

EXECUTIVE SESSION

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OCTOBER 16, 1979

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United States Senate,  
Committee on Finance,  
Washington, D. C.

The Committee met, pursuant to recess, at 10:35 a.m. in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long (Chairman of the Committee) presiding.

Present: Senators Long, Ribicoff, Talmadge, Byrd, Nelson, Gravel, Bentsen, Moynihan, Baucus, Dole, Roth, Danforth, Roth, Chafee, Heinz, and Durenberger.

The Chairman: Let's call this meeting to order, gentlemen.

Suppose that you report to us on what the staff members were able to suggest, Mr. Stern?

Mr. Stern: Mr. Chairman, there are some areas where there was general agreement, but there are simply a number of significant areas that there are substantial policy differences which just will be up to the Committee to resolve.

As a result of the meeting yesterday, we have sort of written out a series of questions. It is this paper caled "Suggested Agenda for Decisions on Energy-Related Income Assistance."

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1 On some of these, there is a consensus among the staff; on  
2 others, there is not.

3 The first issue is a rather basic one, in which there is  
4 ot agreement. That is whether the Committee wants to provide  
5 any assistance for other than -- for people whose income is  
6 above the Food Stamp eligibility level -- roughly speaking,  
7 \$11,000 for a family of four.

8 The majority proposal included a tax credit for persons  
9 whose income substantially exceeds that, but the proposal that  
10 Senator Dole outlined had nothing in that area. That is an  
11 area of substantial disagreement.

12 If you can arrive at a decision on that, that will be one  
13 basic matter out of the way.

14 At this point, we are not suggesting that you discuss the  
15 details of what kind of a tax credit, or what kind of  
16 assistance, just whether you want to provide any assistance for  
17 persons above the Food Stamp eligibility level. There seems to  
18 be a consensus that people below that level should be eligible.

19 The Chairman: What is the Food Stamp eligibility level?

20 Mr. Stern: Roughly speaking, about \$11,000 for a family  
21 of four.

22 Senator Dole: What about a single individual, a senior  
23 citizen living alone.

24 The Chairman: What is the level for a single person  
25 living alone?

1 Senator Dole: That has been raised on our side. We are  
2 not sure.

3 Mr. Stern. It seems to be a bit below \$4,000, \$3,800 for  
4 an individual living alone.

5 Senator Chafee: How much?

6 Mr. Stern: I am sorry, \$7,000.

7 The Chairman: \$7,000.

8 We have a representative from the Agriculture Department.  
9 Maybe he can explain it.

10 Mr. Fersh: This represents with the maximum possible  
11 deductions you could take, a one-person household on Food  
12 Stamps could have an income of about \$7,000, but the average  
13 Food Stamp recipient does not take these maximum deductions.

14 The Chairman: Can you give me a little better idea of  
15 what you are talking about now? You say if you take the  
16 maximum number of deductions, expenses and things like that?  
17 Is that it?

18 What is the top for most people who are on food stamps?

19 Mr. Fersh: That varies by family size.

20 The Chairman: Well, what we are talking about is one  
21 person, one person, all right? You say most people do not take  
22 all those deductions, just one person living alone. What is  
23 the average?

24 I mean those who are at the top, how does it work out?

25 Mr. Fersh: There are a series of deductions. I think it



1 II beneficiaries not receiving Food Stamps would be impossible,  
2 I would think.

3 Senator Dole: We have to limit it, at least immediately,  
4 to those eligible or those receiving, if we go that far.

5 Ms. Amidei: I would think so.

6 Right now, we pay -- the Social Security System pays out  
7 34 million checks a month. Trying to separate out among those  
8 34 million, the group you are talking about, I think, would be  
9 impossible.

10 Senator Dole: I think you are right.

11 Senator Gravel: I would like to try to get a feel for  
12 what we are doing. That is what the Senator is driving at.

13 I had asked Mr. Stern sometime back, if you recall, to  
14 tell us what is happening in all of our efforts towards the  
15 poor and at that time, off the top of his head, he had  
16 indicated that most of the programs were indexed to inflation.

17 Mr. Stern: The program of Social Security benefits and  
18 the program of Supplemental Security Income benefits under the  
19 Committee's jurisdiction are indexed for inflation. Aid to  
20 Families with Dependent Children are not indexed.

21 Senator Moynihan: Our programs for the poor are not  
22 indexed in the main. The Social Security payments are not  
23 payments to poor persons; they are payments to retired persons.

24 The SSI is indexed and that is to dependent persons, but  
25 the great majority of poor persons receiving Federal benefits

1 are on AFDC, which is not indexed at all.

2 Senator Gravel: Maybe the approach to take would be to  
3 think in terms of indexing what we presently do because if we  
4 did that, one, we would not have to set up anything new.  
5 Obviously, as energy costs increase to the disadvantaged that  
6 will be reflected in the inflation that they must suffer in any  
7 event.

8 Maybe, rather than trying to wrestle with various facets  
9 of this and not really focus or hit the target, that we have  
10 programs that we have deliberated on at great length. We have  
11 developed over a period of years to address the problems of the  
12 needy. If we are merely to index those -- I must confess I do  
13 not know what dollars we are talking about. But if we were to  
14 index those ---and God knows they need to be indexed because  
15 this is a part of the population that has no way of protecting  
16 itself from these heinous economic fluctuations, and it would  
17 solve our problem.

18 Maybe we could get a figure on what that means, and our  
19 task would be a good deal easier.

20 Mr. Stern: What we were suggesting was that you deal with  
21 the question, first of all, whether you want to help anyone  
22 other than people in those groups. The proposal has been made  
23 that a tax credit be provided for the home heating oil cost of  
24 taxpayers in the low income group up to some figure that you  
25 will determine.

1       The Chairman: It seems to me as though, gentlemen, the  
 2 only way we are going to get together on this thing, especially  
 3 if we have any hope of getting this thing out this week, just  
 4 to take some votes to indicate how the people are thinking and  
 5 reserving everybody the right to change his mind about the  
 6 thing, and sort of see how the sentiment is running.

7       If we think we are on the right track, shift over and take  
 8 the track that we think makes better sense.

9       Yes, sir?

10       Senator Dole: Before we start voting, I think you are  
 11 right. Senator Gravel has a good idea in the long range. We  
 12 are talking, I hope, about a fast track approach.

13       Secondly, taxpayers are going to have this big package of  
 14 \$25 billion tax credits. Of course, low income people, for the  
 15 most part, are not taxpayers. The only benefits they are going  
 16 to receive are the benefits that come if they are a food stamp  
 17 recipient or eligible for food stamps or SSI recipients or  
 18 eligible for SSI payments.

19       So that this is all we are going to do for this group,  
 20 through cash payments or whatever we decide to do. Those above  
 21 that level will be taxpayers, as I understand it. They would  
 22 be entitled to a portion of this \$25 billion to \$35 billion  
 23 package of tax credits.

24       In any event, if we decided to do something for the  
 25 low-income taxpayer, we should shift it in that category and

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1 into the tax credit package and let that package absorb the  
2 cost of that program and keep the low income package separate  
3 and apart and fully funded for low income.

4 The Chairman: Incidentally, there will be a roll call on  
5 the Javits motion at 12:30 and that motion was defeated  
6 yesterday 43-47. But if it is reconsidered to transfer \$1.3  
7 billion from the strategic petroleum reserve appropriations to  
8 community agencies to be used as energy assistance to  
9 low-income people in terms of budget priorities, it probably  
10 would pretty well pre-empt what people are talking about here,  
11 anyway.

12 You would do it by those community action groups, would  
13 you not, Mr. Stern?

14 Mr. Stern: It would pre-empt doing something in fiscal  
15 year 1980, because that would be the fiscal year 1980 program.  
16 You would have at least a program for one more year.

17 The Chairman: That would use up the budget authority?

18 Mr. Stern: Yes, sir.

19 The Chairman: Now --

20 Mr. Stern: That was defeated yesterday by the Senate. It  
21 is going to be reconsidered. It is not the Senate's position  
22 yet.

23 The Chairman: Let us just vote on whether we ought to go  
24 beyond the poor with this thing and reach the middle income  
25 group. The majority proposal would allocate one-third of the



1 funds to meet home heating costs.

2       Would you mind explaining that a little bit? Mr.  
3 Moynihan, you are very much interested in that idea, having  
4 some of this money allocated to the lower or middle income  
5 group.

6       Senator Moynihan: Mr. Chairman, it is very  
7 straightforward. We had thought about one-third of the  
8 low-income assistance. We had proposed on our side that we  
9 take our low-income assistance and allocate it about one-third  
10 to dependent persons who either receive, or would be eligible  
11 to receive, benefits through Federal programs, about one-third  
12 to the state departments of social welfare to distribute on a  
13 need basis in situations which are special and can be seen in  
14 the community and that they are to be distributed as a tax  
15 credit to persons with incomes roughly under \$20,000.

16       That is about the cut-off, about the median. It would not  
17 be large. It would be about \$60 a year, but it would be  
18 something and the object is straightforward: to ease a little  
19 bit, not much, the impact of increased oil prices which will  
20 affect everyone, not just persons at the very bottom of an  
21 income distribution.

22       The Chairman: Yes, sir.

23       Senator Chafee?

24       Senator Chafee: In support of this proposal that it not  
25 be strictly limited to low-income people but to catch some of

1 the poor working, if you would, it seems to me under the  
2 various proposals we have got here, this is going to take care  
3 of the poor, what we are going to vote on shortly, what we are  
4 going to vote on in the balance of the weak, tax credits will  
5 take care of some of the wealthier, tax credits for installing  
6 solar insulation, whatever it might be.

7 But we are also leaving out that group way down at the  
8 bottom who are not quite eligible for social welfare in some  
9 form, AFDC or whatever it is, the so-called poor working group,  
10 or the working poor who are not rich enough to afford the solar  
11 panels and the tax credits, who are not on welfare.

12 This proposal is to do something for them and I think it  
13 is worthwhile, very worthwhile.

14 The Chairman: Let's just call the roll.

15 Senator Gravel: If I could just advance one thought here,  
16 first off, one-third of the money goes to the low income. We  
17 do not know at this point, do we, how much that satisfies of  
18 what they are damaged by increased cost or inflation, do we?  
19 Does the amount of money meet their needs?

20 Senator Moynihan: No, we do not. It does not make them  
21 whole; not at all.

22 Senator Gravel: The second one, it goes to the state.  
23 They, of course, can put it out into areas where they think it  
24 needs to be done and then, of course, the other third goes to  
25 what he calls the working poor.

1 I just wonder, from my point of view, I would rather just  
2 try to make the poorest at least whole, and take away from the  
3 state and leave your other. That, to me, would be a more  
4 acceptable proposal than one-third each across the board and we  
5 do not know whether we are hitting the target.

6 I would just rather put the money in the hands of the poor  
7 through present means rather than trying to get it into the  
8 hands of the state, since I am not entirely convinced that they  
9 will always make the best judgment.

10 Would it be possible to find out what the cost of indexing  
11 and making them whole would be? Maybe a possible shift from a  
12 one-third, one-third, one-third to whatever it takes in the  
13 lowest parts.

14 I just offer that as a suggestion. I do not want to  
15 impair your amendment.

16 Senator Moynihan: I think I would agree with Senator Dole  
17 that you have raised an important idea. I do not think it is  
18 one we can cope with in this legislation.

19 One of the things you have is state sharing in the AFDC  
20 programs that we would have to deal with. I think Senator  
21 Nelson could speak best to the idea of the middle part of our  
22 proposal which is designed to deal with situations that are  
23 specific and understood and do not come under -- people will  
24 not be reached automatically through programs.

25 There are an awful lot of people, most of them old

1 persons, who find that heating oil is very hard to come by and  
2 to pay for. This is an opportunity to help them out.

3 Senator Nelson: I am a little bit confused. In any  
4 event, there is no question that we can handle the question  
5 that Senator Moynihan is addressing, the income credits, by  
6 having legislation this year. That can be done.

7 I do not think -- I think that we are just kidding  
8 ourselves as we rattle around here trying to do something about  
9 this winter. I think it is vital that we pass -- I do not  
10 think it is good procedure and that was Senator Muskie's  
11 argument yesterday.

12 I think it is vital that we pass the Javits amendment that  
13 will appropriate the money for this winter and then maybe we  
14 will get it out there by January.

15 I do not know how many people here have called their  
16 states, so I cannot speak for the rest of the states. I know  
17 two Senators ---and I am the third one -- I know two Senators  
18 who called their states and were astonished to find out that  
19 the states said, give us the block grant and let us handle it.

20 Whereas one of these Senators had been advocating that we  
21 handle it federally. My state would take it and distribute it  
22 -- the whole works -- to the right place, better than the HEW  
23 or SSI or anything else.

24 They have got the people who are out there.

25 The Chairman: Gaylord, you have a great point and you are

1 making a good argument. This is not what we are getting ready  
2 to vote on.

3 Senator Nelson: What you are getting ready to vote on  
4 ain't going to happen this year.

5 The Chairman: If you vote it down, it will not happen.

6 Senator Nelson: If you vote it up, it will not happen.

7 The Chairman: You never can tell. It is alive, if you  
8 vote it up.

9 Senator Danforth: In part, Senator Nelson is right. The  
10 issues really are two. One, with the available funds that we  
11 have, do we want to target these available funds, whatever they  
12 end up being, to people who are poor, or do we want to  
13 dissipate them by spreading them out to a broader number of  
14 individuals, some of whom are not poor.

15 The second question is one of timing. In so far as part  
16 of this is in the form of a tax credit, it will not come to the  
17 recipients until next April, after winter is over, in any  
18 event. I think Senator Nelson does, in part, have a good point  
19 although the question of whether it is in the form of a block  
20 grant or whether it is in the form of a federally-run program,  
21 I think, is a different issue.

22 Mr. Stern: Mr. Chairman, on the staff level, I think we  
23 were trying to separate the question of what you do in fiscal  
24 1980. We left that for a later item on the list, simply  
25 because there is a division of opinion just on that specific

1 question.

2       Since we assume you are going to have a program for one  
3 more fiscal year, fiscal year 1981, you might think of these  
4 decisions at least relating to that year.

5       The Chairman: Well, Senator Moynihan and Senator Ribicoff  
6 have sponsored this proposal in the beginning. I assume that  
7 if we are going to do something, Senator Moynihan, I would like  
8 to ask your view, and Senator Ribicoff's. You are probably  
9 familiar with his as well.

10       If you are going to do something, do you think you ought  
11 to try to get it to them in this fiscal year?

12       Senator Moynihan: I think it would be our hope that this  
13 tax credit would be available for the 1979 tax return. It is  
14 not a large amount of money. It is just sharing this windfall  
15 profits tax with the consumers on the low-income range.

16       The Chairman: Mr. Sunley has had his hand up. Do you  
17 want to say something? What is your view?

18       Mr. Sunley: Mr. Chairman, there are going to be  
19 considerable administrative problems with trying to make this  
20 tax credit, even if it is a flat dollar amount, available on  
21 the '79 return. It is my understanding that the tax forms have  
22 already gone to press, the instructions are all prepared.

23       This year, unlike the 1978 tax year, there is no blank  
24 line for any miscellaneous credits that might come out of  
25 Congress at the end of the year.

1 By the way, having a blank line last year caused a lot of  
2 taxpayers to all up the IRS saying, what are we supposed to put  
3 on that blank line? That was the only way we could handle last  
4 year's energy bill which, as you know, finished in October.

5 It was finished by this time last year. We thought that  
6 there was no way that we could leave another blank line on the  
7 tax return.

8 The Chairman: Let's get Mr. Shapiro's thoughts. In the  
9 event that we want to try to do something to help some people  
10 on this year's tax return; Mr. Shapiro, how do you think it  
11 can be handled if we tried to do something about the Moynihan,  
12 and Ribicoff and, I assume, Chafee proposal?

13 How would you think it could be handled, if at all, on  
14 this year's, 1979 tax forms?

15 Mr. Shapiro: Apparently from what Mr. Sunley indicated  
16 about the problem with the Internal Revenue Service, there is  
17 no blank line on the form. There would be some administrative  
18 problems trying to let people take what you would want to give  
19 them, and they would not know how to do it.

20 One thought the Committee has addressed at some time, to  
21 increase the earned income credit for 1979, of course, there  
22 would be a potential problem on the form, because the  
23 instructions might have it another way, but you would have to  
24 have some type of insert, or something on the inside cover,  
25 where they normally have new legislative matters that have

1 happened since the form was printed to indicate the earned  
2 income credits, the different level. The IRS just prints a  
3 one-page form with the earned income credit. After the  
4 Committee acts, it could be made available.

5 The Chairman: Does the earned income credit go up high  
6 enough to take care, or could it be made to go up high to the  
7 people that Senator Moynihan is going to help?

8 Mr. Sunley: Currently, Mr. Chairman, it goes up to  
9 \$10,000.

10 The Chairman: That does not go up high enough, then. It  
11 would not reach them. We would have to do something else.

12 Well, why do we not vote on whether we want to do  
13 something for these middle income people and, if we do, then we  
14 will try to work out the technical part of it later on?

15 If we want to do something, we can work on the details.  
16 You simply can do it in a second, the 1980 tax return if you  
17 cannot do it for '79. If you want to do it, I assume you want  
18 to work it out in '79, if you can work it out.

19 Why do we not just go ahead and vote on what we want to do  
20 then?

21 Senator Nelson: Let me ask, I do not have any --  
22 philosophically I agree with the objective that Senator  
23 Moynihan attempts to achieve, but I do have the kind of  
24 reservation raised by Senator Danforth. How broadly are we  
25 going to ---how thinly are we going to spread this money? How



1 much good will this amount do for that income group? Do we  
2 have any charts or breakdown to look at if one-third goes for  
3 this group, what happens then to low-income?

4 I would like to have some idea how many people in the  
5 United States will receive some income refund for this. I am  
6 afraid the pie is so small that we really do not do much for  
7 that group.

8 Mr. Stern: Under the proposal that Senator Moynihan was  
9 discussing, it is approximately 9 million low-income taxpayers  
10 that would get the credit. The credit would average about \$60.

11 Senator Nelson: When you say a low-income tax credit,  
12 what income range are you talking about?

13 Mr. Stern: From the threshold of paying taxes up to  
14 \$20,000.

15 Senator Nelson: Nine million people?

16 Mr. Stern: Yes, sir.

17 Senator Moynihan: In rough terms, we will be combining  
18 the general proposals which we have all agreed to about the  
19 persons receiving assistance plus this measure. You would be  
20 providing benefits to one-quarter of the American population,  
21 about 50-plus million people.

22 Senator Nelson: Is there a notch question?

23 Senator Moynihan: There would be a notch question, not a  
24 very big one.

25 The sum is not that big, \$20,000 to \$25,000.

1 Senator Nelson: Is there a graduated reduction in the  
2 amount?

3 Mr. Stern: This contemplates a phase-out from \$20,000 to  
4 \$22,000 to avoid an actual notch. By the time you get to  
5 \$22,000 your credit is not worth much of anything. Basically  
6 it goes up to \$20,000 and trails off fairly quickly.

7 Senator Nelson: How many dollars out of the pot does this  
8 take?

9 Mr. Stern: This assumes \$800 million.

10 Senator Nelson: \$800 million out of \$1.2 billion.

11 Senator Moynihan: We have been talking about between \$2.4  
12 billion to upwards of \$3 billion a year. We have not made that  
13 final. The decision has not been made.

14 Senator Nelson: You are not talking out of this years  
15 ---are you talking about going to \$2.4 billion to \$3 billion  
16 this year?

17 Mr. Stern: We are basically talking about beginning  
18 fiscal year 1981. None of the discussion in the staff paper  
19 talks about fiscal year '80 until the very end.

20 The Chairman: Let's reserve the question for fiscal year  
21 '80 until later on.

22 Mr. Baucus?

23 Senator Baucus: A point of clarification. I take it that  
24 the vote will only be on whether to provide some kind of credit  
25 for low-income assistance, not whether necessarily it would

1 apply only to heating oil.

2 Mr. Stern: At this point, the question is whether you  
3 want to provide any form of assistance to people above the food  
4 stamp eligibility level.

5 Senator Baucus: Without regard to --

6 Mr. Stern: Even a tax credit or in some other form,  
7 whether you want to provide any assistance.

8 Senator Baucus: Whether it applies to natural gas  
9 price increases or heating oil, or whatever.

10 Mr. Stern: Yes, sir.

11 Senator Dole: The more you include, the smaller the  
12 payment, the less sense it makes to do it. You add up the  
13 administrative costs. I assume there are some on our side, if  
14 we do a tax credit, want to add more than heating oil. Some  
15 would rather limit the heating oil.

16 Senator Chafee: This proposal was only heating oil.

17 Senator Baucus: That is what I am trying to clarify.

18 Mr. Stern: The only specific proposal that has been made  
19 does, in fact, relate to heating oil. In framing the question  
20 this way, we did not intend you vote necessarily, specifically,  
21 on a heating oil tax credit at this point, just to see whether  
22 you wanted to provide any additional assistance.

23 Senator Baucus: I am trying to determine whether this  
24 vote is to apply the credit, or it necessarily means to to  
25 apply only to heating oil.

1 Senator Moynihan: No, it does not.

2 Mr. Stern: The vote is specifically whether you want to  
3 assist persons above a food stamp eligibility level in some  
4 form or other.

5 Senator Durenberger: In what period of time, Mr.  
6 Chairman, two years? What period of time are we talking about?

7 Mr. STern: The question of how long this program would be  
8 legislated for is a question that we addressed in another  
9 question or two.

10 The Chairman: The question is, do you want a program.  
11 That is the question.

12 Let us just call the roll and see what the sentiment is on  
13 that.

14 Mr. Stern: Mr. Talmadge?

15 (No response)

16 Mr. Stern: Mr. Ribicoff?

17 Senator Moyhnihan: Aye, by proxy.

18 Mr. Stern: Mr. Byrd?

19 (No response)

20 Mr. Stern: Mr. Nelson?

21 Senator Nelson: Aye.

22 Mr. STern: Mr. Gravel?

23 Senator Moynihan: Aye, by proxy.

24 Mr. Stern: Mr. Bentsen?

25 Senator Bentsen: Aye.

1 Mr. Stern: Mr. Matsunaga?  
2 (No response)  
3 Mr. STern: Mr. Moynihan?  
4 Senator Moynihan: Aye.  
5 Mr. Stern: Mr. Baucus?  
6 Senator Baucus: Aye.  
7 Mr. STern: Mr. Boren?  
8 (No response)  
9 Mr. Stern: Mr. Bradley?  
10 (No response)  
11 Mr. Stern: Mr. Dole?  
12 Senator Dole: No, temporarily.  
13 Mr. Stern: Mr. Packwood?  
14 (No response)  
15 Mr. Stern: Mr. Roth?  
16 (No response)  
17 Mr. Stern: Mr. Danforth?  
18 Senator Danforth: No.  
19 Mr. Stern: Mr. Chafee?  
20 Senator Chafee: Aye.  
21 Mr. Stern: Mr. Heinz?  
22 (No response)  
23 Mr. Stern: Mr. Wallop?  
24 (No response)  
25 Mr. Stern: Mr. Durenberger?

1 Senator Durenberger: Aye.

2 Mr. Stern: Mr. Chairman?

3 The Chairman: Aye.

4 Senator Dole: The point is, if we do not know who we are  
5 including, it is difficult to vote.

6 Senator Chafee: It seems to me a most important vote.

7 The Chairman: Nine ayes and two nays. We are not  
8 counting Mr. Bradley, whom I think would surely vote for it.  
9 But we will have to record the absentees when we see how they  
10 want to be recorded on that.

11 Go ahead, Mr. Chafee.

12 Senator Chafee: This started out, the Ribicoff proposal  
13 deals solely with fuel oil, which is a group that is being  
14 affected by deregulation. If it is going to include everybody,  
15 as apparently the vote is, that is the way we are moving along  
16 here, that means nobody is going to get anything of  
17 significance. It is just going to be a dribble.

18 The Chairman: I voted for it under the impression that it  
19 may very well be limited to fuel oil. My vote for it, you  
20 might say, was a statesmanlike vote, in that respect, because I  
21 felt that you have these problems about fuel oil, you take a  
22 look, you try to spread it out to include the Sunbelt States --  
23 we only get about \$5 out of the proposal.

24 My reaction is --

25 Senator Chafee: It will cost \$5 just to process the

1 check.

2 The Chairman: If it means I am only going to get \$5, it  
3 would be better not to bring the subject up.

4 Senator Bentsen: Let me say, Mr. Chairman, I am going  
5 along with the understanding we see some of that so-called  
6 statesmanship reflected when we get to the rest of the formula,  
7 and we are talking about total energy costs to the family  
8 wherever they are poor. I think that must be a part of it.

9 Any vote I make is contingent on that. I am willing to  
10 make some concessions here.

11 The Chairman: I think that basically when we discussed it  
12 in our Democratic caucus, we were thinking in those terms, that  
13 any benefit we would get out of this in the Sunbelt states, we  
14 would prefer to settle it for a better break on the part that  
15 we get for the poor, because our participation in our program  
16 really would not be much. It would be so small, we would  
17 rather take ours in terms of whatever would be a better break  
18 for the low-income in our state.

19 Let's take the next point.

20 Mr. Stern: The next point is what kind of program you can  
21 have, how much of the receipts from the crude oil tax do you  
22 want to devote to this.

23 The Joint Committee on Taxation, for purposes of the  
24 reconciliation, process on the conservation and production  
25 incentive tax credits, assumed at \$65 billion, \$25 billion of

1 which would go for those credits, \$25 million assistance to the  
2 poor and \$15 billion for mass transit.

3 There was sentiment on the staff level of going beyond \$25  
4 billion in the amount of \$30 billion, which would provide  
5 somewhat more per tax credit, or whatever else you want to do.

6 The question here, how you want to divide up that \$65  
7 billion among these three, or other general areas.

8 I might say, Mr. Chairman, this does not raise the  
9 question of whether you want to legislate for two year tenures,  
10 anything like that. Our suggestion is that you allocate the  
11 amount of money, even though you are only going to legislate  
12 for a couple of years, under the assumption you want to  
13 continue some formal program.

14 The Chairman: Now, in that area, we might have some  
15 problems with the budget on the first year, after you get  
16 past the first year, we could allocate more to this program if  
17 we wanted to, I would think, could we not?

18 Mr. Stern: Yes, sir.

19 Again, this issue, we see, as a longer term issue, not a  
20 fiscal year 1980 issue.

21 The Chairman: Frankly, if you make your assumption a  
22 little more realistic on these oil prices, they just announced  
23 today they are going up. If you want to make your assumption a  
24 little more realistic, move it from 1 percent to 2 percent, you  
25 probably would have enough money to go for a bigger program.



1 Senator Dole: Raise it to what?

2 Mr. Stern: You have agreed to limit it to the receipts  
3 you are going to have. You have not picked a specific number  
4 there. You still have some latitude on what number you are  
5 going to pick as the total amount you are going to raise.

6 If you want to make it more than the \$65 billion that has  
7 been discussed up to now, you certainly can do that.

8 Senator Dole: What is 2 percent? We had a chart the  
9 other day.

10 Mr. Shapiro: The 2 percent, the net windfall profits tax  
11 would be increased to 76.9, almost \$77 billion. The \$65  
12 billion would go up --

13 The Chairman: \$77 billion?

14 Mr. Shapiro: The windfall profits tax.

15 Senator Dole: Is that not more realistic?

16 The Chairman: That is more realistic, if you buy that.

17 You could put -- you could go to 30 and you could have \$1  
18 billion in each of the three categories, then.

19 I am talking now --

20 Senator Moynihan: Why do we not vote on that proposition,  
21 Mr. Chairman?

22 Senator Bentsen: I am in accord that that is certainly a  
23 more realistic figure. We are kidding ourselves if we talk  
24 about it.

25 The Chairman: Read this morning's newspaper. It seems to

1 me that 2 percent is safe.

2 All in favor, say aye.

3 (A chorus of ayes)

4 The Chairman: Opposed, no?

5 (No response)

6 The Chairman: The ayes have it.

7 Senator Dole: \$30 billion, 2 percent.

8 The Chairman: 2 percent. Go for the \$30 billion figure.

9 Mr. Stern: The next item, Mr. Chairman, relates to how  
10 long a period you want to legislate for now. While we  
11 recommend that you allocate this total amount, \$30 billion, as  
12 being for programs for the poor, I think there was a general  
13 consensus among the staff that there is some merit in only  
14 legislating at this point through, let's say, fiscal year 1980  
15 or 1981, so you can take another look at the formulas, how they  
16 work out, or how the program itself is working out.

17 The Chairman: It seems to me we would be wise just to  
18 legislate through 1981, just on the basis that in more time we  
19 ought to do a better job.

20 If we think that what we have is a good program and going  
21 well, we would just extend it.

22 Yes, sir.

23 Senator Moynihan: If we put it through 1982, we will, in  
24 fact, have one year of watching it work before we decide how we  
25 want to change it. If we only have a two-year thing, you will

1 never actually see it before you have to legislate it. If you  
2 look at a calendar, that is the case.

3 Mr. Stern seems to agree.

4 Senator Dole: You are talking about when?

5 Mr. Stern: Through fiscal '82.

6 Senator Dole: Through fiscal '82.

7 Senator Moynihan: You will not have any. You will have  
8 the full experience of '81 before you know what to do.

9 Senator Baucus: That is right.

10 The Chairman: All in favor of making the program through  
11 fiscal '82, say aye.

12 (A chorus of ayes)

13 Senator Chafee: That is a three-year program, then.

14 Mr. Stern: We have open the question of what you do in  
15 fiscal 1980. It would be fiscal year 1981 and '82. By the  
16 time you are legislating for fiscal year 1983, you would have  
17 the experience of fiscal year 1981 before you.

18 The Chairman: Those opposed?

19 (No response)

20 The Chairman: The ayes have it.

21 As I understand it, we are going to project this program  
22 just as though it were to be continued on our cost estimates  
23 but we are going to -- of course, if we want to, it can be  
24 changed after a year or two. You do not have to go through  
25 fiscal year 1982.

1 If you wanted to legislate, you could. You could change  
2 the existing law, but this would mean we would have to take a  
3 look at it if we think it is working good, extend it. If we do  
4 not think it is working too good, maybe we could make whatever  
5 changes we would like to make.

6 All right, now. What is the next point?

7 Mr. Stern: The next point is another area of agreement,  
8 that is, no matter what kind of a program you decide on, in  
9 terms of grants to poor people, you would allow a state an  
10 option to have a plan of their own design for distributing the  
11 money in lieu of the Federal government directly, providing  
12 assistance to SSI recipients, or food stamp recipients, or what  
13 have you.

14 This is the future of the Majority and Minority proposals.  
15 It is important to bear it in mind, even as we go to these  
16 other decisions. There seems to be a consensus to allow this  
17 form of state option.

18 The Chairman: Would that be for both the SSI people as  
19 well as the food stamp people?

20 Mr. Stern: It would not be for a tax credit, but it would  
21 be for all of the grants to poor people, yes, sir.

22 Senator Dole: Any limit? I think we discussed that this  
23 morning, 125 percent of the poverty level.

24 Who is going to be eligible in the state plan without  
25 going through a lot of state plans submitted to the Federal

1 government. That would take forever. Is there some benchmark  
2 where everybody below that could be eligible under a state  
3 plan?

4 Mr. Stern: This is, essentially, up to you. This  
5 contemplates that a state would have an option of running a  
6 program under its own plan. What limitations you want to put  
7 on that plan, if any, would be up to you.

8 Senator Dole: I would not think many, but you ought to  
9 have something -- at least one -- a certain group of eligibles  
10 below the poverty line, 125 percent. That may not be the right  
11 figure. We discussed that to some extent. We do not want any  
12 strings attached except to insure, as much as possible, that  
13 those in need will be served by the program.

14 The Chairman: It seems to me as though you are talking  
15 about the food stamp population and those who are eligible for  
16 food stamps together with the SSI. Is that not what you are  
17 talking about?

18 Mr. Stern: That was Senator Dole's specific proposal.

19 The Chairman: Mr. Moynihan?

20 Senator Moynihan: We have some good experience, I think,  
21 with the Title XX program in which services we are talking  
22 about are limited to persons who have income of 115 percent of  
23 the state median. That is a program now in place in the same  
24 department that would be dealing with this money.

25 It defines the same population.

1 I would suggest uniformity here. It helps a lot.

2 We have the Title XX program. It is just for this kind of  
3 thing.

4 Senator Dole: There is no quarrel about it. When you  
5 decide we do the right thing without tying the state up for  
6 another six months after they make application for the grant.

7 The Chairman: Does HEW have any comment on that, any  
8 suggestions?

9 Ms. Amidei: Senator, I think the point is an interesting  
10 one. When we were going through 3434, the actual eligibility  
11 payments in some states turned out to be very high because the  
12 state median income was very high. That would bring you into  
13 the same issue that Senator Dole was raising earlier.

14 You would have a large, eligible population and not very  
15 much money to go around. I do not know if we want to go quite  
16 that much.

17 The Chairman: It seems to me you do better. We have  
18 agreed that the people paying taxes for these people working --  
19 I guess this would apply against the Social Security tax as  
20 well as the income tax. Those who are who are working, if they  
21 have this heating oil problem, we will give them the benefit.

22 Then I should think that, as far as the cash grants, I  
23 would think we would do better to limit ourselves to those who  
24 are eligible for food stamps. This is in the area where, the  
25 more you spend the money, the less you are going to have for

1 those you are trying to benefit.

2 Senator Moynihan: That seems to make perfect sense, Mr.  
3 Chairman. I would be hesitant to introduce yet another income  
4 cut-off number into our calculations.

5 We have food stamps. We have the poverty line. We have  
6 the Social Services, Title XX, line.

7 I would pick one of those.

8 The Chairman: Senator Durenberger?

9 Senator Durenberger: We have two criteria we are dealing  
10 with here, one to determine how much money is going into the  
11 block grant. We will address that later on.

12 That will answer Ms. Amidei's question relative to how  
13 much we are diluting the pot when we deal with Senator  
14 Moynihan's suggestion, and I like that as a top.

15 All we are saying to the states, you cannot bring in  
16 anyone over this level, but that does not mean that an  
17 individual state can not set up its own criteria for  
18 eligibility but can be much lower. All we are saying is that  
19 we do not want this money to be used on those in excess of 115  
20 percent.

21 The Chairman: Well, one advantage we had when we started  
22 out talking about this was that we were talking about doing it  
23 for the SSI people and AFDC people. They would get a flat  
24 amount.

25 There is one good thing about that, you know. You know

1 what they are supposed to be receiving, if it is only \$10.  
2 They either get their \$10, or do not get their \$10. That works  
3 out to \$120 a year.

4 If you can have some identifiable amount that people are  
5 going to receive, it ought to be a lot easier to get the checks  
6 to them because the checks would be in the same amount, not all  
7 this phase-out business where somebody gets a check for 25  
8 cents and that kind of thing.

9 If they are eligible, they get a flat amount. If they are  
10 not eligible, they do not get anything.

11 If you hold yourself to something like your food stamp  
12 eligibility list, to that eligibility, you are saying that -- I  
13 think in my state, that works out to about 10 percent of the  
14 population, maybe about 11 percent, around in there. So you  
15 are looking at people in the low-income area and they have  
16 higher costs and they are all over the country and they get  
17 something out of it

18 It seems to me that there is some advantage in doing it  
19 that way.

20 If we get into a much higher bracket and start varying the  
21 checks on a phase-out and all of that, I think you have a lot  
22 of needless complexity in it.

23 Senator Dole: Mr. Chairman, I would think that the staff  
24 could develop for us -- we know what we want to do. We may not  
25 know all of the specifics -- I do not. I do not know the best



1 way to put the formula together to reach those who would be  
2 eligible. If the state opts for the block grant -- I think Ms.  
3 Amidei may help us there.

4 Ms. Amidei: I do not know I can help you out of that  
5 problem, but the national median income now is about \$18,000 so  
6 if you are talking about 115 percent of median income, you are  
7 somewhere over into about \$19,500, or something on that order.  
8 That would be a pretty high level.

9 On the other hand, about 125 percent of poverty would be  
10 somewhere a little above \$9,000 a year.

11 The Chairman: How much?

12 Ms. Amidei: 125 percent of poverty is a little more than  
13 \$9,000.

14 The Chairman: It seems to me, if we stay around in that  
15 area, is not 125 percent of poverty about your food stamp  
16 eligibility?

17 Ms. Amidei: Food stamps might go a little higher in some  
18 places, but you are in the same general ballpark, yes, Senator.

19 The Chairman: It seems to me you are trying to get some  
20 checks out to people. You are looking for something you can go  
21 by.

22 It seems to me if you can go with your food stamp  
23 eligibility, everybody who is eligible for food stamps is  
24 eligible and then if you get it, just give them a flat amount.  
25 That way, people who have not come in to apply for the food

1 stamps and would come into apply, would make themselves  
2 eligible to get a flat check.

3       Senator Dole: You would not want the state, who took the  
4 block grant, and the other state who works out their own  
5 formula, they may have different people receiving the benefit  
6 and you are going to limit under the block grant, if you limit  
7 it to 125 percent of the poverty level, you would have people  
8 in Pennsylvania better off under -- not the block grant  
9 approach.

10       It has to be the same benefits either way you go. The  
11 same type people ought to receive benefits.

12       I think the staff could work that out.

13       Mr. Stern: The question here does relate to what  
14 limitations, if any, you want to put on a state option. At the  
15 point where you are deciding where you want the Federal  
16 government funds to be earmarked, there it becomes a critical  
17 question, if you really do want the state to distribute it the  
18 way they want to. I think your limitations would be fairly  
19 loose, or of less concern.

20       Senator Nelson: I think we can agree on some figure, 125  
21 percent, but the problem -- all you need to say about that, the  
22 people to be assisted by the state with the state block grant  
23 shall be within this range without giving the state any formula  
24 as to how much they should receive within that range.

25       No matter what formula we take, I will wager in most

1 states you will have anywhere from two to four times as many  
2 people eligible as you have money to spread around.

3 Last year, just on the small amount that was available for  
4 emergencies -- \$25,000 in my state -- under any definition we  
5 are going to make this year, we are going to be talking about  
6 100,000 or 150,000 households in my own state alone, so I think  
7 you have to leave it up to the state once you set the standard  
8 to decide how much should go to these households, and it is  
9 going to be the poorest, I think, that are assisted by this  
10 program.

11 There is going to have to be flexibility. The same  
12 families living next door to each other at the same pay level,  
13 one of them may be paying \$1200 to heat that house; the other  
14 \$700. That \$500 difference is very dramatic just because of  
15 the house.

16 Ms. Amidei: Senator, if I may raise a practical  
17 consideration, if we are talking about a program for this year,  
18 or next, or for two years, and we are going to be asking the  
19 states to determine income eligibility of a large group of  
20 people that they are not already income testing, we could very  
21 well find ourselves in the business of spending a great deal of  
22 money to determine income eligibility in order to make someone  
23 eligible for \$125 of benefits, for example.

24 Right now, what we go through to find someone income  
25 eligible for AFDC takes a great deal of staff time, paperwork,

1 verification, a whole series of activities that are attended to  
2 that that can cost a couple of hundred dollars. It makes sense  
3 there, because we are providing basic support for a family  
4 worth several thousand dollars.

5 It makes a lot less sense to spend a couple of hundred  
6 dollars to verify that someone is eligible for \$125.

7 Senator Ribicoff: I am wondering, Mr. Chairman, since we  
8 are going to be on this awhile, whether the staff and HEW could  
9 figure out the so-called cut-off program, according to Senator  
10 Dole's suggestion, in such a way that will eliminate a lot of  
11 red tape and bureaucracy?

12 I do not think we would know it here, but between our  
13 staff and HEW, they could come up with such a formula for us to  
14 consider.

15 The Chairman: I would be glad to see it. Meanwhile, we  
16 ought to be making a decision deciding what we could do. The  
17 more guidance we give people, the more help they can give us.

18 Senator Dole: Do we agree on the amount of the block  
19 grant it would be based on, on the number of eligible  
20 participants multiplied by the average benefits? Would that be  
21 the amount the state would receive?

22 Mr. Stern: That is a pretty significant decision that we  
23 put a little bit later. We are trying to get decisions that  
24 were easier to reach earlier.

25 Senator Dole: Save that?



1 are talking about giving them X amount of money.

2 Senator Dole: How do you determine how much they get?

3 The Chairman: Basically it is a block grant except -- do  
4 you want to leave the states free to go above the poverty level  
5 in the middle income?

6 Senator Roth: Mr. Chairman, it seems to me it is very  
7 important to give broad discretion to the states, how they  
8 handle it. The one thing we do not want to do is get the  
9 Federal bureaucracy involved in it and delay the whole thing.

10 What worries me the most right now, we do not have that  
11 much time, and I think the states that use this device already  
12 have programs pretty much in effect. I do not want to have a  
13 new bureaucracy screening what the states do. I think you have  
14 to look into who you are going to target.

15 As far as the allocation is concerned, I think we should  
16 give broad discretion to the states.

17 The Chairman: Those in favor --

18 Senator Danforth: Mr. Chairman, as I understand it, there  
19 are two possibilities that have been presented to us by the  
20 staff. One possibility is you operate on what will now be a  
21 three track program at the same time. You have a Federal grant  
22 of X number of dollars to individuals. In addition to that,  
23 you have a block grant to states. In addition to that, you  
24 have a tax credit. That is a majority staff position, as I  
25 understand it.

1           The alternative is to the addition to the tax credit, you  
2 have an either/or situation, not a both/and situation.

3           What Senator Dole has proposed is an either/or, the state  
4 has the option of going the block grant route. If it it does  
5 not select that option, you have all of the distribution to  
6 everybody being made by the Federal government.

7           I think that is the difference.

8           The Chairman: Have we decided the block grant part of it?

9           Mr. Stern: No, sir.

10          The Chairman: Those who feel that the payment to the  
11 state ought to be in the form of a block grant, say aye.

12          (A chorus of ayes)

13          The Chairman: Opposed?

14          (No response)

15          Senator Dole: Have we decided that it will be a block  
16 grant?

17          The Chairman: We just did by that vote. That meets Mr.  
18 Roth's point that they ought to have discretion. That is the  
19 whole purpose of putting it with the states, to let them  
20 exercise their discretion if they want to do so.

21          All right, now.

22          Senator Moynihan: Mr. Chairman, I do not think Senator  
23 Danforth's question has been answered. There are alternative  
24 views here. The majority has proposed a three-part program of  
25 which the middle part is a block grant and it also has been

1 proposed that the first part, payment to welfare recipients can  
2 be made a block grant too at the state option.

3 I do not know that Senator Dole is prepared to have his  
4 program be entirely a block grant or, at option, it should be a  
5 block grant.

6 Senator Dole: That is why we suggest that it ought to be  
7 either/or, a combination of both rather than having both block  
8 grants programs and a program of cash payments to individuals.

9 Mr. Stern: Under Senator Dole's proposals, if a state  
10 does not exercise that option, the Federal law specifies who  
11 the payment goes to. Similarly, under the first part of the  
12 majority proposal, the Federal law would specify that the  
13 payments go to AFDC and SSI recipients.

14 The question would be whether you want to use the approach  
15 that says Federal beneficiaries are designated unless the state  
16 exercises an option, or whether you want to have two parts to  
17 it, one part that says these are the recipients unless the  
18 state exercises an option, one block grant in any case.

19 Senator Dole: If the states cannot put it together,  
20 somebody is going to be left out.

21 Senator Danforth: That is the issue.

22 The Chairman: As I understand it, now, we are going to  
23 propose if the states do not do anything, if they do not want  
24 to get involved, they would rather leave it to us, all right.  
25 Then we are going to try to find a way to mail the checks out



1 by using Federal power and Federal people.

2 On the other hand, if the states think they can do a  
3 better job and they want to get into it, okay. They can go to  
4 it.

5 If I understand correctly, our view then would be if the  
6 states want to do it, they can use what we do on the Federal  
7 end as guidance, if they want to, but they do not have to do  
8 that, but they can do it the way they want to do it.

9 Senator Chafee: If I understand what we re doing here, as  
10 you say, we are saying to the states, we will give you a block  
11 grant if you want to do it yourselves. If not, we will do it.

12 It seems to me there should be another way, the either/or.  
13 If the state chooses to do it, they can say to the Federal  
14 government okay, we have no ability to handle SSI. You have  
15 all that under you. We will take part of it and leave part  
16 with you in order to get the most efficient system.

17 You send out your SSI checks which is entirely within the  
18 Federal government and we will handle the rest. Is that right?

19 That is the either/or proposition. There is no point in  
20 saying, at this stage, you do it all, because they have no  
21 capability of handling SSI.

22 Senator Dole: It seems to me if the states want to do the  
23 whole thing, they could just ask the Federal government to turn  
24 over a list of those SSI recipients and say all right, just  
25 tell us who you have on the rolls and mail them a check.

1 Senator Chafee: Mechanically we have been through that  
2 before, I think. That is just a horror show, trying to split  
3 it up. Can you not send out the SSI checks and let the states  
4 handle the rest, even though there might be some duplication?

5 Mr. Bynum: Yes, of course. There would be no problem in  
6 that respect. We can identify rolls for each state, people  
7 getting SSI.

8 There are some practical problems in doing that, not just  
9 administrative problems but the SSI population is fairly  
10 mobile, moving from one state to another, and changes like that  
11 which would tend, I think, to cause some people, at least, to  
12 fall through the cracks.

13 By far the better administrative arrangement, it seems to  
14 me, would be to pay the SSI checks, pay the SSI recipients  
15 through a standard formula, and go from there.

16 Senator Moynihan: Mr. Chairman, I do not want to seem to  
17 divide the committee when it is really not divided. We are  
18 working towards a common judgment here about what is to be  
19 done, but I think we should take a vote on the Majority staff  
20 proposal which has a very decided philosophy to it.

21 We will have a tax credit for low income persons. We will  
22 have a payment to Federal welfare recipients, to wit, AFDC  
23 families and SSI payments.

24 And in between, we will give a third portion of this  
25 amount to the state governments to use with the discretion of

1 the Department of Social Welfare tht takes care of emergencies,  
2 helps people out who are in trouble, does what welfare  
3 departments do, not as a normal longterm income maintenance,  
4 but just this family in this county in this winter.

5 The Chairman: It seems to me --

6 Senator Moynihan: At their discretion, or at the Title XX  
7 level. Let the Department make the judgment about this  
8 particular case.

9 The Chairman: It seems to me that, for the SSI  
10 recipients, we would be better off -- you have their names up  
11 here, is that not right?

12 The Federal government has their names, and the Federal  
13 government checks their eligibility, for better or for worse.  
14 So you do the best you can to try to see that the people who  
15 should be on there are on there, and the people who are not on  
16 there should not.

17 As far as that group is concerned, it seems to me we would  
18 be just as well off that you would get a flat amount and tell  
19 HEW to mail them a check. That part is settled.

20 Then, with the AFDC thing, tell the states if you want to  
21 handle that money, go to it. If you do not handle it, we will  
22 take care of it.

23 They have the records in that case.

24 Senator Moynihan: They must take care of it, if it is  
25 going to be done. They have the records.

1           The Chairman: The states can handle the Food Stamp  
2 eligibles. They can handle all of that.

3           It seems to me, if somebody has -- if a person is getting  
4 food stamps and they are getting SSI, the federal establishment  
5 should undertake to tell the state group that we have sent a  
6 check out to these SSI people in X amount. Then they know  
7 about that and they can take that into their calculations in  
8 saying how much they want to pay.

9           If they want to pay them any more, they can. If they do  
10 not want to pay them any more, they do not have to.

11           To see that your SSI people are taken care of, it seems to  
12 me it might be better to just mail the checks out from  
13 Washington, just say here it is.

14           Senator Dole: That is why you should leave it either/or,  
15 so we do not do any violence to what we all want to do. The  
16 state is not prepared to handle that. If they are not  
17 prepared, they can handle another part.

18           Ms. Amidei: To get back to the conversation that started  
19 last week sometime, in order to make checks go out in January,  
20 we have to start planning now. If we start planning now to get  
21 checks out to the entire SSI population across the country,  
22 then we do not hear back from half the states until some time  
23 in mid-November, December, whether or not they want us to  
24 handle their SSI population.

25           I could not promise we could get those checks out in

1 January. We cannot.

2 Senator Dole: We provide fifteen days.

3 The Chairman: Mr. Lighthizer?

4 Mr. Lighthizer: Mr. Chairman, I was just going to say it  
5 is my understanding we have already decided that the states  
6 can, if they want to take the SSI money and the Food Stamp  
7 money, take all of it, if they want, in the form of a block  
8 grant and completely cut HEW out of it.

9 I might say one word about the minority proposal. We  
10 decided in our proposal not to include a part Federal program  
11 and a part block grant, because we decided if the states had  
12 the mechanism to put in place a block grant proposal they would  
13 then opt for a complete block grant proposal and put the  
14 Federal government out of the business.

15 The question is whether the states have a right to refuse  
16 to take the amount of money in the form of a block grant. We  
17 wanted to take that action on the Minority side. We wanted to  
18 say, Federal government, take the money and spend it as the  
19 Committee decides, or say we will take it all and we will spend  
20 it as we decide, not be in a position where they are forced to  
21 take a block grant as a part of their money. They do not have  
22 a mechanism to properly spend the money.

23 That was the philosophy behind the Minority proposal.

24 The Chairman: Well; I am just worried about people's  
25 falling between the cracks. You could --- you have a lot of

1 people here. How many SSI recipients do you have in the  
2 country?

3 Mr. Stern: About 4 million.

4 Ms. Amidei: 4.2 million, Mr. Chairman.

5 The Chairman: 4.2 million people.

6 All those people should be included in the program and if  
7 you tell HEW right now that you want to send them a check, or  
8 you want to increase their income by \$10 a month, let us say,  
9 HEW can stuff a second check in the envelope to go with the one  
10 they are getting, or they can increase the check, but, in any  
11 event, they can get this thing out to these people if you tell  
12 them now, and those people will get it.

13 But if we are going to take the time to pass this thing on  
14 to the states and see what the states want to do about those  
15 same people and then come back, then HEW cannot get those  
16 people a check come January and then you hope the state can  
17 handle it

18 We do not know whether -- if the states do not have the  
19 records they will have to pick them up with their food stamps.

20 I am worried about people dropping between the cracks.

21 Senator Nelson: On that exact point, am I not correct  
22 that half of the 4 million people covered by SSI, 1.9 million  
23 are elderly poor and half of the elderly poor are not covered  
24 by SSI. Is that not correct?

25 Mr. Bynum: 1.9 million, roughly aged 65 or over.

1 Senator Nelson: That is what I said, elderly poor.

2 Mr. Bynum: The other half are disabled adults on the SSI  
3 rolls, adults.

4 Some may be past age 65; most of them are below aged 65.

5 Senator Nelson: The figure I have seen, half of the  
6 eligible elderly poor are not under SSI. Is that not correct?

7 Mr. Bynum: No, that is not correct.

8 We have done all we could to inform the public about  
9 eligibility requirements and to take applications.

10 Senator Nelson: Some people will not apply.

11 Mr. Bynum: There are some, Senator, who have not  
12 applied.

13 Senator Nelson: Are you satisfied that there is a low  
14 percentage of the eligible people in this country --

15 Mr. Bynum: Who are eligible for SSI who have not filed?  
16 Yes, we are.

17 Senator Roth: Mr. Chairman, I would just point out that  
18 the states themselves, as well as the county organization, want  
19 to have the option of a block grant because they believe that  
20 is the fastest way to get coverage in many states and we can  
21 place some kind of a time delay, a time limit, on the states to  
22 make that option.

23 But it is a program that is in place in many states, a  
24 program that they feel that they can give the best help. We  
25 have cold weather already here. I think that we ought to have

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1 it as one of the options.

2 The Chairman: Do you want to have the option for the SSI  
3 population as well as for the food stamp population, for the  
4 whole group?

5 Senator Roth: It is one option. I want to have the right  
6 of the state to have a block grant, to use in any way that they  
7 see fit.

8 The other alternatives I am open on. I think it is very  
9 important that one of the options to give the states the right  
10 to move ahead now. Most of them have community service  
11 programs in place. That is the fastest way to do it.

12 The Chairman: Senator Chafee?

13 Senator Chafee: As I understand the problem of HEW, they  
14 have to know very, very quickly, let us take the single  
15 example of SSI, that they say that they cannot wait until this  
16 bill passes and then give the state time to let us know whether  
17 they want to handle it. By that time, it will be too late.

18 Is there any way possible, Mr. Chairman, to ascertain from  
19 the states, get a commitment from state AFDC or any of them  
20 before the bill is finally passed and signed that they will do  
21 it?

22 They know the general outlines of the bill. It is pretty  
23 clear what is happening, that they wish to take the entire  
24 thing, including SSI, that they want to handle it all.

25 Is that mechanically possible?

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1 The Chairman: Someone can ask them.

2 Senator Chafee: A commitment, really.

3 The Chairman: I take it we are not planning to do  
4 business on a basis that the state legislature has to make a  
5 decision, or are we? In the absence of a meeting of a state  
6 legislature, a governor could make the decision. Is that how  
7 we are going to do business?

8 That is all right with me. The Governor could make that  
9 decision provided that there is enough authority in the  
10 Executive Branch of his government in order to carry it out.

11 Most of them do not have that much authority. If they do,  
12 the governor could make the decision to go ahead and implement  
13 it.

14 Mr. Bynum: Mr. Chairman, I feel very uneasy about the  
15 discussion is going just now. I know we are beginning to mix  
16 this winter with the following two years, and that is a matter  
17 of concern. I want you to know, as far as the Social Security  
18 administration is concerned we are moving full speed ahead with  
19 a plan to pay SSI recipients, and through the state mechanisms  
20 to pay AFDC recipients.

21 We do not have any time.

22 If what we are planning to do in terms of making flat  
23 grants to those two groups of people, if that is changed  
24 significantly from the track we are going on, then we will not  
25 be able to make payments in January. It is absolutely essential

1 for this winter's program that we proceed along the track that  
2 we are going on if we are to carry out your wishes, as well as  
3 the wishes of this country.

4 The Chairman: Mr. Moynihan?

5 Senator Moynihan: Mr. Chairman, to repeat, and to follow  
6 up on what Mr. Bynum said, we are so unified in the committee  
7 on our objectives here, I hate to see us change.

8 I think the staff has come up with a coherent plan that  
9 fits existing practices and will be fitted in very easily, as  
10 easily as one could be. I would just go over it once more.

11 Senator Dole: Would you explain what happens if the state  
12 cannot handle it? You are going to have a mandatory block  
13 grant program. Wisconsin can handle it apparently. Maybe my  
14 state cannot.

15 Senator Moynihan: States vary considerably. Some have  
16 very small, dependent populations, large populations at risk to  
17 cold weather. My state has an AFDC population larger than the  
18 population of twelve states, just as an example.

19 What we have proposed is that there be a uniform increase  
20 across the nation to the current recipients of Federal welfare  
21 assistance, people's whose whole incomes are mostly dependent  
22 on Federal payments. That is the AFDC and the SSI.

23 Those persons, their names are known. They have all been  
24 declared eligible and we know exactly what we would like to do  
25 with them.

1        Then, as the middle third of the program, we would give to  
2 each state government a block grant based upon its per capita  
3 of the population. We define as eligible, for example, the  
4 Food Stamp population and say give out this money according to  
5 your best judgments, as you give out social welfare assistance,  
6 and have been doing for half a century in almost every state to  
7 meet the particular problems of winter.

8        Thirdly, we give a tax credit to relatively low-income  
9 persons who have increased costs.

10       I would like to see us vote on that, sir.

11       Senator Nelson: If I may ask a question, if you are just  
12 going to give uniformly the same amount to SSI recipients, it  
13 violates the whole principle of what we are trying to do here,  
14 unless it is adjusted on the formula by state.

15       We are trying to address the question -- which I know the  
16 Senator does -- of helping people to heat their homes and keep  
17 from freezing to death. Therefore, you do not want to give the  
18 same amount to SSI recipients in Florida as you do in New York,  
19 so it seems to me that you would have to give your SSI based on  
20 the states.

21       Senator Moynihan: I think we have agreed to that. If you  
22 want a formula that makes the payment to that recipient  
23 different according to a different state, yes.

24       Senator Nelson: Decide the formula for the state.

25       Senator Moynihan: Yes.

1 Senator Nelson: May I ask one more question? My staff  
2 advises me ---this is from the census data ---that there are  
3 3,200,000 elderly poor in the country. If only 1.9 million are  
4 covered by SSI -- if that figure is accurate ---then there are  
5 1,300,000 elderly poor eligible for SSI who would not receive  
6 anything.

7 I would like to be clear on this. Is there something  
8 wrong with these figures?

9 Mr. Bynum: I am not sure where the Census data comes  
10 from. My guess is, it is not all that current.

11 Senator Nelson: This says 1977 figures. I do not think  
12 there are any more current anyplace.

13 Mr. Bynum: All I can do is repeat, as I said earlier,  
14 that we have been very determinedly going about the business of  
15 informing the people of this country in all the ways we know  
16 how to do of the eligibility requirements for SSI and  
17 encouraging them to come in and we think we have been quite  
18 successful in that.

19 We know there are some number ---we know there will always  
20 be some number -- for whatever reason we do not reach.

21 Senator Nelson: I raise it because it is such a dramatic  
22 figure. I would like to have it checked.

23 Surely if, in fact, these statistics are correct, that  
24 there are 3.2 million elderly poor 65 or older, then if you go  
25 the SSI route, you have 1.3 million who would not get any

1 benefit.

2 I sure do not think we should make that mistake.

3 Senator Dole: I think they could do the same thing with  
4 those receiving, or eligible, for Food Stamps. If you can do  
5 it for AFDC and SSI it is my understanding that the same  
6 procedure could be started right now for those who are eligible  
7 or receiving Food Stamps. Is that correct?

8 Mr. Bynum: Before I answer that question, I do need to  
9 make one further point.

10 It seems to me, in connection with Senator Nelson's point  
11 the SSI eligibility standards are below the poverty level  
12 standards so that could be the kind of gap you are talking  
13 about.

14 Senator Nelson: What are the standards of SSI? What is  
15 the definition of eligibility, income level?

16 Mr. Bynum: First of all, a single individual would  
17 qualify for \$208.20. He can have, above that, \$20 a month in  
18 unearned income, \$65 a month in earned income and still be  
19 eligible for those benefits, so it gets you up to about almost  
20 a \$4,000 a year total that an individual could have and still  
21 qualify for some SSI payments.

22 Senator Dole: What about the food stamp question?

23 Mr. Bynum: Mr. Van Lare will speak to that.

24 Senator Dole: They have not responded to my question.

25 Mr. Van Lare: I think, Senator, the answer is basically

1 yes, it can be done. The problem is one of eliminating  
2 duplication, which is a problem of time, as we discussed last  
3 week.

4 Mechanically, payments could be made by the states to food  
5 stamp recipients.

6 The Chairman: Mr. Danforth?

7 Senator Danforth: As I understand Senator Moynihan's  
8 proposal, it is that the program be divided in three parts:  
9 one a tax credit, which will be received by taxpayers, a  
10 so-called working poor on April 15th. The second part is a  
11 series of \$10 checks which will be mailed out beginning April  
12 nationally.

13 The third part, a third of the program, \$800 million,  
14 which would be in a block grant which would be available to  
15 those states who can administer it and presumably those states  
16 who cannot administer it would get it anyhow. That would be  
17 available on the basis of a more targeted approach on some  
18 basis other than just poverty.

19 Is that correct?

20 Senator Moynihan: The Senator is basically correct.

21 Let us start out with our Federal welfare recipients. I  
22 do not think they should receive a separate check. We are  
23 going to have an adjusted amount by state according to formula  
24 that will be included in their monthly payment. They are  
25 dependent people.

1 Senator Danforth: Beginning in April?

2 Senator Moynihan: Beginning as soon as we can, as soon as  
3 they can do it. It will take some time, but it will not take  
4 an endless amount of time.

5 These systems are in place. Adjustments to the payments  
6 are made routinely.

7 Secondly, for precisely the kind of population that  
8 Senator Nelson was talking about, there are old persons who do  
9 not receive SSI, possibly because they do not know about it,  
10 possibly because they will not. There is a block grant that  
11 states have to their welfare department, their social welfare,  
12 to help people in these situations and they will make the  
13 judgment as they think best, as they know how to do. They do  
14 that right now.

15 If they did not want to do it that way, obviously they  
16 would have the option of putting this into the food stamp  
17 payment if they wanted not to administer it on a discretionary  
18 basis. Some states fear discretion; some do not.

19 Thirdly, there would be a tax credit.

20 I think that is an orderly sequence. I am not fearful of  
21 having the states make individual judgments if this family  
22 needs money for the winter, if you do not have the provision in  
23 the program, then you are rigid and you leave out people.

24 Senator Bentsen: If the Senator would yield for a  
25 question?

1 The Chairman: Let's go back to it for a question.  
2 What you are suggesting is part one, a welfare increase.  
3 Tell me, who does that go to?

4 Senator Moynihan: That would go to all AFDC and SSI  
5 recipients and the amount would be based --

6 Senator Dole: SSI is not welfare.

7 Senator Moynihan: Yes, it is.

8 Senator Dole: It is limited to senior citizens and the  
9 disabled.

10 Senator Moynihan: That is right. It comes under the  
11 heading of a social welfare program, not an insurance program.

12 Senator Bentsen: Let me understand that very point you  
13 are making. I am trying to ask the Senator from New York, are  
14 we talking about in that particular case that it be limited to  
15 AFDC and SSI?

16 If so, why, when we are talking about things that have  
17 broader coverage, like food stamps. It is of concern to me,  
18 and I would appreciate hearing the reasoning.

19 Senator Moynihan: There is no why that would distinguish  
20 the one from the other. If you wanted to make it the food  
21 stamp population receiving food stamps, or eligible, you could  
22 do that.

23 You have the question of how to do something fairly  
24 efficiently and directly.

25 Senator Bentsen: All right.



1 When you are talking about AFDC and SSI you are citing  
2 examples. It is not exclusively those two that can be used?

3 Senator Moynihan: That is what our proposal is, but the  
4 symmetry of our proposal would not be affected if we made it  
5 food stamp recipients. They are also recipients of Federal  
6 benefits. The symmetry would be the same if we made it food  
7 stamps. That is the judgment to be made.

8 Senator Dole: They already have responded that they could  
9 respond to that directive in the food stamp program.

10 Is that right, Mr. Van Lare?

11 Mr. Van Lare: There were two caveats on that: To the  
12 extent you would use more than food stamps, there is  
13 duplication. The other you referred a moment ago to the food  
14 stamp eligible population.

15 The additional workload upon the system to take  
16 applications for the energy payment, for that additional  
17 population, would be a very large one, again on the basis that  
18 people will not make application for a small food stamp benefit  
19 but may be inclined to come in and take advantage of the  
20 service for a larger energy payment.

21 That is a substantial workload for the states if we move  
22 in that direction.

23 Senator Moynihan: Mr. Chairman, I would like to make a  
24 proposal here, because I think it would be a great shame if we  
25 sort of came out with one or the other of our proposals in

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1 here, as it were, when we are really trying to do the same  
2 thing.

3 I think Senator Dole and the Republican side have been  
4 very attracted to food stamps as defining eligibility. What  
5 would you say if we take this three part program that we have  
6 been talking about, say the first part is an increase of the  
7 payment for persons receiving food stamps; the second part, a  
8 block grant for the states to use as discretion suggests to  
9 deal with emergencies; and the third part is a tax credit?

10 Senator Durenberger: What would be your reaction to  
11 following along that same line, if you moved your first part,  
12 AFDC, SSI, Food Stamp, up to 40 percent, let us say, and 60  
13 percent were a block grant giving to the states the right to  
14 use tax credits against state income tax as a form --

15 Senator Moynihan: Not every state has an income tax. I  
16 could see a situation where you would say 40 percent goes to  
17 the food stamp population and 20 percent goes to the  
18 discretionary grants and 40 percent to the tax credits, some  
19 mix like that.

20 I wonder if I could ask Senator Dole to suggest -- is he  
21 attracted to the idea of making the first portion of our  
22 payment to individuals payments to recipients of food stamps?

23 Senator Dole: What do you do with SSI and AFDC?

24 Senator Moynihan: You do not. If that is what you want,  
25 you have discretionary funds. Most of these people receive

1 food stamps.

2 Senator Dole: If you couple SSI and Food Stamps, it is my  
3 understanding you only use about 700,000 households and the  
4 other combination gets up into the millions. Is that correct?

5 Mr. Van Lare: That is correct, about 700,000 AFDC  
6 households who do not receive food stamps, something over 1  
7 million SSI households who do not receive food stamps.

8 Senator Moynihan: SSI is indexed.

9 Senator Dole: Half of that 700,000 are eligible for food  
10 stamps. That gets into your heavy workload. That is no  
11 problem.

12 Mr. Van Lare: That is correct.

13 Senator Bentsen: Let me understand the numbers again,  
14 Senator. On Food Stamps we are talking solely on the order of  
15 16 million people, as I understand it. AFDC, you are talking  
16 about 11 or 12 million. If you are talking about SSI you are  
17 getting down to 3 or 4 million.

18 Actually, food stamps is almost the total of the other  
19 two.

20 The Chairman: 16 million on food stamps.

21 Senator Dole: Not that many. How many?

22 Mr. Stern: The figure we have is 6.3 million households  
23 with 18.4 million people.

24 Senator Bentsen: 18.4 million.

25 Senator Dole: 6.4 million.

1 Mr. Stern: SSI is something over 10 million people.

2 The Chairman: A total of 10 million households there.

3 That is the total.

4 Mr. Stern: If you want to add SSI, another 3.5 million  
5 households, about.

6 Those numbers are not additive in the sense that something  
7 more than a million people on SSI are also getting food stamps  
8 and some portion of AFDC.

9 The Chairman: The more I hear of it, the more I am  
10 thinking in terms of saying you are going to have a lot of  
11 overlap in all of this.

12 Who has a program that comes in nearest as being  
13 universal, including everybody to work from? It seems to me  
14 that you would probably come near going to your food stamp  
15 program as the one which has the largest eligibility.

16 These other people, all the AFDC people, SSI people,  
17 should be eligible for food stamps, should they not?

18 Ms. Amidei: They are eligible automatically, but only  
19 half participate, not automatically, anymore. They are  
20 eligible, but only half participate.

21 The Chairman: They could come in.

22 Senator Dole: They would be covered if you made those  
23 eligible for food stamps.

24 The Chairman: Anybody who is on SSI could immediately  
25 qualify for this.

1 Ms. Amidei: Yes.

2 Mr. Stern: Those proposals did have provision for people  
3 not actually receiving food stamps, eligible to come in for  
4 this payment even if they did not want to come in for food  
5 stamps.

6 Senator Roth: My understanding is the food stamp program  
7 is administered at the local level. They are the ones who have  
8 the list.

9 If that is the case, and we go that route, maybe that  
10 should be one of the options. I still think we can give the  
11 states the option of a block grant.

12 There are a number of states who prefer that and think  
13 they are equipped to handle that. That is the fastest way to  
14 get money into the hands of those who need it now.

15 The Chairman: Senator Moynihan?

16 Senator Moynihan: I think we are taking too long at this,  
17 Mr. Chairman. May I just say I would hope Senator Dole  
18 would not press the distinction between people who receive food  
19 stamps and people who are eligible to receive food stamps. The  
20 amount of income testing, and so forth, goes on, and it is very  
21 considerable.

22 If anybody wants this energy benefit, and they are  
23 eligible for food stamps, they should get the food stamps and  
24 then they get the benefit. If they do not want them, they do  
25 not get them.

1 I do not think we should have a category of persons  
2 eligible for food stamps but not receiving it, yet receiving  
3 this other benefit in consequence of being eligible.

4 Senator Dole: What would happen is what you suggest, if  
5 the benefit is adequate, of more than a few dollars a month for  
6 the food stamp program, then you might not end up with both.

7 Senator Moynihan: Have them get the food stamps or the  
8 supplement or not, period.

9 If not, then there is a discretionary block grant that can  
10 deal with people who are in special situations.

11 Senator Dole: You would have an option under the block  
12 grant.

13 Senator Danforth: You are talking about two entirely  
14 different concepts. He is talking both/and and you are talking  
15 about either /or.

16 The Chairman: Here is what I would like to suggest, that  
17 those of you -- Mr. Moynihan and perhaps Mr. Nelson and Mr Roth  
18 and Mr. Danforth and Mr. Dole ---talk about this thing over the  
19 lunch break and we will come back here this afternoon and maybe  
20 you men can agree on something.

21 If you can I think that would be the process.

22 Mr. Bentsen?

23 Senator Bentsen: One comment.

24 Do you not resolve this, Senator Moynihan, if you let the  
25 state have the option on its block grant to not take it in the

1 block grant if they are not equipped and have that portion go  
2 back to your number one. Can you not do that? Does that not  
3 take care of that very question you are talking about?

4 Senator Moynihan: Yes.

5 Senator Bentsen: What is wrong with that?

6 Senator Dole: That is where we hope to end up.

7 Senator Bentsen: Let the state who has a block grant on  
8 the three parts, if that state decides it does not have the  
9 means of servicing these people, let them take that third and  
10 turn it back to be sent out on the food stamps, or whatever  
11 criteria you use for that state.

12 Senator Nelson: Let me understand. The total amount  
13 would go to a block grant if the state wants it, and they will  
14 distribute it?

15 Senator Bentsen: The one-third part, yes.

16 Senator Nelson: I am confused about that. The one-third  
17 part Pat is talking about is emergency assistance by the  
18 states?

19 Senator Moynihan: Yes, but one of the things you could do  
20 with it, if the states decide to distribute it to your food  
21 stamp rolls.

22 Senator Nelson: I am on the side of Bob Dole's -- on the  
23 concept of allowing the states the option to take all the block  
24 grants in hand, if they are prepared to do so, take all of the  
25 money.

1 The Chairman: Including the food stamps, SSI?

2 Senator Nelson: The whole works.

3 Mr. Stern: That is a decision you already made. Whatever  
4 program you decide on that is earmarked for specific groups,  
5 you would allow the state that particular option. The question  
6 here is whether you would have a basic amount that would go for  
7 a block grant in the first place as opposed to a basic amount  
8 specified for one group or another.

9 Senator Nelson: I do not think that came through clearly.

10 Mr. Stern: The committee has already decided --

11 Senator Nelson: The state would have the option to take  
12 all of its money in block grants.

13 Mr. Stern: Yes, sir.

14 Senator Nelson: If they decide that, that ends their  
15 participation, no SSI, no nothing else?

16 Mr. Stern: That is correct.

17 Senator Nelson: So now, let us say they do not take that  
18 option. What are you proposing?

19 Mr. Stern: Now the question is, what do you do with  
20 Senator Moynihan's suggestion? Earmark a particular part of  
21 the particular funds for specific recipients, in addition have  
22 a state block grant to handle other kinds of cases? Or whether  
23 you earmark all of the money for a particular group.

24 Senator Bentsen: Or they could take that block grant,  
25 one-third, and let the Federal government send it out to their



1 people on food stamps and so on.

2 Mr. STern: They can do that. I think the actual  
3 mechanics of sending it out would not be done by the Federal  
4 government.

5 Senator Bentsen: That takes care of the question, it  
6 seems to me. It takes care of the objection that Senator Dole  
7 and Senator Roth have.

8 Senator Dole: I do not think we have any difference, it  
9 is just sitting down and doing it.

10 Is that all right?

11 The Chairman: At 12:30 we are going to have this vote on  
12 the Javits proposition. Why do not the Majority and Minority  
13 staff meet and anyone who wants to can advise you but try to  
14 work this thing out during this noon hour and then -- let's  
15 see. What would be a good time to come back here?

16 Senator Nelson: May we have staff members participate so  
17 we can be brought up to date on what went on?

18 The Chairman: All right. If you want to send one, okay.

19 Senator Nelson: Where will they meet, and when?

20 Senator Dole: They could meet right here.

21 Mr. Stern: Right in this room after the meeting.

22 The Chairman: All riht.

23 What time should we come back, 2:00 or 2:30?

24 Mr. Stern: 2:30.

25 The Chairman: 2:30. All right.

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1 We will assemble here at 2:30 and see what they have for  
2 us.

3 Thank you.

4 (Thereupon, at 12:15 p.m. the Committee recessed, to  
5 reconvene at 2:30 p.m. this same day.)

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AFTER RECESS

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2 (The Committee reconvened at 2:50 p.m., Hon. Russell B.  
3 Long, Chairman of the Committee, presiding.)

4 Chairman Long: Mr. Stern, suppose you explain to us this  
5 mimeographed sheet you have laid before us.

6 Mr. Stern: Mr. Chairman, we were asked to come up with a  
7 suggestion that incorporated some kind of a compromise  
8 approach on this question of the form of low income energy  
9 assistance, the question of block grant versus specific  
10 recipients and so on.

11 This suggestion seems on the staff level to be a pretty  
12 reasonable compromise. It has two parts to it. It has cash  
13 payments to specified welfare recipients and that is SSI  
14 recipients and AFDC recipients and food stamp recipients. The  
15 other part would be the non-refundable tax credit that was  
16 talked about briefly earlier.

17 A state would have the option to run its own program in  
18 lieu of either the entire program of cash payments to welfare  
19 recipients or any part of it. For example it could say that  
20 the Federal Government should pay additional amounts to SSI  
21 recipients but it would prefer to have the rest as a block  
22 grant which it would distribute under its own plan.

23 One problem with using SSI, AFDC and food stamp  
24 recipients is that there is a fair amount of duplication which  
25 would take a little bit of time we understand to be able to

1 sort out.

2 While we would suggest that the statute read SSI, AFDC  
3 and food stamp recipients who do not also receive SSI or AFDC,  
4 it will apparently take a little time before the rolls can be  
5 sorted out.

6 Our suggestion there is pick some date and on this sheet  
7 it says October 1st at which point you would recover duplicate  
8 payments and you would expect states would administratively  
9 attempt to eliminate any duplicate payments before then. If  
10 they are able to do it early on you would give the state an  
11 additional incentive by allowing them to retain one-half of  
12 the funds they save.

13 I have already mentioned the state option. This is the  
14 general outline of the proposal. It does not specify exactly  
15 what the tax credit would be but it suggests in general what  
16 the proposal would be.

17 It reserves the general features of the majority proposal  
18 in that it does specify AFDC and SSI recipients and does allow  
19 a state a block grant in lieu of the others and it preserves  
20 the element of Senator Dole's proposal of specifying the  
21 recipients basically using food stamps and SSI and allowing a  
22 state a block grant alternative.

23 It is really rather like both of the proposals.

24 Senator Dole: In the last couple of sentences of the  
25 state option, is that Senator Heinz' vendor tax credit

1 program?

2 Mr. Stern: Yes. I am sorry I forgot to mention that.  
3 Under your proposal you would allow a state if it wished to  
4 opt for Senator Heinz' vendor type proposal. We have included  
5 that as part of the state option.

6 Senator Bentsen: Mr. Chairman, if I may ask a question  
7 on the non-refundable tax credit. How is that figured? Does  
8 the amount of heating oil that is used by a household, does  
9 that vary the amount of tax credit they get or not?

10 If they use more heating oil do they get a larger tax  
11 credit?

12 Mr. Stern: You have not made a decision about the nature  
13 of it. It is related to how much the household pays for  
14 heating oil.

15 Senator Bentsen: Let me just make a point. I am trying  
16 to convince myself to go along on this in the spirit of  
17 compromise.

18 If you are giving a large credit for more heating oil  
19 used that is hardly a disincentive for its utilization and you  
20 get into some question like the Arabs saying, you are not  
21 really serious about conservation. I think we have a paradox  
22 there in allowing that kind of approach.

23 I am willing to go along in trying to work out the  
24 non-refundable tax credit with the consideration of heating  
25 oil but if there is some way we could avoid where it looks

1 like we are in effect having no disincentive put in there on  
2 the utilization of more oil. Is there a way you could  
3 structure that so you can get at what Senator Moynihan and  
4 Senator Chafee are seeking without that kind of a result?

5 Mr. Stern: Senator Bentsen, you can. For example you  
6 could have a flat credit of \$50 or \$60 or some amount. We do  
7 indeed refer to a credit on this sheet although we had in mind  
8 taking up the nature of the credit as a separate issue to  
9 discuss. We have simply put this in as an element and tried  
10 to leave it rather vague so as not to imply by agreeing to  
11 this sheet of paper you are agreeing to the specifics of a  
12 credit.

13 Chairman Long: Part two, the non-refundable tax credit.

14 Mr. Stern: We have listed that here because it is an  
15 element of the proposal.

16 Chairman Long: That is one where we plan to fill in the  
17 details later on.

18 Mr. Stern: Yes, sir. On this agenda sheet where we had  
19 eleven questions that would be question number nine. We are  
20 on number five right now.

21 Chairman Long: Let's see if we can get this part of it  
22 settled.

23 Senator Bentsen: Mr. Chairman, let me say that I am very  
24 supportive of what they have done in that first section. I'  
25 think they have accommodated pretty much the objections

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1 cited this morning if I fully understand it.

2 Senator Roth: How much would the duplications be the  
3 first year?

4 Mr. Stern: The way I understand it there are 6.3 million  
5 families receiving food stamps. That includes 2.7 million  
6 AFDC families and 1.3 million SSI households. That is almost  
7 two-thirds, maybe 60 percent of the food stamp recipients who  
8 receive AFDC or SSI. It is a substantial amount of  
9 duplication in the short run. We would hope to eliminate all  
10 of it as soon as you can.

11 If the state opted for a block grant for example it could  
12 do it any other way.

13 Chairman Long: How would the calculation of the state  
14 block grant be done, on the basis of the food stamps?

15 Mr. Stern: That is a separate question, how you allocate  
16 funds among the states out of the total which you have not  
17 addressed at all. We have raised that as the next question I  
18 think.

19 Chairman Long: I would just like to have something that  
20 is understandable that you could explain to the public and  
21 that kind of thing. I am a little concerned that this is not  
22 going to be all that easy to explain.

23 The state can come in, if I understand it, under this  
24 proposal and can say we would like to handle it all. If they  
25 handle it all they take care of the SSI, the AFDC and the food

1 stamps. They have that option. They can say we want to  
2 handle it, send us the money and we will take care of it. If  
3 they do as far as we are concerned the Federal Government is  
4 out of it. We do not want them to have duplication but we are  
5 out of it other than saying they should try to avoid  
6 duplication.

7 Is that right?

8 Mr. Stern: That is correct. I guess you do not even say  
9 that much.

10 Chairman Long: It is up to them.

11 Mr. Stern: Yes, sir.

12 Chairman Long: The state can come in and say you people  
13 at the Federal level have the SSI so we want you to pay the  
14 SSI people, you take care of them and we will take care of all  
15 the rest. They can do that can they not?

16 Mr. Stern: Yes, sir.

17 Chairman Long: In that case they have the records of the  
18 AFDC and the record of the food stamps and they can say we  
19 will handle it and you give them the grant and they go from  
20 there.

21 They also have the option to come in and say you take  
22 care of the SSI in the Federal Government and we want you to  
23 take care of the AFDC and we will take care of the food  
24 stamps. Can they do that?

25 Mr. Stern: It would be the state itself that makes the



1 payments but they would be doing it under that Federal formula  
2 and get 100 percent Federal matching whether it is \$10 a month  
3 more or whatever.

4 Chairman Long: The Federal Government would pay the  
5 whole cost of it.

6 Mr. Stern: Yes. They would be the ones to actually mail  
7 out the checks. I assume they would simply increase their  
8 existing checks by whatever amount.

9 Chairman Long: Senator Dole?

10 Senator Dole: I was trying to figure out a way to reduce  
11 the duplicate payments. I wonder if you eliminate AFDC and  
12 have SSI and food stamps --

13 Mr. Stern: You can do that. That is not the way this  
14 proposal reads.

15 Senator Dole: Would that not be a significant reduction  
16 of duplication?

17 Chairman Long: Are not all of the AFDC families eligible  
18 for food stamps?

19 Mr. Stern: Yes, sir.

20 Chairman Long: I think the Senator has a point.

21 Senator Chafee: I think it is 700,000 fall through the  
22 cracks somehow. Is that not so?

23 Mr. Van Lare: There are about 350,000 who are  
24 ineligible. There are about 350,000 who are eligible but do  
25 not participate.

1 Senator Chafee: If you eliminate the AFDC and just went  
2 with the food stamps and SSI you would be missing 350,000  
3 people?

4 Mr. Van Lare: That is right. Families who are eligible  
5 for food stamps.

6 Senator Chafee: Could you not pick them up?

7 Chairman Long: Is that 350,000 families or individuals?

8 Mr. Van Lare: Families.

9 Chairman Long: According to the figure we were given  
10 earlier you have 2.7 AFDC families.

11 Senator Moynihan: It is 3.5.

12 Mr. Van Lare: What Mr. Stern said is 2.7 AFDC families  
13 now receive food stamps. There are an additional 700,000 AFDC  
14 families who do not receive food stamps. Of that 700,000,  
15 350,000 would be eligible if they applied and 350,000 are not  
16 eligible because they have higher incomes.

17 Chairman Long: They are not eligible for food stamps  
18 because they have higher incomes?

19 Mr. Van Lare: Either because they have larger incomes  
20 and are working people and are eligible for the income  
21 disregard or because they are living in larger households  
22 where the income of other members of the household would make  
23 the household ineligible.

24 Chairman Long: It would seem to me and I am just taking  
25 up the point Senator Dole made, it would seem to me that if

1 you told these AFDC families that most of them are eligible  
2 for the food stamps and if you go down and qualify for the  
3 food stamps you will get the cash payment for the energy. If  
4 you did it that way you would eliminate a big element of  
5 overlap.

6 Senator Moynihan: Mr. Chairman, I wonder if that is the  
7 way we want it to go. I think in establishing this food stamp  
8 eligibility we are establishing a new form of Federal cash  
9 payment. The food stamps now are strips and this would be a  
10 check.

11 Senator Dole: We agree with you on that point.

12 Senator Moynihan: My disposition would be to say would  
13 it not be best to keep the new operations down to a minimum.  
14 We have in the AFDC system a payment that goes out regularly  
15 and this would adjust the number and not add a new check.  
16 Then you would get it to the food stamp recipients through a  
17 new check but the state governments will be setting up a new  
18 disbursing activity.

19 Chairman Long: About three million families would be  
20 getting two checks the way we are doing it now?

21 Mr. Van Lare: The way it is proposed in front of you  
22 amounts to about four million families who would be getting  
23 duplicate checks.

24 Senator Dole: If we went the other way we would have  
25 about 300,000 families that would have to be picked up some

1 other way.

2 Mr. Van Lare: If you went SSI and food stamps you would  
3 have approximately 1.3 million families who would be getting  
4 duplicate checks and about 350,000 who would have to be picked  
5 up in some other way.

6 Senator Moynihan: Will the Administration speak?

7 What do you think is the best way to do this?

8 Ms. Amidei: Senator, when we began and offered our  
9 proposal initially we really did feel it was best to go with  
10 the time honored programs that are in place and for which we  
11 have eligibility already established for the individuals  
12 participating, systems that are already equipped to get checks  
13 out.

14 We chose the AFDC and SSI mechanisms to disperse those  
15 checks.

16 There was additionally in our minds the feeling that we  
17 had to be concerned not to have a program that was going to  
18 have enormous amounts of either duplication or error in it and  
19 we did not want to find ourselves either with long lines  
20 around the blocks come January or February or a G.A.O. scandal  
21 in June.

22 When you try to avoid some of those problems that you  
23 know you might face you keep coming back to existing  
24 mechanisms and those were AFDC and SSI. Because we also like  
25 yourselves wanted to be able to include other low income

1 people who did not happen to be participating in those two  
2 programs we felt that the block grant mechanism if that were  
3 in place in addition could pick up people under a broader  
4 income eligibility and that was the program that is now out  
5 there under the CSA.

6 We would continue to feel that would be the simplest way  
7 and the most efficient way.

8 In the second year we did include the same kinds of  
9 groups you are talking about. We did include what we  
10 described as a third window through which people who were  
11 eligible for food stamps or other kinds of low income people  
12 could come to get this assistance because we felt with a year  
13 or a year and a half to plan we could provide the right kind  
14 of program and include all of those people.

15 We also included in our proposal options for the states  
16 to go to a vendor line of credit or a wide range of things  
17 that have been discussed here. That would still be our  
18 preference.

19 We would like to do whatever will get money out this year  
20 quickly, efficiently and in the most error free way possible  
21 and we would like to work with you to build a program for  
22 future years on the understanding that I think we probably  
23 want to go in generally the same directions you do.

24 We want to be able to assist the states where they cannot  
25 mount a program themselves but we want enough flexibility to

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1 allow states that can mount their own programs to do that. We  
2 want to be able to be sure that the neediest among the poor  
3 are going to be covered and that they will get some kind of  
4 assistance. We would like to be able to help as many as we  
5 can with the dollars available and through cash payments.

6 I think those are things that everybody here have agreed  
7 we want to accomplish.

8 Senator Moynihan: Mr. Chairman, we could best do that by  
9 saying there will be direct payments to welfare recipients at  
10 this time who receive a cash payment now and we have block  
11 grant funds for the state which should be made available to  
12 persons who are eligible for food stamps and define the  
13 population as eligible for food stamps.

14 I think that is a good option and then have the tax  
15 credit. We have the cash payments on a special basis because  
16 this is a special time and they would go to persons eligible  
17 for food stamps and come out of the block grant which is made  
18 available for that purpose.

19 Senator Dole: Would you avoid duplication?

20 Senator Moynihan: You would avoid duplication because it  
21 would be provided that no one receiving a payment under the  
22 AFDC or the SSI program would get such a block grant payment.  
23 That gives the states the flexibility. I just assume that in  
24 most states there are many different varied situations just as  
25 two families in equal conditions of income and so forth but

1 one has an insulated house and the other does not. It is  
2 plain that one house needs more heat money.

3 Chairman Long: You could I should think simply require  
4 the Federal Government to make the payment to the SSI  
5 beneficiaries and just increase their check or stuff an extra  
6 check in the envelope. You could say the states could just  
7 add something to the AFDC caseload and pay it. Then you can  
8 say we will make a block grant to the states in addition to  
9 that for them to make payments to the food stamp recipients  
10 and just give them a list of who these SSI and AFDC people are  
11 to whom the payments have been made.

12 If you broke it down by subdivision, you have about 4,000  
13 jurisdictions that are paying out food stamps?

14 Mr. Van Lare: That is correct.

15 Chairman Long: You just break it down 4,000 ways and  
16 give them a list and say here are the people we make payments  
17 to in your area. You would think they could take the list and  
18 check off all the people that got the SSI and AFDC payments  
19 and what is left is theirs to pay.

20 Mr. Stern: Mr. Chairman, I have been told that the  
21 Senate in the last few minutes has agreed by voice vote to  
22 Senator Javitz' amendment providing \$1.2 billion in fiscal  
23 year 1980. If that is going to be the Senate's proposal for  
24 1980 I would think by October 1980, at the beginning of fiscal  
25 year 1981 which is almost a year from now, you could sort out

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1 which food stamp recipients also get AFDC and SSI and  
2 eliminate the duplication by then.

3       Would you agree that by a year from now that could be  
4 done?

5       Mr. Van Lare: It can be done in that kind of a timeframe  
6 if we know soon that we are expected to do it. The problem is  
7 food stamp households and AFDC households are not by law  
8 comprised of the same individual. It is not merely a question  
9 of going down and looking at the name of the individual to  
10 whom a payment is made and just taking the duplicates out.

11       The AFDC household and the SSI unit may be only one or  
12 two people who are living together for purposes of the food  
13 stamps and in a larger food stamp household.

14       As a result in order to do that matching you have to have  
15 the names of the whole 16 million people who are in those  
16 units in order to do the match.

17       It can be done. The states are moving to do it. They  
18 are getting social security numbers in order to be able to do  
19 it. It is not a simple administrative task to undertake.

20       Mr. Stern: We assumed for purposes of this write-up that  
21 it would be done by October 1, 1980 and if I understand your  
22 answer if it were legislated in the near future you could do  
23 it by then.

24       Mr. Van Lare: I believe that is right.

25       Chairman Long: Are you saying, Mr. Stern, that the



1 acceptance of the Javitz amendment by a voice vote more or  
2 less solves the problem until October 1st?

3 Mr. Stern: It certainly does not leave any money left in  
4 the budget to do anything else if that position is sustained  
5 and that appropriation signed into law by the President.

6 The contemplation was that there was \$1.6 billion in at  
7 least the House budget resolution which was the higher of the  
8 two and \$1.2 billion was for this income assistance program  
9 and the other \$4 million for the crisis intervention program  
10 under the Human Resources Committee. It seems to me this  
11 would use up that \$1.2 billion for fiscal year 1980.

12 Senator Dole: By then we would avoid all of the  
13 duplications that follow?

14 Mr. Stern: Yes, sir, in which case you could do it this  
15 way without being concerned about duplication.

16 Senator Dole: In other words we could accept the  
17 compromise without any problem.

18 Mr. Stern: I believe so, yes.

19 Chairman Long: Shall we do that? I am not familiar with  
20 the Javitz amendment. I was not here yesterday. You miss a  
21 day and sometimes you miss a lot.

22 Senator Nelson: It was adopted by a voice vote ten  
23 minutes ago. He modified it to some extent but I did not get  
24 a chance to look at the modification. I was on the Floor when  
25 they had the voice vote.



1 giving the administering agencies eleven months to separate  
2 the rolls between the duplication and non-duplication and  
3 presumably it could be done by that time.

4 Mr. Van Lare: The concern I would have from the  
5 discussion is I believe the Chairman and Senator Moynihan  
6 mentioned monthly payments. The rolls change considerably  
7 every month. Tens of thousands of people come onto the SSI  
8 rolls. There are changes in probably 300,000 AFDC cases each  
9 month.

10 I doubt very much that we would have the capacity each  
11 month to identify and eliminate duplication. If we are going  
12 to go this kind of route it would appear important to pick one  
13 or two points of time in the year and say that people who are  
14 on the rolls at that point can get the assistance. Otherwise  
15 we would be basically looking at a combination of about 25  
16 million computer records every month. I am really concerned  
17 about the capacity of the states to do that.

18 Senator Moynihan: Why does not the Administration make  
19 that kind of an administrative recommendation to us which we  
20 will look at later in our process. We can go ahead and adopt  
21 this compromise.

22 Senator Danforth: Mr. Chairman, it is my understanding  
23 that the Senate by voice vote adopted the Javitz approach  
24 which would use up all of the money that is allowed in the  
25 budget for 1980. Is that correct?

1 Mr. Stern: I believe so.

2 Senator Danforth: That is only for 1980?

3 Mr. Stern: Yes, sir.

4 Senator Danforth: What we are doing now pertains to  
5 beyond 1980 only?

6 Mr. Stern: Fiscal 1981 and 1982 according to your  
7 earlier decision to make a program through fiscal 1982.

8 Senator Danforth: Should we be looking at 1981 and 1982  
9 now? Let's suppose that it turns out there is a long range  
10 approach which is ideal. We are covered for 1980 for better  
11 or worse. Since we are covered for 1980 should we then  
12 postpone everything else with a view toward taking a long  
13 range approach?

14 Mr. Stern: Senator Danforth, on this one question of  
15 being able to separate out those food stamp recipients who  
16 also receive AFDC and SSI, there apparently the administering  
17 agencies need a substantial lead time to do that. If you were  
18 not to legislate until next March or April you might wind up  
19 with several months worth of substantial duplication in  
20 payments for fiscal year 1981 which you would like to avoid.

21 My personal suggestion would be at least for 1981 decide  
22 whether you want to do that so you can get it into motion.

23 Senator Chafee: What did Senator Javitz do that  
24 permitted him to cut through this Gordian knot so swiftly and  
25 achieve by one voice vote something that we have been mulling

1 over here for a week?

2 Mr. Stern: He avoided making a decision. In other words  
3 he simply gives the money to the Director of the Community  
4 Services Administration so he has not made a decision about  
5 who will get the money on the other end. He has just decided  
6 who is going to distribute it on this side.

7 Senator Chafee: We may feel the problem has been solved  
8 and whoever voice voted for it may think so but as I  
9 understand it, would the Administration help me out? There  
10 are no CSA's in the states that are set up to encompass as  
11 broad as payments as these. If it does why do we not go along  
12 with it for 1981 and 1982? There is a flaw somewhere. Can  
13 somebody help me out from the Administration?

14 The CSA is not set up to handle this in a skillful way.  
15 That is my understanding.

16 Mr. Van Lare: It is our understanding that what would be  
17 done is essentially what the Administration had proposed that  
18 money would be made available in payments to SSI and AFDC  
19 recipients and the funds would be transferred to the  
20 Department of Health Education and Welfare and some payments  
21 would be made directly and the funds would be given to the  
22 states to make payments directly to AFDC.

23 That can be done under existing statutory authority  
24 delegated to the Director of the Community Services  
25 Administration. I am not sure whether that is exactly what

1 Senator Javitz had in mind.

2 Senator Chafee: His goes to SSI and AFDC?

3 Mr. Van Lare: That is right.

4 Senator Chafee: The balance is going to be picked up by  
5 CSA? Is that the idea?

6 Mr. Van Lare: Those segments of the population who are  
7 not covered by that \$1.2 billion appropriation would as it was  
8 envisioned in the Administration's plan be served through the  
9 CSA's normal crisis intervention program.

10 Senator Chafee: Could we understand that in this  
11 proposal we are voting on, receipt of these payments by the  
12 AFDC people would not be counted as putting them in such  
13 brackets that they would be ineligible for the Medicaid or the  
14 housing.

15 Mr. Stern: You can do that. You have done that in other  
16 programs just by saying that this payment does not count.

17 Senator Chafee: I do not think it is the intention to  
18 push them into a higher bracket so they are ineligible for the  
19 Medicaid or housing or whatever it might be or the state  
20 payments they might receive. Can those be exempt also? I am  
21 talking about the state payments for fuel.

22 Mr. Stern: The way this has been done in the past when  
23 you wanted this kind of broad gauge approach is you have just  
24 said this payment, whatever it is, does not count for purposes  
25 of any Federal or state program based on need.

1 Senator Chafee: That would certainly be my  
2 understanding.

3 Chairman Long: Mr. Moynihan?

4 Senator Moynihan: I would like to pursue Senator  
5 Chafee's points. Am I correct the CSA is the old community  
6 action agencies of the poverty program with the name changed?

7 Mr. Van Lare: That is correct.

8 Senator Moynihan: What proportion of the American  
9 population is served by a CSA?

10 Ms. Amidei: Their standard for eligibility is something  
11 called 125 percent of the CSA poverty standard. It is a  
12 little bit different from the regular poverty line.

13 Senator Moynihan: Are you likely to find a third of the  
14 population is covered in the most erratic way? Are you simply  
15 going to give to these poverty programs this cash to hand out?

16 We have an income maintenance system based upon the  
17 Social Security Administration. I think this Committee should  
18 protect something that has been in place for half a century  
19 and that we have learned to use. I am for giving the CSA's  
20 some money if that is what they need but to turn them into an  
21 income maintenance program --

22 Senator Nelson: Let me comment on that. What has  
23 happened is it has been the option of the state and I can  
24 speak from Wisconsin's standpoint where the State of Wisconsin  
25 decided to have the delivery in the hands of the community

1 action agencies in areas that were covered by a community  
2 action agency and those that were not, the state and the  
3 county handled it and they were very happy with the results in  
4 my state.

5 What I think we are saying is you would not mandate to  
6 the state exactly how it is delivered.

7 Senator Moynihan: That is our purpose of the block  
8 grant, let the state make judgments like that. There will be  
9 states where they have active community action agencies which  
10 they have confidence in. There will be states where they have  
11 no confidence in those agencies at all and states where they  
12 do not exist.

13 I think our purpose is to let the state make those  
14 judgments. That is what our block grant is.

15 Senator Roth: I understood until this latest report came  
16 out that there was going to be a roll call vote on Thursday.  
17 Is this voice vote the final vote?

18 Senator Nelson: I think it was a final. That is my  
19 understanding. I was in the gallery. I guess the opposition  
20 resolved somewhere. This turns out as I understand it to  
21 simply be an add on appropriation on Interior. That means the  
22 \$1.2 billion will be administered through the community action  
23 agencies.

24 Senator Moynihan: Which may or may not exist.

25 Senator Nelson: I mean through the CSA at the national



1 level.

2           Senator Moynihan: I think we should go forward with our  
3 program.

4           Ms. Amidei: Last night when the debate was going on on  
5 the Floor Senator Javitz read from Section 222 of the Economic  
6 Opportunity Act to describe the kind of broad authority that  
7 it represents. I think you have also looked at that. He read  
8 that as the authority under which this money would be made  
9 available and I think I heard a couple of people ask him  
10 specifically whether it could be used to make payments to  
11 welfare recipients and he said yes and read from the relevant  
12 section.

13           I did not hear anything that contradicted that today when  
14 I was listening to part of the debate. I would assume it  
15 would still apply.

16           Senator Nelson: There are three legal opinions on the  
17 authority under this bill. There is a problem and that is  
18 that will go out and if we are going to have any hand at all  
19 this year in what the formula shall be the best we can do is  
20 at least express by a letter what we believe it ought to be to  
21 the Appropriations Committee when they make their  
22 instructions. Otherwise the Administration will go ahead with  
23 their own formula and the Administration's formula just does  
24 not make any sense in my judgment. It does not address the  
25 problem correctly and could never win on the Floor of the

1 Senate.

2 Unless we have some instructions or unless the  
3 Administration changes its mind they are going to use this  
4 formula they passed out last week which is just an irrational  
5 formula. I used to call it the Florida primary formula.

6 Ms. Amidei: Senator, we have not published a formula for  
7 the CSA money for this year.

8 Senator Nelson: What is the one we have been handed out  
9 from HEW?

10 Senator Moynihan: I think you have the Florida list. We  
11 want the Iowa list.

12 Senator Nelson: Are you saying that there is no formula?

13 Senator Moynihan: The Iowa list is coming.

14 Ms. Amidei: The original formula that you saw was  
15 relating only to 1981 and beyond. We never published a  
16 formula for the CSA money for this year.

17 Senator Nelson: I have been assuming that what you are  
18 pushing for 1981 which this Committee I do not believe is  
19 going to recommend and I do not think the Congress will take  
20 it but I assumed if you thought it was good enough for 1981  
21 that is what you would do this year. Am I wrong?

22 Ms. Amidei: Since that came out, there were other people  
23 who reacted for different reasons but similarly to you and we  
24 have made different runs and various staff people have  
25 suggested would we try it with one factor in it or another

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1 enact the income maintenance programs of the Federal  
2 Government. That is what we do in the Finance Committee. We  
3 ought to go ahead and do it. With the best will in the world  
4 what the Senate has apparently just done is to give something  
5 called the CSA \$1.2 billion to pass out as it thinks best and  
6 no doubt in small denominations. That is not a responsible  
7 social welfare measure.

8 I think we have a mechanism. We have systems of audit  
9 and control and equity. No one gets the SSI or does not get  
10 the SSI according to who they know and how they vote.

11 I think we should go ahead with our work. I think we  
12 have been doing fine.

13 Mr. Stern: Mr. Chairman, I guess things change from  
14 moment to moment. I have just been told that while it is true  
15 the Javitz amendment was agreed to by a voice vote the Senate  
16 subsequently agreed the Budget Committee will meet to discuss  
17 this tomorrow and there will be a reconsideration Thursday  
18 around noon.

19 Chairman Long: I hope you will be with the Budget  
20 Committee when they meet, Senator Moynihan.

21 Senator Moynihan: I will be there. Do we want the  
22 staff proposal just as written? It would be my understanding  
23 that in the spirit that this CSA move represented that the  
24 states would not be required to give payments to food stamp  
25 households but they would be permitted to do so. That would

1 be the population we define as eligible but let the states  
2 make discretionary decisions through their social welfare  
3 offices which are there for that purpose.

4 Senator Danforth: Mr. Chairman, suppose the state wanted  
5 to carve out really a fragment of the population. Could it do  
6 that?

7 Senator Moynihan: It could.

8 Senator Danforth: Suppose it wanted to say that the only  
9 people who received funds were elderly people. Could it do  
10 that?

11 Senator Moynihan: Under our present arrangement we  
12 could. We could ask the state plan be approved by the  
13 Secretary of HEW to prevent bizarre arrangements. It may not  
14 be a bizarre arrangement since AFDC is already covered, you  
15 have covered a lot of people.

16 How do you feel about that, Senator?

17 Senator Danforth: I am just asking whether or not that  
18 has been considered. There are pluses and minuses like  
19 everything else. If the state is going to have the  
20 opportunity to make a decision I would like to see the state  
21 have an opportunity to make a decision. On the other hand you  
22 can get bizarre results. I could conceive of a state taking  
23 the position that the people who are going to get this are  
24 going to be the elderly.

25 Senator Moynihan: Only people in single homes or only

1 people in apartment buildings. We could ask for the plan to  
2 be approved or subject to disapproval by the Secretary of HEW.  
3 Maybe you could do that in the second year of the program.

4 Senator Nelson: On the point you raised, in California  
5 you would have a very distinct geographic arrangement  
6 according to Senator Cranston. Northern California is  
7 the place where you would by far need it the most and San  
8 Diego does not need much for heat in the winter time.

9 I realize you could have a lousy administration in the  
10 state. I would rather leave it up to the states to make their  
11 own mistakes and at least in a substantial number you will  
12 have good results.

13 If we are going to do it all from Washington all fifty  
14 states will be screwed up. Let them run it. Our legislature  
15 has already because the emergency funds are not there acted to  
16 come up with \$6 million to meet all emergencies. That money  
17 should be out there. The appropriation was passed of \$250  
18 million in July. That money may be out there by now. I do  
19 not know.

20 Ms. Amidei: It could be it was tied up in the Labor-HEW  
21 appropriation which in turn was tied up over the abortion  
22 question.

23 Mr. Stern: Mr. Chairman, when the staff was considering  
24 this idea of having a program only run for two years I think  
25 one of the reasons for this was you allow a state pretty much

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1 complete freedom because you know it is only going to be for  
2 two or three years anyway and you will be looking at this  
3 before fiscal year 1982. I do not think there was any  
4 expectation of truly bizarre results.

5 Senator Danforth: You convinced me.

6 Senator Dole: Should we accept this?

7 Senator Moynihan: Can I have an understanding of whether  
8 we do or do not desire that we define the food stamp eligible  
9 population as the population eligible for these block grants  
10 and we leave to the state to decide how to distribute within  
11 that population and not require it start sending out checks to  
12 everybody. Is that right?

13 Senator Nelson: You are defining the eligibility for the  
14 money that goes in a block grant and the eligible group is  
15 simply the food stamp group?

16 Senator Moynihan: Yes.

17 Senator Nelson: You are an expert in this field. I am  
18 not. Does that cover the people most in need and not leave  
19 out big segments who do not get food stamps?

20 Senator Moynihan: You have eligibility up to about  
21 \$11,000 for family income, for a family of four and higher.

22 Senator Nelson: I do not mind a formula if it is a good  
23 one or leaving it to the states to decide themselves.

24 Senator Moynihan: It seems to me that the states should  
25 have discretion. Shall we put the food stamp population in

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1 and then if we find it is just not right we can change it?

2 Why do we not say the food stamp population is the  
3 population eligible and then we will get a list by state and  
4 you can see how many people that is in your state and you will  
5 see what the incomes are and before we are finished we might  
6 want to change it.

7 Senator Dole: I do not have any objection. I think  
8 Senator Roth is concerned about senior citizens.

9 Mr. Stern: I think this handles that concern by having  
10 all SSI recipients and all food stamp recipients who do not  
11 get SSI. I think it gets both groups Senator Roth was talking  
12 about before.

13 In response to Senator Moynihan, I think as a practical  
14 matter this works that way. If a state just does not want to  
15 do it then you are specifying in the Federal law that it goes  
16 to food stamp recipients who do not get SSI and AFDC. If they  
17 do want to do it they can do it on a different basis.

18 Senator Moynihan: I would like to move the proposal.

19 Chairman Long: Would you state what that motion is  
20 again?

21 Mr. Stern: Mr. Chairman, it would be as written here  
22 with the additional point that Senator Chafee made that any  
23 payments received under this cash payment program in number  
24 one would not count for purposes of any Federal or state  
25 program based on need. Therefore you would not lose



1 eligibility for Medicaid or lose eligibility for housing or a  
2 state program on the basis of this additional funding.

3 I guess we would leave the parenthetical remark at the end  
4 of number one in on the basis of not knowing what the Senate  
5 is going to do about the Javitz amendment and hope the states  
6 would move as quickly as possible to eliminate any duplicate  
7 payments.

8 Senator Moynihan: It has been proposed by Senator Nelson  
9 that instead of the food stamp household we use the Bureau of  
10 Labor statistics low income family budget. That varies. It  
11 is adjusted by region and it does in fact define about the  
12 lower one-third of the income population.

13 Mr. Stern: The difference here is this is an actual  
14 group of recipients now who you have on tapes or whatever  
15 which you can reach and get additional checks out to. That  
16 would imply a completely new process of people coming in and  
17 filing.

18 Senator Dole: That would be the very thing you do not  
19 want to do.

20 Senator Bentsen: I am also advised that the Bureau of  
21 Labor statistics numbers in that regard are not too reliable.  
22 They do not have too much confidence in those numbers.

23 Senator Moynihan: Then we want to stay with food stamps.  
24 In the fourth line of the first item it says the state welfare  
25 agency would also make direct cash payments. I would like to

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1 make direct cash payments.

2 Mr. Stern: It is a recognition of the fact that if a  
3 state wanted to operate its own plan instead of making those  
4 payments it could. That is the basic idea of the state  
5 option.

6 Senator Nelson: You are saying they would not be  
7 required to follow the AFDC payments but they could or if they  
8 thought they had a better way they could use it.

9 Chairman Long: The exact language is something you will  
10 have to work out in the drafting. You could even use the word  
11 "shall" but if you use that you have to say "shall to the  
12 extent they find it advisable" or something like that. That  
13 is only if they believe it is a good idea.

14 Senator Nelson: Shall do it to the extent they think it  
15 is a good idea.

16 Chairman Long: All in favor say aye.

17 (Chorus of ayes.)

18 Senator Danforth: Mr. Chairman, this morning on the tax  
19 credit where we had a vote, I was not clear whether we voted  
20 on how much went into the tax credit? I see this says incomes  
21 up to \$20,000.

22 Mr. Stern: That is in there just as sort of a plug  
23 description to show it is an element but actually if you would  
24 go back to the suggested agenda, that is a separate item to  
25 decide on actually what the provisions of the tax credit would

1 be. I interpret that while you have agreed to have some kind  
 2 of form of assistance you have not agreed on the specifics  
 3 yet.

4 Senator Danforth: We have not agreed on how to divy it  
 5 up between the components?

6 Mr. Stern: Specifically that question is question number  
 7 eight. You are now on question number six which is a  
 8 difficult question in its own right, namely how you allocate  
 9 the funds among the states.

10 The proposal Senator Dole described does it purely on the  
 11 basis of heating degree days although it has a minimum or sort  
 12 of a floor and a ceiling which lessens somewhat the variation  
 13 among the states. The proposal that is incorporated in the  
 14 majority program is a formula suggested by Senator Nelson  
 15 which is based 50 percent on residential energy expenditures  
 16 and 50 percent on heating degree days weighted by low income  
 17 population.

18 Those are the two formulas which have been suggested.

19 Senator Nelson: I would like to move that latter one.  
 20 Maybe we could get some discussion going.

21 Senator Bradley: This is the distribution formula with  
 22 the Administration formula and the Nelson proposal?

23 Senator Nelson: Yes.

24 Chairman Long: Can someone show us what that is?

25 Mr. Stern: Copies are being distributed. The actual

1 description of the formula appears in the two asterisk  
2 footnote, half of it on the basis of heating degree days  
3 weighted by low income households and half on the basis of  
4 energy expenditures.

5 Senator Nelson: This was made at a time when I thought  
6 this was the Administration's formula. Maybe it is not  
7 anymore according to Ms. Amidei.

8 On the right hand column, half of it is on heating degree  
9 days weighted by low income households as measured by 125  
10 percent poverty and half is energy expenditures by households.

11 Senator Baucus: Is that weighted?

12 Senator Nelson: No. The energy expenditure is not  
13 weighted.

14 Senator Baucus: Why is that?

15 Senator Nelson: If you put in every factor as what I  
16 thought was the Administration one by poverty factors, you are  
17 getting less and less related to the question of getting heat  
18 into people's homes.

19 Senator Baucus: It seems to me if you do weight it on  
20 heating degree days, why is it weighted with respect to  
21 heating degree days and not weighted to energy expenditures?  
22 Why not vice versa?

23 Senator Nelson: Senator Dole is proposing to refine it  
24 down to just heating degree days period.

25 Senator Baucus: Why not just divide it 50-50 but put the

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1 that is what is happening.

2       What we are trying to do is arrive at some compromise  
3 that says to the poor in my state just as the poor in your  
4 state who agonize just as much over the cost of energy or  
5 whether they buy food, where they have had their costs  
6 increase substantially over the last four years and where we  
7 have seen through the deregulation of gas that we have had  
8 down there and where we have seen the cost of energy in  
9 Houston, Texas comparable to what it is in Boston or in the  
10 Twin Cities.

11       I just do not think you fellows can have it all your way.  
12 I can understand your fight for your constituency and the  
13 regionalism. We are ready to meet you part way in this. We  
14 have given up one-third of it. We think on this formula at  
15 least we should give some consideration.

16       The Administration formula as proposed is certainly much  
17 more favorable to Texas than what Senator Nelson has proposed.  
18 Frankly I am trying to see if we cannot work out a compromise  
19 even after we have given up one-third of it that will give  
20 some reflection to the cost of energy per household.

21       Senator Bradley: What do you mean you have given up  
22 one-third?

23       Senator Bentsen: One-third in the tax credit which will  
24 be reflected in heating oil principally as I understand it.

25       Senator Bradley: That has not been decided. We are



1 deciding a formula for distribution. The tax credit is  
2 subject to reconciliation.

3 Senator Bentsen: I understand all of these things are  
4 subject to reconciliation but as it was first proposed and  
5 what we were discussing as I understood it was heating oil  
6 principally. Is that not correct?

7 Mr. Stern: That is correct.

8 Senator Bradley: Could I address your varying energy  
9 costs? You say the State of Washington has very low energy  
10 costs. That is explained because they get a great deal of  
11 their energy from hydro which is very low.

12 Senator Bentsen: Absolutely. You want to give them  
13 credits on heating degree days.

14 Chairman Long: Senator Bentsen made this point and we  
15 discuss this matter when we talk among Democrats. Looking at  
16 the original Moynihan and Ribicoff proposal our view was there  
17 was so little in that for these Sunbelt states that we just as  
18 soon be left out.

19 Senator Bentsen: That is you, Senator. That is not me.  
20 I went along with you saying we get some consideration.

21 Chairman Long: Our thought was rather than just give our  
22 people \$5 we would just as soon be left out but we thought you  
23 ought to make it up to us on this other formula for the poor.  
24 While our middle income people really would not get anything  
25 out of what is in the bill, we thought you could make it back

1 up to us by working out a better formula then would otherwise  
2 have been the case with regard to the poor.

3 That is why when Senator Bentsen looks at this he says  
4 here is where we should have some consideration because we are  
5 going along with you for something that would be very good for  
6 those northern tier states and for these middle income people  
7 and we think you ought to work out something with us on this  
8 other formula.

9 I would be inclined to think why not split the  
10 difference. Add that together and divide it by two or work  
11 out a combination of factors.

12 Senator Baucus: That dilutes it even further. That is  
13 the wrong direction as far as we are concerned.

14 Chairman Long: Obviously everybody thinks about his own  
15 state and his own situation and I do not fault anybody for  
16 doing that. You are expected to and you should. If you want  
17 to get elected you had better do it every now and then at  
18 least.

19 At the same time you look at all these different factors  
20 and I guess both of these proposals take into account low  
21 income population? Do they?

22 Senator Nelson: Yes.

23 Senator Baucus: Only half of one does.

24 Senator Nelson: The formula that I proposed is a  
25 compromised formula. I think we have to keep in mind that



1 everything people buy and what they spend their money on. It  
2 gets to them in a lot of ways other than just in the heating  
3 of your home.

4 Senator Nelson: I have included energy consumption in  
5 the home in this factor. I have not tried to do it by  
6 automobile.

7 Senator Bentsen: When we talk about heating, that is not  
8 quite half of an energy bill on the average across this  
9 country. You still have the cost of keeping food from  
10 spoiling. You still have the cost of having lights. You  
11 still have the cost of cooking and hot water. All of those  
12 are part of the energy costs.

13 I have areas in my state where gas in the last ten years  
14 has gone up 1000 percent. I have told you what the costs are  
15 per Btu in Houston, Texas and in Boston and in the Twin  
16 Cities.

17 When I agree with Senator Moynihan that we will cut out  
18 the one-third as was originally proposed which was virtually  
19 all heating oil, I think that is a very major concession we  
20 are talking about. When I back off of what the Administration  
21 has proposed and trying to apply something that they think is  
22 right for the entire nation which is substantially ahead of  
23 what Senator Nelson has proposed --

24 Senator Bradley: Mr. Chairman, if I could respond to the  
25 Senator. I think it is important to point out that there has

1 been a good deal of compromise from those Senators who are  
2 from the northern states who are dependent upon oil because  
3 the price of the increase in gas is not due to the  
4 deregulation decision that the President took in the Spring.  
5 It is a result of the Gas Act of previous years.

6 We have come a long way to say that yes indeed we see  
7 that it should be total energy costs and not just heating oil  
8 costs involved in a formula.

9 I think we have come some direction too instead of  
10 holding out for only oil heated homes to be the basis of the  
11 formula. We are now on total energy expenditure. I think as  
12 you pointed out very well the northeastern part of this  
13 country is where we are mostly dependent on oil and where we  
14 have given up something.

15 I do not think this is a one way street.

16 Senator Bentsen: I do not want it to be. When I talk  
17 about 17 percent of the nation's poor using home heating oil  
18 and the 59 percent use natural gas as a heating fuel, these  
19 fuels have gone up dramatically. I think we have to take the  
20 whole energy package into consideration.

21 I am willing to support something and if you look at it  
22 it is even less by the numbers with what Senator Nelson is  
23 talking about because we are giving up one-third before this  
24 problem is factored in.

25 Senator Dole: Mr. Chairman, we have a plan that will

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1 probably satisfy everybody. We have raised the minimum. In  
2 Louisiana as an example we would get \$100 average. I cannot  
3 tell what anybody is going to receive. I know that is a  
4 percent of the pie but what does a family of four get in  
5 Wisconsin?

6 Ms. Amidei: An AFDC family of four?

7 Senator Nelson: This tells what goes to a state period.

8 If the state took an option of the block grant they could  
9 decide what each person gets. It depends on how much they  
10 get.

11 Senator Bradley: Is this the revised Dole sheet option  
12 number one?

13 Senator Dole: For that larger figure for New Jersey,  
14 yes.

15 Senator Bradley: That is the one where New Jersey went  
16 up from 152 to 277?

17 Senator Dole: Yes. On re-examination we found another  
18 error there.

19 Senator Bradley: I think this is a better proposal.

20 Senator Dole: It seems to me we ought to be talking  
21 about degree days. You can survive the heat. I do not know  
22 whether you can survive the cold. Ours is based on that and  
23 income. Poor people do not have air conditioning anyway and  
24 it is not going to go for air conditioning.

25 Senator Bentsen: I have heard the Senator say that many

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1 times and I have heard him cite a figure. I seriously  
 2 question that figure. I can go down to Houston and I see an  
 3 awful lot of window units stuck in the bedrooms and also in  
 4 Florida.

5 Senator Nelson: We got our figures from the Florida  
 6 utilities and they say 21 percent of the households in  
 7 Florida do not have air conditioning.

8 Senator Moynihan: Mr. Chairman, I think Senator Bentsen  
 9 has made a fair point and has been very accommodating here  
 10 representing the states where the climate is different. As  
 11 much as I can agree with all the other things said, they are  
 12 all correct. I think Senator Bentsen has been more than  
 13 accommodating. I think we have the basis for agreement in  
 14 Senator Nelson's formula.

15 Mr. Stern: Mr. Chairman, you also have the suggestion in  
 16 the majority proposal for the specific amounts for AFDC and  
 17 SSI recipients that you would have a flat additional benefit  
 18 which would be the same in every state. This particular  
 19 variation in grant under the majority proposal would apply to  
 20 the amount other than for AFDC and SSI recipients.

21 Senator Chafee: Are you suggesting that the same amount  
 22 go to all SSI recipients throughout the country?

23 Mr. Stern: Yes, sir. The suggestion was \$10 a month.

24 Senator Chafee: I think this is getting ridiculous. The  
 25 purpose of our gathering at these long sessions is to take

1 care of the situation that resulted from decontrol of oil and  
 2 the increased costs of heating as a result. Just to spray out  
 3 checks to SSI recipients whether they are in San Diego or in  
 4 northern Wisconsin for the same amount, this is not what I  
 5 thought we had been sitting around doing.

6 I thought we were trying to arrive at these formulas.  
 7 This is the gut issue. How do you spread it out?

8 Chairman Long: It seems to me that Senator Bentsen and I  
 9 voted and I suspect without our votes that motion might not  
 10 have carried. We voted to say you would have a program for  
 11 those lower middle income above the poverty level and we said  
 12 we will go along with a program as far as our part of the  
 13 country is concerned and we will vote for that with the  
 14 understanding that we will have some consideration when we get  
 15 around to the poor.

16 Now you want us to do the same thing with regard to the  
 17 poor also, just take it on the chin again and have nothing for  
 18 us and vote for it for all the other states.

19 Senator Danforth: Who is taking it on the chin?  
 20 Louisiana?

21 Chairman Long: We just took it on the chin at the time  
 22 we voted for the lower part of middle income people.

23 Senator Danforth: Mr. Chairman, the oil producing states  
 24 are going to be making just by conditional state revenues \$60  
 25 billion over ten years. I just lost the battle whether we



1 could reduce that from \$60 billion to a mere \$53 billion. I  
2 was told that was dreadfully unfair and we cannot do that. It  
3 is now a \$60 billion additional revenue for the oil producing  
4 states. I would think they could use some of those funds to  
5 take care of their own people.

6 Chairman Long: Senator, I would challenge that statement  
7 about the \$60 billion. I do not think there is any point in  
8 getting into that right now.

9 Some states have oil and some states do not have oil even  
10 among the southern tier states. There is practically no oil  
11 in Alabama. There is none in Georgia. There is none in  
12 Florida. There is none in South Carolina. There is none in  
13 North Carolina. There is practically none in Tennessee.  
14 There is none in Virginia.

15 What we are talking about in helping the poor is a  
16 Federal program and the Federal Government paying for it.

17 Senator Chafee: Mr. Chairman, if we are trying to help  
18 people out who are suffering as a result of the decontrol and  
19 the high prices of oil and let's even extend it to fuel as the  
20 whole. It seems to me it ought to be distributed where it  
21 gets cold. The suggestion that people in different parts of  
22 the country such as the Senator from Texas was talking about,  
23 the rise in price of energy impact, that is true.

24 The percentage of a person's budget for electricity in  
25 Houston, Texas is way lower than the percentage of a person's

1 budget devoted to fuel oil in Minnesota. It seems to me the  
2 only fair formula is to take into account the percentage of  
3 low income people and the degree days. No one is going to  
4 freeze to death in Louisiana. I do not suppose there has ever  
5 been an instance of someone freezing to death.

6 Chairman Long: That just shows how little you know about  
7 Louisiana.

8 Senator Chafee: I will bet the woolen underwear sales in  
9 Louisiana are limited. No one can say in these long sessions  
10 we have had that Louisiana has not made out very favorably and  
11 all the oil producing states in what is taking place.

12 It is suggested that a great concession was made as far  
13 as the middle income people. I am not sure we ended up that  
14 was solely for fuel oil as opposed to oil expenditures all  
15 total.

16 Mr. Stern: The decision has not been made yet.

17 Senator Chafee: It seems to me you are swapping a moo  
18 for a cow when you tell us that is one thing you are going to  
19 give up and meanwhile get away from this really fair way of  
20 approaching it which is the degree days and the people who are  
21 in the low income bracket.

22 Louisiana is going to get something out of this under  
23 Senator Dole's proposal. Each state gets something but most  
24 of the money is going where it should be concentrated.

25 Senator Dole: We could put a cap on ours of \$400 and

1 a minimum of \$100.

2 Senator Nelson: Your formula is based solely on heating  
3 degree days or is it weighted by poverty or just heating  
4 degree days and population?

5 Senator Dole: The energy benefits based on percentage of  
6 the household's food stamp benefit and then it varies from  
7 state to state based on heating degree days.

8 Mr. Stern: In every case it is a percentage of food  
9 stamp benefits but that is weighted by how cold the state is.  
10 The actual amount that anybody gets is based on two factors,  
11 what the food stamp benefit is and how cold that state is  
12 measured in terms of heating degree days.

13 Senator Nelson: That is addressed to the recipient and  
14 not to the amount that would go to a particular state?

15 Mr. Stern: That is correct. When you add that all  
16 together you have the amount that goes to the state.

17 Mr. Lighthizer: That is how you get the block grant  
18 amount, Senator. The block grant amount would be the number  
19 of degree days times .01 percent times the food stamp benefit  
20 times the number of people that receive it.

21 Senator Nelson: The weighting factor is our poverty so  
22 to speak or food stamp recipients plus number of them plus  
23 degree days?

24 Mr. Lighthizer: That is correct.

25 Senator Nelson: I can tell you off the top of my head

1 that is better for my state than the proposal I have.

2 Senator Dole: What would happen if you changed yours to  
3 two-thirds-one-third instead of half and half?

4 Senator Nelson: Two-thirds what?

5 Senator Dole: Two-thirds degree and one-third energy  
6 expenditures.

7 Senator Nelson: The result of that would be to increase  
8 the amount that the colder states would get.

9 Senator Dole: That would still take care of the concerns  
10 Senator Bentsen and Senator Long have?

11 Senator Nelson: I think they would not come out as well  
12 under that formula in my judgment as they come out under the  
13 formula proposed here. The more you increase the degree days  
14 the more you are specifically targeting the fuel consumption  
15 problem and the more you target it to the colder states.

16 I will admit tht all of these formulas are arbitrary but  
17 we decided just to put half energy consumption by household  
18 which counts all the energy consumed in any household with  
19 electric lights and everything else in Louisiana or elsewhere  
20 and then by degree days weighted by poverty.

21 Chairman Long: It seems to me if you wanted to get the  
22 fairest formula that you could, you would ask the Department  
23 to do a study among low income families on total energy use.  
24 All these energy costs are going up. You would get total  
25 energy use of these low income families and you multiply

1 that by your poverty factor.

2 You have that in the Nelson formula do you not? You  
3 have the poverty factor in there.

4 Senator Nelson: We have the poverty factor. I think you  
5 are correct. If we were sophisticated to address the problem  
6 of the target group and what it is they consume in energy in  
7 the household and maybe you will be able to do that in a year  
8 or two. I do not think we can do it now.

9 Mr. Stern: Mr. Chairman, under the majority proposal, in  
10 the second year you do ask HEW to develop those figures of  
11 what the total energy consumption is for poor people and then  
12 you use that as the basis of the allocation in lieu of  
13 residential energy expenditures. That half of the formula  
14 would be replaced.

15 Senator Nelson: That would automatically substitute in  
16 the second year.

17 Mr. Stern: That is correct.

18 Senator Nelson: I think that makes more sense.

19 Chairman Long: In the second year you would use  
20 residential energy use by half and you would use total rather  
21 than the heating degree days? You would use total energy?

22 Mr. Stern: The other way around. The heating degree  
23 days weighted by low income would stay there but instead of  
24 using total residential energy use for the other half you  
25 would use this factor of low income use of all energy.

1 Senator Nelson: I agree that is targeted better. Is  
2 that the way the language reads?

3 Mr. Stern: That is the way this majority proposal reads.

4 Chairman Long: I think that is what we had more or less  
5 agreed on when we were talking to the Democrats to say until  
6 you have the study you would not be in a position to know so  
7 we would go with the Nelson formula in the first year and that  
8 would give them a year to make the study and after they get  
9 the study made then instead of 50 percent residential energy  
10 you would have 50 percent dependent on total energy use.

11 Senator Nelson: By poor people, by the target group.

12 Mr. Stern: Just by the poor people. That still leaves  
13 open the question of whether you want a flat grant such as \$10  
14 a month for SSI and AFDC recipients and then the formula would  
15 apply to the balance of the money for the low income people.

16 Senator Dole: Mr. Chairman, in order to modify the  
17 Nelson proposal, make it two-thirds/one-third.

18 Senator Nelson: Two-thirds degree days?

19 Senator Dole: Yes.

20 Senator Nelson: That benefits my state more. I think  
21 the compromise is so delicate here.

22 Senator Moynihan: I think Senator Bentsen would want to  
23 be here when we do that.

24 Senator Nelson: I think on taking care of the problem we  
25 targeted I agree with more emphasis on degree days but we have

1 to compromise.

2 Senator Dole: Would you object if we made it  
3 two-thirds/one-third as opposed to one-third?

4 Senator Bentsen: Certainly. I have already moved down  
5 from the Administration's proposal of 50/50. You have to  
6 remember as I understand it, this in effect is applying to  
7 two-thirds. Is that not what is happening?

8 Mr. Stern: The suggestion is that two-thirds of the  
9 money be distributed on the basis of heating degree days  
10 weighted by low income population and one-third by residential  
11 energy.

12 Senator Bentsen: I am talking about the one-third,  
13 one-third and one-third. The one-third tax credit, we have  
14 taken care of that as I understand it.

15 Mr. Stern: You have not decided how much you are going  
16 allocate.

17 Senator Bentsen: The proposal was initially discussed  
18 based on giving the major consideration for heating oil. I am  
19 willing to go along with that if we go along with the Nelson  
20 approach which would be applied to the balance of the  
21 two-thirds which really gets me down substantially below what  
22 this formula shows.

23 Mr. Stern: Senator Bentsen, there is one other element  
24 and that is the Nelson formula under the majority proposal was  
25 not applied to all of that two-thirds but rather half of it,

1 the amount that goes to SSI and AFDC recipients was in the  
2 form of a flat grant which would be the same in each state.  
3 One-third of it would be under Senator Nelson's formula.  
4 One-third in the form of the same amount per recipient in each  
5 state and then the final one-third would have been the tax  
6 credit.

7 Senator Bentsen: In trying to work this out, you may  
8 have the votes in this Committee but this obviously will be  
9 fought on the Floor if you were to prevail in this situation  
10 and I am not so sure you have the votes there. When you get  
11 to the House side I would be confident you would not have the  
12 votes.

13 I think we have gone a long ways in trying to arrive at a  
14 compromise that is fair. I get back to the same numbers. It  
15 is not all heat. Less than half of that bill is heat and the  
16 rest of it is made up by many factors. It is made up by  
17 cooking. It is made up by hot water. It is made up by  
18 lights. It is made up by trying to keep food from spoiling.

19 When it gets to total costs our energy costs relate very  
20 much to yours.

21 Senator Baucus: The northern states much more than half  
22 of the bill is heat and people do not have that choice. They  
23 have to pay the heating bills. It is that simple. It is a  
24 point Senator Chafee has been making.

25 I agree that ordinarily with all things being equal the



1 benefits should be apportioned fairly around the country.  
2 This is not that kind of an issue. It is an issue that  
3 evolves around what assistance we are going to give to people  
4 because of heating costs increasing. The fact of the matter  
5 is it is colder in some parts of the country than in other  
6 parts of the country.

7 If a family has "x" dollars disposable income on an  
8 average basis across the country, that family has "x" hundred  
9 minus a certain percentage if he is in a northern state  
10 because he just does not have that disposal income. He has to  
11 pay that heating bill.

12 The basic question here is what is right. Surely we want  
13 to portion the benefits fairly. Frankly I think this Senator  
14 has compromised a long way. The one-third that you mention  
15 actually will hurt me because 70 percent of our heating bills  
16 are natural gas and about 12 to 13 percent is heating oil. I  
17 think we are probably going to move toward heating oil.

18 The Dole approach makes much more sense for northern  
19 states. I will give that up. I will go more toward the  
20 Nelson approach. I do think the two-thirds/one-third is more  
21 equitable because we are trying to help people pay their  
22 heating bills. There are other energy costs but much more  
23 than half of northern state energy bill is heating. We have  
24 to heat our homes. It is that simple.

25 Senator Bentsen: Let me say to my friend who ought to

1 come to some of our cities in Texas and experience 100 degree  
2 days in the summer and then try to tell me that cooling is not  
3 important.

4 Senator Baucus: It is important.

5 Senator Bentsen: When we had 24 people die in Dallas and  
6 the County health authority attributed that to heat problems  
7 and again I will take you into some of those wards and show  
8 you the window air conditioner stuck in the bedroom.

9 Senator Baucus: Let me ask the Senator whether it is  
10 more important that people have heat when the temperature is  
11 20 below zero or whether it is more important that somebody  
12 has air conditioning if the temperature is 100 degrees.

13 Senator Bentsen: I will ask my friend if it is important  
14 that they be able to keep their food from spoiling and that  
15 they be able to have lights.

16 Senator Baucus: The percentage of household costs to  
17 keep the refrigerator going is an infinitesimal portion  
18 compared with the heat.

19 Senator Bentsen: I was not talking just about a  
20 refrigerator. I went through the whole litany.

21 Senator Bradley: Mr. Chairman, I think my own personal  
22 view as someone who has fought this for a number of weeks is I  
23 think the Senator has made a number of very good points  
24 related to this block grant. My own personal view is I would  
25 be prepared to accept the Nelson proposal of 50-50. I think

1 in some senses that might not have as negative an affect on my  
 2 part of the country as might be perceived and probably a more  
 3 negative impact upon the regions of the country that the  
 4 Senator from Montana comes from and I could live with the  
 5 50-50.

6 Senator Dole: Mr. Chairman, once we decide on a formula  
 7 it is going to apply to all of the benefits?

8 Mr. Stern: That is the other question. Under the  
 9 majority proposal the benefits to AFDC and SSI recipients  
 10 assuming a state does not exercise its option would be a flat  
 11 \$10 a month increase or you could decide on some other amount.  
 12 That was the same in all states.

13 Senator Nelson: I thought we discussed earlier on this  
 14 morning with Senator Moynihan that you would weight the SSI  
 15 payment based upon some formula. In other words you would not  
 16 give the same amount to somebody living in northern Maine that  
 17 you give to somebody living in San Diego.

18 Senator Dole: You are if you adopt this.

19 Mr. Stern: I do not believe you have decided it one way  
 20 or the other.

21 Senator Nelson: I thought you said we decided to give  
 22 everybody in the country the same dollar amount.

23 Mr. Stern: You decided every state would have an option  
 24 of distributing it as they wished.

25 Senator Nelson: I raised that point with Senator

1 Moynihan this morning. We agreed you would want to weight the  
2 SSI payment in accordance with the problem the same as you  
3 draft the formula to see how much the states get.

4 Senator Dole: That is why I think it is important you  
5 make that decision. We are going to be right back where we  
6 were if we do not decide. What are we adopting a formula for  
7 if they are all going to get the same payment.

8 Mr. Stern: That would have applied to the non-AFDC and  
9 SSI part.

10 Chairman Long: What I thought we had agreed to on the  
11 Democrat side at one point was to suggest that we would say  
12 one-third of the money would be provided on the basis of \$10 a  
13 month for all the eligible people and one-third would be  
14 provided on the basis of the Nelson formula and then the other  
15 one-third would be on the basis of a tax credit for people who  
16 have the heating oil expense.

17 Senator Nelson: That must have been a meeting I missed.

18 Chairman Long: You got there late.

19 Senator Moynihan: I think it is the case, Mr. Chairman,  
20 that question is still before us. It is number eight or nine.

21 Mr. Stern: Question number six.

22 Senator Dole: Whatever formula we come up with applies  
23 to all the benefits. Is that right?

24 Mr. Stern: I gather your suggestion, Senator Dole, which  
25 is consistent with your earlier proposal, is whatever formula

1 you agree to it applies to all benefits and therefore AFDC and  
2 SSI recipients like anybody else would get smaller benefits in  
3 warmer states and higher benefits in colder states. The  
4 Democratic proposal that was made was for those two programs,  
5 AFDC and SSI, the same amount apply in every state.

6 Senator Dole: They get just as cold as the food stamp  
7 people.

8 Why do we not vote on that, any formula we adopt applies  
9 the same?

10 Senator Nelson: Any formula we adopt for allocation  
11 would apply to SSI?

12 Senator Dole: Yes.

13 Senator Moynihan: Not to the low income tax credit which  
14 is to be oil heat.

15 Mr. Stern: This is just cash payment.

16 Senator Dole: I think we can vote on that.

17 Senator Chafee: Whatever formula we adopt will apply to  
18 all benefits?

19 Mr. Lighthizer: It will apply to all the cash allocated  
20 but not to the tax credit.

21 Senator Moynihan: Mr. Chairman, I think in a meeting I  
22 did agree to a flat payment. I wish I had not but I did and I  
23 will vote that way.

24 Senator Dole: Can we vote on the first part and then  
25 decide the formula?

1 Senator Nelson: The first part of what?

2 Mr. Stern: This motion is that whatever formula is  
3 agreed to it would apply to the distribution of all the cash  
4 payments for welfare recipients.

5 Senator Bentsen: Let me tell you what my dilemma is on  
6 this. I think I would go along with that if it was this  
7 particular formula. Would that resolve it for you?

8 Senator Moynihan: Let's vote on the formula first.

9 Senator Nelson: I moved when I came in that we adopt the  
10 formula that I passed out. Do you want to vote on it?

11 Senator Dole: With the amendment that once we agree on  
12 the formula --

13 Senator Nelson: Then you would make a motion that the  
14 formula apply to all payments.

15 Senator Dole: I think we agree on it.

16 Senator Bentsen: We are talking about your formula now.

17 Senator Nelson: Yes, the formula on the sheet that was  
18 passed out.

19 Senator Moynihan: Why not propose the Nelson formula to  
20 apply to all cash payments?

21 Senator Dole: All right.

22 Senator Bentsen: Is it as amended or the Nelson formula?  
23 Are we voting on the Nelson formula?

24 Senator Nelson: Plus that it apply to all cash payments  
25 so you only have one vote. Is that what you are proposing?

1 Senator Dole: Yes.

2 Chairman Long: All in favor say aye.

3 (Chorus of ayes.)

4 Chairman Long: Opposed, no.

5 (No response.)

6 Chairman Long: The ayes have it.

7 Mr. Stern: Mr. Chairman, do I understand that to mean in  
8 effect a state would take the amount of money it gets and  
9 divide it by the number of recipients assuming they do not  
10 exercise their option, they divide the number of recipients  
11 into the total amount and they would give a flat amount to  
12 each household?

13 Chairman Long: The way I understand it the states would  
14 take the amount that this formula would give them and the  
15 states would have the discretion to decide how to break that  
16 down.

17 Mr. Stern: Under a state option, the state would  
18 certainly be able to do that. I was talking about if the  
19 state does not exercise its option, you listed three groups of  
20 beneficiaries. Am I correct you would take the total number  
21 of households represented and divide it into the total amount  
22 of money and work out some average benefit?

23 Chairman Long: I want Senator Nelson to hear this.

24 Mr. Stern: Now that you have decided how much money you  
25 give to a state under this formula what does the state do with

1 it if it is not going to exercise its own individual option?  
2 You are specifying in the Federal law that they have to give  
3 an increase to AFDC recipients and the Federal Government  
4 would do it for SSI recipients and the state would do it for  
5 food stamp recipients that do not receive either of those two.  
6 How do you decide what amount?

7 My thought was what you mean is to take the total number  
8 of households and divide it into the total amount of money and  
9 if that works out to \$8 a month that is what the Federal  
10 Government would distribute in that state in the case of SSI  
11 and the state in the case of AFDC and food stamps.

12 Senator Nelson: You are saying if the state does not  
13 exercise its option then the Federal Government is going to  
14 distribute it?

15 Mr. Stern: If they do not decide to do it some other way  
16 then you are specifying who the recipients are. Is that your  
17 decision to just take the total number of households and  
18 divide it into the total amount available and then round it in  
19 some way? I thought you were talking about actual recipients  
20 rather than potentially eligible people.

21 It seems to me it has to translate into some dollar  
22 amount that you know in advance and can administer on the  
23 basis.

24 Senator Nelson: You take the dollar total that the state  
25 is entitled to and divide it by the eligible recipients and



1 get the amount?

2 Mr. Stern: I was suggesting the actual households  
3 receiving benefits rather than eligible recipients, looking at  
4 Senator Moynihan's point from before. In one state it might  
5 be \$4 a month and in another state \$12 and so forth.

6 Ms. Amidei: Would it be possible to have a minimum  
7 payment level so that we do not have to put out checks for 50  
8 cents somewhere in a southern state?

9 Senator Moynihan: Why doesn't the Administration propose  
10 that.

11 Mr. Stern: When we look at the actual amounts involved  
12 overnight maybe we can arrive at a reasonable minimum.

13 Chairman Long: See if you can work out a minimum. I  
14 would certainly hope we are not going to be mailing out 25  
15 cent checks.

16 Senator Nelson: I want to clarify something. In reading  
17 the language here and I think I understand you clearly but I  
18 do not think the language on the allocation formula on the  
19 sheet marked October 15, 1979 headed "Low Income Energy  
20 Assistance," it says "Beginning fiscal year 1981 the  
21 residential energy expenditure factor in the allocation  
22 formula would be replaced by the factor of total energy use by  
23 the low income population by state. (this would be developed  
24 by HEW before the beginning of fiscal year 1981)."

25 Do I understand we are talking about the per capita use

1 of energy per household for all uses by low income  
2 individuals?

3 Mr. Stern: Yes, sir. I do not think it is per capita.  
4 I think it is per household.

5 Senator Nelson: You will target on the low income group,  
6 how much they use per household and that would include  
7 automobile gasoline?

8 Mr. Stern: That is correct, the way the Chairman  
9 described this it is total energy use but by low income  
10 households.

11 Senator Nelson: There is one more point. I do not know  
12 whether HEW can actually get that done by 1981. You may be  
13 talking about 1982. That is a whale of a job. I guess HEW  
14 knows better than I. I would think at the earlier date they  
15 can get it done is what we are talking about.

16 Mr. Stern: Yes, sir.

17 Ms. Amidei: I am told that we certainly cannot develop  
18 that by 1981.

19 Mr. Van Lare: Particularly if it pertains to all energy  
20 use including gasoline for transportation purposes and  
21 particularly if it is only a subset of the people below the  
22 low income population. The 1970 census is really the last  
23 reliable information and a new survey would probably not be  
24 ready in time.

25 There are indexes inbetween the one you have described

1 and the one that is in the bill that would move towards that  
2 which could be done. It is quite possible the one described  
3 exactly in that sentence could not be done by a year from now.

4 Senator Nelson: If you could do the energy consumption  
5 per household and one factor like automobile consumption you  
6 could not get done, could you move to that improvement and  
7 when you got the gasoline for transportation it may be a year  
8 later? Is that a feasible approach?

9 Mr. Van Lare: That is possible depending on how exactly  
10 we would have to be able to measure the consumption of the low  
11 income population relative to the rest of the population.

12 Chairman Long: It seems to me in these days of polling  
13 where they take these polls and they poll just about one  
14 person in every 1,000 or less than that on a random sample and  
15 come up very close to about what way an election is going to  
16 go. You would think as close as those polls can come that you  
17 ought to be able to develop some techniques where you would  
18 look at a random sample of low income families and carefully  
19 analyze what the expenditures are and come up with a figure.  
20 It can be a rounded figure.

21 I do not see that it would take more than a year for you  
22 to get a study.

23 Senator Moynihan: If requested, they will comply.

24 Chairman Long: I think that would be the case. They  
25 could make another study a year after that if they wanted and

1 try to improve on it from there after you get your census  
2 figures in.

3 Senator Dole: What do we have left?

4 Mr. Stern: You may be able to dispose of question number  
5 seven quickly. You have agreed on how you are going to  
6 determine an amount of benefits and now the question is how  
7 you want to pay it out. Under the majority proposal you would  
8 give it uniformly in monthly payments throughout the year,  
9 just add to AFDC and add to SSI and to food stamps. Under  
10 yours it was in the form of two payments during the cold  
11 months.

12 Chairman Long: Most low income people are renting their  
13 houses. If they are renting their rent remains constant year  
14 round. The monthly payment every month would fit better and  
15 it would avoid having to have the checks be more in the cold  
16 months and less in the hot months.

17 I really think setting the level and have it remain the  
18 same all year around would work out better especially for  
19 those who are renting.

20 Senator Dole: I do not think there is any big issue  
21 here. It would help if we knew what dollars we are talking  
22 about, if someone could give us some figures on what the  
23 average family in Louisiana would have and then you could  
24 decide whether or not you ought to mail twelve \$2 checks or  
25 two \$12 checks.

1 Mr. Stern: We are not talking about mailing anybody  
2 twelve \$2 checks in any case, Senator Dole.

3 Senator Dole: Just add it onto the \$3 check. It would  
4 not be an additional check. It would be an add-on.

5 Mr. Stern: Yes, sir.

6 Senator Moynihan: This question takes care of itself.  
7 The AFDC and SSI payments on monthly. The state is free to do  
8 what it will with the middle portion of this.

9 Senator Dole: I do not think it is a big problem as long  
10 as it does not cost a lot of money.

11 Mr. Stern: That suggests for the programs where cash  
12 payments are already being made, AFDC and SSI, you add it to  
13 that check. For the programs where cash payments are not  
14 being made namely food stamps, a state could do it on the  
15 basis of two payments or whatever.

16 Senator Dole: I do not know if you are going to spend it  
17 on heat if you get it in January.

18 Mr. Stern: There is a difference in food stamps in that  
19 the people are not getting a cash payment. They are getting a  
20 food stamp. This would be a new type cash payment.

21 Ms. Amidei: There are two questions. One is the  
22 administrative cost of mailing something out monthly as  
23 against in two or three of four checks. We would prefer to  
24 have fewer checks rather than monthly because the  
25 administrative costs are vastly different under those

1. circumstances.

2           If you add the amount simply to the existing check, at  
3 the present time eligibility or the ceiling for eligibility  
4 for a program is tied to how much you are paying people. If  
5 you add this amount to the amount they are already getting say  
6 for AFDC or SSI then unless we find some means of separating  
7 that out, it becomes the new eligibility ceiling and you now  
8 have a new category of people eligible for these benefits and  
9 also for Medicaid and whatever else people are eligible for.

10           I do not think you mean to do that.

11           Mr. Stern: That would not be the way we would draft  
12 this. There is no need to do it that way.

13           Ms. Amidei: As long as it is drafted as a separate  
14 benefit so we do not have to lump it in.

15           Senator Dole: If you are going to add on there would not  
16 be the additional checks.

17           Is there anything else that is non-controversial?

18           Mr. Stern: I think everything else is fairly  
19 significant. Question number eight is how much do you want to  
20 allocate to each part. At this point you are talking about  
21 two parts and not three parts.

22           Senator Moynihan: Let's act like we are talking about  
23 three parts. I propose that we allocate it equally between  
24 the three parts, a billion dollars each.

25           Senator Dole: Where is the third part?

1 Senator Moynihan: The tax credit.

2 Mr. Lighthizer: He means \$1 billion to the tax credit  
3 and \$1 billion to the poor people.

4 Chairman Long: We are talking about two parts.

5 Mr. Stern: I think you had agreed under your formula  
6 approach, under Senator Dole's combined Nelson formula, to  
7 have basically the same amount for each household. That would  
8 determine how much goes into part one and part two. If a  
9 state has a lot of AFDC and SSI recipients and relatively few  
10 food stamp people it would be more than half of that portion  
11 for them and vice versa.

12 I think it would depend on who is a recipient.

13 Chairman Long: We are thinking about so much per  
14 household whether they are on the food stamp part or the  
15 so-called welfare programs?

16 Mr. Stern: That is right.

17 Chairman Long: You are more or less talking about two  
18 parts rather than three parts.

19 Mr. Stern: I would presume it would be \$2 billion for  
20 that part which probably would work out about \$1 billion each.  
21 It might vary from state to state.

22 Chairman Long: What is next?

23 Mr. Stern: The next decision is what should the tax  
24 credit be. Senator Moynihan's proposal, the majority proposal  
25 was to base the credit on the extent to which heating oil

1 costs exceed or the increase in heating oil costs exceed the  
2 amount of inflation.

3 Senator Dole: Have we agreed to just heating oil?

4 Mr. Stern: You have not agreed on it. This is the point  
5 on which you are discussing it.

6 Senator Moynihan: On our side we have agreed to just  
7 heating oil.

8 Mr. Stern: The main reason for that, Senator Dole, is  
9 because the increases while they have taken place in other  
10 forms of energy they have not exceeded the increase in  
11 inflation by enough to make a significant credit. The amounts  
12 of money were small enough to say it should be devoted to  
13 heating oil.

14 You do have the additional question of duration, whether  
15 you have in mind making this credit applicable only through  
16 fiscal year 1982 at which time you will review it again or  
17 whether you want to make it of longer duration than that.

18 Senator Dole: I will just remind you that Senator  
19 Durenberger did have some questions about it.

20 Chairman Long: We can pass over it and come back to it  
21 tomorrow.

22 Mr. Stern: Question number ten, you have already  
23 answered by specifying who the low income persons are.  
24 Question number eleven, what shall you do in fiscal year 1980,  
25 I believe you have basically decided, namely your program



1 will be what you have already decided and you will do it in  
2 fiscal 1980 as soon as you can do it.

3 Senator Moynihan: Do it as soon as we can.

4 Senator Dole: Have we agreed to separate this out of the  
5 package?

6 Mr. Stern: I think we will have to come back to you with  
7 some smaller point such as minimum benefit and some of these  
8 other matters that have come up. Once you actually decide on  
9 this if you want to, you might want to pass a joint  
10 resolution, pull it out of this bill and pass it as a joint  
11 resolution so people can begin doing what they have to do  
12 administratively if you can move it on a faster track.

13 Senator Moynihan: Mr. Chairman, I would like to be known  
14 for the degree to which I like to accommodate my Chairman. I  
15 just have a feeling this measure is going to help pull the  
16 windfall profits tax through to its triumphic entry into the  
17 White House.

18 Senator Dole: You mean this little package?

19 Senator Moynihan: I think this might help get a little  
20 bit of enthusiasm behind some of these other taxes.

21 Senator Dole: You do not want to vote for the tax  
22 without this in it?

23 Senator Moynihan: I know we would all like to vote for  
24 the benefits without the tax. What do you think about that,  
25 Mr. Sunley? Would you not like to see the benefits attached

1 to the taxes against if we just let the benefits pass on? Do  
2 you think we will ever get around to the taxes?

3 Chairman Long: I would suggest we meet again at 10:00  
4 a.m. tomorrow. I would like for the Democrats if they can to  
5 meet at 9:00 a.m. here in the Committee room.

6 Senator Dole: What do you think we may take up tomorrow?  
7 The remainder of this?

8 Mr. Stern: You have the tax credit and possibly a couple  
9 of relatively minor issues on this. You then get into the  
10 reconciliation process.

11 Senator Dole: There are a few minor amendments.

12 Chairman Long: We wil adjourn until tomorrow at 10:00  
13 a.m.

14 (The Committee recessed at 4:50 p.m. to reconvene the  
15 following day, Wednesday, October 17, 1979, at 10:00 a.m.)

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