


Leg. Finance - House & Senate Finance Comte Files (1973-74) 

HCR 74, 75, 78, 79, HJR 81 271



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

Original sponsor: Health, Education
and Social Services Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 74

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to decentralized child-care
6 and training facilities.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the total tax dollar cost is higher in state-operated facili-
9 ties than private facilities; and

10 WHEREAS private child-care institutions have historically provided
11 excellent caring services to children and have attempted to deliver those
12 services at the lowest possible cost consistent with good standards of
13 service; and

14 WHEREAS there is a current high vacancy rate in existing, private child-
15 care institutions; and

16 WHEREAS the effect of high vacancy rates in private child-care insti-
17 tutions is to raise the cost to the state of purchasing care in those
18 facilities and to discourage the development and operation of those insti-
19 tutions; and

20 WHEREAS the continued operation of state-operated child-care institu-
21 tions will require substantial funds for capital improvements; and

22 WHEREAS the effect of making capital improvements in state-operated
23 child-care institutions is to commit the state to a course contrary to
24 the trend in child welfare which is away from centralized child-care
25 facilities and toward providing care in a child's own community in rela-
26 tively small child-care facilities; and

27 WHEREAS Alaska is already experiencing a public reaction against re-
28 moving children to distant schools for the purpose of education and can
29 expect a growing public rejection of the removal of children from their

1 communities for the purpose of receiving services; and

2 WHEREAS the concept of decentralization has been a stated objective
3 of the department of Health and Social Services; and

4 WHEREAS there is a demonstrated need for more funds to create local
5 services for children to keep them in a family setting; and

6 WHEREAS there is an additional need for preventive services which
7 will prevent family disintegration; and

8 WHEREAS standards for private agencies differ under present law; and

9 WHEREAS there are additional needs for training individuals involved
10 in foster home programs, training of foster parents, and training and
11 educating persons who work with children in child-care facilities, all of
12 which are more important to the welfare of children than is the construc-
13 tion of buildings;

14 BE IT RESOLVED by the Alaska State Legislature that the Legislative
15 Council is requested to conduct an interim study of (1) the adequacy of
16 services provided by child care facilities in the state, the cost, utiliza-
17 tion and regulation of those services, in both private and state-operated
18 facilities; (2) the current needs for child-care facilities in the state
19 and possible solutions; (3) alternative uses for the Alcantra Youth Camp;
20 and (4) that prevention and training programs be evaluated; and be it

21 FURTHER RESOLVED that the council is authorized to contract with
22 appropriate persons or firms to conduct such a study; and be it

23 FURTHER RESOLVED that the Legislative Council report its findings and
24 recommendations to the First Session of the Ninth Legislature.
25
26
27
28
29

Introduced: 3/13/74
Referred: Health, Education & Social
Services and Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO. 74

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to decentralized child-
6 care and training facilities.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the Department of Health and Social Services is proposing to
9 continue the operation of Alcantra Youth Camp at an increased budget and is
10 requesting capital additions in the amount of \$1.2 million; and

11 WHEREAS the legislature has already committed \$350,000 for capital de-
12 velopment at Alcantra Youth Camp; and

13 WHEREAS there is a current high vacancy rate in existing, private child-
14 care institutions that have similar programs to Alcantra; and

15 WHEREAS the effect of high vacancy rates in private child-care
16 institutions is to raise the cost to the state of purchasing care in those
17 facilities; and

18 WHEREAS the total tax dollar cost is higher in Alcantra than private
19 facilities; and

20 WHEREAS the effect of continuing to operate Alcantra Youth Camp is to
21 create an oversupply of institutional beds for children which forces the
22 cost to the state in private child-care institutions to rise sharply; and

23 WHEREAS private child-care institutions have historically provided
24 excellent caring services to children and have attempted to deliver those
25 services at the lowest possible cost consistent with good standards of
26 service; and

27 WHEREAS the trend in child welfare is away from centralized child-care
28 facilities and toward providing care in a child's own community in relatively
29 small child-care facilities; and

1 WHEREAS Alaska is already experiencing a public reaction against
2 removing children to distant schools for the purpose of education and can
3 expect a growing public rejection of the removal of children from their
4 communities for the purpose of receiving services; and

5 WHEREAS there is a demonstrated need for more funds to create local
6 services for children to keep them in a family setting; and

7 WHEREAS there is an additional need for preventive services which will
8 prevent family disintegration; and

9 WHEREAS private agencies are required to meet standards under Alaska
10 law and public institutions are not required to meet these same standards;
11 and

12 WHEREAS there are additional needs for the training of individuals
13 involved in foster home programs, in training foster parents, and training
14 and education of persons involved in working with children in established
15 facilities rather than building more institutions;

16 BE IT RESOLVED by the Alaska State Legislature that the Governor is
17 respectfully requested to direct the Department of Health and Social Services
18 to immediately develop plans for alternative child-care facilities rather
19 than an expansion of the Alcantra Youth Camp, and be it

20 FURTHER RESOLVED that the department institute an immediate feasibility
21 study as to the alternative uses of this facility which are more applicable
22 to current needs; and be it

23 FURTHER RESOLVED that the \$350,000 previously allocated to the depart-
24 ment for a child-care facility in the Matanuska Valley be used to establish
25 a loan fund to assist local communities and regions to implement small,
26 decentralized, locally operated programs to meet demonstrated needs.
27
28
29

Original sponsor: Health, Education
and Social Services Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 74

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to decentralized child-care
6 and training facilities.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the total tax dollar cost is higher in state-operated facili-
9 ties than private facilities; and

10 WHEREAS private child-care institutions have historically provided
11 excellent caring services to children and have attempted to deliver those
12 services at the lowest possible cost consistent with good standards of
13 service; and

14 WHEREAS there is a current high vacancy rate in existing, private child-
15 care institutions; and

16 WHEREAS the effect of high vacancy rates in private child-care insti-
17 tutions is to raise the cost to the state of purchasing care in those
18 facilities and to discourage the development and operation of those insti-
19 tutions; and

20 WHEREAS the continued operation of state-operated child-care institu-
21 tions will require substantial funds for capital improvements; and

22 WHEREAS the effect of making capital improvements in state-operated
23 child-care institutions is to commit the state to a course contrary to
24 the trend in child welfare which is away from centralized child-care
25 facilities and toward providing care in a child's own community in rela-
26 tively small child-care facilities; and

27 WHEREAS Alaska is already experiencing a public reaction against re-
28 moving children to distant schools for the purpose of education and can
29 expect a growing public rejection of the removal of children from their

1 communities for the purpose of receiving services; and

2 WHEREAS the concept of decentralization has been a stated objective
3 of the department of Health and Social Services; and

4 WHEREAS there is a demonstrated need for more funds to create local
5 services for children to keep them in a family setting; and

6 WHEREAS there is an additional need for preventive services which
7 will prevent family disintegration; and

8 WHEREAS standards for private agencies differ under present law; and

9 WHEREAS there are additional needs for training individuals involved
10 in foster home programs, training of foster parents, and training and
11 educating persons who work with children in child-care facilities, all of
12 which are more important to the welfare of children than is the construc-
13 tion of buildings;

14 BE IT RESOLVED by the Alaska State Legislature that the Legislative
15 Council is requested to conduct an interim study of (1) the adequacy of
16 services provided by child care facilities in the state, the cost, utiliza-
17 tion and regulation of those services, in both private and state-operated
18 facilities; (2) the current needs for child-care facilities in the state
19 and possible solutions; (3) alternative uses for the Alcantra Youth Camp;
20 and (4) that prevention and training programs be evaluated; and be it

21 FURTHER RESOLVED that the council is authorized to contract with
22 appropriate persons or firms to conduct such a study; and be it

23 FURTHER RESOLVED that the Legislative Council report its findings and
24 recommendations to the First Session of the Ninth Legislature.
25
26
27
28
29

Original sponsor: Health, Education
and Social Services Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 74

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to decentralized child-care
6 and training facilities.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the total tax dollar cost is higher in state-operated facili-
9 ties than private facilities; and

10 WHEREAS private child-care institutions have historically provided
11 excellent caring services to children and have attempted to deliver those
12 services at the lowest possible cost consistent with good standards of
13 service; and

14 WHEREAS there is a current high vacancy rate in existing, private child-
15 care institutions; and

16 WHEREAS the effect of high vacancy rates in private child-care insti-
17 tutions is to raise the cost to the state of purchasing care in those
18 facilities and to discourage the development and operation of those insti-
19 tutions; and

20 WHEREAS the continued operation of state-operated child-care institu-
21 tions will require substantial funds for capital improvements; and

22 WHEREAS the effect of making capital improvements in state-operated
23 child-care institutions is to commit the state to a course contrary to
24 the trend in child welfare which is away from centralized child-care
25 facilities and toward providing care in a child's own community in rela-
26 tively small child-care facilities; and

27 WHEREAS Alaska is already experiencing a public reaction against re-
28 moving children to distant schools for the purpose of education and can
29 expect a growing public rejection of the removal of children from their

1 communities for the purpose of receiving services; and

2 WHEREAS the concept of decentralization has been a stated objective
3 of the department of Health and Social Services; and

4 WHEREAS there is a demonstrated need for more funds to create local
5 services for children to keep them in a family setting; and

6 WHEREAS there is an additional need for preventive services which
7 will prevent family disintegration; and

8 WHEREAS standards for private agencies differ under present law; and

9 WHEREAS there are additional needs for training individuals involved
10 in foster home programs, training of foster parents, and training and
11 educating persons who work with children in child-care facilities, all of
12 which are more important to the welfare of children than is the construc-
13 tion of buildings;

14 BE IT RESOLVED by the Alaska State Legislature that the Legislative
15 Council is requested to conduct an interim study of (1) the adequacy of
16 services provided by child care facilities in the state, the cost, utiliza-
17 tion and regulation of those services, in both private and state-operated
18 facilities; (2) the current needs for child-care facilities in the state
19 and possible solutions; (3) alternative uses for the Alcantra Youth Camp;
20 and (4) that prevention and training programs be evaluated; and be it

21 FURTHER RESOLVED that the council is authorized to contract with
22 appropriate persons or firms to conduct such a study; and be it

23 FURTHER RESOLVED that the Legislative Council report its findings and
24 recommendations to the First Session of the Ninth Legislature.
25
26
27
28
29

Original sponsor: Health, Education
and Social Services Committee

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 CS FOR HOUSE CONCURRENT RESOLUTION NO. 74

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to decentralized child-care
6 and training facilities.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the total tax dollar cost is higher in state-operated facili-
9 ties than private facilities; and

10 WHEREAS private child-care institutions have historically provided
11 excellent caring services to children and have attempted to deliver those
12 services at the lowest possible cost consistent with good standards of
13 service; and

14 WHEREAS there is a current high vacancy rate in existing, private child-
15 care institutions; and

16 WHEREAS the effect of high vacancy rates in private child-care insti-
17 tutions is to raise the cost to the state of purchasing care in those
18 facilities and to discourage the development and operation of those insti-
19 tutions; and

20 WHEREAS the continued operation of state-operated child-care institu-
21 tions will require substantial funds for capital improvements; and

22 WHEREAS the effect of making capital improvements in state-operated
23 child-care institutions is to commit the state to a course contrary to
24 the trend in child welfare which is away from centralized child-care
25 facilities and toward providing care in a child's own community in rela-
26 tively small child-care facilities; and

27 WHEREAS Alaska is already experiencing a public reaction against re-
28 moving children to distant schools for the purpose of education and can
29 expect a growing public rejection of the removal of children from their

1 communities for the purpose of receiving services; and

2 WHEREAS the concept of decentralization has been a stated objective
3 of the department of Health and Social Services; and

4 WHEREAS there is a demonstrated need for more funds to create local
5 services for children to keep them in a family setting; and

6 WHEREAS there is an additional need for preventive services which
7 will prevent family disintegration; and

8 WHEREAS standards for private agencies differ under present law; and

9 WHEREAS there are additional needs for training individuals involved
10 in foster home programs, training of foster parents, and training and
11 educating persons who work with children in child-care facilities, all of
12 which are more important to the welfare of children than is the construc-
13 tion of buildings;

14 BE IT RESOLVED by the Alaska State Legislature that the Legislative
15 Council is requested to conduct an interim study of (1) the adequacy of
16 services provided by child care facilities in the state, the cost, utiliza-
17 tion and regulation of those services, in both private and state-operated
18 facilities; (2) the current needs for child-care facilities in the state
19 and possible solutions; (3) alternative uses for the Alcantra Youth Camp;
20 and (4) that prevention and training programs be evaluated; and be it

21 FURTHER RESOLVED that the council is authorized to contract with
22 appropriate persons or firms to conduct such a study; and be it

23 FURTHER RESOLVED that the Legislative Council report its findings and
24 recommendations to the First Session of the Ninth Legislature.
25
26
27
28
29



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

4/15/74

COMMITTEE REPORT

HOUSE

Mr. Speaker:

Date 4/17/74

The Committee on Finance has had HCR 75

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	_____	_____
<u>[Signature]</u>	_____	_____
_____	_____	_____
_____	_____	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Introduced: 3/14/74
Referred: Resources and
Finance

BY THE RULES COMMITTEE
BY REQUEST

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 75

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to the boundaries of the
6 Chugach State Park.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS the commissioner of the Department of Natural Resources, in the
9 exercise of his management responsibilities over the Chugach State Park, has
10 encountered conflicts of land ownership, jurisdiction or authority which are
11 unreconcilable or unmanageable other than at an unreasonable cost and expense
12 to the state; and

13 WHEREAS the commissioner has held public hearings in accordance with
14 AS 44.62 to modify the boundaries of the Chugach State Park; and

15 WHEREAS the modifications of the boundaries do not exceed 20 per cent
16 of the total acreage described in AS 41.20.210;

17 BE IT RESOLVED by the Alaska State Legislature that the following changes
18 in the boundaries of the Chugach State Park are approved and may be submitted
19 to the lieutenant governor for filing:

20 (1) Delete the lands lying within the city limits of Girdwood in
21 T10N, R2E, S.M.;

22 (2) Delete the lands south and west of and adjacent to the toe
23 of the bluff which extends from Campbell Point southeasterly to Potter Creek
24 which have been designated as the Potter Point State Game Refuge which lie
25 within the Chugach State Park in T11N, R3W, S.M., Sec. 10;

26 (3) Delete the following land which is an isolated parcel of
27 foreclosed land not contiguous to the park:

28 T16N, R2E, S.M., Sec. 9 - USS 3070;

29 (4) Add the following state-owned lands which are encompassed

1 within the park but which were apparently omitted by error:

2 T10N, R1W, S.M., USS 3382

3 Sec. 15 except USS 3202;

4 (5) Add the following state-owned lands which abut the park and
5 which were apparently omitted by error:

6 T11N, R2W, S.M., Sec. 6 - NE 1/4 NE 1/4, S 1/2 SE 1/4

7 Sec. 7 - SE 1/4 NE 1/4 SW 1/4

8 T14N, R1E, S.M., Sec. 32 - NE 1/4 NE 1/4 NW 1/4 SW 1/4

9 W 1/2 SW 1/4 NE 1/4 SW 1/4

10 SW 1/4 NW 1/4 SW 1/4 SE 1/4

11 NE 1/4 NW 1/4 SE 1/4 SW 1/4

12 SW 1/4 NW 1/4 SW 1/4 SW 1/4;

13 (6) Add the following state-owned land which was omitted due to a
14 typographical error:

15 T14N, R1W, S.M., Sec. 23 - SW 1/4 NW 1/4 SE 1/4.

The Legislature of the State of Alaska
FISCAL NOTE
Second Session - Eighth Legislature

I. REQUEST

Bill Identification: House Concurrent Resolution 75
 Title: Boundaries of Chugach State Parks
 Requested by: Jay Hogan Date: Apr 16, 1974
 Return Date Requested: _____
 Agency: Natural Resources Program: Parks

II. FISCAL DETAIL

Budget Request Unit(s) Affected: Parks & Recreation

A. EXPENDITURES: (Thousands of dollars)

OBJECT	FY 74	FY 75	FY 76	FY 77	FY 78	FY 79
100 PERSONAL SERVICES						
200 TRAVEL						
300 CONTRACTUAL						
400 COMMODITIES						
500 EQUIPMENT						
600 LAND & STRUCTURES						
700 GRANTS, CLAIMS, ETC.						
TOTAL	-0-	-0-	-0-	-0-	-0-	-0-

B. FUNDING: (Thousands of dollars)

GENERAL FUND						
FEDERAL FUNDS						
OTHER						

C. POSITIONS:

PERMANENT/TEMPORARY	/	/	/	/	/	/
MAN MONTHS (P./T.)	/	/	/	/	/	/

III. ANALYSIS (See Fiscal Note Preparation Instructions, Section III)

No additional funding necessary

IV. ATTACHMENTS

V. DATE: Apr 17, 1974 PREPARED BY: T. G. Smith
 Director, Div of Parks

Original: Legislative Finance
 cc: Budget and Management
 Prime Sponsor (First Legislator Named)



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

COMMITTEE REPORT

3/18/74

HOUSE

Mr. Speaker:

Date 4/27/74

The Committee on FINANCE has had HCR 78

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT
CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____
COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	<u> </u>
<u>[Signature]</u>	<u>[Signature]</u>	<u> </u>
<u>[Signature]</u>	<u> </u>	<u> </u>

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Introduced: 3/18/74
Referred: Finance

1 IN THE HOUSE

BY THE FINANCE COMMITTEE

2 HOUSE CONCURRENT RESOLUTION NO. 78

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to a study of corporate

6 income taxes in Alaska.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS there is in Alaska an ever-increasing problem of a declining
9 general fund balance; and

10 WHEREAS many corporations, especially multi-state corporations, have
11 been able to avoid paying their fair share of state taxes; and

12 WHEREAS the State of Alaska has been repeatedly advised by its consul-
13 tants to undertake a thoroughgoing review of its corporate income tax
14 structure;

15 BE IT RESOLVED by the Alaska State Legislature that the Legislative
16 Council is directed to conduct an interim study of the corporate income tax
17 structure in Alaska and of possible alternate systems; and be it

18 FURTHER RESOLVED that the Legislative Council shall consider, among other
19 things, the effects of using the federal system as a model, the methods of
20 reporting income and the problems of income shifting, and that it make its
21 report, together with its recommendations within the first ten days of the
22 First Session of the Ninth Legislature; and be it

23 FURTHER RESOLVED that the council shall, to the greatest extent practica-
24 lly, make use of resources within the state including the Legislative Affairs
25 Agency, the Division of Legislative Finance, the Division of Legislative
26 Audit, the University of Alaska, and the Department of Revenue, and may con-
27 tract with persons or firms having the necessary expertise in the field to
28 contribute to the study at the council's direction; and be it

29 FURTHER RESOLVED that the Legislative Budget and Audit Committee shall

1 be advised of results on an ongoing basis for the purpose of holding public
2 hearings on the subject.

3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29

STATE OF ALASKA

DEPARTMENT OF REVENUE

WILLIAM A. EGAN, GOVERNOR

POUCH SA — JUNEAU 99801

March 13, 1974

Jay Hogan, Director
Division of Legislative
Finance
Room 425, State Capitol
Pouch W
Juneau, AK 99801

Dear Mr. Hogan:

You have asked for comments on a proposed study of the corporate income tax structure and estimates of the cost of conducting such a study which would be incurred by the Department of Revenue as a result of its participation in the study.

First, I think that the idea of conducting such a study is excellent. As you know, our corporate and individual income taxes are tied into the federal tax structure. The theory behind such tie-in is to minimize the administrative problems involved in administering the tax act by relying on federal regulations, rulings, administrative decisions and court cases. In theory, this is a fine system. However, in practice, we often find that the tax policies pursued by Congress at the national level are sometimes inconsistent with or, in fact, even detrimental to policies which should be followed by the State. This is particularly true in the case of Alaska where we find an under-developed resource-based economy in contrast to the highly sophisticated, technological manufacturing and distributing economy of the United States as a whole. It is not surprising then, since taxes are often used by Congress as a fiscal and social tool, to find that the policies pursued by Congress when using this tool do not follow policies desirable for the State.

It is the responsibility of the State, therefore, to review such a system on a regular basis and to ascertain, where changes have taken place in the Federal Tax Code, whether those changes are desirable from the State's viewpoint. Furthermore, where economic conditions within the State have changed, it is also necessary to review the federal tax policies to see if they are consistent with the changes in the State's economy and with the goals of the State. In itself, this seems to me a sufficient basis for an on-going analysis of the State's economy in relationship to the tax structure in order to make intelligent, positive decisions about whether the system is in fact meeting the goals and objectives of State policy. I think that the corporate income tax area is probably a good place to start since, according to our figures, compliance in this area is probably more of a problem than in many of our other tax types.

March 13, 1974

As I understand the proposal, people from our department and your department would work together with a legislative committee to perform the basic study and analysis of the existing system and make recommendations on how it should be changed. These proposals would be the subject then of public hearings to be held around the State where we could, at that time, receive input from the public in general and from particular interested groups, such as the chambers of commerce and other businessmen. This approach, I think, is a good one since there is a great deal of disillusionment among the general public on the fairness of our taxing systems. Particular notariety has recently been paid to the large corporations and wealthy individuals who, in the mind of the public, aren't paying their fair share of the tax. Although it may be difficult to distill some of the complexities of the income tax system to a point where they can be publicly debated and discussed, I think this attempt should be made and that the public should be brought into the discussion at an early stage and as fully as possible. By receiving all of this input and coming up with some kind of legislation which has in it contributions from each of these sources, we have I think the best opportunity to develop a corporate structure that will be publicly acceptable and will accomplish the revenue raising and equity objectives that we might have.

At the outset, of course, we should realize that there are certain restraints on our ability to tax corporate net income. I won't go into all the technicalities at this point, since I believe that that should be the subject of initial meetings on this study. Suffice it to say that there is federal overriding legislation which places limitations on a state's jurisdictional reach to impose a corporate income tax and there is legislation pending in Congress at this time which would go further in the area of taxation of interstate businesses. Furthermore, the Multistate Tax Compact, of which we are a member, and which seeks to develop a uniform means of taxation by cooperative effort among the states, is being sued by the United States Steel Corporation and others in the Federal court in the Southern District of New York. The plaintives seek to have the Commission disbanded on the grounds that it constitutes a compact in violation of the provisions of the U.S. Constitution which requires that compacts among states be approved by Congress. At this point in time, Congress has not acted at all in this area. Our attorney believes that the non-action of Congress implies consent since many agreements do exist between and among states that have not had Congress's official blessing. In these instances, and in our particular case, the compacts do not usurp any authority of Congress or pretend to. At any time Congress could override any of these compacts or agreements by taking positive action on it. However, we are in the situation now where we have to defend ourselves in this lawsuit.

The cost of the proposed study from the Department of Revenue's standpoint is, I think, relatively minor. We do have a research analyst in the Department at the present time who has been doing a great deal of work in putting together various types of data bases and in doing some analytical work for us in various areas. He is in the process now of hiring an assistant to help him in setting up the analytical framework. The next

thing we need to do, is develop a data base on Corporate Income Tax returns by pulling off a great deal of information from the returns. Due to the many different ways in which returns are filed with us, it is really impossible for us to merely send a return to a key punch operator and expect her to accurately abstract the correct information. Furthermore, some of these corporate returns are hundreds of pages long. Therefore, the returns themselves must be analyzed and the pertinent data abstracted by individuals who are familiar with the corporate tax returns. We envision at this time, that that information could be abstracted and placed on some sort of data coding sheets which would then be keypunched and entered into a data processing system. In order to give us a reasonable data base, it would probably be necessary to abstract this information from all of our returns for the last three years. This would involve the detailed analysis of some ten thousand corporate returns and the abstraction of pertinent data onto the coding sheets. I estimate that it would take four people about four months to pull off all of this information. I think that this work could be handled by clerical personnel on a temporary basis if they were under proper supervision. Personal Services costs therefore would run about twelve thousand dollars for these people. In addition, we would need funds for systems analysis work to set up the data processing system for capturing and recording the data and analyzing it in a meaningful manner. Also we would need programming work and keypunch. After consulting with our research analyst, we have decided that such work would probably involve no more than \$25,000 to \$30,000 in Contractual Services funds to do the necessary analysis, programming, keypunch, computer time, etc. Therefore, I think we can safely place the cost to the Department of Revenue of this program at between \$37,000 and \$42,000.

Once we have all of the pertinent data, entered into the computer file and the ability to analyze this data in several different ways, we can proceed to see what the effects of various changes in the corporate tax law might be in terms of the revenues produced and the distribution of the tax burden. I know that there are economists at the University of Alaska and I believe in the Department of Economic Development who would not only be very helpful to us in this endeavor, but who are probably eager to get into such a data base and subject it to various analytical tools that they have at their command. It is conceivable that such information could be run through existing economic models of the State of Alaska in order to determine the effects of a changing corporate tax structure on the economy and on State revenues. I think that these avenues of research should be explored in the formative stages of this study.

As I stated earlier, this study should probably be viewed as a pilot study. While it is certainly involved in an area that is very critical in terms of overall state tax policy and revenues, there is no doubt in my mind that other tax areas need to be studied in a similar manner. Certainly the individual income tax which is also tied to the federal code, the gross business tax, the fish taxes, the school tax, the whole range of excise taxes and so forth should be reviewed on an ongoing basis. This study could certainly be very beneficial to the state in setting up a research

Jay Hogan, Director

-4-

March 13, 1974

methodology by which we can conduct such ongoing studies of our state tax structure and develop a taxing system that is responsive to the changes in our economy and our society.

I very greatly appreciate the interest that the legislature has shown in this project and will be very happy to contribute to its success in any way that I can.

Best regards,

A handwritten signature in cursive script, appearing to read "Frederick P. Boetsch".

Frederick P. Boetsch, CPA
Director
Audit Division

FPB:jf



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

Introduced: 3/19/74
Referred: Finance

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

1 IN THE HOUSE

2 HOUSE CONCURRENT RESOLUTION NO. 79

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to a study of the feasibility
6 of establishing a law center, including
7 a professional law school and law
8 library, at the University of Alaska.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS Alaska stands virtually alone among her sister states as one
11 that currently does not offer its residents the opportunity to pursue a legal
12 education; and

13 WHEREAS there exist in Alaska no facilities or established programs for
14 continuing legal education for members of the profession; and

15 WHEREAS the need for at least paraprofessionals trained in certain areas
16 is becoming more apparent each day; and

17 WHEREAS there exists in Alaska inadequate basic research facilities for
18 members of the legal profession; and

19 WHEREAS the creation of a law center which could offer all of the above
20 would be unique in America, able to utilize innovative ideas and programs as
21 well as offer traditional legal studies and training; and

22 WHEREAS the concept of a law center has been discussed widely by
23 members of the bench and bar and the reaction has been favorable; and

24 WHEREAS the establishment of such a center would upgrade the profession
25 in every way and the citizens of Alaska would realize benefits heretofore
26 unavailable;

27 BE IT RESOLVED by the Alaska State Legislature that the Board of Regents
28 of the University of Alaska is respectfully requested to undertake a study,
29 in cooperation with the bench and bar and other appropriate organizations,

1 agencies and individuals, of the feasibility of establishing a law center,
2 including a professional law school and law library, a program of continuing
3 education for the bench and bar, and paralegal education and training; and
4 prepare a proposed budget for staffing and equipping this program and any
5 physical facilities that may be required for the center's establishment; and
6 be it

7 FURTHER RESOLVED that the Board of Regents present its report together
8 with its recommendations to the Ninth Alaska Legislature, Second Session,
9 on the date of its convening.

10 COPIES of this resolution shall be sent to Mr. Robert E. McFarland,
11 President of the Board of Regents of the University of Alaska and to Dr.
12 Robert W. Hiatt, President of the University.

13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29



RECORDS CERTIFICATION



I, the undersigned, an employee of the State of Alaska, do hereby certify that the microfilm images on this microform are accurate reproductions of the original records of the State of Alaska as accumulated during the regular course of business, and that it is the established policy and practice of this State to microfilm its records and to dispose of the original records after microfilm reproductions have been made.

James O. Smith
Signature of Camera Operator

4/26/89
Date

COMMITTEE REPORT

2/21/74

HOUSE

Mr. Speaker:

Date 2/21/74

The Committee on FINANCE has had HJR 81

under consideration. A Majority of the members of the Committee

recommends it DO PASS

recommends it DO NOT PASS

recommends it DO PASS WITH ATTACHED AMENDMENT(S)

recommends it BE REPLACED WITH CS FOR _____ AND THAT

CS FOR _____ DO PASS

"and" recommends it BE REFERRED TO THE _____

COMMITTEE

reports it back WITHOUT RECOMMENDATION

"other"

Members signing the Majority report:

<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____
<u>[Signature]</u>	<u>[Signature]</u>	_____

Members NOT concurring in the Majority report:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

_____ recommends:

[Signature] Chairman

Introduced: 2/14/74
Referred: Health, Education &
Social Services and Finance

1 IN THE HOUSE

BY THE HEALTH, EDUCATION AND
SOCIAL SERVICES COMMITTEE

2 HOUSE JOINT RESOLUTION NO. 81

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Relating to H.R. 3153, amending the
6 Social Security Act.

7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

8 WHEREAS there is pending before a conference committee of the Senate
9 and House of Representatives in the Congress of the United States legislation
10 making important substantive amendments to the Social Security Act that would
11 have profound impact upon Alaskans and the administration of social services
12 in this state; and

13 WHEREAS the bill would permit the states greater flexibility in adminis-
14 tering social services than heretofore has been possible under restrictive
15 HEW regulations and would, in effect, convert the present Social Security
16 Act, as it affects social services, into a \$2.5 billion revenue-sharing
17 program; and

18 WHEREAS the legislation would assure Alaska social services funding
19 sufficient to maintain the level of expenditures in fiscal 1974 that were
20 made in fiscal 1973; and

21 WHEREAS, importantly, the bill would exclude from income for Supple-
22 mental Security Income (SSI) purposes, the Alaska Longevity Bonus, and this
23 represents a saving to the state as well as a considerable benefit to
24 Alaskans who are bonus recipients; and

25 WHEREAS under the bill as presently amended the federal government would
26 provide 100 per cent federal matching for Medicaid services to all Alaska
27 Natives, not merely for those residing on or near reservations -- another
28 significant saving in terms of state costs that broadens the options avail-
29 able to the state, which, among others, might include expansion of the

1 Medicaid program by widening eligibility to include the medically indigent
2 and the elimination of general relief medical programs;

3 BE IT RESOLVED that the Alaska State Legislature heartily endorses the
4 efforts of the Alaska congressional delegation to assist in the development
5 of amendments to the Social Security Act that will benefit all Alaskans and
6 significantly improve the administration of social services in the state; and
7 be it

8 FURTHER RESOLVED that the congressional delegation is urged to take
9 whatever steps are required to ensure that the provisions of H.R. 3153 out-
10 lined above that are particularly beneficial to, and have an important impact
11 on, Alaska are retained in the final version of the bill that emerges from
12 the Senate-House conference.

13 COPIES of this resolution shall be sent to the Honorable Ted Stevens
14 and the Honorable Mike Gravel, U. S. Senators, and the Honorable Don Young,
15 U. S. Representative, members of the Alaska delegation in Congress.
16
17
18
19
20
21
22
23
24
25
26
27
28
29

January 3, 1974

Richard Grant
Deputy Regional Director
DHEW, Region X
1321 Second Avenue
Arcade Plaza Building
Seattle, Washington 98101

Dear Mr. Grant: *McClain*

Further to our telephone conversation of January 2, 1974 I am enclosing a copy of the letter from Governor Egan to Secretary Weinberger concerning the Alaska Longevity Bonus.

Any support forthcoming from your office would be greatly appreciated.

Sincerely,

James F. McClain
James F. McClain
Acting Deputy Commissioner

JFM:jp

Enc: Letter to Secretary Weinberger from Governor Egan dated 12/28/73

cc: Commissioner, Department of Administration

Director, Div. of Family & Children Services, Dept. of Health & Soc. Svcs.

100-100000-100
November 1, 1973



At the present time, the burden on our Supplemental Security Income system will be heavy administrative. In order to maintain our program, we must have an additional \$100 million.

The Honorable Caspar W. Weinberger
Secretary of Health, Education,
and Welfare
North Building
330 Independence Avenue, S.W.
Washington, D.C. 20201

*Alaska
Longevity
Bonus*

Dear Secretary Weinberger:

Thank you for your letter of October 9, 1973, concerning the relationship between the Alaska Longevity Bonus payments and the Supplemental Security Income payments to the Longevity Bonus recipients. It is my urgent hope that some means can yet be devised whereby the Alaska Longevity Bonus will not be counted as income in determining Supplemental Security Income payments.

As we progress toward full implementation of H.R. 1 in January, 1974, there are numerous areas of potential impact which appear to be contrary to the intent of Congress in passing this legislation. For example, as currently interpreted, federal regulations concerning the implementation of this program provide that a single recipient who is eligible for a \$250 Old Age Assistance Grant under the Alaska-determined needs standard will not be eligible for a Supplemental Security Income payment or Medicaid benefits if he receives the \$100 Alaska Longevity Bonus.

After much deliberation concerning supplemental payments which will be provided upon legislative appropriation, we have elected to administer this system of payments with our own staff rather than under contract with the Social Security Administration. This decision was based primarily on concern for the best interests and well-being of our needy citizens. The widespread and diverse geography of Alaska requires an extensive network of field offices to adequately serve these needy Alaskans. Currently we have 24 such offices, whereas your Social Security Administration operates from only 4 offices in Alaska based in major population centers. While the Social Security recipients may be concentrated in these population centers, the opposite is the case with the recipients of assistance payments in Alaska.

The Honorable
Caspar W. Weinberger

-2-

November 1, 1973

At the present time we estimate that over 35 per cent of our Adult Public Assistance caseload will not be eligible for any Supplemental Security Income benefits. Therefore, the burden on our present system will be heavy, both fiscally and administratively. In order to maintain present recipient income levels we anticipate an additional \$2.6 million in costs during Fiscal Year 1974-75 as well as the additional costs resulting from the loss of Medicaid benefits.

We are sure that the Congress did not intend to impose an even heavier assistance payments burden on those states which have attempted to meet their responsibilities to needy citizens, nor did they intend to disenfranchise recipients from valuable and necessary Medicaid benefits.

I would deeply appreciate your comments on these problems we face in Alaska as we move toward full implementation of P.L. 92-603 and P.L. 93-66 on the January 1, 1974, target date. Perhaps certain regulations can be redrafted or reinterpreted so as to place Alaska and its needy citizens in a more favorable position.

Sincerely,

William A. Egan
Governor

bcc: Commissioner of Health and Social Services

The Honorable

Caspar W. Weinberger

December 28, 1973

state after their income tax has been paid. December 28, 1973
gathered as a result of the Demonstration Project. The
data information gathered reveals that 23 percent of the total number of
the bonus have returned to Alaska because of the high cost of living. A part of
the non-native respondents are remaining in Alaska because of the high cost of living.

The Honorable Caspar W. Weinberger

Secretary of Health, Education,
and Welfare

North Building

330 Independence Avenue, S.W.

Washington, D.C. 20201

Dear Secretary Weinberger:

You will recall that we have corresponded on more than one occasion concerning the Alaska Longevity Bonus payments and the Supplemental Security Income to the Longevity Bonus recipients. It has been a matter of continuing concern to me that with the implementation of the Supplemental Security Income Program there would not exist any means by which the 1115 Demonstration Project could be continued through 1974. The purpose of the project which began January 1, 1973, was to test the thesis of the Alaska Longevity Bonus Program, i.e. because of the extreme cost of living factors found in Alaska the bonus will make it possible for older Alaskans to reside in their home state in their declining years. As a part of the Demonstration Project the Longevity Bonus was waived as countable income under the income provisions relating to the Old Age Assistance Program.

I can fully appreciate your finding, upon the advice of the Office of General Counsel, that the recipients of the Supplemental Security Income payments do not appear to qualify for exclusion under the terms of the appropriate sections of the Social Security Act, as amended by P.L. 92-603. It has just come to my attention that legislation recently passed by the Congress provides a provision by which certain demonstration projects may be continued upon approval of the Secretary. Section 11 (Continuation of Certain Demonstration Projects) of HR 11333 contains the applicable provisions.

Several considerations argue for continuation of the Demonstration Project and the continued waiver of the Longevity Bonus as income under the SSI Program. Foremost among these is the undisputed fact that the high cost of living in Alaska makes it impossible for many to continue living in the

The Honorable

Caspar W. Weinberger

December 28, 1973

Department of Health and Social Services
Juneau, Alaska

state after their income has diminished. Preliminary and incomplete data gathered as a result of the Demonstration Project underscores this fact. To date information gathered reveals that 23 percent of aged Alaskans who receive the bonus have remained in Alaska because of the bonus. Forty percent of the non-native respondents are remaining in Alaska because of the bonus.

Secondly, the Supplemental Security Income Program has not brought fiscal relief to Alaska. To the contrary, due primarily to the fact that the "hold harmless" provision had no effect in Alaska, it is estimated that it will cost the State an additional \$1.4 million annually to maintain recipients of the SSI Program at the same payment level as was possible under the former Old Age Assistance Program. Waiver of the Longevity Bonus as income would provide a measure of fiscal relief and demonstrate a desire on the part of the Federal Government to share in the maintenance of these deserving people at an acceptable level of assistance. As I stated in my earlier letter, I am sure that the Congress did not intend to impose an even heavier assistance payments burden on those states which have attempted to meet their responsibilities to needy citizens, nor did they intend to disenfranchise recipients from valuable and necessary Medicaid benefits.

The present Demonstration Project (Project No. 11-P-5018/0-01) expires on December 31, 1973. The Alaska Department of Health and Social Services had originally requested that the project extend over a three-year period. Because of the possibility that the project may be continued I have asked that the Department continue to manage the project through the end of January in order that no momentum would be lost and the project might continue uninterrupted should it be extended for another year.

I am hopeful that you will sense the urgency of this request and will act within the limits of this new legislation to provide meaningful assistance to Alaska and her deserving people by extending the Demonstration Project and waiver of the Longevity Bonus.

Sincerely,

William A. Egan
Governor

cc: Honorable Ted Stevens
Honorable Mike Gravel,
Honorable Donald Young
Guy Martin

Department of Health and Social Services

Juneau, Alaska

37
LHO



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

RECEIVED
OCT 12 1973

GOVERNOR'S OFFICE



OCT 9 1973

Honorable William A. Egan
Governor of Alaska
Juneau, Alaska 99801

Dear Governor Egan:

This is in further response to your letter concerning the effect Alaska's Longevity Bonus will have on payments to be made under the supplemental security income program.

The Office of General Counsel has completed its review of the Alaska law and is of the opinion that payments made under the Longevity Bonus program to recipients of supplemental security income payments do not appear to qualify for exclusion from income under the terms of Section 1612(b)(6) of the Social Security Act, as amended by P.L. 92-603. General Counsel indicates these payments do not meet the criteria of assistance, based on need, paid in supplementation of Title XVI payments. However, the first \$20 per month of any income which is not based on need will be excluded from the total income which otherwise reduces the amount of the payment.

The Agriculture and Consumer Protection Act of 1973, enacted since my previous letter, provides limited eligibility for food stamps or surplus food programs to supplemental security income recipients. This legislation, as well as the recent amendments to the supplemental security income program (P.L. 93-66), resolved some of the questions you raised. The Medicaid eligibility criteria question has been resolved; you informed us that you will be using 1972 standards and you have decided to administer both the optional and mandatory State supplementation programs. There are, I realize, some other questions which have not yet been answered. As decisions are made, you and your staff will be promptly informed. In the meantime, if you should need any other information please do not hesitate to let us know. We stand ready to be of assistance to you at any time.

With best regards,

Sincerely,

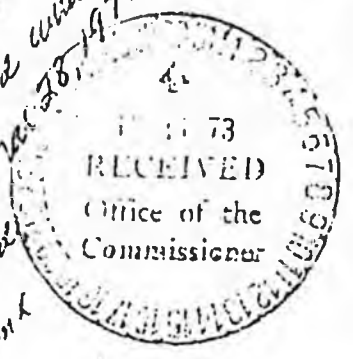
Secretary

EGAN
ENDOR



STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

March 27, 1973



*4/4/73
Reviewed with W. C. [unclear] 4/3/73
Also indicates the draft submitted was
approved to be [unclear] [unclear] [unclear]
to further draft to [unclear]
if necessary
[Signature] 4/4/73*

The Honorable Caspar Weinberger
Secretary
Health, Education and Welfare
North Building
330 Independence Avenue, S. W.
Washington, D. C. 20201

Dear Mr. Secretary:

On January 1, 1973, the State of Alaska began a program of paying \$100 per month "longevity bonuses" to Alaskans over 65 who had lived in the State for 25 or more years. The purpose of the longevity bonus was to induce these elderly to remain in the State on an independent basis. The State believed that this was an important and humane measure in that, traditionally, elderly persons who have spent a large portion of their lives in Alaska are forced to retire elsewhere due to Alaska's higher cost of living and relatively harsh climate.

In implementing the longevity bonus it was further believed that elderly persons forced to leave their home State would become more dependent upon the government for financial support than elderly persons who are able to live in the home situation to which they have become accustomed. In other words, we expected that Public Assistance support by both the Federal Government and the State to which elderly Alaskans migrate would be substantially greater than Public Assistance support required if elderly Alaskans were able to remain in Alaska.

The Department of Health, Education and Welfare is considering a proposed 1115 project which would allow the State to waive the longevity bonus as income in determining Public Assistance payments through the end of the current calendar year. The 1115 project would enable us to study the effect of the longevity bonus program on Public Assistance support levels.

FCS/clw/fo

A. EGAN

GVERNOR

The Hon. Caspar Weinberger

-2-

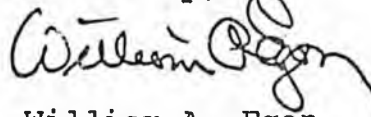
March 27, 1973

We have been informed by Mr. Donald C. Sutcliffe, Regional Commissioner of the Social Security Administration, that on January 1, 1974, when the Old Age Assistance program is transferred to the Social Security Administration, it will no longer be possible to waive consideration of the bonus as income except for \$20 per month allowed under Public Law 92-603, sec. 1612. We object strongly to the lack of flexibility in Public Law 92-603 which would not allow waiver of the Alaska longevity bonus as income in determining Public Assistance payment levels. If it is possible for you to administratively waive the entirety of the Alaska longevity bonus, then we hereby appeal to you from Mr. Sutcliffe's ruling.

By copy of this letter, we are informing our Congressional Delegation that a modification should be sought in Public Law 92-603, sec. 1612, to allow the Social Security Administration some flexibility to exempt certain special types of income from consideration in determining Public Assistance support levels. Specifically, we are requesting that where there is a likelihood that the income provided would lead to overall lower Public Assistance costs, that income be excluded from consideration in determination of Public Assistance payment levels.

Any help or guidance which you could provide to us or our Congressional Delegation in working with the Social Security Administration would be appreciated. Thank you for your attention to this request.

Sincerely,



William A. Egan
Governor

March 16, 1973



The Honorable Ted Stevens
United States Senate
411 Old Senate Office Building
Washington, D. C. 20510

Dear Senator Stevens:

The passage of legislation providing for an Alaskan Longevity Bonus for senior Alaskans has brought the State into conflict with Federal regulations governing the Old Age Assistance Program under Title XVI of the Social Security Act.

The governing Federal regulations specifically require that in the case of persons eligible for the bonus who are receiving Old Age Assistance the bonus must be considered as income. Application of this regulation would mean that the net gain to the Old Age recipient would at best be zero and could result in substantial loss. To illustrate this point, I would like to cite the following examples.

1. Mr. A has an unmet need of \$250 per month and consequently receives the statutory maximum of \$250 per month in his Old Age Assistance grant. He is now eligible for the Longevity Bonus; therefore, his unmet need is reduced to \$150 per month and his Old Age Assistance grant is reduced to \$150 per month. Net Gain: 0.
2. Mr. B has an unmet need of \$100 per month and consequently receives an Old Age Assistance grant of \$100 per month. He is now eligible for the Longevity Bonus which renders him ineligible for Old Age Assistance. Net Gain: 0 plus loss of entitlement to Medicare plus loss of automatic eligibility for Food Stamps.

On the advice of the Regional Commissioner, Social Rehabilitation Service, Department of Health, Education, and Welfare, the Alaska Department of Health and Social Services submitted a proposal for a demonstration project which would test the thesis of the Longevity Bonus legislation; i.e., the bonus would provide the

FCS (Info)

March 16, 1973

financial assistance necessary for senior Alaskans to remain in State in their less productive years. The proposal was well received and every indication points to the approval of the project proposal which will include a provision for waiver of the bonus as income during Calendar Year 1973. As a matter of fact, the Regional Commissioner has verbally concurred in the discounting of the bonus income from January 1, 1973, pending final action on the project proposal.

My concern at this point relates to the federalization of the adult assistance programs under HR-1 effective January 1, 1974. As you know, on that date these programs will become the responsibility of the Federal Government and will be administered by the Social Security Administration.

Representatives of that agency have advised my Administration that the Longevity Bonus must be counted as income and no waiver will be granted, notwithstanding the earlier approval of the demonstration project or, in fact, any positive results which may have been produced by the project. Their unyielding position in this matter, in my opinion, defeats the purpose of legislation which was borne out of legitimate concern for the true Alaskan pioneer. It is one more example of how Alaska suffers from the Federal penchant to achieve uniformity in program administration with no concern for, or understanding of, the basic environmental, social and health conditions which characterize our State.

I strongly urge your efforts to seek amendments to existing statutes in order that the Longevity Bonus may provide the economic relief which was intended.

Sincerely,

William A. Egan
Governor

bcc: Department of Health and Social Services

Same letter sent to Senator Mike Gravel and Representative Don Young



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

JAN 23 1974

SOCIAL AND REHABILITATION
SERVICE

in reply refer to RD

Dr. Frederick P. McGinnis, Commissioner
ATTN: Mr. James F. McClain
Department of Health and Social Services
Pouch H
Juneau, Alaska 99801

re: Section 1115, SSA - 11-P-50182/0-01
Alaska Longevity Bonus Waiver Project

Dear Dr. McGinnis:

In response to your telegram dated January 16, 1974, requesting extension of the above project, I am pleased to inform you that the extension is hereby granted from January 1, 1974 to February 28, 1974.

As you realize, due to recent legislation and changes of administrative authority to SSI, this extension is an interim measure, pending the SSI review of the second year continuation application.

We shall advise you of revised reporting and other requirements in the near future.

Sincerely yours,

Samuel N. Guida
Acting Regional Commissioner

Attachment:
Copy Form SRS-ORDT-189-3



TELEGRAM

*Night Letter
Sent 4:45 pm.*

*OK
F.M.S.*

January 15, 1974

MR. SAMUEL GUIDA
ACTING REGIONAL COMMISSIONER
DHEW, SRS - REGION X
ARCADE PLAZA BUILDING
1321 SECOND AVENUE
SEATTLE, WASHINGTON 98101

PHONE: 442-0420

REQUEST INITIAL 60 DAY EXTENSION OF SECTION 1115 DEMONSTRATION PROJECT CONCERNING THE ALASKA LONGEVITY BONUS AWAITING OUTCOME ON ALASKA'S PENDING REQUEST FOR LONGER EXTENSION TO DECEMBER 31, 1975. REQUEST INITIAL EXTENSION TO BEGIN EFFECTIVE JANUARY 1, 1974. THIS WILL CONFIRM MY LETTER TO YOU DATED DECEMBER 27, 1973 WHICH TRANSMITTED APPLICATION TO CONTINUE DEMONSTRATION PROJECT FOR TWO MORE YEARS.

FREDERICK MCGINNIS, COMMISSIONER
DEPARTMENT OF HEALTH AND SOCIAL SERVICES
POUCH H
JUNEAU, ALASKA 99801

PHONE: 465-3170

cc: Division of Family and Children Services

HR 3153, an Act to amend the Social Security Act to make certain technical and conforming changes, if passed in its present form, will result in substantial financial gain for the State of Alaska.

The Bill was amended substantially in the Senate Finance Committee, where Senator Gravel sits as a member, has now passed the Senate and is scheduled for Conference Committee action. The Bill addresses a broad range of subjects of particular interest to this Department including some major programs as follows:

I SOCIAL SERVICES INCREASE FUNDING FOR ALASKA

See Tab A

Social Services - the Bill incorporates a provision in effect converting the present law as it effects social services to a \$2.5 billion revenue sharing program. The Bill includes a requirement that any increase in social services funding be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. The State would be left free to determine -

- Services to be made available
- Persons eligible for such services
- The manner services would be provided

Regardless of one's feelings about revenue sharing, the flexibility provided the state is a vast improvement over the existing restrictive HEW Regulations which were effective November 1973.

See Tab B

Social Services Expenditure Ceiling - each state would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of expenditures for fiscal 1973. This is significant because Alaska was "held harmless" for 1st quarter fiscal 1973 expenditures at the time Titles IV and XVI contracts were discontinued. It is estimated that Alaska's fiscal 1974 ceiling for social services expenditures would be as follows:

<u>Fiscal Year 1974 to continue current funding level</u>	<u>Allocation of funds above current level</u>	<u>Total fiscal year 1974 funding available under the Bill</u>
\$3,637,000	+ \$2,258,000	\$5,895,000

II ALASKA LONGEVITY BONUS

See Tab C

Alaska Longevity Bonus - the Bill would exclude from income, for Supplemental Security Income purposes, the Alaska Longevity Bonus. Savings

to the State are estimated as follows:

1/ Fiscal Year 1974: \$1,400,000
1/ Fiscal Year 1975: \$2,600,000

1/ Does not include savings which were to the Medicaid Program. No firm figures are available at this time since savings would be determined by State policy. Essentially, if the bonus does not count as income, more people are eligible for Medicaid resulting in more people receiving services through the Medicaid Program which is 50% Federally funded as opposed to services through the General Relief-Medical Program which is 100% State funded. State policy (related to appropriated funds) determines scope of services rendered.

III MEDICAID PROGRAM

See Tab D

Medicaid (Federal matching for Care to Indians) - this provision originally provided for 100% Federal funding for Medicaid services "to Indians residing on or adjacent to a Federal Indian Reservation" who are eligible for Public Health Service care. Senator Gravel's office has advised that the Bill has been amended at our request to extend the scope of this provision beyond the Indian reservation concept to include natives of Alaska. This is a significant feature with both immediate and long range implications. Immediately there will be a savings of State funds in the Medicaid Program based on the number of Native people served by the program. Based on known experience factors this saving is estimated as follows:

FY 1974 - \$ 600,000
FY 1975 - \$1,400,000

and, in addition, other options become reasonably available to the State of Alaska. Among them are:

The expansion of the Medicaid Program by widening eligibility to include the medically indigent

Elimination of the General Relief-Medical Programs

Summary: The foregoing amendments have come about by formal recommendations submitted by this Department through the Office of the Governor to the Congressional Delegation and informal telephonic/correspondence contact by this Department with the Congressional Delegation. The amendments represent a substantial potential savings to the State in Fiscal Years 1974 and 1975 summarized below:

	<u>FY 1974</u>	<u>FY 1975</u>	<u>TOTAL</u>
Longevity Bonus	\$1,400,000	\$2,600,000	\$4,000,000
Medicaid 1/	<u>600,000</u>	<u>1,400,000</u>	<u>2,000,000</u>
TOTAL	\$2,000,000	\$4,000,000	\$6,000,000

In addition \$2,250,000 Federal funds will be available for social services programs in Fiscal Year 1974 only.

1/ Savings is based on current 13% crossover rate of Natives from PHS to Medicaid and the assumption that savings would accrue to the last half of Fiscal Year 1974.

PM:JFM:bal

would be permitted to do so, with recipients in these States ineligible for food stamps.

Limitation on grandfather clause for disabled individuals.—In enacting the new SSI program, the Congress provided that disabled persons on the rolls in December 1973 would continue to be considered to be disabled even if they did not meet the new definition of disability. The Committee amendment would limit this grandfather provision for disability to persons who had received Aid to the Disabled before July 1973 and who are on the rolls in December 1973.

SSI recipients living with AFDC families.—In June, the Congress enacted a grandfather clause to assure that current SSI recipients will have no reduction in total income when the new SSI program goes into effect in January. The Committee amendment would permit the adjustment of the grandfather clause in such a way that it assures the same level of total family income (rather than the individual's total income) in those cases in which the SSI recipient resides with an AFDC family.

Disregard of certain benefits.—The Committee bill includes a provision under which certain State benefits paid to aged individuals based on their length of residence in a State would be disregarded in determining the amount of the SSI benefit.

Continuation of demonstration projects.—The committee bill would permit the continuation of on-going demonstration projects related to the aged, blind and disabled which qualify for Federal matching under the public assistance titles of the Social Security Act and which involve waivers by the Secretary of Health, Education, and Welfare of some of the requirements of those titles. The new Federal SSI program which next January will replace present programs of aid to the aged, blind and disabled does not provide for such waivers and funding of demonstration projects.

Combined checks for married couples.—In order to make it feasible for the Social Security Administration to issue joint checks to couples receiving SSI benefits who request such checks, the Committee bill includes a provision which would permit such checks to be cashed by the surviving spouse in the case of the death of the husband or wife.

Social Services

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations relating to social services under the Social Security Act. These regulations were to have become effective on July 1. However, the Congress delayed the effective date of the new regulations until November 1 in order to allow time for more thorough legislative consideration of the issues involved. The Committee bill incorporates a provision in effect converting the present law as it affects social services to a \$2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be free to provide other services not specifically included in this listing. In the fiscal year 1974, expenditures would be held to \$1.9 bil-

X

ocial
ould
ocial
lose
2.
ncome
ual to
their
their
m tax
band
wife's
minus
1,000;
total
tor of
ven
ven
of
curity
1974,
nged,
r cou-
unts
l and
higher
gram
r in-
for a
many
le for
ill be
plus
fare
igible
ffect.
ult to
food
efore,
in the
l pro-
ransi-
raise
have
ogram

lion, the amount in the President's budget. The Committee provision would be effective November 1, 1973.

Child Welfare Services

National adoption information exchange system.—The committee bill would authorize \$1 million for the first fiscal year and such sums as may be necessary for succeeding fiscal years for a Federal program to help find adoptive homes for hard-to-place children. The amendment would authorize the Secretary of Health, Education, and Welfare to "provide information, utilizing computers and modern data processing methods, through a national adoption information exchange system, to assist in the placement of children awaiting adoption and in the location of children for persons who wish to adopt children, including cooperative efforts with any similar programs operated by or within foreign countries, and such other related activities as would further or facilitate adoption."

Child abuse and neglect; protective services.—Last year the Congress substantially increased funds authorized for grants to States for child welfare services. Though the Congress expected that a large part of the additional funds would go toward meeting the cost of providing foster care, a specific earmarking for that purpose was avoided so that wherever possible the States and counties could use the additional funds to expand preventive child welfare services with the aim of helping families stay together thus avoiding the need for foster care. The Committee bill builds upon last year's record by adding requirements both under the AFDC and child welfare services programs that States establish programs of protective services to aid in the prevention, identification and treatment of child abuse and neglect and, whenever feasible, to make it possible for the child to remain in the home.

Child Support

Present law requires that the State welfare agency establish a single, identified unit whose purpose is to secure support for children who have been deserted or abandoned by their parents, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. If it is necessary to establish paternity to find an obligation to support, this unit is supposed to carry out this activity. The State welfare agency is further required to enter into cooperative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting parents. The administration of the provisions of present law has varied widely among the States.

The Committee bill includes a number of features designed to assure an effective program of child support. The Committee bill leaves basic responsibility for child support and establishment of paternity to the State but it envisions a far more active role on the part of the Federal Government in monitoring and evaluating State programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them.

States would be required to have effective programs for the collection of support and the establishment of paternity; Federal matching for these efforts would be increased from the present 50 percent to 75 percent but States not complying with the requirements would face a penalty in the form of reduced Federal matching funds for Aid to Families with Dependent Children.

Access to support collection services would be available to families not on welfare as well as to those on welfare.

Aid to Families with Dependent Children

Pass-along of social security benefit increase.—To assure that recipients of Aid to Families with Dependent Children who are also social security beneficiaries receive the benefit of at least part of the social security increase, the Committee amendment would require States, in determining need for AFDC, to disregard 5 percent of social security income. This provision would be effective starting with the month in which the beneficiaries begin receiving increased benefits.

Earnings disregard.—Under present law, payments under the AFDC program are not reduced dollar for dollar because of any earnings. Instead, all work expenses are deducted from earnings. In addition, \$30 plus one-third of monthly earnings above \$30 are disregarded. Under the Committee provision, child care costs would be the only work expense that could be separately deducted from earnings; the disregard would be \$60 (rather than the present \$30) plus one-third of the next \$300 of monthly earnings plus one-fifth of earnings above this amount.

Community work and training program.—Under present law, States have been prohibited from establishing community work and training programs even though the Work Incentive Program is not in effect throughout the State. The Committee bill re-enacts the legislation as it existed prior to the Social Security Amendments of 1967 so that States wishing to have community work and training programs may do so.

Demonstration project authority. The Committee bill includes a provision which broadens the experimentation authority in existing law with respect to welfare programs so as to emphasize and encourage experimentation by the States in the crucial area of making employment more attractive for welfare recipients. Examples of the types of projects the Committee has in mind would be those for public service employment under which the amount of the welfare payment could be combined with State funds to provide a salary considerably more attractive than welfare. Other experimentation might involve work incentives and the AFDC income disregard. All authority for such projects would expire on June 30, 1976.

Medicare and Medicaid Amendments

Medicaid eligibility.—The Committee bill contains several sections treating the matter of Medicaid eligibility for SSI recipients. The bill contains a provision which would make Federal matching available for Medicaid benefits for any new SSI recipients, although coverage of these new recipients would be optional on the

X

1... (3) Any amount reallocated to a State under this sub-
2 section shall be added to and deemed a part of such State's
3 allotment (as determined under the provisions of this section
4 which precede this subsection), and shall be subject to reallocat-
5 ment, under the preceding provisions of this subsection in
6 like manner as such State's allotment (as so determined).

7 AMENDMENTS TO STATE PLAN REQUIREMENTS

8 REGARDING SOCIAL SERVICES

9 SEC. 133. (a)(1) Section 3(a)(4) of the Social Se-
10 curity Act is amended—

11 (A) by striking out "whose State plan approved
12 under section 2 meets the requirements of subsection
13 (c)(i)" in the matter preceding subparagraph (A);

14 (B) by striking out clauses (i), (ii), and (iii) of
15 subparagraph (A) and inserting in lieu thereof the fol-
16 lowing:

17 "(i) services which are provided to appli-
18 cants for or recipients of assistance under the
19 plan to help them attain or retain capability
20 for self-care, or

21 "(ii) other services which (as determined
22 by the State) are likely to prevent or reduce
23 dependency and which are provided to such
24 applicants or recipients, or

25 "(iii) any of the services described in

1 *clauses (i) and (ii) which the State determines*
2 *to be appropriate for individuals who have been*
3 *or are likely to become (as determined by the*
4 *State) applicants for or recipients of assistance*
5 *under the plan, if such services are requested by*
6 *and provided to such individuals, or”;*

7 *(C) by striking out subparagraph (B) and re-*
8 *designating subparagraph (C) as subparagraph (B);*
9 *and*

10 *(D) by striking out all that follows subparagraph*
11 *(C).*

12 *(2) Section 3(a)(5) of such Act is repealed.*

13 *(3) Section 3(c) of such Act is repealed.*

14 *(b) Section 403(a)(3) of the Social Security Act is*
15 *amended—*

16 *(1) by striking out “described in”, in subparagraph*
17 *(A)(i), and inserting in lieu thereof “which the State*
18 *determines should be provided, including those described*
19 *in”;*

20 *(2) by striking out “clauses (14) and (15) of sec-*
21 *tion 402(a)”, in subparagraph (A)(ii), and inserting*
22 *in lieu thereof “subparagraph (A)(i)”;*

23 *(3) by striking out “, within such period or periods*
24 *as the Secretary may prescribe,” in subparagraph (A)*

1 (ii), and inserting in lieu thereof "as determined by the
2 State"; and

3 (4) by striking out all that follows subparagraph
4 (B).

5 (c)(1) Section 1003(a)(3) of the Social Security Act
6 is amended—

7 (A) by striking out "whose State plan approved
8 under section 1002 meets the requirements of subsection
9 (c)(1)" in the matter preceding subparagraph (A);

10 (B) by striking out clauses (i), (ii), and (iii) of
11 subparagraph (A) and inserting in lieu thereof the fol-
12 lowing:

13 "(i) services which are provided to appli-
14 cants for or recipients of aid to the blind to help
15 them attain or retain capability for self-support
16 or self-care, or

17 "(ii) other services which (as determined
18 by the State) are likely to prevent or reduce
19 dependency and which are provided to such
20 applicants or recipients, or

21 "(iii) any of the services described in
22 clauses (i) and (ii) which the State determines
23 to be appropriate for individuals who have been
24 or are likely to become (as determined by the

1 State) applicants for or recipients of aid to
 2 the blind, if such services are requested by
 3 and provided to such individuals, or";

4 (C) by striking out subparagraph (B) and redesi-
 5 gnating subparagraph (C) as subparagraph (B); and

6 (D) by striking out all that follows subparagraph
 7 (C).

8 (2) Section 1003(a)(4) of such Act is repealed.

9 (3) Section 1003(c) of such Act is repealed.

10 (d)(1) Section 1403(a)(3) of the Social Security Act
 11 is amended—

12 (A) by striking out "whose State plan approved
 13 under section 1402 meets the requirements of subsection

14 (c)(1)" in the matter preceding subparagraph (A);

15 (B) by striking out clauses (i), (ii), and (iii)
 16 of subparagraph (A) and inserting in lieu thereof the

17 following:

18 "(i) services which are provided to appli-
 19 cants for or recipients of aid to the permanently

20 and totally disabled to help them attain or re-
 21 tain capability for self-support or self-care, or

22 "(ii) other services which (as determined
 23 by the State) are likely to prevent or reduce

24 dependency and which are provided to such ap-
 25 plicants or recipients, or

1 “(iii) any of the services described in clauses
 2 clauses (i) and (ii) which the State determines
 3 to be appropriate for individuals who have been
 4 or are likely to become (as determined by the
 5 State) applicants for or recipients of aid to the
 6 permanently and totally disabled, if such serv-
 7 ices are requested by and provided to such
 8 individuals, or”;

9 (C) by striking out subparagraph (B) and redес-
 10 ignating subparagraph (C) as subparagraph (B); and
 11 (D) by striking out all that follows subparagraph
 12 (C).

13 (2) Section 1403(a)(4) of such Act is repealed.

14 (3) Section 1403(c) of such Act is repealed.

15 (e)(1) Section 1603(a)(4) of the Social Security Act
 16 is amended—

17 (A) by striking out “whose State plan approved
 18 under section 1602 meets the requirements of subsec-
 19 tion (c)(1)” in the matter preceding subparagraph
 20 (A);

21 (B) by striking out clauses (i), (ii), and (iii) of
 22 subparagraph (A) and inserting in lieu thereof the
 23 following:

24 “(i) services which are provided to appli-
 25 cants for or recipients of aid or assistance under

1 the plan to help them attain or retain capability
2 for self-support or self-care, or

3 “(ii) other services which (as determined
4 by the State) are likely to prevent or reduce
5 dependency and which are provided to such
6 applicants or recipients, or

7 “(iii) any of the services described in
8 clauses (i) and (ii) which the State determines
9 to be appropriate for individuals who have been
10 or more likely to become (as determined by the
11 State) applicants for or recipients of aid or
12 assistance under the plan, if such services are
13 requested by and provided to such individuals,
14 or”;

15 (C) by striking out subparagraph (B) and redес-
16 ignating subparagraph (C) as subparagraph (B); and
17 (D) by striking out all that follows subparagraph
18 (C).

19 (2) Section 1603(a)(5) of such Act is repealed.

20 (3) Section 1603(c) of such Act is repealed.

21 (f)(1) Section 603(a) of the Social Security Act (as
22 added by the Social Security Amendments of 1972) is
23 amended to read as follows:

24 “(a) From the sums appropriated therefor, the Secretary
25 shall, subject to section 1130, pay to each State which has

1 a plan approved under this title, for each quarter, an amount
2 equal to the sum of the following proportions of the total
3 amounts expended during such quarter as found necessary
4 by the Secretary of Health, Education, and Welfare for the
5 proper and efficient administration of the State plan—

6 “(1) 75 per centum of so much of such expendi-
7 tures as are for—

8 “(A) services which are provided to applicants
9 for or recipients of supplemental security income
10 benefits under title XVI to help them attain or re-
11 tain capability for self-support or self-care, or

12 “(B) other services which (as determined by
13 the State) are likely to prevent or reduce dependency
14 and which are provided to such applicants or recipi-
15 ents, or

16 “(C) any of the services described in clause
17 (A) or (B) which the State determines to be appro-
18 priate for individuals who have been or are likely to
19 become (as determined by the State) applicants for
20 or recipients of supplemental security income bene-
21 fits under title XVI, if such services are requested by
22 and provided to such individuals, or

23 “(D) the training of personnel employed or
24 preparing for employment by the State agency or

1 by the local agency administering the plan in the
2 political subdivision; plus

3 "(2) one-half of the remainder of such expenditures."

4 (2) Section 603(c) of such Act is repealed.

5 (g) Section 1130(a) of the Social Security Act is

6 amended by striking out "section 3(a) (4) and (5), 403

7 (a)(3), 1003(a) (3) and (4), 1403(a) (3) and (4), or

8 1603(a) (4) and (5)" and inserting in lieu thereof

9 "section 3(a)(4), 403(a)(3), 1003(a)(3), 1403(a)(3),

10 or 1603(a)(4)".

11 ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

12 SEC. 134. Part A of title XI of the Social Security Act

13 is amended by inserting, immediately after section 1130

14 thereof, the following new section:

15 "ANNUAL REPORTS BY SECRETARY ON SOCIAL SERVICES

16 "SEC. 1131. (a) Not later than June 30, 1975, and

17 June 30 of each year thereafter, the Secretary shall submit

18 to Congress a report on social services programs under sec-

19 tions 3, 403, 603, 1003, 1403, and 1603. Such report shall

20 include information on a State-by-State basis as to the

21 amounts of funds expended for each type of service (classi-

22 fied in such categories as the Secretary may determine to be

23 appropriate), and such other data and information as may

24 be appropriate.

as under prior law. Family planning services provided under the medicaid program are not subject to the Federal matching limitation.

Services necessary to enable AFDC recipients to participate in the Work Incentive Program are not subject to the limitation described above; they continue as under prior law, with 90 percent Federal matching and with funding of these services limited to the amounts appropriated. Federal matching for emergency social services is at a 50 percent rate.

In setting a maximum limit on the amount of Federal funds which would be available for social services programs, the Congress indicated its clear intent to stop the rapid and uncontrolled growth of the Federal commitment to this program. However, in the 1972 legislation the Congress did not alter the basic nature of the social services program nor did it express any intent that the level of Federal commitment to this program which had been reached should be cut back in any substantial way; in fact, the amount chosen as the new limit on Federal funding (\$2.5 billion per year) represented a commitment to a continuation of at least the level of Federal funding which had then been reached. Furthermore, the 1972 legislation clearly delineated certain high priority types of services which the Congress felt should be available, not only to those already on welfare, but also to those who might in the absence of these high priority types of services be likely to become dependent upon welfare.

REGULATORY CHANGES BY THE DEPARTMENT OF HEALTH, EDUCATION AND WELFARE

On May 1, 1973, the Department of Health, Education, and Welfare issued sweeping revisions in the Federal regulations under which social services programs are operated by State welfare agencies. These regulations, which were to have become effective on July 1, were strongly opposed by many groups and individuals who felt that they were in many respects contrary to the purposes which social services programs were intended by Congress to serve.

Eligibility for services—Under the May 1 regulations, social services could have continued to be provided to cash assistance recipients and to former and potential recipients; however, the definition of former and potential recipients was considerably narrower than under the prior regulations. Services provided to former recipients would have had to have been provided within three months after assistance was terminated (compared with two years under the former regulations). Persons could have qualified for services as potential recipients only if they were likely to become recipients within six months and only if they had incomes no larger than 150 percent of the State's cash assistance payment standard. In the case of child care services, potential recipients with incomes above that limit but not more than 233 1/3 percent of the cash assistance payment standard could have qualified for partially subsidized child care. Under the former regulations services could be made available to individuals likely to become recipients within five years and without any specific income tests. The former regulations also permitted eligibility to be established for some services on a group basis (for example, services could be provided to all residents of a low-income neighborhood). The new regulations would have not

permitted group eligibility but would have required the welfare agency to make individualized eligibility determination for each recipient of services.

Scope of services.—The May regulations would have limited the type of services which may be provided to 18 specifically defined services and would have limited to just a few services those which the States are required to provide. By contrast, the former regulations had a fairly extensive list of mandatory services, specifically mentioned a number of optional services, and allowed States to receive Federal matching for other types of services not spelled out in the regulations.

Procedural provisions.—The May 1 regulations would have changed a number of the administrative requirements imposed upon the States in connection with services; for example, the requirement of an AFDC advisory committee would have been dropped and the requirement of recipient participation in the advisory committee on day care services would have been eliminated. Similarly, a fair hearing procedure (as applicable to services) would no longer have been mandated. The regulations would have required more frequent review (every 6 months rather than each year) of the effectiveness of services being provided and would have required that agreements for purchase of services from sources other than the welfare agency be reduced to writing and be subject to HEW approval.

Refinancing of services.—The May 1 regulations would have denied Federal matching for services purchased from a public agency other than the welfare agency under an agreement entered into after February 15, 1973 to the extent that the services in question were being provided without Federal matching as of fiscal year 1972. This limitation on refinancing of previously non-Federal services programs would have been relaxed under the new regulations over a period of time and would have ceased to apply starting July 1, 1976.

CONGRESSIONAL ACTION TO POSTPONE NEW REGULATIONS

The new regulations issued by the Department on May 1, 1973 were objectionable to the Congress both because they contradicted specific provisions of law and because they were largely in conflict with the Congressional view of the basic purpose of the social services program and the legislative intent in imposing the \$2.5 billion limit in 1972. Some specific statutory conflicts involved:

1. Limiting eligibility of former and potential assistance recipients for services on the basis of income when the statute permits the Secretary only to specify time periods in which an individual is to be considered a former or potential recipient;
2. Virtually precluding Federal matching for the family planning services States are required to offer and provide;
3. Precluding Federal matching for legal services related to establishing of paternity of children born out of wedlock, locating

fathers who have deserted their families, and trying to collect support payments from these fathers—all activities States are required to perform under present law;

4. Precluding Federal matching for medical services in connection with treatment of alcoholism and drug abuse and limiting Federal matching for services for the mentally retarded, despite the inclusion of both of these kinds of services as high priority services which may be provided without regard to whether the recipient of services is on welfare or not;

5. Limiting Federal matching only to services which support the attainment of the goals of self-support or self-sufficiency, in contrast to the statutory requirement that States develop a program of family services for the purposes of "preserving, rehabilitating, reuniting, or strengthening the family"; and

6. Ignoring the requirement that the Secretary prescribe services the State must make available to old age assistance recipients to help them attain or retain capability for self-care.

In a more basic way, the May 1 regulations posed the question of whether the 1972 Congressional action in placing a ceiling on Federal funding could be used by the Department to justify the issuing of regulations which would have the effect of altering the basic nature of the program to such an extent that, according to many witnesses who testified at the hearings held by the Committee in May of this year, the States would be unable to utilize a large part of the funding statutorily available to them under the \$2.5 billion limit.

Because of the extensive nature of the changes which would have been made by the new regulations and the issues raised by those changes, the Congress did not have sufficient time to develop a legislative resolution of the policy issues before the new regulations were to go into effect on July 1, 1973. Instead, the Congress simply provided that no new social services regulations (other than those needed for technical compliance with last year's law) could become effective prior to November 1, 1973. This legislation did allow the possibility of implementing new social services regulations prior to the November 1, 1973 date, if the Administration obtained approval for any such regulations from the Senate Committee on Finance and the House Committee on Ways and Means. Though revisions in the regulations were proposed in the Federal Register in September, no attempt was made to obtain approval of new regulations from the two committees.

REVISED REGULATIONS

On September 10, 1973, the Department of Health, Education and Welfare published in the Federal Register a number of revisions in its earlier proposed regulations. Additional changes were made on October 31, 1973 when the Department published in the Federal Register the final set of regulations which went into effect on November 1,

1973. These changes do, to a certain extent, attempt to meet several of the specific statutory conflicts which were pointed out in connection with the earlier regulations. In particular, those related to legal services, family planning services, services for the mentally retarded, and treatment of alcoholics and drug addicts have been brought more in line with statutory provisions. However, the more basic questions raised by the new regulations remain unresolved under the November 1 regulations.

COMMITTEE PROVISION

Freedom from regulatory control.—The lengthy history of legislative and regulatory action in the social service area has made it clear to the committee that the Department of Health, Education, and Welfare can neither mandate meaningful programs nor impose effective controls upon the States. The Committee believes that the States should have the ultimate decision-making authority in fashioning their own social services programs within the limits of funding established by the Congress. Thus the Committee bill provides that the States would have maximum freedom to determine what services they will make available, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services.

States would not, however, be permitted to use Federal social services funds in such a way as to simply replace State money with Federal money. The bill requires that any increase in Federal funding used by a State to purchase social services must result in an increase in the level of services and not simply represent the purchase of the same services previously purchased with State funds.

The Committee bill provides that States may furnish services which they find to be appropriate for meeting any of these four goals: (1) self-support (to achieve and maintain the maximum feasible level of employment and economic self-sufficiency); (2) family care or self-care (to strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living and to prevent or remedy neglect, abuse, or exploitation of children); (3) community-based care (to secure and maintain community-based care which approximates a home environment when living at home is not feasible and institutional care is inappropriate); and (4) institutional care (to secure appropriate institutional care when other forms of care are not feasible).

To illustrate the variety of services which States may provide with the available social services funds, the Committee bill includes a list of services which could be furnished. This list is not intended to limit the freedom of the States to provide other types of services.

The services listed are:

- (1) day care services for children,
- (2) day care services for children with special needs,
- (3) services for children in foster care,
- (4) protective services for children,
- (5) family planning services,
- (6) protective services for adults,
- (7) services for adults in foster care,
- (8) homemaker services,
- (9) chore services,
- (10) home delivered or congregate meals,
- (11) day care services for adults,
- (12) health-related services,
- (13) home management and other functional educational services,
- (14) housing improvement services,
- (15) a full-range of legal services,
- (16) transportation services,
- (17) educational and training services,
- (18) employment services,
- (19) information, referral and follow-up services,
- (20) special services for the mentally retarded,
- (21) special services for the blind,
- (22) services for alcoholism and drug addiction,
- (23) special services for the emotionally disturbed,
- (24) special services for the physically handicapped.

Any other types of services not fitting into any of these 24 categories could also be provided by the States in order to meet the goals of self support, family care or self care, community-based care, or institutional care. Through this mechanism the States will be able to construct programs to meet their particular needs within a predetermined amount of Federal funding without regulatory impediments which often have made planning and program development an impossibility. It is the Committee's belief that the mutual objective of the States and the Federal Government of reducing dependency upon welfare will be met most effectively by this approach.

While the Committee bill is designed to give the States maximum flexibility in designing and operating their social services program, the Committee feels that there should be a public record of the use which the States make of Federal social services funds. Accordingly, the Committee bill would require the States to submit an annual report on their use of funds for social services. The Committee expects that this report will show how much each State expended for each type of services. The report should also provide information on the extent to which social services funds were used for services to persons not actually on welfare and the extent to which such funds were used for the purchase of services from organizations outside the welfare agency. The Committee emphasizes that under this reporting require-

ment, the Department of Health, Education, and Welfare would have the duty of requesting appropriate information from the States and of transmitting that information to the Congress in the form of an annual report. The Department's responsibility for providing this annual report is not, however, to be interpreted as authorizing the Department to impose upon the States complex and burdensome reporting procedures. Nor is the reporting requirement to be interpreted as placing upon the Department the burden of conducting audits to provide detailed verification of these reports.

The Committee bill includes a repeal of the provisions enacted in P.L. 92-512 under which the proportion of the Federal social services funds which each State could use for non-welfare recipients was limited to 10 percent (except in the case of specified high priority services). The \$2.5 billion annual limit on Federal funding for services is retained. The Committee bill also includes a provision making explicit in the statute that donated private funds, including in-kind contributions, will be considered State funds in claiming Federal reimbursement for social services where such funds are transferred to the State or local agency, are under its administrative control, and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).

The new social services provisions would be effective as of November 1, 1973. However, the Committee bill would not result in fiscal 1974 Federal expenditures for social services exceeding \$1.9 billion, the amount included in the President's budget.

Each State would be assured, for fiscal 1974, a level of social services funding sufficient to maintain the level of their expenditures for social services in the quarter which ended September 30, 1973. The difference between the amount necessary to meet this goal of maintaining current expenditure levels and \$1.85 billion would be allocated on a population basis among those States requiring additional funding. No State would receive funding for fiscal year 1974 in excess of its allocation under the \$2.5 billion limit enacted in 1972, except that \$50 million would be available for allocation by the Secretary of Health, Education, and Welfare as necessary to prevent certain States (those which were eligible in fiscal 1973 for additional funding above their share of the \$2.5 billion limit under a savings clause in Public Law 92-603) from falling below fiscal 1973 funding levels. It is anticipated that considerably less than \$50 million will be required to meet this objective, and the Committee bill provides that the remainder be allocated by the Secretary to States which would otherwise be limited under the basic formula to a relatively small part of their regular allocation under the full \$2.5 billion limit and which had, prior to November 15, 1973, adopted plans for an expansion of social services programs during fiscal year 1974. Part of this \$50 million could also be used for funding programs with a potential for yielding a high level of benefit in relation to the costs involved.

The estimated State entitlements in fiscal years 1974 and 1975 are shown in table 7.

Table 7.—Estimated Distribution of Federal Social Services Funds Under Committee Bill, Based on HEW Adjusted Estimates of State Expenditures in First Quarter of Fiscal Year 1974

[Dollars in thousands]

State	Estimated funding or fiscal year 1973	Fiscal year 1974 funding to continue current funding level ¹	Allocation of funds above current level (up to \$1.9 billion)	Total fiscal year 1974 funding available under bill	Funding available in fiscal year 1975
Totals.....	\$1,548,219	\$1,598,096	² \$301,904	³ \$1,900,000	\$2,500,000
Alabama.....	16,279	19,980	5,032	25,012	42,140
Alaska.....	5,895	3,637	2,258	5,895	3,901
Arizona.....	3,182	3,400	2,788	6,188	23,351
Arkansas.....	7,236	7,438	2,835	10,323	23,747
California.....	211,584	221,733	24,000	245,733	245,733
Colorado.....	21,880	25,200	3,038	28,298	28,298
Connecticut.....	21,067	27,795	4,418	32,213	37,002
Delaware.....	9,297	6,783	2,514	9,297	6,783
District of Columbia.....	8,320	8,976	4	8,980	8,980
Florida.....	42,025	62,033	10,406	72,439	87,150
Georgia.....	48,438	48,000	6,766	54,766	56,667
Hawaii.....	2,321	7,564	1,160	8,724	9,712
Idaho.....	4,703	6,000	1,084	7,084	9,076
Illinois.....	131,371	68,904	16,128	85,032	135,076
Indiana.....	7,230	7,283	7,584	14,867	63,522

Table 7.—Estimated Distribution of Federal Social Services Funds Under Committee Bill, Based on HEW Adjusted Estimates of State Expenditures in First Quarter of Fiscal Year 1974—Continued

[Dollars in thousands]

State	Estimated funding for fiscal year 1973	Fiscal year 1974 funding to continue current funding level ¹	Allocation of funds above current level (up to \$1.9 billion)	Total fiscal year 1974 funding available under bill	Funding available in fiscal year 1975
Iowa.....	\$12,674	\$14,700	\$4,133	\$18,833	\$34,612
Kansas.....	6,902	7,200	3,237	10,437	27,109
Kentucky.....	25,772	26,032	4,729	30,761	39,607
Louisiana.....	20,738	25,812	5,332	31,144	44,661
Maine.....	8,672	7,500	1,475	8,975	12,354
Maryland.....	26,897	45,872	2,823	48,695	48,695
Massachusetts.....	16,963	21,432	8,295	29,727	69,477
Michigan.....	55,341	75,000	13,019	88,019	109,036
Minnesota.....	29,317	32,000	5,585	37,585	46,774
Mississippi.....	1,541	9,000	3,244	12,244	27,169
Missouri.....	15,069	18,000	6,813	24,813	57,063
Montana.....	3,731	4,860	1,031	5,891	8,632
Nebraska.....	9,959	10,244	2,186	12,430	18,309
Nevada.....	1,751	1,980	755	2,735	6,327
New Hampshire.....	4,048	6,589	1,105	7,694	9,256
New Jersey.....	38,482	40,696	10,561	51,257	88,446
New Mexico.....	6,718	9,856	1,527	11,383	12,786

New York.....	220,497	220,497	0	220,497	220,497
North Carolina.....	20,317	30,293	7,423	37,716	62,598
North Dakota.....	3,998	4,495	906	5,401	7,588
Ohio.....	41,653	48,000	15,458	63,458	129,458
Oklahoma.....	24,806	28,216	3,407	31,623	31,623
Oregon.....	26,196	26,196	0	26,196	26,196
Pennsylvania.....	87,931	84,804	17,095	101,899	143,180
Rhode Island.....	9,418	9,212	1,387	10,599	11,622
South Carolina.....	9,752	13,520	3,820	17,340	31,995
South Dakota.....	2,469	2,340	974	3,314	8,152
Tennessee.....	24,956	20,000	5,778	25,778	48,395
Texas.....	99,087	90,544	16,698	107,242	139,855
Utah.....	5,479	5,400	1,614	7,014	13,518
Vermont.....	3,172	4,500	662	5,162	5,547
Virginia.....	20,212	24,310	6,829	31,139	57,195
Washington.....	49,672	35,168	13,271	48,439	41,336
West Virginia.....	8,171	13,520	2,553	16,073	21,382
Wisconsin.....	54,266	54,266	0	54,266	54,266
Wyoming.....	714	1,266	495	1,761	4,142

¹ 4 times the funding level attained in the July-September 1973 quarter (but not exceeding State's maximum allocation under \$2,500,000,000 limit). Based on HEW adjusted estimates of State expenditures for that quarter.

² Allocation on population basis. Includes amounts (not exceeding amounts available for the 1st quarter of fiscal 1973 under sec. 403 of Public Law 92-603) necessary to maintain States at fiscal year

1973 funding level: Alaska, \$1,994,000; Delaware, \$2,514,000; and Washington, \$336,000.

³ Includes about \$7,000,000 (not shown as allocated) available to States which have already planned an expansion of their service programs in fiscal year 1974 and for funding of high priority programs.

Source: Prepared based on material submitted by the Department of Health, Education, and Welfare.

~~It does not exceed the allotment of such State (as determined under subsection (b)).~~

3 SPECIAL-FEDERAL SOCIAL SERVICES FUNDING LIMIT
 4 FOR FISCAL YEAR 1974

74
 F-1
 1974

5 SEC. 132. (a) In the administration of section 1130
 6 of the Social Security Act, the allotment of each State (as
 7 determined under subsection (b) of such section) for the
 8 fiscal year ending June 30, 1974, shall (notwithstanding
 9 any provision of such section 1130) be adjusted so that the
 10 amount of such allotment for such year is equal to whichever
 11 of the following is the lesser: (1) the allotment of such State
 12 as determined under subsection (b) of such section, or (2)
 13 the allotment of such State as determined under subsections
 14 (b) and (d) of this section.

15 (b)(1) For the fiscal year ending June 30, 1974, the
 16 Secretary shall allot to each State—

17 (A) an amount equal to 400 per centum of the
 18 amount payable to such State with respect to the total
 19 expenditures incurred by the State for services (of the
 20 type, and under the programs to which the allotment,
 21 as determined under subsection (b) of section 1130 of
 22 the Social Security Act, is applicable) for the calendar
 23 quarter commencing July 1, 1973, plus

24 (B) an amount which bears the same ratio to the
 25 amount (if any) by which—

1 (i) \$1,850,000,000 exceeds
2 (ii) the aggregate of the amounts allotted to all
3 States under clause (A),
4 as the population of such State bears to the population of
5 all States.

6 (2) If the aggregate of the allotments made pursuant to
7 paragraph (1) is in excess of \$1,900,000,000, the Secretary
8 shall reduce the allotment of each State, on a pro rata basis,
9 until the aggregate of the allotments for all States does not
10 exceed \$1,900,000,000.

11 (c) (1) In addition to the amount allotted to any State
12 under the preceding subsections of this section for the fiscal
13 year ending June 30, 1974, the Secretary may make an
14 additional allotment for such year to such State in accordance
15 with this subsection.

16 (2) The aggregate of the allotments made pursuant to
17 this subsection shall not exceed the lesser of (A) \$50,000,000
18 or (B) the amount by which the aggregate of the amounts al-
19 located under subsection (b) is less than \$1,900,000,000.

20 (3) Allotments under this subsection shall be made, in
21 the following order of priority, to such States and in such
22 amounts as the Secretary deems to be appropriate—

23 (A) first, in order to assure that, for the fiscal year
24 ending June 30, 1974, no State is paid less from Federal
25 funds with respect to expenditures incurred by it for

1 *services (of the type, and under the programs to which*
2 *the allotment of such State, as determined under subsec-*
3 *tion (b) of section 1130 of the Social Security Act, is*
4 *applicable) than such State was paid from Federal*
5 *funds with respect to such expenditures for the fiscal*
6 *year ending June 30, 1973: Provided, That no payment*
7 *under this clause shall exceed the amount by which the*
8 *allotment applicable to such State for the fiscal year end-*
9 *ing June 30, 1973 under section 1130(b) of the Social*
10 *Security Act was increased by reason of the enactment of*
11 *section 403 of the Social Security Amendments of 1972,*
12 *(B) second, provide additional Federal financial*
13 *assistance to any State (I) the allotment of which, as*
14 *determined under subsection (b), is substantially less*
15 *than the allotment of such State under section 1130 of*
16 *the Social Security Act (as determined without regard*
17 *to this section), and (II) which can demonstrate (to*
18 *the satisfaction of the Secretary) that it had, prior to*
19 *November 15, 1973, planned an expansion of its social*
20 *services programs during the remainder of the fiscal*
21 *year ending June 30, 1974, which would require such*
22 *additional Federal financial assistance, except that the*
23 *amount of the allotment made to any State under this*
24 *subparagraph shall not exceed an amount which, when*
25 *added to its allotment as determined under subsections*

1 (b) and (d) of this section, is equal to its allotment
2 determined under section 1130 of the Social Security Act
3 (as determined without regard to this section), and :

4 (C) third, to provide additional Federal financial
5 assistance to States which can demonstrate (to the satis-
6 faction of the Secretary) that if an allotment is made to
7 such State under this subparagraph, the amount of such
8 allotment will be utilized so as to produce a significant
9 cost benefit (as determined pursuant to regulations which
10 shall be promulgated by the Secretary).

11 (d) (1) If the Secretary determines that the amount of
12 the allotment (as determined under the preceding provisions of
13 this section) of any State is in excess of the amount needed by
14 the State for purposes for which such allotment is made, he
15 shall reallocate the amount of such excess among other States each
16 of which has need (for purposes for which the allotment under
17 the preceding provisions of this section is made) of amounts
18 in excess of the amount of its allotment (as determined under
19 the preceding provisions of this section).

20 (2) Whenever amounts are reallocated among States by
21 the Secretary pursuant to paragraph (1), the amount re-
22 allocated to each such State shall bear the same ratio to the total
23 amount being reallocated as the population of such State bears
24 to the population of all the States to which such reallocation is
25 being made.

1 (3) Any amount reallocated to a State under this sub-
 2 section shall be added to and deemed a part of such State's
 3 allotment (as determined under the provisions of this section
 4 which precede this subsection), and shall be subject to reallocot-
 5 ment, under the preceding provisions of this subsection in
 6 like manner as such State's allotment (as so determined).

7 ~~AMENDMENTS TO STATE PLAN REQUIREMENTS~~

8 REGARDING SOCIAL SERVICES

9 SEC. 133. (a)(1) Section 3(a)(4) of the Social Se-
 10 curity Act is amended—

11 (A) by striking out "whose State plan approved
 12 under section 2 meets the requirements of subsection
 13 (c)(1)" in the matter preceding subparagraph (A);

14 (B) by striking out clauses (i), (ii), and (iii) of
 15 subparagraph (A) and inserting in lieu thereof the fol-
 16 lowing:

17 “(i) services which are provided to appli-
 18 cants for or recipients of assistance under the
 19 plan to help them attain or retain capability
 20 for self-care, or

21 “(ii) other services which (as determined
 22 by the State) are likely to prevent or reduce
 23 dependency and which are provided to such
 24 applicants or recipients, or

25 ~~“(iii) any of the services described in~~

to achieve this objective while, at the same time, minimizing the administrative burdens to be placed on the Department of HEW which would have to administer the SSI benefits and, at least in most States, the supplemental benefits.

In most cases, the formula contained in P.L. 93-66 will achieve these two objectives in an acceptable way. However, in certain exceptional circumstances, an anomaly may arise in which the result of the provision in P.L. 93-66 will be to greatly increase the amount of assistance payable. This can happen in the case of individuals who are getting payments under the program of aid to the aged, blind or disabled, but who are also members of family units getting AFDC payments. In such cases there are two problems which can arise.

The first of these relates to the allocation of certain budget items such as shelter and utilities which are common to both the aged, blind and disabled individual and the rest of his family. Under the old law some or all of these items might have been attributed to the aged, blind, or disabled person, while under the new law, the amount of payment to the aged, blind and disabled is determined without reference to specific budget needs. Thus the full amount of these specific needs will apparently have to be added to the AFDC budget, raising the amount of the AFDC grant. This effect could be partially offset if the SSI recipient's contributions toward the costs of running the household could be considered to reduce the net amount of the family's needs. However, a provision of P.L. 92-603 (sec. 414) specifically prohibits counting the income and resources of an SSI recipient in determining the income and resources of an AFDC family.

A second part of the problem arises because some States allocate the income of an aged, blind, and disabled person to his entire family when doing so results in a higher total grant to the individual and his family. This will no longer be permitted after January 1974, but at the same time his total income (including that part now allocated to the rest of his family) must be counted in determining the mandatory State supplement under the grandfather clause in P.L. 93-66. The net result of this is that the State will have to provide an increased amount of assistance to his family (because the State can no longer count some of his income as the family's income) and will have to also provide an increased level of assistance to him (because it must count all of his income in computing the grandfather clause).

The committee bill corrects this situation by permitting a State to adjust the grandfather clause in such a way that it would assure the maintenance of the same level of total family income (rather than the maintenance of the individual's total income) in those cases in which the SSI recipient resides with an AFDC family. The bill provides however, that the SSI recipient would be assured under the grandfather clause at least as great a total income as a comparable aged, blind or disabled person not living with an AFDC family and having no other income.

Special Supplemental Security Income Disregard Provision

(Sec. 125 of the bill)

The Social Security Act excludes from income, for purposes of determining SSI benefits, assistance furnished individuals by States i

it is based on need. Certain State benefits which are now payable to aged individuals without regard to need on the basis of their length of residence in a State will, however, reduce the amount of any supplemental security income payments dollar for dollar under present law. Unless the law is modified, States having such payments may simply discontinue them since without an exemption of this type the real beneficiary of the payments would be the Federal Government rather than the aged residents whom the State intended to help. The Committee would accordingly exclude from income, for SSI purpose such State longevity payments to aged persons.

~~Demonstration Projects With Respect to the Aged, Blind, or Disabled~~

(Sec. 126 of the bill)

Section 1115 of the Social Security Act allows the Secretary of Health, Education, and Welfare to permit certain research and demonstration projects to operate by waiving some of the legal requirements otherwise applicable to assistance programs under the welfare titles of the Act (for example, the requirement of statewide uniformity and the requirement that assistance under such programs be made in the form of unrestricted money payments). Section 1115 also permits the costs of any such projects approved by HEW to be considered as expenditures under the appropriate welfare titles and, therefore, eligible for Federal matching.

Because Public Law 92-603 (H.R. 1) repeals the existing welfare titles of the Social Security Act dealing with the aged, blind, and disabled effective January 1, 1974, certain on-going demonstration projects may be adversely affected. The Committee bill would prevent this by authorizing the Secretary of HEW to make such waivers of the requirements of the new Supplemental Security Income program as may be necessary to permit the continued operation of the projects. The amendment would also authorize continued Federal funding of projects to the same extent as such funding would have been available in the former welfare programs for the aged, blind, and disabled had not been repealed. (In addition, the amendment permits the non-Federal share of the costs of such projects to be covered under the savings clause which limits non-Federal costs for State supplementary payments to 1972 levels.)

The amendment applies only to projects which were already approved prior to October 1, 1973.

~~Authority for Surviving Spouse of Deceased SSI Beneficiary To Cash Joint Check~~

(Sec. 127 of the bill)

~~Under the social security program, when benefits are payable on a single account to both a worker and his spouse, the couple has the option of receiving either two separate checks or a single check which combines the benefits payable to each of them. In the event of the death of one spouse, the Social Security Administration is empowered~~

~~1 income (as determined under subparagraph (B)) to such~~
 2 extent as may be necessary to cause the supplementary pay-
 3 ment (referred to in paragraph (2)) payable to such in-
 4 dividual for January 1974 or any month thereafter to be
 5 reduced to a level designed to assure that the total income of
 6 such individual (and of the members of such family unit)
 7 for any month after December 1973 does not exceed the total
 8 income of such individual (and of the members of such
 9 family unit) for December 1973.

10 “(ii) The amount of the reduction (under clause (i))
 11 of any individual's December 1973 income shall not be in
 12 an amount which would cause the supplementary payment
 13 (referred to in paragraph (2)) payable to such individual
 14 to be reduced below the amount of such supplementary pay-
 15 ment which would be payable to such individual if he had, for
 16 the month of December 1973 not lived in a family unit re-
 17 ferred to in clause (i), and had had no income for such month
 18 other than that received as aid or assistance under a State
 19 plan approved under title I, X, XIV, or XVI of the Social
 20 Security Act.”

21 · DISREGARDING OF CERTAIN PAYMENTS IN DETERMINING
 22 · AMOUNT OF SUPPLEMENTAL SECURITY INCOME BEN-
 23 · EFITS

24 · SEC. 125. Section 1612(b)(2) of the Social Security
 25 Act (as enacted by section 301 of the Social Security Amend-
 26 X ments of 1972) is amended—

1 (1) by inserting "(A)" immediately after "(2)",

2 and

3 (2) by adding at the end thereof the following new
4 subparagraph:

*Approved
Boris*

5 "(B) monthly (or other periodic) payments re-
6 ceived by an individual (or his eligible spouse) under a
7 program established prior to July 1, 1973, if such
8 payments are made by the State of which the individual
9 receiving such payments is a resident, and if eligibility of
10 any individual for such payments is not based on need
11 and is based solely on attainment of age 65 and duration
12 of residence in excess of 24 years in such State by such
13 individual;"

~~14 CONTINUATION OF CERTAIN DEMONSTRATION PROJECTS~~

15 SEC. 126. (a) If any State (other than the Common-
16 wealth of Puerto Rico, the Virgin Islands, or Guam) has
17 any experimental, pilot, or demonstration project (referred
18 to in section 1115 of the Social Security Act)—

19 (1) which (prior to October 1, 1973) has been
20 approved by the Secretary of Health, Education, and
21 Welfare (hereinafter in this section referred to as the
22 "Secretary"), for a period which ends on or after De-
23 cember 31, 1973, as being a project with respect to which
24 the authority conferred upon him by subsection (a) or

~~25 (b) of such section 1115 will be exercised, and~~

Medicaid because they did not meet Medicaid standards of health and safety. Federal matching for cash payments provided for this purpose were prohibited.

With the implementation of the SSI program, there will no longer be any formal Federal "matching" in the cash assistance programs for the aged, blind and disabled. The basic Federal payment, however, represents a matching payment in that States use it as a base for any State supplementary payment amounts. Section 219D as presently worded may not be sufficient to preclude States from providing a supplementary payment which, in combination with the basic Federal benefit, could be used to circumvent the institutional health and safety standards of Title XIX by paying for inpatient institutional care in substandard nursing homes which could be provided through the cash grant program.

The Committee bill, therefore, amends Title XVI to provide that the Federal SSI payment will be reduced dollar for dollar for any State supplementary payment (or State vendor payment to an institution) which is made for care provided to an institutionalized individual if this care could be provided under the State's Medicaid program.

U Federal Matching Under Medicaid for Care to Indians

(Sec. 174 of the bill)

Under the Indian Health Service Program of the Public Health Service Act, full Federal financing is available for the cost of providing health services to Indians. In States with a Medicaid program, Indians may receive covered care if they meet the appropriate eligibility criteria.

The Federal portion of payments made by States under Medicaid ranges between 50-83 percent of the reasonable cost of covered services.

The Committee notes that with respect to matters relating to Indians, the Federal Government has traditionally assumed major responsibility. The Committee wishes to assure that a State's election to participate in the Medicaid program will not result in a lessening of Federal support of health care services for this population group, or that the effect of Medicaid coverage be to shift to States a financial burden previously borne by the Federal Government.

The Committee has therefore included an amendment which will increase the Federal matching under Medicaid (effective January 1, 1974) to 100 percent with respect to services provided individuals who at any time during the year preceding the month in which the services were received were eligible for services under the Indian Health Services Program and resided on or adjacent to a Federal Indian Reservation.

Buy-In Agreement Under Medicare

(Sec. 175 of the bill)

~~Under current law, Federal matching payments for Medicare Part B premiums for public assistance recipients in a State may be made to a State only if it has a Medicaid program.~~

X *The words "or in Alaska" were added as a floor amendment and passed the Senate per advice from Senator Murkowski's office (Rocky Johnson)*

1 section (a)(1)) in providing services to any individual who,
 2 at any time during the twelve-month period ending with the
 3 month preceding the month in which he received such serv-
 4 ices resided on or adjacent to a Federal Indian reservation;
 5 and was eligible for comprehensive health services under the
 6 Indian Health Service program conducted within the Public
 7 Health Service, the Federal medical assistance percentage
 8 shall be increased to 100 per centum."

9 (b) Section 1903 (a)(1) of such Act is amended by
 10 striking out "subsections (g) and (h)" and inserting in lieu
 11 thereof "subsections (g), (e), and (h)".

12 ~~CERTAIN STATES DEEMED TO HAVE PLANS APPROVED~~

13 UNDER TITLE XIX

14 Sec. 175. (a) In the case of any State (as that term is
 15 used in title XIX of the Social Security Act) which on
 16 October 1, 1973, did not have in effect a State plan ap-
 17 proved under such title, such State shall, for any calendar
 18 quarter which commences on or after January 1, 1974, be
 19 entitled (subject to subsection (b)) to payments under section
 20 1903(a)(1) of such Act with respect to expenditures (made
 21 during such quarter) for premiums under part B of title
 22 XVIII of such Act (as described in such section) in like
 23 manner as if such State had, for such quarter, had in effect
 24 such a State plan and as if such expenditures were made
 25 under such State plan.

L1- The words "or in Alaska" were added as a
 floor amendment and passed the senate per
 advice from Senator Coakley's office (Perk Act)

or in Alaska
 added