cases where restoration to the biological family is not possible or appropriate; and (f) assuring adequate care of children away from their homes, in cases where the child cannot be returned home or cannot be placed for adoption.

### FINANCING

Public Law 96-272 provides 75 percent Federal matching funds for child welfare services. Fiscal Year 1981 appropriations are \$163.4 million, more than double the \$66.2 million of fiscal year 1980 and triple the customary sums in earlier years.

### ENROLLMENT DATA

It is estimated that 203,000 children were aided in fiscal year 1980; and it is estimated that 275,000 will be helped in fiscal year 1981.

## C. TITLE IV-E FOSTER CARE AND ADOPTION ASSISTANCE

### SUMMARY

Public Law 96-272 established a new foster care assistance program for AFDC-eligible children and a new adoption assistance program for AFDC- or SSI-eligible children. The law's stated purpose is to enable each State to provide foster care and adoption assistance when appropriate for children eligible for cash welfare aid.

### BENEFITS

For foster care, States determine need and benefit levels. In May 1980 the average monthly benefit per AFDC foster care child was \$362, and benefits ranged from \$89 to \$673 among States.

For the new adoption assistance program, benefits will be determined through agreement between prospective adoptive parents and the State child welfare agency, provided that the benefit amount cannot exceed the AFDC foster care benefit for that child.

### FINANCING

For both foster care and adoption assistance, Federal funding rates vary by States in accordance with the Medicaid matching formula. The range is 50 percent to 78 percent. Of the national total, Federal funds pay 54 percent.

The Federal share of foster care outlays was \$18.4 million in fiscal year 1970, \$137.8 million in fiscal year 1975, and in May 1980 was at an annual rate of \$439 million. Projected fiscal year 1981 Federal outlays are \$349 million.

The Reagan administration requested \$5 million in a supplemental appropriation to fund the new adoption assistance program in fiscal year 1981.

### ADMINISTRATION

Child welfare agencies are to administer both programs.

### CHARACTERISTICS OF RECIPIENTS

Adoptee children benefited by the subsidy program are intended to have "special needs," that is, to be older, in a minority group or sibling group, physically or mentally handicapped.

### ENROLLMENT DATA

As of May 1980, a total of 102,000 children were in AFDC foster care.

Table 1 shows grants to States for social services, including child welfare services and training.

**TABLE 1.—Grants to States for social services (including training and child welfare)**

[In millions of dollars]

	Fiscal year—			
	1970	1975	1980	1981
Budget authority.....			<sup>1</sup> 2,763	<sup>1</sup> 3,136
Outlays.....	<sup>2</sup> 554	<sup>2</sup> 2,064	<sup>2</sup> 2,889	<sup>2</sup> 2,562

**Title XX.—Social services**

	Fiscal year—			
	1970	1975	1980	1981
Budget authority.....			2,412	2,404
Outlays.....	<sup>4</sup> 522	<sup>4</sup> 1,963	2,691	2,916

<sup>1</sup> Includes these sums for child welfare services and training: Fiscal year 1980, \$351,000,000; fiscal year 1981, \$732,000,000.

<sup>2</sup> Includes these sums for child welfare services and training: Fiscal year 1970, \$32,000,000; fiscal year 1975, \$101,000,000; fiscal year 1980, \$198,000,000; and fiscal year 1981, —\$35,000,000 (negative).

<sup>3</sup> Represents spending for social services to welfare recipients, State and local training and child welfare services, prior to implementation of title XX.

<sup>4</sup> Represents spending for social services to welfare recipients, prior to implementation of title XX.

## **12. HUMAN DEVELOPMENT SERVICES**

**Budget Function :** Education, training, employment,  
and social services  
**Budget Account Number :** 75-1636-0-1-506  
**Classification :** Appropriated entitlement  
**Legal Citation :** 49 Stat 620  
42 USC 626 et seq  
Title XX

### **GENERAL DESCRIPTION**

The Office of Human Development Services of the Department of Health and Human Services provides a wide range of services to special populations, including: children, older Americans, the developmentally disabled, and Native Americans.

In fiscal year 1981, half the \$1.8 million total in this budget account was expected to be spent on services for children, youth and families, 40.1 percent on services for the aged, 3.5 percent on services for the developmentally disabled, 1.9 percent on services for Native Americans, and the remainder on other services.

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### **13. UNEMPLOYMENT INSURANCE FOR FEDERAL WORKERS**

<b>Budget Function:</b>	<b>Income Security</b>
<b>Budget Account Number:</b>	<b>16-0326-0-1-603</b>
<b>Classification:</b>	<b>Appropriation</b>
<b>Legal Citations:</b>	<b>88 Stat 2040</b>
	<b>19 USC 2374(B)</b>
	<b>Sec. 274(B)</b>
	<b>91 Stat. 39 et al</b>
	<b>26 USC 3304 Note et al</b>
	<b>Sec. 102 et al</b>

#### **GENERAL DESCRIPTION**

From this account funds are allocated to pay unemployment compensation to eligible former Federal employees, ex-postal service employees and ex-servicemen, and for worker adjustment assistance allowances and related programs.

(173)

**14. ADVANCES TO THE UNEMPLOYMENT TRUST  
FUND AND OTHER FUNDS**

<b>Budget Function:</b>	Income security
<b>Budget Account Number:</b>	16-0327-0-1-603
<b>Classification:</b>	Appropriated entitlement
<b>Legal Citation:</b>	90 Stat 2689-2690 26 USC 3304 Note Sec. 601

**GENERAL DESCRIPTION**

This account provides for general revenue advances to several funds for the purpose of paying unemployment compensation to eligible individuals under various Federal and State laws whenever the balances in the funds prove insufficient.

(175)

## 15. LOW-INCOME ENERGY ASSISTANCE PROGRAM (LIEAP)

Budget Function:	Income security
Budget Account Number:	75-0420-0-1-609
Classification:	Appropriation
Legal Citations:	94 Stat 290, not codified
	94 Stat 289      94 Stat 291
	42 USC 8603      Not codified
	Sec. 304      Sec. 306

### LEGISLATIVE OBJECTIVE

The Home Energy Assistance Act of 1980 (title III of Public Law 96-223, the Crude Oil Windfall Profit Tax Act of 1980) provides 100 percent Federal funds to States so that they may aid needy households in meeting the costs of home energy. The States have broad latitude in designing their own programs. Within Federal guidelines, States set actual eligibility rules, methods of payment, and benefit amounts.

### ELIGIBILITY

The Act permits States to make eligible for the low-income energy assistance program (LIEAP): (a) households with incomes up to the higher of 125 percent of the poverty guidelines of the Community Services Administration (CSA) or 100 percent of the lower living standard income level of the Bureau of Labor Statistics (BLS); (b) households that receive cash welfare payments from aid to families with dependent children (AFDC), or Supplemental Security Income (SSI), unless such SSI benefits are reduced by one-third on grounds that the recipient lives in the household of another and receives food and shelter from him; and (c) households that receive veterans' pensions or food stamps.

The law sets only the maximum income ceilings; States may choose lower limits.

The CSA poverty guidelines are uniform for a given family size in the 48 contiguous States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands, but 15 percent higher in Hawaii and 25 percent higher in Alaska. In contrast, the BLS lower living standard income level varies by residence. For all family size except single-person households, the BLS levels are well above 125 percent of CSA's poverty guidelines. Effective for the fiscal 1981 program, the BLS ceiling averaged \$12,585 for a four-person family of four, compared with the CSA ceiling (125 percent of the poverty guideline) of \$9,313 in the 48 contiguous States.

Under Federal regulations States may not consider cars, personal belongings or personal residences as resources available to applicants.



## BENEFITS

LIEAP benefits may be of several types, at State option: cash payments; in-kind or vendor payments, or combinations of these. States may provide fuel directly or may make payments to energy providers on a household's behalf. They may give families vouchers or certificates for buying energy. LIEAP funds also may finance State-initiated programs such as tax credits to energy providers who reduce charges to eligible consumers. Federal rules require benefits to be related to home energy costs (heating expenses, or cooling expenses where shown to be medically necessary) and to be scaled in such a way as to give greatest help to households with the largest home energy expenses in relation to income.

Benefits are limited to \$750 per household, but this limit can be changed with approval of the Department of Health and Human Services.

## FINANCING

Benefits are 100 percent federally funded. However, States must pay 50 percent of administrative costs.

Fiscal year 1981 funds are allocated among the States on the basis of a complex formula that takes into account coldness of climate, energy expenditures, low-income population, the State's fiscal year 1980 energy assistance funds, and basic minimum allocations.

Table 1 presents fiscal year 1981 allocations by State.

TABLE 1.—Fiscal year 1981 low-income energy assistance program allocations

[In thousands]

	HHS	CSA	Total State allocation
Alabama.....	\$15,077	\$597	\$15,674
Alaska.....	9,624	381	10,005
Arizona.....	7,291	289	7,580
Arkansas.....	11,504	456	11,960
California.....	80,883	3,205	84,088
Colorado.....	28,201	1,117	29,319
Connecticut.....	36,789	1,458	38,247
Delaware.....	4,883	193	5,077
District of Columbia.....	5,713	226	5,940
Florida.....	23,856	945	24,801
Georgia.....	18,862	747	19,609
Hawaii.....	1,899	75	1,975
Idaho.....	11,000	436	11,436
Illinois.....	101,827	4,035	105,862
Indiana.....	46,104	1,827	47,931
Iowa.....	32,675	1,295	33,970
Kansas.....	15,006	595	15,600
Kentucky.....	23,993	951	24,943
Louisiana.....	15,414	611	16,024
Maine.....	23,834	944	24,778

**TABLE 1.—Fiscal year 1981 low-income energy assistance program allocations—Continued**

	HHS	CSA	Total State allocation
Maryland.....	\$28,169	\$1,116	\$29,285
Massachusetts.....	73,591	2,916	76,507
Michigan.....	96,676	3,831	100,507
Minnesota.....	69,649	2,760	72,409
Mississippi.....	12,926	512	13,438
Missouri.....	40,672	1,612	42,285
Montana.....	12,903	511	13,414
Nebraska.....	16,159	640	16,799
Nevada.....	3,425	136	3,560
New Hampshire.....	13,929	552	14,481
New Jersey.....	68,318	2,707	71,025
New Mexico.....	9,128	362	9,490
New York.....	223,068	8,839	231,907
North Carolina.....	33,244	1,317	34,561
North Dakota.....	14,016	555	14,572
Ohio.....	90,081	3,569	93,651
Oklahoma.....	13,859	549	14,408
Oregon.....	21,857	866	22,723
Pennsylvania.....	119,821	4,748	124,569
Rhode Island.....	12,114	480	12,594
South Carolina.....	11,974	474	12,449
South Dakota.....	11,384	451	11,835
Tennessee.....	24,304	963	25,267
Texas.....	39,688	1,573	41,261
Utah.....	13,105	519	13,624
Vermont.....	10,441	414	10,854
Virginia.....	34,313	1,360	35,673
Washington.....	35,952	1,425	37,377
West Virginia.....	15,878	629	16,507
Wisconsin.....	62,694	2,484	65,179
Wyoming.....	5,247	208	5,455
<b>Total.....</b>	<b>1,753,022</b>	<b>69,463</b>	<b>1,822,486</b>

**ADMINISTRATION**

LIEAP funds are given to States as modified block grants. Each State must submit a plan to HHS that meets certain requirements, such as compliance with Federal guidelines. These plans must describe the form of aid (cash, vouchers, vendor payments, or other), assure that renters will be served and give priority to the aged, disabled, and households with lowest incomes. If vendor payments are provided, energy suppliers must agree to certain conditions regarding stoppage of service to eligible households.

## 16. BLACK LUNG DISABILITY TRUST FUND<sup>1</sup>

Budget Function :                   Income Security  
Budget Account Number :   20-8144-0-7-601<sup>1</sup>  
Budget Classification :       Appropriations  
Legal Citations :            92 Stat 12  
                                  30 USC 934A  
                                  Sec. 3  
  
                                  92 Stat 97  
                                  30 USC 923(D)  
                                  Sec. 5(D)  
  
                                  92 Stat 96  
                                  30 USC 921(C) (5)  
                                  Sec. 3

### SUMMARY

Under the terms of the Black Lung Benefits Revenue Act of 1977 (P.L. 95-227) and the Black Lung Benefits Reform Act of 1977 (P.L. 95-239),<sup>2</sup> the Black Lung Disability Trust Fund is charged with paying the cost of cash and medical benefits for coal mine workers (or their survivors) who have been determined totally disabled by coal miners' pneumoconiosis (black lung disease). The trust fund is responsible for paying these benefits for:

- approved claims filed after July 1, 1973 (December 31, 1973 in the case of survivors), so-called "part C" claims;
- if no "responsible coal operator" has been identified;
- if the operator is in default; and
- in all cases where the coal mine worker's last coal mine employment was before January 1970.<sup>3</sup>

The trust fund is also responsible for administrative costs associated with claims approval.

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<sup>1</sup> In addition, a separate budget account number—16-0327-0-1-601—has been established for funds appropriated as repayable advances to the Trust Fund.

<sup>2</sup> The Black Lung Benefits Revenue Act established the Trust Fund and an excise tax on coal to finance it. The Black Lung Benefits Reform Act amended title IV of the Federal Coal Mine Health and Safety Act as to eligibility for benefits.

<sup>3</sup> Other claims, so-called "part B" claims, are paid out of general revenues, through the Social Security Administration.

### ELIGIBILITY

Beneficiaries must be totally disabled due to black lung disease (chronic dust disease of the lung arising out of employment in or around coal mines). For these purposes, total disability is defined as inability to do work using skills comparable to mine work previously performed. Survivors are eligible for benefits if the coal mine worker is determined to have been totally disabled at death. Medical standards, promulgated by the Labor Department, and a set of "presumptions" are used in determining eligibility. In effect, the use of "presumptions" allows for a determination of total disability, in some cases, in the absence of a judgment based on the medical standards by permitting the use of the number of years of coal mine employment and legislatively established types of medical or other relevant evidence in establishing eligibility.

### BENEFITS

Monthly cash benefits are legislatively set at between 37.5 and 75 percent of the Federal GS-2 salary level; this is equal to between 50 and 100 percent of the cash benefit available to a totally disabled GS-2 Federal worker. The basic 37.5 percent rate applies to miners or survivors with no dependents; the maximum 75 percent rate applies to miners or survivors with 3 or more dependents. Benefits are reduced by any payments received through another workers' compensation law for the same disability. In fiscal 1981, the basic monthly benefit is \$280 and the maximum is \$650. Average cash benefits are estimated at approximately \$350 per month, excluding retroactive lump-sum payments. In addition to cash benefits, medical benefits are also available for the cost of treatment or medication for black lung disease or directly associated illnesses.

### FINANCING

The Black Lung Disability Trust Fund is financed through an excise tax on mined bituminous and anthracite coal, along with certain reimbursements from and penalties on mine operators. The tax rates imposed to finance the Trust Fund are 50 cents per ton of coal from underground mines and 25 cents per ton of coal from surface mines; however, the tax cannot exceed 2 percent of the price at which the coal is sold by the producer. Appropriations from general revenues are also used to finance the trust fund. Appropriated advances from general revenues are authorized and must be repaid, with interest, from later coal tax revenues. In fiscal 1981, excise tax revenue to the trust fund is expected to account for approximately 30 percent of total trust expenses (including interest on prior advances from general revenues); appropriations from general revenues (repayable advances) make up the bulk of the remainder.

## ADMINISTRATION

Eligibility determinations and payment of benefits are the responsibility of the Labor Department's Employment Standards Administration, Office of Workers' Compensation Programs. Administrative costs are paid by the Trust Fund.

## Recipients

Fiscal year:	<i>Claims in payment status (year-end)</i>
1980.....	166,730
1981.....	<sup>1</sup> 190,400
1982.....	<sup>1</sup> 233,200

<sup>1</sup> Estimate.

## Program data

[In millions, fiscal years]

	1980	1981
Federal outlays <sup>1</sup> ..... <sup>2</sup>	\$808.5	<sup>2</sup> \$918.3
Budget authority <sup>1</sup> .....	860.1	866.9

<sup>1</sup> Includes advances from general revenues: \$535,800,000 in fiscal year 1980; \$647,000,000 in fiscal year 1981. Account No. 16-0327-0-1-601.

<sup>2</sup> Includes the cost of interest on repayable advances from general revenues: \$52,500,000 in fiscal year 1980 and \$110,200,000 in fiscal year 1981.

## 17. UNEMPLOYMENT TRUST FUND (TRAINING AND EMPLOYMENT)

FUNDS FOR GRANTS TO THE STATES FOR ADMINISTRATION OF THE UNEMPLOYMENT INSURANCE SERVICE AND THE EMPLOYMENT SERVICE

Budget Function:	Education, training, employment, and social services
Budget Account Number:	20-8042-0-7-504
Classification:	Entitlement
Legal Citation:	49 Stat 640 42 USC 1104 Ch 531, Title IX, Sec. 904

### FINANCING

Funding is derived from the basic 0.7 percent Federal Unemployment Tax on the first \$6,000 paid annually to each employee by employers. An amount equal to 0.45 percentage points from the 0.7 percent tax is allocated to the Employment Security Administration Account (ESAA) of the unemployment trust fund. Up to 95 percent of this amount may be appropriated each year to finance State administrative costs and the remainder is available for Federal administrative costs.

### ADMINISTRATION

The U.S. Department of Labor allocates funds for State administration.

#### *Program data*

[In millions, fiscal years]

	1970	1975	1980	1981
Outlays.....	(1)	(1)	(1)	(1)
Budget authority.....	\$368	\$439	\$758	\$820

<sup>1</sup> Outlays are under the jurisdiction of the appropriations committees.

## 18. WORK INCENTIVE PROGRAM (WIN)

Budget Function: Education, Training, Employment, and Social Services  
Budget Account Number: 75-1639-0-1-504  
Classification: Appropriated entitlement  
Legal Citation: 49 Stat 620  
42 USC 601, 631  
Title IV, Parts A and C, Secs. 401, 431

### SUMMARY

The work incentive program (WIN) was enacted in 1967 for the purpose of reducing welfare dependency. Originally, it provided to recipients of aid to families with dependent children (AFDC) employment, training, and job placement services. In 1971 Congress amended the program to place greater emphasis on immediate employment instead of institutional training. At the same time it enacted a tax credit to employers who hire WIN participants.

### ELIGIBILITY

As a condition of AFDC eligibility, the 1971 amendments require all persons at least 16 years old to register for WIN unless they are: children under 16 or in school full time; employed at least 30 hours per week; ill, incapacitated, or elderly; too far from a project to participate; persons needed at home to care for invalids; caretaker relatives caring for a child under six; and caretaker relatives of a child in a home where another relative has registered with WIN. Recipients not required to register may volunteer to do so.

### BENEFITS

WIN participants receive jobs or training, counseling and similar job-related help. The welfare agency arranges for child care and other self-support services.

A person in WIN training receives a \$30 monthly training allowance plus the full AFDC grant. A person in a WIN public service job has all earnings (except those used to pay work expenses) subtracted from his AFDC grant.

(187)



The private employer of a WIN participant is eligible for an income tax credit of 50 percent of first-year and 25 percent of second-year wages, up to 100 percent of his tax liability, provided the wages are paid for work performed in a trade or business. A credit can be claimed for wages paid for work performed outside a trade or business equal to 35 percent of an employee's first year wages up to \$6,000, with no more than \$12,000 of total wages paid by an employer eligible for the credit.

#### FINANCING

The Federal government provides 90 percent matching funds for WIN. Funds are appropriated directly to DHHS, which provides WIN participants with such supportive services as child care, family planning, counseling and vocational services, and medical, remedial and health-related care services. DHHS transfers to the Department of Labor sufficient funds to carry out the manpower and training activities of WIN. Half the transferred funds are distributed among the States on the basis of each State's percentage of WIN registrants during the preceding January; the other half are distributed at the Secretary of Labor's discretion, based on performance.

#### ADMINISTRATION

The program is jointly administered by DHHS and DOL. Tables 1-3 present WIN data.

TABLE 1.—*Work incentive program data; Fiscal years 1973-79*

[In thousands of persons; dollars in millions]

Category	1973	1975	1977	1979
New registrants.....	235	839	1,061	920
Registrants on board (end of year).....	996	1,335	1,542	1,502
Appraisals.....	511	555	691	626
Certifications.....	371	328	484	478
Participants served <sup>1</sup> .....			234	257
Entered employment <sup>2</sup>				
Full time.....	137	171	246	250
Part time.....			32	48
Total.....	137	171	276	299
Welfare cost savings <sup>3</sup> .....		\$212	\$436	\$599
Appropriations.....	\$290	\$210	\$370	\$365

<sup>1</sup> Individuals registered in WIN component during the year. Comparable data for 1973, 1974, and 1975 are not available.

<sup>2</sup> Numbers do not total; some individuals have both part-time and full-time jobs.

<sup>3</sup> Department of Labor estimate. Comparable data for 1973 are not available.

<sup>4</sup> Calendar year data.

Source: Data provided by U.S. Department of Labor; table compiled by Congressional Research Service.

TABLE 2.—WIN registrants—Entered employment for 30 days or more, fiscal years 1977,–1979

	1977	1978	1979
Expected to last 30 days or more.....	272,006	286,404	291,836
Retention rate.....	76.81	89.1	80.4
Employed, off welfare.....	136,500	150,242	153,843
Percent of total who entered employment.....	50.2	52.5	52.7

TABLE 3.—Percentage of WIN registrants and job entrants, by selected characteristics: fiscal years 1977–79

Characteristic	1977		1978		1979	
	Regis- trants	Job en- trants	Regis- trants	Job en- trants	Regis- trants	Job en- trants
Total.....	100.0	100.0	100.0	100.0	100.0	100.0
Sex:						
Male <sup>1</sup> .....	27.4	37.8	26.1	33.8	24.8	30.3
Unemployed fathers.....	( <sup>2</sup> )	( <sup>2</sup> )	(8.5)	(15.8)	(12.5)	(16.7)
Female.....	72.6	62.2	73.9	66.2	75.2	69.7
Race:						
White.....	55.4	67.6	55.7	66.1	44.9	55.4
Black.....	39.0	28.9	38.9	30.4	39.4	31.5
Other.....	5.6	3.5	17.1	13.8	15.7	13.1
Age:						
Under 22 yr.....	15.7	15.2	14.4	14.4	13.8	13.4
22 to 39 yr.....	62.0	69.4	63.2	70.2	63.6	71.2
40 yr and over..	22.3	15.4	22.4	15.4	22.6	15.4
Years of school completed:						
Under 8.....	10.5	6.2	10.1	6.1	9.9	5.8
8 to 11.....	48.7	44.8	48.0	45.0	47.7	44.3
12.....	33.1	39.1	33.6	38.8	33.7	39.1
More than 12...	7.7	9.9	8.3	10.1	8.7	10.8
Registrant status:						
Mandatory.....	79.0	82.6	82.7	82.4	83.5	82.1
Voluntary.....	21.0	17.4	17.3	17.6	16.5	17.9

<sup>1</sup> Includes male heads of single-parent households, unemployed fathers, and youth (under 22 yr of age) who are recipient members of AFDC families.

<sup>2</sup> Not available.

Source: U.S. Department of Labor.

## **19. MATERNAL AND CHILD HEALTH (MCH) AND CRIP- PLED CHILDREN'S SERVICES (CCS)**

**Budget Function : Health.**

**Budget Account Number : 75-0350-0-1-551.**

**Classification : Appropriated entitlement.**

**Legal Citation : Title V of the Social Security Act.**

**Note :** This program is found within the budget account for the Health Services Administration of the Department of Health and Human Services. It has no budget account number of its own.

### **LEGISLATIVE OBJECTIVE**

Title V of the Social Security Act authorizes funds to enable each State to extend and improve services for reducing infant mortality and otherwise promoting the health of mothers and children, especially in rural areas and in areas suffering from severe economic distress. The program also provides services for crippled children, including (1) medical, surgical, corrective and other services, and (2) facilities for diagnosis, hospitalization, and aftercare for crippled children (Social Security Act, Title V, Sec. 503).

### **ELIGIBILITY CRITERIA**

Title V authorizes States to use Federal funds to extend and improve services to mothers and children, including crippled children, who are low-income and reside in rural areas. Low income is not defined by law or regulation so that each State determines who is eligible for maternal and child health services. Federal regulations state that income standards used by the States in determining eligibility for treatment and in setting fee schedules shall take into account family size and the family's "other financial responsibilities."

Regulations define a crippled child as one under 21 years of age, "who has an organic disease, defect, or condition which may hinder the achievement of normal growth or development." Diagnostic services must be provided without any eligibility requirements.

### **BENEFITS**

States determine the level of services. The law requires each State to provide services that offer "reasonable assurances . . . of satisfactorily promoting" the general health and the dental health of children and youth, especially in rural areas or areas with concentrations of low-income families. Each State must also offer "reasonable assurances . . . of satisfactorily helping" to reduce the incidence of mental

retardation and other handicapping conditions caused by complications associated with child bearing as well as infant and maternal mortality, especially in rural areas or areas with concentrations of low-income families.

Regulations define maternal and child health services as (1) the provision of educational, preventive, diagnostic and treatment services; (2) the development, strengthening and improvement of standards and techniques relating to such services and care; (3) the training of personnel engaged in the provision, development, strengthening or improvement of such services and care; and (4) administrative services in connection with such services and care.

Regulations define crippled children's services as: (1) the early location of crippled children; (2) the provision for such children of preventive, diagnostic and treatment services; (3) the development, strengthening and improvement of standards and techniques relating to such care and services; (4) the training of personnel engaged in the provision, development; strengthening or improvement of such care and services; and (5) administrative services in connection with such care and services.

#### FINANCING

Maternal and child health funds and crippled children funds are divided into halves, called Fund A and Fund B. Fund A is apportioned among the States by a formula specified in the law and requires State matching, dollar for dollar. From Fund A each State receives a grant of \$70,000, plus that portion of the remainder of Fund A which equals its proportionate share of live births in the United States. From Fund B an amount is administratively allocated for special projects. The rest is distributed among the States to help them carry out their plans. No State matching is required for Fund B.

#### ADMINISTRATION

Title V is administered by the Office of Maternal and Child Health (OMCH) within the Bureau of Community Health Services (BCHS) which is in the U.S. Public Health Service (PHS). State administration of the MCH program is the responsibility of the MCH unit within each State's health agency, most Crippled Children's Services (CCS) programs are administered through State health agencies as well. However, a small number of CCS programs are administered by other State agencies, including welfare departments and social service departments. State administering agencies generally operate their programs through local, district, or regional health departments, but many enter into contracts with other agencies as well.

#### CHARACTERISTICS OF RECIPIENTS

See eligibility criteria.

#### RECENT ENROLLMENT DATA

See Part B for data on recipients of Title V services.

Table 1.—*Funding*

	Amount
Fiscal year 1970 (actual):	
Federal outlays <sup>1</sup> .....	\$183,681,000
Budget authority <sup>1</sup> .....	275,000,000
Fiscal year 1975 (actual):	
Federal outlays <sup>1</sup> .....	277,395,000
Budget authority <sup>1</sup> .....	350,000,000
Fiscal year 1980 (actual):	
Federal outlays <sup>1</sup> .....	370,792,000
Budget authority <sup>1</sup> .....	399,864,200
Fiscal year 1981:	
Federal outlays <sup>1</sup> (estimate) .....	357,400,000
Budget authority <sup>1</sup> .....	399,864,200

<sup>1</sup> Includes the maternal and child health (MCH) and crippled children services (CCS) programs. In fiscal year 1981, the following appropriations were made: MCH—\$234,900,000; CCS—\$105,700,000; sec. 516—\$16,800,000.

Table 2.—*Recipients*

	1980 (estimate)
Maternal and child health:	
Women receiving physician maternity services.	397,000
Women receiving nursing maternity services.	522,000
Women receiving nurse-midwifery maternity services.	53,000
Women receiving family planning services.....	419,000
Children receiving physician services .....	2,789,000
Children receiving nursing services .....	5,598,000
Children receiving dental services .....	1,669,000
Infants admitted to intensive care .....	75,000
Children receiving pre-school assessment services.	1,070,000
Crippled childrens services:	
Inpatient .....	99,000
Basic and specialty assessments .....	766,000
Ambulatory care services .....	535,000

**Table 3.—Maternal and child health services—Formula grants, fiscal year 1981**

[Amount in dollars]

State	Fund A	Fund B	Fund A+B <sup>1</sup>
<b>Total</b> .....	<b>117,400,000</b>	<b>87,400,000</b>	<b>204,800,000</b>
Connecticut .....	1,307,400	267,400	1,574,800
Maine .....	595,800	824,800	1,420,600
Massachusetts .....	2,348,100	914,000	3,262,100
New Hampshire .....	482,400	442,100	924,500
Rhode Island .....	452,300	70,000	522,300
Vermont .....	306,200	404,900	711,100
New Jersey .....	3,173,600	571,200	3,744,800
New York .....	7,832,700	3,307,300	11,140,000
Puerto Rico .....	2,562,400	4,708,900	7,271,300
Virgin Islands .....	153,700	95,000	248,700
Delaware .....	358,200	285,400	643,600
District of Columbia .....	381,300	70,000	451,300
Maryland .....	1,905,800	2,090,100	3,995,900
Pennsylvania .....	5,121,700	5,381,400	10,503,100
Virginia .....	2,506,900	2,440,800	4,947,700
West Virginia .....	1,041,500	1,650,900	2,692,400
Alabama .....	2,068,400	2,729,200	4,797,600
Florida .....	3,830,800	2,874,200	6,705,000
Georgia .....	2,861,800	3,946,800	6,808,600
Kentucky .....	1,972,400	3,021,700	4,994,100
Mississippi .....	1,543,200	2,511,500	4,054,700
North Carolina .....	2,805,500	4,286,700	7,092,200
South Carolina .....	1,718,100	3,131,200	4,849,300
Tennessee .....	2,280,100	2,562,000	4,842,100
Illinois .....	5,860,300	1,053,000	6,913,300
Indiana .....	2,843,800	2,180,800	5,024,600
Michigan .....	4,687,100	2,944,000	7,631,100
Minnesota .....	2,127,000	1,780,500	3,907,500
Ohio .....	5,407,500	3,653,600	9,061,100
Wisconsin .....	2,348,500	2,089,600	4,438,100

**Table 3.—Maternal and child health services—Formula grants, fiscal year 1981—Continued**

State	Fund A	Fund B <sup>1</sup>	Fund A+B
Arkansas.....	1,224,500	1,666,100	2,890,600
Louisiana.....	2,556,200	2,899,700	5,455,900
New Mexico.....	864,100	690,700	1,554,800
Oklahoma.....	1,593,200	1,193,100	2,786,300
Texas.....	7,932,200	3,248,700	11,180,900
Iowa.....	1,549,300	1,481,200	3,030,500
Kansas.....	1,288,900	736,900	2,025,800
Missouri.....	2,488,600	2,490,900	4,979,500
Nebraska.....	903,200	768,000	1,671,200
Colorado.....	1,533,500	762,900	2,296,400
Montana.....	519,400	607,600	1,127,000
North Dakota.....	444,900	412,900	857,800
South Dakota.....	476,100	563,400	1,039,500
Utah.....	1,357,700	1,749,700	3,107,400
Wyoming.....	357,400	241,500	598,900
American Samoa.....	104,900	70,000	174,900
Arizona.....	1,500,500	852,100	2,352,600
California.....	11,892,600	70,000	11,962,600
Guam.....	165,800	160,600	326,400
Hawaii.....	625,900	229,400	855,300
Mariana Islands.....	88,600	70,000	158,600
Nevada.....	434,700	70,000	504,700
Trust territory.....	154,100	231,000	385,100
Alaska.....	364,000	70,000	434,000
Idaho.....	713,400	858,300	1,571,700
Oregon.....	1,363,200	1,230,400	2,593,600
Washington.....	2,018,600	1,685,900	3,704,500

<sup>1</sup> In addition, \$25,295,118 Reserve B and \$5,000,000 for mental retardation is reserved for projects of regional or national significance.

Table 4.—Crippled children's services—Formula grants, fiscal year 1981

[Amount in dollars]			
State	Fund A	Fund B	Fund A+B <sup>1</sup>
Total.....	52,850,000	36,350,000	89,200,000
Connecticut.....	700,500	193,500	894,000
Maine.....	312,000	342,800	654,800
Massachusetts.....	1,257,800	445,100	1,702,900
New Hampshire.....	263,000	184,200	447,200
Rhode Island.....	260,400	70,000	330,400
Vermont.....	181,500	174,600	356,100
New Jersey.....	1,583,900	100,400	1,684,300
New York.....	3,704,700	1,254,800	4,959,500
Puerto Rico.....	1,039,300	2,226,100	3,265,400
Virgin Islands.....	96,600	70,000	166,600
Delaware.....	197,400	70,000	267,400
District of Columbia...	204,400	70,000	274,400
Maryland.....	954,600	423,500	1,378,100
Pennsylvania.....	2,457,000	1,971,000	4,428,000
Virginia.....	1,173,100	1,100,800	2,273,900
West Virginia.....	473,800	745,900	1,219,700
Alabama.....	920,200	1,216,500	2,136,700
Florida.....	1,761,600	994,600	2,756,200
Georgia.....	1,246,300	1,530,300	2,776,600
Kentucky.....	858,500	1,191,000	2,049,500
Mississippi.....	669,300	1,170,200	1,839,500
North Carolina.....	1,296,000	2,137,200	3,433,200
South Carolina.....	751,500	1,176,100	1,927,600
Tennessee.....	1,015,100	1,273,800	2,288,900
Illinois.....	2,537,300	525,100	3,062,400
Indiana.....	1,288,400	1,151,600	2,440,000
Michigan.....	2,164,700	1,213,800	3,378,500
Minnesota.....	975,000	776,900	1,751,900
Ohio.....	2,434,800	1,593,600	4,028,400
Wisconsin.....	1,113,900	1,012,100	2,126,000



Table 4.—Crippled children's services—Formula grants, fiscal year 1981—Continued

State	Fund A	Fund B	Fund A+B <sup>1</sup>
Arkansas.....	548,900	785,400	1,334,300
Louisiana.....	1,047,000	1,125,900	2,172,900
New Mexico.....	377,000	288,400	665,400
Oklahoma.....	690,300	557,000	1,247,300
Texas.....	3,162,100	1,656,900	4,819,000
Iowa.....	700,500	688,900	1,389,400
Kansas.....	570,000	373,600	943,600
Missouri.....	1,104,900	898,500	2,003,400
Nebraska.....	415,200	310,900	726,100
Colorado.....	687,100	274,600	961,700
Montana.....	249,000	206,000	455,000
North Dakota.....	219,000	182,200	401,200
South Dakota.....	227,300	212,400	439,700
Utah.....	448,300	252,200	700,500
Wyoming.....	174,500	70,000	244,500
American Samoa.....	81,000	70,000	151,000
Arizona.....	635,600	327,600	963,200
California.....	4,836,500	70,000	4,906,500
Guam.....	110,400	70,000	180,400
Hawaii.....	275,700	70,000	345,700
Mariana Islands.....	76,200	70,000	146,200
Nevada.....	226,000	70,000	296,000
Trust Territory.....	116,400	96,400	212,800
Alaska.....	175,100	70,000	245,100
Idaho.....	289,700	262,100	551,800
Oregon.....	604,300	419,300	1,023,600
Washington.....	909,400	466,200	1,375,600

<sup>1</sup> In addition, \$11,500,000 Reserve Fund B and \$5,000,000 for mental retardation is reserved for projects of regional or national significance.

Table 5.—*Maternal and child health services—Sec. 516 supplemental allotments fiscal year 1981*

State and territories	Sec. 516
Total .....	<u>\$16,604,882</u>
<b>Region I:</b>	
Connecticut .....	0
Maine .....	0
Massachusetts .....	985,026
New Hampshire .....	0
Rhode Island .....	0
Vermont .....	0
<b>Region II:</b>	
New Jersey .....	0
New York .....	5,267,332
Puerto Rico .....	0
Virgin Islands .....	576,200
<b>Region III:</b>	
Delaware .....	0
District of Columbia .....	4,456,834
Maryland .....	2,228,032
Pennsylvania .....	0
Virginia .....	0
West Virginia .....	0
<b>Region IV:</b>	
Alabama .....	0
Florida .....	0
Georgia .....	0
Kentucky .....	0
Mississippi .....	0
North Carolina .....	0
South Carolina .....	0
Tennessee .....	0
<b>Region V:</b>	
Illinois .....	1,709,631
Indiana .....	0
Michigan .....	0
Minnesota .....	0
Ohio .....	0
Wisconsin .....	0

Table 5.—*Maternal and child health services—Sec. 516 supplemental allotments fiscal year 1981—Continued*

State and territories	Sec. 516
<b>Region VI:</b>	
Arkansas.....	0
Louisiana.....	0
New Mexico.....	0
Oklahoma.....	0
Texas.....	0
<b>Region VII:</b>	
Iowa.....	0
Kansas.....	0
Missouri.....	0
Nebraska.....	\$110,220
<b>Region VIII:</b>	
Colorado.....	1,085,660
Montana.....	0
North Dakota.....	0
South Dakota.....	0
Utah.....	0
Wyoming.....	0
<b>Region IX:</b>	
American Samoa.....	0
Arizona.....	0
California.....	0
Guam.....	0
Hawaii.....	185,947
Mariana Islands.....	0
Nevada.....	0
Trust Territory.....	0
<b>Region X:</b>	
Alaska.....	0
Idaho.....	0
Oregon.....	0
Washington.....	0