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STAFF DATA WITH RESPECT TO
FISCAL RELIEF FOR STATES

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*



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FISCAL RELIEF FOR STATES

A. AID TO THE AGED, BLIND, AND DISABLED

1. Staff Suggestion for Federal Funding of Aid to the Aged, Blind, and Disabled

Under the Committee's decision with respect to the aged, blind, and disabled, States would be required to provide assistance in these categories which would guarantee an income of at least \$130 per month to an eligible individual with no other income and \$195 to an eligible couple. In addition, there would be a mandatory disregard of \$50 of any other type of income plus additional disregards applicable to earned income. As a result, an aged, blind or disabled individual who has at least \$50 in income from Social Security or other sources would be assured total income of at least \$180 and a couple with \$50 of Social Security or other income would be assured a total income of \$245.

The staff suggestion assumes that the States will administer aid to the aged, blind, and disabled under State eligibility rules. To give the States a fiscal stake in good administration under the staff suggestion, the cost of making assistance payments meeting the Federal payment level requirements would be borne entirely by the Federal Government up to a specified base amount. Specifically, the staff suggests the following formula:

Federal funding would be provided for the costs of assistance to the aged, blind, and disabled up to the standards required by the bill (\$130 for an individual, \$190 for a couple with a \$50 disregard of all income and additional disregards of earned income). These costs would be fully Federal up to the higher of (1) the cost of meeting these standards for a State's existing caseload; or (2) the State's share of \$5 billion distributed among the States in proportion to the number of aged individuals with income below \$1,750 and aged couples with income below \$2,200 in 1969. If State costs involved in meeting the Federally required payment levels exceeded the higher of these amounts, the Federal Government would also pay 90 percent of the excess. There would be no Federal funding with respect to assistance provided at levels above those required by the Committee decision.

Table 1.—Under the staff suggestion, the base amount would be the amount needed to meet the Federal requirements for the existing caseload (column 1 of Table 1) or, if higher, an amount equal to the State's share of \$5 billion allocated among the States in proportion to the number of aged individuals with income below \$1,750 and couples with income below \$2,200 in 1969 (column 2 of Table 1). A State which now has assistance standards near or above the minimum Federal requirements would presumably have few new recipients as a result of the imposition of the Federally required minimum payment level, so that the funding in column 1 would tend to cover almost all of the State's costs associated with the new Federal rules. States with

lower standards, however, could have many new recipients when they are required to raise those standards. These same States would also tend to have relatively larger proportions of low income aged persons. Accordingly, tying their base amount for Federal funding to the amount in column 2 of Table 1 (\$5 billion distributed by the relative proportion of low-income aged persons) should tend to equalize their position with that of the States which already have higher standards.

If State costs of implementing the new minimum standards for the aged, blind, and disabled exceeded the fully Federal base amount in column 3 of Table 1, the States would be required to pay 10 percent of the excess. For example, the Department of Health, Education, and Welfare estimates that in California the Federally required payments to the aged, blind, and disabled under the Committee decision would total \$675.9 million in fiscal year 1974. Under the formula, the Federal Government would pay 100 percent of the cost up to \$617.5 million, with the State having to pay ten percent (\$5.8 million) of the remaining \$58.4 million. The State would also pay all costs (\$104.4 million) associated with payment levels in excess of the Federal requirement.

State costs under the proposal for fiscal year 1974 are shown in column 5 and the State savings (as compared with their share of assistance to the aged, blind, and disabled under current law) are shown in column 7. These costs and savings relate to the HEW estimate, projected from current law, that the Committee decision will result in payments to the aged, blind, and disabled of \$4.2 billion.

Column 5 indicates that most States would be required to pay a relatively small proportion of the costs involved in the Committee decision. A number of States are shown to have no costs at all for 1974; however, these States would also be required to pay small amounts in future years when their caseload grows to the point that the fully Federal base amount in column 3 is no longer sufficient to cover the payments required by the Federal standards. As a result, all States would be relieved of all but a very small amount of responsibility for the funding of aid to the aged, blind, and disabled and would enjoy the savings shown in column 7. However, there would be an incentive for the States to exercise control over caseload growth since they would be required to pay a part of the costs related to all additional recipients once the Federal base amount in column 3 is exceeded.

TABLE 1.—IMPACT ON STATES OF PROPOSAL WITH RESPECT TO THE AGED, BLIND, AND DISABLED IN FISCAL YEAR 1974¹

[Dollars in millions]

State	(1) Cost of proposal for current caseload	(2) \$5 billion distributed by proportion of low-income aged	(3) 100 percent Federal funding of proposal up to higher of cols. 1 or 2	(4) Federal costs under proposal	(5) State costs under proposal ²	(6) State costs under current law	(7) State savings
Total	\$3,792.1	\$5,000.1	\$5,651.7	\$4,231.5	\$241.9	\$1,472.3	\$1,230.4
Alabama.....	171.5	135.7	171.5	185.4	1.6	28.7	27.1
Alaska.....	2.6	1.5	2.6	3.0	1.7	4.3	2.6
Arizona.....	132.9	36.3	132.9	137.8	.6	11.2	10.6
Arkansas.....	98.9	103.3	103.3	103.5	0	14.0	14.0
California.....	617.5	297.3	617.5	670.1	110.2	409.1	298.9
Colorado.....	46.9	42.7	46.9	54.5	4.3	20.2	15.9
Connecticut.....	20.7	44.2	44.2	23.0	3.3	13.7	10.4
Delaware.....	6.4	9.5	9.5	7.2	0	4.5	4.5
District of Columbia.....	15.7	13.5	15.7	18.8	3.2	13.6	10.4
Florida.....	100.4	225.4	225.4	124.5	0	32.6	32.6
Georgia.....	177.4	139.2	177.4	190.7	1.5	26.4	24.9
Hawaii.....	5.8	8.1	8.1	6.3	.3	3.9	3.0
Idaho.....	8.4	18.5	18.5	9.4	.4	2.1	1.7
Illinois.....	90.4	238.9	238.9	101.5	22.9	68.3	68.3
Indiana.....	35.3	119.2	119.2	38.7	0	9.2	9.2

¹ See footnotes at end of table, p. 5.

TABLE 1.—IMPACT ON STATES OF PROPOSAL WITH RESPECT TO THE AGED, BLIND, AND
 DISABLED IN FISCAL YEAR 1974¹—Continued

[Dollars in millions]

State	(1) Cost of pro- posal for current caseload	(2) \$5 billion distributed by proportion of low- income aged	(3) 100 percent Federal funding of proposal up to higher of cols. 1 or 2	(4) Federal costs under proposal	(5) State costs under proposal ²	(6) State costs under cur- rent law	(7) State savings
Iowa.....	38.7	88.6	88.6	45.1	0	19.4	19.4
Kansas.....	13.3	68.7	68.7	16.8	0	7.0	7.0
Kentucky.....	110.9	124.7	124.7	121.7	0	15.4	15.4
Louisiana.....	185.4	122.6	185.4	194.4	1.0	33.8	32.8
Maine.....	13.2	28.6	28.6	15.0	0	4.4	4.4
Maryland.....	36.7	60.1	60.1	42.4	0	17.1	17.1
Massachusetts.....	84.6	106.7	106.7	98.8	14.2	65.7	51.5
Michigan.....	81.8	165.0	165.0	86.7	7.7	53.0	45.3
Minnesota.....	30.6	96.9	96.9	33.6	2.1	15.2	13.1
Mississippi.....	180.0	113.2	180.0	185.1	.6	15.2	14.6
Missouri.....	184.9	161.2	184.9	192.6	.8	35.1	34.3
Montana.....	16.5	17.1	17.1	18.3	.1	1.9	1.8
Nebraska.....	17.8	46.4	46.4	19.9	2.2	4.6	2.4
Nevada.....	3.3	6.3	6.3	3.7	.5	1.3	.8
New Hampshire.....	1.3	18.0	18.0	1.8	1.1	5.1	4.0

New Jersey.....	35.2	120.5	44.2	5.3	25.4	20.1
New Mexico.....	20.9	23.7	23.1	0	4.0	4.0
New York.....	276.7	388.6	326.7	33.4	201.9	168.5
North Carolina.....	85.8	150.0	98.7	0	19.9	19.9
North Dakota.....	9.0	16.2	10.1	.5	2.6	2.1
Ohio.....	90.3	232.7	108.8	.6	30.5	29.9
Oklahoma.....	94.3	103.9	110.6	.8	34.3	33.5
Oregon.....	19.5	50.0	24.8	0	6.7	6.7
Pennsylvania.....	84.9	283.8	111.4	9.5	56.3	46.8
Rhode Island.....	7.6	23.5	9.8	.4	4.8	4.4
South Carolina.....	33.3	75.9	36.9	0	5.9	5.9
South Dakota.....	7.1	22.7	8.0	.7	1.4	.7
Tennessee.....	107.0	150.8	116.1	0	13.2	13.2
Texas.....	229.7	314.1	268.4	0	42.4	42.4
Utah.....	9.8	18.7	10.9	0	2.5	2.5
Vermont.....	6.8	11.0	7.8	.9	3.2	2.3
Virginia.....	24.6	105.3	27.4	2.2	11.7	9.5
Washington.....	43.6	70.8	53.8	7.3	22.7	15.4
West Virginia.....	37.3	71.1	40.4	0	8.5	8.5
Wisconsin.....	34.0	102.5	37.8	0	17.9	17.9
Wyoming.....	4.9	6.9	5.5	0	.5	.5

¹ Based on HEW estimated cost of the committee decision on the aged, blind, and disabled if State-administered under State eligibility rules.

² State costs are equal to 10% of the amount in excess of column 3 needed to guarantee \$130 to an individual and \$195 to a couple (\$180 and \$245 respectively, if they receive social security) plus 100% of amounts provided above these levels.

2. Eligibility Requirements

The Committee has decided to require States to provide a minimum guaranteed monthly income of \$130 for an aged, blind or disabled individual and \$195 for an aged, blind, or disabled couple. In addition, the State would have to disregard the first \$50 of any income (other than income received from a program under which entitlement is based on need) as well as \$50 of monthly earnings plus one-half of additional earnings. The Committee has agreed to set a Federal definition of disability and blindness identical to that under the Social Security disability insurance program. Persons receiving aid to the aged, blind, and disabled would not be eligible to participate in the Food Stamp Program.

H.R. 1 contains a number of additional conditions of eligibility for the Federal program of aid to the aged, blind, and disabled.

Staff suggestion.—It is recommended that the Committee leave such questions as asset and resource tests, relative responsibility, and other eligibility factors to determination by the States.

3. Prohibition of Liens in Aid to the Blind

In 1970 the Committee and the Senate approved an amendment prohibiting the imposition of liens against the property of blind individuals as a condition of eligibility for aid to the blind. Senator Curtis has introduced a bill (S. 39) to prohibit liens in aid to the blind.

4. Administrative Costs

The Committee decision requiring minimum payment levels will make many individuals newly eligible for aid to the aged, blind, and disabled who are not now eligible, with a corresponding impact on State administrative costs. Under present law the Federal Government pays 50 percent of the cost of all administrative expenses.

Staff suggestion.—It is recommended that the Federal Government pay the States an amount equal to 100 percent of their calendar year 1972 administrative costs related to the aged, blind, and disabled, plus 50 percent of additional costs. The 1973 budget, relating to the period from July 1972 to June 1973, estimates an expenditure of \$408 million for administration of aid to the aged, blind, and disabled; the State share of this amount is \$204 million.

B. FEDERAL FUNDING OF AID TO FAMILIES WITH DEPENDENT CHILDREN

Under the Committee's decision, the Federal Government would make a flat grant to the States as its share of the costs of the Aid to Families with Dependent Children (AFDC) program:

For calendar year 1973, this grant would be based on the funding for calendar year 1972. The grant would equal the 1972 Federal share, plus an additional amount equal to one-half of the 1972 State share, or if less the amount needed in 1972 to bring family income up to \$1,600, \$2,000, or \$2,400 for families with

two, three, or four or more members, respectively. In no case, however, would the Federal block grant be less than 110 percent of the Federal share in 1972.

After the employment program becomes effective in January 1974, the Federal grant for AFDC would be reduced to take account of the fact that families with no children under age six would no longer be eligible for AFDC. This reduced grant would remain the same in future years, except that it would be increased or decreased to reflect changes in total State population.

For example, the Federal block grant for AFDC in California would be \$689.4 million in 1973. After the employment program becomes effective, this would be reduced to \$457.8 million to reflect the fact that only 66.4 percent of AFDC families in California include a child under age 6. The \$457.8 million would remain as the annual amount of the Federal grant to California for AFDC except that it would be adjusted each year to reflect any percentage increase or decrease in the State's population.

Tables 2 and 3 illustrate the effects of the Committee's decision before and after the employment program becomes effective. The amounts shown in these tables are estimated on the basis of the best information that was available.

1. Fiscal Relief for the States in Calendar Year 1972

If the Committee wishes to consider providing fiscal relief to the States in calendar year 1972, a simple way of doing this would be to make the Committee approach to fiscal relief in calendar year 1973 applicable to calendar year 1972 as well. This would save the States more than \$800 million, as shown in column 9 of table 2 on page 9. Since the exact amount under the formula cannot be determined exactly until after the end of calendar year 1972, it is recommended that an amount estimated to equal 75 percent of the State entitlement be paid within two months of enactment, with the final accounting and payment due by April 1, 1973.

2. Federal Funding in Calendar Year 1973

Table 2 shows the impact of the Committee's decision in the first year. Columns 1 through 3 show the AFDC costs under current law for fiscal year 1972 (calendar year data were not available). Columns 4 through 6 show the current law costs for fiscal year 1973. Using these fiscal year 1973 current law costs as the base, columns 7 through 9 show the effect of the Committee decision. Column 7 shows the amount of the Federal block grant. Column 8 shows the amount that the States would be required to pay to maintain current assistance levels, and column 9 shows the amounts the States would save by comparison with current law.

TABLE 2.—IMPACT OF COMMITTEE DECISION ON STATE AFDC COSTS FOR 1973

[In millions of dollars]

State	Fiscal year 1972 under current law			Fiscal year 1973						
	Total cost	Federal share and State and local share		Total cost	Current law			Committee decision		
		(1)	(2)		(3)	(4)	(5)		(6)	(7)	(8)	(9)
Total.....	6,720.0	3,713.7	3,006.3	8,014.3	4,400.1	3,614.3	5,222.8	2,791.8	822.3	
Alabama.....	45.3	35.5	9.8	55.4	43.4	11.9	49.5	5.9	6.0	
Alaska.....	9.0	2.9	6.0	11.5	3.7	7.7	4.2	7.3	.4	
Arizona.....	28.4	21.3	7.1	65.5	28.7	36.8	47.1	18.4	18.4	
Arkansas.....	25.7	20.4	5.3	33.6	26.6	6.9	30.2	3.4	3.5	
California.....	1,118.2	559.1	559.1	1,219.0	609.5	609.5	689.4	529.6	79.9	
Colorado.....	60.1	34.6	25.5	68.9	39.7	29.2	50.4	18.5	10.7	
Connecticut.....	96.6	48.3	48.3	106.6	53.3	53.3	58.6	48.0	5.3	
Delaware.....	13.9	8.3	5.6	15.7	9.2	6.6	12.4	3.3	3.3	
District of Columbia.....	71.6	35.8	35.8	135.7	67.8	67.8	101.8	33.9	33.9	
Florida.....	104.4	78.4	26.0	259.3	157.3	102.0	208.3	51.0	51.0	
Georgia.....	127.5	96.8	30.7	154.2	116.7	37.5	135.5	18.7	18.8	
Hawaii.....	33.4	17.0	16.4	38.4	19.5	18.9	25.4	13.0	5.9	
Idaho.....	14.0	10.0	4.0	17.3	12.4	4.9	13.6	3.7	1.2	
Illinois.....	500.4	250.2	250.2	653.2	326.6	326.6	377.3	275.9	50.7	
Indiana.....	86.7	47.7	39.0	114.9	63.3	51.7	89.1	25.8	25.9	

TABLE 2.—IMPACT OF COMMITTEE DECISION ON STATE AFDC COSTS FOR 1973—Continued

[In millions of dollars]

State	Fiscal year 1972 under current law			Fiscal year 1973					
	Total cost	Federal share	State and local share	Current law			Committee decision		
				Total cost	Federal share	State and local share	Federal share	State and local share	State and local savings
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Iowa.....	53.8	31.2	22.6	60.0	34.8	25.2	41.0	19.0	6.2
Kansas.....	53.1	31.4	21.7	64.8	38.2	26.5	48.1	16.7	9.8
Kentucky.....	58.4	43.3	15.2	65.4	47.0	18.4	56.2	9.2	9.2
Louisiana.....	64.0	51.4	12.6	137.9	101.3	36.6	119.6	18.3	18.3
Maine.....	36.2	25.1	11.1	36.8	25.6	11.2	31.2	5.6	5.6
Maryland.....	105.3	52.8	52.4	137.8	61.0	76.8	99.4	38.4	38.4
Massachusetts.....	291.8	145.9	145.9	340.9	170.4	170.4	187.5	153.4	17.0
Michigan.....	393.8	196.9	196.9	467.0	233.5	233.5	289.6	177.4	56.1
Minnesota.....	106.3	60.4	45.9	124.4	70.7	53.7	77.8	46.6	7.1
Mississippi.....	27.3	22.6	4.6	30.0	24.9	5.1	27.5	2.5	2.6
Missouri.....	83.1	59.3	23.8	96.5	68.8	27.7	82.7	13.8	13.9
Montana.....	10.5	7.0	3.4	11.5	7.7	3.8	9.1	2.4	1.4
Nebraska.....	23.7	11.8	11.9	27.5	13.0	14.5	16.7	10.8	3.7
Nevada.....	6.4	4.4	2.0	10.0	6.8	3.2	8.4	1.6	1.6
New Hampshire.....	12.6	7.5	5.1	13.9	8.2	5.6	9.1	4.8	.8

New Jersey.....	309.6	154.8	154.8	348.6	174.3	174.3	191.7	156.9	17.4
New Mexico.....	23.3	17.7	18.8	24.7	18.8	5.9	21.8	2.9	3.0
New York.....	1,117.1	558.5	595.1	1,190.3	595.1	595.1	654.7	535.6	59.5
North Carolina.....	66.8	49.8	56.0	76.8	56.0	20.9	66.4	10.4	10.5
North Dakota.....	10.2	7.2	8.0	11.2	8.0	3.2	9.3	1.9	1.3
Ohio.....	223.2	113.5	137.9	277.7	137.9	139.8	207.8	69.9	69.9
Oklahoma.....	56.7	35.8	35.8	56.7	35.8	20.9	46.3	10.4	10.5
Oregon.....	56.2	32.3	34.9	60.8	34.9	25.9	46.0	14.8	11.1
Pennsylvania.....	495.7	274.9	311.9	562.5	311.9	250.6	343.1	219.4	31.2
Rhode Island.....	37.9	19.0	21.9	43.6	21.9	21.7	28.3	15.3	6.4
South Carolina.....	23.8	19.4	26.3	32.8	26.3	6.5	29.6	3.2	3.3
South Dakota.....	15.2	10.6	11.6	16.6	11.6	5.0	12.8	3.8	1.2
Tennessee.....	69.4	52.6	57.5	75.8	57.5	18.3	66.7	9.1	9.2
Texas.....	157.1	116.6	147.1	199.6	147.1	52.5	173.4	26.2	26.3
Utah.....	28.7	20.3	23.1	32.8	23.1	9.7	27.0	5.8	3.9
Vermont.....	15.4	10.0	13.2	20.4	13.2	7.2	14.5	5.9	1.3
Virginia.....	85.4	54.7	72.6	113.4	72.6	40.8	79.9	33.5	7.3
Washington.....	106.7	53.3	58.3	116.7	58.3	58.3	64.2	52.5	5.8
West Virginia.....	33.9	26.1	26.1	33.9	26.1	7.8	30.0	3.9	3.9
Wisconsin.....	90.9	51.1	59.2	105.3	59.2	46.0	82.3	23.0	23.0
Wyoming.....	3.9	2.2	2.5	4.6	2.5	2.1	3.1	1.5	.6
Guam.....	1.4	.7	.7	1.4	.7	.7	1.1	.3	.4
Puerto Rico.....	28.9	14.4	16.8	33.7	16.8	16.8	25.3	8.4	8.4
Virgin Islands.....	1.1	.4	.4	1.1	.4	.6	.8	.3	.3

3. Federal Funding in Calendar Year 1974 and Thereafter

Table 3 shows how the Committee's decision would work after the employment program becomes effective, except that it does not take account of any increases related to population growth. Column 3 shows the Federal grant for 1973 as it would be reduced to take account of the number of families with no children under age 6. Column 4 shows the amounts the States would save by comparison with their estimated AFDC costs for 1974 under current law taking into account both the Federal grant shown in column 3 and the fact that they would no longer have AFDC costs for the families with no children under age 6. Column 5 shows the amounts the States would have to pay to supplement female-headed families participating in the workfare program, and column 6 shows the net savings the State would enjoy taking into account their AFDC savings less their expenditures in column 5. States would enjoy additional savings to the extent that mothers with children under age 6 elect to voluntarily participate in the employment program instead of staying on welfare.

TABLE 3.—IMPACT OF COMMITTEE DECISION ON 1974 STATE AFDC COSTS

[In millions of dollars]

	(1)	(2)	(3)	(4)	(5)	(6)
	Federal grant for AFDC for 1973 ¹	Percentage of caseload with children under 6:	Reduced Federal grant	State savings related to AFDC ²	State costs for workfare supplements ⁴	Net State savings over current law ³
Total.....	5,222.8	60.1	3,168.4	1,749.6	883.6	866.0
Alabama.....	49.5	48.7	24.1	7.9	0	7.9
Alaska.....	4.2	56.3	2.4	3.7	2.6	1.1
Arizona.....	47.1	58.7	27.6	24.9	3.3	21.6
Arkansas.....	30.2	44.0	13.3	4.9	0	4.9
California.....	689.4	66.4	457.8	241.8	147.4	94.4
Colorado.....	50.4	66.4	34.1	16.2	5.9	10.3
Connecticut.....	58.6	65.6	38.4	20.4	14.8	5.6
Delaware.....	12.4	68.9	8.5	3.9	1.4	2.5
District of Columbia.....	101.8	63.9	65.0	44.6	9.4	35.2
Florida.....	208.3	53.1	110.6	72.1	2.6	69.5
Georgia.....	135.5	50.9	70.0	25.8	2.9	22.9
Hawaii.....	25.4	67.0	17.0	9.6	3.4	6.2
Idaho.....	13.6	62.6	8.5	2.1	1.7	.4
Illinois.....	377.3	64.9	244.9	139.8	76.9	62.9
Indiana.....	89.1	52.7	47.0	37.4	17.1	20.3

See footnotes at end of table, p. 15.

TABLE 3.—IMPACT OF COMMITTEE DECISION ON 1974 STATE AFDC COSTS—Continued

[In millions of dollars]

	(1)	(2)	(3)	(4)	(5)	(6)
	Federal grant for AFDC for 1973 ¹	Percentage of caseload with children under 6 ²	Reduced Federal grant	State savings related to AFDC ³	State costs for workfare supplements ⁴	Net State savings over current law ⁵
Iowa.....	41.0	55.8	22.9	13.9	7.9	6.0
Kansas.....	48.1	62.1	29.9	15.1	6.7	8.4
Kentucky.....	56.2	43.9	24.7	13.6	8.4	5.2
Louisiana.....	119.6	43.6	52.1	26.7	0	26.7
Maine.....	31.2	51.1	15.9	7.8	7.7	.1
Maryland.....	99.4	67.5	67.1	49.6	6.7	42.9
Massachusetts.....	187.5	65.3	122.4	66.1	45.0	21.1
Michigan.....	289.6	61.4	177.8	120.4	54.5	65.9
Minnesota.....	77.8	57.4	44.7	25.6	18.9	6.7
Mississippi.....	27.5	54.0	14.8	2.8	0	2.8
Missouri.....	82.7	54.5	45.1	18.2	11.5	6.7
Montana.....	9.1	59.3	5.4	2.1	1.3	.8
Nebraska.....	16.7	58.1	9.7	8.1	5.4	2.7
Nevada.....	8.4	69.3	5.8	1.7	.6	1.1
New Hampshire.....	9.1	57.6	5.2	2.7	2.4	.3
New Jersey.....	191.7	61.2	117.3	75.1	64.3	10.8
New Mexico.....	21.8	59.1	12.9	3.5	2.1	1.4
New York.....	654.7	65.3	427.5	230.8	160.5	70.3
North Carolina.....	66.4	48.1	31.9	14.5	4.4	10.1
North Dakota.....	9.3	55.5	5.2	2.0	.7	1.3

Ohio.....	207.8	62.2	129.2	93.7	20.6	73.1
Oklahoma.....	46.3	54.9	25.4	14.3	4.8	9.5
Oregon.....	46.0	63.5	29.2	15.6	5.3	10.3
Pennsylvania.....	343.1	63.7	218.6	102.2	78.8	23.4
Rhode Island.....	28.3	66.1	18.7	11.0	4.4	6.6
South Carolina.....	29.6	38.3	11.3	4.7	0	4.7
South Dakota.....	12.8	59.7	7.6	2.3	2.2	.1
Tennessee.....	66.7	52.1	34.8	11.8	2.2	9.6
Texas.....	173.4	54.6	94.7	33.7	18.5	15.2
Utah.....	27.0	69.3	18.7	4.7	1.8	2.9
Vermont.....	14.5	62.8	9.1	3.1	3.0	.1
Virginia.....	79.9	53.4	42.7	21.4	17.3	4.1
Washington.....	64.2	60.3	38.7	25.7	17.5	8.2
West Virginia.....	30.0	53.3	16.0	4.9	.9	4.0
Wisconsin.....	82.3	61.0	50.2	30.5	6.7	23.8
Wyoming.....	3.1	57.6	1.8	1.2	.7	.5
Guam.....	1.1	60.1	.7	.5	.1	.4
Puerto Rico.....	25.3	51.5	13.0	12.5	0	12.5
Virgin Islands.....	.8	64.9	.5	.4	0	.4

¹ See table 2, column 7.

² Based on 1967 AFDC survey by HEW.

³ Based on projections by HEW of AFDC costs under current law.

⁴ Based on HEW projections of State supplementation under H.R. 1 for 1974, reduced to reflect only the number of families with no children under age 6, and also reduced to reflect the fact that some families eligible for supplementation under H.R. 1 would not be eligible under the Committee decision, and that supplementation for families of less than 4 members would be smaller under the Committee decision than under H.R. 1.

⁵ The Committee decision requires States to supplement in such a way that workfare participants get at least \$50 more than comparable welfare families. This table assumes that States would adjust their standards in such a way that this requirement would involve no additional cost. However, the prohibition against States lowering

assistance levels if they are now below \$2,400 (or lowering them to less than \$2,400) would involve additional costs for States which pay a family of 4 between \$150 and \$225 per month. These States (and the approximate annual cost in millions) are:

	Millions	Millions	
Arizona.....	\$2.4	New Mexico.....	\$2.7
Delaware.....	0.3	North Carolina.....	7.5
Indiana.....	7.6	Ohio.....	32.3
Kentucky.....	14.9	Oklahoma.....	8.1
Maine.....	2.3	Oregon.....	0.3
Maryland.....	12.3	Utah.....	0.1
Montana.....	1.4		
Nevada.....	0.6	Total.....	\$92.8

TABLE 4.—STATE SAVINGS IN WELFARE PAYMENT COSTS, FISCAL YEAR 1974

[In millions of dollars]

State	Committee proposal			Estimated savings under H.R. 1 (4)
	Adult categories (1)	Family welfare benefits (2)	Total (3)	
Total.....	1,230.4	853.1	2,083.5	1,859.2
Alabama.....	27.1	7.9	35.0	31.1
Alaska.....	2.6	1.1	3.7	3.5
Arizona.....	10.6	21.6	32.2	40.5
Arkansas.....	14.0	4.9	18.9	21.5
California.....	298.9	94.4	393.3	180.9
Colorado.....	15.9	10.3	26.2	16.5
Connecticut.....	10.4	5.6	16.0	16.7
Delaware.....	4.5	2.5	7.0	4.7
District of Columbia.....	10.4	35.2	45.6	50.8
Florida.....	32.6	69.5	102.1	135.3
Georgia.....	24.9	22.9	47.8	58.9
Hawaii.....	3.6	6.2	9.8	9.4
Idaho.....	1.7	.4	2.1	2.0
Illinois.....	45.4	62.9	108.3	167.0
Indiana.....	9.2	20.3	29.5	28.2

Iowa.....	19.4	6.0	25.4	22.7
Kansas.....	7.0	8.4	15.4	12.1
Kentucky.....	15.4	5.2	20.6	15.3
Louisiana.....	32.8	26.7	59.5	68.8
Maine.....	4.4	.1	4.5	2.5
Maryland.....	17.1	42.9	60.0	72.3
Massachusetts.....	51.5	21.1	72.6	64.8
Michigan.....	45.3	65.9	111.2	97.4
Minnesota.....	13.1	6.7	19.8	17.5
Mississippi.....	14.6	2.8	17.4	20.8
Missouri.....	34.3	6.7	41.0	10.8
Montana.....	1.8	.8	2.6	1.7
Nebraska.....	2.4	2.7	5.1	7.1
Nevada.....	.8	1.1	1.9	1.7
New Hampshire.....	4.0	.3	4.3	2.2
New Jersey.....	20.1	10.8	30.9	48.5
New Mexico.....	4.0	1.4	5.4	3.7
New York.....	168.5	70.3	238.8	168.3
North Carolina.....	19.9	10.1	30.0	31.2
North Dakota.....	2.1	1.3	3.4	1.2
Ohio.....	29.9	73.1	103.0	103.0
Oklahoma.....	33.5	9.5	43.0	39.0
Oregon.....	6.7	10.3	17.0	15.4
Pennsylvania.....	46.8	23.4	70.2	70.0
Rhode Island.....	4.4	6.6	11.0	7.1

TABLE 4.—STATE SAVINGS IN WELFARE PAYMENT COSTS, FISCAL YEAR 1974—Continued

[In millions of dollars]

State	Committee proposal			Estimated savings under H.R. 1 (4)
	Adult categories (1)	Family welfare benefits (2)	Total (3)	
South Carolina.....	5.9	4.7	10.6	12.9
South Dakota.....	.7	.1	.8	1.4
Tennessee.....	13.2	9.6	22.8	26.8
Texas.....	42.4	15.2	57.6	44.8
Utah.....	2.5	2.9	5.4	5.2
Vermont.....	2.3	.1	2.4	3.7
Virginia.....	9.5	4.1	13.6	20.8
Washington.....	15.4	8.2	23.6	12.0
West Virginia.....	8.5	4.0	12.5	14.4
Wisconsin.....	17.9	23.8	41.7	44.6
Wyoming.....	.5	.5	1.0	.5

C. COMMITTEE DECISIONS AFFECTED BY CHANGING TO BLOCK GRANT APPROACH

The Committee has indicated its desire to provide block Federal grants to States for Aid to Families with Dependent Children (rather than Federal matching related to State expenditures for AFDC), provided that States:

1. Make eligible for AFDC the following:
 - a. Family headed by mother with child under age 6;
 - b. Family headed by incapacitated father where mother is not in the home or is caring for father;
 - c. Family headed by mother who is ill, incapacitated, or of advanced age;
 - d. Families headed by mother too remote from an employment program to be able to participate;
 - e. Family headed by mother attending school full time even if there is no child under 6; and
 - f. Child living with neither parent, together with his caretaker relative(s), providing his mother is not also receiving welfare;
2. Supplement the salaries of workfare mothers heading families to provide them \$50 more monthly than provided to welfare families of the same size; and
3. Do not reduce payment levels to AFDC recipients below \$1,600 for a two-member family, \$2,000 for a three-member family and \$2,400 for a family of four or more; or, if payment levels are already below these amounts, they could not be reduced at all.

Most decisions made by the Committee would not be affected by the block grant approach. In the following cases, however, deletion or modification of the previous decision is recommended:

1. *Federal share of support payments.*—The Committee had decided that if the State collects support payments and thus recovers a portion of the welfare payment made to the family, the “Federal share” of the payment (minus 25 percent of the amount collected, which the State keeps as a bonus for making the collection) is returned to the Federal Government. Under the block grant approach, there would be no “Federal share” as such since the amount of the Federal grant is constant and does not increase as State AFDC payments rise nor decrease if State AFDC payments go down. It is recommended that, if the State collects the support payments, nothing be paid to the Federal Government other than reimbursement for any costs incurred in helping the State make the collection (for example, the use of IRS records in locating the father or their service in collecting child support payments from him). Where collection is made by a local unit of Government, the Committee has decided that that unit of Government would receive 25 percent of the amount collected. It is recommended that this amount be deducted from the support payment which would otherwise go entirely to the State.

Under a previous Committee decision, if a State does not establish an effective mechanism for support collection, the Federal Government would keep the entire amount of any support payments collected.

2. *Eligibility of strikers and persons discharged for misconduct.*—The Committee earlier decided that there would be no Federal matching for welfare payments to strikers and persons discharged for misconduct (in the latter case for two months following discharge, with States permitted to consider persons ineligible for up to six months in certain cases of misconduct). Since Federal matching would not be related to the number of welfare recipients under the block grant approach, it is recommended that this provision be dropped as it relates to persons discharged for misconduct. As far as strikers are concerned, it is recommended that the Federal block grant be reduced by the amount of AFDC payments made by the State to strikers and their families.

3. *Biennial reapplication for welfare.*—The Committee adopted the provision in the House bill requiring a family to reapply for welfare once it has been on the rolls for two years. It would appear unnecessary to make such a requirement under Federal law under a block grant approach.

4. *Reduction of Federal matching in States with ineligibility rates exceeding 3 percent.*—The Committee agreed to reduce Federal matching in States where it was shown under certain procedures that ineligibility for welfare exceeded 3 percent. The purpose of this was to avoid excessive Federal payments in States with poor administration. Under the block grant approach approved by the Committee, it is recommended that this provision be dropped.

5. *Eligibility for other benefits.*—The Committee adopted a provision of H.R. 1 requiring applicants for and recipients of welfare, as a condition of welfare eligibility, to apply for any other Government benefits they are eligible for. Such a requirement would appear not to be necessary for Aid to Families with Dependent Children under the block grants approach, though it would be appropriate for aid to the aged, blind, and disabled.

6. *Fines and penalties.*—The Committee earlier adopted a provision requiring the States to impose certain fines and penalties on recipients who fail to promptly report income or other eligibility factors, and requiring the States to have a law setting certain penalties for fraud. With the block grant approach to Federal funding of AFDC, this requirement would appear to be unnecessary. It is recommended therefore that it be dropped.

D. AMENDMENTS TO H.R. 1 RELATING TO FISCAL RELIEF FOR STATES

AMENDMENT NO. 395 (METCALF AND OTHERS)

Federal sharing for welfare payments to Indians.—Provides 100 percent Federal funding of the costs of programs of AFDC, aid for the aged, blind, or disabled, or medical assistance with respect to expenditures under each of those programs for Indians, Aleuts, Eskimos, or other aboriginal persons.

Cost.—\$85 million in fiscal year 1973.

AMENDMENT NO. 320 (RIBICOFF AND OTHERS)

Welfare: Fiscal relief.—Assures that States will not be required to spend more on welfare payments in fiscal years 1972 and 1973 than they did in fiscal year 1971.

Cost.—\$694 million for fiscal year 1972, \$1.4 billion in fiscal year 1973.

AMENDMENT NO. 338 (PERCY AND OTHERS)

Welfare: Fiscal relief.—Assures that States will not be required to expend more for aid to the aged, blind, and disabled and for aid to families with dependent children for fiscal 1972 and later years than they spent in fiscal 1971 except to the extent that their costs would have increased by more than 20 percent over 1971. To qualify for this provision, States would have to keep assistance standards at least as high as they were on June 30, 1971, unless their costs increase to more than 50 percent above fiscal 1971 levels.

Cost.—\$515 million in fiscal year 1972, and \$702 million in fiscal year 1973.

TABLE 5.—FEDERAL PERCENTAGES AND FEDERAL MEDICAL ASSISTANCE PERCENTAGES, EFFECTIVE JULY 1, 1971 TO JUNE 30, 1973

State	Federal percentage ¹	Federal medical assistance percentage
Alabama.....	65.0	² 78.43
Alaska.....	50.0	50.0
Arizona.....	60.17	³ 64.15
Arkansas.....	65.0	² 79.42
California.....	50.0	² 50.0
Colorado.....	52.91	² 57.61
Connecticut.....	50.0	² 50.0
Delaware.....	50.0	50.0
District of Columbia.....	50.0	² 50.0
Florida.....	56.30	60.67
Georgia.....	65.0	69.67
Guam.....	50.0	50.0
Hawaii.....	50.0	² 50.83
Idaho.....	65.0	² 71.56
Illinois.....	50.0	² 50.0
Indiana.....	50.06	55.05
Iowa.....	53.41	² 58.07
Kansas.....	54.51	² 59.06
Kentucky.....	65.0	73.49
Louisiana.....	65.0	73.49
Maine.....	65.0	² 69.43
Maryland.....	50.0	50.0
Massachusetts.....	50.0	² 50.0
Michigan.....	50.0	² 50.0
Minnesota.....	52.02	² 56.82
Mississippi.....	65.0	² 83.0
Missouri.....	55.03	59.53
Montana.....	63.51	² 67.16
Nebraska.....	53.86	58.48
Nevada.....	50.0	50.0
New Hampshire.....	54.84	² 59.36
New Jersey.....	50.0	² 50.0
New Mexico.....	65.0	72.63
New York.....	50.0	² 50.0
North Carolina.....	65.0	72.84

See footnotes at end of table, p. 23.

TABLE 5.—FEDERAL PERCENTAGES AND FEDERAL MEDICAL ASSISTANCE PERCENTAGES, EFFECTIVE JULY 1, 1971 TO JUNE 30, 1973—Continued

State	Federal percentage ¹	Federal medical assistance percentage
North Dakota.....	65.0	² 71.28
Ohio.....	50.0	53.65
Oklahoma.....	65.0	69.02
Oregon.....	52.65	² 57.39
Pennsylvania.....	50.5	² 55.45
Puerto Rico.....	50.0	50.0
Rhode Island.....	50.0	² 50.26
South Carolina.....	65.0	78.00
South Dakota.....	65.0	² 69.69
Tennessee.....	65.0	74.35
Texas.....	61.31	65.18
Utah.....	65.0	² 69.88
Vermont.....	60.79	² 64.71
Virgin Islands.....	50.0	50.0
Virginia.....	60.04	² 64.03
Washington.....	50.0	² 50.0
West Virginia.....	65.0	76.97
Wisconsin.....	51.42	² 56.28
Wyoming.....	58.59	62.73

¹ If the State does not use the medical assistance percentage, the following formulas apply for AFDC: the Federal share is \$15 of the 1st \$18 of average monthly payment; the percentages apply to the next \$14; above \$32 is all non-Federal. For adults, the Federal share is \$31 of the 1st \$37 of average monthly payment; the percentages apply to the next \$38; above \$75 is all non-Federal.

² State uses medicaid matching percentage for all welfare categories.

³ The State has no medicaid program so that this matching rate is not available.

TABLE 6.—ESTIMATED FEDERAL SHARE OF SOCIAL SERVICE COSTS¹

[In thousands of dollars]

State	Fiscal 1973 (H.R. 1)							Total	
	Fiscal 1971	Fiscal 1972	Child welfare	Foster care under AFDC	Adoptions and foster care	Child care (State matched)	Family planning		Closed-end social services
Total.....	867,542	1,439,035	45,100	79,817	164,946	200,689	16,454	800,000	1,307,960
Alabama.....	8,467	16,122	1,011	1,412	2,834	2,808	185	2,800	11,050
Alaska.....	2,320	9,985	126	202	263	201	36	4,160	4,988
Arizona.....	3,469	5,314	498	27	1,408	602	62	1,760	4,447
Arkansas.....	2,856	4,134	576	203	1,513	602	29	2,000	4,923
California.....	228,931	258,232	3,328	15,285	15,458	31,907	3,295	158,080	227,353
Colorado.....	13,204	17,680	553	300	1,828	4,012	202	8,960	15,855
Connecticut.....	10,483	13,144	514	2,626	2,358	1,404	140	6,240	13,285
Delaware.....	3,332	8,387	172	464	456	456	40	5,280	6,813
District of Columbia.....	7,477	9,819	165	480	530	802	103	5,920	8,000
Florida.....	15,390	33,180	1,413	797	4,941	20,665	407	32,000	60,223
Georgia.....	14,278	36,510	1,210	1,801	3,814	1,404	251	15,920	24,400
Hawaii.....	874	2,417	221	48	613	200	18	2,000	3,100
Idaho.....	1,601	1,784	258	193	609	201	1,181	480	2,920
Illinois.....	33,846	175,820	1,021	10,000	8,806	802	69	83,040	104,638
Indiana.....	4,031	7,307	1,162	777	4,301	2,207	124	5,040	13,611

Iowa.....	8,035	12,577	666	318	2,274	200	102	8,400	11,960
Kansas.....	8,108	9,930	530	2,283	1,741	201	120	3,840	8,715
Kentucky.....	9,002	22,779	888	1,300	2,597	200	172	9,280	14,437
Louisiana.....	11,375	15,166	1,072	1,006	3,210	2,207	53	8,000	15,548
Maine.....	5,073	5,868	307	1,342	791	1,806	332	3,680	8,258
Maryland.....	18,288	23,321	798	2,305	3,174	4,012	132	13,440	23,861
Massachusetts.....	9,740	10,245	1,042	390	4,409	6,621	680	8,000	21,142
Michigan.....	20,917	53,192	1,832	3,600	7,565	3,611	212	27,280	44,100
Minnesota.....	19,726	21,640	906	4,656	3,222	602	16	10,720	20,122
Mississippi.....	2,385	3,255	754	560	1,936	1,404	168	480	5,302
Missouri.....	13,557	13,707	1,038	556	3,628	401	40	8,080	13,797
Montana.....	3,035	3,605	240	168	578	201	108	2,240	3,535
Nebraska.....	6,536	8,767	385	438	1,187	1,404	18	4,480	7,912
Nevada.....	1,546	2,382	152	188	386	201	46	1,680	2,653
New Hampshire.....	2,418	3,544	231	499	601	402	426	1,200	3,359
New Jersey.....	33,081	34,724	1,243	480	5,472	4,615	56	45,520	57,386
New Mexico.....	4,510	7,085	355	145	922	402	3,398	2,800	8,022
New York.....	97,698	196,400	2,807	4,025	13,590	45,344	327	85,120	151,213
North Carolina.....	15,420	26,462	1,351	1,385	4,120	1,201	42	7,120	15,219
North Dakota.....	3,252	3,876	229	428	514	200	250	2,400	4,021
Ohio.....	14,062	27,780	2,238	2,541	8,689	4,414	103	17,920	35,905
Oklahoma.....	9,205	13,660	653	2,272	1,956	201	431	4,960	10,473
Oregon.....	25,960	33,789	502	1,188	1,643	3,411	820	24,400	31,964
Pennsylvania.....	39,445	63,621	2,343	1,386	8,940	32,703	90	33,600	79,062
Rhode Island.....	4,840	5,087	239	151	705	200	34	2,480	3,809

See footnotes at end of table, p. 26.

TABLE 6.—ESTIMATED FEDERAL SHARE OF SOCIAL SERVICE COSTS¹—Continued
 [In thousands of dollars]

State	Fiscal 1973.(H.R. 1)							Total	
	Fiscal 1971	Fiscal 1972	Child welfare	Foster care under AFDC	Adoptions and foster care	Child care (State matched)	Family planning		Closed-end social services
South Carolina.....	4,539	11,605	801	111	2,220	803	161	2,960	7,056
South Dakota.....	2,633	3,077	237	272	556	602	304	3,040	5,011
Tennessee.....	12,036	27,242	1,052	830	3,107	1,204	66	19,760	26,019
Texas.....	16,971	30,333	2,728	684	9,338	6,621	23	18,560	37,954
Utah.....	4,369	5,441	373	175	992	201	220	2,320	4,281
Vermont.....	2,148	2,945	177	382	376	200	505	1,280	2,920
Virginia.....	12,734	19,147	1,097	2,501	3,658	201	546	11,120	19,123
Washington.....	36,489	62,503	7,099	1,531	2,736	1,204	9	39,280	45,469
West Virginia.....	8,892	8,855	507	312	1,348	200	.....	3,840	6,207
Wisconsin.....	23,031	39,652	1,022	4,741	3,700	4,414	54	22,320	36,251
Wyoming.....	985	1,027	147	45	277	201	.....	560	1,230
Guam.....	241	340	100	8	86	100	34	80	408
Puerto Rico.....	4,402	4,280	1,029	.....	2,868	201	106	4,000	8,204
Virgin Islands.....	303	295	92	.....	66	100	108	80	446

¹ Including social services under the AFDC program, foster care under AFDC, and child welfare services.