

An hourglass-shaped graphic with a globe in the top bulb and another globe in the bottom bulb. The hourglass is light blue and has a dark blue top and bottom. The globe in the top bulb is dark blue, and the globe in the bottom bulb is light blue. The hourglass is centered on the page.

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Report RL30401

*Cash and Noncash Benefits for Persons with Limited
Income: Eligibility Rules, Recipient and Expenditure Data,
FY1996-FY1998*

Vee Burke, Domestic Social Policy Division

Updated December 15, 1999

Abstract. This report provides basic eligibility rules, recipient numbers, and FY1996-FY1998 expenditure data for 80 programs that have provided cash or noncash benefits to low-income persons. It summarizes spending trends by income-tested programs since FY1968, by form of benefit and level of government.

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Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY1996-FY1998

December 15, 1999

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ABSTRACT

This report provides basic eligibility rules, recipient numbers, and FY1996-FY1998 expenditure data for 80 programs that have provided cash or noncash benefits to low-income persons. It summarizes spending trends by income-tested programs since FY1968, by form of benefit and level of government.

Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY1996-FY1998

Summary

Eighty benefit programs provide aid — in cash and noncash form — that is directed primarily to persons with limited income. Such programs constitute the public “welfare” system, if welfare is defined as income-tested or need-based benefits. This definition excludes social insurance programs (e.g., Social Security and Medicare).

Income-tested benefit programs in FY1998 cost \$391.7 billion: \$277.3 billion in federal funds and \$114.4 billion in state-local funds. Total welfare spending rose by 3.1% from its FY1997 level. Higher medical spending accounted for \$10.3 billion of the year’s net increase of \$11.8 billion and, for the first time, medical benefits accounted for half of all income-tested spending. Expressed in constant FY1998 dollars, welfare spending increased by \$5.8 billion (1.5%). Real spending increases: medical benefits, 3.9%; services, 5.4%; education benefits, 1.8%, and housing aid, 0.6%. In real terms, cash benefit outlays held steady, but spending for food aid, jobs and training, and energy assistance declined. Welfare consumed the same share of the federal budget (16.8%) as in FY1997, but accounted for a slightly smaller share of gross domestic product (4.6% compared to 4.7% in 1997).

In FY1998, medical services represented 50.1% of total welfare spending; cash benefits, 24.1%; food and housing benefits, 16.6%. Services, energy aid, education, and jobs/training accounted for the remainder. The composition of welfare spending differed by level of government. Medical aid consumed 72% of state-local welfare funds, but only 41% of federal welfare dollars.

Most income-tested programs provide benefits, in the form of cash, goods, or services, to persons who make no payment and render no service in return. However, in the case of the job and training programs and some educational benefits, recipients must work or study. Further, the block grant program of Temporary Assistance for Needy Families (TANF) requires adults to start work after a period of enrollment, the food stamp program imposes work and training requirements, and public housing requires residents to engage in “self-sufficiency” activities or perform community service. Finally, the Earned Income Tax Credit (EITC) is available only to workers.

An unduplicated count of welfare beneficiaries is not available. Enrollment in Medicaid, AFDC, and food stamps has declined from 1994/1995 peak levels, but the number of recipients of EITC and Supplemental Security Income (SSI) continues to grow. Average 1998 monthly numbers: Food stamps, 21 million; TANF, 8.8 million; and SSI, 7.2 million. In 1998, EITC payments went to an estimated 58.2 million persons, and in 1997, 40.4 million persons received Medicaid services. The Census Bureau classified 34.5 million persons as poor on the basis of pre-tax money income in 1998 and found that 69.2% of them were in households that received some income-tested aid other than the EITC. Among male-present families with children who were poor before transfers, the EITC was the main form of aid.

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Cash and Noncash Benefits for Persons With Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY1996-FY1998

Introduction

Eighty benefit programs provide cash and noncash aid that is directed primarily to persons with limited income. These benefit programs cost \$391.7 billion in FY1998, up 3.1% from FY1997 and equal to 4.6% of the gross domestic product (GDP). Higher medical spending accounted for \$10.3 billion of the year's net increase of \$11.8 billion and, for the first time, medical benefits accounted for half of all income-tested spending. Welfare represented the same share of the federal budget (16.8%) as in FY 1997, but a slightly smaller share of gross domestic product (4.6% compared to 4.7% in 1997). Federal funds provided 70.8% of the total. See **Table 1** for FY1996-FY1998 summary.

After adjustment for price inflation, 1998 welfare spending was up 1.5% (\$5.8 billion) from that of 1997. An increase of \$7.4 billion in real spending (1998 dollars) for medical benefits more than offset declines totaling \$2.7 billion for food aid, jobs and training, and energy assistance. Real spending increases: medical benefits, 3.9%; services, 5.4%; education benefits, 1.8%, and housing aid, 0.6%. In real terms, cash benefit outlays held steady.

Of FY1998 welfare dollars, more than half (50.1%) were spent on medical aid. Spending for medical aid exceeded combined outlays for benefits in all other forms—cash, food, housing, education, jobs and training, services, and energy aid. Spending for “human capital” programs, ones providing education, jobs and training, accounted for less than 6% of all welfare dollars. Actual spending for jobs and training is somewhat understated because some other benefit programs (including public housing, food stamps, and Temporary Assistance for Needy Families) have work and training components.

This report consists of a catalog of 80 need-based programs,¹ including some that made final outlays in FY1997² and two new programs, State Children's Health Insurance (S-CHIP) and Native Employment Works, a work and training program for Indians. For each it provides the funding formula, eligibility requirements, and benefit levels. At the back of the report a table gives expenditure data (federal and state/local) and recipient data for FY1996-FY1998 by program.

¹ The number of programs in this report is somewhat arbitrary. For example, General Assistance, listed under both cash and medical aid, could be viewed as a single program.

² Programs related to the repealed program of Aid to Families with Dependent Children.

Table 1. Expenditures of Major Need-Tested Benefit Programs, FY1996-FY1998
(millions of current \$)

	Federal expenditures			State-local expenditures			Total expenditures		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
Medical care	103,925	107,787	113,779	74,015	78,313	82,612	177,940	186,100	196,391
Cash aid	70,011	71,848	73,872	22,444	21,234	20,690	92,455	93,082	94,562
Food benefits	37,164	35,374	33,451	1,920	1,974	2,060	39,084	37,348	35,511
Housing benefits	25,496	26,440	26,897	2,459	2,456	2,614	27,955	28,896	29,511
Education	15,423	16,509	16,991	955	1,026	1,137	16,378	17,535	18,128
Services	6,312	6,660	7,300	4,709	4,971	5,153	11,021	11,631	12,453
Jobs/training	4,040	3,796	3,785	644	178	71	4,684	3,973	3,857
Energy aid	1,179	1,342	1,257	73	64	64	1,251	1,406	1,321
Total	263,550	269,754	277,332	107,219	110,216	114,401	370,769	379,971	391,733

Note: Some rows and columns may not add to totals shown because of rounding. Program data on which this table is based are found in **Table 12**.

Nature of Programs

Most of these programs base eligibility on individual, household, or family income, but some use group or area income tests; and a few offer help on the basis of presumed need. Most provide income “transfers.” That is, they transfer income, in the form of cash, goods, or services, to persons who make no payment and render no service in return. However, in the case of the job and training programs and some educational benefits, recipients must work or study for wages, training allowances, stipends, grants, or loans. Further, the TANF block grant program requires adults to commence work after a period of enrollment, the Food Stamp program imposes work and training requirements, and public housing programs require recipients to engage in “self-sufficiency” activities or to perform community service. Finally, the Earned Income Tax Credit (EITC) is available only to workers.

This report excludes income maintenance programs that are not income tested, including social insurance and many veterans’ benefits, and all but one tax transfer program. Thus, it excludes Social Security cash benefits, unemployment compensation, and Medicare. The Old-Age, Survivors, and Disability Insurance programs (Social Security cash benefit programs) in FY1998 paid out almost as much as all income-tested programs, a total of \$372 billion, financed primarily from payroll tax collections. The report also excludes payments, even though financed with general revenues, that may be regarded as “deferred compensation,” such as veterans’ housing benefits and medical care for veterans with a service-connected disability.

The report includes one tax-transfer program, the refundable Earned Income Tax Credit (EITC) for low-income workers with children. This credit reduces the taxes of working families with gross income below a specified limit (in 1999, \$26,928 for families with one child, \$30,580 for those with more children) and makes direct payments (“refunds”) to those whose income is below the income tax threshold or whose tax liability is smaller than their credit. This report treats the direct payment component of the EITC, but not the reduction in tax liability, as a welfare expenditure.³ Other tax benefits are excluded from the report because they are not refundable (make no direct payments).⁴ Further, in most cases they impose no income test for eligibility. Examples of these other tax benefits are the deductibility of mortgage interest and property taxes on owner-occupied homes (causing estimated revenue losses of \$51.7 billion and \$17.8 billion, respectively, in 1998). These tax transfers increase families’ disposable income by reducing their tax liability and are known as “tax expenditures.” (The standard deduction and personal exemption in the income tax code also decrease families’ taxable income.)

³ Editions of this report before 1991 counted the entire EITC, both the refund and the reduced tax liability. Historical tables in this report use only direct EITC outlays.

⁴ This report excludes the child tax credit, enacted in 1997 (P.L. 105-34). A portion of this credit may be refundable for taxpayers with three or more qualifying children, depending on the social security taxes they pay and the EITC they receive. However, in 1998, no child tax credits were refunded.

Billion-Dollar Programs in FY1998

In FY1998, a total of 28 programs for low-income persons spent more than \$1 billion each in federal, state, and local funds. These programs accounted for 97% of total welfare spending, \$380 billion out of a total of \$391.7 billion. The list was led by Medicaid, which alone spent \$177.4 billion (45% of the total). **Table 2** shows the programs and their expenditures in FY1998.

Table 2. Programs with Billion-Dollar Total Expenditures, FY1998
(\$ in billions)

	Federal	State/local	Total
1. Medicaid	\$100.177	\$77.187	\$177.364
2. SSI	29.656	3.945	33.601
3. Earned Income Tax Credit (refund)	25.300	0	25.300
4. Food stamps	20.397	1.987	22.384
5. TANF ^a	11.286	10.227	21.513
6. Section 8 low-income housing assistance	16.114	0	16.114
7. Medical care for veterans (no service-connected disability)	9.603	0	9.603
8. Federal Pell grants	6.274	0	6.274
9. Foster care	3.730	3.303	7.033
10. Title XX social services	2.299	3.586 ^b	5.885
11. Head start	4.347	1.087	5.434
12. School lunch (free/reduced price)	5.196	—	5.196
13. General assistance (medical component)	0	4.956 ^b	4.956
14. Child care and development block grant	3.123	1.567	4.690
15. HOME (Home investment partnerships)	1.461	2.601	4.062
16. Low-rent public housing	3.899	—	3.899
17. WIC	3.896	0	3.896
18. Rural housing loans (Section 502)	3.830	0	3.830
19. Subsidized Federal Stafford and Stafford/Ford loans	3.770	0	3.770
20. Veterans' pensions	3.071	0	3.071
21. General assistance (cash and nonmedical)	0	2.625 ^b	2.625

	Federal	State/local	Total
22. Indian health services	2.099	0	2.099
23. Child and adult care food program	1.404	—	1.404
24. Adoption assistance	.695	.590	1.285
25. School breakfast (free/reduced-price)	1.266	—	1.266
26. Job Corps	1.246	0	1.246
27. LIHEAP (home energy assistance)	1.132	0	1.132
28. Maternal and child health services block grant	.678	.424	1.102
28-program total	265.949	114.085	380.034

Source: Data are from **Table 12**.

^aThe TANF block grant replaced AFDC, effective July 1, 1997 at latest (P.L. 104-193).

^bEstimate. See footnote for this item in **Table 12**, p. 210.

Trends in Spending

Total expenditures on cash and noncash welfare programs were 24 times as great in 1998 as in 1968 (**Table 3**). Even after allowance for price inflation, spending quintupled (rising 419%) over the 30 years, a period when the U.S. population rose 35%.⁵ Measured in constant 1998 dollars,⁶ the annual rate of growth in spending over the whole period was 5.6%. However, the growth pattern was uneven. During the first 8 years (1968-1976) spending climbed at an annual rate of 12.9%; in the next 8 years (1976-1984) the annual rate of increase dropped to 1.7% (in 1 year, 1982, real spending declined, and it remained below the 1981 level until 1985). From 1985 to 1995 growth resumed and averaged an annual rate of 6%. This lifted 1995 spending to a new record high. However, real spending declined in 1996; thereafter, it turned upward and by 1998 it almost regained its 1995 peak.

Total per capita welfare spending grew in real terms (constant FY1998 dollars) from \$376 in FY1968 to a peak of \$1,491 in FY1995 and averaged \$1,451 in FY1998. In the intervening years growth was uneven. In FY1982, welfare spending failed to keep pace with inflation, and per capita spending declined (to \$879). Although real per capita welfare spending turned upward again in FY1984, it did not regain (and overtake) its 1981 level until 1986, when it reached \$912. Each year since then until FY1996, real per capita welfare spending set new records.

⁵ Based on the resident U.S. population.

⁶ Current dollars were translated into FY1998 constant value dollars by use of the Consumer Price Index for all urban consumers (CPI-U).

Chart 1 (page 9) shows the course of expenditures for income-tested benefits over the three decades, FY1968-FY1998. The upper line shows total spending (federal and state-local spending); the bottom line shows state-local spending alone; the space between represents federal spending. Throughout this period federal expenditures accounted for more than 70% of the total. The federal share rose above 76% in 1979-1980, then began a general decline. Since 1991, it has been below 72%.

Table 3. Expenditures for Income-Tested Benefits, FY1968-FY1998
(\$ in millions)

Fiscal year	Federal dollars	State-local dollars	Total spending	
			Total current dollars	Constant 1998 dollars ^a
1968	11,406	4,710	16,116	75,546
1973	26,876	10,054	36,930	135,684
1975	39,461	14,753	54,214	164,385
1976	49,954	16,990	66,944	191,926
1977	55,113	18,892	74,005	199,215
1978	63,964	20,151	84,115	210,455
1979	70,172	21,304	91,476	205,544
1980	80,043	24,633	104,676	207,231
1981	87,936	29,045	116,981	209,935
1982	88,977	31,706	120,683	204,011
1983	93,830	33,982	127,812	209,337
1984	99,151	36,191	135,342	212,496
1985	105,064	38,230	143,294	217,245
1986	107,775	40,811	148,586	221,157
1987	114,835	43,364	158,199	227,174
1988	125,061	46,580	171,641	236,685
1989	134,730	51,587	186,317	245,112
1990	151,514	61,064	212,578	265,405
1991	177,953	73,943	251,896	301,724
1992	208,273	88,130	296,403	344,585
1993	223,595	88,736	312,331	352,697
1994	246,374	102,396	348,770	383,854
1995	258,457	108,212	366,669	392,253
1996	263,550	107,219	370,769	385,319
1997	269,756	110,216	379,972	385,910
1998	277,330	114,399	391,729	391,729

Data Sources:

- 1968 and 1973 data are from: *Income Security for Americans: Recommendations of the Public Welfare Study*. Report of the Subcommittee on Fiscal Policy of the Joint Economic Committee. December 5, 1974. **Table 4**, p. 28 of Joint Economic Committee study,

(1968 federal total has been increased by \$54 million to correct a typographical error in that table, and the 1973 federal total has been increased by \$101 million to include Title X family planning, previously omitted from this report series). Data sources for other years follow.

- 1975-1985 data are from previous editions of this report, as revised and summarized in CRS Report 88-526, p. 8-9, but with these changes: (a) state/local estimates for medical spending under General Assistance (GA) have been changed to reflect revised estimates of the U.S. Department of Health and Human Services; (b) for 1982 and 1983 estimates of state/local spending for social services of the Title XX variety (previously unavailable) have been added, and, for 1984 and 1985, increased; (c) \$100 million has been subtracted from federal 1984 social services spending to correct a duplication (transfer of Low-Income Home Energy Assistance Program funds), (d) amounts ranging from \$101 million in 1975 to \$162 million in 1980 have been added each year to account for federal spending for Title X family planning, and (e) amounts representing the tax expenditure component of the EITC have been subtracted from federal totals, leaving only the refunded part of the credit.
- 1986-1987 data are from CRS Report 89-595, p. 2, revised by additions to federal spending for Title X family planning and (1987) for health centers for the homeless, subtractions for the tax expenditure component of the EITC, and subtractions to reflect revised estimates for GA medical spending (nonfederal).
- 1988-1989 data are from CRS Report 91-741, p. 2, revised to reflect reduced estimates of GA medical spending and to include federal spending for health centers for the homeless.
- 1990-1991 data are from CRS Report 93-832, p. 2, revised to reflect increased estimates of GA medical spending and of state-local spending for Title XX social services, and to include federal spending for health centers for the homeless and for public housing health centers.
- 1992-1993 data are from CRS Report 96-159, p. 2, revised to reflect increased estimates of state-local spending for Title XX social services and to include federal spending for health centers for the homeless and for public housing health centers.
- 1994-1996 data are from CRS Report 98-226, revised by addition of federal spending for health centers for the homeless and for public housing health centers.
- 1996-1998 data are from **Table 1** (p. 2) of this report.

^a Current dollars have been translated into FY1998 constant dollars by use of the Consumer Price Index for all Urban Consumers.

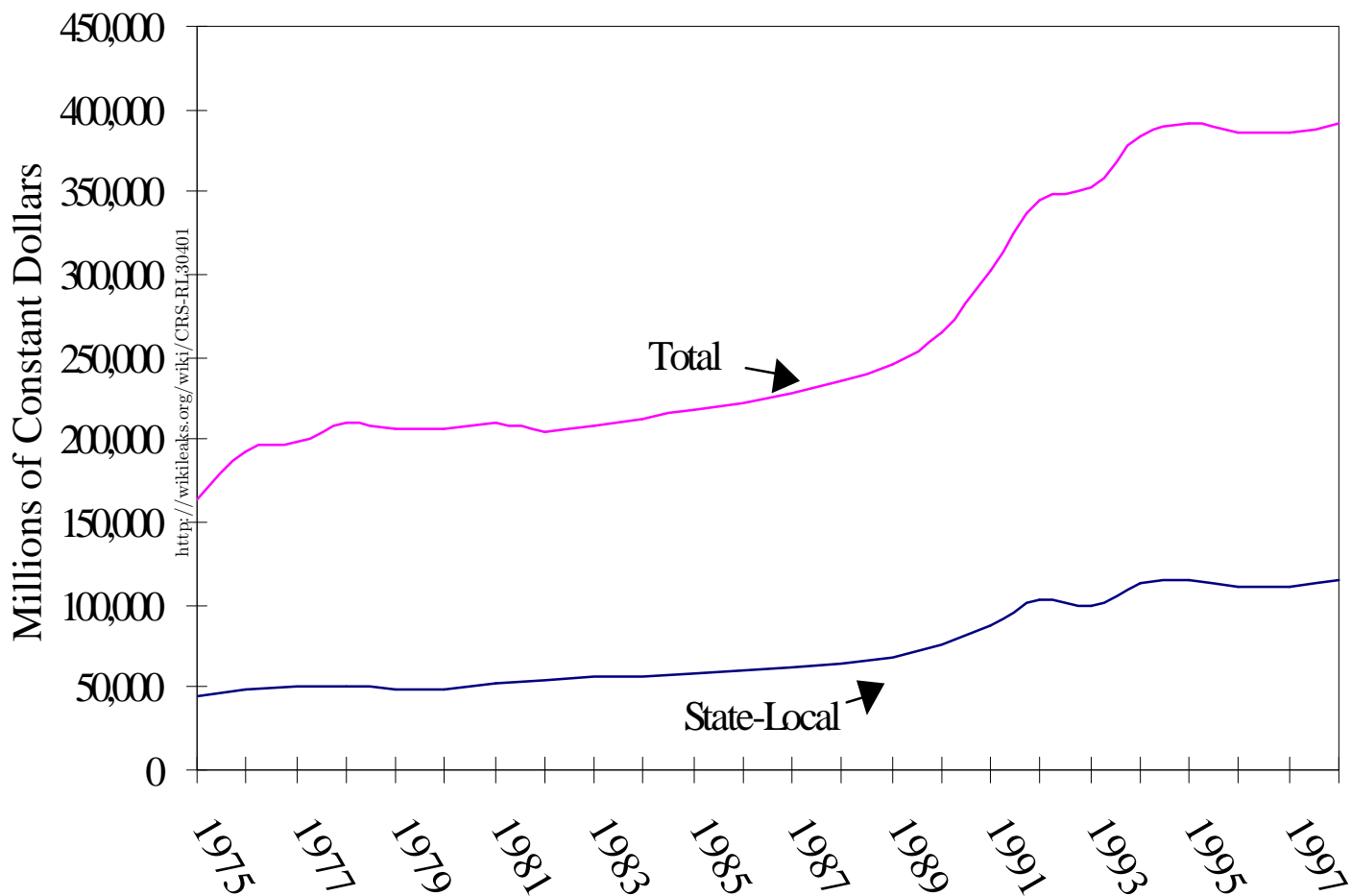
During 1968-1976, Congress liberalized some old welfare programs and established new ones. Some of the major expansions follow. Effective in 1969, Congress gave a work incentive bonus to all mothers who received AFDC checks; the bonus, virtually repealed in late 1981, was the right to a welfare supplement even after their earnings rose above the state standard of need. In 1969, minimum rents for public housing were abolished (reinstated, at a low level, in 1974). By 1970 amendment, the Food Stamp program was converted into a federal income guarantee in participating counties. By 1972 amendment, basic educational opportunity grants were adopted for all needy college students (extended to “middle-income” students by 1978 law). In 1972, effective in 1974, a federal cash income guarantee (SSI) was enacted for the aged, blind, and disabled, and Congress established the Special

Supplemental Food Program for Women, Infants, and Children (WIC). Effective in 1974, food stamps were extended to all counties, providing a national income guarantee in the form of food stamps. In 1975, a rebatable tax credit (EITC) was adopted for low-income workers with children.

In 1981, Congress moved to restrict eligibility for some programs and to lower some benefits. For example, it imposed gross income eligibility limits for AFDC and food stamps, reduced AFDC and food stamp benefits for families with earnings, raised public housing rents, and reduced subsidies for school lunches. Effective in FY1983, it temporarily reduced the food stamp guarantee. Thereafter, Congress restored food stamp benefit rules for workers (1985), expanded Medicaid eligibility for some needy persons not enrolled in cash welfare, sharply expanded the EITC (and gave it inflation protection) (1986), and required all states to offer AFDC to needy two-parent families in which the primary earner is unemployed or underemployed (1988). It also established the Job Opportunities and Basic Skills (JOBS) program for AFDC recipients and expanded federal matching funds for work and training and for related child care. In 1993 (P.L. 103-66), Congress again expanded the EITC, with the goal of ending poverty for a family of four with a parent who works full time at the minimum wage (counting food stamps toward the antipoverty goal). At the same time it established a small EITC for childless workers.

In 1996, effective July 1, 1997 at latest, Congress repealed AFDC, JOBS, and Emergency Assistance, replacing them with a fixed annual block grant for Temporary Assistance for Needy Families (TANF), through FY2002. It specified that state TANF programs must condition eligibility on work, impose a lifetime limit (5 years at most) on federally funded aid, and achieve prescribed work participation rates for full funding. The 1996 law (P.L. 104-193) also ended eligibility for most welfare benefits for non-citizens, added to the Food Stamp program a stringent work requirement for childless persons aged 18-50, and sharply expanded federal funding for child care, consolidating the funds in the Child Care and Development Block Grant. In 1997, Congress added special welfare-to-work grants to TANF (2 years only), moderated some of the rules affecting noncitizens (see later section on *Alien Eligibility for Federal Benefits*), and established a new program of State-Children's Health Insurance (S-CHIP).

Chart 1. Federal and State/Local Expenditures for Income-Tested Benefits FY1975-FY1998, in Constant 1998 Dollars



Spending Trends by Level of Government. **Table 4** presents 1968-1998 federal welfare spending in constant 1998 dollars, by form of benefit; **Table 5** gives corresponding state-local data. Measured in constant 1998 dollars, federal spending for income-tested benefits climbed from \$53.5 billion in fiscal year 1968 to \$277.3 billion in fiscal year 1998, an increase of 419%. As **Table 4** shows, cash aid was the leading form of federal welfare until 1980, when it was overtaken in value by medical benefits. Two years later, in 1982, federal welfare spending declined for all forms of aid except subsidized housing, in which case outlays reflected earlier commitments, and education benefits. In 1983, federal spending declined further for medical benefits. For the next 12 years, aggregate real federal welfare outlays climbed steadily, from \$155.7 billion in FY1984 to \$276.5 billion in FY1995. However, in FY1996, real federal welfare spending declined, but thereafter it turned upward, and in FY1998 it set a new historic record of \$277.3 billion.

Table 5 shows that state/local spending for income-tested benefits, measured in FY1998 dollars, climbed from \$22.1 billion in fiscal year 1968 to \$114.4 billion in FY1998, an increase of 418%. Cash aid was overtaken by medical benefits as the dominant form of state/local welfare spending in 1976. Unlike federal welfare spending, state-local spending rose steadily in all years since 1979 except for 1993 and 1996.

Table 4. Federal Spending for Income-Tested Benefits by Form of Benefit, FY1968-FY1998
(millions of constant FY1998 dollars)

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total ^a
1968	\$12,849	\$23,612	\$4,186	\$3,670	\$4,031	\$3,324	\$1,795	\$0	\$53,467
1973	24,466	31,505	14,164	12,338	6,691	3,391	6,191	0	98,745
1975	29,063	38,627	19,524	13,141	6,610	6,516	6,170	0	119,652
1976	31,379	42,778	22,153	15,224	10,591	13,205	7,807	80	143,216
1977	35,479	42,255	20,878	16,259	9,360	14,598	8,716	813	148,359
1978	36,444	40,149	21,289	18,367	10,176	24,269	8,659	683	160,038
1979	36,875	38,046	23,317	19,007	10,810	20,820	8,208	591	157,674
1980	38,405	37,571	25,913	19,017	9,681	17,075	7,394	3,407	158,464
1981	39,935	37,615	28,156	19,488	8,591	13,488	6,933	3,605	157,811
1982	38,948	36,472	26,496	19,919	13,160	6,743	5,246	3,428	150,413
1983	38,611	36,690	29,639	20,439	12,158	7,382	5,411	3,351	153,680
1984	39,007	37,341	29,385	20,152	12,578	8,442	5,399	3,369	155,674
1985	42,268	37,123	29,354	21,396	14,427	5,905	5,384	3,428	159,285
1986	44,316	39,187	28,491	19,744	14,966	5,397	5,046	3,267	160,414
1987	50,467	39,431	28,566	18,971	14,027	5,431	5,180	2,830	164,903
1988	53,258	41,802	27,877	20,272	15,371	5,168	6,190	2,515	172,453
1989	55,790	43,628	27,410	20,950	16,424	5,019	5,882	2,143	177,246
1990	62,708	45,502	29,803	21,909	17,181	4,963	5,099	2,003	189,166
1991	74,805	50,634	33,545	22,712	17,803	5,257	6,236	2,163	213,154
1992	91,470	56,635	38,142	25,486	15,813	5,834	6,790	1,959	242,129
1993	96,044	60,245	39,266	27,051	16,163	5,388	6,604	1,732	252,492
1994	103,112	69,774	39,739	26,574	16,109	5,350	8,389	2,110	271,158
1995	108,489	72,662	39,365	26,689	16,193	4,949	6,431	1,713	276,491
1996	108,003	72,758	38,622	26,497	16,028	4,199	6,560	1,225	273,893
1997	109,471	72,971	35,927	26,853	16,767	3,855	6,764	1,363	273,971
1998	113,779	73,872	33,451	26,897	16,989	3,785	7,300	1,257	277,330

Source: Data sources are the same as for Table 3.

^aRows may not add to total shown because of rounding.

Table 5. State-Local Spending for Income-Tested Benefits by Form of Benefit, FY1968-FY1998
(millions of constant FY1998 dollars)

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total ^a
1968	\$9,661	\$11,672	\$0	\$0	\$0	\$202	\$544	\$0	\$22,079
1973	15,303	19,462	0	0	0	206	1,969	0	36,939
1975	20,046	20,470	1,695	0	434	118	1,971	0	44,733
1976	22,374	21,990	1,815	0	447	112	1,972	0	48,710
1977	23,928	22,006	2,189	0	498	153	2,081	0	50,856
1978	24,422	21,022	2,184	0	593	158	2,039	0	50,418
1979	25,022	19,266	888	0	564	175	1,955	0	47,869
1980	26,132	19,294	905	0	566	160	1,709	0	48,767
1981	28,050	19,735	1,041	0	524	151	2,624	0	52,124
1982	29,578	18,886	1,215	0	455	127	3,212	25	53,598
1983	30,928	19,343	1,282	0	495	129	3,439	41	55,657
1984	32,235	19,448	1,492	0	474	122	2,983	68	56,822
1985	32,587	19,936	1,560	0	688	123	2,918	47	57,960
1986	34,335	21,019	1,642	0	737	109	2,828	74	60,744
1987	35,336	21,282	1,676	0	734	102	2,843	299	62,271
1988	37,445	21,226	1,571	0	750	99	2,896	244	64,232
1989	40,801	21,692	1,529	0	717	128	2,763	237	67,866
1990	45,689	22,236	1,542	0	785	333	5,498	155	76,239
1991	56,847	23,179	1,572	0	655	526	5,656	135	88,570
1992	66,449	24,538	1,678	2,674	714	553	5,748	102	102,456
1993	65,502	24,223	1,768	1,502	865	635	5,629	80	100,204
1994	74,542	25,228	1,948	1,777	994	720	7,403	85	112,696
1995	78,327	25,327	1,958	2,487	1,022	868	5,688	87	115,762
1996	76,920	23,325	1,995	2,555	992	669	4,894	76	111,426
1997	79,537	21,566	2,005	2,494	1,042	181	5,049	65	111,938
1998	82,610	20,690	2,060	2,614	1,137	71	5,153	64	114,399

Source: Data sources are the same as for Table 3.

^aRows may not add to total shown because of rounding.

Overall Spending Trends, by Form of Benefit. The dramatic change over the last three decades in the composition of spending for income-tested benefits is shown in **Chart 2** and in **Table 6**. Outlays for medical benefits grew to almost equal those for cash aid by FY1978, then rapidly overtook them. By FY1992, medical benefit spending was almost double that for cash aid.

Table 6. Outlay Trends by Form of Benefit, FY1968-FY1998
(billions of constant 1998 dollars)

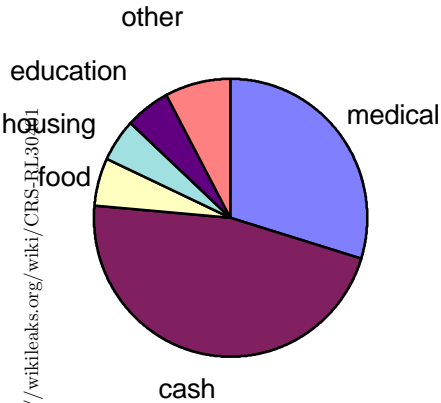
	FY1968	FY1978	FY1988	FY1992	FY1994	FY1996	FY1998
Medical aid	\$22.5	\$60.9	\$90.7	\$157.9	\$177.7	\$184.9	\$196.4
Cash	35.3	61.2	63.0	81.2	95.0	96.1	94.5
Food benefits	4.2	23.5	29.4	39.8	41.7	40.6	35.5
Housing	3.7	18.4	20.3	28.2	28.4	29.1	29.5
Education	4.0	10.8	16.1	16.5	17.1	17.0	18.1
Jobs/training	3.5	24.4	5.3	6.4	6.1	4.9	3.9
Services	2.3	10.7	9.1	12.5	15.8	11.5	12.5
Energy aid	—	.7	2.8	2.1	2.2	1.3	1.3
Total^b	\$75.5	\$210.5	\$236.7	\$344.6	\$383.9	\$385.3	\$391.7

^aData sources are the same as for **Table 3**.

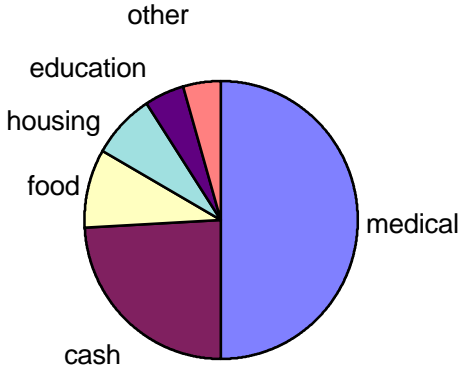
^bSome columns do not add to total shown because of rounding.

Chart 2. Composition of Income-Tested Benefits

FISCAL YEAR 1968



FISCAL YEAR 1998



<http://wikileaks.org/wiki/CRS-RL30841>

Share of Gross Domestic Product. As a share of GDP, total welfare outlays more than doubled from 1.77% in FY1968 to a peak of 3.76% in 1980. Thereafter, the share sank to 3.36% in 1986, but in the 1990s it climbed to new record highs, exceeding 4% in 1991-1993 and 5% in 1994 and 1995. However, in 1996-1998, it slipped below 5% (and in 1998 was 4.6%).

Share of Federal Budget. The share of the federal budget used for benefit programs for low-income persons more than doubled from 1968 to 1976 and in 1978-1979 reached 13.9%. However, it began dropping in 1980 and fell to 10.9% in 1986 before again turning upward. In the next 8 years it climbed steadily, setting new record highs in 1992 (15.1%), 1993 (15.9%), 1994 (16.9%), and 1995 (17.1%). However, in 1996 it dipped lower and in 1998 was 16.8%.

Alien Eligibility for Federal Benefits

The 1996 welfare reform law (P.L. 104-193) sharply restricted welfare eligibility for noncitizens. Under that law, as amended by P.L. 105-33 and P.L. 105-185, the eligibility of aliens for major federal benefit programs depends on their immigration status and whether they arrived before or after August 22, 1996, when the 1996 law was signed. *Refugees* remain eligible for Supplemental Security Income (SSI), Medicaid, and food stamps for 7 years after arrival, and for other restricted programs for 5 years. Most *legal immigrants* are barred from food stamps and SSI until they naturalize or meet a 10-year work requirement. Immigrants who received SSI (and SSI-related Medicaid) on August 22, 1996, continue to be eligible, as do those here then who subsequently become disabled. Immigrants here by August 22, 1996 are eligible for food stamps if they were over 65, until they turn 18, and/or if they subsequently become disabled. Immigrants entering after August 22, 1996 are barred from TANF and Medicaid for 5 years, after which their coverage becomes a state option. Also after the 5-year bar, the sponsor's income is deemed to be available to new immigrants in determining their financial eligibility for designated federal means-tested programs until they naturalize or meet the work requirement. (See CRS Report 96-617, *Alien Eligibility for Benefits for Public Assistance*.)

Cash and Noncash Aid Received by Poor Families With Children

The Census Bureau reports that 7.2 million families (including 5.6 million with children) in 1998 had total pre-tax money income — after counting any cash from the welfare programs of Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), and General Assistance (GA) — that was below their poverty threshold. The Bureau found that the money income poverty rate among related children in families was 18.3%, the lowest since 1980 (when it was 17.9%). It reported that if the Earned Income Tax Credit (EITC), food stamps, free and reduced price school lunches, rent subsidies, and Medicaid coverage⁷ also were counted as income, and if federal and state income and payroll taxes were subtracted from income, the poverty rate for related children would drop to 12.9% (and the number classified as “poor” would fall from 12.8 million to 8.7 million).⁸

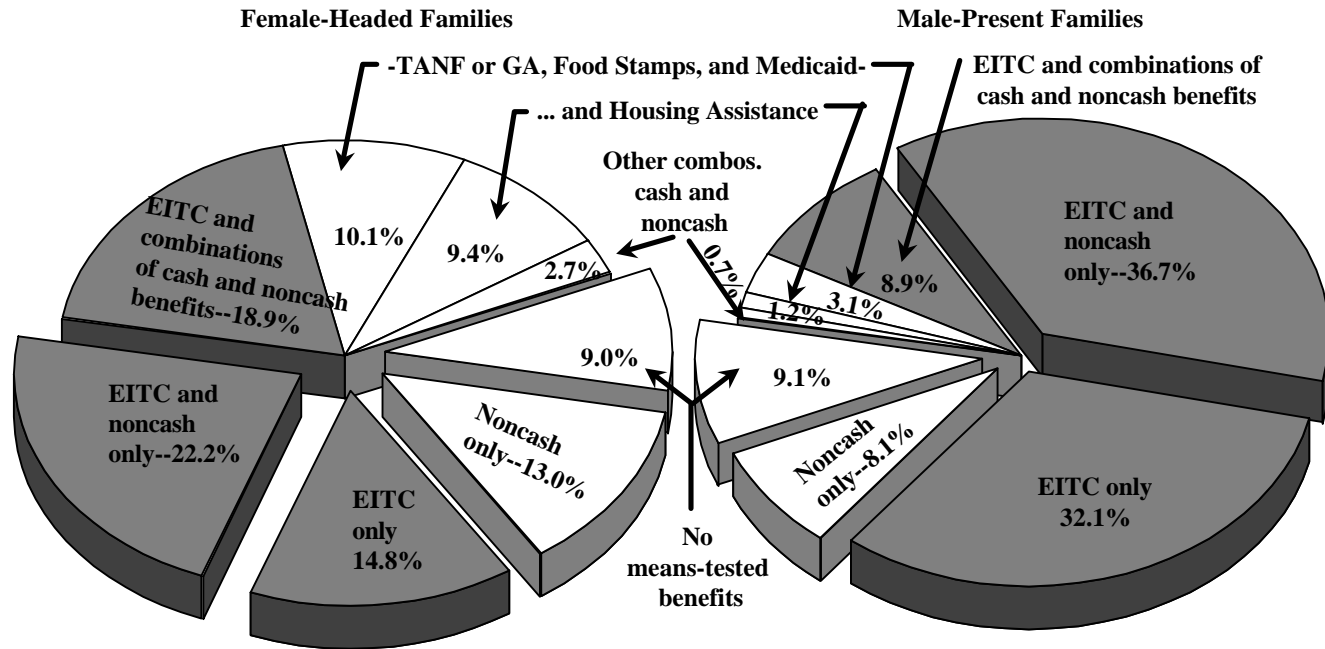
Overall, 34.5 million persons were classified as poor on the basis of 1998 pre-tax money income. Of these persons, 69.2% were in households that received means-tested aid from at least one of eight programs (TANF, SSI, GA, school lunch, food stamps, Medicaid, subsidized housing, low-income home energy assistance). By race and ethnicity, the following percentages of poor persons were in households that received pre-tax aid from one or more of the eight programs: whites, 64%, compared with 69% in 1996; blacks, 82.5%, compared with 86% in 1996; persons of Hispanic origin, 78%, compared with 84% in 1996. (Although the share of pre-tax poor families aided by these programs declined, the share of families with children that received income supplements from the EITC increased, as shown in the next paragraph.)

Chart 3 depicts income-tested aid provided to families with children who were poor *before* receiving any cash aid from TANF, GA, or the EITC. In 1998, these families totaled 6.1 million (compared with 6.7 million in 1996): 3.8 million with a female householder and 2.3 million with a male householder (chiefly two-parent families). These numbers, based on CRS estimates, include unrelated subfamilies (the Census Bureau excludes these subfamilies from their “family” counts). As the chart shows, all but 9.1% of the female-headed families and 9% of the male-present families whose pre-tax, pre-welfare money income fell short of the poverty threshold received means-tested aid. For male-present families, the EITC, which goes only to persons with earnings, was the dominant form of aid. In all, 77.7% of male-present families who were poor before transfers received the EITC (compared with 76% in 1996); for 32% it was the only aid. Among female-headed families who were poor before transfers, 55.9% received the EITC (compared with 48% in 1996); for 14.8% it was the only aid. A combination of TANF or GA cash, food stamps, and Medicaid went to 10.1% of female-headed families and to 3.1% of male-present families.

⁷ For this purpose, the income value of Medicaid benefits was defined as their “fungible value”: the extent to which they free up resources that could have been spent on medical value.

⁸ U.S. Bureau of the Census. Poverty in the United States: 1998. Current Population Reports, Series P-60, no. 207, September 1999.

Chart 3. Cash and Noncash* Welfare Benefits Received by Poor Families with Children, 1998**



* Cash welfare benefits shown are: Temporary Assistance to Needy Families (TANF) and General Assistance (GA). Noncash benefits shown are: Food Stamps, Medicaid and Housing Assistance.

█ Receives Earned Income Tax Credit

**Poor before receiving cash welfare.

Chart based on CRS analysis of March 1999 Current Population Survey data.

Income Tests of the Benefit Programs

More than 90% of the programs in this report have an explicit test of income. The others base eligibility on area of residence, enrollment in another welfare program, or other factors that presume need.

The explicit income tests are of five kinds:

- Income ceiling related to one of the federal government’s official poverty measures (federal poverty income guidelines or Census Bureau poverty thresholds). Income limit related to state or area median income.
- Income limit related to the Bureau of Labor Statistics’ (BLS) lower living standard income levels. Income below absolute dollar standard.
- Income level deemed to indicate “need.”

Table 7 classifies the programs⁹ in this report by type of income test.

It shows that five federal cash benefit programs use an absolute federal dollar ceiling. The other cash programs, including TANF, base eligibility on state decisions about income need. Medicaid, the largest welfare program of all, uses three kinds of income tests. Some persons qualify because the state finds them needy, some because their income is below limits for SSI (or for the repealed program of AFDC), and some qualify on the basis of the poverty guidelines. Most food benefit programs tie eligibility to the federal poverty income guidelines; some also give automatic eligibility to persons in another benefit program. Most housing programs base eligibility on area median income. Job programs, on the other hand, tend to use official poverty measures or Department of Labor income standards, whichever are higher. For most education benefit programs, a special need analysis system (federal needs analysis methodology) is used.

The benefit programs use income tests to decide eligibility and, in some cases, to decide the size of benefit. Some set one income limit for free service, another for partially subsidized service. Some programs admit a limited percentage of recipients with income above their customary limits. An example is Head Start.

⁹ The total number of classifications in Table 7 exceeds 80 because many programs have alternative income tests.

Table 7. Income Eligibility Tests Used by Benefit Programs

Limit related to:								
Program*	Official poverty measure	Lower living standard income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment in or eligibility for another program	Other
MEDICAL BENEFITS								
1. Medicaid	X ^a				X ^b		X ^c	
2. Veterans' medical care (no service disability)				X			X ^d	
3. General assistance (medical)					X ^b			
4. Indian health services						X		
5. Maternal and child health services	X ^e							
6. Consolidated health centers	X ^f					X ^g		
7. Title X family planning	X ^f							
8. S-CHIP	X							X ^h
9. Medical aid for refugees, Cuban/Haitian entrants					X ^b			
CASH AID								
10. SSI				X ⁱ	X ^j			
11. EITC				X				
12. TANF/AFDC					X ^b			

Limit related to:								
Program*	Official poverty measure	Lower living standard income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment in or eligibility for another program	Other
27. The emergency food assistance program					X ^b			
28. Summer food service	X							
29. Commodity supplemental food						X	X	
30. Food distribution for Indians					X			
31. Special milk (free)	X							
HOUSING BENEFITS								
32. Section 8 lower-income housing assistance			X					
33. HOME			X					
34. Public housing			X					
35. Rural housing loans			X					
36. Section 236 interest reduction payments			X					
37. Rural rental assistance (Section 521)			X				X	
38. Rural rental housing loans (Section 515)			X					
39. HOPE			X				X	

http://kiki.legis.wa.gov/crs/CRS-21/401

Limit related to:								
Program*	Official poverty measure	Lower living standard income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment in or eligibility for another program	Other
40. Rural housing repair loans and grants			X					
41. Section 101 rent supplements			X					
42. Section 235 homeownership			X					
43. Rural self-help technical assistance grants and site loans			X		X			
44. Farm labor housing loans and grants					X			
45. Indian housing improvement grants					X			
46. Rural housing preservation grants			X					
EDUCATION								
47. Pell grants					X ^q			
48. Head Start	X							
49. Stafford and Stafford/Ford loans					X ^q			
50. Federal work-study program					X ^q			

Limit related to:								
Program*	Official poverty measure	Lower living standard income level	State/ area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment in or eligibility for another program	Other
51. Supplemental educational opportunity grants					X ^q			
52. Federal TRIO programs	X							
53. Chapter 1 migrant education								X ^r
54. Perkins loans					X ^q			
55. Health professions student loans and scholarships	X ^s				X ^t			
56. State student incentive grants					X ^b			
57. Fellowships for graduate and professional study					X ^q			
58. Migrant high school equivalency								X ^u
59. College assistance migrant program								X ^u
60. Ellender fellowships					X ^v			

Limit related to:								
Program*	Official poverty measure	Lower living standard income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment in or eligibility for another program	Other
SERVICES								
61. Social services (Title XX)	X ^w				X ^b			
62. Child care and development block grant			X ^x				X ^y	
63. Homeless assistance								X ^z
64. Community services block grant	X							
65. Legal services	X							
66. Social services for refugees and Cuban/Haitian entrants					X ^b			
67. Emergency food and shelter								X ^z
68. Child care for AFDC recipients and ex-recipients ¹					X ^b		X	
69. At-risk child care ¹					X ^b			
JOBS AND TRAINING								
71. Job Corps	X ^{aa}	X					X	
72. Adult training	X ^{aa}	X					X	

Limit related to:								
Program*	Official poverty measure	Lower living standard income level	State/ area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment in or eligibility for another program	Other
73. Summer youth employment	X ^{aa}	X					X	
74. Senior community service employment	X						X	
75. Youth training	X ^{aa}	X					X	
76. Foster grandparents	X							
77. Senior companions	X							
78. Native employment works					X ^b		X	
ENERGY AID								
79. Low-income home energy aid	X ^{bb}		X			X	X	
80. Weatherization assistance	X						X	

*Short titles and abbreviations are used in this table. See table of contents for full titles.

^aStates must extend Medicaid to certain persons whose income is below the federal poverty income guideline (or a multiple of it) but who do not receive cash aid. These persons are pregnant women, children born since September 30, 1983, the aged, the blind, and the disabled.

^bNeed is decided by state, locality, Indian tribe (or Alaskan Native village).

^cEligible for Medicaid, foster care, and adoption assistance are persons who do not qualify for TANF but who would be income-eligible for AFDC under the terms of July 16, 1996 (with some modifications allowed) if that program had not been replaced by TANF. Also eligible for Medicaid in most states are persons eligible for SSI.

^dVeterans receiving veterans' pensions or eligible for Medicaid are automatically eligible for free VA medical care.

^eThe stated purpose of the Maternal and Child Health (MCH) Services Block Grant law is to enable states to assure access to quality MCH services to mothers and children, particularly those with low income (or limited availability of health services). The law defines low income in terms of the federal poverty income guidelines. This block grant, which took effect in FY1981, includes funding for crippled children's services.

^fThe law limits free care to those below the federal poverty income guidelines.

^gAll residents of the area served are eligible, but fees must be charged the nonpoor.

^hIf a state's Medicaid limit for children is at or above 200% of the poverty guideline, it may give S-CHIP to children whose family income is within 150% of the Medicaid limit (thus, up to 50% above the Medicaid limit).

ⁱFor basic federal SSI payment.

^jStates decide need for an optional state supplement to SSI.

^kFor a blind or disabled child eligible for adoption assistance because of eligibility for SSI.

^lThis program was ended by P.L. 104-193.

^mHouseholds composed *wholly* of recipients of SSI or GA or of recipients of TANF cash *or services* automatically meet food stamp assets and income tests but their benefits must be calculated by food stamp rules.

ⁿFood stamp eligibility is accepted as documentation of eligibility for the free school lunch and free school breakfast programs.

^oStates may give automatic eligibility to public assistance recipients.

^pThe law requires preference for those with greatest economic or social need.

^qNeed is decided by a system known as the federal needs analysis methodology, which is set forth in Part F of Title IV of the Higher Education Act (HEA) as amended.

^rThere is no income test. Migratory children are presumed to be needy.

^sFor forgiveness of loans made to needy students who fail to complete studies.

^tNeed for loans is decided by the educational institution, by use of a needs analysis system approved by the Secretary of Education "in combination with other information" about the student's finances. For all health professional scholarships and for loans to students of medicine and osteopathy, federal regulations define the required "exceptional financial need."

^uRegulations require the educational institution to determine that migratory students need the financial assistance provided.

^vLaw makes eligible secondary students who are "economically disadvantaged," but does not define the term. There are no regulations.

^wApplies to families aided with TANF dollars transferred to Title XX (their income cannot exceed 200% of the federal poverty guidelines). Before P.L. 97-35, federal law set an outer eligibility limit related to state median income and required one-half of federal funds to be used for recipients of (or persons eligible for) cash welfare or Medicaid.

^xIncome ceiling is 35% of state median for family of same size.

^yAt least 70% of *entitlement* CCDBG funds must be used for families receiving TANF, trying to leave welfare through work, or at risk of becoming eligible for TANF.

^zNeed is decided by agencies administering the benefits.

^{aa}The federal poverty income guideline is used if higher than 70% of the lower living standard income level of the Department of Labor.

^{bb}States have the option of setting limits below outer federal ceilings (but cannot set a ceiling below 110% of the federal poverty income guideline).

Poverty Thresholds and Other Measures of Need

On the next pages are found:

Estimated weighted average poverty thresholds in 1998, issued by the Census Bureau in January 1999.¹⁰

- Federal poverty income guidelines for 1999, issued by the Department of Health and Human Services (HHS) in March 1999.¹¹
- Income eligibility levels for free and reduced price meals for the period July 1, 1999-June 30, 2000 (130% and 185%, respectively, of 1999 federal poverty income guidelines), issued by the Department of Agriculture in March 1999.
- Lower living standard income levels for families of four persons, issued by the Employment and Training Administration of the Department of Labor in May 1999.

<http://wikileaks.org/wiki/CRS-RL30401>

¹⁰ The Census Bureau poverty thresholds generally are used for statistical purposes. Since 1969, OMB has directed federal departments and agencies to use the Census Bureau's statistics on poverty for statistical purposes. The Census Bureau's poverty threshold uses a definition of poverty developed by the Social Security Administration in 1964 and revised on the basis of recommendations of federal interagency committees in 1969 and 1980.

¹¹ The federal poverty income guidelines are used for administrative purposes. They are a simplified version of the statistical thresholds of the Census Bureau. The current procedure for computing them was developed by the Office of Economic Opportunity in 1973, continued by the Community Services Administration (CSA), and, since the 1981 enactment of P.L. 97-35, which abolished CSA, has been used by the Secretary of HHS. That law requires the HHS Secretary to revise at least annually "the official poverty line (as defined by the Office of Management and Budget)."

Table 8. Bureau of the Census Poverty Thresholds for 1998

	Preliminary estimated threshold: 1998^a
1 person (unrelated individual)	\$ 8,310
Under 65 years	8,480
65 years and over	7,818
2 persons	10,636
Householder under 65 years	10,973
Householder 65 years and over	9,863
3 persons	13,001
4 persons	16,655
5 persons	19,682
6 persons	22,227
7 persons	25,188
8 persons	28,023
9 persons or more	33,073

Source: Census Bureau press release, January 19, 1999.

^aFactor used to update 1997 thresholds: 1.015576 (representing the percent change in the average annual Consumer Price Index between 1997 and 1998).

Table 9. 1999 Federal Poverty Income Guidelines

Size of family unit	48 Contiguous states and D.C.	Alaska	Hawaii
1	\$ 8,240	\$10,320	\$ 9,490
2	11,060	13,840	12,730
3	13,880	17,360	15,970
4	16,700	20,880	19,210
5	19,520	24,400	22,450
6	22,340	27,920	25,690
7	25,160	31,440	28,930
8	27,980	34,960	32,170
For each additional person, add	2,820	3,520	3,240

Source: *Federal Register*, v. 64, no. 52, March 18, 1999. p. 13428-13430.

Table 10. Eligibility Levels for Free and Reduced Price Meals for the Period of July 1, 1999-June 30, 2000

Maximum annual income levels		
Family size	Free meals: 130% federal poverty income guidelines	Reduced price meals: 185% federal poverty income guidelines
48 Contiguous United States, District of Columbia, Guam and Territories		
1	\$10,712	\$15,244
2	14,378	20,461
3	18,044	25,678
4	21,710	30,895
5	25,376	36,112
6	29,042	41,329
7	32,708	46,546
8	36,374	51,763
Add for each additional member	+3,666	+5,217
Alaska		
1	\$13,416	\$19,092
2	17,992	25,604
3	22,568	32,116
4	27,144	38,628
5	31,720	45,140
6	36,296	51,652
7	40,872	58,164
8	45,448	64,676
Add for each additional member	+4,576	+6,512
Hawaii		
1	\$12,337	\$17,557
2	16,549	23,551
3	20,761	29,545
4	24,973	35,539
5	29,185	41,533
6	33,397	47,527
7	37,609	53,521
8	41,821	59,515
Add for each additional member	+4,212	+5,994

Source: *Federal Register*, v. 64, no. 63, April 2, 1999. p. 15958.

Table 11. Lower Living Standard Income Level (LLSIL) for a Family of Four^a – Effective May 14, 1999

(For use in programs under the Job Training Partnership Act, the Workforce Investment Act, and the Work Opportunity Tax Credit)^b

Area	1999 adjusted LLSIL^c	70% of LLSIL^d
Northeast		
Metropolitan	\$28,670	\$20,070
Non-Metropolitan	28,320	19,830
Midwest		
Metropolitan	26,580	18,610
Non-Metropolitan	25,150	17,610
South		
Metropolitan	25,140	17,600
Non-Metropolitan	24,050	16,830
West		
Metropolitan	28,270	19,790
Non-Metropolitan	27,770	19,440
Alaska		
Metropolitan	35,820	25,080
Non-Metropolitan	34,860	24,410
Hawaii/Guam		
Metropolitan	37,290	26,110
Non-Metropolitan	37,220	26,060
Metropolitan Statistical Area (MSA)		
Anchorage, AK	35,820	25,080
Atlanta, GA	25,250	17,680
Boston-Brockton-Nashua,	30,420	21,300
Chicago-Gary-Kenosha, IL-IN-WI	27,980	19,590
Cincinnati-Hamilton, OH-KY-IN	26,620	18,640
Cleveland-Akron, OH	27,730	19,420
Dallas-Ft Worth, TX	23,920	16,750
Denver-Boulder-Greeley, CO	27,910	19,540
Detroit-Ann Arbor-Flint, MI	25,820	18,080
Honolulu, HI	37,290	26,110
Houston-Galveston-Brazoria, TX	23,340	16,340
Kansas City, MO-KS	25,800	18,070
Los Angeles-Riverside-Orange County, CA	28,630	20,050
Milwaukee-Racine, WI	26,890	18,830
Minneapolis-St Paul, MN-WI	26,130	18,300
New York-Northern New Jersey-Long	29,950	20,970
Philadelphia-Wilmington-Atlantic City,	27,890	19,530

Area	1999 adjusted LLSIL ^c	70% of LLSIL ^d
Pittsburgh, PA	26,850	18,810
St. Louis, MO-IL	25,490	17,850
San Diego, CA	29,240	20,470
San Francisco-Oakland-San Jose, CA	29,690	20,790
Seattle-Tacoma-Bremerton, WA	31,010	21,710
Washington-Baltimore, DC-MD-VA-WA	30,320	21,230

Source: *Federal Register*, v. 64, no. 93, May 14, 1999. p. 26454

^aFor LLSILs for other family sizes, see *Federal Register* entry noted above.

^bOn the basis of LLSIL tables, the Governor of each state is to provide “appropriate” figures to service delivery areas (SDAs), workforce development areas, state employment security agencies, and employers to use in determining eligibility for JTPA, WIA, and WOTC. Regulations say that figures may be determined by using information on Metropolitan Statistical Areas (MSAs) and metropolitan and nonmetropolitan areas within a state, or that they may require future calculation. An example is given: “. . . the State of New Jersey may have four or more figures: metropolitan, nonmetropolitan, for portions of the state in the New York City MSA and for those in the Philadelphia MSA. If an SDA under JTPA or a Workforce Development Area under WIA includes areas that would be covered by more than one figure, the Governor may determine which is to be used.”

^cTo assess whether employment will lead to “self-sufficiency,” WIA sets 100% of the LLSIL as the minimum pay needed.

^dJTPA makes eligible as “economically disadvantaged” persons with income below 70% of the LLSIL. WIA provides that the terms “low-income” person and “disadvantaged adult” may be defined as a member of a family that received total family income that, in relation to family size, does not exceed 70% of the LLSIL. Further, the Internal Revenue Code provides that the term “economically disadvantaged” may be defined as 70% of the LLSIL for purposes of the WOTC.

Catalog of Programs Offering Cash and Noncash Benefits to Persons of Limited Income

Medical Aid

1. Medicaid¹

Note: Effective on July 1, 1997 (earlier in most states), P. L. 104-193 ended Aid to Families with Dependent Children (AFDC), a cash assistance program under which recipients automatically were certified eligible for Medicaid. The replacement block grant program of Temporary Assistance for Needy Families (TANF) does not entitle all TANF recipients to Medicaid coverage. However, those who meet the income, resource, and categorical eligibility criteria of the former AFDC program, as in effect in their state on July 16, 1996, are entitled to Medicaid. The description below summarizes Medicaid as it operated *after* AFDC was replaced by TANF.

Funding Formula

The federal government shares in the cost of Medicaid services by means of a variable matching formula. The formula is inversely related to a state's per capita income and is adjusted annually. For FY1998 the federal matching rate for services averaged about 57% for the Nation as a whole. The federal share of administrative costs generally is 50% but as high as 100% for certain items. Federal funding in FY1998 totaled \$100 billion.

Federal Medical Assistance Percentage (FMAP)

The federal share of a state's medical vendor payments is called the federal medical assistance percentage (FMAP). The FMAP is higher for states with lower per capita incomes and lower for states with higher per capita incomes. If a state's per capita income is equal to the national average per capita income, its FMAP would be 55%. The law establishes a minimum FMAP of 50% and a maximum of 83%² (though the highest rate in FY1999 was 76.78% for Mississippi). Federal matching for the territories is set at 50%, but a dollar ceiling also applies. The statutory formula for determining the FMAP follows:

$$\text{FMAP} = 100\% - \text{state share (with a minimum of 50\% and a maximum of 83\%)}$$

$$\text{State share} = \frac{(\text{state per capita income})^2}{(\text{national per capita income})^2} \times 45\%$$

¹ Regulations governing Medicaid are found in 42 C.F.R. Parts 430-456 (1998). This program is no. 93.778 in the Catalog of Federal Domestic Assistance.

² In FY1998, federal funds paid 50% of medical vendor payments in the 10 jurisdictions with the highest per capita income (Connecticut, Delaware, Hawaii, Illinois, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, and New York) and more than 70% in the eleven states with the lowest per capita income (Arkansas, Kentucky, Louisiana, Mississippi, Montana, New Mexico, North Dakota, Oklahoma, South Carolina, Utah, and West Virginia). Effective in FY1998, a special provision of P.L 105-33 raised the federal share of Medicaid costs in the District of Columbia from 50% to 70%.

The percentages are based on the average per capita income of each state and the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce.

The law provides one exception to the FMAP for benefits. Family planning services (instruction in contraceptive methods and family planning supplies) are federally matched at a 90% rate.

Eligibility Requirements

Medicaid is a means-tested entitlement program. Applicants' income and resources must be within program financial standards.³ These standards vary among states, and different standards apply to different population groups within a state. With some exceptions, Medicaid is available only to persons with very low income. However, Medicaid does not cover everyone who is poor. Only 45% of persons in poverty received Medicaid benefits at any time during 1995. There are two basic reasons for this. First, state income limits tied to former AFDC cash assistance criteria, and which continue to be applicable for Medicaid eligibility determination for some families with children, are well below the poverty level. Second, Medicaid eligibility is subject to *categorical restrictions*. That is, it is available only to low-income persons who are aged, blind, disabled, members of families with dependent children, and certain other pregnant women and children.

The Medicaid statute defines more than 50 distinct population groups as potentially eligible, including those for which coverage is mandatory and those that states may elect to cover. The various eligibility groups have traditionally been divided into two basic classes, the "categorically needy" and the "medically needy." The two terms once distinguished between welfare-related beneficiaries and those qualifying only under special Medicaid rules. However, nonwelfare groups have been added to the "categorically needy" list over the years. The scope of covered services that states must provide to the categorically needy is much broader than the minimum scope of services for the medically needy (see the section on benefits).

Most of the eligible categories fall into seven basic groups:

- *Low-income families with children meeting the financial and categorical criteria under the former AFDC program, and low-income aged, blind, or disabled persons meeting the eligibility rules for receipt of Supplemental Security Income or SSI.* Families meeting the eligibility requirements of state AFDC programs on July 16, 1996 are eligible for Medicaid, even if they do not qualify for TANF. States may modify their rules governing income and resource standards for AFDC-related groups. In almost all states, SSI recipients receive Medicaid automatically. In FY1997, 48% of Medicaid beneficiaries also received cash assistance.

³ "Resources" may include bank accounts and similar liquid assets, as well as real estate, automobiles, and other personal property whose value exceeds specified limits.

- *Low-income pregnant women and children* who do not meet previous AFDC eligibility rules (as of July 16, 1996), either because their income is too high or because they fail to meet the program's categorical restrictions. Coverage of some children in this category (the "Ribicoff"⁴ children) was made optional when Medicaid was enacted in 1965, but in the 1980s, Congress began requiring coverage of non-AFDC children of certain ages with family income below specified income levels.
- *The medically needy*, persons who do not meet the financial standards for cash assistance programs but meet the categorical standards and have income and resources within specified medically needy limits established by the states. Persons whose incomes or resources are above those standards may also qualify by "spending down," incurring medical bills that reduce their income and/or resources to the specified levels. Coverage of the medically needy is optional; as of August 1996, 35 states and other jurisdictions covered at least some groups of the medically needy.⁵
- *Persons requiring institutional care*. Special eligibility rules apply to persons receiving care in nursing facilities (NFs) or intermediate care facilities for the mentally retarded (ICFs/MR) or who are participating in alternative community care programs for the aged and disabled. Many of these persons may have incomes well above the poverty level but qualify for Medicaid because of the very high cost of their care.
- *Low-income Medicare beneficiaries*. Medicaid pays required Medicare premiums, deductibles, and coinsurance on behalf of low-income aged and disabled Medicare beneficiaries. (Coverage is restricted to Medicare cost-sharing unless the beneficiary also qualifies for Medicaid in some other way, or states choose to extend full Medicaid benefits to certain individuals.)
- *Low-income persons losing employer coverage* and entitled to purchase continuation coverage through the employer's group health plan under the provisions of the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA, P.L. 99-272). At the state's option, Medicaid may pay the premiums for continued private coverage on behalf of certain individuals.
- *Aliens*. Currently, Medicaid eligibility for legal immigrants is determined in part by when they arrived in the U.S. (relative to August 22, 1996). Special rules also apply to refugees, asylees,

⁴ All children below age 21 who would be eligible for AFDC (as of July 16, 1996) if they met that program's definition of "dependent child." This group is named after former Senator Abraham Ribicoff, sponsor of legislation authorizing this coverage.

⁵ National Governor's Association, 1996.

lawful permanent aliens, and individuals (and their families) who have served in the military. Qualified aliens and nonqualified aliens who otherwise meet Medicaid categorical and financial eligibility rules may receive emergency services only.

Families, Pregnant Women, and Children

Medicaid-eligible families, pregnant women, and children fall into two basic groups: those meeting AFDC standards as of July 16, 1996, and those qualifying under a series of targeted Medicaid expansions that began in the 1980s.

AFDC-Related Groups. Medicaid eligibility for AFDC-related groups was affected significantly by both the Personal Responsibility and Work Opportunities Reconciliation Act of 1996 (PRWORA, P.L. 104-193), which replaced the AFDC cash assistance program with the Temporary Assistance for Needy Families (TANF) block grant program, and the Balanced Budget Act of 1997 (BBA 97, P.L. 105-33). For AFDC-related families, the net effect of these two laws is: (1) for *new eligibles*, states must use AFDC income and resource standards in effect on July 16, 1996, and (2) families meeting AFDC eligibility criteria prior to PRWORA *remain eligible* for Medicaid. States may modify their rules governing income and resource standards for AFDC-related groups. Such modifications can be made by raising income/resource standards up to the percentage increase in the Consumer Price Index (CPI) after July 16, 1996, or by lowering income standards to applicable levels no lower than those in effect on May 1, 1988, or by using income/resource methodologies that are less restrictive than those in effect on July 16, 1996.

Mandatory. States must continue Medicaid assistance for recipients of adoption assistance and foster care under Title IV-E of the Social Security Act. Transitional or extended benefits are available to families who lose Medicaid eligibility due to increased earnings or child or spousal support payments. If the family loses Medicaid eligibility because of increased earnings or hours of employment, Medicaid coverage is extended for 12 months. (During the second 6 months a premium can be imposed, the scope of benefits might be limited, or alternate delivery systems might be used.) If the family loses Medicaid because of increased child or spousal support, coverage is extended for 4 months. Pregnant women and children are exempt from TANF work requirements and retain their Medicaid eligibility.

Optional. States are permitted to cover additional AFDC-related groups. States may cover children in families whose income and resources are within AFDC standards (as of July 16, 1996) but who do not meet the definition of a dependent child (also known as Ribicoff children). States may cover such children up to a maximum age of 18, 19, or 20, and may limit coverage to reasonable subgroups, such as children in two-parent families, those in privately subsidized foster care, or those who live in certain institutional settings.⁶ Finally, states may deny Medicaid benefits

⁶ This group will become largely obsolete as states are required to phase in coverage of children under age 19 with incomes below poverty. However, some states might then still choose to cover Ribicoff children aged 19 and 20.

to nonpregnant adults and heads of households who lose TANF benefits because of refusal to work.

Poverty-Related Pregnant Women and Children. Beginning in 1984, Congress gradually extended Medicaid coverage to groups of pregnant women and children who are defined in terms of family income and resources,⁷ rather than in terms of their ties to cash welfare programs.

Mandatory. States must cover pregnant women and children under age 6 with family incomes below 133% of the federal poverty income guidelines. (The state may impose a resource standard that is no more restrictive than that for SSI, in the case of pregnant women, or AFDC as of July 16, 1996, in the case of children.) Coverage for pregnant women is limited to services related to the pregnancy or complications of the pregnancy through 60 days postpartum. Children receive full Medicaid coverage.

States are also required to cover all children under age 19, who were born after September 30, 1983, and whose family income is below 100% of the federal poverty level. The 1983 start date means that the age of mandatory coverage increases each year until reaching age 18 in FY2002. In FY2000, states must cover children in poverty between the ages of 6 to 16 years.

Optional. States may cover pregnant women and infants under age 1 with family incomes up to 185% Federal Poverty Level (FPL). In addition, through other provisions of Medicaid law (including waivers of eligibility rules), as well as through Medicaid expansions under the State Children's Health Insurance Program (described below), states are permitted to cover additional pregnant women and children with incomes above applicable federal mandatory minimum levels. For example, as of May 1998, 38 states exceeded the minimum 133% FPL income criteria for pregnant women, as did 39 states for infants under age 1 year, and 16 states for children ages 1 to 5 years. Similarly, 19 states exceeded the 100% FPL income criteria for children ages 6 to 14 years.

Prior to full phase-in of mandatory coverage, minimum income levels for Medicaid eligibility for children ages 14 to 19 years in 1998 were tied to AFDC-related standards in effect as of July 16, 1996. These income levels were often well below poverty guidelines. In 1998, 34 states went beyond minimum AFDC-related income criteria and extended Medicaid eligibility to children ages 14 to 19 years with family incomes at or above 100% FPL.

Finally, states have the option of continuing Medicaid eligibility for current child beneficiaries for up to 12 months without a redetermination of eligibility. States are also allowed to extend Medicaid coverage to children under 19 years of age on the basis of "presumptive" eligibility until formal determinations are completed.

⁷ In 1998, the poverty guideline in the 48 contiguous states and the District of Columbia was \$16,450 for a family of four.

Aged and Disabled Persons

SSI-Related Groups. SSI was established in 1972, replacing previous federal-state cash assistance programs for the aged, blind, and disabled. Income and resource standards are defined by federal law. For 1998, the maximum income was \$494 per month for an individual and \$741 for a couple; and for 1999, the amounts were \$500 and \$751, respectively (higher limits apply to persons with wage income). However, states have the option of supplementing SSI payments (SSP) for aged persons living independently, and using the resulting higher income levels as the applicable financial standard for determining Medicaid eligibility. In the 25 states with these supplements, the median additional SSP amount in 1998 was \$36 per month for an individual living independently.⁸

Mandatory. States are generally required to cover SSI recipients. However, states may use more restrictive eligibility standards for Medicaid than those for SSI if they were using those standards on January 1, 1972 (before the implementation of SSI). In 1998, 11 states used more restrictive standards. Known as “Section 209(b)” states, after the section of the law that created SSI (P.L. 92-603), they are:

Connecticut	Minnesota	Ohio
Hawaii	Missouri	Oklahoma
Illinois	New Hampshire	Virginia
Indiana	North Dakota	

These states may use different definitions of disability, more restrictive income and resource limits, or methodologies for determining income and resources different from those used under SSI. States using more restrictive income standards must allow applicants to “spend down”—deduct incurred medical expenses from income before determining eligibility. For example, if an applicant has a monthly income of \$600 (not including any SSI or state supplement payment) and the state’s maximum allowable income is \$500, the applicant would become eligible for Medicaid after incurring \$100 in medical expenses in that month.

States must continue Medicaid coverage for several defined groups of individuals who lose SSI or SSP eligibility. The “qualified severely impaired” are disabled persons who return to work and lose SSI eligibility because of earnings, but still have the condition that originally rendered them disabled and who meet all nondisability criteria for SSI except income. Medicaid must be continued for these persons if they need continued medical assistance to continue working and their earnings are not sufficient to provide the equivalent of SSI, Medicaid, and attendant care benefits for which they would qualify in the absence of earnings. States must also continue Medicaid coverage for persons who were once eligible for both SSI and Social Security payments and who lose SSI because of a cost-of-living adjustment (COLA)

⁸ Social Security Administration. Office of Program Benefits Policy. State Assistance Programs for SSI Recipients, January 1998. Tabulations performed by the Congressional Research Service (CRS).

in their Social Security benefits. Similar Medicaid continuations have been provided for certain other persons who lose SSI as a result of eligibility for or increases in Social Security or veterans' benefits. Finally, states must continue Medicaid for certain SSI-related groups who received benefits in 1973, including "essential persons" (persons who care for a disabled individual).

Optional. States are permitted to provide Medicaid to individuals who are not receiving SSI but are receiving state-only supplementary cash payments. Effective in August of 1997, states may make Medicaid available to disabled SSI beneficiaries with incomes up to 250% FPL. These individuals may "buy into" Medicaid by paying a premium based on income as determined by the state.

Qualified Medicare Beneficiaries and Related Groups. States must provide limited Medicaid coverage for "qualified Medicare beneficiaries" (QMBs). These are aged and disabled persons who are receiving Medicare, whose income is below 100% of the federal poverty level (\$8,240 for a single person and \$11,060 for a couple in 1999), and whose assets are below \$4,000 for an individual and \$6,000 for a couple.

Mandatory. States must pay Medicare Part B premiums (and, if applicable, Part A premiums) for QMBs, along with required Medicare coinsurance and deductible amounts. Coverage is restricted to Medicare cost-sharing unless the beneficiary also qualifies for Medicaid in some other way.

All states must pay Part B premiums (but not Part A premiums or Part A or B coinsurance and deductibles) for beneficiaries who would be QMBs except that their incomes are between 100% and 120% of the poverty level. These individuals are referred to as "specified low-income Medicare beneficiaries" or SLMBs.

There are two additional types of qualifying individuals (QI) who meet the QMB criteria but have higher income levels and different Medicaid coverage. The QI-1 group is comprised of individuals with income between 120% and 135% of poverty and for whom Medicaid coverage is limited to payment of the Medicare Part B premium. The QI-2 group is comprised of individuals with income between 135% to 175% of poverty and for whom Medicaid coverage is limited to payment of a portion of the Medicare Part B premium.

States are also required to pay Part A premiums, but no other expenses, for "qualified disabled and working individuals." These are persons who formerly received Social Security disability benefits and hence Medicare, have lost eligibility for both programs, but are permitted under Medicare law to continue to receive Medicare in return for payment of the Part A premium. Medicaid must pay this premium on behalf of such individuals who have incomes below 200% of poverty and resources no greater than twice the SSI standard.

Optional. States are permitted to provide full Medicaid benefits, rather than just Medicare premiums and cost-sharing, to persons who meet a state-established income standard that is no higher than 100% of the federal poverty level.

The Medically Needy

As of August 1996, 35 states and other jurisdictions provided Medicaid to at least some groups of “medically needy” persons. These are persons who meet the nonfinancial standards for inclusion in one of the covered groups but who do not meet the income or resource requirements for coverage as categorically needy. Five additional states operated Medicaid programs under demonstration waivers that allowed them to serve people not otherwise eligible for Medicaid. The state may establish higher income or resource standards for the medically needy. In addition, individuals may spend down to the medically needy standard by incurring medical expenses, in the same way that SSI recipients in Section 209(b) states may spend down to Medicaid eligibility.

The state may set its separate medically needy income standard for a family of a given size at any level up to 133% of the maximum payment for a similar family under the state’s AFDC program in place on July 16, 1996. States may limit the groups of individuals who receive medically needy coverage. If the state provides any medically needy coverage, however, it must include all children under 18 who would qualify under one of the mandatory categorically needy groups, and all pregnant women who would qualify under either a mandatory or optional group, if their income or resources were lower.

Persons Receiving Institutional or Other Long-Term Care and Related Groups

States may provide Medicaid to certain otherwise ineligible groups of persons who are in nursing facilities (NFs) or other institutions, or who would require institutional care if they were not receiving alternative services at home or in the community.

States may establish a special income standard for institutionalized persons, not to exceed 300% of the maximum SSI benefit that would be payable to a person living at home and with no other resources (\$1,500 per month in 1999). In states without a medically needy program, this “300% rule” is an alternative way of providing NF coverage to persons with incomes above SSI or SSP levels.⁹

Both the medically needy and those becoming eligible under the 300% rule must contribute their available income to the costs of their care, retaining only a small personal needs allowance (\$30 to \$75 per month for individuals in 1996, depending on the state) for clothing and other incidental expenses. Medicaid has distinct post-

⁹ Until OBRA-93, persons with incomes in excess of these limits could not qualify for Medicaid coverage for their nursing home care, even if their income was insufficient to cover the costs of such care. OBRA-93 included provisions that allow individuals to deposit excess income above the 300% limit into a trust, sometimes referred to as a “Miller Trust,” and receive Medicaid coverage. The funds in the trust are recoverable by the state after the person’s death. This arrangement, which amounts to a delayed spend-down, has reduced access barriers that may have been encountered by persons in states that do not otherwise permit spend-down under Medicaid.

eligibility rules to determine how much of a beneficiary's income must be applied to the cost of care before Medicaid makes its payment. Special rules exist for the treatment of income and resources of married couples when one of the spouses requires nursing home care and the other remains in the community. These rules are referred to as the "spousal impoverishment" protections of Medicaid law, because they are intended to prevent the impoverishment of the spouse remaining in the community.

A state may obtain a waiver under Section 1915(c) of the Act to provide home and community-based services to a defined group of individuals who would otherwise require institutional care. The waiver coverage may include persons who would be eligible under the 300% rule if they were in an institution.

A state may also provide Medicaid to several other classes of persons who need the level of care provided by an institution and would be eligible if they were in an institution. These include children who are being cared for at home, persons of any age who are ventilator-dependent, and persons receiving hospice benefits in lieu of other covered services.

Medicaid Purchase of COBRA Coverage

COBRA provides that employees or dependents who leave an employee health insurance group in a firm with 20 or more employees must be offered an opportunity to continue buying insurance through the group for 18 to 36 months (depending on the reason for leaving the group). The employer may charge a premium of no more than 102% of the average plan cost (150% for months 19 to 29 for certain disabled persons). Under OBRA 90, state Medicaid programs may pay the premiums for COBRA continuation coverage when it is cost-effective to do so.

Aliens

Legal immigrants arriving in the United States after August 22, 1996 are ineligible for Medicaid for 5 years. Coverage of these persons after the 5-year ban is a state option. States are required to provide Medicaid to legal immigrants who resided in the country and were receiving benefits on August 22, 1996, and to those residing in the country as of that date who become disabled in the future.

States are also required to provide coverage to: (1) refugees for the first 7 years after entry into the United States, (2) asylees for the first 7 years after asylum is granted, (3) individuals whose deportation is being withheld by the Immigration and Naturalization Service for the first 7 years after grant of deportation withholding, (4) lawful permanent aliens after they have been credited with 40 quarters of coverage under Social Security, and (5) honorably discharged U.S. military veterans, active duty military personnel, and their spouses and unmarried dependent children.

Qualified aliens and nonqualified aliens who meet the financial and categorical eligibility requirements for Medicaid may receive emergency Medicaid services.

Benefits

States are required to offer the following services to categorically needy recipients: inpatient and outpatient hospital services; rural health clinic services; laboratory and X-ray services; nursing facility services for those over age 21; home health services for those over age 21 and to those under 21 if entitled to nursing facility care; the early and periodic screening, diagnostic and treatment program (EPSDT) for those under age 21; family planning services and supplies; ambulatory services furnished by federally qualified health centers; nurse-midwife, certified family and pediatric nurse-practitioner services; and physicians' services and medical and surgical dental services furnished by a dentist. States must also assure transportation of any Medicaid-eligible individual to and from providers of medical care.

Federal law establishes the following requirements for coverage of the medically needy: (1) if a state provides medically needy coverage to any group, it must provide ambulatory services to children under 18 and individuals entitled to institutional services, prenatal and delivery services for pregnant women (as well as 60 days of postpartum care for those eligible for and receiving pregnancy-related services), and home health services to individuals entitled to nursing facility services; (2) if the state provides medically needy coverage for persons in institutions for mental diseases or

intermediate care facilities for the mentally retarded (ICFs/MR), it must offer to all groups covered in its medically needy program the same mix of institutional and noninstitutional services as required for the categorically needy or alternatively the care and services listed in 7 of the 21 paragraphs in the law defining covered services.

Finally, states may also choose to provide one or more optional services to categorically and medically needy beneficiaries. These additional services include, for example, drugs, eyeglasses, other dental services, physical therapy, and inpatient psychiatric care for individuals under age 21 or over 65. States may limit the amount, duration and/or scope of care provided under any service category (such as limiting the number of days of covered hospital care or number of physicians' visits).

Federal law permits states to impose nominal cost-sharing charges on some Medicaid recipients and services.

Between fiscal years 1996 and 1998, total Medicaid spending increased by about 11% from \$159.4 billion to \$177.4 billion. In FY1998, Medicaid outlays from federal funds totaled \$100.2 billion and represented 6.1% of all federal outlays. FY1999 Medicaid expenditures are expected to reach \$190.1 billion, with federal outlays estimated at \$107.4 billion. Under provisions of the Balanced Budget Act of 1997 (P.L. 105-33), program spending is projected to grow at about 7% per year.

Note: For more information, see: CRS Report 98-132, *Medicaid: 105th Congress*, by Melvina Ford, Richard Price and Jennifer Neisner, and CRS Report 97-777, *Medicaid Expenditures and Beneficiaries, 1997*, by Evelyne Parizek and Patrick Purcell.

2. Medical Care For Veterans Without Service-Connected Disability

Funding Formula

Medical care from the Department of Veterans Affairs (VA) is funded by the federal government. VA medical services are defined as *discretionary* in the federal budget. Appropriations requests are guided by estimates of the expected caseload, and for FY2000, the Administration requested \$17.306 billion, an amount equal to its FY1999 appropriation. VA is also authorized to use proceeds of the Medical Care Collections Fund (MCCF)¹ fund for medical care, an amount estimated to be \$608 million in FY1999.

In addition to care provided in VA facilities and under contract, the VA provides per diem payments to states for care of eligible veterans in state facilities. The VA also provides for medical care to certain spouses and children of certain service-connected disabled and other veterans under the Civilian Health and Medical Program (CHAMPVA). All but about 10% of the veterans served by VA receive their medical care free.

Eligibility Requirements²

Unlike other medical benefit *entitlements* such as Medicare or Medicaid, eligibility for medical benefits from VA conveys varying degrees of rights. In principle, all veterans are eligible to receive services from VA medical facilities. However, the potential total amount of services available to all veterans is contingent on appropriations. Veterans with *high-priority* rights are generally assured a full array of services, and those with *lower-priority* are provided services if space and resources are available. There is no evidence that any veterans were denied services at any VA facility in FY1998, and no denials are expected during FY1999 (except for nursing home care, which is provided only on a space-available basis, regardless of priority status).

Highest priority for the full range of medical services is granted to veterans with severe, service-connected disabilities. Other veterans have varying degrees of access for the different types of medical services, with distinctions based on the severity of the condition, whether or not it is service-connected, level of income, and type of medical service provided. Under legislation enacted in 1996 (P.L. 104-262), access to care has become less uncertain for some veterans: under provisions of this law, veterans are able to enroll, according to their level of priority, in VA health plans

¹ The MCCF receives reimbursements from medical insurers with some responsibility for care provided by VA to veterans enrolled in those insurer's health plans, and copayments and deductibles paid by about 10% of veterans receiving care whose eligibility obligates them for such cost sharing.

² Eligibility rules are set forth in 38 C.F.R. Part 17.47 (1998). This program is No. 64.009 in the Catalog of Federal Domestic Assistance.

administered regionally. Enrolled veterans are to receive whatever services are indicated in the most efficient venue available.

The largest category of eligible veterans served by VA are those who qualify for free care because their assets and income are below certain annually adjusted standards (in 1999: single person, \$22,351; with one dependent, \$26,824; for each additional dependent, \$1,496). Veterans whose incomes in the previous calendar year are no higher than the pension of a veteran in need of regular aid and attendance (in 1999: single person, \$14,647; with one dependent, \$17,365; for each additional dependent, \$1,368) are also eligible for free medications; others pay copayments of \$2 monthly for prescriptions filled in VA pharmacies. VA estimates that about 7 million veterans qualify for free care because they meet the low-income standards. A veteran applying for care under the low-income eligibility test is advised that reported income is subject to verification by matching the amount shown on the application with income reported to the Internal Revenue Service (IRS). Once eligible under the income rules, a veteran remains eligible until determined upon (annual) reevaluation to no longer meet the income standard.

For years before FY1999, it is estimated that roughly 58% of the total cost of VA medical services could be attributed to persons who met an income test. However, under a changed method for recording access to medical services, VA estimates that about 38% of the applications for medical services in FY1999 were from veterans entitled to free care because of meeting the income standards.³

Benefit Levels

Benefits in VA facilities include inpatient hospital care, nursing home care, domiciliary care, and outpatient care. The VA contracts with other facilities to provide care to veterans in areas where VA medical facilities are unavailable. VA is the largest provider of inpatient psychiatric services, specializes in treatments for spinal injuries and prosthetics, and conducts or sponsors research in numerous medical fields, with special emphasis on conditions traceable to a period of military service. The VA offers medical care to the Nation's 25 million veterans, although a relatively few (about 14%) of those eligible avail themselves of the services. In FY1998, the VA provided care for 3.43 million persons, through 778,136 inpatient episodes and 35.8 million outpatient visits.

During FY1999, the Veterans Health Administration (VHA) operated 172 hospitals, 132 nursing homes, over 600 outpatient clinics, 40 domiciliaries, and an extensive pharmaceutical supply apparatus. Veterans' medical care costs were \$17.7 billion in FY1998, and were projected to reach \$17.8 billion in FY1999 and \$18.1 billion in FY2000.

³ Data from VA show that about 38% of veterans who applied for care since the inception of enrollment in VA health care plans at the start of FY1999 qualified as a result of meeting the means-tested requirements for VA health care or qualified because of being eligible for other means-tested programs such as VA pensions or Medicaid.

3. General Assistance (Medical Care Component)¹

Funding Formula

No federal funds are available for this program.

As of mid-1998, medical assistance for recipients of non-federally funded cash aid (generally known as General Assistance (GA)) and for other persons ineligible for Medicaid² was offered in 32 states, including the District of Columbia (D.C.). In 13 jurisdictions this aid was fully state funded;³ in seven states, costs generally were paid by a combination of state and local funds;⁴ in seven states medical benefits were wholly paid with local funds.⁵ In five states, even though they were not in categories usually eligible for federally-funded medical assistance, recipients of GA cash received Medicaid.⁶ This aid was allowed under waivers from Medicaid law, and costs were paid by federal and state funds. In the remaining 19 states, ongoing medical benefits generally were not offered to persons ineligible for federally-funded aid.⁷

Eligibility Requirements

To receive GA medical assistance, a person generally must be deemed needy and live where the program is available. In 1998, most of the 32 states offering this aid made eligible all recipients of GA cash payments, but several specified that persons had to be in medical need and some imposed special medical income eligibility

¹ Most state data reported here are based on the most recent national study of state general assistance programs (1998) and subsequent information from some states. The national study, entitled *State General Assistance Programs, 1996*, was conducted by the Urban Institute in the summer of 1998 as part of the Institute's project on Assessing the New Federalism.

² Using waivers from federal law, some states provide Medicaid to all recipients of GA cash benefits, even if they are not in categories usually eligible.

³ Alaska, Connecticut, Kansas, Maryland, Michigan, Minnesota, Missouri, Nebraska (program for the disabled), Pennsylvania, Rhode Island, Utah, Vermont, and Washington.

⁴ Illinois, Maine, New Jersey, New York, Ohio, Virginia (some counties) and Wisconsin (some counties).

⁵ California, Idaho, Montana (some counties), Nevada, New Hampshire, North Carolina (some counties) and South Dakota. (Not counted here in Nebraska's program for the nondisabled, which provides medical aid at county expense.)

⁶ Delaware, D.C., Hawaii, Massachusetts, and Oregon. In addition, Tennessee, which has no GA cash program, offered medical aid to a wide range of needy persons under a Medicaid waiver.

⁷ Ten of these states had no statewide GA program (Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, Texas, West Virginia, and Wyoming). Arizona, Colorado, and New Mexico offered uniform statewide cash GA but no GA medical assistance; in some of their counties, Florida, Georgia, Kentucky, and North Dakota offered GA cash aid, but no medical benefits; Indiana and Iowa offered GA cash aid statewide, but not medical benefits.

requirements. Thus, Ohio offered medical assistance to all GA recipients and to needy able-bodied persons who would become incapacitated without medication. On the other hand, some states and counties set more liberal eligibility rules for GA medical assistance than for GA cash aid.

Benefit Levels

Using waivers from federal law, some states in mid-1998 made all GA recipients eligible for Medicaid and its comprehensive services: Delaware (for its Diamond State Health Plan), Hawaii (for QUEST), and Oregon (for the Oregon Health Plan). D.C. and Massachusetts also offered Medicaid to all GA cash recipients. Among the other 27 states with medical assistance for recipients of GA cash, benefits generally were less comprehensive than those of Medicaid. Five states⁸ offered inpatient and outpatient hospital care, physician services, and prescription drugs; another six⁹ added nursing home care to the foregoing list of benefits. Some restricted GA medical benefits to physician services and prescription drugs, and some offered aid only in emergencies. Maryland's programs of Primary Care for the Medically Indigent and Maryland Pharmacy Assistance (for GA disabled adults and others who meet medical income eligibility limits) provided only basic physician services and a limited list of prescription drugs. The Urban Institute study noted that most of the states and counties without a medical component in their GA program have alternative medical assistance available to at least some GA cash recipients. Examples include indigent health care programs or charity hospital systems.

Preliminary estimates of the U.S. Department of Health and Human Services (HHS) indicate that state-local outlays for GA medical assistance in FY1998 totaled \$4,955.9 billion, down 10.2% from the FY1992 record high of \$5,515.8 billion. These data exclude premiums paid by welfare agencies for Medicare and for health maintenance organizations (HMOs) and health insurance, which presumably are reimbursed by Medicaid.

Here is the composition of FY1998 GA medical spending: hospital care, 52.4%; prescription drugs, 24.4%; payments to medical professionals, 14.8% (physicians, 7.3%; dentists, 1.3%; and other professionals, 6.2%). Home health care accounted for 2.3% of outlays, nursing homes, 3%; other care, 3%; and durable medical equipment, 0.1%. The composition of GA medical outlays changed over the 1988-1998 decade. The share spent on prescription drugs rose more than 50%, and the share used for home health care tripled. The shares paid for hospital care and for physicians declined by 10% and 58%, respectively.

⁸ California (Los Angeles County); Connecticut; Illinois (Chicago), prescription drugs only if required for life maintenance or to avert a life-threatening condition; Minnesota; and Missouri.

⁹ Idaho (Ada County); Kansas; Nebraska; Nevada (Clark County); South Dakota (Minnehaha County); and Washington.

4. Indian Health Services

Funding Formula

Indian Health Service (IHS) appropriations are allocated among its 12 service areas through a “historical,” or “program continuity” basis, under which each area can expect to receive its recurring base budget from the previous year, plus an increase in certain mandatory cost categories. In addition, the service uses a Resource Allocation Methodology (RAM) to distribute a small portion of its appropriation to areas and tribes based on documented health deficiencies. Additionally, tribes have the option of assuming from the IHS the administration and operation of health services and programs in their communities in order to encourage the maximum participation of tribes in the planning and management of those services. The Service collects reimbursements from the Medicare and Medicaid programs for services provided by IHS to members of its eligible population who are also eligible for those programs. Expenditures in FY1998 were \$2.099 billion. The FY1999 appropriation was \$2.242 billion.

Eligibility Requirements¹

Persons eligible under regulations of the Public Health Service are persons of Indian (or Alaskan Native) descent who: (1) are members of a federally recognized Indian tribe; (2) reside within an IHS Health Service Delivery Area (HSDA); or (3) are not members of a federally recognized tribe but are the natural minor children (18 years old or younger) of such a member and reside within an IHS HSDA. The program serves federal reservations, Indian communities in Oklahoma and California, and Indian, Eskimo, and Aleut communities in Alaska. In addition, under the Indian Health Care Improvement Act of 1976, P.L. 94-437, as amended, the IHS contracts with 34 urban Indian organizations to make health services more accessible to the urban Indian population. The program imposes no income test, but is presumed to serve primarily needy persons, inasmuch as 50.7% of American Indians living on or near reservations in 1990 had incomes below the poverty threshold. At the time an estimated 81% of Indians lived on or near reservations (within IHS Service Areas).

Benefit Levels

The IHS of the Public Health Service provides hospital, medical, and dental care and environmental health and sanitation services. Included are outpatient services and the services of mobile clinics and public health nurses, as well as preventive care, including immunizations and health examinations of special groups, such as school children. All services are provided free of charge to beneficiaries.

Benefits include inpatient and outpatient health services through 49 IHS hospitals, 12 Tribal hospitals, 209 health centers, and several hundred other smaller health stations and satellite clinics; school health centers; contracts with nonfederal

¹ Regulations are found at 42 C.F.R. Part 36 (1998). This program is No. 93.228 in the Catalog of Federal Domestic Assistance.

hospitals, clinics, private physicians and dentists; and contractual arrangements with state and local health organizations.

FY1998 program expenditures totaled \$2.099 billion, up 2% from the FY1997 total of \$2.057 billion. In FY1998 the annual service population was an estimated 1.46 million persons.

5. Maternal and Child Health Services Block Grant, Title V of the Social Security Act¹

Funding Formula

The Maternal and Child Health (MCH) Services Block Grant supports activities to improve the health status of mothers and children. Most of the funds are distributed to state governments to pay for services; however, portions of the funds are set aside for use by the federal government to finance special projects of regional and national significance (SPRANS) and the community integrated service systems program (CISS).

Most of the funds appropriated for the MCH block grant each year are allocated to the states by a percentage method based on: (1) FY1981 levels of funding for programs which were combined into the block grant when it was authorized in 1981; and (2) the number of low-income children in the state. States must contribute \$3 for every \$4 of federal funds awarded. States are required to use at least 30% of their block grant allocations for preventive and primary care services for children and 30% for services for children with special needs. The remaining 40% may be used, at the state's discretion, for services for either of these groups or for other appropriate maternal and child health services, including preventive and primary care services for pregnant women, mothers, and infants up to age 1. States may use no more than 10% of their allocations for administrative costs.

Federal law requires that 15% of the appropriation for the block grant up to \$600 million be set aside for SPRANS activities in categories that include research, training, genetic disease programs and newborn genetic screening, hemophilia programs, and maternal and child health improvement, especially infant mortality.

When the appropriation for the block grant exceeds \$600 million, the law authorizes that 12.75% of the amount over \$600 million be set aside for CISS projects. Funds from this set-aside are used for initiatives including case management, projects to increase the participation of obstetricians and pediatricians in both the block grant program and Medicaid, integrated delivery systems, rural or hospital-based MCH projects, and community-based programs including day care for children who usually receive services on an inpatient basis.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193 (also known as the Welfare Reform Act) amended Title V to enable states to provide abstinence education. The Act appropriated \$50 million to the states annually for FY1997 through FY2002 and requires states to match \$3 for every \$4

¹ P.L. 97-35, the Omnibus Budget Reconciliation Act of 1981, established a Maternal and Child Health (MCH) Services Block Grant under Title V of the Social Security Act. The block grant replaced the previous programs of Maternal and Child Health Services and Crippled Children's Services, also in Title V, and included the following other existing federal programs: supplemental security income services for disabled children, lead-based paint poisoning prevention, genetic diseases, sudden infant death syndrome, hemophilia centers, and adolescent pregnancy prevention.

they receive under an allotment formula. The MCH bureau is to distribute the funds under a formula based upon the ratio of the number of low-income children in the state to the total of all low-income children in all states. Monies that would have been provided to states that do not accept abstinence education grants must be returned to the U.S. Treasury.

Eligibility Requirements²

States determine eligibility criteria for the services they provide under the MCH block grant. The law provides that block grant funds are to be used by the states “to provide and to assure mothers and children (in particular those with low income or with limited availability of health services) access to quality maternal and child health services.” Low-income mothers and children are those with family income below 100% of federal poverty guidelines — \$16,700 per year for a family of four in 1999 (higher in Alaska and Hawaii).

Benefit Levels

States determine the level of services provided under the block grant. These services may include prenatal care, well-child care, dental care, immunization, family planning, and vision and hearing screening services. They may also include inpatient services for children with special health care needs, screening services for lead-based poisoning, and counseling services for parents of sudden infant death syndrome victims.

States are allowed to charge for services provided; however, states may not charge mothers and children whose family incomes are below federal poverty guidelines. Charges must be based on a sliding scale that reflects the income, resources, and family size for those with family incomes above poverty.

The appropriation for the block grant program for FY1999 was \$695 million. In FY1997 Title V provided services to 1.96 million pregnant women, 2.9 million infants, 16.4 million children and adolescents, .8 million children with special health care needs, and 1.8 million other women of child-bearing age.

² Regulations are found at 45 C.F.R. Part 96 (1998). This program is No. 93.994 in the Catalog of Federal Domestic Assistance.

6. Consolidated Health Centers

Funding Formula

The Health Centers Consolidation Act of 1996, P.L. 104-299, consolidated community health centers, migrant health centers, health centers for the homeless, and health centers for residents of public housing under a single administrative authority under Section 330 of the Public Health Service Act.¹ The new program of consolidated health centers became effective for FY1997. The Act also includes a managed care loan program to guarantee loans made by nonfederal lenders to health centers for construction or renovation of facilities, to operate managed care networks, or to develop health maintenance organizations. In the conference report on the omnibus appropriations bill for FY1997, P.L. 104-208, the conferees increased funding for the health centers program in part so that the Native Hawaiian health care program could be supported under the broader health centers budget line.

In awarding grants to migrant health centers, health centers for the homeless, and health centers for residents of public housing for FY1997, the Secretary of HHS had to ensure that the proportion of amounts made available to these centers equaled the proportion of amounts received in FY1996. For FY1998 and FY1999, the proportions of the total appropriation for these centers may not vary by more than 10% from amounts received in the preceding year.

Centers receive grant money to provide primary care services to groups that are determined to be medically underserved. Grants are awarded through the Bureau of Primary Health Care of the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS). Centers are required to seek third-party reimbursement from other sources, such as Medicare and Medicaid. State and local governments may also contribute. Centers may receive one or more of the following types of grants: (1) planning grants, to plan and develop health centers or a comprehensive service delivery network; (2) operating grants, to assist with operation costs of a center; and (3) infant mortality grants, to assist in the reduction of infant mortality and morbidity among children less than 3 years of age and to develop and coordinate service and referral arrangements between health centers and other entities for the health management of pregnant women and children.

Eligibility Requirements²

A health center is an entity that provides health care services to a medically underserved population, or a special medically underserved population comprised of migratory and seasonal agricultural workers, the homeless, and residents of public

¹ In previous editions of this report, community health centers and migrant health centers were included, but homeless health centers and public housing health centers were inadvertently omitted. (The historical data in this report series now have been revised to include expenditures for all the consolidated centers.)

² Regulations for community health centers are found at 42 C.F.R. Subpart 51c (1998). This program is No. 93.224 in the Catalog of Federal Domestic Assistance.

housing by providing required primary health services and additional health services as may be appropriate for particular centers. By regulation, medically underserved areas are designated by the Secretary of HHS after taking into consideration such factors as: (1) ratio of primary care physicians to population, (2) infant mortality rate, (3) percentage of population aged 65 and over, and (4) percentage of population with family income below the poverty level.

All residents of an area served by a health center are eligible for its services.

Benefit Levels

Regulations limit free service to families with income at or below the federal poverty income guidelines. The 1999 federal poverty income guideline in the 48 contiguous states was \$16,700 for a family of four. Nominal fees may be collected from these individuals and families, under certain circumstances. Individuals and families with annual incomes greater than the poverty guideline but below 200% of it are required to pay for services from a fee schedule adjusted on the basis of the patient's ability to pay. Full payment is required from those with income that exceeds twice the poverty level.

The centers provide a range of primary health services on an ambulatory basis, including diagnostic, treatment, preventive, emergency, transportation, and preventive dental services. They can arrange and pay for hospital and other supplemental services in certain circumstances if approved by the Secretary.

Funding for the health centers for FY1999 was \$925 million (appropriations) and the annual service population was an estimated 10.2 million persons.

Note: For more information, see CRS Report 97-757, *Health Centers*, by Sharon Kearney.

7. Title X Family Planning Services

Note: This program began operations in 1971, but was inadvertently omitted from editions of this report before 1991.

Funding Formula

Grants are provided for voluntary family planning services through the family planning program, established by Title X of the Public Health Service Act. There is no requirement that grantees match federal funds at a specified rate, but regulations specify that no family planning clinic project may be fully supported by Title X funds. Congress has continued to appropriate money for the program even though Title X has not been reauthorized since FY1985. Grants for family planning clinics are made to states and territorial health departments, hospitals, universities and other public and nonprofit agencies.

Eligibility Requirements¹

The law requires that priority for clinic services go to persons from low-income families. Clinics must provide family planning services to all persons who request them, but the priority target group has been women aged 15-44 from low-income families who are at risk of unplanned pregnancy. Clinics are required to encourage family participation.

Clinics must provide services free of charge (except to the extent that Medicaid or other health insurers cover these services) to persons whose incomes do not exceed 100% of the federal poverty income guidelines (\$16,700 for a family of four in the 48 contiguous states in 1999). A sliding payment scale must be offered for those whose incomes are between 100% and 250% of the poverty guideline.

Benefit Levels

Participating clinics must offer a broad range of family planning methods and services. Required services include natural family planning methods and supplies, counseling services, physical examinations (including testing for cancer and sexually transmitted diseases), infertility services, services for adolescents, pregnancy tests, periodic follow-up examinations, referral to and from other social and medical service agencies, and ancillary services. The law forbids use of any Title X funds in programs where abortion is a method of family planning.

In FY1999, approximately 5 million persons received family planning services through 4,600 clinic sites supported by 95 service grantees. Federal funding totaled \$215 million. An estimated one-third of all clients served at Title X clinics, 1.7 million per year, are adolescents.

¹ Regulations governing Title X family planning services are found in Part 59, Subpart A, 42 C.F.R. (1998). This program is No. 93.217 in the Catalog of Federal Domestic Assistance.

8. The State Children's Health Insurance Program (S-CHIP)¹

The Balanced Budget Act of 1997 (BBA 97, P.L. 105-33) established the State Children's Health Insurance Program (S-CHIP) under a new Title XXI of the Social Security Act. The program offers federal matching funds to enable states and territories to extend health insurance coverage to "targeted" low-income children – those whose family income exceeds Medicaid eligibility thresholds and who do not have private health insurance coverage.

Funding Formula

The 1997 law appropriated a total of \$39.7 billion in federal matching grants for 10 years, FY1998 through FY2007.² To receive federal funds, states must submit a plan describing their program to the Health Care Financing Administration for approval. A state with an approved plan has three fiscal years in which to draw down a given year's funding. A total of \$4.295 billion was appropriated to states and territories for FY1998³ and \$4.307 billion for FY1999.⁴ Allotment of funds among the states is based on a combination of the number of low-income children and low-income, uninsured children in the state.

Like Medicaid, the S-CHIP is a federal-state matching program. For each dollar of state spending, the federal government makes a matching payment. The state's share of program spending is equal to 100% minus the enhanced federal matching assistance percentage (the enhanced FMAP). The enhanced FMAP is equal to the state's Medicaid FMAP (see program no. 1), increased by the number of percentage points that is equal to 30% multiplied by the number of percentage points by which the FMAP is less than 100%.⁵

¹ Proposed regulations implementing S-CHIP can be found in the *Federal Register*, November 9, 1999, p. 60881-60963. The program is No. 93.767 in the Catalog of Federal Domestic Assistance.

² The law sets aside 0.25% of S-CHIP funds for territories and commonwealths (Puerto Rico, Guam, Virgin Islands, American Samoa, and the Northern Marianas). It also sets aside \$60 million annually for Special Diabetes Grants for FYs 1998 through 2002 only.

³ The original FY1998 S-CHIP appropriation of \$4.275 billion was increased to \$4.295 billion by P.L. 105-100.

⁴ For FY1999 only, a special extra appropriation of \$32 million for the territories was made by P.L. 105-174 (in addition to the regular \$4.275 billion appropriation).

⁵ For example, if a state has a Medicaid FMAP of 60%, under Medicaid a state must spend 40 cents for every 60 cents that the federal government contributes. The enhanced FMAP would be equal to the Medicaid federal matching percentage increased by 12 percentage points, (60%+[30% multiplied by 40 percentage points]=72%.) The state share would be equal to 100%-72%=28%. Compared with Medicaid FMAPs, which range from 50% to 77% in FY1998, the enhanced FMAP for the S-CHIP programs ranges from 65% to 84%. All S-CHIP assistance for targeted low-income children, including child health coverage provided

(continued...)

There is a limit on spending for S-CHIP administrative expenses, which include activities such as data collection and reporting, as well as outreach and education. For federal matching purposes, a 10% cap applies to state administrative expenses. It is imposed on the dollar amount that the state actually draws down from its allotment to cover benefits under S-CHIP, as opposed to 10% of its total allotment.

Eligibility Requirements

Each state defines the group of targeted low-income children who may enroll in S-CHIP. The law allows states to use the following characteristics in determining eligibility: geography, age, income and resources, residency, disability status, access to other health insurance and duration of eligibility for other health insurance. Title XXI program funds cannot be used for children who are eligible for the state's Medicaid plan or for children covered by a group health plan or other insurance.

Under S-CHIP states may cover children in families with incomes that are either: (1) above the state's Medicaid eligibility standard but less than 200% of the federal poverty guideline,⁶ or (2) in states with Medicaid income levels for children already at or above 200% of the poverty line, within 50% over the state's current Medicaid income eligibility limit for children. States may choose from three options when designing their S-CHIP programs. They may expand their current Medicaid program, create a new "separate state" insurance program, or devise a combination of both approaches. Under limited circumstances, states have the option to purchase a health benefits plan that is provided by a community-based health delivery system or to purchase family coverage under a group health plan as long as it is cost effective to do so.⁷

Benefit Levels

States that chose to expand Medicaid to new eligibles under S-CHIP must provide the full range of mandatory Medicaid benefits, as well as all optional services specified in their state Medicaid plans. Alternately, states may choose any of three other benefit options: (1) a benchmark benefit package, (2) benchmark equivalent coverage, or (3) any other health benefits plan that the Secretary determines will provide appropriate coverage to the targeted population of uninsured children.⁸

⁵ (...continued)

under the Medicaid program, is eligible for the same enhanced FMAP. The enhanced FMAP is subject to a ceiling of 85%.

⁶ In 1999, 200% of the federal poverty guideline was \$22,120 for a family of two, \$27,760 for a family of three, and \$33,400 for a family of four (higher in Alaska and Hawaii).

⁷ In the case of community-based health delivery systems, the cost of coverage cannot exceed, on an average per child basis, the cost of coverage that would otherwise be provided. In the case of family coverage, the alternative must be cost-effective relative to the amount paid to obtain comparable coverage only of the targeted low-income children, and it must not substitute for health insurance coverage that would be otherwise be provided to the children.

⁸ Three existing state programs, in Florida, New York, and Pennsylvania, were grand-
(continued...)

A benchmark benefit package is one of the following three plans: (1) the standard Blue Cross/Blue Shield preferred provider option plan offered under the Federal Employees Health Benefits Program (FEHBP), (2) the health coverage that is offered and generally available to state employees in the state involved, and (3) the health coverage that is offered by an HMO with the largest commercial (non-Medicaid) enrollment in the state involved.

Benchmark equivalent coverage is defined as a package of benefits that has the same actuarial value as one of the benchmark benefit packages. A state choosing to provide benchmark equivalent coverage must cover each of the benefits in the “basic benefits category.” The benefits in the basic benefits category are inpatient and outpatient hospital services, physicians’ surgical and medical services, lab and x-ray services and well-baby and well-child care, including age-appropriate immunizations. Benchmark equivalent coverage must also include at least 75% of the actuarial value of coverage under the benchmark plan for each of the benefits in the “additional service category.” These additional services include prescription drugs, mental health services, vision services, and hearing services. States are encouraged to cover other categories of services not listed above. Abortions may not be covered, except in the case of a pregnancy resulting from rape or incest, or when an abortion is necessary to save a mother’s life.

Title XXI gives states authority to determine the amount, duration and scope of the services covered unless the state chooses to provide a benchmark plan. Benchmark equivalent plans may limit their benefit packages in any way they chose as long as the entire package is certified to be an actuarial equivalent of the benchmark plan.

Federal law permits states to impose cost-sharing for some beneficiaries and services. States that choose to implement S-CHIP as a Medicaid expansion must follow the cost-sharing rules of the Medicaid program. If the state implements S-CHIP through a separate state program, premiums or enrollment fees may be imposed, but they are subject to limits. For families with incomes under 150% of the federal poverty line, premiums may not exceed the amounts set forth in federal Medicaid regulations.⁹ Additionally, families with incomes less than 150% of the poverty line may be charged service-related cost sharing (regardless of family income), but this cost-sharing is limited to nominal amounts as defined in Medicaid regulations).¹⁰

For families with income above 150% of the federal poverty line, service-related cost sharing may be imposed in any amount, provided cost-sharing for higher income children is not lower than cost-sharing for lower income children. However, the total annual aggregate cost-sharing (including premiums, deductibles, co-payments and any other charges) for all targeted low-income children in a family may not exceed 5% of

⁸ (...continued)

fathered in as meeting the minimum benefits requirements under S-CHIP.

⁹ 42 C.F.R. Part 447.52 (1998)

¹⁰ 42 C.F.R. Part 447.54 (1998)

total family income for the year. In addition, states must inform families of these limits and provide a mechanism for families to stop paying once the cost-sharing limits have been reached.

In its March 1999 baseline, the Congressional Budget Office (CBO) estimated FY1998 federal outlays for S-CHIP at \$100 million, all for Medicaid expansions, and FY1999 outlays at \$800 million (\$500 million for separate state programs and \$300 million for Medicaid expansions). Preliminary enrollment estimates indicate that nearly one million children (982,000) were enrolled in S-CHIP under 43 operational state programs as of December 1998.¹¹ The Kaiser Commission on Medicaid and the Uninsured estimates that an additional 476,000 children were enrolled in S-CHIP from December 1998 to June 1999, raising total enrollment to an estimated 1.3 million.¹² As of September 7, 1999, all 56 jurisdictions had approved S-CHIP plans, and HHS reported that the states and territories estimated that enrollment would total 2,684,300 children by September 2000. For state-by-state enrollment status, see [<http://www.hcfa.gov/init/chstatus.htm>].

Note: For more information, see: CRS Report 98-692, *The State Children's Health Insurance Program: Implementation Progress*, by Evelyne Parizek, Elicia Herz, and Cecilia Oregón Echeverría. Also see: CRS Report 97-926, *The State Children's Health Insurance Program: Guidance on Frequently Asked Questions*, by Jean Hearne and Jennifer Neisner.

¹¹ U.S. Health Care Financing Administration. *A Preliminary Estimate of the Children's Health Insurance Program Aggregate Enrollment Numbers Through December 31, 1998* (background only). April 20, 1999.

¹² Bureau of National Affairs. 2.3 Million Children Now Enrolled in CHIP Plans, Survey of States Finds. *Health Care Daily Report*, v. 4, no. 147, August 2, 1999.

9. Medical Assistance to Refugees and Cuban/Haitian Entrants

Funding Formula

Subject to available appropriations, the Immigration and Nationality Act (INA) authorizes 100% federally funded medical assistance for needy refugees during their first 3 years in the United States. Title V of the Refugee Education Assistance Act (P.L. 96-422), popularly referred to as the Fascell-Stone amendment, authorizes similar assistance for certain Cubans and Haitians who have recently entered the United States. In the past *but not currently*, the federal refugee assistance program has reimbursed states 100% for the nonfederal share of Medicaid payments to refugees and entrants who qualify for that program. It also provides “refugee medical assistance” (RMA) to needy refugees and entrants who are not categorically eligible for Medicaid. *Since FY1992, assistance under this authority has been limited to RMA for needy refugees not categorically eligible for Medicaid during their first 8 months after entry.*

Eligibility Requirements¹

A person must (a) have been admitted to the United States as a refugee under provisions of the Immigration and Nationality Act, or (b) be a Cuban or Haitian paroled into the United States between April 10 and October 10, 1980, and designated “Cuban/Haitian entrant,” or (c) be a Cuban or Haitian national who arrived in the United States after October 10, 1980, who has an application for asylum pending or is subject to exclusion or deportation and against whom a final order of deportation has not been issued.

If a needy refugee or entrant is eligible for Medicaid, he may receive assistance under that program. If a refugee or entrant meets the income and assets tests prescribed by his state of residence for Medicaid eligibility but does not otherwise qualify for that program because of its categorical requirements, such as family composition, the refugee or entrant is eligible for RMA.

Impact of P.L. 104-193, as amended. Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, as amended by P.L. 105-33, refugees who qualify for Medicaid are now eligible for 7 years after entry, as opposed to permanently under prior law. At the end of the 7-year period, their continued participation is at state option, as it is with other “qualified aliens.” Wyoming and Louisiana have opted to limit noncitizens to emergency Medicaid only. To date, the new welfare legislation has had no direct impact on the medical component of the HHS/ORR program.

¹ Regulations governing this program are found in 45 C.F.R. Parts 400-401 (1998). This program is No. 93.566 in the Catalog of Federal Domestic Assistance.

Benefit Levels

Medical benefits consist of payments made on behalf of needy refugees to doctors, hospitals, and pharmacists. Federal law requires state Medicaid programs to offer certain basic services, but authorizes states to determine the scope of services and reimbursement rates, except for hospital care.

Cash Aid

10. Supplemental Security Income (SSI)

Funding Formula

Since its January 1974 beginning, Supplemental Security Income (SSI) — has provided a minimum income floor, financed by U.S. general revenue and administered by the Social Security Administration (SSA), to persons eligible under federal rules. States may provide additional payments to SSI recipients at their own expense. In addition, a “grandfather” clause requires states to provide supplements to a small number of persons, previously enrolled in the pre-SSI programs of federal-state cash aid for needy aged persons and blind or disabled adults, whose income otherwise would fall short of its December 1973 level.¹

If a state chooses to have the federal government administer its supplements, it must agree to provide supplements for all federal SSI recipients of the same class and pay an administration fee to SSA for the service.² If states administer their own supplements, they are generally free to design their own supplementary programs and may adopt more restrictive eligibility rules than those of SSI. In FY1998, the federal government administered supplements for 16 jurisdictions.

In FY1998, federal funds paid 87.6% of total SSI benefits (federal benefits plus state supplements) of \$31.3 billion. As of January 1999, the federal share of maximum SSI benefits ranged from 58% in Alaska and 74% in California to 100% in the eight jurisdictions where no recipient received a supplement (Arkansas, Georgia, Kansas, Mississippi, Tennessee, Texas, West Virginia, and the Northern Mariana Islands).

Eligibility Requirements³

Title XVI of the Social Security Act entitles to SSI payments persons who are (1) aged 65 and over, blind or disabled (adults and children of any age); (2) whose counted income and resources fall within limits set by law and regulations, and (3) who live in one of the 50 states, the District of Columbia, or the Northern Mariana Islands. Also eligible is a child who lives overseas with a parent who is on military assignment, provided the child received SSI before the parent reported for overseas duty.

¹ The U.S. Department of Health and Human Services (HHS) reported the number of recipients of mandatory state supplementary payments at 2,500 in December 1997.

² P.L. 103-66 required states, effective in FY1994, to pay for federal administration of state supplementary payments. For FY1994, the fee was \$1.67 per monthly payment. The rate rose to \$3.33 in FY1995 and to \$5.00 in FY1996. P.L. 105-33 increased the fee to \$6.20 in FY1998, \$7.60 in FY1999, \$7.80 in FY2000, \$8.10 in FY2001 and \$8.50 in FY2002. Thereafter, rates are to be adjusted for changes in the Consumer Price Index or set as a level determined by the Commissioner of Social Security.

³ Federal regulations governing SSI are found in 20 C.F.R. Part 416 (1999). Income and resources rules are in Subparts K and L, respectively. This program is No. 96.006 in the Catalog of Federal Domestic Assistance.

To be eligible for SSI on grounds of disability, an adult must be unable to engage in any “substantial gainful activity”⁴ because of a medically determined physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for at least 12 months. Pursuant to P.L. 104-193, signed into law on August 22, 1996, a child under age 18 may qualify as disabled if he or she has an impairment that results in “marked and severe” functional limitations.

In addition, to qualify for SSI a person must be (1) a citizen of the United States or if not a citizen, (a) an immigrant who was enrolled in SSI on August 22, 1996 or who entered the U.S. by that date and subsequently became disabled; (b) a refugee or asylee who has been in the country or granted asylum, respectively, for fewer than 7 years, (b) a person who has worked long enough to be insured for Social Security, usually 10 years (work test gives credit to work by spouse or parent of an alien child); or (c) a veteran or active duty member of the armed forces (spouses or unmarried dependent children of veterans/military personnel also qualify).

For basic federal benefits, countable income limits (calendar year 1999) are \$500 monthly per individual and \$751 per couple. These income ceilings equal maximum federal benefits of the program (see below for benefit details). For states with supplementary SSI benefits, countable income limits are higher, ranging up to \$862 monthly per individual (living independently) in Alaska.

Countable resources may not exceed \$2,000 per individual and \$3,000 per couple in 1989 and years thereafter. Excluded assets include a home; the first \$2,000 in equity value of household goods and personal effects; the full value of an auto if needed for employment or medical treatment, or if modified for use by a handicapped person, otherwise, the first \$4,500 in market value of the auto; and a life insurance policy not exceeding \$1,500 in cash surrender value and burial plots and funds, subject to a limit.

P.L. 98-21 requires the Social Security Administration (SSA), when notifying Social Security beneficiaries aged 64 about their approaching eligibility for Medicare, to inform them also about SSI.

Benefit Levels

The Social Security Act establishes benefit levels and requires that whenever Social Security benefits are increased because of an automatic cost-of-living adjustment (COLA), SSI benefits be increased at the same time and by the same percentage.

⁴ Defined by regulation as monthly earnings, net of impairment-related expenses, of \$700, effective July 1, 1999. Previously the amount was \$500.

SSI basic monthly guarantees:⁵

	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>
Individual	\$470	\$484	\$494	\$500
Couple	\$705	\$726	\$741	\$751

From 1975 through 1982, COLAs were paid each July. In passing the Social Security Amendments of 1983, Congress accepted President Reagan's proposal to delay the 1983 COLA for 6 months, to January 1984, and thereafter to adjust benefits each January. At the same time it voted an increase of \$20 monthly in SSI benefits (\$30 per couple), payable in July 1983.

States that supplement SSI benefits are required to "pass through" to recipients an increase in the federal basic benefit.⁶ However, when Congress deferred the 1983 COLA and instead enacted the \$20 benefit increase (about 7%), it required states to pass through only about half this amount (the 3.5% increase that the regular COLA would have yielded). As of January 1999, state supplements for aged persons living independently were offered in 25 states and ranged from \$1.70 in Oregon to \$362 in Alaska.

To assure some gain from work, SSI disregards a portion of recipients' earnings, namely, \$65 per month, plus 50% of the balance.⁷ Because of this rule, aged SSI recipients without Social Security benefits or other unearned income who work remain eligible for a declining SSI payment until gross earnings equal double their basic benefit plus \$85 monthly.⁸ In a state that does not supplement the basic federal benefit, the gross income limit in 1999 for an aged SSI recipient with only wage income is \$1,085 monthly in earnings. The gross income limit is higher in states that supplement the federal benefit. Thus, in Alaska the limit is \$1,809 monthly in earnings (double the federal-state SSI benefit of \$862, plus \$85).

⁵ The law requires a one-third SSI benefit reduction for those who live in another person's household and receive support and maintenance in kind from him.

⁶ The requirement for passthrough can be satisfied by any one of the following three conditions: (1) if a state's total spending for SSI supplements during the relevant 12-month period is not below that for the preceding 12 months (P.L. 94-585) or (2) if state SSI supplementary payment levels equal those in effect in March 1983 (P.L. 98-21).

⁷ For blind or disabled recipients, the law provides additional deductions from earnings. Blind: disregard the first \$65 earned, plus one-half of the rest, plus reasonable work expenses. Disabled: disregard the first \$65 earned, work and living expenses caused by the disability, plus one-half of the rest. For both blind and disabled SSI recipients, income needed for the fulfillment of a self-support plan approved by the HHS Secretary also is disregarded. (The special expense deduction for the disabled was enacted in June 1980 as a provision of P.L. 96-265.)

⁸ The \$85 disregard consists of the first \$20 of any income plus \$65 in earnings.

In all but 12 states⁹ SSI recipients automatically are eligible for Medicaid. In the 12 states with more restrictive eligibility rules, states must deduct medical expenses of SSI recipients in determining their countable income.

Disabled SSI recipients whose counted monthly earnings exceed the \$700 “substantial gainful activity” test that determines disability status are eligible for special cash benefits (calculated as though they still had disability status), as long as their gross earnings are below the regular SSI ceiling (\$1,085 in 1999 in a state without supplementation). The special cash benefit preserves Medicaid eligibility for the disabled worker.¹⁰ In 1996 (P.L. 104-121), Congress ended SSI (and Social Security Disability Insurance) benefits for persons disabled because of their addiction to drugs or alcohol.

In December 1998, federally administered SSI benefits went to 6,566,069 persons,¹¹ including 887,066 children. Benefits averaged \$277 to aged recipients, \$390 to the blind, and \$380 to the disabled (and \$442 for children). About 36% of the Nation’s SSI recipients of federally administered payments also receive Social Security, and 4.7% have earnings (September 1998 data). As of December 1998, SSI checks were supplementary to Social Security benefits for 61% of aged SSI recipients, 35% of blind recipients, and 30% of disabled recipients. In September 1998, income was earned by about 2% of aged recipients and by 7.7% and 5.3%, respectively, of the blind and disabled. Social Security benefits of dual recipients averaged \$370. Earnings of SSI recipients averaged \$293.¹²

FY1998 SSI expenditures totaled \$33.6 billion (federal funds, \$29.7 billion; state funds, \$3.9 billion). Federal SSI spending represented 1.8% of all federal outlays.

Note: See also CRS Report 94-486, *Supplemental Security Income (SSI): A Fact Sheet*, by Carmen Solomon-Fears.

⁹ Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, and Virginia.

¹⁰ The Balanced Budget Act of 1997 allows states to provide Medicaid to disabled persons who lose SSI eligibility because of earnings if their incomes do not exceed 250% of the federal poverty guidelines. In late November 1999, both Houses of Congress passed H.R. 1180, the Ticket to Work and Work Incentives Improvement Act, which allows states to provide Medicaid to disabled working persons with incomes above 250% of the poverty guidelines.

¹¹ In December 1996, 63,472 other persons received only state-administered supplementary SSI benefits.

¹² U.S. Dept. of Health and Human Services. Social Security Administration. Social Security Bulletin, v. 59, no. 4, winter 1996.

11. Earned Income Tax Credit (EITC)¹

Funding Formula

This benefit is 100% federally funded. Outlays for tax year 1998 were \$25.3 billion.

Eligibility Requirements²

The Earned Income Tax Credit (EITC) is available to a parent (or parents) with earnings whose annual adjusted gross income (AGI) is not above statutory limits (\$26,928 in 1999, \$30,580 for families with more than one child) and who maintains a residence for a child who can be claimed as a dependent of the tax filer(s). A small EITC also is available to workers ages 25 through 64 who have no eligible children and whose AGI is less than \$10,200.³ The EITC is a “refundable” credit. Unlike most tax credits, a person need *not* owe or pay any income tax to receive the EITC. However, an eligible worker must apply for the credit, either by filing an income tax return at the end of the tax year or by filing an earned income eligibility certificate with an employer for advance payment of the credit.⁴ To be eligible for the EITC, married couples generally must file a *joint* income tax return.

In 1995, Congress established a limit on investment income for EITC eligibility.⁵ The 1996 welfare reform law changed filing procedures to make it less likely that undocumented workers could gain access to the EITC. In 1996 and 1997, Congress broadened the definition of income used to phase out the EITC for filing units above the phaseout income threshold.⁶

In response to an IRS study indicating a high incidence of tax filers claiming more in credits than is their right under the law, Congress enacted provisions against fraud in P.L. 105-34. If they are found to have claimed the credit fraudulently, filers

¹ Called Earned Income Credit (EIC) by the Internal Revenue Service (IRS) in tax forms and literature.

² Regulations are found at 26 CFR, Part 1.32 (1998).

³ The EITC became available for adults with no eligible children in 1994.

⁴ The option for advance payments by addition to paychecks became available in July 1979.

⁵ P.L. 104-7 set a limit of \$2,350 in annual income from interest and dividends. P.L. 104-193 changed this “disqualifying income” limit, setting it at \$2,200 in 1996 dollars (the limits are \$2,300 for 1998 and \$2,350 for 1999) and applied it to net capital gains and net passive income as well as interest and dividends.

⁶ Effective in 1996, the income used to phase out the EITC was enlarged for some filers by the exclusion of certain losses: net capital losses, net losses from nonbusiness rents and royalties, net losses from estates and trusts, and half of net business losses (P.L. 104-193). The Taxpayer Relief Act of 1997 (P.L. 105-34) further modified the AGI definition for the EITC phaseout by including nontaxable income from tax-free interest and nontaxable pensions, annuities, and distributions from individual retirement plans in AGI calculations and by excluding 75% of net business losses.

are barred from claiming the EITC for 10 years; if they claimed the credit by reckless or intentional disregard of EITC rules, they are barred for 2 years. The law also imposes a \$100 penalty on paid preparers who fail to fulfill “due diligence requirements” (to be specified by IRS) in filing EITC claims.

Benefit Levels

The EITC was liberalized and given inflation protection by the Tax Reform Act of 1986 (P.L. 99-514). In 1990 (P.L. 101-508), Congress increased the basic credit further and provided added credits for families with more than one child, those with a child under age 1, and those that paid premiums to cover their children with health insurance. The maximum basic credit rose from \$400 (one or more children) in 1975-1978 to \$1,235 (at least two children) in 1991 and \$1,511 in 1993.

In his FY1994 budget, President Clinton proposed a large expansion of the EITC, with the goal of “making work pay” and eliminating poverty for four-person families with children and a full-time minimum wage worker. He also proposed to establish a small EITC for adults with no eligible children. Congress responded by placing provisions in OBRA 1993 (P.L. 103-66) that expanded the basic EITC for families and established an EITC for workers with no eligible children. At the same time, Congress repealed the supplemental credits for those with an infant and/or health insurance premiums. The maximum credit for a family with two or more children rose to \$3,556 in 1996 and to \$3,756 in 1998.

1998 Benefit Terms. In 1998, the EITC credit rates and creditable earnings maximums were: units with no children, 7.65% of \$4,460; units with one child, 34% of \$6,680; other units, 40% of \$9,390. Thus, the maximum credit amounts in 1998 were \$341, \$2,271, and \$3,756, respectively, for the three types of units. Credits are phased out when AGI or earned income, whichever is larger, exceeds \$5,570 (units with no children) or \$12,260 (units with children). The phaseout rates, which apply to income in excess of these thresholds, are 7.65%, 15.98%, and 21.06%, respectively, for the three unit types. The EITC is reduced to \$0 when income reaches \$10,030 (units with no children), \$26,473 (units with one child), or \$30,095 (other units). Automatic adjustments are made annually to the maximum creditable earnings amount and the threshold income above which phaseout occurs.

1999 Benefit Terms. The automatic annual adjustments result in the following maximum credit amounts in 1999: \$347 (units with no children), \$2,312 (units with one child), and \$3,816 (for units with 2 or more children). Credits are phased out when AGI or earned income, whichever is larger, exceeds \$5,670 (units with no children) or \$12,460 (units with children). The EITC is reduced to \$0 in tax year 1999 when income reaches \$10,200 (units with no children), \$26,928 (units with one child), and \$30,580.

EITC Treatment by other Income-Tested Programs. Before January 1980, EITC benefits could not be taken into account for purposes of determining eligibility of the recipient for benefits or assistance under any federal program or under any state or local program financed in whole or in part with federal funds. Effective January 1, 1980, the EITC was treated as earned income when received. The 1984 Deficit Reduction Act (P.L. 98-369) repealed a requirement, enacted in October 1981, that

welfare agencies reduce AFDC benefits to take account of EITC payments that recipients with earnings were considered eligible to receive on an advance basis, whether or not the EITC payment was so paid. P.L. 98-369 required states to count the EITC only when it was actually received. However, the Family Support Act (P.L. 100-485) excluded EITC in counting income for AFDC benefit determinations effective October 1, 1989. Under OBRA 1990, EITC payments were not to be counted as income by AFDC, SSI, Medicaid, Food Stamps, and certain low-income housing programs. The same law required these programs to ignore EITC refunds as resources for 2 months after receipt. OBRA 1993 requires Food Stamps to ignore EITC refunds as an asset for 12 months. The 1996 welfare reform law (P.L. 104-193), by repealing AFDC, ended federal rules for the treatment of the EITC by the family welfare program; thus, states now may treat the EITC in any way they wish in their replacement Temporary Assistance to Needy Families (TANF) programs. However, P.L. 105-34 disallows the EITC for payments made to TANF recipients engaged in work experience or community service (“workfare”).

For calendar 1998, earned income credits totaled an estimated \$29.4 billion, of which \$25.3 billion represented direct Treasury payments in excess of current year tax liability and \$4.1 billion offset tax liability. An estimated 19.4 million tax filing units claimed the credit for 1998, averaging \$1,797 for the filers with children, and \$179 for childless adults.

Note: For more information about EITC, see: CRS Report 95-542, *The Earned Income Tax Credit: A Growing Form of Aid to Low-Income Workers*, by James R. Storey.

12. Temporary Assistance for Needy Families (TANF) and Aid to Families with Dependent Children (AFDC)

Note: Fiscal year 1997 was the transition year between Aid to Families with Dependent Children (AFDC) and Temporary Assistance for Needy Families (TANF). Effective July 1, 1997 at latest, and earlier in most states, state-designed TANF programs replaced AFDC. TANF is established in Title IV-A of the Social Security Act and administered at the federal level by the Department of Health and Human Services, as was AFDC. This entry first describes TANF and then briefly summarizes AFDC.

Funding Formula

Federal funding. The 1996 welfare reform law (P.L. 104-193) repealed AFDC, Emergency Assistance (EA), and Job Opportunities and Basic Skills Training (JOBS) and combined recent federal funding levels for the three programs into a single TANF block grant (\$16.5 billion annually through FY2002). It entitles each state to a family assistance grant equal to the largest of three amounts: the federal sum required to be paid for the replaced programs for (a) FY1992-FY1994, on average; (b) FY1994, with an adjustment for some expanded EA expenditures in FY1995; or (c) FY1995. It also entitles outlying areas to TANF grants, and permits Indian tribes, defined to include Native Alaskan Organizations, to operate their own tribal family assistance plans with a TANF block grant.¹

Added to the basic federal block grant for qualifying states are other funds of five kinds: supplemental grants for certain states with low TANF grants per poor person, compared with the national average, and/or high population growth (\$800 million, FY1998-FY2001);² bonuses for up to five states with the greatest decline in non-marital birth rates and a decline in abortion rates (\$400 million, FY1999-FY2002); bonuses for states with “high performance” in meeting program goals (\$1 billion, FY1999-FY2002); matching grants (at the Medicaid matching rate) from a contingency fund for states with high unemployment and/or increased food stamp caseloads (\$2 billion, FY1997-FY2001); and welfare-to-work grants³ (most of which require 33.3% state matching funds) for efforts, including job creation, to move into jobs long-term welfare recipients with barriers to employment (\$3 billion in FY1998-FY1999). The law also established a \$1.7 billion revolving loan fund for state use in TANF operations.

¹ Tribal TANF programs served about 3,000 families in FY1998 (and another 47,502 American Indian families were served by state TANF programs). As of June 1, 1999, 19 tribal family assistance plans were in operation, covering some 73 tribes and Alaska Native villages. Tribes design their own programs. Work participation rules, time limits, and penalty rules are set by HHS with tribal participation.

² The President’s FY2000 budget proposed to freeze supplemental TANF grants (for which 17 states were eligible) at their FY1999 level, \$160 million. Congress did not act on this proposal in making FY2000 appropriations for HHS.

³ For a description of TANF’s welfare-to-work grant program, see program no. 76, Welfare-to-Work Grants and JOBS.

State-local funding. To avoid penalties, states must spend a specified amount of their own funds on TANF-eligible families.⁴ The required “maintenance-of-effort” (MOE) level is 75% of the state’s “historic” expenditures, defined as the state share of FY1994 expenditures on AFDC, EA, JOBS, and AFDC-related child care. Nationally, the 75% MOE level is \$10.4 billion annually. The MOE requirement rises to 80% if a state fails to meet work participation minimums. Expenditures of state funds in separate state programs (or in TANF programs that segregate state funds from federal funds) are countable toward the general TANF MOE rule. However, for the contingency fund, a higher state spending requirement is imposed (100% of the historic level), and spending in separate state programs cannot be counted toward this MOE.

Eligibility Requirements⁵

Basic eligibility. TANF permits a state to give its benefits to any needy family that includes (a) a minor child who lives with his/her parent or other caretaker relative; or (b) a pregnant woman. As under AFDC, states decide who is “needy.” Unlike AFDC, TANF allows states to aid needy children with an able-bodied and employed second parent in the home. More than 30 states have expanded eligibility by adopting one or more of these policies: treating needy two-parent families on the same basis as one-parent families, liberalizing treatment of earnings as a work incentive, and increasing asset limits. Most states also aid pregnant women, but many require them to be in the last trimester of pregnancy, as AFDC did. Many state policy choices tend to restrict the caseload. They include benefit cutoff time limits shorter than the limit in federal law, tough sanctions, welfare avoidance (diversion) payments, and family caps (reduced or zero benefits for new babies born to TANF mothers). Some of these changes, expansive and restrictive, were first adopted by states under waivers from AFDC law.

Ineligible persons. Federal law makes ineligible for TANF-funded aid unwed mothers under 18 (and their children) unless they live in an adult-supervised arrangement and, if they are high school dropouts, attend school once their youngest child is 12 weeks old. Also ineligible: persons convicted of a drug-related felony for an offense occurring after August 22, 1996 (date of enactment of TANF) unless the state exempts itself by state law; aliens who enter the country after August 22, 1996 (barred from TANF for 5 years after entry) and persons who fraudulently misrepresented residence to obtain TANF, food stamps, SSI, or Medicaid in more than one state. TANF may not be paid to a person who fails to assign child support or spousal support rights to the state. Federal TANF funds may not be used for aid

⁴ Qualifying to meet the state spending requirement are expenditures under all state programs for TANF-eligible families on cash aid (including child support collections passed through to the family without reducing the TANF benefit), child care, educational activities (excluding general public education spending), job training and work. For this purpose, TANF-eligible families are defined to include those ineligible because of the 5-year time limit or the federal ban on benefits to new immigrants.

⁵ Final TANF regulations (text and introductory discussion) can be found in the *Federal Register*, April 12, 1999, p. 17720-17918. This program is no. 93.558 in the Catalog of Federal Domestic Assistance.

to a family that includes an adult who has received 60 months of TANF “assistance”⁶ while an adult, a minor household head, or a minor married to a household head (benefit cutoff time limit).⁷ Most states have adopted a 60-month time limit, but 22 have chosen a shorter limit, some with extensions allowed.⁸ In their TANF plans, more than one-third of the states said they would make “diversion” payments, usually one-time payments for immediate needs, in lieu of ongoing TANF aid.

Work/conduct requirements. States must require a parent or caretaker who receives federally funded TANF assistance to engage in work, as defined by the state, after a maximum of 24 months of aid (work trigger limit); 19 states have chosen a shorter work trigger limit. Adopting a work first philosophy, many states require immediate work, and some identify job search as the immediate work activity. To enforce the work requirement, the law sets fiscal penalties for states that fail to achieve minimum participation rates.⁹ For this purpose, only specified work activities are countable.¹⁰ Furthermore, to be counted as a participant, a TANF recipient must work for a minimum average number of hours weekly. The general minimum is 25 hours in FY1999 and 30 hours in FY2000,¹¹ but higher requirements apply to two-parent families. States may exempt single parents caring for a child under age 1 from work requirements (and disregard them in calculating work participation rates). In their TANF plans, slightly more than half the states said they would exempt these parents.

The law imposes several sanctions for non-compliance with TANF rules. It requires states to sanction TANF recipients who refuse to engage in required work by reducing aid to the family “pro rata” or to discontinue aid. It requires TANF recipients to assign child support and spousal support rights to the state; if a recipient

⁶ Assistance is defined in the final TANF regulations as cash, payments, vouchers, and other forms of benefits directed at ongoing, basic needs; it excludes non-recurrent, short-term benefits for crisis situations and various services.

⁷ Under a “hardship” exemption, a state may federally fund assistance beyond 60 months for up to 20% of its caseload. Also, a state may use its own MOE funds for aid beyond 60 months.

⁸ See CRS Report 98-932, *Welfare Reform: Time Limits under TANF*, by Gene Falk and Courtney Schroeder.

⁹ The statutory work participation rates (set at 35% for all TANF families and 90% for two-parent families for FY1999, and rising for all families, by five percentage points yearly until reaching a peak of 50% in FY2002) are to be reduced for caseload declines from FY1995 average levels.

¹⁰ Unsubsidized employment, subsidized private or public sector employment, work experience, on-the-job training, job search and job readiness assistance (generally limited to 6 weeks), community service programs, vocational educational training (12 months maximum), job skills training directly related to employment, education directly related to employment (recipient without high school diploma or equivalent), satisfactory attendance at secondary school (high school dropout), and provision of child care services to a TANF recipient engaged in community service.

¹¹ For single parents or other caretaker relatives of a child under age 6, required work hours are lower (20 hours weekly average).

does not cooperate in efforts to establish paternity or to establish or enforce a support order, the state must reduce the family's benefit by at least 25%. If a TANF family's benefits are reduced because of failure to perform a required action, the state may not give the family an offsetting increase in food stamps, and it may reinforce the cash penalty by cutting food stamp benefits by up to 25%.¹² The law also allows states to reduce the family's benefit for failure to comply with a signed plan individual responsibility plan.¹³ In their TANF plans, about three-fourths of the states said they would require applicants to sign such a plan. Illustrative recipient obligations include school attendance, immunization of children, attendance at parenting or money management classes, and needed substance abuse treatment. More than 20 states said they would screen applicants for domestic violence and refer them to services; some said they would waive compliance with TANF requirements (for example, time limits, work rules, child support cooperation) for some domestic violence victims.

Income and Resource limits. Under TANF, states have complete freedom to set income and resource limits. All but 12 states have raised *countable* asset limits above the AFDC ceiling of \$1,000 per family (two-thirds of the states have at least doubled the limit); many exclude one vehicle from countable assets; some permit restricted savings accounts; and one (Ohio) has eliminated asset limits altogether.

Benefit Levels

Under TANF states continue to set benefit levels. They determine amounts paid to families with no countable income and whether to disregard any earnings as a work incentive and any assets as a savings incentive, (and if so, how much). A large majority of states have liberalized treatment of earnings to bolster work (two states, Connecticut and Virginia, disregard all recipient earnings below the federal poverty guideline). More than 20 states pay a reduced benefit, or zero benefit, on behalf of a new baby born to a TANF mother (family cap); more than a dozen states adopted an option in the 1996 law to pay interstate migrants the smaller benefit of their former state for up to 12 months after their entry, but these laws were invalidated in May 1999 by the U.S. Supreme Court, which held that the California law, *Anderson v. Roe*, was unconstitutional. At least three states (California, Hawaii, and Massachusetts) have established a lower maximum benefit schedule for persons required to work than for those exempt from work.

A CRS telephone survey found that maximum benefits for a 3-person TANF family in July 1998 ranged from \$120 in Mississippi to \$712 in Hawaii (for a family exempt from work rules) and to \$923 in Alaska. In all but 14 states TANF maximum benefits in July 1998 for 3 persons (unadjusted for price inflation)¹⁴ were unchanged

¹² The law also permits states to end Medicaid for adults who refuse TANF work requirements, but requires continued Medicaid for their children.

¹³ Penalties for refusal to work, cooperate in child support efforts, and sign individual responsibility plans may be waived for good cause established by the state.

¹⁴ Since the Consumer Price Index (CPI) for all urban consumers rose 3.9% from July 1996 to July 1998, the real value of maximum AFDC/TANF benefits declined in most states.

from those for AFDC 2 years before, just before passage of TANF. In nine states TANF maximum benefits were higher than 1996 AFDC levels, in five states, lower.¹⁵

Wisconsin has made the most drastic change. Its TANF program, known as W-2 (for Wisconsin Works) no longer bases benefits on family size; it pays flat benefits and conditions them on hours of required activity. For those in a community service job (CSJ), it pays \$673 monthly (about 75% of full-time monthly minimum wages) plus food stamps, for 30 hours of weekly work (plus up to 10 hours in education and training). For those unable to participate in a CSJ, it pays \$628 monthly.¹⁶ For each missed hour, it reduces benefits by \$5.15, the minimum wage rate. The Wisconsin program also seeks to create jobs for TANF recipients by offering employers a \$300 maximum wage subsidy monthly, and it establishes child care plans and health care plans that all low-income families may join for a fee.

Although the 1996 law ended AFDC, it retained AFDC eligibility limits for use in Medicaid and in the programs of foster care and adoption assistance. It requires states to provide Medicaid coverage and benefits to children and family members who would be eligible for AFDC cash aid (under terms of July 16, 1996) if that program still existed. For this purpose states may increase AFDC income and resource standards by the percentage rise in the consumer price index since enactment of TANF; they also may adopt more liberal methods of determining income and resources. The law requires 12 months of medical assistance to those who lose TANF eligibility because of earnings that lift counted income above the July 16, 1996 AFDC eligibility limit. The law also makes foster care and adoption assistance matching funds available for children who would be eligible for AFDC cash aid (under terms of July 16, 1996)¹⁷ if that program still were in effect.

Note: For more detail, see CRS Report 97-380, *Welfare Reform: State Programs under the Block Grant for Temporary Assistance for Needy Families*, by Vee Burke, Thomas Gabe, Melinda Gish, Gene Falk, Carmen Solomon-Fears, and Karen Spar and CRS Report 96-720, *TANF Block Grant Program: Current Provisions Compared with AFDC*, by Vee Burke.

Aid to Families with Dependent Children (AFDC)

Funding Formula

Unlimited federal funds were offered to reimburse states (and the District of Columbia, Guam, Puerto Rico, and the Virgin Islands) for a share of their costs for AFDC. The AFDC federal matching rate, the same as that used for Medicaid, ranged

¹⁵ Maine, Maryland, Montana, New Mexico, Ohio, South Carolina, Utah, Vermont, and Wisconsin increased benefits; California, the District of Columbia, Hawaii, and Oklahoma, and Wyoming decreased them. (California subsequently restored benefit levels.)

¹⁶ The July 1996 Wisconsin maximum AFDC benefit for a family of three was \$517; for a family of four, \$617.

¹⁷ P.L. 104-193 originally set this date as June 1, 1995, but it was changed by the Balanced Budget Act of 1997 (P.L. 105-33).

from 50% to 78.07% in FY1996. Federal funds paid 50% of benefit costs in the 12 jurisdictions with highest per capita income,¹⁸ and more than 70% in the eight states with lowest per capita income. Nationwide, about 55% of each AFDC benefit dollar was paid by the federal government. The federal government paid 50% of administrative costs in all states. For the outlying areas, 75% federal matching was authorized for AFDC benefits and administration, but the law imposed a ceiling on federal funds.

Unlimited matching funds under Title IV-A were available also for costs of providing child care to enable an AFDC parent to work or engage in schooling or training (and for 1 year of “transitional” subsidized child care after a parent’s earnings removed the family from AFDC). Separate capped funds were provided for AFDC work and training activities and for care of children “at-risk” of welfare dependency.

Eligibility Requirements¹⁹

To be eligible for AFDC, a child had to live in a certain category of family with income below a limit established by the state; the child’s parent was subject to work requirements and was required to assign child support rights to the state. The U.S. Supreme Court required states to aid all families in a class eligible for AFDC under federal law, provided their counted income and assets were within state-set limits. Thus, eligible children were entitled to aid.

During the Reagan, Bush, and Clinton Administrations, many states received waivers from federal eligibility and program rules to test reforms of their own. Waiver projects sought to reduce dependency by limiting benefit duration, capping family benefits (little or no increase for a new baby), reducing benefits for incoming families. Attempts to stimulate work included work incentives and extending aid to two-parent families who were needy despite having more than part-time jobs. The summary below describes basic federal rules (in the last years of AFDC) and does not reflect waiver experiments.

Family Structure. The law permitted AFDC for a needy child who was deprived of parental support or care because a living parent was absent from home continuously²⁰ (85.3% of the children in FY1996), incapacitated (4.3%), or unemployed (8.3%). A small minority (1.6% of the children) had a deceased parent.²¹ In FY1996, of *all* AFDC children, 58.6% had unmarried parents; for more than half of these children, paternity was not established. All states aided needy families with only one able-bodied parent in the home, and states were required, at least for half of the year, to offer AFDC to needy two-parent families if the primary earner lost his job

¹⁸ Within limits, the matching rate was inversely related to the ratio of the squares of state and national per capita income.

¹⁹ Regulations governing AFDC were found at 45 C.F.R. Part 200 (1996). Before its expiration, this program was No. 93.560 in the Catalog of Federal Domestic Assistance.

²⁰ Almost all of the absent parents of AFDC children were fathers.

²¹ These are average monthly percentages based on FY1995 data compiled by the U.S. Department of Health and Human Services.

or worked fewer than 100 hours a month—AFDC for Unemployed Parents (AFDC-UP).

Income and Resource Limits. States established countable income limits for AFDC; federal law set an outer countable resource limit of \$1,000 per family. State need standards for an AFDC family of three persons ranged in January 1997 from \$320 per month in Indiana to \$1,735 in New Hampshire. AFDC *countable income limits* (payment standards) were *below* need standards in almost 60% of the states, and in some states benefits paid fell short of payment standards.

Federal law directed states to deem available to an AFDC child part of the income of a stepparent who lived with him (and, in the case of a child with a minor parent), some of the income of a grandparent in the home. Congress defined the assistance unit to consist of the parent(s) in the home and all minor related children (excepting SSI recipients and stepsiblings).

Excluded from counted resources were the home (by law); an auto (limited by regulation to \$1,500 in equity value, or a lower state limit); and, by regulation and at state option, items of personal property deemed essential to daily living.

Work/Conduct Requirements. The law required almost all able-bodied AFDC recipients without a child under age 3 (age 1, at state option) to participate in JOBS, an education, work, and training program, provided child care and state resources were available. For failure to meet JOBS requirements without good cause, AFDC benefits were denied to the offending parent, with payment for the child(ren) made to a third party. See TANF Work Activities/JOBS, program no. 77. AFDC recipients also were required to assign their child support rights to the state and to cooperate with welfare officials in establishing the paternity of a child born outside of marriage and in obtaining support payments from the father.

Benefit Levels

States set AFDC benefit levels. In January 1997, maximum payments per family of three without countable income ranged from \$120 per month in Mississippi to \$923 in Alaska (and to \$703 in Suffolk County, New York). The maximum payment of the median state, ranked by benefit generosity, was \$377 for three persons. In FY1996, the all-family benefit average was \$374 monthly (2.8 persons); for two-parent families, it was \$545 (4.1 persons). Federal law required states to give an AFDC family the first \$50 monthly of child support benefits collected by the state from the noncustodial parent; this added \$50 to their benefit check. Families whose households consisted only of AFDC recipients automatically were eligible for food stamps. Availability of food stamps, which provides larger benefits to families with smaller cash income, reduced the range of potential income benefits among states for AFDC families. AFDC families automatically were eligible also for Medicaid and free school meals. Further, they might receive supplementary aid for emergencies from another federal-state program, Emergency Assistance (see program no. 20). States were required to “guarantee” child care for AFDC families who needed it to work or study.

During the first 4 months of a job undertaken by an AFDC recipient, federal law required states, in calculating the family's AFDC grant, to disregard an amount of monthly earnings equal to the sum of four items: a standard "expense" allowance of \$90, \$30, one-third of remaining earnings, and child care costs up to a ceiling of \$175 for a child aged at least 2 (\$200 for a younger child).²² After 4 months, the one-third disregard ended. Further, after 1 year, the \$30 disregard expired. Any increase in "net" earnings (gross wages minus \$90 flat allowance and child care costs) then caused an equal cut in the AFDC check.²³

For those who lost AFDC eligibility because of work, the law required states to provide 12 months of subsidized child care and 6 months of Medicaid transitional benefits (and to offer another 6 months of subsidized medical aid).

Note: For more details about AFDC, see: CRS Report 94-340, *Aid to Families with Dependent Children (AFDC): A Fact Sheet*, by Carmen D. Solomon-Fears.

²² The standard allowance and child care allowance were increased by the Family Support Act. Previously the standard allowance was \$75 monthly; the child care allowance was a maximum of \$160 per child, regardless of age, and it was applied before the one-third disregard. The change in order increased the size of the one-third disregard.

²³ Using waivers from federal law, some states provided a financial incentive for work by treating earnings more liberally.

13. Foster Care¹

Funding Formula

Title IV-E of the Social Security Act provides federal matching funds to states for maintenance payments for the care of certain low-income children placed in foster care homes, private child care institutions (non-profit or for-profit), or public child care institutions that house no more than 25 persons. The matching rate for a state is that state's Medicaid matching rate (see program no. 1). The FY1999 federal matching rate ranged from 50% to 76.78%. For certain administrative costs of the program and expenses related to child placement, the federal government offers 50% matching funds. States receive 75% federal matching for certain training expenses. States also received 75% matching for certain costs related to automation of their data collection systems during FY1994-FY1997.

Eligibility Requirements²

For a state to be eligible to claim federal foster care payments on behalf of a child, the child's removal from the home must be the result of a judicial determination that continuation in the home would be contrary to the child's welfare, or a voluntary placement agreement between the child welfare agency and the child's parents. In addition, a child must meet the eligibility standards of the repealed AFDC program, as it existed in his state on July 16, 1996,³ in order for the state to qualify for federal foster care payments on behalf of that child.

Benefit Levels

States determine payments to foster parents and institutions, and children are automatically eligible for Medicaid. P.L. 96-272 requires that states make reasonable efforts to prevent the need to place children in foster care, and to reunify children with their families when possible. (Legislation enacted in 1997, P.L. 105-89, allows certain exceptions to this requirement.) Each child in foster care must have a written case plan, and states must hold administrative and judicial reviews of each child's case according to a prescribed schedule.

¹ This program was established on October 1, 1980, under a new part (part IV-E) of the Aid to Families with Dependent Children (AFDC) title of the Social Security Act, by the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272). Previously, foster care was a separate component of the regular AFDC program.

² Regulations for this program are found in 45 C.F.R. Parts 1355, 1356, and 1357 (1998). This program is No. 93.658 in the Catalog of Federal Domestic Assistance.

³ This rule took effect on July 1, 1997, mandatory start date for TANF, which replaced AFDC. The TANF law (P.L. 104-193) originally established the "look-back" AFDC eligibility date as June 1, 1995 for foster care and adoption assistance use. However, it was changed to July 16, 1996 (the look-back date for Medicaid use) by the Balanced Budget Act of 1997 (P.L. 105-33).

In FY1998, administrative costs (including training and data collection expenses) were estimated to represent 48% of total federal spending for foster care. According to the most recent data collected from states by the American Public Human Services Association, maintenance payments vary widely among states, ranging in FY1996 from \$205 monthly for a 2-year-old child in Alabama to \$637 for a 16 year-old in Connecticut. Nationwide average maintenance payments were \$356 for a child age 2, \$373 for a child age 9, and \$431 for a child age 16.

14. Pensions for Needy Veterans, their Dependents, and Survivors

Funding Formula

The federal government provides 100% funding for veterans' pensions.

Eligibility Requirements¹

Eligibility for a veteran's pension requires a discharge (other than dishonorable) from active service of 90 days or more, at least one of which must have been served during a period defined in law as a period of war. The veteran must be disabled for reasons neither traceable to military service nor to willful misconduct. There is no disability requirement for eligible survivors.

Benefits

After considering other sources of income, including Social Security, retirement, annuity payments, and income of dependent spouse or child, the Department of Veterans Affairs (VA) pays monthly amounts to qualified veterans to bring their total incomes to specified levels (*maximum benefits*), shown below. These maximum benefits are increased (by \$1,989 in 1999) for veterans with service in World War I or earlier in recognition of the absence for veterans of education and home loan benefits available to veterans of later wars. Countable income can be reduced for unreimbursed medical expenses, as well as some educational expenses incurred by veterans or their dependents. Pensions are not payable to veterans with substantial assets.

Pensions awarded before 1979 were paid under one of two programs, referred to as *Old Law* and *Prior Law*, both of which were governed by complex rules regarding countable income and exclusions. Beginning January 1, 1979, applications were processed under the *Improved Law* program, which provided higher benefits but eliminated most exclusions, offsetting countable income dollar-for-dollar. About 92% of veterans and 67% of survivors draw their benefits under improved law. The following table shows maximum support levels (Improved Law) commencing with January 1999 payments.

¹ Eligibility rules of this program are found in 38 C.F.R. Subpart A of Part 3 (1996). This program is No. 64.104 in Catalog of Federal Domestic Assistance.

15. General Assistance (Nonmedical Care Component)¹

Funding Formula

No federal funds are provided for General Assistance (GA). GA is a general name for state and local programs that help some of the low-income persons who do not qualify for federally aided cash payments from Temporary Assistance for Needy Families (TANF) or Supplemental Security Income (SSI).² GA is the most common term, but several other names are used.³

As of mid-1998, 25 states, including the District of Columbia (D.C.), operated statewide GA cash programs with uniform eligibility rules and, usually, uniform benefit schedules. Of these programs, 20 were funded 100% by the state,⁴ and five required counties or localities to share costs with the state.⁵ Nine states had statewide programs with county variations; in these states, all counties/localities were required to operate and fully fund GA programs.⁶ One state (Nebraska) had a uniform statewide program for the disabled and a statewide program with county variation for others. In addition, under state supervision, and with state/local funding, most Virginia counties and many Wisconsin counties offered GA. In six states, with county funding only, some counties offered GA.⁷ Finally, 10 states⁸ had no program.

¹ Most state data reported here are based on the most recent national study of state general assistance programs and subsequent information from some states. The national study, entitled State General Assistance Programs, 1998, was conducted by the Urban Institute in the summer of 1998 as part of the Institute's project on Assessing the New Federalism. The study is available at [http://newfederalism.urban.org/html/ga_programs/ga_full.html].

² Some states use GA for interim assistance to SSI applicants (and later are reimbursed with SSI funds).

³ Some states use the term, General Relief: Alaska, California, Missouri and Virginia. Other names include: safety net assistance (New York); poor relief (Indiana and South Dakota); direct assistance (Nevada); and relief block grant (Wisconsin).

⁴ The 20 jurisdictions with 100% state funding: Alaska, Arizona, Connecticut, Delaware, District of Columbia, Hawaii, Kansas, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nebraska (disability program), New Mexico, Oregon, Pennsylvania, Rhode Island, Utah, Vermont, and Washington.

⁵ The five states with uniform statewide programs and shared state/local funding: Colorado, Maine, New Jersey, New York, and Ohio.

⁶ The nine states in which all counties/localities were required to operate and fund GA programs: California, Idaho, Illinois (state funds paid all GA costs in Chicago and about 60 other localities), Indiana, Iowa, Nebraska (for the non-disabled), Nevada, New Hampshire, and South Dakota.

⁷ The six states in which some counties offered GA (funded by counties): Florida, Georgia, Kentucky, Montana, North Carolina, North Dakota.

⁸ The 10 states with no program were Alabama, Arkansas, Louisiana, Mississippi, Oklahoma, South Carolina, Tennessee, Texas, West Virginia, and Wyoming.

Eligibility Requirements

To receive GA, a person must be judged in financial need and must live where the program is available. Further, in most states, one must be disabled, elderly, or otherwise deemed unemployable. In mid-1998, 18 states (including New York and California, the two most populous states) allowed GA for needy able-bodied adults, but 13 restricted this aid to persons with children, and most conditioned it on meeting work requirements. Many states provided GA to disabled or elderly persons who had applied for SSI and were awaiting determination of SSI eligibility (states are reimbursed by the Social Security Administration for interim payments made to persons found eligible). Some aided persons with a temporary disability that did not qualify them for SSI. A few offered GA to persons enrolled in a drug or alcohol abuse treatment program. Some states made eligible “unattached” children, those not living with a relative and hence ineligible for TANF.

Eleven of the statewide programs imposed no categorical eligibility limits; they (or some of their counties or localities) offered aid to any person needy under their standards who did not qualify for federally funded aid: Alaska; California (Los Angeles County); Idaho (Ada County); Indiana (Center Township of Marion County); Iowa (Polk County); Maine; Nebraska; Nevada (Clark County); New Hampshire (City of Manchester); New York; and South Dakota (Minnehaha County).

Income and asset limits for GA eligibility vary. In Florida (Dade County), Kentucky (Jefferson County), and New Hampshire (City of Manchester), only persons with zero income were eligible, but Hawaii, the most generous state, set the monthly income limit at \$1,239 for an individual. Several states set the countable asset limit at zero, but most adopted limits between \$1,000 and \$2,000.

Most GA programs also impose citizenship and residency tests for eligibility. The 1996 welfare law (P.L. 104-193) prohibits state and local benefits for *illegal* aliens unless the state expressly authorizes them by law, and it permits states to exclude most legal aliens⁹ from GA. In mid-1998, some GA programs denied eligibility (for 5 years or permanently) to legal immigrants arriving after August 22, 1996, when the welfare law was enacted. Some of the GA programs open to non-citizens require immigrants to apply for citizenship as a condition of eligibility. GA programs typically require current residence in the state, county, or municipality; and seven require a minimum residence period, ranging from 15 days to 9 months.

Since 1992, coverage of many GA programs has been reduced. Montana abolished the state-run program that had operated in 12 of its counties; Wisconsin replaced its state-required county-based program with a block grant for an optional program. Connecticut, Hawaii, Minnesota, Ohio, and Pennsylvania ended benefits for able-bodied employable persons without children (and Pennsylvania, for families as well). D.C. ended GA benefits for SSI applicants. Michigan ended its State Family Assistance Program. Six states tightened eligibility criteria for persons with

⁹ Under P.L. 104-193 as amended, states may not exclude from GA legal aliens with 40 quarters of work covered by social security and, during the first 7 years after their entry into the U.S., refugees and asylees.

disabilities. The total number of statewide programs with time limits rose to nine, but two states (Hawaii and Michigan) removed time limits for persons with a disability. Since passage of TANF, which can be used for cash aid to pregnant women at any stage of pregnancy, several states have ceased using GA funds for this group.

Benefit Levels

The GA benefit levels vary widely among states and often within them. In mid-1998, maximum GA cash benefits reported by states with uniform statewide programs ranged from \$80 monthly for a single person in Missouri to \$339 in Massachusetts and \$645 for a disabled person in Nebraska (these amounts were unchanged from mid-1996). Maximum benefits averaged \$248 monthly.

About three-fourths of the states with statewide GA programs provide aid in the form of cash (except in special circumstances). Nine of these states or some of their counties provide only vendor payments or vouchers: Idaho (Ada County); Indiana, (Center Township of Marion County); Iowa (Polk County), Kentucky (Jefferson County), Maine; Nebraska (non-disabled program); New Hampshire (City of Manchester); South Dakota (Minnehaha County), and Vermont.

In general, ongoing assistance was provided in mid-1998, to at least some categories of recipients, by most of the 33 states with statewide programs. However, these states imposed time limits: Arizona, and Maryland, 12 months out of 36; California (Los Angeles County) 12-month limit for employable persons; Colorado, 12-month lifetime limit for persons disabled by substance abuse; New Jersey, 60-month lifetime limit (with extension possible); New York, 24-month lifetime limit for cash aid (no limit for noncash aid); Pennsylvania, 9-month lifetime limit for persons in substance abuse treatment and victims of domestic violence; Utah, 7 months out of an 18-month period (for persons in program called Working Toward Employment; and Vermont, 36-month lifetime limit, for persons in drug treatment.

This paragraph presents some recent GA state data. In March 1999, Michigan's program of State Disability Assistance paid an average of \$237 per case (one person). The caseload was 10% smaller than a year before. Maryland issued \$1.1 million in vouchers in February 1999 under its Transitional Emergency Medical and Housing Assistance program (TEMHA) on behalf of about 11,244 persons, less than \$100 per person. In March 1999, Washington spent \$3.1 million for continuing general assistance to 10,075 unemployable adults, an average of \$304 per person. New York spent an estimated \$42.6 million in February 1999 for "safety net" assistance to 152,369 persons, an average of \$279. California spent \$22.5 million on behalf of 95,567 recipients of general relief in December 1998, an average of \$235.

The U.S. Census Bureau reports that direct cash assistance by states and localities for noncategorical aid totaled \$3.147 billion in FY1996 (of which 39% was from state funds). The estimated FY1997 total, based on the 1996 proportion of state funding, was \$3.2 billion. The preliminary estimate for FY1998, based on data from states that accounted for more than half of the FY1996 census-reported total, is \$2.625 billion. Most GA programs offer medical assistance as well as cash. For medical aid provided under state-local GA programs, see program no. 3.

16. Adoption Assistance¹

Funding Formula

Title IV-E of the Social Security Act provides federal matching funds to states for payments to parents adopting certain low-income children with “special needs.” The matching rate for a given state is that state’s Medicaid matching rate (see program no. 1). The FY1999 federal matching rate ranged from 50% to 76.78%. For administrative expenses and certain training expenses, the federal matching rates are 50% and 75%, respectively. The 1986 tax reform legislation (P.L. 99-514) amended the adoption assistance program by authorizing 50% federal matching for reimbursement of certain non-recurring adoption expenses up to \$2,000, such as adoption and attorney fees and court costs.

Eligibility Requirements²

To be eligible for assistance payments, a child must be eligible for SSI (see program no. 10) or meet the eligibility standards of the repealed AFDC program, as it existed in his state on July 16, 1996,³ must be legally free for adoption, and must have “special needs,” as determined by the state, that prevent adoption without assistance payments. Such special needs may include mental or physical handicap, age, ethnic background, or membership in a sibling group. (In addition, parents who adopt children with special needs who are not AFDC or SSI eligible are entitled to assistance under the matching program for non-recurring adoption expenses.)

Benefit Levels

The state adoption assistance agency, by agreement with the adoptive parents, decides the amount of the adoption payment; however, the payment cannot exceed what would have been paid to maintain the child in a foster family home. Children receiving federally subsidized adoption assistance are automatically eligible for Medicaid. Benefits can continue until the child reaches age 18 or, in cases where the child is mentally or physically handicapped, age 21.

¹ This program was established in 1980 under the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) as part of a new Title IV-E of the Social Security Act. States were required to have an adoption assistance program by October 1, 1982, in order to continue receiving AFDC matching funds.

² Regulations for this program are found in 45 C.F.R. Parts 1355, 1356, and 1357 (1998). This program is no. 93.659 in the Catalog of Federal Domestic Assistance.

³ This rule took effect on July 1, 1997, mandatory start date for TANF, which replaced AFDC. The TANF law (P.L. 104-193) originally established the “look-back” AFDC eligibility date as June 1, 1995 for adoption assistance and foster care use. However, it was changed to July 16, 1996 (the look-back date for Medicaid use) by the Balanced Budget Act of 1997 (P.L. 105-33).

17. General Assistance to Indians

Funding Formula

The Snyder Act provides 100% federal funding for General Assistance (GA) to Indians, which is operated by the Bureau of Indian Affairs (BIA). Federal outlays in FY1998 were \$60.5 million, including \$3 million for a work and training program.

Eligibility Requirements¹

Eligible are needy Indians and Alaskan Natives who are members of a tribe that is recognized by the U.S. government (or who are at least one-fourth blood quantum descendants of a tribal member). Federally recognized tribes are located in 34 states, of which 24 have BIA programs of GA.

Persons must be deemed needy on the basis of standards established under the state's TANF program. They must apply for aid from other governmental or tribal programs for which they are eligible, and they may not receive Temporary Assistance to Needy Families (TANF) or Supplemental Security Income (SSI). They must reside in the tribe's service area and where non-federally funded aid from a state or local government unit² is not available to them. Able-bodied adults must actively seek work, make satisfactory progress in an Individual Self-sufficiency Plan (ISP), jointly developed and signed by the recipient and the social services worker, and accept available local and seasonal employment unless they are caring full-time for a preschool child, needed in the home to care for a physically or mentally impaired person, or would have a minimum commuting time of one hour each way.

Under proposed regulations, the first \$2,000 of "liquid resources" annually available to the household is disregarded in determining eligibility.

Because state TANF programs cannot offer more than 2 years of benefits without work, the BIA expects welfare reform to result in a rise in the GA caseload when Indians without jobs exhaust TANF eligibility.³

Benefit Levels

General Assistance to Indians provides cash payments and work experience and training, and the proposed regulations state that the program goal is to increase self-sufficiency. Under the law, BIA GA payments must be made on the basis of state

¹ This program description is based on proposed regulations that revise ones issued in 1985 and take account of the 1996 welfare reform law. They are found in the *Federal Register*, May 6, 1999, pages 24296-24308. This program is no. 15.113 in the Catalog of Federal Domestic Assistance.

² Such programs generally are known as "general assistance," but various other names are used, including general relief, poor relief, and safety net assistance.

³ Bureau of Indian Affairs, Budget Justifications and Annual Performance Plan, Fiscal Year 2000, p. 55.

need standards under the TANF program unless the state “ratably reduces” actual payments. In those cases, the Bureau must reduce GA payments by the same percentage. This means that actual maximum payments in the GA program are the same as in the state TANF program for a family of three persons, maximum TANF benefits ranged in July 1998 from \$120 monthly in Mississippi to \$923 in Alaska.

If the state TANF program has no assistance standard for one adult, the Bureau standard for one adult is the greater of (a) the difference between the standard for one child and that for a two-person household with an adult member and (b) one-half the standard for a household of two persons.

The regulations require that certain sums of earned income be disregarded in determining benefits, namely, federal, state, and local taxes; Social Security taxes; health insurance payments; work-related expenses, including reasonable transportation costs; child care costs (unless the other parent in the home is able-bodied and not working); and the cost of special clothing, tools, and equipment directly related to the person’s employment. The regulations also require that an allowance for shelter costs be deducted from countable income when calculating benefits. This amount must equal 25% of the TANF standard unless a smaller amount is designated for shelter in the state TANF standard.

Disregarded as income or resources is any home produce from garden, livestock, and poultry used by the family. Further, P.L. 100-241 requires the BIA to exclude from countable income or resources up to \$2,000 per year in corporate dividends paid to an individual under the Alaska Native Claims Settlement Act (ANCSA). The Indian Tribe Judgment Funds Distribution Act (P.L. 93-134, as amended by P.L. 97-458 and P.L. 103-66) and certain Indian claims settlement acts also exclude various amounts from countable income or resources.

The GA work experience program is called Tribal Work Experience Program (TWEP). It provides work experience and job skills training. TWEP programs can be incorporated within self-determination contracts, self-governance annual funding agreements and programs coordinated under P.L. 102-477, which allows for integration of federally-funded employment and training programs.⁴

BIA estimates that in FY1998, 36,000 Indians and Alaska Natives received average monthly payments of about \$133. About 4,000 of these persons also worked on tribal projects under TWEP, for which they received an extra monthly stipend of \$55.

Note: In accordance with annual appropriations acts since FY1993, regulations allow tribes to change eligibility for GA in their service area or to change the level of GA benefits, provided tribes pay any net increase in costs and use any savings for other tribal needs. A tribe with a redesign plan can administer GA itself or request BIA to administer its plan.

⁴ The preamble to the proposed regulations says that HHS has decided to allow TANF payments to be included as one of the grants under P.L. 102-477.

18. Cash Assistance to Refugees and Cuban/Haitian Entrants

Funding Formula

Subject to available appropriations, the Immigration and Nationality Act authorizes 100% federally funded cash assistance for needy refugees during their first 3 years in the United States. Title V of the Refugee Education Assistance Act (P.L. 96-422) authorizes similar assistance for certain Cubans and Haitians who have recently entered the United States. In the past *but not currently*, the federal refugee assistance program has reimbursed states 100% for the nonfederal share of Aid to Families with Dependent Children (AFDC) payments to refugees and entrants, and for any state supplementary payments to refugees and entrants under the Supplemental Security Income (SSI) program. It also provides “refugee cash assistance” (RCA) to needy refugees and entrants who are categorically ineligible for the federal cash assistance programs. *Since FY1992, assistance under this authority has been limited to RCA for needy refugees not categorically eligible for SSI and AFDC/TANF during their first 8 months after entry.*

Eligibility Requirements¹

A person must (a) have been admitted to the United States as a refugee under provisions of the Immigration and Nationality Act, or (b) be a Cuban or Haitian paroled into the United States between April 20 and October 10, 1980, and designated “Cuban/Haitian entrant,” or (c) be a Cuban or Haitian national who arrived in the United States after October 10, 1980, who has a pending application for asylum or is subject to exclusion or deportation, and against whom a final order of deportation has not been issued.

If a needy refugee is aged, blind, or disabled he is eligible for SSI cash benefits on the same basis as citizens or permanent resident aliens (see SSI program description). Prior to the replacement of AFDC by Temporary Assistance for Needy Families (TANF) under the 1996 welfare law (see below), refugees or entrants who met income and asset tests prescribed by their state for AFDC, as well as the categorical requirements of the state’s AFDC program, were eligible for AFDC cash benefits under the conditions set by the state. Those who meet the state’s income and asset tests but who are *not* categorically eligible for AFDC or SSI qualify for RCA. (For example, a single refugee or a childless or employed couple could receive RCA if deemed needy by state AFDC standards.) The law requires employable refugees and entrants to accept “appropriate” job offers and to register for employment to receive cash assistance.

Impact of P.L. 104-193, as amended. Under the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996, as amended by P.L. 105-

¹ Regulations of this program (not yet updated to reflect the replacement of AFDC by TANF) are found in 45 C.F.R. Parts 400-401 (1998). This program is no. 93.566 in the Catalog of Federal Domestic Assistance.

33, refugees who qualify for TANF are now eligible for 5 years after entry, as opposed to permanently under prior law. At the end of the 5-year period, their continued participation is at state option, as it is with other “qualified aliens.” Alabama, Mississippi, South Carolina, and Guam are prohibiting noncitizen participation in TANF.

Refugees who qualify for SSI are now eligible for 7 years after entry, as opposed to permanently under prior law. At the end of the 7-year period, they become ineligible until the naturalize or meet the work requirement. However, if they were here and receiving SSI by August 22, 1996, the enactment date of PRWORA, they remain eligible. If they were here by the enactment date and subsequently become disabled, they are also eligible for SSI. So far the new welfare legislation has had limited direct impact on the cash component of the HHS/ORR program (see below).

Benefit Levels and Future Plans

Benefit levels for refugees and entrants who qualify for AFDC and SSI are the levels established for those programs. RCA payments have been based on the state’s AFDC payment to a family unit of the same size. For example, an able-bodied couple below age 65 would receive an RCA benefit equal to that of a two-person AFDC family. HHS/ORR has published a proposed rule amending its regulations to reflect changes resulting from the replacement of AFDC by TANF.

HHS/ORR’s authority expires at the end of FY2000 (P.L. 106-104). The agency has proposed a significant reform of RCA and other services to refugees who do not qualify for TANF. The proposed “public/private partnership” would transfer a major part of the cash assistance function from state welfare departments to private voluntary agencies. This plan is being put in place by regulation; the proposed rule was published on January 8, 1999 (*Federal Register*, p. 1159-1175).

19. Dependency and Indemnity Compensation (DIC) and Death Compensation for Parents of Veterans¹

Funding Formula

The federal government provides 100% funding for dependency and indemnity compensation, and death compensation. Federal outlays in FY1998 were \$22 million.

Eligibility Requirements for DIC²

Under Title 38 of the United States Code, Section 1315, parents of veterans who died from a service-connected cause are eligible for Dependency and Indemnity Compensation (DIC) if their counted income is below limits in federal law and regulations. Countable annual income limits in 1999 are \$9,985 for one parent alone and for each of two parents not living together; \$13,422 for two parents living together, or for a remarried parent living with his spouse. Chief exclusions from countable income are cash welfare payments and 10% of retirement income, including Social Security.

Recipients of death compensation benefits are required to meet the net worth rules applicable to veterans' pensioners. (See program no. 14.) There are no net worth rules for the DIC program.

Benefit Levels

The Veterans' and Survivors' Pension Improvement Act of 1978 (P.L. 95-588) established DIC rates for parents effective January 1, 1979, and required that thereafter, whenever Social Security benefits were increased by an automatic cost-of-living adjustment (COLA), DIC rates must be adjusted by the same percentage and at the same time.

The minimum monthly payment is \$5.00. Parents in need of "aid and attendance" receive an additional monthly allowance of \$224 in 1999.

¹ Dependents of veterans who died before 1957 are entitled to "death compensation" or may elect to receive DIC. Persons who choose to remain under the old program receive higher benefits than they would under DIC.

² Eligibility rules are found in 38 C.F.R. Subpart A of Part 3 (1999). DIC for parents of veterans is the income-tested component of program no. 64.110 in the Catalog of Federal Domestic Assistance (DIC benefits for other survivors, spouses, and children).

20. Emergency Assistance (EA) to Needy Families with Children

Note: Effective July 1, 1997 at latest, and earlier in most states, Emergency Assistance was replaced, along with AFDC and JOBS, by fixed block grants for state-designed TANF programs (P.L. 104-193).

Funding Formula

From 1969 until late 1996, the Social Security Act provided 50% federal funding for Emergency Assistance (EA) to needy families with children.

Eligibility Requirements¹

The Social Security Act permitted states to give EA (cash, payments in kind, medical care or other remedial care) to needy families with children, including migrant families, for no more than 30 days per calendar year, to “avoid destitution” of the children or to provide living arrangements for them. In FY1996, 50 jurisdictions made such payments.² Several states discontinued EA programs in 1975-1977, a period during which court suits challenged states’ rights to restrict the kinds of emergencies for which EA was available. On June 6, 1978, the U.S. Supreme Court held that states could limit eligibility for EA more narrowly than the outer bounds established in the Social Security Act.³

States that offered federally funded EA were required to specify in their state plan for AFDC the terms of EA: eligibility conditions, emergency needs that would be met, services that would be provided, methods of providing payments or care, and that EA would be given as quickly as possible. They also had to state whether migrant workers with children would be covered. Unlike AFDC regulations, EA rules did not require state plans to specify a money standard to be used in determining the amount of assistance.

Most EA programs covered natural disasters and unspecified crisis threatening family or living arrangements. Other qualifying causes for emergency aid specified by various states included: eviction, potential eviction, or foreclosure; homelessness; utility shut-off or loss of heating energy supply or equipment; civil disorders or crimes of violence; child or spousal abuse, loss of employment or strike; health hazards/risks to health and safety; emergency medical needs; and illness, accident, or injury. Beginning around 1993, in addition to the traditional uses, some states began using EA funds for child protection, family preservation, juvenile justice, and mental health.⁴

¹ Federal rules for EA were found in 45 C.F.R. Part 233.120 (1996).

² In FY1996, all but four jurisdictions (Alaska, Mississippi, Guam, and the Virgin Islands) operated an EA program.

³ Quern vs. Mandley, 436 U.S. 725 (1978).

⁴ The types of services provided are prevention of child abuse services, family reunification (continued...)

As a result, EA spending exploded, from \$306 million in FY1992 to \$1.6 billion in FY1994 and \$3.2 billion in FY1996.⁵

Benefit Levels

Most jurisdictions provided EA in both cash and vendor payments. In the last 3 full years of EA (FYs 1994-1996) an annual average of \$2.645 billion in EA funds was paid to an estimated monthly average of 70,800 families, yielding average monthly benefits of more than \$37,000 per family. In FY1996, New York, Pennsylvania, and California, which held about 29% of EA families, accounted for more than half of all EA expenditures. Since the repeal of EA, the federal government has paid some claims for EA expenditures made in earlier years. In the summary table at the back of this report, these payments are included in the TANF expenditure totals for FY1997 and FY1998.

⁴ (...continued)

services, counseling and referral, parenting education, case management, in-home family services, homemaker support services, legal referrals, crisis intervention, social services, adoption services, mental health services, and employment counseling.

⁵ When Congress created TANF in 1996, it took note of the EA funding expansion and provided that if states had amended their EA plans in FY1994 or FY1995, they could receive a family assistance grant based on federal amounts due them for FY1994 spending for AFDC, EA, and JOBS, plus 85% of the amount by which EA payments for FY1995 exceeded those for FY1994.

Food Aid

21. Food Stamps

Funding Formula

The Food Stamp Act generally provides 100% federal funding for food stamp benefits.¹ Federal funds also pay for (1) federal administrative costs, (2) 50% of most state and local administrative expenses, depending on the rate of error in a state's administration of the program,² and (3) the majority of costs associated with employment and training programs for food stamp recipients. States are responsible for the remainder of food stamp expenses. In Puerto Rico, where the Food Stamp program was replaced in 1982 by a nutrition assistance program authorized by the Food Stamp Act, federal funds provide an annual block grant to fund benefits set by the Commonwealth and 50% of the Commonwealth's administrative costs.³ Federal spending for the regular Food Stamp program and special grant programs for Puerto Rico, the Northern Marianas, and American Samoa totaled \$20.4 billion in FY1998.

Eligibility Requirements⁴

The Food Stamp program imposes four major tests for eligibility: income limits; liquid asset limitations; employment-related requirements, and limits on the eligibility of noncitizens. In addition, households composed entirely of recipients of cash aid or services under state Temporary Assistance for Needy Families (TANF) programs, Supplemental Security Income (SSI), or General Assistance (GA) are, in most cases, automatically eligible for Food Stamps — unless they are precluded by the Food Stamp program's bar against eligibility for most noncitizens.

Income. Households not automatically eligible because of receiving TANF, SSI, or GA must have *counted (net)* monthly income below the federal poverty income guidelines which are adjusted annually to reflect inflation measured by the Consumer Price Index (CPI). More importantly, households without an elderly or disabled

¹ In some cases, states have chosen to pay the cost of food stamp benefits (and related administrative expenses) for households not eligible for federally financed benefits — e.g., certain noncitizens.

² States can qualify for federal matching rates as high as 60% if they have very low rates of erroneous benefit and eligibility determinations. States with very high rates of erroneous determinations may be assessed liability for a portion of the cost of food stamp benefits.

³ The Commonwealth of Puerto Rico's nutrition assistance program provides benefits to low-income residents using financial eligibility tests that are similar to, but more restrictive than those used for food stamps; benefits are provided in cash (checks). In addition, the Commonwealth of the Northern Mariana Islands operates a program similar to the regular Food Stamp program, and American Samoa receives a grant to run a limited program providing aid to the elderly and disabled.

⁴ Food stamp regulations are found at 7 C.F.R. Part 271 et seq. (1999). Programs under the Food Stamp Act are Nos. 10.551, 10.566, and 10.566 in the Catalog of Federal Domestic Assistance.

member⁵ must also have *basic (gross)* monthly income below 130% of the poverty guidelines in order to qualify. Changes in these income limits take effect each October.

Basic (gross) income includes all *cash* income of the household, except for: certain “vendor” payments made to third parties (rather than directly to the household); unanticipated, irregularly received income (up to \$30 a quarter); loans (deferred payment education loans are treated as student aid, see below); income received for the care of someone outside the household; nonrecurring lump-sum payments such as income tax refunds (these are counted as liquid assets); payments of federal earned income tax credits (these are not counted as either income or - for 12 months - as assets); federal energy assistance; reimbursements for certain out-of-pocket expenses; income earned by children who are in school; the cost of producing self-employment income; education assistance under Title IV of the Higher Education Act (e.g., Pell grants, student loans); other student aid to the extent earmarked or used for tuition, fees, and education-related expenses; certain payments under the Job Training Partnership Act (JTPA); income set aside by disabled SSI recipients under an approved “plan to achieve self-sufficiency”; and some other types of income required to be disregarded by other federal laws.

Counted (net) income subtracts from basic (gross) income the following “deductions”: (1) a standard deduction of \$134 per household per month; (2) 20% of any earned income; (3) expenses for the care of a dependent (up to \$200 per dependent per month for those under age 2 or \$175 for other dependents); (4) out-of-pocket medical expenses of elderly or disabled household members, to the extent they exceed \$35 per month; (5) shelter expenses, to the extent they exceed 50% of the income remaining after all other potential deductions and excluded expenses have been subtracted (up to a ceiling of \$275 a month);⁶ and (6) amounts paid as legally obligated child support payments.

The following tables set out the monthly net and gross income limits in the 48 contiguous states, the District of Columbia, the Virgin Islands, and Guam — for the period October 1, 1999, through September 30, 2000.⁷

Household size	Monthly counted (net) income limits
1 person	\$ 687
2 persons	922
3 persons	1,157
4 persons	1,392
5 persons	1,627

⁵ “Elderly” is defined as age 60 or older. “Disabled” is generally defined as being a recipient of governmental disability benefits such as Social Security or SSI disability payments.

⁶ The size of the standard deduction and the limit on the shelter expense deduction vary in Alaska, Hawaii, and the territories. Deduction limits do not vary by household size.

⁷ Limits are higher in Alaska and Hawaii, by 25 and 15%, respectively. Puerto Rico’s nutrition assistance program uses a gross income test only, set substantially below that used in the 48 states and the District of Columbia.

6 persons	1,862
7 persons	2,097
8 persons	2,332
Each additional person	235

Household size	Monthly basic (gross) income limits
1 person	\$ 893
2 persons	1,199
3 persons	1,504
4 persons	1,810
5 persons	2,115
6 persons	2,421
7 persons	2,726
8 persons	3,032
Each additional person	306

Assets. An eligible household's liquid assets may not exceed \$2,000, or \$3,000 if the household includes an elderly member. This liquid assets test excludes the value of a residence, a portion of the value of motor vehicles (generally the fair market value above \$4,650), business assets, household belongings, and certain other resources (such as Earned Income Tax Credits paid as a lump sum). The test does not apply to automatically eligible TANF, SSI, and GA households.

Employment-Related Requirements. In order to maintain eligibility, certain nonworking able-bodied adult household members must register for employment, accept a suitable job if offered one, fulfill any work, job search, or training requirements established by administering welfare agencies, provide the welfare agency with sufficient information to allow a determination with respect to their job availability, and not voluntarily quit a job without good cause or reduce work effort below 30 hours a week. Exempt from these requirements are: persons caring for dependents (disabled or under age 6); those already subject to another program's work requirement; those working at least 30 hours a week or earning the minimum-wage equivalent; the limited number of postsecondary students who are otherwise eligible; residents of drug addiction and alcoholic treatment programs; the disabled; and those under 16 or age 60 or older (those between ages 16 and 18 are also exempt if they are not head of a household or if they are attending school or a training program). If the household head fails to fulfill any of these requirements, the entire household may, at state option, be disqualified for up to 180 days. Individual disqualification periods differ according to whether the violation is the first, second, or third; minimum periods (which may be increased by the welfare agency, in some cases, to permanent disqualification) range from 1 to 6 months.

States must operate work and training programs under which recipients not exempt by law or by state policy must fulfill employment requirements (which can include workfare, training, job search, education, or other activities) as established by the welfare agency. Special federal funding is provided to states in order to operate their work and training programs; each state receives an annual federal grant, and any

costs above that grant are matched at 50%. However, at least 80% of any unmatched federal money must be spent on services for able-bodied adults without dependents, who are subject to a special work rule, enacted in the 1996 welfare reform law and discussed next.

In addition to the work-related requirements noted above, many able-bodied adults (between 18 and 50) without dependents are ineligible for food stamps if, during the previous 36 months, they received food stamps for 3 months while not working at least 20 hours a week or participating in an approved work/training activity (including workfare). Those disqualified under this rule are able to re-enter the Food Stamp program if, during a 30-day period, they work 80 hours or more or participate in a work/training activity. If they then become unemployed or leave work/training, they are eligible for an additional 3-month period on food stamps without working at least 20 hours a week or enrolling in a work/training activity. But they are allowed only one of these added 3-month periods in any 36 months — for a potential total of 6 months on food stamps in any 36 months without half-time work or enrollment in a work/training effort. [*Note:* At state request, the special rule for able-bodied adults without dependents can be waived for areas with very high unemployment (over 10%) or lack of available jobs. Moreover, states themselves have authority to exempt up to 15% of those subject to the rule.]

Other Limitations. Categorical eligibility restrictions include: (1) a ban on eligibility for most noncitizens; (2) a ban on eligibility for households containing striking members, unless eligible prior to the strike; (3) a ban on eligibility for most nonworking postsecondary students without families; (4) a ban on eligibility for persons living in institutional settings, except for those in special small group homes for the disabled, persons living in drug addiction or alcoholic treatment programs, persons in temporary shelters for battered women and children, and those in homeless shelters; (5) a state-option ban on eligibility for those who have violated another welfare program's rules and been disqualified, (6) limits on participation by boarders; (7) a requirement that Social Security numbers be provided for all household members; (8) denial of eligibility where assets have been transferred to gain eligibility; (9) denial of eligibility where there has been intentional violation of program rules or failure to cooperate in providing information needed to judge eligibility and benefits; and (10) a ban on eligibility for SSI recipients in California.⁸

Benefit Levels

The Food Stamp Act specifies that a household's *maximum* monthly food stamp allotment be the cost of a nutritionally adequate low-cost diet, as determined by the U.S. Department of Agriculture's Thrifty Food Plan, adjusted annually (each October) for changes in food prices. A participating household's *actual* monthly allotment is determined by subtracting, from the maximum allotment for its size, an amount equal to 30% of its *counted* monthly income, on the assumption that it can afford to spend that amount of its own income on food. Minimum benefits for households of one and

⁸ Cash SSI payments have been increased in California to include an estimated value for food stamp benefits.

two persons are legislatively set at \$10 per month; minimum benefits for other household sizes are generally somewhat higher.

Maximum monthly allotments in FY2000 are as follows:

**Maximum Monthly Food Stamp Allotments
(October 1999 through September 2000)**

Household size	48 states and D.C.	Alaska (urban) ^a	Hawaii	Virgin Islands	Guam
1 person	\$127	\$158	\$199	\$164	\$188
2 persons	234	290	365	301	345
3 persons	335	415	523	431	495
4 persons	426	528	664	548	628
5 persons	506	627	789	651	746
6 persons	607	752	947	781	896
7 persons	671	831	1,047	863	990
8 persons	767	950	1,196	987	1,131
Each additional person	+96	+119	+150	+123	+141

^a Maximum allotment levels in rural Alaska are 28 to 55% higher than the urban Alaska allotments noted here.

In FY1998, benefits for the 19.8 million monthly food stamp recipients (not including those in Puerto Rico) averaged \$71 per person per month. Average benefits of \$82 a month were received by the 1.2 million recipients of aid in Puerto Rico's nutrition assistance program.

Note: For more information see CRS Report 98-59, *Food Stamps: Background and Funding*, by Joe Richardson.

22. School Lunch Program (Free and Reduced-Price Segments)

Funding Formula

Federal law provides a guaranteed federal subsidy for each free or reduced-price lunch served to needy children in participating schools and residential child care institutions (RCCIs). The cash subsidy for free and reduced-price lunches consists of two parts: a basic payment authorized under Section 4 of the National School Lunch Act for every lunch served, without regard to the family income of the participant, and an additional special assistance payment authorized under Section 11 of this Act only for lunches served free or at reduced price to lower-income children. Additionally, the federal government provides commodity assistance for each meal served. State and local government funds and children's payments also help finance lunches served in participating schools and RCCIs. No charge may be made for a free lunch, but a charge of up to 40 cents may be imposed for a reduced-price lunch. Schools may set whatever charge they wish for lunches served to children who do not qualify for free or reduced price lunches, or who do not apply for them, so long as this charge does not result in a profit.

The law requires that states contribute to their lunch programs revenues equal to at least 30% of the total Section 4 federal funding provided in the 1980-1981 school year (about \$225 million a year). However, no matching funds are required for the extra federal subsidy provided for free and reduced-price lunches, under Section 11 of the Act.

Federal cash subsidies for school lunches totaled \$5.1 billion in FY1998.

Eligibility Requirements¹

All children are eligible to receive at least a partially subsidized lunch in participating schools and RCCIs, although subsidies are higher for meals served free or at a reduced price. All public schools, private nonprofit schools, and RCCIs are eligible to participate and receive federal subsidies if they serve meals that meet nutrition requirements set by the U.S. Department of Agriculture based on the Dietary Guidelines for Americans, offer free and reduced-price meals to lower income children, and agree not to make a profit on their meal program.

Children whose current annual family income is at or below 130% of the federal poverty income guidelines are eligible for a free lunch; those children whose family income is more than 130%, but not more than 185% of the guidelines, are eligible for a reduced-price lunch. Annual income limits for a family of four for the 1999-2000 school year are: for free lunches, about \$21,700; for reduced-price lunches, up to

¹ School lunch regulations are found in 7 C.F.R. Parts 210 and 245 (1999). This program is no. 10.555 in the Catalog of Federal Domestic Assistance.

approximately \$30,900.² Income eligibility guidelines are annually adjusted for inflation. In addition, most children from families receiving public assistance (e.g., cash welfare, food stamps) can be certified for free school lunches based on their public assistance enrollment.

Benefit Levels

The National School Lunch Act provides a guaranteed federal cash reimbursement (subsidy) to participating schools and RCCIs for each lunch served. The law establishes specific reimbursement rates for each type of lunch served (free, reduced-price, “full-price”) and mandates that they be adjusted each July for inflation. Cash reimbursement rates for the 1999-2000 school year are:³ (1) \$1.98 for each free lunch, (2) \$1.58 for each reduced-price lunch, and (3) 19 cents for each full-price lunch.

In addition to the cash assistance noted above, the federal government provides commodity assistance for all meals served in participating schools and residential child care institutions. This assistance rate is adjusted annually, each July, for inflation, and, for the 1999-2000 school year, it is 15 cents per meal served (e.g., the total cash and commodity subsidy rate for free lunches is \$2.13).

Schools and RCCIs in the School Lunch program also may expand their programs to cover snacks served to children through age 18 in after-school programs. Federal subsidies are paid at the free snack rate offered to child care providers if the snack is served free to children in lower-income areas. In other cases, federal subsidies vary by the child’s family income. (See discussion of program 24, the Child and Adult Care Food Program, for the various federal subsidy rates for snacks and separate authority for public and private nonprofit organizations to get subsidies for snacks served free in after-school programs).

In FY1998, over 90% of schools and RCCIs chose to participate and receive School Lunch program subsidies — some 90,000 schools, plus nearly 6,000 RCCIs. Average daily participation was 26.5 million children; 13 million received free lunches, 2.2 million ate reduced-price lunches, and lunches for 11.3 million students were subsidized at the minimum full-price rate (for which no income test is required). While children receiving free or reduced-price lunches made up 57% of those participating, subsidies for their lunches accounted for over 90% of federal spending on the School Lunch program.

Note: For more information, see: CRS Report 98-25, *Child Nutrition Programs: Background and Funding*, by Joe Richardson.

² These limits are for the 48 contiguous states, the District of Columbia, Puerto Rico, Guam, and the Virgin Islands. Higher limits apply in Alaska (+25%) and Hawaii (+15%).

³ An additional 2 cents is provided for each lunch served in schools where 60% or more of the school lunch participants receive free or reduced-price meals. Significantly higher reimbursement rates apply in Alaska and Hawaii.

23. Special Supplemental Nutrition Program for Women, Infants, and Children (The WIC Program)

Funding Formula

Federal law provides 100% federal funding through grants to states for food costs and nutrition services and administration (NSA); money also is provided for breastfeeding support, a small farmers' market nutrition program, and research and evaluations. In FY1998, federal WIC spending totaled \$3.9 billion. Except for a small matching amount for states choosing to operate a farmers' market nutrition program, no state or local matching funding is required.

Eligibility Requirements¹

Section 17 of the Child Nutrition Act makes eligible for WIC benefits lower-income mothers, infants, and children judged to be at "nutritional risk." These include infants (up to age 1), children up to 5 years old, pregnant women, non-nursing mothers up to 6 months after childbirth, and nursing mothers up to 1 year after childbirth. A competent professional authority on the staff of a participating local public or private nonprofit health clinic or welfare agency that operates a WIC program must certify that the recipient is at nutritional risk through a medical or nutritional assessment guided by federal standards.

In addition to meeting the nutritional risk criterion, WIC enrollees must have annual family income below state-established limits, and public assistance recipients may be judged automatically income eligible. The income limits may not exceed those for reduced price lunches under the school lunch program — 185% of the federal poverty income guidelines (as annually adjusted), or about \$25,700 for a 3-person family for July 1999 through June 2000. States can set lower income limits, but these must not be lower than the poverty guidelines themselves.

Unlike most other nutrition assistance programs, the ability of the WIC program to serve all those who apply and are judged eligible is largely limited by the annual amount of federal funding made available, and not all eligible applicants receive benefits.² State health departments or comparable agencies determine which local health or welfare agencies are eligible for program participation or expansion in order of greatest need based on economic and health statistics, and available funding. And a priority system seeks to ensure that individuals at the greatest risk are served first. The program is estimated to serve between 80% and 90% of the eligible population.

¹ Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) regulations are found at 7 C.F.R. Parts 246 and 248 (1999). This program is no. 10.557 in the Catalog of Federal Domestic Assistance.

² Regular annual federal appropriations for the WIC program are supplemented by rebates from infant formula companies, any unused money carried over from the prior year, and, in some cases, voluntary state contributions.

Benefit Levels

Beneficiaries receive selected supplemental foods, as specified in federal regulations, either in the form of food or, more commonly, as vouchers valid for specific prescribed food items in stores.³ Federal regulations include requirements about the types and quantities of food to be made available and about tailoring food packages to meet the varying nutritional needs of the infants, children, and pregnant and postpartum women participating in the program. However, state WIC agencies have some leeway in designing specific food packages and specifying foods that may be bought with WIC vouchers. In FY1998, the national average monthly federal cost of food in a WIC food package was \$32 (after an offset for rebates by infant formula companies).

The law also requires that participants receive breastfeeding support, nutrition education, and a nutritional risk evaluation (in order to qualify). Monthly NSA costs for these services averaged \$12 a recipient in FY1998.

In addition to the regular WIC program, a majority of states have chosen to operate a farmers' market nutrition program that offers WIC applicants and recipients special vouchers that can be used to buy fresh foods at participating farmers' markets. Funding for this component is limited — e.g., \$13 million in FY1998 — and states must provide some matching funds.

Note: For more details, see: CRS Report 98-25, *Child Nutrition Programs: Background and Funding*, by Joe Richardson.

³ Items in WIC food packages vary by the type of recipient and include milk, cheese, eggs, infant formula, cereals, peanut butter, fruit and vegetable juices, and other items keyed to specific dietary deficiencies.

24. Child and Adult Care Food Program (Low-Income Component)¹

Funding Formula

The law provides federal funding for this program in the form of legislatively set reimbursement (cash subsidy) rates for all meals and snacks served in participating child and adult day care centers and in family and group day care homes for children. Subsidies are varied by participants' family income (day care centers) or whether provider is located in a lower-income area (day care homes). Payments to sponsors of day care homes (based on the number of homes sponsored) and federal commodity assistance also are provided. Total program funding was \$1.6 billion in FY1998 (an estimated \$1.4 billion was spent on meals and snacks for low-income recipients). There is no requirement for matching funds from nonfederal sources.

Eligibility Requirements²

Licensed (or otherwise approved) public and private nonresidential nonprofit child care, adult care, and Headstart centers, some schools operating after-school programs, and family and group day care homes are eligible for federal subsidies for meals and snacks they serve meeting federal nutrition requirements. For-profit child care institutions also are eligible, provided they receive Title XX social service block grant funds for at least 25% of the children in their care.³

All children and elderly clients in programs operated in child and adult care *centers* receive federally subsidized meals and snacks, although subsidies are higher for meals served free or at a reduced price to lower-income individuals. As with the School Lunch and School Breakfast programs: free meals/snacks are available to those whose household income is not above 130% of the federal poverty income guidelines (about \$21,700 for a family of four during the period July 1999-June 2000); those whose household income is above 130%, but not above 185% of the poverty guidelines (approximately \$20,900 for a family of four during the period July 1999 - June 2000), are eligible for reduced-price meals/snacks. Income eligibility guidelines are adjusted annually. Meals and snacks for individuals from households with income above these limits (or who do not apply for free or reduced-price meals/snacks) also receive subsidized meals, but the subsidies are much smaller.

¹ The adult care component of this program is relatively small. It provides federal subsidies for meals in nonprofit centers serving functionally impaired adults age 60 and over. Adult recipients represent about 2% of total participation. The program operates in the same manner for adult care centers as for child care centers.

² Regulations for this program are found in 7 C.F.R. Part 226 (1999). This program is no. 10.558 in the Catalog of Federal Domestic Assistance.

³ Rules for participation by for-profit centers are more liberal under a demonstration project operating in Iowa and Kentucky.

All children in participating family day care *homes* receive federally subsidized meals/snacks. However, the subsidies are generally not differentiated by the recipient's family income.

Benefit Levels⁴

Participating *centers* receive cash subsidies for lunches and suppers that are the same as those provided for lunches under the School Lunch program. For July 1999 — June 2000, these are: \$1.98 for each free meal, \$1.58 for each reduced-price meal, and 19 cents for each “full-price” meal. For breakfasts, they receive the same subsidies that are provided under the School Breakfast program — during the period July 1999 — June 2000, \$1.09 for free breakfasts, 79 cents for reduced-price breakfasts, and 21 cents for full-price breakfasts. For the period July 1999 — June 2000, cash subsidies for snacks are set at 54 cents for free snacks, 27 cents for reduced-price snacks, and 5 cents for full-price snacks. Finally, centers may receive the same commodity assistance as under the School Lunch program (about 15 cents a meal). All subsidy rates are annually indexed.

The federal subsidy structure for family day care *homes* is different. Day care homes receive subsidies that generally do not differ by individual recipients' family income. Instead, there are two distinct annually indexed subsidy rates. “Tier I” homes (those located in lower-income areas or operated by lower-income providers) receive higher cash subsidies; for July 1999 — June 2000, all lunches/suppers are subsidized at \$1.69, all breakfasts are subsidized at 92 cents, and all snacks are subsidized at 50 cents. “Tier II” homes (those not located in lower-income areas or without lower-income providers) receive lower subsidies; for July 1999 — June 2000, all lunches/suppers are subsidized at \$1.02, all breakfasts are subsidized at 34 cents, and all snacks are subsidized at 13 cents. Organizations sponsoring homes receive monthly payments for their administrative/oversight costs, which vary by the number of homes sponsored; and Tier II homes may seek higher Tier I rates for individual low-income children if the proper documentation is provided.

Federal subsidies are provided for up to two meals and one snack (or one meal and two snacks) per day per recipient.

In addition to the regular CACFP, the law allows public and private nonprofit organizations (including child care centers) operating after-school programs to get federal CACFP subsidies for snacks served free in their programs to children (through age 18) in lower-income areas — at the free snack rate noted above.

In FY1998, 35,000 child care centers and almost 2,000 adult care centers with an average daily attendance of 1.5 million persons participated, and some 173,000 day care homes received subsidies for just under 1 million children in attendance.

Note: For more information, see: CRS Report 98-25, *Child Nutrition Programs: Background and Funding*, by Joe Richardson.

⁴ All federal subsidy rates noted here are significantly higher in Alaska and Hawaii.

25. School Breakfast Program (Free and Reduced-Price Segments)

Funding Formula

Federal law provides a guaranteed federal subsidy for each free or reduced-price breakfast served needy children in participating schools and residential child care institutions (RCCIs). A small subsidy also is provided for “full-price” breakfasts to non-needy children. Certain schools, designated as “severe need” schools by the state educational agency, receive subsidies that exceed regular subsidies.¹ State and local government funds, as well as children’s meal payments, also help finance the cost of breakfast programs, although there is no formal matching requirement. No charge may be made for a free breakfast, but up to 30 cents may be charged for a reduced-price breakfast.

Federal cash subsidies for school breakfasts totaled \$1.3 billion in FY1998.

Eligibility Requirements²

As with the School Lunch program, all children are eligible to receive at least a partially subsidized breakfast in participating schools and institutions, although subsidies are higher for meals served free or at a reduced price. All public schools, private nonprofit schools, and RCCIs are eligible to participate and receive federal subsidies if they serve meals that meet nutrition requirements set by the U.S. Department of Agriculture based on the Dietary Guidelines for Americans, offer free and reduced-price meals to lower-income children, and agree not to make a profit on their meal program.

Children whose current annual family income is at or below 130% of the federal poverty income guidelines are eligible for a free breakfast; those children whose family income is more than 130%, but not more than 185%, of the guidelines are eligible for a reduced-price breakfast. Annual income limits for a family of four for the 1999-2000 school year are: for free breakfasts, about \$21,700; for reduced-price breakfasts, up to approximately \$30,900. Income eligibility guidelines are annually adjusted for inflation. In addition, most children from families receiving public assistance (e.g., cash welfare, food stamps) can be certified eligible for free breakfasts based on their public assistance enrollment.

Benefit Levels

The Child Nutrition Act provides a guaranteed federal cash reimbursement (subsidy) to participating schools and RCCIs for each breakfast served. The law establishes specific reimbursement rates for each type of breakfast served (free,

¹ Severe need schools are defined as schools in which 40% or more of lunches under the School Lunch program are served free or at a reduced price.

² School breakfast regulations are found in 7 C.F.R. Parts 220 and 245 (1999). This program is program no. 10.553 in the Catalog of Federal Domestic Assistance.

reduced-price, “full-price”) and mandates that they be adjusted each July for inflation. Regular cash reimbursement rates for the 1999-2000 school year are:³ (1) \$1.09 for each free breakfast, (2) 79 cents for each reduced-price breakfast, and (3) 21 cents for each full-price breakfast.

In FY1998, 72% of schools in the School Lunch program (and virtually all RCCIs in the program) also operated breakfast programs. Some 65,000 schools and roughly 6,000 child care institutions were in the program, with an average daily participation of 7.1 million children — 5.6 million received free breakfasts, almost 500,000 ate reduced-price meals, and 1 million were subsidized at the full-price rate.

Note: For more information, see CRS Report 98-25, *Child Nutrition Programs: Background and Funding*, by Joe Richardson.

³ An additional 20 cents for each free or reduced-price meal is provided to severe need schools (see footnote number 1). Significantly higher rates apply in Alaska and Hawaii.

26. Nutrition Program for the Elderly

Funding Formula

Nutrition services for the elderly under Title III of the Older Americans Act are supported by grants to states from the U.S. Department of Health and Human Services, Administration on Aging (HHS/AoA) and by commodities, or cash in lieu of commodities, from the U.S. Department of Agriculture (USDA).

The Act specifies that the federal share of a state's allotment for congregate and home-delivered meal services from HHS may cover up to 85% of the cost of developing and/or operating local projects. The nonfederal matching share can be paid in cash or in-kind contributions. Federal funds are allotted to the states on the basis of their share of the U.S. total population aged 60 and over, except that the minimum state allotment is 0.5% of the U.S. appropriation for the year. (Minimums are smaller for Guam, the Virgin Islands, Trust Territory of the Pacific Islands, American Samoa, and the Northern Mariana Islands.)

States also receive from USDA, commodities, or cash in lieu of commodities, to supplement Title III grant funds for congregate and home-delivered meals. The USDA provides states an annually programmed level of assistance that is based on the number of meals served under auspices of the Title III program. The law sets the reimbursement level at the greater of (a) 61 cents plus an amount to adjust for inflation, or (b) the amount appropriated divided by the number of meals served during the previous year. The law requires the Secretary of Agriculture to reduce the per meal reimbursement level in any year in which the cost of the program exceeds the authorized level. The actual per-meal support level was 56.07 cents throughout FY1998, and the initial rate for FY1999 was set at 55.39 cents.

Eligibility Requirements⁴

The Older Americans Act makes eligible persons aged at least 60 and their spouses. In addition, congregate meals may be provided to persons with disabilities under age 60, who reside in housing facilities occupied primarily by the elderly where congregate nutrition services are provided, or who reside with and accompany older persons to meals. Eligible for home-delivered meals are persons who are homebound by reason of illness or disability, or who are otherwise isolated. The law requires that preference be given to those with the "greatest" (1) economic need and (2) social need. The law defines group one to be persons whose income is at or below the poverty guideline issued by HHS (the guideline issued in March 1999 was \$8,240 for a "family unit" of one person) and group two to be persons whose need for services

⁴ Regulations concerning nutrition services for the aged are found at 7 C.F.R. Part 250 (1999) and 45 C.F.R. Part 1321 (1998). This program is listed under nos. 10.550, 10.570, and 93.045 in the Catalog of Federal Domestic Assistance.

is caused by noneconomic factors⁵ that restrict their ability to perform normal daily tasks or that threaten their capacity for independent living.

The law requires that congregate meal service be located as close as possible to where the majority of eligible older persons reside, preferably within walking distance. Means tests are prohibited. In FY1994, about 43% of the congregate program participants were classified as low income; 17% were members of ethnic or minority groups.

Benefit Levels

The law requires providers to offer at least one meal daily, 5 or more days per week. Each meal is to assure a minimum of one-third of the daily recommended dietary allowances established by the Food and Nutrition Board of the National Academy of Sciences-National Research Council if the nutrition projects serve one meal a day and lesser amounts if the projects serve two or three meals a day. Nutrition services funds also may be used to provide support services such as outreach and nutrition education.

The law requires that providers give participants an opportunity to contribute toward the cost of the meal. Service providers may establish suggested contribution schedules; but each participant is to decide for him/herself what, if anything, he/she is able to pay. A service provider may not deny any older person nutrition services for failure to contribute to the cost of the service. The law requires that voluntary contributions be used to increase the number of meals served, to facilitate access to meals, and to provide supportive services directly related to nutrition services.

Note: For more information about nutrition services for the elderly, see: CRS Report 95-379, *Older Americans Act Nutrition Program*, by Carol V. O'Shaughnessy, and CRS Report 95-917, *Older Americans Act: Programs and Funding*, by Carol O'Shaughnessy and Celinda Franco.

⁵ Listed as such factors are physical and mental disabilities, language barriers, and cultural, social, or geographical isolation including that caused by racial or ethnic status.

27. The Emergency Food Assistance Program (EFAP/TEFAP)¹

Funding Formula

The Emergency Food Assistance Program (EFAP/TEFAP) provides federally donated food commodities to states for distribution to emergency feeding organizations (EFOs), including soup kitchens and food banks, serving the homeless and other needy persons. Cash grants also are provided to help states and local EFOs with the administrative costs of storing, transporting, handling, and distributing the commodities.

Commodities are allocated under a poverty-unemployment allotment formula: 60% of them are distributed based on a state's share of all persons with incomes below the poverty level, and 40% based on its share of all unemployed persons. Administrative funding is distributed to states in the same proportion as their share of commodities. Not less than 40% of the administrative funding a state receives must be provided to cover local EFO costs. States are required to match (in cash, or in-kind) funds that they do not pass along to local agencies.

In FY1998, the value of federally donated commodities distributed under the EFAP/TEFAP was \$209 million, and federal support for distribution costs was \$46 million — for a total of \$255 million.

Eligibility Requirements²

State agencies administering EFAP are responsible for selecting the emergency feeding organizations that will distribute food. There are no federal criteria for agency selection except that the feeding organization must serve needy persons and have the capacity to store and handle commodities. Emergency feeding organizations include food banks and pantries, soup kitchens, hunger centers, temporary shelters, community action agencies, churches, and other nonprofit agencies offering food assistance to the indigent and needy. States also set the criteria for individual eligibility and the food items to be distributed. By law those eligible to receive commodity packages must be “needy,” and by federal regulation need is to be based on having a low income or receiving public assistance benefits.

Benefit Levels

The commodities donated for this program are bought by the U.S. Department of Agriculture with appropriated funds or drawn from excess holdings of the Commodity Credit Corporation when available. (In FY1998, appropriated funds were used to acquire about half of the commodities.) Benefits consist of Agriculture

¹ This program represents a consolidation of prior federal efforts to support emergency shelters, soup kitchens, and food banks.

² Regulations of this program are found in 7 C.F.R. Part 251 (1999). This program is no. 10.568 and 10.569 in the Catalog of Federal Domestic Assistance.

Department commodities provided to states for food banks, pantries, and other feeding agencies that distribute them to individuals for at-home consumption, or to soup kitchens and homeless shelters and central feeding centers serving meals to the poor. Cash assistance to help with state and local distribution costs was \$46 million in FY1998. Commodities are packaged in sizes appropriate for program use: small package sizes for at home consumption, and larger, institutional sizes for meal service operations. Traditionally, most commodities have gone for at-home consumption. In FY1998, the Agriculture Department provided roughly three dozen types of food items such as canned fruits and vegetables and juices, beans, canned meats, raisins, nuts, pasta, peanut butter, dairy products, and rice. Food package size and value generally are the same for all recipients; there is no variation by income or family size. By law, EFAP benefits may not be treated as income or resources of a recipient for any purpose.

Note: For more details see: CRS Report RL30164, *The Emergency Food Assistance Program (EFAP/TEFAP)*, by Joe Richardson and Donna V. Porter.

28. Summer Food Service Program

Funding Formula

The law provides federal funding in the form of legislatively set, annually indexed reimbursements (subsidies) for all meals and snacks served under summer programs for children, as well as administrative payments to sponsors. Program expenditures for cash subsidies and administrative payments in FY1998 were \$252 million. No matching funds are required from nonfederal sources.

Eligibility Requirements¹

There are no individual income tests for participation. Eligibility for benefits is tied to the location of the summer program. In general, eligible programs must operate in areas where at least 50% of the children are from families with incomes that meet the eligibility criteria for free or reduced-price school lunches (that is, with income at or below 185% of the annually updated federal poverty income guidelines: about \$30,900 for a four-person family for the 2000 summer). Sponsorship is available to all public or private nonprofit school food authorities, local municipal or county governments, residential nonprofit summer camps, certain private nonprofit organizations, and colleges and universities participating in the National Youth Sports program.

Benefit Levels

The law provides federal cash subsidies to sponsors for the cost of obtaining, preparing, and serving food. They are undifferentiated by recipient child's family income and may be supplemented with commodity assistance. The summer 1999 subsidy rates were: \$2.13 for each lunch or supper, \$1.22 for each breakfast, and 49 cents for each snack. Sponsoring agencies also receive funds for approved administrative costs, based on the number of meals/snacks served and the type of sponsor (i.e., sponsors located in rural areas and those who prepare meals on site receive higher payments).

The number of reimbursable meals served is limited to two per day, either lunch and breakfast, or lunch and a supplement.

In the summer of 1998, some 3,600 summer program sponsors operating nearly 30,000 sites provided subsidized meals/snacks to 2.3 million children in the peak month of August.

Note: For more information, see CRS Report 98-25, *Child Nutrition Programs: Background and Funding*, by Joe Richardson.

¹ Regulations for this program are found in 7 C.F.R. Part 225 (1999). This program is no. 10.559 in the Catalog of Federal Domestic Assistance.

29. Commodity Supplemental Food Program (CSFP)

Funding Formula

A precursor to the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC, program no. 23), the Commodity Supplemental Food Program (CSFP) operates in 81 project areas in 17 states, the District of Columbia, and two Indian tribal areas. It provides U.S. Department of Agriculture commodities and administrative funds to local agencies offering food packages to low-income mothers, young children, and elderly persons. Appropriations for the program finance purchase of food products to be used in monthly packages distributed to participants, and administrative expenses associated with this distribution. Funding and commodities are distributed according to the caseload, or “slots” allocated to each project. This is determined based on projects’ previous participation levels. “Expansion” funding is available if added appropriations are provided. FY1998 funding was \$89 million.

Eligibility Requirements¹

Eligible are pregnant women, breastfeeding women, postpartum women, infants, and children up to age 6 who (a) qualify for food, health, or welfare benefits under a governmental program for low-income persons, (b) are determined to be at nutritional risk (if the state agency has adopted this requirement), and (c) live within the service area (if the state agency has adopted such a residency rule). In addition, CSFP projects serve low-income elderly persons in their service areas, and the elderly make up the majority of recipients. Persons may not participate in the CSFP and WIC program at the same time.

Benefit Levels

Participants receive food commodities from local agencies. Agriculture Department guidelines establish food packages for each category of participant. Commodities in the food packages include items such as infant formula, cereals, canned and nonfat dry milk, canned meat, poultry, or fish, egg mix, fruit and vegetable juices, dehydrated potatoes, canned vegetables and fruits, peanut butter, spaghetti, and dry beans.

In FY1998, a total of 377,000 individuals (128,000 mothers, infants, and children and 249,000 elderly persons) received commodity food packages valued at valued at \$15-\$18 a month. Food costs made up about 75% of the total level of federal support.

¹ Federal regulations governing this program are found at 7 C.F.R. Part 247 (1999). This program is no. 10.565 in the Catalog of Federal Domestic Assistance.

30. Food Distribution Program on Indian Reservations

Funding Formula

The federal government acquires the food commodities included in monthly food packages distributed to recipients, either by direct purchase (with appropriated funds designated for Indian food assistance) or through its agriculture support programs. In addition, the federal government finances most local administrative and distribution costs through payments made to the Indian Tribal Organizations or state welfare agencies that operate the program. Commodities and administrative/ distribution cost funding are distributed based on the number of agencies and persons qualifying for the program and are provided as an “entitlement” under the Food Stamp Act appropriation. FY1998 federal spending on this program (commodity purchases and support for administrative/distribution costs) totaled \$68 million.

Eligibility Requirements¹

The Food Distribution Program on Indian Reservations (FDPIR) allows Indian Tribal Organizations (ITOs) or state welfare agencies to operate a food distribution program in lieu of the Food Stamp program. Recipients must reside on or near a participating reservation, or, in the case of Oklahoma, reside within a stipulated service area. Except for the area of residence requirements, individual eligibility for benefits is similar to that for the Food Stamp program. Grantee agencies are responsible for certifying recipient eligibility, providing nutrition education, transporting and storing commodities, and distributing them to recipient households. Both food stamps and the FDPIR may be made available in the same area, as long as no individual household participates in both programs concurrently. In FY1998, 94 Indian Tribal Organizations and 6 state welfare agencies operated the program on 218 reservations — with average monthly participation of 125,000 persons.

Benefit Levels

Benefits consist of monthly food packages that meet federal guidelines for nutritional adequacy. Commodities contained in the monthly food packages consist of a variety of items, including canned meats, fish, fruits, and vegetables, fruit and vegetable juices, cereals, rice, pasta, cornmeal, cheese, butter, nonfat dry milk, flour, vegetable oil, peanut butter and peanuts, and corn syrup. In FY1998, foods valued at about \$31 per person per month were provided under the FDPIR.

¹ Regulations for this program are found at 7 C.F.R. Parts 253 and 254 (1999). This program is no. 10.567 in the Catalog of Federal Domestic Assistance.

31. Special Milk Program (Free Segment)

Funding Formula

Federal law provides 100% federal funding to cover the average cost of free milk served to lower-income children by schools and residential child care institutions (RCCIs) choosing to participate in this program. In FY1998, approximately \$1 million of the \$18 million provided for this program was used to subsidize free milk.

Eligibility Requirements¹

All children in participating schools and RCCIs are eligible to receive partially or fully subsidized milk under the special milk program. The program operates primarily in those schools and institutions that do not participate in the School Lunch or School Breakfast programs.² Each half-pint served is federally subsidized at a different rate, depending on whether it is served free or not — but provision of free milk is not required, and most children are charged.

To qualify for free milk (if offered), a child must be income-eligible for a free school lunch or breakfast. That is, his family's income must not exceed 130% of the federal poverty income guidelines (e.g., about \$21,700 for a family of four in the 1999-2000 school year). Non-needy children and needy children in schools that do not offer free milk must pay an amount determined by the school or institutions.

Benefit Levels

For the 1999-2000 school year, half-pints are subsidized at 13 cents (if there is a charge to the child) or the average cost, typically 4 cents higher (if the milk is served free).

In FY1998, 131 million subsidized half-pints (6% free) were served to roughly 700,000 children.

Note: For more information, see CRS Report 98-25, *Child Nutrition Programs: Background and Funding*, by Joe Richardson.

¹ Regulations for this program are found at 7 C.F.R. Part 215 (1999). This program is no. 10.556 in the Catalog of Federal Domestic Assistance.

² Schools with federally subsidized meal programs may operate this program for kindergarten children, if they operate split-session kindergarten programs that do not provide access to meal programs for such children.

Housing Benefits

32. Section 8 Low-Income Housing Assistance

Funding Formula

This program is funded 100% by the federal government. Outlays were \$16 billion in FY1998.

Eligibility Requirements¹

The Section 8 rental assistance program was authorized by the Housing and Community Development Act of 1974 (P.L. 93-383). The law makes eligible for Section 8 rent subsidies families² and single persons with incomes at or below 80% of the area median, classified as “low-income” households.³ To be eligible, a person must be a citizen or have “eligible immigration” status.

The Housing and Community Development Amendments of 1981 (Title III of the Omnibus Budget Reconciliation Act of 1981, P.L. 97-35) required at least 90% of units being re-rented and 95% of units contracted for after July 1981 to be rented to households with incomes at or below 50% of the area median (allowing only 10% and 5%, respectively, to go to families with income between 50% and 80% of the area median). However, P.L. 98-131, the Housing and Urban-Rural Recovery Act of 1983, increased from 10% to 25% the maximum share of re-rentals that could go to households above the very-low-income threshold.

The program’s median income ceilings are adjusted by regulation for family size, with a four-person family the standard. Thus, a very-low-income four-person household may have income equal to 50% of the area median; one person, 35%; and eight or more persons, 66%.

The Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276) requires each Public Housing Agency (PHA) to develop a system of eligibility preferences based on priorities and local housing needs. However, at least 75% of units that become available in pre-1981 projects and at least 85% of units that become available in more recent projects must go to families with income below 50% of the

¹ Eligibility rules for Section 8 tenant-based assistance are found at 24 C.F.R. Part 982.201 (1999). This program is no. 14.856 in the Catalog of Federal Domestic Assistance.

² Before 1990, the law defined families to include two or more related persons, single persons at least 62 years old, and younger single persons who were disabled, handicapped, displaced by governmental action or natural disaster, or the remaining member of an eligible tenant family, and permitted no more than 15% of units to be made available to other singles. The National Affordable Housing Act (P.L. 101-625) added other single persons to the definition of family and removed their percentage limitation, but barred occupancy by these other (able-bodied younger) singles of units with more than one bedroom.

³ For a family of four, FY1999 low-income dollar limits ranged from \$25,700 in some non-metropolitan counties of Mississippi to \$51,600 in some metropolitan areas of Connecticut.

area median.⁴ Of project-based units made available in any fiscal year, at least 40% must be rented to families whose incomes are below 30% of the area median income (the income group that predominated in 1998).⁵ Project owners must select families from the waiting list in order of their applications; however, owners can give a preference to families in which at least one member is employed.⁶

In determining the annual countable income of a family, various deductions are made from gross income⁷. The chief ones are: \$480 per dependent, \$400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance. For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility and required rent the greater of (a) actual income from all net family assets, or (b) a percentage of their value, based on the current passbook savings rate.⁸ Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.⁹

In 1990, the National Affordable Housing Act (P.L. 101-625) increased the deductions from gross income for Section 8 housing and public housing, but made the changes subject to approval in an appropriations measure. Through August 1999, no appropriation bill had provided for the larger deductions, and old deductions still applied.

Eligible tenants may rent from private owners, cooperatives, or public housing agencies that own a Section 8 project. Recertification is required annually.¹⁰ Eligibility and rental charges are based on countable family income expected in the 12 months following the date of determination.

⁴ For a family of four, the 50% of median income limits in FY1999 ranged from \$16,050 (nonmetropolitan Mississippi counties) to \$47,150 (Connecticut metropolitan areas).

⁵ For a family of four, the 30% of median income limits in FY1999 ranged from \$9,650 (nonmetropolitan Mississippi counties) to \$28,300 (Connecticut metropolitan areas).

⁶ P.L.105-276, Section 513.

⁷ Some items are excluded from gross income by definition. They include children’s earnings, certain lump-sum payments, student financial assistance, and amounts received under HUD training programs. 24 C.F.R. Section 5.609(c)(1999).

⁸ 24 C.F.R. Section 5.609(a) (1999).

⁹ 24 C.F.R. Section 5.603 (1999).

¹⁰ P.L. 97-35 eliminated a special exception for the elderly that had permitted their biennial recertification.

Benefit Levels

By law, most eligible tenants in late 1981 paid a rent equal to 25% of their adjusted income¹¹ (income left after deductions), but not less than 15% of the family's gross income; for lower-income families who joined the program after January 1, 1980, the minimum was raised to 20% of gross income. However, P.L. 97-35 established family gross rent as the higher of (a) 30% of counted income or (b) 10% of *gross* income.¹² For new tenants, this took effect when the law was signed on August 13, 1981; for others, it was phased in.¹³

Since FY1996, public housing authorities (PHAs) have been authorized (through VA-HUD Appropriations Acts) to set minimum Section 8 rents at \$25 monthly. The 1998 law allows minimum rents as high as \$50, but provides exemptions from payment of the minimum rent for a variety of hardship circumstances.¹⁴

The federal government pays the difference between contract rent and the rent paid by the tenant. The contract rent charged by the owner of Section 8 housing must be within limits established by a HUD survey of fair market rents for standard modest existing, substantially rehabilitated, and new construction units in each metropolitan area or non-metropolitan county of the Nation, except that HUD can permit up to 20% higher rents if necessary, and except for the provision for excess rentals noted in footnote 9 and in the voucher program (described below). The 1983 Act (P.L. 98-181) revoked authority to contract for additional new construction or substantially rehabilitated units.

In 1998, tenants paid an average of \$196 monthly for rent and utilities, \$297 below the government's average expenditure per unit.¹⁵

¹¹ P.L. 96-153 authorized HUD to increase this to 30% for families with income between 50% and 80% of the median, but HUD did not use this authority in 1981.

¹² A third alternative applies to families who receive a cash welfare grant that includes a sum designated for housing costs. These dual program families must pay the welfare housing sum if it exceeds either of the other two measures. Another exception applies to recipients of vouchers.

¹³ The 1990 National Affordable Housing Act (P.L. 101-625), Section 543(a)(B), permits tenants to pay more than 30% of adjusted income to cover rent payments over the otherwise permissible maximum rent, if the public housing agency determines the rent of the landlord and the rental payments by the tenant are reasonable, taking into account other family expenses. The agency may approve these excess rentals for up to 10% of its annual allocation of incremental rental assistance.

¹⁴ P.L. 105-276, Section 507.

¹⁵ *A Picture of Subsidized Households in the United States: United States Summaries*, by Paul Burke, U.S. Department of Housing and Urban Development, August 28, 1998 (cited in CRS Report 98-860, *Housing the Poor: Federal Housing Programs for Low-Income Families*, by Morton J. Schussheim).

Section 8 Rental Voucher and Certificate Programs

Other components of the Section 8 program are a rental voucher program and a rental certificate program. The voucher program, adopted as Section 8(o), places no restrictions on rents that tenants may pay nor on amounts the landlord can charge. The voucher amount is based on the difference between (a) a payment standard equivalent to the fair market rent and (b) 30% of the tenant's income. The 1990 Act added a requirement that the PHA review the rent for reasonableness. If it determines the requested rent is not reasonable, it may disapprove the lease (Section 550(a)). The first vouchers (under a demonstration program) were issued in May 1985. The FY1987 appropriation act provided permanent authorization for the program. The Section 8 rental certificate program generally requires that rents at initial occupancy not exceed fair market levels. The division of incremental units between certificates and vouchers varies from year to year. One goal of vouchers and certificates is to enable some low-income families to live outside heavy concentrations of poverty and in racially diverse neighborhoods.

The Quality Housing and Work Responsibility Act of 1998 merged the certificate and voucher program into one tenant-based voucher program. Of the tenant-based vouchers made available in any fiscal year, at least 75 % must be used by families with incomes below 30 % of area median income. The payment standard for this new program is 90 % to 110 % of the fair market rent for the area. Tenant leases are made for 1-year terms, and tenants may not pay more than 40 % of their monthly adjusted incomes as rent.¹⁶ Any family receiving tenant-based assistance can move from the jurisdiction of one PHA into that of another and retain its voucher. However, a PHA may require that a family initially receiving a voucher live within its jurisdiction for the first year.¹⁷

The 1998 law allows a new use of vouchers; it authorizes a PHA to permit vouchers to be used to pay monthly costs to purchase a unit that will be owner-occupied by one or more of the assisted family members.¹⁸

Section 8 federal expenditures per unit¹⁹ in FY1998 are estimated to have averaged about \$5,370.

Note: For more information about Section 8 low-income housing assistance, see: CRS Report RL302074, *Appropriations for FY2000: VA, HUD, and Independent Agencies*, coordinated by Dennis Snook., CRS Report 98-868, *Public Housing and Section 8 Reforms: The Quality Housing and Work Responsibility Act of 1998*, by Richard Bourdon.

¹⁶ P.L. 105-276, Section 545.

¹⁷ Ibid, Section 553.

¹⁸ Ibid, Section 555.

¹⁹ The number of subsidized units was estimated by averaging the number eligible at the beginning and end of the year.

33. Home Investment Partnerships Program (HOME)

Funding Formula

Federal funds pay 25% of costs of new construction, rehabilitation or tenant-based assistance under the Home Investment Partnerships program, which was established in late 1990 by P.L. 101-625.¹ A participating jurisdiction (local or state government) pays the remaining share; it may use bond or debt financing to cover no more than 25% of its overall matching fund requirement. However, if a jurisdiction is found in “fiscal distress,” its funding share is reduced or eliminated. To receive HOME funds, a jurisdiction must submit a consolidated plan identifying its housing needs and strategies. The formula for allocating HOME funds among states and units of local government (metropolitan cities, urban counties, or consortia) has six factors, three of which are poverty-related measures.

Eligibility Requirements²

To be eligible for help from this “affordable housing” block grant program, families or individuals must meet an income test. For rental housing and tenant-based rental assistance, at least 90% of recipient families must have annual incomes that do not exceed 60% of the median family income for the area (adjusted for family size); the remaining 10% of families may have incomes up to 80% of the area median. For homebuyers, the income limit is 80% of the area median.

In determining the annual countable income of a family, various deductions are made from gross income.³ The chief ones are: \$480 per dependent, \$400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance.⁴ For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility and required rent the greater of (a) actual income from all net family assets, or (b) a percentage of their value,

¹ As originally authorized by the National Affordable Housing Act of 1990, the program included a three-tiered matching fund provision that required states and local governments to provide a 50% match for new construction, 33% match for substantial rehabilitation, and 25% match for moderate rehabilitation and tenant-based assistance. The Housing and Community Development Act of 1992, revised the match for new construction, lowering it to 30%. The Multi-family Housing Property Disposition Act of 1994, eliminated the bias against new construction by reducing the new construction matching funding requirement to 25% consistent with the match requirement for other eligible activities.

² HOME regulations are found in 24 C.F.R. Part 92 (1999). This program is no. 14.239 in the Catalog of Federal Domestic Assistance.

³ Participating jurisdictions may use one of three definitions of annual (gross) income: the Section 8 definition, the federal income tax definition of adjusted gross income, or income as reported on the long form of the most recent decennial census. 24 C.F.R. Section 92.203(b)(1999).

⁴ 24 C.F.R. Section 5.611 (1999).

based on the current passbook savings rate.⁵ Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.⁶

Benefit Levels

The goal of HOME is to increase the supply of affordable housing, especially of rental housing, for very low-income and low-income Americans (amendments in 1992 added elder cottage housing opportunity (ECHO) units to the program). The maximum rental subsidy payable under HOME is the difference between the rent standard established for the unit and 30% of the family’s monthly adjusted income, as defined for the Section 8 and public housing programs. Rents paid by most of the extremely low-income families generally exceed 30% of income unless they receive additional tenant-based rental assistance.

As of September 30, 1998, about \$5.9 billion in HOME funds and \$12.1 other public and private funds had assisted 347,000 housing units and provided tenant-based assistance to 46,400 families. The HOME appropriation for FY1999 is expected to produce 31,000 rental units, provide tenant-based rental assistance to 10,000 households, assist 16,300 existing homeowners, and provide home ownership opportunities for 32,400 new families.

⁵ 24 C.F.R. Section 5.609 (1999).

⁶ 24 C.F.R. Section 5.603 (1999).

34. Low-Rent Public Housing

Funding Formula

This program is funded 100% by the federal government. However, an indirect local contribution results from the difference between full local property taxes and payments in lieu of taxes that are made by local housing authorities. FY1998 federal outlays for public housing were \$3.9 billion.

Eligibility Requirements¹

Federal law makes eligible for rental units in conventional public housing low-income families and single persons.² The Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276) made major changes to the public housing program. The Act abolished the system of federal preferences in providing access to public housing and instead authorized public housing authorities (PHAs) to submit a 1-year and 5-year plan to HUD that includes the housing authority's goals, objectives and needs in housing very-low-income and low-income families within its jurisdiction. This plan is to include an explanation of the authority's eligibility selection and admission policies.³

The 1998 law also states that of the public housing units made available in any fiscal year, at least 40% must be occupied by families with incomes below 30% of area median income, adjusted for family size.⁴ An important provision in this law, however, states that PHAs are prohibited from concentrating very-low-income families in certain public housing projects, or in certain buildings of projects. As part of its plan, the PHA must provide for an income-mixing of families in order to bring higher income tenants into lower income projects. Also under the new law, housing agencies are permitted to "skip over" a family on a waiting list in order to get to the next family to fulfill this income mixing.⁵ The program's median income ceilings are adjusted by regulation for family size, with a four-person family the standard. Thus,

¹ Regulations governing admission to, and occupancy of, public housing are found at 24 C.F.R. 960 (1999). This program is no. 14.850 in the Catalog of Federal Domestic Assistance.

² Before 1990, the law defined eligible "families" to include single persons who were at least 62 years old and younger singles who were disabled, handicapped, displaced by governmental action, or the remaining member of a tenant family, and permitted no more than 30% of units under the jurisdiction of the housing agency to go to other singles. The National Affordable Housing Act (P.L. 101-625) added other single persons to the definition of family and removed their percentage limitation, but barred occupancy by these other (able-bodied younger) single persons of units with more than one bedroom.

³ P.L. 105-276, Section 511.

⁴ For a family of four, the 30% of median income limit in FY1999 ranged from \$9,650 in some nonmetropolitan counties of Mississippi to \$28,300 in some metropolitan areas of Connecticut.

⁵ P.L. 105-276, Section 513.

a very-low-income four-person household may have income equal to 50% of the area median; one person, 35%; and eight or more persons, 66%.

In determining the annual countable income of a family, various deductions are made from gross income⁶. The chief ones are: \$480 per dependent, \$400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance. For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility and required rent the greater of (a) actual income from all net family assets, or (b) a percentage of their value, based on the current passbook savings rate.⁷ Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.⁸

In 1990, the National Affordable Housing Act (P.L. 101-625) increased the deductions from gross income for Section 8 housing and public housing, but made the changes subject to approval in an appropriations measure. Through August 1999, no appropriation bill had provided for the larger deductions, and old deductions still applied.

Eligibility and rental charges are based on countable family income expected in the 12 months following admission or recertification. Recertification is required annually.⁹

Under the 1998 law, public housing residents are required to participate in an economic self sufficiency program or contribute 8 hours per month of community service. Persons who are engaged in an educational program or work-related activity, or who are 62 years old or over, are exempted from this requirement. Those who do not comply with this requirement could lose the right to renew their lease.¹⁰

Benefit Levels

Early in the program, eligible tenants paid a rent equal to 25% of adjusted income (that remaining after deductions), but at least 5% of the family’s gross income; or if higher, that portion of its cash welfare payment, if any, specifically designated for housing. Later, P.L. 97-35 established family gross rent as the highest of (a) 30% of counted income, (b) 10% of gross income, or (c) that portion of a family’s welfare payment, if any, designated for housing. In 1998, resident households had an average

⁶ Some items are excluded from gross income by definition. They include children’s earnings, certain lump-sum payments, student financial assistance, and amounts received under HUD training programs. 24 C.F.R. Section 5.609(c)(1999).

⁷ 24 C.F.R. Section 5.609(a) (1999).

⁸ 24 C.F.R. Section 5.603 (1999).

⁹ P.L. 97-35 eliminated a special exception for the elderly that had permitted their biennial recertification.

¹⁰ P.L. 105-276, Section 512.

income of \$9,100. Tenants paid a monthly average of \$193 for rent and utilities, \$156 below the Government's average cost for operating subsidies and modernization.¹¹

The Quality Housing and Work Responsibility Act of 1998 authorizes PHAs to set minimum rents of up to \$50 a month for public housing units, with exceptions for hardship cases. In addition, the law permits tenants to choose (annually) between paying either a flat rent or an income-based rent. This provision was included in order not to discourage families from seeking employment or becoming self-sufficient. Also, if a family's income does increase as a result of employment, the increase is not to be used to determine the family's portion of rental payment for 1 year. After 1 year, the rental increase will be phased in over a 2-year period.¹²

The VA-HUD Appropriations Act of FY1996 (P.L. 104-134) anticipated possible conversion of some public housing projects to voucher-assisted housing. The Act required PHAs to identify public housing projects that were on the same or contiguous sites; totaled more than 300 units; or in the case of a high-rise building of at least 300 units, had a vacancy rate of at least 10%. It directed PHAs to identify distressed projects for which revitalization would not be economically feasible. After reviewing the PHA findings, HUD was to decide what developments should be removed from the inventory of the PHA. Tenants residing in units or projects that were to be removed were to be given tenant-based or project-based assistance to be relocated to the maximum extent possible, to safe, sanitary, and affordable housing of their choice.

The Quality Housing and Work Responsibility Act of 1998 authorizes HUD to demolish, revitalize, or replace severely distressed housing.¹³ If a PHA fails to correct severely distressed public housing units in its jurisdiction, HUD may remove the public housing units from the PHA's inventory. A PHA may also convert public housing projects to tenant-based assistance (Section 8) if it provides evidence that the conversion would be cost-effective and beneficial to residents, the PHA, and the community.¹⁴ The 1998 law also authorizes PHAs to transfer public housing units to a homeownership program if certain requirements are met. Only low-income families are eligible to purchase the units, and current residents have the right of first refusal. If a PHA enters into such a program, tenants not wishing to purchase a unit are to be placed in similar public housing units, or be given tenant-based assistance, depending on the circumstances of the move.¹⁵

¹¹ A Picture of Subsidized Households in 1998, cited in footnote 15 of Section 8 program description.

¹² P.L. 105-276, Section 507.

¹³ P.L. 105-276, Section 535.

¹⁴ P.L. 105-276, Section 533.

¹⁵ P.L. 105-276, Section 536.

Public housing outlays, including operating subsidies and renovation costs, are estimated to have averaged about \$3,011 per unit¹⁶ in FY1998.

Note: For more information about low-rent public housing, see: CRS Report RL30204, *Appropriations for FY2000: VA, HUD, and Independent Agencies*, coordinated by Dennis Snook, CRS Report 98-868, *Public and Section 8 Reforms: The Quality Housing and Work Responsibility Act of 1998*, by Richard Bourdon.

¹⁶ The number of subsidized units was estimated by averaging the number eligible at the beginning and end of the year.

35. Rural Housing Loans (Section 502)

Funding Formula

This program is funded 100% by the federal government. Factors used to allocate loan funds: state shares of rural occupied substandard units, rural population, rural population in places of fewer than 2,500 persons, and low-income and very-low-income rural households. Federal obligations for direct and guaranteed loans totaled \$3.8 billion in FY1998.

Eligibility Requirements¹

The law permits loans for owners or potential owners of a farm, or owners of a home or nonfarm tract in a rural area, who are without decent, safe, and sanitary housing and unable to obtain credit elsewhere on reasonable terms. Both very-low- and low-income families are eligible for Section 502 loans and interest credits.² The 1983 Housing and Urban-Rural Recovery Act (Titles I through V of P.L. 99-181) requires that at least 40% of units nationwide and 30% of the units in each state financed under this program be occupied by very-low-income families or persons.

The law defines low-income and very-low-income families as those whose incomes do not exceed limits established for these families in public housing and Section 8 housing (adjusted for family size, these limits are 80% and 50% of the area median, respectively).³

The Housing and Community Development Act of 1987 (P.L. 100-242)⁴ directed the Farmers Home Administration (FmHA), since replaced by the Rural Housing Service (RHS),⁵ to carry out a 3-year demonstration program under which moderate income borrowers (with income at or below the area median) might obtain guaranteed loans under Section 502 for the purchase of single-family homes. The program was made permanent by the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625).

¹ Section 502 rural housing loan regulations are found at 7 C.F.R. Parts 3550 and 3565, (1999). This program is no. 10.410 in the Catalog of Federal Domestic Assistance.

² P.L. 96-399, the Housing and Community Development Act of 1980, required that credits be made available to moderate-income borrowers, but P.L. 97-35 made this a discretionary provision, and the Secretary of Agriculture in December 1981 determined that such credits were not needed.

³ For a family of four, the very-low income limits for nonmetropolitan areas ranged in FY1999 from \$16,050 (parts of Mississippi) to \$26,750 (parts of Connecticut); the low-income limits for nonmetropolitan areas ranged from \$25,700 to \$42,800.

⁴ Section 304.

⁵ The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

Other eligibility requirements are set by RHS. Families must have sufficient income to make mortgage payments and to pay premiums, taxes, maintenance, and other necessary living expenses.

The 1983 Act required FmHA to define adjusted annual income in accordance with criteria used by the Department of Housing and Urban Development (HUD) for Section 8 housing and public housing. Regulations implementing this rule provide that adjusted annual income (countable housing income) is annual gross income⁶ minus: \$480 for each family member (except the head or the head's spouse) who is under 18 years old, or older and disabled or a full-time student; \$400 for an elderly family; unreimbursed medical expenses over 3% of gross income for an elderly family; child care expenses necessary to enable a member of the family to work or to further his/her education, and unreimbursed handicapped assistance expenses that exceed 3% of annual income and are necessary to enable a member of the household to work.⁷

Regulations require that income from net family assets be counted in calculating income for eligibility and loan repayment purposes and define net family assets as the equity value of real property, savings, stocks, bonds, and other forms of investment. Not included are such "necessary items" of personal property as furniture and automobiles and the debts against them.⁸

Benefit Levels

Residents of rural areas may qualify for direct loans from RHS to purchase or repair homes. The homes must be "modest" in size, design, and cost, and regulations specify that a new house for six persons should not exceed 1,248 square feet. Section 502 loans generally have a term of 33 years, but the term may be extended to 38 years for borrowers with incomes below 60% of the area median. Depending on the borrower's income, the interest rate may be subsidized to as low as 1%. In a given fiscal year, at least 40% of the funding must be made available to very-low-income borrowers (those with income of 50% or less of the area median). The Housing and Community Development Act of 1992 permits guaranteed loans to borrowers whose income does not exceed 115% of the area median.

In FY1998, direct loans from RHS totaled \$1,007.8 million and provided housing for 15,563 low-income families. Private lenders made about \$2,822.4 million in guaranteed loans to 39,144 low- to moderate-income families.

⁶ Regulations exclude some items from "income" by definition, among them: irregular gifts, amounts that reimburse medical expenses, lump-sum additions to family assets, education scholarships and veterans' educational benefits (except for amounts not used for tuition, books, fees, or equipment and available for subsistence), student loans, earnings of children, payments received for the care of foster children, and payments received from the Job Training Partnership Act. 7 C.F.R. 3550.54 (1999).

⁷ 7 C.F.R. Part 3550.54(b)(1999).

⁸ Ibid.

36. Section 236 Interest Reduction Payments

Funding Formula

This program is funded 100% by the federal government. Outlays in FY1998 totaled \$618 million.

Eligibility Requirements¹

The Housing and Community Development Act of 1974 makes eligible for Section 236 housing assistance tenants whose incomes are not in excess of 80% of the area median income.² Originally, in 1968, the limit was 135% of public housing limits, except that up to 20% of payments then could be for tenants whose incomes were not above 90% of limits established for Section 221(d)(3) housing. The program is open to families and to single persons without regard to age, except in units also subsidized by Section 8, where Section 8 regulations apply.

Until December 2, 1979, the law excluded from “income” for the purposes of determining eligibility and subsidy levels 5% of gross incomes, all earnings of minor children living at home, plus \$300 for each child. For tenants admitted after December 21, 1979, P.L. 96-153 provided that income should be defined in accordance with procedures and deductions permissible under the Section 8 program.

For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility the greater of (a) actual income from all net family assets, or (b) a percentage of the value of such assets based on the current passbook savings rate. Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.

Income recertification is required annually. Eligibility and subsidy amounts are based on anticipated income in the year ahead, but a shorter accounting period is permitted by regulations.

Benefit Levels

A basic monthly rental charge is established for each unit on the basis of the costs of operating the project with the debt service requirements of a mortgage bearing a 1% interest rate. The Department of Housing and Urban Development (HUD) makes payments to a mortgagee to reduce the effective interest rate to the

¹ Regulations governing Section 236 interest reduction payments are found at 24 C.F.R. Subpart C of Part 236 (1999). Because no new mortgages are being issued under this program, it no longer is included in the Catalog of Federal Domestic Assistance. Its catalog number was 14.103.

² For a family of four, the 80% of area median income limit ranged from \$25,700 (some nonmetropolitan counties in Mississippi) to \$51,600 (some metropolitan areas in Connecticut).

project to 1%. A fair market rental charge is established for each unit based on costs of operation with the debt service requirements of a mortgage at the full market rate. The law provides that the tenant family shall pay the basic rent or an amount equal to 30% of "adjusted gross income,"³ (countable housing income, as defined above), whichever is greater, but not more than the market rent. However, 20% of tenants who cannot afford the basic rent are to be provided additional help to lower their rental payment to 30% of income.⁴ Further, elderly and handicapped families paying more than 50% of their income for rent can receive Section 8 assistance.⁵

In FY1998, benefits averaged \$1,296 per dwelling unit,⁶ \$108 monthly.

³ Percentage of adjusted gross income was raised from 25 to 30% by P.L. 97-35, enacted in 1981. For then current tenants this increase was phased in and completed by September 30, 1985.

⁴ Before passage of P.L. 93-383, up to 40% were eligible for rent supplements, but only 10-20% received them.

⁵ Provision was added by P.L. 96-399.

⁶ The number of subsidized units was estimated by averaging the number eligible at the beginning and end of the year.

37. Rural Rental Assistance Payments (Section 521)

Funding Formula

This program is funded 100% by the federal government. Factors used to allocate funds: state shares of rural population, rural housing units lacking plumbing and/or overcrowded, and poor persons living in rural areas. Federal obligations for this program totaled \$541 million in FY1998.

Eligibility Requirements¹

Since 1974 the Farmers Home Administration (FmHA) and its successor, the Rural Housing Service (RHS)² have been authorized to make rental assistance payments to owners of RHS-financed rural rental housing (Section 515) and farm labor housing (Sections 514 and 516) to enable them to reduce rents charged to eligible tenants. Eligible tenants must have family income that does not exceed the very-low-income limit established for the area by the Department of Housing and Urban Development (HUD) – 50% of the area median, adjusted for family size.³ Owners must agree to operate the property on a limited profit or nonprofit basis. The term of the rental assistance agreement is 20 years for new construction projects and 5 years for existing projects. Agreements may be renewed for up to 5 years. An eligible owner who does not participate in the program may be petitioned to participate by 20% or more of the tenants eligible for rental assistance.

Benefit Levels

The rental assistance payments, which are made directly to the housing owners, make up the difference between the tenants' payments and the RHS-approved rent for the units. Originally, tenants in the program paid no more than 25% of their income in rent.⁴ Amendments in the 1983 Housing Act provide that rent payments of eligible families are to equal the highest of (1) 30% of monthly adjusted family income, (2) 10% of monthly income, or (3) for welfare recipients, the portion of a family's welfare payment, if any, that is designated for housing costs.⁵

In FY1998, this program provided assistance to about 39,000 families (in rental assistance renewal contracts and aid for newly constructed units).

¹ Rules governing the program are found at 7 C.F.R. Part 1930, Subpart C, Exhibit E (1999). This program is no. 10.427 in the Catalog of Federal Domestic Assistance.

² The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) replaced the Farmers Home Administration (FmHA) with created the Rural Housing Service (RHS).

³ For a family of four persons, the very-low-income limits for nonmetropolitan areas in FY1999 ranged from \$16,050 (parts of Mississippi) to \$26,750 (parts of Connecticut).

⁴ Authorized by Section 514 of P.L. 93-383.

⁵ Section 517(c) of P.L. 98-181.

38. Rural Rental Housing Loans (Section 515)

Funding Formula

This program is funded 100% by the federal government. Factors used to allocate funds: state shares of Rural Development rural population, rural housing units lacking plumbing and/or overcrowded, and poor persons living in rural areas. Federal obligations for this program totaled \$149 million in FY1998.

Eligibility Requirements¹

The law permits loans for rural rental and cooperative housing units to be occupied by families with “low” or “moderate” income, or by handicapped or disabled persons or those aged at least 62. The law requires that at least 40% of units nationwide and 30% of units in each state financed under this program be occupied by “very-low-income” families or persons. Moreover, the Housing and Community Development Act of 1987 restricts occupancy of Section 515 housing units, if constructed with help of low-income housing tax credits, to families whose incomes are within the limits established for the tax credits.² However, this restriction does not apply if the Rural Housing Service (RHS)³ finds that units have been vacant for at least 6 months and that their continued vacancy threatens the project’s financial viability.

The law⁴ defines “low-income” and “very-low-income” families as those whose incomes do not exceed limits established by the Department of Housing and Urban Development (HUD) for such families in public housing and Section 8 housing (that is, up to 80% or 50% of area median income, respectively, adjusted for family size).⁵

Federal regulations issued October 1, 1985, provide that the moderate-income limits are \$5,500 above the low-income ceilings (unless the moderate income limit in use before October 1, 1985, was higher, in which case it is continued).

¹ Regulations governing Section 515 Rural Rental Housing Loans are found at 7 C.F.R. Part 1944, Subpart E (1999). This program is no. 10.415 in the Catalog of Federal Domestic Assistance.

² Section 306 of P.L. 100-242.

³ The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

⁴ The Rural Housing Amendments of 1985 (Title V of P.L. 98-181).

⁵ For a family of four persons, the low-income limits for nonmetropolitan areas in FY 1999 ranged from \$25,700 (parts of Mississippi) to \$42,800 (parts of Connecticut); the corresponding very-low-income limits ranged from \$16,050 to \$26,750.

The 1983 law provides that rural housing programs are to use the income definition of the Section 8 (and public housing) programs. See program no. 32.

Sponsors can be nonprofit, profit oriented, or “limited profit,” must be unable to obtain credit elsewhere on reasonable terms that would enable them to rent the units for amounts within the payment ability of eligible tenants, and must have sufficient initial capital to make loan payments and meet costs. Applicants must conduct market surveys to determine the number of eligible occupants in the area who are willing and financially able to occupy the housing at the proposed rent levels.

Benefit Levels

Nonprofit sponsors and state and local public agencies are eligible for loans up to 100% of the appraised value or development cost, whichever is less. Purchase loans for buildings less than 1 year old are limited to 80% of the appraised value. Loan amounts and terms can be determined by RHS.

In FY1998, Section 515 loans financed housing for about 2,500 families.

39. Homeownership and Opportunity for People Everywhere (HOPE) Programs

Funding Formula

The Home Ownership and Opportunity for People Everywhere programs (HOPE 1, 2, and 3) were established in 1990¹ to help low-income, first-time homebuyers purchase housing owned by federal, state, and local governments. Grants were awarded through FY1996 on a competitive basis to nonprofit organizations, resident management corporations, cooperative associations, public housing authorities, or other bodies who, in turn, carry out the economic developments and homeownership goals. Regulations required recipients of HOPE 3 implementation grants to contribute \$1 in matching money for each \$4 in federal funds awarded (for amounts granted before April 11, 1994, the required match was higher, 33%). While there has been no new funding of HOPE 1, 2, and 3 programs since FY1996 and no new grants are being made, some money already committed and in the pipeline continues to be spent. Federal outlays in FY1998 were estimated at \$51 million. HOPE grantees have included Habitat for Humanity, Catholic Charities, Volunteers of America, and the Enterprise Foundation.

Eligibility Requirements²

In general, to be eligible to purchase an available home in HOPE 1, 2, or 3, a person or family must be a tenant of an eligible property, a resident of other HUD assisted housing, or have an income that does not exceed 80% of the median income for the area, adjusted for family size.

Benefit Levels

HOPE 1 authorizes funds to develop tenant management at public and Indian housing projects, for project-related jobs, and for the eventual sale of the renovated units to tenants and other qualifying households. HOPE 2 authorizes grants for the sale of multifamily properties that are insured by the Department of Housing and Urban Development (HUD) or are owned by the government, and for funds for small business startups and other economic development activities. HOPE 3 provides funds for the purchase of single-family homes held or insured by federal, state, or local governments. Many of the HOPE 3 properties are homes that have been foreclosed upon under HUD's FHA mortgage insurance program.

Purchasers are expected to buy fully renovated units at significant discounts from appraised values. While there is little information available on activity in the last few

¹ HOPE programs were authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625) and amended by the Housing and Community Development Act of 1992 (P.L. 102-550) and the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276).

² HOPE 3 regulations are found in 24 C.F.R. Part 572 (1999). HOPE programs are no longer included in the Catalog of Federal Domestic Assistance.

years, it appears from previous reports that at least 261 HOPE 1 grants totaling \$113 million have been made, but no information is available on how many units have been sold. Under HOPE 2, grants of about \$75 million were made through FY1996. As of July 1997, the cumulative amount of HOPE 3 implementation grants was \$210 million for 258 grantees. As of August 1995, 2,298 homes had been acquired under HOPE 3 and 1,234 transferred to new buyers.³

Federal HOPE outlays declined 19% from FY1996 (\$63 million) to FY1998 and fell lower in FY1999 (estimated at \$42 million).

Over the years, a variety of HUD programs have sold public housing units to tenants and other low income households. Including HOPE 1, HUD has approved the sale of more than 4,700 public housing units since 1993. However, moving from the planning stage to actual sale of units is a long process that can take as many as 10 years. In many cases, grantees are devoting a portion of the grant to support resident organizations, counseling, and training of residents, and other neighborhood economic development activities.

Under the Clinton Administration, there has been a move away from the sale of multifamily units, with a shifting emphasis to the sale of both publicly and privately owned, scattered-site, single-family homes. In the last few years there has been a phasing down of specialized programs like HOPE 1, 2, and 3. This reflects a policy of “empowering local communities” by giving them the flexibility to develop innovative strategies to meet their local housing and community development needs. For detailed information about government-assisted home buying, see HUD’s homebuyer site at [<http://www.hud.gov/buyhome.html>].

³ For a detailed report on Hope 3, see *Evaluation of the HOPE 3 Program: Final Report*. Prepared for HUD by Abt Associates. August 1996.

40. Rural Housing Repair Loans and Grants (Section 504)

Funding Formula

This program is funded 100% by the federal government. Two factors are used to allocate loan funds: state shares of rural occupied units and very-low income rural households. For grants, a third factor is added: rural population aged at least 62. Federal obligations for this program totaled \$56 million in FY1998.

Eligibility Requirements¹

The law permits repair loans at a very low interest rate for “very-low-income” owners of a farm or rural home who cannot obtain credit on reasonable terms elsewhere. The program uses the very-low-income limits established by the Department of Housing and Urban Development (HUD) for the area.² Income of borrowers must be insufficient to qualify for a Section 502 loan, but adequate, including any “welfare-type” payments, to repay a Section 504 loan, as determined by the Rural Housing Service (RHS). The law³ provides that farm housing programs are to use the income definition of the Section 8 (and public housing) programs. Grants are made to elderly homeowners at least age 62⁴ whose annual income prevents any loan repayment.

Benefit Levels

Loans are limited to \$15,000 and have a 20-year term at a 1% interest rate.⁵ Owners who are at least age 62 may qualify for grants of up to \$5,000. Depending on repair costs and the homeowner’s income, the owner may be eligible for a grant for the full cost of repairs or for some combination of a loan and a grant, not to exceed \$15,000. In FY1998, \$30.2 million in loans repaired 4,827 homes. A total of about \$25.7 million in grants was used for the repair of 4,910 homes owned by the elderly.

¹ Regulations governing rural housing repair loans and grants are found at 7 C.F.R. Part 1944, Subpart J (1999). This program is no. 10.417 in the Catalog of Federal Domestic Assistance.

² For a family of four, the very-low income limit in nonmetropolitan areas ranged in FY1999 ranged from \$16,050 (parts of Mississippi) to \$16,050 (parts of Connecticut). The very-low income limit is set at 50% of the area median, adjusted for family size.

³ The Rural Housing Amendments of 1983 (Title V of P.L. 98-181).

⁴ Appropriation language restricts Section 504 grants to those aged at least 62.

⁵ More costly repairs may be financed through the Section 502 program.

41. Section 101 Rent Supplements

Funding Formula

This program is funded 100% by the federal government. Outlays totaled \$55 million in FY1998.

Eligibility Requirements¹

Until December 21, 1979, the law made eligible for rent supplements tenants whose incomes were within the limits prescribed for local public housing and who were: aged 62 or over or handicapped; displaced by governmental action or natural disaster; occupants of substandard housing; or military personnel serving on active duty, or their spouses. P.L. 96-153 changed income limits for *new* tenants only to those of Section 8 (annual “income” ceiling: 80% of the median income for the area, adjusted for family size) adapted the income definition of Section 8 for new tenants, and eliminated the special restrictions, except to give preference to those in substandard housing or involuntarily displaced. P.L. 100-242 added those paying more than 50% of income for rent to the preference list.

For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility the greater of (a) actual income from all net family assets, or (b) a percentage of the value of such assets based on the current passbook savings rate. Income recertification is required annually.

Benefit Levels

The Department of Housing and Urban Development (HUD) is authorized to make periodic subsidy payments to owners of private housing rented to poor families. A basic rent sufficient to cover total housing costs is established for each rental unit, and eligible tenants must pay at least 30% of their “adjusted gross income” (countable income, as defined above),² or 30% of the market rent, whichever is higher, toward the established rental rate. The deficit is covered by a rent supplement payment made directly to the owner by HUD. By regulation such rent supplements cannot exceed 70% of the basic rent. Families may remain in the project as their incomes rise by paying a higher rent and receiving a lower subsidy.

Benefits in FY1998 averaged about \$2,622 per unit,³ \$219 monthly.

¹ Existing rent supplements are governed by 24 C.F.R. Part 215 (1995), as in effect immediately before May 1, 1996. Part 215 has been removed because no new rent supplement contracts are authorized under this program.

² Percentage of income paid toward rent was raised from 25% to 30% by P.L. 97-35, enacted in 1981. For then current tenants this increase was phased in and completed by September 30, 1985.

³ The number of subsidized units was estimated by averaging the number eligible at the beginning and end of the year.

42. Section 235 Homeownership Assistance for Low-Income Families¹

Note: P.L. 100-242 (Section 401(d)(1)) terminated authority to make additional Section 235 commitments, effective October 1, 1989.

Funding Formula

This program is funded 100% by the federal government. Federal outlays for this program totaled \$45 million in FY1998.

Eligibility Requirements²

Eligible for the revised Section 235 program are families (two or more related persons) and singles who are elderly (at least 62 years old) or handicapped; and whose adjusted annual incomes do not exceed 95% of the median family income for the area, adjusted for family size. The Secretary of HUD may establish different income limits for certain areas characterized by high construction costs, unusually low median incomes, or other factors.

The HUD regulations exclude from “income” for the purposes of determining eligibility and subsidy levels 5% of gross income, all earnings of minor children living at home, plus \$300 for each such child.³ Also excluded is unusual income or property income that does not occur regularly or other income of a temporary nature.

To qualify for this program, housing units must be new or substantially rehabilitated single-family units that were under construction or rehabilitated on or after October 17, 1975, condominium units that have never been occupied, or family units (in existing condominium projects) that are purchased by a displaced family.

Benefit Levels

HUD has determined that aid will be in the form of monthly payments to the mortgagee on behalf of the assisted home buyer, to reduce interest costs on an insured market rate home mortgage to as low as 4%. The borrower must be able to pay toward his mortgage payments at least 20%⁴ of his “adjusted gross income” (countable housing income, as defined above). Mortgage amounts for commitments made after July 13, 1981, are limited to \$40,000 for single-family and condominium units with three bedrooms or less, and \$47,500 for units with four or more bedrooms.

¹ The Section 235 program was suspended with other major subsidized housing programs on January 5, 1973. In October 1975, \$264.1 million that had not previously been used for the Section 235 program was released, to be used according to revised regulations.

² Regulations governing this program are found at 24 C.F.R. Part 235 (1999).

³ 24 C.F.R. Part 235.1206 (1999). The 5% income exclusion was established by regulation. It is not required by law.

⁴ Twenty-eight percent for those in the restructured program.

These limits may be raised by as much as \$7,500 in high cost areas, and additionally, by 10% for a dwelling to be occupied by a physically handicapped person, if the larger mortgage is needed to make the dwelling accessible and usable to him.

Any assistance payment made pursuant to a commitment issued on or after May 27, 1981, is subject to recapture upon (1) disposition of the subsidized property, (2) a 90-day cessation of payments on its mortgage, or (3) its rental for longer than 1 year. The law provides that the amount recaptured shall be equal to the assistance actually received or at least 50% of the net appreciation in the value of the property, whichever is less.⁵

Benefits averaged about \$846 per dwelling unit⁶ in FY1998, about \$70 monthly.

⁵ The recapture provision was added by P.L. 96-399, the Housing and Community Development Act of 1980.

⁶ The number of subsidized units was estimated by averaging the number eligible at the beginning and end of the year.

43. Rural Housing Self-Help Technical Assistance Grants (Section 523) and Rural Housing Site Loans (Sections 523 and 524)

Funding Formula

These programs are funded 100% by the federal government. Federal obligations for these grants and loans totaled \$27 million in FY1998.

Eligibility Requirements¹

States, political subdivisions, public nonprofit corporations (including Indian tribes and tribal corporations), and private nonprofit corporations² may receive Technical Assistance (TA) grants from the Rural Housing Service (RHS), successor to the Farmers Home Administration (FmHA).³ The TA grants are used to pay all or part of the cost of developing, administering, and coordinating programs of technical and supervisory assistance to families that are building their homes by the mutual self-help method. This is the method whereby families, organized in groups of 6 or 10 families, use their own labor to reduce construction costs. Each family is expected to contribute labor on group member's houses to accomplish 65% of the tasks specified by RHS.⁴

Applicants must demonstrate that (1) there is a need for self-help housing in the area, (2) the applicant has or can hire qualified people to carry out its responsibilities under the program, and (3) funds for the proposed TA project are not available from other sources.

The program is limited to very-low-income and low-income rural families, defined as those with income below 50% and 80% of the area median, respectively, adjusted for family size.⁵

¹ Regulations governing Section 523 Technical Assistance grants are found at 7 C.F.R. Part 1944, Subpart I (1999). Regulations governing Section 523 and 524 site loans are at 7 C.F.R. Part 1822, Subpart G (1999). In the Catalog of Federal Domestic Assistance, technical assistance grants and site loans are programs No. 10.420 and 10.411, respectively.

² Private nonprofit corporations must be legally precluded from distributing gains and profits to their members.

³ The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

⁴ 7 C.F.R. Part 1944.403(k) (1999).

⁵ In FY1999, the low-income limits for a family of four in nonmetropolitan areas ranged from \$25,700 (parts of Mississippi) to \$42,800 (parts of Connecticut); the corresponding very-low-income limits ranged from \$16,050 to \$26,750.

The TA funds may not be used to hire construction workers or to buy real estate or building materials. Private or public nonprofit corporations, however, may be eligible for 2-year site loans under Section 523 or Section 524. Private nonprofit organizations must have a membership of at least 10 community leaders. The site loans may be used to buy and develop rural land, which then is subdivided into building sites and sold on a nonprofit basis to low- and moderate-income families. Generally, a loan will not be made unless it will result in at least 10 sites. The sites need not be contiguous.

Sites financed through Section 523 may be sold only to families who are building homes by the mutual self-help method. Section 524 site loans place no restrictions on construction methods. Houses built on either kind of subsidized site usually are financed through the Section 502 rural housing loan program (see program no. 35).

Benefit Levels

The RHS state director may approve TA grants of up to \$200,000 to eligible organizations. The state director must have written consent from the RHS national office for larger grants. Applicants must demonstrate that the self-help method will result in net savings per house of at least \$500.

The TA grants may be used for hiring personnel (director, coordinator, construction supervisor, and secretary-bookkeeper), paying office and administrative expenses, buying and maintaining specialty and power tools (participating families are expected to have their own basic hand tools), and paying for technical and consultant services that are not readily available without cost to the participating families.

Section 523 site loans are made at an interest rate of 3%, but the rate on Section 524 site loans is the Treasury cost of funds. The loans may be used to buy and develop sites. Funds may be used to construct access roads and utility lines, provide water and waste disposal facilities if such facilities cannot reasonably be provided on a community basis with other financing, and to provide landscaping, sidewalks, parking areas, and driveways. Common areas such as playgrounds and "tot lots" may be funded if they are legally required as a condition of subdivision approval.

In FY1998, organizations received \$26.7 million in mutual and self-help housing grants, \$0.06 million supervisory and technical assistance grants, and \$0.3 million in site development loans. The number of families receiving assistance are counted under the Section 502 program.

44. Farm Labor Housing Loans (Section 514) and Grants (Section 516)

Funding Formula

This program is fully funded by the federal government. Federal obligations for these loans and grants totaled \$25 million in FY1998.

Eligibility Requirements¹

Individual farm owners, associations of farmers, local broad-based nonprofit organizations, federally recognized Indian tribes, and agencies or political subdivisions of local or state governments may be eligible for loans at a very low interest rate from the Rural Housing Service (RHS),² successor to the Farmers Home Administration (FmHA), to provide low-rent housing and related facilities for domestic farm labor. Applicants must show that the farming operations have a demonstrated need for farm labor housing, must agree to operate the property on a nonprofit basis, and must be unable to obtain credit on terms that would enable them to provide housing to farm workers at rental rates that would be affordable to the workers. Except for state and local public agencies or political subdivisions, applicants must be unable to provide the housing from their own resources and unable to obtain the credit from other sources on terms and conditions that they could reasonably be expected to fulfill. The RHS state director may make exceptions to the “credit elsewhere” test when (1) there is a need in the area for housing for *migrant* farm workers and the applicant will provide such housing, and (2) there is no state or local body or nonprofit organization that, within a reasonable period of time, is willing and able to provide the housing.

Applicants must have sufficient initial operating capital to pay the initial operating expenses. It must be demonstrated that, after the loan is made, income will be sufficient to pay operating expenses, make capital improvements, make payments on the loan, and accumulate reserves.

Nonprofit organizations, Indian tribes, and local or state agencies or subdivisions may qualify for Section 516 grants to provide low-rent housing for farm labor if there is a “pressing need” in the area for the housing and there is reasonable doubt that it can be provided without the grant. Applicants must contribute at least 10% of the total development costs from their own resources or from other sources, including Section 514 loans.

The Housing and Community Development Act of 1987 redefined “domestic farm labor” to include persons (and the family of such persons) who receive a

¹ Regulations governing these loans and grants are found at 7 C.F.R. Part 1944, Subpart D (1999). This program is no. 10.405 in the Catalog of Federal Domestic Assistance.

² The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

substantial portion of their income from the production or handling of agricultural or aquacultural products.³ They must be U.S. citizens or legally admitted for permanent residence in the United States. The term includes retired or disabled persons who were domestic farm labor at the time of retiring or becoming disabled. In selecting occupants for vacant farm labor housing, RHS is directed to use the following order of priority: (1) active farm laborers, (2) retired or disabled farm laborers who were active at the time of retiring or becoming disabled, and (3) other retired or disabled farm laborers.

Benefit Levels

Farm labor housing loans and grants to qualified applicants may be used to buy, build, or improve housing and related facilities for farm workers and to purchase and improve the land upon which the housing will be located. The funds may be used to install streets, water supply and waste disposal systems, parking areas, and driveways, as well as to buy and install appliances such as ranges, refrigerators, washing machines, and dryers. Related facilities may include the maintenance workshop, recreation center, small infirmary, laundry room, day care center, and office and living quarters for the resident manager.

Section 514 loans are available at 1% interest for up to 33 years. Section 516 grants may not exceed the lesser of (1) 90% of the total development cost of the project, or (2) the difference between the development costs and the sum of (a) the amount available from the applicant's own resources and (b) the maximum loan the applicant can repay given the maximum rent that is affordable to the target tenants.

In FY1998, \$14.6 million in loans and \$10 million in grants financed the development of 419 housing units for farm workers and their families.

³ Section 305 of P.L. 100-242, enacted February 5, 1988.

45. Indian Housing Improvement Grants

Funding Formula

This program is funded 100% by the federal government. Federal obligations for this program totaled \$16 million in FY1998.

Eligibility Requirements¹

Applicants must meet the following requirements: (1) they must be members of a federally recognized American Indian Tribe or Alaska Native Village (2) they must live in an approved tribal service area, (3) their annual income may not exceed 125 % of the poverty income guidelines of the Department of Health and Human Services,² (4) their present housing must be substandard, (5) they must meet the ownership requirements for the assistance needed, (6) they must have no other resource for housing assistance, (7) they have not received assistance after October 1, 1986, for repairs and renovation, replacement of housing, or down payment assistance, and (8) they did not acquire their present housing through participation in a federal housing program that includes the assistance referred to in item 7. Priority is given to families on the basis of four factors: annual household income as a percent of the federal poverty income guidelines; the age of elderly occupants; whether the property is occupied by disabled individuals and the percent of the disability; and the number of unmarried dependent children.

Benefit Levels

The Housing Improvement Program (HIP) is operated by the Bureau of Indian Affairs (BIA) of the Department of Interior. In general, the program is administered through a servicing housing office operated by a Tribe or by the BIA.

HIP grants are made in one of three categories. Category A grants are used to make interim repairs to properties that are to be made safe, more sanitary, and livable until standard housing is available. The condition of the housing must be such that it is not cost effective to renovate the property. These grants are limited to \$2,500 per housing unit.

Category B grants are made to qualified applicants who occupy housing that can economically be placed in standard condition. Grants are limited to \$35,000 for any one dwelling and the grants may be made to homeowners or renters. Occupants of rental housing must have an undivided leasehold (the applicants are the only lessees) and the leasehold must last at least 25 years from the date that assistance is received. All applicants must sign a written agreement stating that the grant will be voided if the

¹ Regulations governing this program are found at 25 C.F.R. Part 256 (1999). This program is no. 15.141 in the Catalog of Federal Domestic Assistance.

² For a family of four, this sum in CY1999 was \$20,875 in the 48 contiguous states, \$24,013 in Hawaii, and \$26,100 in Alaska.

house is sold within 5 years of completion of repairs, and that the applicants will repay BIA the full cost of repairs that were made.

Category C grants are made to applicants who (1) own or lease homes which can not be brought to applicable building code standards for \$35,000 or less, or (2) who own or lease land that is suitable for housing and the land has adequate ingress and egress rights. The grants are used to provide modest replacement housing. Applicants who lease houses or land must have an undivided leasehold and the leasehold must last at least 25 years from the date that assistance is received. If the home is sold within 10 years, the full amount of the grant must be repaid. For each year after the 10th year, the grantee may retain 10% of the original grant amount and refund the remainder if the home is sold. If the home is sold after 20 years, the grant does not have to be repaid.

In FY1998, HIP grants assisted 849 families by providing for the renovation of 654 homes at an average cost of \$12,100, and the construction of 195 homes at an average cost of \$41,100.

46. Rural Housing Preservation Grants (Section 533)

Funding Formula

This program is funded 100% by the federal government. Grantees are encouraged, however, to leverage the grants with funds from local, state, or other sources. Factors used to allocate funds: state shares of rural population, rural occupied substandard units, and rural poor families. Federal obligations for this program totaled \$11 million in FY1998.

Eligibility Requirements¹

States, local governments, nonprofit corporations, and Indian tribes, bands, or nations may be eligible to receive grants to operate programs that finance the repair and rehabilitation of single-family housing owned and occupied by families with “low” income (not above 80% of the area median, adjusted for family size) or “very-low” income (not above 50% of the area median). The program uses the dollar limits established by the Department of Housing and Urban Development (HUD) for the area.² Grant applicants must have a staff or governing body with either (1) proven ability to perform responsibly in the field of low-income rural housing development, repair, and rehabilitation; or (2) management or administrative experience that indicates the ability to operate a program offering funds for housing repair and rehabilitation.

The homes must be located in rural areas and must need housing preservation assistance. Assisted families must meet the income restrictions and must have occupied the property for at least 1 year. Occupants of leased homes may be eligible for assistance if (1) the unexpired portion of the lease extends for 5 years or more, and (2) the lease permits the occupant to make modifications to the structure and precludes the owner from increasing the rent because of the modifications.

Benefit Levels

The Rural Housing Service (RHS),³ successor to the Farmers Home Administration (FmHA), is authorized to provide grants to eligible public and private organizations. The grantees may in turn provide homeowners with direct loans, grants, or interest rate reductions on loans from private lenders to finance the repair

¹ Regulations governing Section 533 rural housing preservation grants are found at 7 C.F.R. Part 1944, Subpart N (1999). This program is no. 10.433 in the Catalog of Federal Domestic Assistance.

² For a family of four, the very-low-income limits in nonmetropolitan areas ranged in FY1999 from \$16,050 (parts of Mississippi) to \$26,750 (parts of Connecticut), and the nonmetropolitan area low-income limits, from \$25,700 to \$42,800.

³ The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

or rehabilitation of their homes. Many housing preservation activities are authorized: (1) installation and/or repair of sanitary water and waste disposal systems to meet local health department requirements; (2) installation of energy conservation materials, such as insulation and storm windows and doors; (3) repair or replacement of the heating system; (4) repair of the electrical wiring system; (5) repair of structural supports and foundations; (6) repair or replacement of the roof; (7) repair of deteriorated siding, porches, or stoops; (8) alteration of the interior to provide greater accessibility for any handicapped member of the family, and (9) additions to the property that are necessary to alleviate overcrowding or to remove health hazards to the occupants. Repairs to manufactured homes or mobile homes are authorized if (1) the recipient owns the home and site and has occupied the home on that site for at least 1 year, and (2) the home is on a permanent foundation or will be put on a permanent foundation with the funds to be received through the program. Up to 25% of the funding to a dwelling may be used for improvements that neither contribute to the health, safety, or well-being of the occupants; or materially contribute to the long-term preservation of the unit. These improvements may include painting, paneling, carpeting, air conditioning, landscaping, and improving closets or kitchen cabinets.

The Section 533 program was authorized in 1983, and regulations for the program were published in 1986.⁴ The RHS is authorized to make Section 533 grants also for rehabilitation of rental and cooperative housing. Regulations to implement these grants were issued in spring 1993,⁵ even though Congress had directed this action much earlier.⁶ Funding for this part of the Section 533 program became available in FY1994.

In FY1998, rural housing preservation grants financed home repairs for 2,265 families.

⁴ Section 522 of the Housing Urban-Rural Recovery Act of 1983 (P.L. 98-181, November 30, 1983) added Section 533 to the Housing Act of 1949.

⁵ *Federal Register*, v. 58, April 26, 1993. p. 21891.

⁶ Section 310 of P.L. 100-242, the Housing and Community Development Act of 1987, enacted February 5, 1988.

Education Aid

47. Federal Pell Grants

Funding Formula

Federal Pell Grants, the largest source of federal student grant assistance administered by the Department of Education (ED), are 100% federally funded. These grants are authorized by Title IV-A of the Higher Education Act. Appropriations for the 1998-1999 school year were \$7.3 billion.

Eligibility Requirements¹

Pell Grants, originally called “Basic Educational Opportunity Grants,” are available to undergraduate students enrolled in an eligible institution of postsecondary education who meet a needs test, the elements of which are prescribed in the Higher Education Act. Grantees must meet general student aid eligibility requirements including maintaining satisfactory progress in their course of study, not be in default on a federally assisted student loan, not owe a refund on a Pell Grant or Supplemental Educational Opportunity Grant, and register for the Selective Service, if so required.

“Need” is established for Pell Grants by a federally established need analysis system, set forth in statute.² The need analysis system takes into account the income and assets of the student and his or her family, and determines the amount that a student and his/her family might reasonably be expected to contribute toward total costs for postsecondary education (the expected family contribution or EFC). For a *dependent*³ student, the expected family contribution is based on the student’s and his or her parents’ income and assets. For an *independent*⁴ student, the expected contribution is based on the income and assets of the student, if single, and student and spouse, if married. Included as income are welfare benefits, including AFDC payments, child support, the earned income tax credit, untaxed Social Security benefits, and some other untaxed income and benefits.

¹ Regulations for Pell Grants are found at 34 C.F.R. Part 690 (1998). This program is no. 84.063 in the Catalog of Federal Domestic Assistance.

² Higher Education Act, as amended by the Higher Education Amendments of 1992, P.L. 102-325.

³ A student is considered dependent if he/she does not fall into any of the categories for an “independent student.”

⁴ For awards beginning on or after July 1, 1993, a student is considered independent if he/she is age 24 or older, is a graduate, professional, or married student, or has legal dependents other than a spouse. Also automatically considered independent are orphans (without an adoptive parent or legal guardian), veterans, or wards of the court. Financial aid administrators may make a documented determination of independence for other students by reason of other unusual circumstances.

Various offsets used in calculating the EFC are adjusted annually for inflation. The U.S. Department of Education (ED) publishes an annual booklet explaining the EFC formula.⁵

Benefit Levels

Pell Grant awards to students are the lesser of: (1) a statutorily established maximum award (\$3,000 for 1998-1999), minus the expected family contribution (see explanation under *Eligibility Requirements*); or (2) the cost of attendance minus the expected family contribution.

For the academic year 1998-1999, an estimated 3.8 million students received Pell Grants averaging \$1,894.

The Higher Education Act forbids AFDC (or its successor, TANF), food stamps, and any other governmental program that receives federal funds from taking Pell grants (or other student aid provided under the act) into account when determining eligibility for benefits, or the amount of benefits.

Note: For more information, see: CRS Report 97-101, *Pell Grants: Background and Issues*, by Margot A. Schenet and CRS Report RL30063, *The Higher Education Act: Reauthorization by the 105th Congress*.

⁵ U.S. Department of Education. The EFC Formula Book.

48. Head Start¹

Funding Formula

Head Start funds are allocated among states by formula² but awarded directly to local Head Start agencies. Federal assistance for a Head Start program is limited to 80% of program costs, but the law permits a larger share if the Secretary of HHS determines this to be necessary for Head Start's purposes. Federal regulations permit a higher federal share for a Head Start agency that is located in a relatively poor county³ or one that has been "involved" in a major disaster if the Secretary finds that the agency is "unable" to pay a 20% share despite a "reasonable effort" to do so. Also, if a Head Start agency received more than an 80% federal share for any budget period within FY1973 or FY1974, it is entitled by regulation to continue to receive the larger share. The nonfederal share may be paid in cash or in kind. It may be paid by the Head Start agency or by another party. A Head Start agency is a local public or private nonprofit agency designated to operate a Head Start program. Federal Head Start outlays were \$4.3 billion in FY1998.

Eligibility Requirements⁴

Head Start is targeted by law to low-income families, but the law gives authority to HHS for determining eligibility criteria. The regulations make eligible for Head Start children from families with incomes below the "official poverty line," children from families receiving public assistance, and children in foster care. In 1999, federal poverty income guidelines are \$13,880 for a family of three and \$16,700 for a family of four for the 48 contiguous states and the District of Columbia. Head Start does not have asset rules restricting eligibility. No more than 10% of the children, including handicapped children, in each Head Start program can be from nonpoor families. At least 10% of total Head Start enrollment opportunities are to be available for handicapped children in each state.

¹ Although Head Start is classified here as an educational program, it should be noted that it provides many other services. It is administered by the Department of Health and Human Services (HHS) rather than the Department of Education (ED).

² The Head Start allotment formula, as amended by the Head Start Amendments of 1998, P.L. 105-285, provides that 13% of the Head Start appropriation shall be reserved by the Secretary for: (1) Indian and migrant programs; (2) payments to the territories; (3) training and technical assistance; (4) discretionary payments by the Secretary; and payments for research, demonstration and evaluation activities. Additional amounts are set-aside for quality improvement. The remaining funds are distributed to the states as follows: each state receives the amount it received in FY1998, and any amounts available above the FY1998 level are distributed proportionately among states on the basis of the number of children under 5 years old whose family income is below the federal poverty line.

³ Regulations define this as a county with annual personal per capita income below \$3,000 (45 C.F.R. Part 1301.21 (1998)).

⁴ Head Start eligibility rules are found at 45 C.F.R. Part 1305 (1998). This program is no. 93.600 in the Catalog of Federal Domestic Assistance.

The law allows certain small, remote communities to establish their own eligibility criteria as long as at least half of the families are eligible under the income guidelines. To qualify for this authority, communities must have a population no greater than 1,000, be medically underserved, and lack other preschool programs or medical services within a reasonable distance.

Benefit Levels

Head Start provides comprehensive services to preschool children. Services include educational, dental, medical, nutritional, and social services to children and their families. Head Start agencies are forbidden by law from charging fees, although families who want to pay for services may voluntarily do so.

Note: For further information about Head Start, see: CRS Issue Brief IB98010, *Head Start: Background and Funding*.

49. Subsidized Federal Stafford and Stafford/Ford Loans

Funding Formula

Subsidized Federal Stafford loans and Stafford/Ford loans are provided to students by the Federal Family Education Loan (FFEL) program and the Federal Direct Student Loan (DL) program, respectively.¹ Capital for FFEL subsidized Stafford loans is provided by banks and other private lenders. Capital for Stafford/Ford loans is provided directly by the federal government. In the FFEL program the federal government pays the student's interest during certain periods, and provides interest subsidies to lenders, and federal reinsurance against borrower default, death, disability, and bankruptcy. In the Stafford/Ford direct loan program, the government forgoes student interest payments during certain periods. These subsidized loan programs are authorized by Title IV of the Higher Education Act of 1965, as amended.

Eligibility Requirements²

FFEL and DL subsidized loans are available to undergraduate, graduate, or professional students enrolled on at least a half-time basis at a participating college, university, or vocational/technical school. While eligibility is not restricted to individuals with limited income (almost a fifth of loan recipients have incomes over \$50,000), applicants must satisfy a test of need.

Institutions use the methodology described in Part F of Title IV as the need analysis system to calculate an expected family contribution for educational expenses (known as the EFC). The formulas in Part F use information about the student and his or her family's income and assets to determine the amount the student and family can reasonably be expected to contribute. This amount is subtracted from the student's cost of attendance to determine the amount of a subsidized loan for which the student is eligible. Various offsets used in calculating the EFC are adjusted annually for inflation. The U.S. Department of Education (ED) publishes an annual booklet explaining the EFC formula.³ Undergraduate students must receive a determination of whether they are eligible for a Pell Grant before applying for a subsidized loan. This rule is to assure that eligible students receive grant aid before incurring loan debt.

¹ The Federal Direct Student Loan (DL) program, established in 1993, originally was intended to gradually expand and replace FFEL loans. It now accounts for slightly more than one-third of total student loan volume.

² Regulations for the FFEL programs are found in 34 C.F.R. Part 682, and for the DL programs in 34 C.F.R. Part 685 (1998). The FFEL subsidized Stafford Loan program is no. 84.032 in the Catalog of Federal Domestic Assistance. The direct loan program is no. 84.268 in the Catalog of Federal Domestic Assistance.

³ U.S. Department of Education. The EFC Formula Book.

Benefit Levels

A borrower's interest rate for subsidized Stafford and Stafford/Ford loans varies annually during repayment. The rate is based on the 91-day U.S. Treasury rate plus 3.1%.⁴ For the period July 1, 1997 through June 30, 1998, the interest rate was 8.25%. The borrower is not charged any interest while in school (or for 6 months thereafter) and during periods of deferment of principal payment. In these periods the federal government pays the interest, which, for loans issued after July 1, 1995, is based on the 91-day Treasury bill plus 2.5%. In the FFEL program, the borrower must pay a loan origination fee equaling 3% of the principal amount, which is deducted from the proceeds of the loan. The FFEL borrower may also be required to pay a loan insurance premium of up to 1% of the amount borrowed. In the DL program, the borrower pays a 4% origination fee.

Undergraduates may borrow \$2,625 for their first year of study, \$3,500 for their second year, and \$5,500 per year for the next 3 years of study; for graduate and professional school students, the limit is \$8,500 per year for up to 5 years of school. The aggregate loan limit for undergraduate, graduate and professional study is \$65,500.

In FY1998, subsidized FFEL Stafford and DL Stafford/Ford loan disbursements totaled over \$16.6 billion. The main components of FFEL annual federal *expenditures* are the in-school, grace period and deferment interest payments to lenders on behalf of borrowers of subsidized loans, special allowance payments to lenders, and reimbursements to guaranty agencies for losses due to borrower defaults; guaranty agencies also receive allowances from the federal government for administrative expenses. In the DL program, the main components of annual federal costs are the foregone interest payments for subsidized loans while students are in school, during the grace period and deferments; defaults; and administrative costs of contracts for loan origination, servicing and collections, and fees to schools who perform origination functions themselves. In both programs, there are also certain annual *revenues* that offset some of these costs, including fees that students or parents pay when borrowing, and collections on defaulted loans. In FFEL, other offsets include fees that are assessed on lenders/loan holders, and guaranty agencies. Net federal obligations for FY98 were an estimated \$3.8 billion.

The Higher Education Act was reauthorized in 1998 (P.L. 105-244). Changes to the loan programs include a new formula that should reduce the amount students pay. For information on these changes, see CRS Report 98-291, *Student Loans: The 1998 Amendments*, by Margot A. Schenet.

⁴ Effective October 1, 1999, the interest rate formula was changed, basing the rate on the 91-day U.S. Treasury rate plus 2.8% (P.L. 105-244).

50. Federal Work-Study Program¹

Funding Formula

The Higher Education Act of 1965, as amended, authorizes federal funding to partially finance part-time employment for undergraduate, graduate, and professional students in eligible institutions of postsecondary education and who need earnings to attend. Students may work on-campus or off-campus for a public or private nonprofit or a private for-profit organization. Beginning in FY1994, institutions have been required to use at least 5% of their allocation of Federal Work Study (FWS) funds for community service jobs; effective in FY2000, this rose to 7%.² Federal grants to institutions fund 50% to 75% of the student's wages; the remaining percentage is paid by the postsecondary institution or other employer. Funds are allocated to institutions first on the basis of their FY1985 award and then in proportion to aggregate need.³

Eligibility Requirements⁴

The law authorizes federally subsidized wages for students who are enrolled in a postsecondary program (including proprietary institutions) who demonstrate financial need, as determined by a statutory need analysis system that calculates an expected family contribution.⁵ Five percent of an institution's FWS funds must be used for students who are enrolled on a less than full-time basis if the total financial need of these students exceeds 5% of the need of all students attending the institution.

Benefit Levels

A student's earnings under the FWS program⁶ are limited to his or her need, and the rate of compensation must at least equal the minimum wage. The institution's share of compensation may be provided to the student through tuition payments, room and board, or books.

During the academic year 1998-1999, an estimated 892,000 students received FWS-supported earnings averaging \$1,123.

The Higher Education Act forbids AFDC (or its successor, TANF), food stamps, and any other governmental program that receives federal funds from taking student

¹ The name of the program was changed from College Work-Study to Federal Work-Study by Congress in 1992.

² This change was made by P.L. 105-244, which reauthorized the Higher Education Act.

³ P.L. 105-34 revised the allocation formula.

⁴ Regulations for FWS program are found at 34 C.F.R. Part 675 (1998). This program is no. 84.033 in the Catalog of Federal Domestic Assistance.

⁵ *Federal Register*, v. 60, May 31, 1995. p. 28454-28459.

⁶ See: CRS Report 96-831, *Higher Education: Campus-Based Programs*, by Deborah A. Santiago.

aid provided under the act into account when determining eligibility for benefits, or the amount of benefits.

Note: For more information, see: CRS Report RL30063, *The Higher Education Act: Reauthorization by the 105th Congress*, by James B. Stedman.

51. Supplemental Educational Opportunity Grants

Funding Formula

This program allocates funds to eligible institutions of postsecondary education for grants to needy undergraduates. For award year 1993-1994, and thereafter, the federal share of total awards is 75%. For FY1989 it was 95%, dropping to 90% in FY1990 and 85% in FY1991 and FY1992. The nonfederal share must come from the institution's own resources. Funds are allocated to institutions first on the basis of their FY1985 award and then in proportion to aggregate need.

Eligibility Requirements¹

The Higher Education Act of 1965, as amended, authorizes supplemental educational opportunity grants² for postsecondary undergraduate students with the greatest financial need as determined by a statutory need analysis system that calculates an expected family contribution. Institutions' financial aid administrators have, however, substantial flexibility in determining the size of individual student awards. The first priority is for Pell Grant recipients with exceptional need.³ An institution's supplemental educational opportunity grant funds may be used for less than full-time students.

Benefit Levels

The law sets minimum and maximum awards at \$100 and \$4,000, respectively. An estimated 1,109,000 students received average grants of \$701 under the program during the 1998-1999 academic year.

The Higher Education Act forbids AFDC (or its successor, TANF), food stamps, and any other governmental program that receives federal funds from taking student aid provided under the act into account when determining eligibility for benefits, or the amount of benefits.

Note: For more information, see: CRS Report RL30063, *The Higher Education Act: Reauthorization by the 105th Congress*, by James B. Stedman.

¹ Federal regulations for this program are found at 34 C.F.R. Part 676 (1998). This program is no. 84.007 in the Catalog of Federal Domestic Assistance.

² See: CRS Report 96-831, *Higher Education: Campus-Based Programs*, by Deborah A. Santiago.

³ *Federal Register*, v. 60, May 31, 1995. p. 28454-28459.

52. Federal TRIO Programs¹

Note: The federal TRIO programs consist of six programs authorized by Title IV of the Higher Education Act of 1965, as amended: Upward Bound, Student Support Services, Talent Search, Educational Opportunity Centers, Ronald E. McNair Postbaccalaureate Achievement, and Staff Development. The first three were the original “TRIO” programs. The Staff Development activities provide short-term training for TRIO program staff; they are not described below.

Funding Formula

These are categorical grant programs. They are 100% federally funded. In addition, institutions conducting Student Support Services programs must provide assurances that each participating student will be offered aid sufficient to meet his or her financial need for college attendance.

Eligibility Requirements

Eligibility requirements differ slightly from program to program and are described below. At the outset it should be noted how the term “low-income” applies in these programs. The authorizing statute for the TRIO programs defines a low-income individual as one whose family’s taxable income in the preceding year did not exceed 150% of the “poverty level” as determined under Bureau of the Census criteria. For the school year 1999-2000, the taxable income limits for three- and four-person families are \$20,820 and \$25,050, respectively (higher in Alaska and Hawaii).² The program descriptions below are drawn from the authorizing statute and program regulations.

*Upward Bound*³

Not fewer than two-thirds of the participants in any project must be low-income, potential first generation college goers. The remaining one-third must be either low-income *or* potential first generation college goers. All participants must need academic support in order to successfully pursue an education beyond high school. With certain exceptions, participants must have completed grade 8 but not entered grade 12, and be 13 to 19 years of age. For veterans there is no age limit.

¹ Previously entitled “special programs for students from disadvantaged backgrounds.”

² These amounts are 150% of the 1999 federal poverty income guidelines, issued by the Department of Health and Human Services.

³ Upward Bound eligibility rules for participants are found at 34 C.F.R. Part 645 (1998). This program is no. 84.047 in the Catalog of Federal Domestic Assistance.

Student Support Services⁴

Not fewer than two-thirds of program beneficiaries must be either disabled, or low-income first generation college goers. The remaining participants must be disabled, *or* low-income, *or* first generation college goers. All participants must need academic support in order to successfully pursue a postsecondary education program.

Talent Search⁵

Not fewer than two-thirds of program beneficiaries must be low-income, potential first generation college goers. The program requires that all participants must have completed the fifth grade or be at least 11 years of age, but generally not older than 27. (For veterans there is no age limit.)

Educational Opportunity Centers⁶

Not fewer than two-thirds of the beneficiaries served by each center must be low-income, potential first generation college goers. In general, participants must be at least 19 years of age.

Ronald E. McNair Postbaccalaureate Achievement⁷

This program was authorized in 1986 to assist students in gaining admission to graduate programs. At least two-thirds of the participants must be low-income, first generation college students. The remaining participants must be from groups underrepresented in graduate education.

Benefit Levels

Upward Bound and Student Support Services provide such services as: instruction in reading, writing, study skills, mathematics, and other subjects necessary for education beyond high school; personal counseling; academic counseling; tutoring; exposure to cultural events and academic programs; and activities acquainting students with career options.

Among its services, Talent Search provides participants with information on the availability of student financial aid, personal and career counseling, and tutoring. The

⁴ Participant eligibility rules for Student Support Services are found at 34 C.F.R. Part 646 (1998). This program is no. 84.042 in the Catalog of Federal Domestic Assistance.

⁵ Talent Search eligibility rules for participants are found at 34 C.F.R. Part 643 (1998). This program is no. 84.044 in the Catalog of Federal Domestic Assistance.

⁶ Participant eligibility rules for Educational Opportunity Centers are found at 34 C.F.R. 644 (1998). This program is no. 84.066 in the Catalog of Federal Domestic Assistance.

⁷ Rules for the Ronald E. McNair postbaccalaureate achievement program are found at 34 C.F.R. 647 (1998). This program is no. 84.217 in the Catalog of Federal Domestic Assistance.

program's projects encourage qualified students or dropouts to complete high school and to undertake postsecondary education.

Educational Opportunity Centers provide services, such as information on financial and academic assistance available for postsecondary study, assistance to participants in filling out college applications and financial aid request forms, and tutoring and counseling.

McNair Postbaccalaureate Achievement provides services such as summer internships, tutoring, counseling, and research opportunities.

In FY1998, an estimated 685,000 participants were served in the TRIO programs, as follows:

Upward Bound — 48,462;
Student Support Services — 179,478;
Talent Search — 298,147;
Educational Opportunity Centers — 156,686;
Ronald McNair Achievement Program — 2,500.

Note: For more information, see: CRS Report 98-957, *TRIO and GEAR UP Programs: Provisions and Status*, by James Stedman.

53. Chapter 1 Migrant Education Program

Funding Formula

The Department of Education makes annual formula grants, under Title I, Part C of the Elementary and Secondary Education Act (ESEA), as amended, to state educational agencies for programs designed to meet the special needs of migratory children of migratory agricultural workers or fishermen. Funds are allocated on the basis of annual counts of eligible children and the states' average per pupil expenditures. Most programs are administered by local school districts, which receive subgrants from the state educational agencies, though some are run by other public or private nonprofit agencies. Discretionary grants and contracts are also available to state educational agencies to improve program coordination within and among states. As of 1995, record transfer is the sole responsibility of the states.

Eligibility Requirements¹

Eligible students are migratory children whose parents or guardians are migratory agricultural workers or fishers and who have moved within 3 years from one school district to another to enable a member of their immediate family to obtain temporary or seasonal employment in agricultural or fishing activities.

Children who are 3 through 21 years of age are eligible to participate, though younger children may receive day care services. There is no income test, but migratory children are presumed to need special educational and other services.

Benefit Levels

Chapter 1 migrant education programs commonly provide regular academic instruction, remedial or compensatory instruction, bilingual and multicultural instruction, vocational and career education, testing, guidance and counseling, and medical and dental screening. Preference is given to students at risk of not meeting state standards or who moved during the school year. In school year 1996-1997, an estimated 735,000 children were eligible and migrant education programs served about 581,000 students, according to the Office of Migrant Education².

Note: For more information, see: CRS Report 98-945, *The Federal Migrant Education Program: An Overview*, by Patricia Osorio-O'Dea.

¹ Regulations for this program are in 34 C.F.R. 200 (1998). This program is no. 84.011 in the Catalog of Federal Domestic Assistance.

² Title 1 Migrant Education State Performance Reports: 1996-97. Department of Education. 1998. [<http://www.migrated.org/Strep.htm>]

54. Perkins Loans

Funding Formula

The Perkins Loan program, authorized by Title IV of the Higher Education Act (HEA) of 1965, as amended, provides federal assistance to institutions of higher education to operate a revolving fund providing low-interest loans to students. Federal funds provide new capital contributions, and pay for the cancellation of certain loans authorized in the law. Since academic year 1994-1995 participating institutions have been required to provide a 25% annual match to the federal capital contribution (previously, their match rate was 15%).

Eligibility Requirements¹

The law authorizes low-interest, long-term loans for (1) undergraduate, graduate, or professional students,² (2) who are “in need” of the amount of the loan to pursue a course of study, and (3) who maintain good academic standing. The need analysis system set forth in Title IV, part F of the HEA is used in calculating an expected family contribution under the Perkins Loan program.

Benefit Levels

Effective October 1, 1981, the law authorized loans at a 5% interest rate. Loans are to be repaid over a 10-year period beginning 9 months after the end of study that is on at least a half-time basis (before July 1, 1987, the loan “grace period” before start of payments was 6 months). No interest is charged until repayment of the principal begins, unless the payment is deferred, as permitted under certain conditions. In addition, all or a portion of the loans may be canceled for those who enter specific teaching jobs, law enforcement, or military service. Annual loan limits are \$4,000 for undergraduate students and \$6,000 for graduate or professional students. The aggregate limits are \$20,000 for undergraduate students and \$40,000 for the combination of undergraduate and graduate study.³

An estimated 698,000 students borrowed loans averaging \$1,516 under the program in the 1998-1999 school year.

Note: For more information, see: CRS Report RL30063, *The Higher Education Act: Reauthorization by the 105th Congress*, by James B. Stedman.

¹ Regulations for Perkins Loans are found at 34 C.F.R. Part 674 (1998). This program is no. 84.038 in the Catalog of Federal Domestic Assistance.

² Before July 1, 1987, students had to be enrolled on at least a half-time basis.

³ Loan limits were increased, effective in 1999, by P.L. 105-244, which reauthorized the Higher Education Act. Previously, the annual limits were \$3,000 and \$6,000, respectively, for undergraduate and for graduate or professional students. Aggregate limits were \$20,000 for undergraduates and \$40,000 for the combination of undergraduate and graduate study.

55. Health Professions Student Loans and Scholarships

Note: Public Law 105-392, the Health Professions Partnerships Training Act of 1998, enacted on November 13, 1998 reauthorized the health professions education and training programs under Titles VII and VIII of the Public Health Service Act through FY2002. The law also consolidated the 44 existing programs into 12 general categories. The loan and scholarship provisions revised under the law will be described in the next edition of this CRS Report.

Funding Formula

The law provides 90% federal funding for student loans and 100% for scholarships. The school must contribute to the loan fund a minimum share equal to one-ninth of the federal sum.

Eligibility Requirements¹

Loans. Eligible for loans from the Health Professions Student Loans (HPSL), Including Primary Care Loans/Loans for Disadvantaged Students program² are full-time students in public or nonprofit schools of medicine, dentistry, osteopathy, optometry, podiatry, pharmacy, and veterinary medicine. The school selects qualified loan applicants, and determines the amount of student loans by considering: (1) financial resources available to the student; and (2) the costs reasonably necessary for the student's attendance at the school. Dental, veterinary, optometry, podiatry, and pharmacy students need only be "in need" of aid. However, students of medicine and osteopathy must be in "exceptional financial need," as defined by federal regulations. Regulations provide that a medical or osteopathic student will qualify for a loan on the basis of exceptional financial need if the student's counted resources do not exceed the lesser of \$6,700 or one-half the cost of attendance at the school. Not counted as available resources are summer earnings, educational loans, veterans' (G.I.) benefits, and earnings during the school year. However, for purposes of establishing priority among eligible medical and osteopathic student applicants, the regulations require schools to consider all their income, including summer earnings, educational loans, veterans' benefits, and school-year earnings.³ P.L. 102-408 requires that medical students who receive loans must agree to enter and complete a residency training program in primary health care and to practice primary health care until the loan is fully repaid.

Eligible for loans from the Nursing Student Loan program⁴ are all students at accredited public and nonprofit private schools of nursing. The school selects qualified loan applicants, makes reasonable determinations of need, and determines the amount of student loans. The schools must give priority to licensed practical

¹ Regulations for these loans and scholarships are found at 42 C.F.R. Part 57, Subparts C and D (loans), CC and DD (scholarships) (1998).

² The loan program is No. 93.342 in the Catalog of Federal Domestic Assistance (1998).

³ 42 C.F.R. Part 57.206 (1998).

⁴ The loan program is No. 93.364 in the Catalog of Federal Domestic Assistance (1998).

nurses, and to persons with exceptional financial need. A student is considered to demonstrate exceptional financial need if the school determines that the student's resources do not exceed one-half of the costs of attendance at the school. Summer earnings, educational loans, veterans (G.I.) benefits, earnings during the school year, and Aid to Families with Dependent Children (AFDC) will not be considered as resources in determining exceptional financial need, but will be considered in determining the amount a student may receive.⁵

Scholarships. Eligible for scholarships are full-time students of "exceptional financial need" or individuals determined to be economically disadvantaged. Regulations for scholarship eligibility⁶ contain essentially the same test of exceptional financial need as that used for loans (see above) except that a student's counted resources may not exceed \$5,000 or one-half the cost of school attendance. For FY1996 through FY1998, scholarships are provided under the following former authorities in the Public Health Service Act: (1) Scholarships for Students of Exceptional Financial Need (EFN) (Section 736);⁷ (2) Financial Assistance for Disadvantaged Health Professions Students (FADHPS)⁸ (Section 740); and (3) Scholarships for Health Professions Students from Disadvantaged Backgrounds (SHPDB) (Section 737).⁹

The EFN program, which began in 1977, makes scholarships available to first-year students with exceptional financial need in schools of allopathic medicine, osteopathic medicine, and dentistry. Scholarship recipients must agree to enter and complete residency training in a primary health care specialty and to practice in that specialty for 5 years after the residency; dental students are required to practice general dentistry for 5 years, exclusive of a residency program in general dentistry.¹⁰

The FADHPS program, which began in 1986, provides grants to schools of medicine, osteopathic medicine, public health, dentistry, veterinary medicine, optometry, pharmacy, allied health, chiropractic, podiatric medicine, and schools offering graduate programs in clinical psychology. The grants can be used for various purposes, including funding of scholarships and stipends, and the costs of identifying and recruiting students, helping them enter school, providing counseling, providing preliminary education to help them succeed, and publicizing sources of financial aid. However, 20% of appropriations for these grants must be obligated for scholarships for students of exceptional financial need in schools of medicine and dentistry. Recipients of scholarships from the FADHPS program must enter and complete primary care residency training and practice primary care for 5 years (medical students) or practice general dentistry for 5 years.

⁵ 42 C.F.R. Part 57.306 (1998).

⁶ 42 C.F.R. Parts 57.2804 and 57.2904 (1998).

⁷ No. 93.820 in the Catalog of Federal Domestic Assistance (1998).

⁸ No. 93.139 in the Catalog of Federal Domestic Assistance (1998).

⁹ No. 93.925 in the Catalog of Federal Domestic Assistance (1998).

¹⁰ The requirement to practice in the specified service for a minimum time took effect in 1992.

The SHPDB program, which took effect in 1991, provides grants to health professions schools for scholarships for persons from disadvantaged backgrounds enrolled in schools of nursing, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, veterinary medicine, public health, allied health, or schools offering graduate programs in clinical psychology.

Benefit Levels

The maximum HPSL loan may not exceed the sum of tuition plus \$2,500 for each school year. Loans are authorized at a 5%.¹¹ Loans must be repaid over a 10-year period beginning 1 year after the end of study, excluding from the time measure all periods (up to 3 years) of (1) active duty performed by the borrower as a member of a uniformed service or (2) service as a Peace Corps volunteer, and periods of advanced professional training including internships and residencies. No interest is charged until repayment begins. (As noted above, Congress voted in 1992 to require medical students to agree to perform primary health care service until the loan is repaid.) Under certain conditions, loans may be forgiven (see below).

The maximum scholarship grant under the EFN and SHPDB programs is the sum of tuition plus all reasonable educational expenses, such as books, fees, and laboratory expenses (plus, in the case of SHPDB scholarships, reasonable living expenses incurred in attending school). When the EFN scholarship program began, it included a stipend (set at \$400 per month for 1977-1978) and provided that the amount would be adjusted annually with increases in federal salaries. However, in 1992, Congress repealed the EFN stipend (P.L. 102-408).

Under the FADHPS program, the maximum scholarship amount is \$10,000 yearly for health professions education at a school of medicine or dentistry. The FADHPS program includes stipends (as approved by the Secretary of Health and Human Services) of up to \$40 per day for 12 months for students enrolled in “student enhancement programs.”

The Secretary may, subject to the availability of funds, repay all or part of an individual’s HPSL loan made after November 17, 1971 (in effect, canceling the debt) if the Secretary determines that the individual: (1) failed to complete the health professions studies leading to the individual’s first professional degree; (2) is in exceptionally needy circumstances; (3) is from a low-income or disadvantaged family;¹² and (4) has not resumed or cannot reasonably be expected to resume the course of study within 2 years ending them. This income test is applied to the family of the student’s parent, including in the family unit only those dependents who are listed on federal income tax forms. (*Federal Register*, v. c4, June 2, 1999. p. 29659.)

¹¹ P.L. 97-35, the Omnibus Budget Reconciliation Act of 1981, increased the interest rate to 9%, and the Health Professions Reauthorization Act of 1988 (P.L. 100-607) reduced it to 5%.

¹² For a four-person family, the 1999 low-income ceiling for loan repayment by HHS is \$21,500 (adjusted gross income for CY1998).

56. Leveraging Educational Assistance Partnerships (LEAP)

Note: This program was known as the State Student Incentive Grant (SSIG) program until October 1, 1998, when it was revised and renamed by P.L. 105-244.

Funding Formula

Under Leveraging Educational Assistance Partnerships, states receive federal formula grants, which are matched with equal state funds to provide for the establishment of state student aid programs for needy postsecondary students. After each state's program grant is combined with the required non-federal matching funds, resulting "state aid" awards are made either directly to students or indirectly through participating institutions. The law provides that no state shall receive less from the federal government than it received in FY1979. Funds not used by one state may be reallocated to others in proportion to their higher education enrollments. State allocations are based on their share of the total number of eligible students in all states as determined by the U.S. Secretary of Education. States are permitted to use 20% of funds for community service work learning jobs for eligible students. The 1998 law, which reauthorized the program and renamed it as LEAP, also authorized a new program of "Special Leveraging Education Assistance Partnerships."¹

Eligibility Requirements²

To be eligible for an SSIG, postsecondary students must be enrolled in or accepted for enrollment in an institution of postsecondary education, must meet citizen/resident requirements, must demonstrate substantial financial need as determined in accordance with criteria of his/her state and approved by the Secretary of Education, must maintain satisfactory academic progress, and must not default on a student loan or owe a refund for student assistance. At state discretion part-time students may also be eligible. All public or private nonprofit institutions of higher education as well as postsecondary vocational institutions are eligible to participate unless prohibited by state constitution or state statute.

¹ For any fiscal year in which the appropriation exceeds \$30 million, the excess is reserved for Special LEAP. Special LEAP funds are allocated to the states in the same manner as LEAP grants to states. States participating in the Special LEAP program must meet a maintenance of effort (MOE) criteria and match the federal funds on a two-to-one basis (the federal share of the Special LEAP program's activities will not exceed 33 1/3%). Special LEAP program funds are authorized, on behalf of students who demonstrate financial need, for such activities as: increasing the dollar amount of grants awarded under LEAP to eligible students, or creating other scholarship, early intervention, mentoring or career education programs.

² Regulations for this program are found at 34 C.F.R. Part 692 (1998). This program is no. 84.069 in the Catalog of Federal Domestic Assistance.

Benefit Levels

Maximum grants are \$5,000 for full-time students and may be used for work-study jobs provided through campus-based “community service work learning study programs.”³ (The regulations also call these work-study jobs “community service-learning” jobs.) In academic year 1998-1999, approximately 83,000 students received average grants of \$600.

The Higher Education Act forbids AFDC (or its successor, TANF), food stamps, and any other governmental program that receives federal funds from taking student aid provided under the act into account when determining eligibility for benefits, or the amount of benefits.

Note: For more information, see: CRS Report 96-749, *State Student Incentive Grants: An Overview*, by Laura L. Monagle and CRS Report RL30063, *The Higher Education Act: Reauthorization by the 105th Congress*, by James B. Stedman

³ Before July 23, 1992, maximum grants were \$2,500.

57. Fellowships for Graduate and Professional Study

Funding Formula

The Higher Education Act of 1965 (HEA), as amended by the Higher Education Amendments of 1992, authorizes three need-based fellowship programs (Titles IX-C and IX-E, with 100% federal funding, and Title IX-D, with a required 25% match from participating institutions)¹ that made expenditures during the FY1996-1998 period covered by this report. Under 1998 law (P.L. 105-244) the Title IX-D program of Graduate Assistance in Areas of National Need was revised to include some of the other fellowships.

Eligibility Requirements

Title IX-D, HEA, authorizes a program of Graduate Assistance in Areas of National Need.² Individual graduate students are eligible to receive a fellowship from an assisted department if they demonstrate financial need, according to criteria determined by their higher education institutions, and have excellent academic records. The Secretary of Education designates areas of graduate study in which there are national needs. For FY1997, the subject areas for continuing fellowships were chemistry, engineering, mathematics, physics, biology, and computer and information sciences. The Secretary makes grants to academic departments providing courses of study leading to a graduate degree in an area of national need. In addition, institutions must assure that they will seek talented students from backgrounds traditionally under-represented in these fields of graduate study.

Title IX-C, HEA, authorizes the Jacob K. Javits Fellowships in the arts, humanities, and social sciences. Title IX-C fellowship stipends are based on financial need, and recipients are selected by panels appointed by the Jacob K. Javits Program Fellowship Board. Separate funding for this program ceased in FY1998. However, the 1998 reauthorization of HEA (P.L. 105-244) consolidated this program (for new and non-competing continuation awards) under Title IX-D.³

¹ Funding for two other HEA fellowship programs for graduate education (Title IX-A and Title IX-B) ceased in FY1995, and these programs no longer are active as separate entities. They provided grants to institutions of higher education to encourage women and minority participation in graduate education. Title IX-A grants were used to identify talented needy undergraduates and to support them during summer research internships and seminars designed to prepare them for graduate study. Title IX-B authorized Patricia Roberts Harris Fellowships for pursuit of masters', professional, and doctoral degrees by underrepresented minorities and women. For non-competing continuation awards only, the Patricia Roberts Harris fellowships were consolidated into Title IX-D by 1998 law.

² Regulations for the Graduate Assistance in Areas of National Need program are found at 34 C.F.R. Part 648 (1998). This program is no. 84.200 in the Catalog of Federal Domestic Assistance.

³ Regulations for the Jacob K. Javits Fellows program are found at 34 C.F.R. Part 650 (1998). This program is no. 84.170 in the Catalog of Federal Domestic Assistance.

Title IX-E provided need-based Faculty Development Fellowships for underrepresented groups during the period covered by this report, but it no longer makes new awards.

Benefit Levels

For individuals receiving their first stipend under Title IX-D for academic year 1998-1999, the stipend was set at the lesser of the stipend provided under National Science Foundation graduate fellowships (\$15,000 for FY1998) or calculated financial need. For individuals who previously received fellowship assistance, the Graduate Assistance in Areas of National Need program provides stipends of the lesser of \$10,000 or demonstrated financial need. For each 1998-1999 fellowship, institutions received a \$10,000 allowance (this amount is to be adjusted annually for inflation). Federal fellowship funds must be used for stipends, tuition fees, and other educational costs of students. In FY1998, 947 students received fellowships.

For individuals receiving their first stipend under Title IX-C for academic year 1997-1998, the stipend was set at the lesser of the stipend provided under National Science Foundation graduate fellowships (\$14,000 for FY1997) or calculated financial need. For persons who previously received fellowship assistance, Javits fellowship stipend levels cannot exceed the lesser of \$10,000 or demonstrated financial need. Institutions receive \$10,000 (\$9,000 prior to 1997-1998) for each fellowship (this amount is to be adjusted annually for inflation). In FY1997, 238 students received Javits fellowships.

For individuals participating in the prospective and experienced faculty development programs receiving their first stipend under Title IX-E for academic year 1996-1997, the stipend was set at the lesser of the stipend provided under National Science Foundation graduate fellowships (\$14,000 for FY1994) or calculated financial need. The fellowships may be received for up to 5 years. Following receipt of the doctoral degree, the fellowship recipient must teach 1 year for every year a fellowship was received at an IHE. Those fellows who do not receive their doctorate or who do not fulfill their teaching obligation may repay the fellowship on a pro-rata basis of the fellowship assistance amount, plus interest and collection costs. Professional development fellowship funds may be used only to meet the costs of the fellows' instruction, out-of-town expenses, and per diem expenses for food and lodging during the period of the activity. In FY1996 there were 158 fellows. Funding for new awards under this program ceased in FY1996.

58. Migrant High School Equivalency Program (HEP)

Funding Formula

The Department of Education makes discretionary grants to colleges and universities and other public or private nonprofit agencies cooperating with such schools to help migrant students obtain a high school equivalency certificate.¹ Most grants are for a 5-year period.

Eligibility Requirement²

To be served, students or their parents must have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; alternatively, they must be eligible to participate (or must have participated within the last 2 years) in the Chapter 1 Migrant Education program (see program no. 53) or the Job Training Partnership Act program for migrant and seasonal farmworkers. They must be at least 16 years of age (or beyond the age of compulsory school attendance in the state in which they reside), not enrolled in school, and not have a high school diploma or its equivalent.³

Benefit Levels

HEP projects typically provide instruction in reading, writing, mathematics, and other subjects tested by equivalency examinations; career-oriented work-study courses; tutoring; and personal and academic counseling. In addition, they provide financial assistance, housing, and various support services. In the 1997-1998 school year, HEP served about 3,600 students at 20 institutions. Average federal contribution per student was approximately \$2,067.

¹ This migrant education program is authorized under Title IV, Section 418A of the Higher Education Act (HEA), as amended.

² Regulations for this program are in 34 C.F.R. Part 206 (1998). This program is no. 84.141 in the Catalog of Federal Domestic Assistance.

³ Regulations define migrant farmworkers as seasonal farmworkers whose employment requires travel precluding them from returning to their domicile (permanent place of residence) within the same day. Seasonal farmworkers are defined as persons who, within the past 24 months, were employed at least 75 days in farmwork and whose primary employment was in farmwork on a temporary or seasonal basis.

59. College Assistance Migrant Program (CAMP)

Funding Formula

The Department of Education makes discretionary grants to colleges and universities and other public or private nonprofit agencies cooperating with such schools to help migrant students complete their first year in college.¹ Most grants are for a 5-year period.

Eligibility Requirements²

To be served, students or their parents must have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; alternatively, they must be eligible to participate in the Chapter 1 Migrant Education program or the Job Training Partnership Act program for migrant and seasonal farmworkers. Students must be admitted to or enrolled as a first year student at a participating college or university.³

Benefit Levels

CAMP projects typically provide tuition and stipends for room and board and personal expenses; they also provide academic and personal counseling, tutoring in basic skills and other subject areas, and various support services. In the 1997-1998 school year, CAMP served about 375 students at six institutions. Average federal contribution per student was approximately \$5,408.

¹ This migrant education program is authorized under Title IV, Section 418A of the Higher Education Act (HEA), as amended.

² Regulations for this program are in 34 C.F.R. Part 206 (1998). This program is no. 84.149 in the Catalog of Federal Domestic Assistance.

³ Regulations define migrant farmworkers as seasonal farmworkers whose employment requires travel precluding them from returning to their domicile (permanent place of residence) within the same day. Seasonal farmworkers are defined as persons who, within the past 24 months, were employed at least 75 days in farmwork and whose primary employment was in farmwork on a temporary or seasonal basis.

60. Ellender Fellowships

Note: This program has been funded each year even though the Clinton Administration has never requested funding.¹

Funding Formula

This program, authorized by Title X, Part G, of the Elementary and Secondary Education Act (ESEA), as amended, provides federal funding for fellowships awarded by the Close-Up Foundation to disadvantaged students and secondary teachers and to disadvantaged older Americans and recent immigrants for participation in an educational public affairs program.

Eligibility Requirements

This program makes eligible for fellowships economically disadvantaged students, secondary school teachers, economically disadvantaged older Americans, and recent immigrants. "Older American" is defined as an individual at least 55 years old. Economic disadvantage is not defined in the law, and the program has no regulations.

Benefit Levels

Fellowships cover the costs of room, board, tuition, administration, and insurance for a week-long series of meetings, tours, and seminars about public affairs in Washington, D.C., sponsored by the Close-Up Foundation. Students and their teachers meet with officials from the three branches of the federal government and discuss pending issues. In the 1997-1998 school year, 2,500 students, 1,400 teachers, and 1,400 older Americans and recent immigrants received fellowships, at an overall average cost of \$840 for students and teachers (federal share of \$350 for students and \$250 for teachers) and \$700 for older Americans and recent immigrants (federal share of \$240).

¹ In its justifications for the FY2000 budget for the Department of Education, the administration said that "direct support of this program is not an appropriate federal responsibility." It indicated that it felt that "peer organizations of the Close Up Foundation, such as Presidential Classroom for Young Americans, provide scholarships to some of their student participants without federal assistance."

Services

61. Social Services Block Grant (Title XX)

Funding Formula

The Social Security Act (Title XX) provides 100% federal funding to states for social services up to a maximum ceiling level. Funds are distributed among states on the basis of population. P.L. 97-35 eliminated requirements for state matching of funds, effective in FY1982, and established an FY1982 funding ceiling of \$2.4 billion, which was originally scheduled to increase to \$2.7 billion by FY1986. However, the ceiling has been adjusted numerous times. P.L. 98-135 raised the ceiling to \$2.7 billion effective in FY1984; P.L. 101-239 set the ceiling at \$2.8 billion effective in FY1989; and P.L. 103-66 authorized a one-time increase to \$3.8 billion in FY1994 for social services in enterprise communities and empowerment zones. Subsequently, the ceiling was lowered to \$2.38 billion for FY1996-2002.² However, in appropriations legislation for FY1997 (P.L. 104-208), Congress exceeded the entitlement ceiling and provided \$2.5 billion. Appropriations for FY1998 and 1999 (P.L. 106-113) declined to \$2.3 billion and \$1.9 billion, respectively. The Consolidated Appropriations Act of 1999 reduced funding for FY2000 to \$1.775 billion and stipulated that \$425 million not be released to states until September 29, 2000. **Note:** States may transfer to the social services block grant (SSBG) up to 10% of their TANF block grants, which total \$16.5 billion annually (P.L. 105-33).³ The authorized transfer amount is to be reduced to 4.25% beginning in FY2001, under provisions of the Transportation Equity Act (P.L. 105-178).

Eligibility Requirements⁴

States are free to establish their own eligibility criteria for Title XX social services. They decide what groups to serve and what fees, if any, to charge.

Benefit Levels

CRS analyzed state expenditure reports submitted to the HHS about the use of SSBG funds nationwide in FY1996. For the country as a whole, 15% of SSBG funds that year were used for child day care, almost 15% for foster care services for children, more than 10% for home-based services, and almost 8% for special services for the disabled.

Note: For more details about SSBG, see: CRS Report 94-953, *Social Services Block Grants(Title XX of the Social Security Act)*, by Melinda Gish and Karen Spar.

² P.L. 104-134 set the ceiling at \$2.38 billion for FY 1996, and P.L. 104-193 extended that ceiling through FY 2002.

³ TANF funds transferred to Title XX must be spent only on children and families with income below 200% of the poverty income guideline.

⁴ Regulations governing social services block grants to states are found in 45 C.F.R. Part 96, Subpart G (1998). This program is no. 93.667 in the Catalog of Federal Domestic Assistance.

62. Child Care and Development Block Grant

Funding Formula

The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) established the Child Care and Development Block Grant (CCDBG), which provides 100% federal funding to states and other entities. For FY1991, FY1992, and FY1993, ceilings were imposed (\$750 million, \$825 million, and \$925 million, respectively); for FY1994 and FY1995, unlimited funds were authorized. The CCDBG was reauthorized as a component of welfare reform legislation in the 104th Congress, with an annual authorization ceiling of \$1 billion during FY1996-FY2002 (Personal Responsibility and Work Opportunity Reconciliation Act, P.L. 104-193).

Of these discretionary CCDBG funds, one-half of 1% is reserved for allotment to the territories. Between 1% and 2% (to be decided by the Secretary of the Department of Health and Human Services) is reserved for payments to Indian tribes and tribal organizations. Remaining discretionary CCDBG funds are allocated among states, based on each state's proportion of all children under age 5, its proportion of all children who receive free or reduced price school lunches, and its per capita income relative to that of the Nation. Through FY1995, states were required to reserve one-fourth of their allocation of funds for activities to improve the quality of child care and to increase availability of early childhood development programs and before- and after-school care services. Effective in FY1996, states could spend no more than 5% of their allotments for administrative costs, and no less than 4% on activities to improve the quality and availability of child care.

Before October 1, 1997, states also received federal funds for child care services on behalf of current, former, and potential recipients of Aid to Families with Dependent Children. For these funds states had to provide matching funds. The 1996 welfare reform law repealed the AFDC-related child care programs and replaced them with entitlement funding to states for child care services. The law appropriated \$13.9 billion in entitlement child care funding for 6 years, FY1997-FY2002, with annual amounts rising from \$2.1 billion for FY1998 and \$2.2 billion for FY1999 to \$2.7 billion for FY2002. These amounts are provided under Title IV-A of the Social Security Act (the part governing TANF), but states are required to transfer them to the same agency that administers the CCDBG and to spend them in accordance with CCDBG rules.

Of entitlement child care funding, between 1% and 2% is reserved for payments to Indian tribes and tribal organizations. The rest is provided to states in two components. First, each state receives a fixed amount each year, equal to the funding received by the state under the repealed AFDC child care programs in FY1994 or FY1995, or the average of FY1992-FY1994, whichever is greater. This amount is estimated to equal \$1.2 billion each year; no state match is required to receive these funds. Second, remaining entitlement funds are allocated to states according to each state's share of children under age 13. States must meet maintenance-of-effort and matching requirements to receive these funds. The federal match rate is the same as that used in Medicaid; i.e., inversely related to state per capita income. As with discretionary CCDBG funding, states may spend no more than 5% of their entitlement

funds for administrative costs, and no less than 4% on activities to improve the quality and availability of child care.

Note: States are authorized to transfer to the CCDBG up to 30% of their TANF block grants, which total \$16.5 billion annually (P.L. 105-33).¹

Eligibility Requirements²

To be eligible for subsidized child care, a child must (1) be less than 13 years old (or, at option of the grantee, under 18,³ if disabled or under court supervision), and (2) live with at least one parent who is working or attending a job training or educational program (unless the child is receiving protective services or in need of them). In addition, through FY1995, an eligible child had to be a member of a family whose income did not exceed 75% of the state median for a family of the same size. Effective in FY1996, this income ceiling was raised to 85% of state median. The law requires that states give priority to children in very low-income families and to those with special needs.

Beginning in FY1997, states must use at least 70% of their entitlement child care funding for families who are receiving TANF, families who are trying through work to leave TANF, and families who are at risk of becoming eligible for TANF. Of their remaining child care funds, including discretionary amounts, states must use a substantial portion to provide assistance to low-income working families, other than families described above.

Benefit Levels

For subsidized child care services, states must establish a sliding fee schedule that requires cost sharing by families of eligible children unless the family's income is below the poverty level. Parents must be given the option of obtaining care from a provider who is paid directly by the state, through a grant or contract, or through certificates that are payable for child care from an eligible provider of the parents' choice. Child care services may include center-based care, group home care, family care, and "in-home" care.

Note: For more details about child care, see: CRS Report 96-780, *Child Care for Low-Income Families: Federal Programs and Welfare Reform*, by Karen Spar and CRS Report RL30021, *Child Care Issues in the 106th Congress*, by Karen Spar and Melinda Gish.

¹ As noted under the Title XX entry, States also may transfer TANF funds to that program. However, total TANF transfers may not exceed 30%.

² Regulations governing child care and development block grants to states are found in 45 C.F.R. Parts 98 and 99 (1998). This program is no. 93.575 in the Catalog of Federal Domestic Assistance.

³ Or under age 19, if the state extends TANF eligibility to a "child" to this age.

63. Homeless Assistance Grants

Homeless Assistance Grants¹

Funding Formula

Under a consolidated budget account for Homeless Assistance Grants, the Department of Housing and Urban Development (HUD) provides funding for four programs aiding the homeless that are authorized under the Stewart B. McKinney Homeless Assistance Act. They are the Emergency Shelter Grants program, Section 8 Moderate Rehabilitation Assistance for Single-Room Occupancy (SRO) Dwellings, the Shelter Plus Care program, and the Supportive Housing program. Federal funding for the Emergency Shelter Grants program is provided through formula grants to states, cities, and counties in accordance with the distribution formula used for Community Development Block Grants. Money for the other initiatives is provided through competitive grants to states, local governments, nonprofit organizations, and public housing authorities. With the exception of the SRO program, grantees must match federal dollars. Under Emergency Shelter Grants program, a one-for-one match is required (although the first \$100,000 granted to a state need not be matched); under the Shelter Plus Care program, grantees must match federal funds provided for shelter with equal money for services; and under the Supportive Housing program, dollar-for-dollar cash matching is required for grants involving acquisition, rehabilitation, or new construction, while a 25% match is required for supportive service grant money.

Eligibility Requirements

Under a “continuum of care” strategy developed by HUD grantees generally must develop and maintain (or participate in) consolidated plans for integration of programs and services for the homeless — including the four programs noted above and other efforts such as those under the Community Development Block Grant. Grantees under the Emergency Shelter Grants program (governmental entities) receive their grants by formula. In the other programs, grantees (both governmental and nongovernmental agencies) must compete for HUD approval of their grant proposal. Individual eligibility for assistance from any Homeless Assistance Grant project generally depends on decisions made by the local sponsor. However, some programs are limited in who they served: the Shelter Plus Care program is limited to homeless persons with disabilities; permanent housing under the Supportive Housing program is available only to the disabled; the SRO initiative is limited to single homeless individuals. In FY1997, HUD estimates that the largest program, the Emergency Shelter Grants program, served some 420,000 people.

¹ The programs making up Homeless Assistance Grants appear in the Catalog of Federal Domestic Assistance at 14.231, 14.235, 14.238, and 14.249. In the Code of Federal Regulations, they are found at 24 C.F.R. Parts 576, 582, and 583.

Benefit Levels

Grantees receiving Homeless Assistance Grant funding can use their grants for a range of activities assisting the homeless persons. Under the Emergency Shelter Grants program, activities include renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing for the homeless, essential social services, operating costs of facilities for the homeless, and initiatives to prevent homelessness. Supportive Housing program money may be used to assist homeless persons in transition to independent living through provision of transitional housing, follow-up services, permanent housing (as well as services) for those with disabilities, supportive services to those in housing supported by other programs, “alternative” housing for the long-term homeless, and “safe havens” for homeless individuals. The Shelter Plus Care and SRO programs provide rental assistance.

64. Community Services Block Grant¹

Funding Formula

The Community Services Block Grant Act (P.L. 97-35, as amended) authorizes block grants to states for various community-based antipoverty activities. State allocations are based on the percentage of funds received in the state in FY1981 from the former Community Services Administration (CSA) under Section 221 of the Economic Opportunity Act. Funds are provided to states on a 100% federal basis. Of the total appropriated, half of 1% is reserved for allotment to the territories, and the Secretary of Health and Human Services also must reserve 1.5% for training, technical assistance, planning, evaluation and data collection. Appropriated for FY1998 was \$823 million. In addition to the block grant itself, the law authorizes several smaller national activities, such as community economic development, grants for rural community facilities, the national youth sports program, community food and nutrition activities and, newly authorized in 1998, individual development accounts.

Eligibility Requirements²

In general, beneficiaries of programs funded by the Community Services Block Grant must have incomes no higher than the federal poverty income guidelines. As of March 1999, the guidelines were established at \$16,700 for a family of four and \$8,240 for a single person in the 48 contiguous states.³ Amendments enacted in 1984 allow states the option of increasing the eligibility criteria to 125% of the poverty guidelines “whenever the state determines that it serves the objectives of the block grant.” The program has no rules regarding assets.

Benefit Levels

Programs funded by the Community Services Block Grant operate a wide variety of antipoverty activities, including local program coordination, nutrition, emergency services, and employment services. In addition, grantees of the block grant receive funds from many other sources to operate related antipoverty programs, such as Head Start, weatherization of low-income housing, low-income energy assistance, emergency food and shelter programs, employment and training, and legal services.

Note: For more details about the Community Services Block Grant, see: CRS Report RS20124, *Community Services Block Grants: Background and Funding*, by Karen Spar.

¹ Beginning in FY1982, this program replaced the formerly independent Community Services Administration (CSA), which had been established in 1964 as the Office of Economic Opportunity and was renamed CSA in 1975.

² Regulations governing community services block grants (scope and audit requirements) are found at 45 C.F.R. Part 96, Subpart I (1998).

³ Poverty income guidelines are 25% higher in Alaska, 15% higher in Hawaii.

65. Legal Services

Funding Formula

The law provides 100% federal funding. The FY1998 appropriation was \$283 million.

Eligibility Requirements¹

The Legal Services Corporation Act of 1974² provides financial aid to programs that offer legal services in noncriminal proceedings to low-income persons. The law makes eligible “any person financially unable to afford legal assistance” and says the Corporation should take into account not only income, but liquid assets,³ fixed debts, cost of living, and other factors in determining an individual’s capacity to pay for a lawyer. The law requires the Corporation to set national maximum income limits and to establish guidelines that will insure preference for those least able to afford an attorney. Regulations of the Corporation have established the maximum income limit for eligibility at 125% of the federal poverty income guidelines. Thus, the income limit was \$20,875 for a family of four, and \$10,300 for a single individual, effective in March 1999 in the 48 contiguous states, the District of Columbia, and the outlying areas. Higher limits apply in Alaska and Hawaii. Regulations permit exceptions to the income limit in specified circumstances. For example, the regulations permit legal services on behalf of a person whose income falls between 125% and 150% of the poverty line if the purpose is to obtain benefits from a “governmental program for the poor,” or if warranted by certain factors such as the individual’s current income prospects, medical expenses, fixed debts and obligations, child care and other work-related expenses, expenses associated with age or infirmity, and other factors related to financial inability to afford legal assistance.

Benefit Levels

Beneficiaries receive legal aid in noncriminal proceedings. Most cases concern these areas of law: family, employment, consumer, housing, civil rights, public benefit programs such as cash welfare, Social Security, Supplemental Security Income (SSI), workers’ compensation, unemployment compensation, Medicare, and Medicaid. The Legal Services Corporation’s stated goal is to provide “minimum access to legal services for all poor persons,” defined as the equivalent of two attorneys for every 10,000 poor persons; however, that goal was only once achieved in FY1980. Corporation grantees are not allowed to give legal aid in criminal proceedings nor in most civil cases that are fee-generating in nature, such as accident damage suits. Additional restrictions include prohibitions against lobbying activities, class action

¹ Regulations governing eligibility for legal services are found at 45 C.F.R. Part 1611 (1998).

² Title X of the Economic Opportunity Act, as added by P.L. 93-355.

³ Regulations require the governing bodies of those who receive funds from the Legal Services Corporation to establish “specific and reasonable” asset ceilings each year and, in doing so, to give special consideration to the legal needs of the elderly, institutionalized, and handicapped.

lawsuits, litigation related to abortion, representation of prisoners, and challenges to federal or state welfare reforms.

Note: For more details about this program, see: CRS Report 95-178, *Legal Services Corporation: Basic Facts and Current Status*, by Karen Spar and Carmen Solomon-Fears.

66. Social Services for Refugees and Cuban/Haitian Entrants

Funding Formula

The Immigration and Nationality Act as amended by the Refugee Act of 1980 (P.L. 96-212) authorizes 100% federally funded social services to assist refugees in becoming self-sufficient. Title V of the Refugee Education Assistance Act (P.L. 96-422), popularly referred to as the Fascell-Stone amendment, authorizes similar services for certain Cubans and Haitians who have recently arrived in the United States. The refugee and entrant social services funds are distributed among the states under formulas that usually take into account each state's proportion of refugees and entrants who entered the United States within the previous 36 months. Social services for refugees and entrants have been authorized through FY1999. Federal outlays totaled \$130 million in FY1998.

Eligibility Requirements¹

A person must (a) have been admitted to the United States as a refugee under the provisions of the Immigration and Nationality Act, or (b) be a Cuban or Haitian paroled into the United States between April 20 and October 10, 1980, and designated as a "Cuban/Haitian entrant," or (c) be a Cuban or Haitian national who arrived in the United States after October 10, 1980, who has a pending application for asylum, or is subject to exclusion or deportation, and against whom a final order of deportation has not been issued.

While any person mentioned above generally is eligible for social services financed by refugee program funds, some specific activities so funded may have eligibility limitations such as age. Refugees and entrants also may benefit from services financed under the Social Security Act (Title XX), but generally would have to meet the state's Title XX eligibility requirements. Exceptions to Title XX rules can be made so that refugees and entrants can receive certain particular services such as language training, vocational training, and employment counseling.

Benefit Levels

States determine what social services are offered for refugees and entrants. All social services funded by the refugee program are considered refugee social services rather than Title XX social services, whether or not they also qualify under Title XX rules.

¹ Regulations for this program are found at 45 C.F.R. Parts 400-401 (1998). This program is no. 93.566 in the Catalog of Federal Domestic Assistance.

67. Emergency Food and Shelter Program¹

Funding Formula

Congress has established by statute a National Board of charitable and religious organizations to coordinate and monitor the Emergency Food and Shelter Program (the EFS program) under the authority and direction of the Federal Emergency Management Agency (FEMA).² The National Board awards EFS funds to a local board in each jurisdiction for allocation to direct service providers. To the extent possible, the composition of the local board mirrors that of the National Board.

To qualify for funds, a local jurisdiction must have a relatively high rate of unemployment for the most current 12-month period with available data and a high poverty rate (as measured by the most recent Census). Jurisdictions with a minimum of 400 unemployed may qualify for funds based on their rate of unemployment *or* poverty. The National Board allocates funds to local jurisdictions on the basis of their share of the total number of unemployed persons in all qualifying areas.

The National Board also uses a portion of EFS appropriations for “state set-aside” programs that allow state boards to select jurisdictions for funding using a formula established by the state boards. These funds are intended to enable state boards to target pockets of homelessness or poverty in areas not qualifying under the regular national formula. Examples include areas that suffer sudden economic changes such as plant closings or small areas that have fewer than 400 unemployed persons. The most recent allocations for qualifying counties and for other “local recipient organizations” were issued in April 1999.³ Total federal appropriations for FY1999 were \$100 million.

Eligibility Requirements

Public and private organizations that provide shelter and food to the homeless and hungry receive federal funds under this program. Providers include food banks, soup kitchens, shelters, and other organizations serving the homeless. In FY1998, approximately 11,000 local nonprofit and government agencies in more than 2,500 cities and counties received EFS grants. The eligibility of direct service providers is determined by each local board. Direct service providers must compile receipts and

¹ Congress established this program in March 1983 (P.L. 98-8) with appropriations of \$50 million for FY1983 grants and continued it with annual appropriations thereafter. In 1987, Congress authorized the program through FY1988 in the Stewart McKinney Homeless Assistance Act (P.L. 100-77) and in 1992 reauthorized it through FY1994 in amendments to that Act (P.L. 102-550). In recent years, the program has been funded under annual appropriations measures.

² The National Board is composed of the following organizations specified in statute: United Way of America, The Salvation Army, National Council of Churches, Catholic Charities, USA, Council of Jewish Federations, Inc., American Red Cross, and FEMA.

³ *Federal Register*, v. 64, no. 81, April 28, 1999. p. 22911.

certify that funds were used for eligible costs. Assistance is available for any individual or family whom the local board determines to be in need.

Benefit Levels

The EFS program provides food and shelter to homeless persons on an emergency basis. EFS funds also can be used for rent or utility payments to avert homelessness. Recent (FY1996) data indicate that food assistance accounted for 38% of program spending (meals, 10%; other food, 28%); rent or utility assistance, 36% (rent/mortgage aid, 24%; utility aid, 12%); shelter, 23% (mass shelter, 18%; other shelter, 5%); and miscellaneous and administration, 2.1%. Funds distributed in FY1996 (approximately the same as available in FY1998) provided an estimated 82.5 million meals and 3.9 million nights of shelter.

Note: For further general and individual county grant information see the EFS program Homepage at: <<http://www.efsp.unitedway.org>>

68. Child Care for Recipients and Ex-Recipients of Aid to Families with Dependent Children (AFDC)

Note: This entry describes two related programs, “regular” child care for recipients of Aid to Families with Dependent Children (AFDC) benefits and “transitional” child care, for persons whose earnings have ended their AFDC eligibility. See also program no. 69 (care for children “at risk” of becoming eligible for AFDC). Effective in FY1997, these AFDC-related child care programs were repealed and replaced by an expanded Child Care and Development Block Grant (see program no. 62), which provides grants to states to provide child care services for welfare recipients, former welfare recipients, potential welfare recipients, and low-income working families. Federal outlays in FY1996, final full year of AFDC, totaled \$1.3 billion.

Funding Formula

The Family Support Act (P.L. 100-485) authorized unlimited federal matching funds for these programs of child care. The federal matching rate was the same as that for AFDC benefits and Medicaid. Inversely related to state per capita income (squared), this rate ranged among states in FY1996 from 50% to 78.07%.

Eligibility Requirements¹

Regular program, for AFDC recipients. Eligible were AFDC recipients who needed child care in order to engage in schooling, work, or training, regardless of whether they participated in the program of Job Opportunities and Basic Skills (JOBS). Guaranteed care was limited by regulation to children under age 13, except for older children incapable of self-care or under court supervision.

Transitional program, for ex-AFDC recipients. Eligible were families who needed child care in order for a family member to accept or retain a job and who lost eligibility for AFDC cash payments because of increased hours of work, higher earnings, or loss of income disregards after a specified period of work. Families had to request transitional child care benefits, and eligibility for these benefits began with the first month of ineligibility for AFDC cash and continued for 12 consecutive months.

Benefit Levels

AFDC recipients received *free* day care; ex-AFDC recipients received *subsidized* child care. Federal matching funds were available for the actual cost of day care, but not for more than the “applicable local market rate,” up to a statewide limit established by the AFDC agency. The statewide ceiling had to be at least \$175 monthly (\$200 for a child under age 2). The law permitted states to guarantee child care by direct provision, arranging care by contracts or vouchers, reimbursement, cash

¹ Regulations governing child care for AFDC recipients were found at 45 C.F.R. Part 255 (1996). Regulations for transitional child care were found at 45 C.F.R. Part 256 (1996).

or vouchers to the family, or another “appropriate” arrangement. The law required states to establish a sliding fee schedule for transitional day care and specified that each family must make some payment.

In FY1994, child care payments averaged \$216 monthly for AFDC children of parents enrolled in JOBS, \$177 for AFDC children whose parents were working or in school but not in JOBS, and \$191 for former AFDC children in transitional care.

In FY1996, final full year of AFDC, an estimated total of \$1.739 billion was spent on care for children of AFDC recipients and former recipients. Of this total, 56% (\$981 million) came from federal funds. Outlays for AFDC children were estimated at \$1.143 billion, almost 66% of the total; transitional care cost an estimated \$594 million.

Note: For more details about child care, see: CRS Report 96-780, *Child Care for Low-Income Families: Federal Programs and Welfare Reform*, by Karen Spar, and CRS Report RL30021, *Child Care Issues in the 106th Congress*, by Karen Spar and Melinda Gish.

69. “At-Risk” Child Care—to Avert Eligibility for Aid to Families with Dependent Children (AFDC)

Note: Effective in FY1997, this program was repealed and replaced by an expanded Child Care and Development Block Grant (see program no. 62), which provides grants to states to provide child care services for welfare recipients, former welfare recipients, and low-income working families.

Funding Formula

The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) established the “at-risk” child care program within the Social Security Act. Authorized were federal matching funds up to an annual national ceiling of \$300 million (and to state ceilings based on each state’s proportion of the Nation’s children.¹ The matching rate (that of Medicaid) ranged among states from 50% to 78.07% in FY1996. Federal outlays that year totaled \$299 million.

Eligibility Requirements²

Eligible were families with low income who were not enrolled in Aid to Families with Dependent Children (AFDC), needed child care in order to work, and would have been at risk of becoming eligible for AFDC in the absence of subsidized child care. Children receiving “at-risk” care were required to be under age 13 (or under 18³ if disabled or under court supervision). The federal law did not define “low income,” and each state was required to determine its own income ceiling.

Benefit Levels

For subsidized care, families paid a fee based on a sliding schedule set by the state (unless their income were below the poverty level). States could provide child care by any method. The value of the subsidy could not be treated as income or as a deductible expense by any other federal or federally assisted program that took account of financial need; nor could the cost of the subsidized care be claimed as a work-related expense for purposes of the dependent care tax credit. In FY1996, last full year of AFDC, at-risk child care expenditures totaled \$536 million (\$299 in federal funds).

Note: For more details about child care, see: CRS Report 96-780, *Child Care for Low-Income Families: Federal Programs and Welfare Reform*, by Karen Spar, and CRS Report RL30021, *Child Care Issues in the 106th Congress*, by Karen Spar and Melinda Gish.

¹ The law did not specify age of children for this purpose. HHS based its state allocations on the number of children under the age of 13.

² Regulations for this program were found in 45 C.F.R. Part 257 (1996). This program was No. 93.574 in the Catalog of Federal Domestic Assistance.

³ Or under age 19, if the state extended AFDC eligibility to a “child” to this age.

Jobs and Training Aid

70. Job Corps

Funding Formula

The Job Corps is 100% federally funded. For FY1996, FY1997, and FY1998, it was authorized by Title IV-B of the Job Training Partnership Act (JTPA), P.L. 97-300, as amended. In 1998, the Workforce Investment Act (WIA), P.L. 105-220, was enacted. Job Corps is authorized under Title I, Subtitle C of WIA. The transition period for the implementation of WIA is July 1, 1999 to June 30, 2000. JTPA will be repealed on July 1, 2000. Appropriations for FY1998 under JTPA were \$1.2 billion.

Eligibility Requirements¹

Under JTPA, eligible individuals are “economically disadvantaged” youths aged 16 through 24 who live in a “disorienting” environment and are in need of additional education, vocational training, and related supportive services to accomplish regular school work, qualify for other suitable training programs, satisfy Armed Forces requirements, or secure and hold “meaningful employment.”² **Note:** Only 20% of enrollees may be older than 21 years.

JTPA defines an economically disadvantaged person as one who (a) receives cash welfare or is a member of a family that receives cash welfare;³ (b) receives food stamps or is a member of a family who was eligible to receive food stamps in the previous 6 months; (c) has family income for the preceding 6 months⁴ no higher than the poverty level established in accordance with criteria established by the Director of the Office of Management and Budget (OMB) (a limit in 1999 throughout the 48 contiguous states⁵ of \$16,700 for a family of four persons and \$8,240 for a single person) or no higher than 70% of the lower living standard income level (LLSIL) (a ceiling that ranged, effective on May 14, 1999, from \$16,830 in non-metropolitan areas of the South to \$26,110 in metropolitan areas of Hawaii and Guam, for a family

¹ Job Corps regulations under JTPA are found at 20 C.F.R. Part 638 (1998). This program is no. 17.250 in the Catalog of Federal Domestic Assistance. The interim final Job Corps regulations under WIA are found in the *Federal Register* of April 15, 1999, p. 18750.

² Eligible for WIA are “low-income” individuals aged 16-24 who are any of the following: deficient in basic literacy skills; homeless; a school dropout; a runaway or a foster child; a parent; an individual who requires additional assistance to complete an educational program or to secure employment. WIA’s definition of “low income” is similar to the JTPA definition of “economically disadvantaged” (see text).

³ Aid to Families with Dependent Children (AFDC) and its successor, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), General Assistance (sometimes known as Home Relief), or Emergency Assistance.

⁴ Excluded from counted family income are unemployment compensation, child support payments, and welfare benefits.

⁵ Poverty income guidelines are 25% higher in Alaska, 15% higher in Hawaii.

of four);⁶ (d) is a foster child on behalf of whom state or local government payments are made; or (e) is a handicapped adult whose own income meets the program limit but whose family's income exceeds it. The program has no asset rules. Enrollees may remain in Job Corps for up to 2 years; the average stay is about 7 months.

Benefit Levels

Under both JTPA and WIA, Job Corps enrollees are served primarily in residential centers where they receive basic education, vocational skills training, counseling, work experience, and health services. Enrollees receive personal allowances while participating in the program and readjustment allowances upon successful completion of the program. Job Corps centers are required to provide child day care, to the extent practicable, at or near the centers.

Both JTPA and WIA forbid welfare programs other than AFDC/TANF and SSI to take its allowances, earnings, and payments into account in determining benefits. (The repealed program of AFDC permitted a state, for no more than 6 months, to disregard JTPA earnings of an AFDC child.) The mandatory disregard of JTPA income applies to veterans' pensions, Food Stamps, child nutrition programs, housing benefits, and any other need-based aid established *outside* the Social Security Act.⁷ However, earnings received by on-job-training participants age 19 or older are considered earned income in the Food Stamp program.

Note: For further information about Job Corps under JTPA see: CRS Report 94-862, *The Job Training Partnership Act: A Compendium of Programs*, by Molly R. Forman and Ann M. Lordeman.. For further information about Job Corps under WIA see: CRS Report 97-536, *Job Training Under the Workforce Investment Act: An overview*, by Ann Lordeman.

⁶ For complete LLSIL tables, see page 31 of this report.

⁷ Job Training Partnership Act, Section 142. Workforce Investment Act, Section 181. These two sections are identical except for the use of "title" in WIA, for "Act" in JTPA.

71. Adult Training Program (JTPA Title II-A)

Note: Effective July 1, 2000, this program will be repealed. Its replacement is a new training program for adults that has no income test (Adult Activities under Subtitle B, Chapter 5 of the Workforce Investment Act).¹

Funding Formula

Title II-A of JTPA provides 100% federal funding for this program, as amended by Public Law 102-367 in 1992. FY1998 appropriations were \$955 million.

Eligibility Requirements²

Individuals 22 years of age and older are eligible. The law requires that at least 90% of participants be “economically disadvantaged.” It defines an *economically disadvantaged* person as one who (a) receives cash welfare or is a member of a family that receives cash welfare;³ (b) receives food stamps or is a member of a family who was eligible to receive food stamps in the previous 6 months; (c) has family income for the preceding 6 months⁴ no higher than the poverty level established in accordance with criteria established by the Director of the Office of Management and Budget (OMB) (a limit in 1999 throughout the 48 contiguous states⁵ of \$16,700 for a family of four persons and \$8,240 for a single person) or no higher than 70% of the lower living standard income level (LLSIL) (a ceiling that ranged, effective on May 14, 1999, from \$16,830 in non-metropolitan areas of the South to \$26,110 in metropolitan areas of Hawaii and Guam, for a family of four);⁶ (d) is a foster child on behalf of whom state or local government payments are made; or (e) is a handicapped adult whose own income meets the program limit but whose family’s income exceeds it. The program has no asset rules.

¹ The transition period for implementation of the Workforce Investment Act (WIA) (P.L. 105-220) is July 1, 1999 to June 30, 2000. Effective July 1, 2000 at latest, the JTPA adult training program will be replaced by WIA’s Adult Activities program. The new program lowers the age of “adult” to 18 years and imposes no income test; however, it requires priority for recipients of cash welfare and other “low income” persons in the event of limited funds.

² Regulations for the JTPA adult training program are found at 20 C.F.R. Part 628 (1998). This program is no. 17.250 in the Catalog of Federal Domestic Assistance. The interim final regulations for Adult Activities under WIA are found in the *Federal Register* of April 15, 1999, p. 18704.

³ Aid to Families with Dependent Children (AFDC) and its successor, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), General Assistance (sometimes known as Home Relief), or Emergency Assistance.

⁴ Excluded from counted family income are unemployment compensation, child support payments, and welfare benefits.

⁵ Poverty income guidelines are 25% higher in Alaska, 15% higher in Hawaii.

⁶ For complete LLSIL tables, see page 31 of this report.

Up to 10% of participants may be adults who are *not* economically disadvantaged provided that they face significant barriers to employment (hard-to-serve). As examples of such persons, the law cites those with limited English-speaking abilities, school dropouts, the disabled, recipients of cash welfare payments (including AFDC/TANF recipients), homeless individuals, or offenders. At least 65% of economically disadvantaged participants must also be in at least one of the hard-to-serve categories.

Benefit Levels

Title II-A of JTPA authorizes a full range of training services and supportive services based on an assessment of skills and services needs for each participant, the development of a service strategy to determine employment and achievement goals and appropriate services, and a review of participant progress. Direct training services may include: basic skills training including remedial education, literacy training, and English-as-a-second-language training; on-the-job training; and work experience. Other direct services for adults include classroom training, skill upgrading and retraining, entrepreneurial training, and job and career counseling. Training-related and supportive services for adults may include: job search assistance; outreach; supportive services such as transportation and child care; financial assistance; and follow-up services.

JTPA law forbids welfare programs other than AFDC/TANF and SSI to take allowances, earnings, and payments from JTPA programs for disadvantaged adults and youth into account in determining benefits. (The repealed AFDC program permitted a state, for no more than 6 months, to disregard JTPA earnings of an AFDC child.) The mandatory disregard of JTPA applies to veterans' pension, Food Stamps, child nutrition programs, housing benefits, and any other needs-based aid established *outside* the Social Security Act.⁷ However, an exception applies to Food Stamp recipients, aged 19 or older, who are enrolled in on-job-training. Earnings from JTPA on-the-job training are considered earned income for purposes of the Food Stamp program.

Note: For more information about the adult and youth training programs under JTPA see: CRS Report 94-862, *The Job Training Partnership Act: A Compendium of Programs*, by Molly R. Forman and Ann M. Lordeman. For more information about the programs under WIA see: CRS Report 97-536, *Job Training Under the Workforce Investment Act: An Overview*, by Ann Lordeman.

⁷ Job Training Partnership Act, Section 142. Workforce Investment Act, Section 181. These two sections are identical except for the use of "title" in WIA, for "Act" in JTPA.

72. Summer Youth Employment and Training Program

Note: Effective July 1, 2000, this program will be repealed as a separately funded entity. However, under the new Workforce Investment Act (WIA), local areas will be required to provide summer youth employment opportunities under Youth Activities of WIA.¹

Funding Formula

Title II-B of the Job Training Partnership Act (JTPA), P.L. 97-300 as amended, provides 100% federal funding for this program. FY1998 appropriations were \$871 million.

Eligibility Requirements²

The law makes eligible youths aged 14-21 who are “economically disadvantaged” or who were eligible for free school meals³ during the last school year. Youth may be concurrently enrolled in both the summer youth program and in the year-round Youth Training Program (program no. 73). Before summer 1994, eligibility was restricted to economically disadvantaged youths who were (1) unemployed, underemployed, or in school and (2) at least 16 years old (14 years old at local option).⁴

The law defines an *economically disadvantaged* person as one who (a) receives cash welfare or is a member of a family that receives cash welfare;⁵ (b) receives food stamps or is a member of a family who was eligible to receive food stamps in the previous 6 months; (c) has family income for the preceding 6 months⁶ no higher than the poverty level established in accordance with criteria established by the Director of the Office of Management and Budget (OMB) (a limit in 1999 throughout the 48 contiguous states⁷ of \$16,700 for a family of four persons and \$8,240 for a single person) or no higher than 70% of the lower living standard income level (LLSIL) (a

¹ The transition period for the implementation of WIA (P.L.105-220) is July 1, 1999 to June 30, 2000. JTPA will be repealed on July 1, 2000. Under WIA local areas will be required to provide summer youth employment activities in their program of Youth Activities.

² Regulations are found at 20 C.F.R. Part 628 (1998). This program is no. 17.250 in the Catalog of Federal Domestic Assistance.

³ Income limit for free lunches is 130% of the poverty guideline.

⁴ WIA restricts eligibility for Youth Activities to low-income persons. Its definition of low income is similar to that of JTPA for “economically disadvantaged.” See text.

⁵ Aid to Families with Dependent Children (AFDC) and its successor, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), General Assistance (sometimes known as Home Relief), or Emergency Assistance.

⁶ Excluded from counted family income are unemployment compensation, child support payments, and welfare benefits.

⁷ Poverty income guidelines are 25% higher in Alaska, 15% higher in Hawaii.

ceiling that ranged, effective on May 14, 1999, from \$16,830 in non-metropolitan areas of the South to \$26,110 in metropolitan areas of Hawaii and Guam, for a family of four);⁸ (d) is a foster child on behalf of whom state or local government payments are made; or (e) is a handicapped adult whose own income meets the program limit but whose family's income exceeds it. The program has no asset rules.

Benefit Levels

The program provides education, training, and summer jobs that pay the applicable minimum wage. The JTPA forbids welfare programs other than AFDC and SSI to take its allowances, earnings, and payments into account in determining benefits.⁹ AFDC law permits a state, for no more than 6 months, to disregard JTPA earnings of an AFDC child. Earnings received by on-job-training participants age 19 or older are considered earned income for purposes of the Food Stamp program, however.

Note: For more details about the summer youth employment and training program, see: CRS Report 94-862, *The Job Training Partnership Act: A Compendium of Programs*, by Molly R. Forman and Ann M. Lordeman. For more information about the programs under WIA see: CRS Report 97-536, *Job Training Under the Workforce Investment Act: An Overview*, by Ann Lordeman.

⁸ For complete LLSIL tables, see page 31 of this report.

⁹ Job Training Partnership Act, Section 143.

73. Senior Community Service Employment Program

Funding Formula

Funds are allotted to states based on a formula with three elements: a hold harmless to the 1978 level of funding; a state's relative share of persons aged 55 years and older; and a state's relative per capita income. The law provides 90% federal funding (up to 100% in disaster or economically depressed areas) for this program. The nonfederal share can be cash or in kind. Appropriated for FY1998 was \$440 million.

Eligibility Requirements¹

Title V of the Older Americans Act makes eligible for the Senior Community Service Employment Program (SCSEP) persons aged at least 55 with low incomes. The Act defines low income as not exceeding 125% of the poverty guidelines established by the Department of Health and Human Services (HHS). Department of Labor (DOL) regulations provide eligibility for a person who is a resident of the state and a member of a family that either (a) received countable income in the previous 6 months on an annualized basis, or actual income during the preceding 12 months, whichever is most beneficial to the applicant, that is not higher than 125% of the HHS poverty guidelines or (b) receives regular cash welfare payments. The 1999 income eligibility ceilings are \$10,300 for an individual and \$13,825 for a two-person family (higher in Alaska and Hawaii).

Regulations give first priority to persons with the greatest economic need, second priority to persons aged 60 years or older, and third priority to eligible persons seeking reenrollment within a year of leaving the program because of no fault of their own or illness. Regulations forbid an upper age limit, and they require annual recertification of income.

The DOL instructions¹ require SCSEP project sponsors to disregard various kinds of income of applicants and recipients, including welfare payments, disability payments, one-quarter of Social Security benefits, unemployment benefits, trade adjustment benefits, capital gains, the first \$3,000 in dividend and interest income, certain veterans' benefits, one-time unearned income payments or unearned income payments of fixed duration. In addition, \$500 of otherwise includable income is not counted as annual family income for reenrollees who were previously dropped from the program because of illness or movement to unsubsidized employment. However, support received from absent family members, such as adult children supporting their aged parents, *is* included in deciding eligibility.

¹ Regulations are found in 20 C.F.R. Part 641 (1998). This program is no. 17.235 in the Catalog of Federal Domestic Assistance.

¹ Older Workers' Bulletin, No. 95-5 (June 20, 1995), published by DOL.

Benefit Levels

Participants are placed in part-time community service jobs, for which their wages are subsidized by the federal government; and, when possible, project sponsors are encouraged to place enrollees in unsubsidized jobs. Upon placement in a job, enrollees receive no less than the highest of: the federal minimum wage, the state or local minimum wage, or the prevailing wage paid by the same employer for similar public occupations. Hours of unsubsidized work per enrollee are limited to 1,300 in any 12-month period. For the 1997-1998 program year wages under the program averaged \$5.36 per hour.

Note: For more information, see: CRS Report 95-244, *Senior Community Service Employment Program: Background, FY1996 Budget Request, and 104th Congress Legislation*, by Carol O'Shaughnessy, and CRS Report 95-917, *Older Americans Act: Programs and Funding*, by Carol O'Shaughnessy and Celinda Franco.

74. Youth Training Program (JTPA Title II-C)

Note: Effective July 1, 2000, this program will be repealed. Its replacement is a new training program (Youth Activities under Subtitle B, Chapter 4 of the Workforce Investment Act).¹

Funding Formula

Title II-C of JTPA provides 100% federal funding for this program, established by Public Law 102-367). FY1998 appropriations were \$130 million.

Eligibility Requirements²

Eligible participants are (a) *in-school* youths age 16-21 (or 14-21 if included in the job training plan) who are economically disadvantaged, participating in a Chapter 1 compensatory education program under the Elementary and Secondary Education Act, or eligible for a free meal under the National School Lunch Act during the most recent school year³ and (b) *out-of-school* youths, ages 16-21, who are economically disadvantaged. The law requires that at least 90% of participants be “economically disadvantaged.”⁴

The law defines an *economically disadvantaged* person as one who (a) receives cash welfare or is a member of a family that receives cash welfare;⁵ (b) receives food stamps or is a member of a family who was eligible to receive food stamps in the previous 6 months; (c) has family income for the preceding 6 months⁶ no higher than the poverty level established in accordance with criteria established by the Director of the Office of Management and Budget (OMB) (a limit in 1999 throughout the 48 contiguous states⁷ of \$16,700 for a family of four persons and \$8,240 for a single person) or no higher than 70% of the lower living standard income level (LLSIL) (a ceiling that ranged, effective on May 14, 1999, from \$16,830 in non-metropolitan

¹ The transition period for the implementation of WIA (P.L. 105-220) is July 1, 1999 to June 30, 2000. JTPA will be repealed on July 1, 2000.

² Regulations for the JTPA youth program are found at 20 C.F.R. Part 628 (1998). This program is no. 17.250 in the Catalog of Federal Domestic Assistance. The interim final regulations for WIA’s Youth Activities program are found in the *Federal Register* of April 15, 1999, p. 18713.

³ Unlike the JTPA program, the WIA Youth Activities program does not give automatic eligibility to persons eligible to receive a free school meal.

⁴ WIA restricts eligibility for Youth Activities to low-income persons. Its definition of low income is similar to that of JTPA for “economically disadvantaged.” See text.

⁵ Aid to Families with Dependent Children (AFDC) and its successor, Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), General Assistance (sometimes known as Home Relief), or Emergency Assistance.

⁶ Excluded from counted family income are unemployment compensation, child support payments, and welfare benefits.

⁷ Poverty income guidelines are 25% higher in Alaska, 15% higher in Hawaii.

areas of the South to \$26,110 in metropolitan areas of Hawaii and Guam, for a family of four);⁸ (d) is a foster child on behalf of whom state or local government payments are made; or (e) is a handicapped adult whose own income meets the program limit but whose family's income exceeds it. The program has no asset rules.

Up to 10% of participants may be youth who are not economically disadvantaged provided that they face significant barriers to employment (hard-to-serve). As examples of such persons, the law cites those with limited English-speaking abilities; school dropouts; teenage parents; the disabled, including learning disabled; homeless or runaway youths; or offenders. At least 65% of economically disadvantaged participants must also be in at least one of the hard-to-serve categories.

Benefit Levels

Title II-C of JTPA authorizes a full range of training services and supportive services based on an assessment of skills and services needs for each participant, the development of a service strategy to determine employment and achievement goals and appropriate services, and a review of participant progress. Direct training services may include: basic skills training including remedial education, literacy training, and English-as-a-second-language training; on-the-job training; and work experience. Other direct services for youth include tutoring and study skills training, instruction leading to a high school diploma or equivalent, and school-to-work transition support. Training-related and supportive services for youth may include: job search assistance; supportive services such as transportation and child care; drug and alcohol abuse counseling; services to encourage involvement of parents, spouses, and other significant adults. Also, the law authorizes cash incentives for youth based on their attendance and performance.

JTPA law forbids welfare programs other than AFDC and SSI to take allowances, earnings, and payments from JTPA programs for disadvantaged adults and youth into account in determining benefits. AFDC law permits a state, for no more than 6 months, to disregard JTPA earnings of an AFDC child. The mandatory disregard of JTPA applies to veterans' pensions, food stamps, child nutrition programs, housing benefits, and any other needs-based aid established *outside* the Social Security Act.⁹ However, an exception applies to food stamp recipients, aged 19 or older, who are enrolled in on-job-training. Earnings from JTPA on-the-job training are considered earned income for purposes of the Food Stamp program.

Note: For more information about the adult and youth training programs under JTPA, see: CRS Report 94-862, *The Job Training Partnership Act: A Compendium of Programs*, by Molly R. Forman and Ann M. Lordeman. For more information about the programs under WIA see: CRS Report 97-536, *Job Training Under the Workforce Investment Act: An Overview*, by Ann Lordeman.

⁸ For complete LLSIL tables, see page 31 of this report.

⁹ Job Training Partnership Act, Section 134.

75. Foster Grandparents

Funding Formula

The Domestic Volunteer Service Act of 1973, as amended (P.L. 103-82) provides 90% federal funding for developing and/or operating a foster grandparents project (up to 100% in special situations). The local project may provide its matching share in kind or cash. Appropriated for FY1998 was \$88 million.

Eligibility Requirements¹

The law makes eligible as foster grandparents low-income persons who are at least 60 years old and no longer in the regular workforce.² Individuals must have an income that does not exceed 125% of the poverty line,³ or in the case of volunteers living in areas determined by the Corporation to be of a higher cost of living, not more than 135% of the poverty line.⁴

Benefit Levels

The law requires a stipend for low-income volunteers plus transportation and meal costs. The stipend is set at \$2.55 per hour. Stipends are tax-free and cannot be treated as wages or compensation for the purposes of any public benefit program. Volunteers also receive annual physical examinations and accident and personal liability insurance.

Note: For more information about the Foster Grandparent program, see: CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*, by Ann M. Lordeman and Alice D. Butler.

¹ Regulations are found in 45 C.F.R. Part 1208 (1998). This program is no. 94.011 in the Catalog of Federal Domestic Assistance.

² Originally limited to low-income seniors, the program was amended in 1986 (P.L. 99-551) to permit non-low-income persons to become foster grandparents, but not to receive a stipend.

³ In 1999, this limit is \$10,300 for a single person and \$13,825 for a two-person family in the 48 contiguous states (higher in Alaska and Hawaii).

⁴ Income eligibility levels are based on the poverty guidelines issued yearly by the Department of Health and Human Services and are published by the Corporation in the *Federal Register*.

76. Senior Companions

Funding Formula

The Domestic Volunteer Service Act of 1973, as amended (P.L. 103-82) provides 90% federal funding for developing and/or operating a senior companion project (up to 100% in special situations). The local project may provide its matching share in kind or cash. Appropriated for FY1998 was \$31 million.

Eligibility Requirements¹

The law makes eligible as senior companions persons at least 60 years old and no longer in the regular workforce.² Individuals must have an income that does not exceed 125% of the poverty line,³ or in the case of volunteers living in areas determined by the Corporation to be of a higher cost of living, not more than 135% of the poverty line.⁴

Benefit Levels

The law requires a stipend for low-income volunteers plus transportation and meal costs. The stipend is set at \$2.55 per hour. Stipends are tax-free and cannot be treated as wages or compensation for the purposes of any public benefit program. Volunteers also receive annual physical examinations and accident and personal liability insurance.

Note: For more information about the Senior Companion program, see: CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*, by Ann M. Lordeman and Alice D. Butler.

¹ Regulations are found in 45 C.F.R. Part 1207 (1998). This program is no. 94.016 in the Catalog of Federal Domestic Assistance.

² Originally limited to low-income seniors, the program was amended in 1986 (P.L. 99-551) to permit non-low-income persons to become senior companions, but not to receive a stipend.

³ In 1999, this limit is \$10,300 for a single person and \$13,825 for a two-person family in the 48 contiguous states (higher in Alaska and Hawaii).

⁴ Income eligibility levels are based on the poverty guidelines issued yearly by the Department of Health and Human Services and are published by the Corporation in the *Federal Register*.

77. Welfare-to-Work Grants and Job Opportunities and Basic Skills Training Program (JOBS)

Note: No part of the original TANF block grant was earmarked for work programs, but in 1997, Congress added a 2-year \$3 billion program of welfare-to-work (W-t-W) grants to help states meet TANF work requirements. This entry first describes the W-t-W program and then summarizes the JOBS program that preceded it.

Funding Formula

The Balanced Budget Act of 1997 (P.L. 105-33) created a \$3 billion welfare-to-work (W-t-W) grant program for 2 years, FYs 1998 and 1999 (and gave states 3 years from the date of an award in which to spend W-t-W funds). In late 1999, Congress cut funds setaside for W-t-W performance bonuses by \$50 million (Consolidated Appropriations Act, P.L. 106-113, enacted on November 9). After revised setasides,¹ 75% of W-t-W funds are designated for matching formula grants (66.7% federal matching rate) and 25% for competitive grants. Although W-t-W is a component of TANF (Section 403(a)(5) of the Social Security Act), it is administered by the Department of Labor (DOL). Formula grants are allocated by DOL to states on the basis of their shares of the national adult TANF population and the poverty population. States must distribute 85% of the formula grants to local workforce investment areas; at least half of the state's substate allocation formula must be based on the workforce investment area's "high poverty" population,² and the rest on its population of long-term welfare recipients and/or unemployed persons. Competitive grants are made to local workforce investment boards, other local government entities, and private entities that apply in conjunction with one of the former. Appropriated for FY1998 was \$1.1 billion in formula grants and \$368 million in competitive grants. Outlays fell far short of these amounts.

Eligibility Requirements³

W-t-W funds are focused on hard-to-employ TANF recipients. As originally enacted, 70% of funds had to be used for the benefit of TANF recipients (and non-custodial parents) with at least two specified barriers to work who themselves (or whose minor children) were long-term recipients (30 months of AFDC/TANF benefits) or were within 12 months of reaching the TANF 5-year time limit or a

¹ Setasides: Performance bonuses, \$50 million (down from \$100 million in original law); Indian tribe programs, \$15 million for FY1998, \$1.5 million for FY1999; W-t-W program evaluations, \$9 million and \$900,000, respectively; and abstinence program evaluations, \$3 million and \$300,000, respectively. Note: The FY1999 reductions for Indian tribes, W-t-W evaluations, and abstinence education evaluations, made in P.L. 106-113, appear to have been made in error.

² Defined as the number of persons in poverty in excess of 7.5% of the area's total population.

³ Interim final regulations for W-t-W grants are found in the *Federal Register*, November 18, 1997, pages 61587-61613. This program is no. 17.253 in the Catalog of Federal Domestic Assistance.

shorter state time limit. The target groups had to have at least two of these three work impediments: lack a high school diploma *and* have low skills in reading or mathematics, require substance abuse treatment for employment, and/or have a poor work history.⁴ As revised by P.L. 106-113, W-t-W eligibility is liberalized. Effective July 1, 2000, states may incur obligations for payment from formula grant allotments (and use state matching funds) on behalf of four new groups: long-term TANF recipients without specified work barriers, former foster care youths 18 to 24 years old, TANF recipients who are determined by criteria of the local private industry council to have significant barriers to self-sufficiency, and non-TANF custodial parents with income below the poverty line.⁵

The 1999 law also changed rules concerning W-t-W for non-custodial parents. Eligible under the new rules are noncustodial parents who are unemployed, underemployed, or having difficulty paying child support, provided (a) their minor child (or the child's custodial parent) is a long-time TANF recipient or within 12 months will become ineligible because of a TANF time limit, or the child is receiving income-tested aid (TANF, food stamps, SSI, Medicaid or S-CHIP) or recently received TANF and (b) provided the non-custodial parent is in compliance with an oral or written personal responsibility contract.

The expanded eligibility rules take effect on January 1, 2000 for competitive grants (and, as noted above, on July 1, 2000 for formula grants). However, federal expenditures from formula grants for the newly eligible groups may not be made until October 1, 2000.

Benefit Levels

Activities that may receive W-t-W funds are: the conduct and administration of community service or work experience programs; job creation through wage subsidies, on-the-job training, contracts with providers of readiness, placement, and post-employment services, job vouchers for placement, readiness, and post-employment services, job retention or support services if these services are not otherwise available; and, added by P.L. 106-113, up to 6 months of vocational educational or job training (however, vocational educational or job training does not become an allowable formula grant activity until July 1, 2000).

As of October 31, 1999, approximately \$2.7 billion had been awarded through formula grants to states and competitive grants to localities for FY1998 and FY1999.⁶

⁴ The President's FY2000 budget proposed a \$1 billion reauthorization of W-t-T, earmarking 20% of formula grants for non-custodial parents and relaxing the targeting rules to include persons with only one work barrier among six. Congress did not extend W-t-W or increase its funding, but it did liberalize eligibility in various ways and expand the list of allowable activities. See text.

⁵ These eligibility changes take effect January 1, 2000 for competitive grants.

⁶ In total, \$2 billion in federal W-t-W funds were awarded in formula grants to states (48 formula grants in FY1998 and 45 in FY 1999) and \$712 million in competitive grants were awarded to localities and nonprofit organizations.

However, at that time, states and localities (and other competitive grantees) had spent only \$314 million of federal W-t-W funds.

The law specifies that a work activity operated with W-t-W funds may not violate an existing contract for services or a collective bargaining agreement and that a W-t-W worker cannot fill a vacancy that results from reducing the hours of a job to less than full time.

Note: For more detail, see CRS Report 98-62, *Welfare Reform: the Welfare-to-Work Grant Program*, by Christine Devere and Gene Falk.

Job Opportunities and Basic Skills Training Program (JOBS)

Funding Formula

The Social Security Act offered matching JOBS funds as a “capped entitlement” limited to \$1.1 billion in FY1994, \$1.3 billion in FY1995, and \$1 billion annually thereafter. JOBS funds were allocated among the states (and the District of Columbia and the outlying areas) by a two-step process: The first \$126 million was distributed on the basis of each jurisdiction’s share of the FY1987 appropriation for the Work Incentive Program (WIN), the work/training program that preceded JOBS. Remaining JOBS funds were distributed on the basis of each jurisdiction’s share of the AFDC adult population. (Allocations of more than 20 states were reduced to provide direct allocations, 100% federally funded, to Indian tribes and Alaska Native organizations that operated their own JOBS programs.)⁷ The federal matching rate for the WIN-derived sum was 90%; the matching rate for remaining funds ranged from 60% to 78% in FY1996, varying inversely with state per capita income, for spending on nonadministrative JOBS activities and costs of full-time personnel, but was 50% for other administrative costs.⁸ Matching rates were to be reduced if states failed to spend 55% of funds on specified groups or failed to achieve participation standards.⁹ In FY1996, federal funds paid 60% of total JOBS costs. Federal JOBS obligations totaled \$878 million, \$122 million below the \$1 billion appropriated for

⁷ As of early 1995, 84 Indian tribes and Alaska Native organizations in 24 states operated JOBS programs. PL. 104-193, which replaced JOBS with TANF, provides that the HHS Secretary shall pay eligible Indian tribes a special grant for work activities equal to their FY1994 JOBS grant, and it appropriates this sum (\$7.6 million) for each of 6 fiscal years. These JOBS-derived work programs now are called Native Employment Works (NEW) programs.

⁸ Child care expenses of JOBS participants (and other AFDC working parents) were reimbursed as a separate, open-ended entitlement at the Medicaid matching rate, which ranged from 50 to 78.07% among states in FY1996. Transportation and other work-related expenses of JOBS participants were reimbursed at a rate of 50%, subject to the JOBS entitlement cap.

⁹ The Family Support Act required that 60% of non-exempt two-parent (AFDC-UP) families participate in JOBS in FY1996, generally by spending at least 16 hours weekly in work or on-the-job training (up from 40% in FY1994 and 50% in FY1995). Minimum participation rates for other families expired after FY1995.

the year. Only 22 states spent enough of their own funds to receive their full JOBS allocation.

Eligibility Requirements¹⁰

Required to participate in JOBS, provided resources allowed, were AFDC recipients whose youngest child was at least 3 (at state option, 1),¹¹ with priority for volunteers in target groups. The target groups were custodial parents under age 24 without a high school diploma or recent work history, parents enrolled for 36 months (out of 60), and those in which the youngest child was at least 16 years old (and, hence, within 2 years of losing AFDC eligibility).

According to HHS, 1.9 million (57%) of the 4.4 million adult recipients of AFDC in FY1995 were exempt from required JOBS participation. In addition to parents of children under age 3, the law exempted persons who were ill, incapacitated, or aged; those needed in the home because of illness or incapacity of a household member; children under 16 and in school full time; and persons employed at least 30 hours weekly. The law stipulated that schooling, work, or training could not be required of mothers with preschoolers unless day care were provided, reimbursed, or otherwise “guaranteed,” and that they could not be required to work more than 20 hours a week.

Benefit Levels

Each state’s JOBS program was required to include specified educational activities, job skills training, job readiness activities, job development and placement, plus two of the four following activities: group and individual job search, on-the-job training, work supplementation program, community work experience (work relief) program (or another program of approved work experience). The required educational components were high school or equivalent education, basic and remedial education “to achieve a basic literacy level,” and education for persons with limited English proficiency. The law specified that most high school dropouts under age 20 must be required to return to school before being sent to a job, and it permitted states to enroll AFDC recipients in postsecondary education in “appropriate cases.” According to state 1995-1996 JOBS plans, all jurisdictions except three (Michigan, Nevada, and Oregon) permitted postsecondary education for JOBS participants. Several states set an unqualified 2-year limit on postsecondary education; some permitted longer study (sometimes for part-time enrollment); and many specified that no postgraduate study was to be allowed.

In FY1996, the last full year of JOBS, the average monthly number of AFDC adults engaged in JOBS activities was 665,000. About 47% of JOBS participants

¹⁰ JOBS regulations were found at 45 C.F.R. Part 250 (1996). This program was No. 93.561 in the Catalog of Federal Domestic Assistance.

¹¹ As of August 1996, three jurisdictions required parents to participate in JOBS when their youngest child reached age 2 (Connecticut, New Jersey, and Virgin Islands) and fourteen, age 1 (Arizona, Arkansas, Colorado, Indiana, Louisiana, Michigan, Montana, Nebraska, Oklahoma, Oregon, South Carolina, South Dakota, Wisconsin, and Wyoming).

engaged in education or training, compared with 56% in FY1995. (Postsecondary education accounted for 13.7% of participants.) One in seven participants (14.6%) entered a job in the survey month or preceding month, up from 12.3% the previous year, and 6% were in a community work experience or work supplementation program, up from 4.1% in FY1995. Distribution of the remaining participants: Assessment and employability planning, 10.2%; job search, 9%; job readiness, 7.4%; and other, 5%. (Data are unduplicated counts, based on the first component reported.)

States were required to guarantee child care (for children under age 13, older if the child was incapable of self care) to enable AFDC parents to participate in JOBS and to provide, or pay for, transportation and other needed work-related supportive services. States also were required to provide 12 months of transitional child care, charging an income-related fee in the last 6 months, and 6 months of transitional Medicaid benefits (and to offer another 6 months of medical aid if family income were below 185% of the poverty guideline) for those who lost AFDC eligibility because of work. A JOBS participant was permitted to refuse a job offer that would cause a net loss in the family's cash income.

78. Native Employment Works Program

Funding Formula

The 1996 welfare law (P.L. 104-193), which abolished JOBS, established the Native Employment Works (NEW) Program¹ to continue tribal work grants that existed under JOBS. It is 100% federally funded. The law appropriated \$7.6 million annually for FYs 1997-2002.² This equals the sum received by Indian tribes and Alaska native villages to operate their own JOBS programs in FY1994.

Eligibility Requirements³

The NEW program is not subject to federal definitions of TANF work activities, TANF work requirements, or to old JOBS rules. Indian tribes design their own NEW work programs, define who will be eligible, decide what benefits and services to provide, and specify the population and geographic area to be served. In program year 1997 (ending June 30, 1998) 37% of tribal grantees restricted NEW eligibility to persons who received TANF aid; 48% of NEW participants were recipients of the Bureau of Indian Affairs (BIA) General Assistance Program. About 30% of participants faced employment barriers (as an ex-offender or substance abuser, or because of poor work history). Fifteen of the 78 tribal grantees included NEW programs as part of demonstration projects under P.L. 102-477 (Indian Employment, Training, and Related Services Demonstration Act). (In addition, more than 70 Indian tribes operate their own block grant TANF programs; for these, the Secretary of Health and Human Services, with tribal participation, sets work participation rules, time limits for benefits, and penalties. Also, many tribes operate Tribal Work Experience Programs [TWEPE] for eligible recipients of BIA general assistance.)

Benefit Levels

In program year 1997, about 27% of NEW participants received child care; 37%, transportation assistance, 16%, job retention and/or work related expenses; 14%, counseling; and 3%, medical services. Major program activities included job search (17% of clients); work experience and/or on-the job training (12%); and classroom training (12%). About one-fifth of clients implemented job creation and economic development projects, which included entrepreneurial training, self-employment in forestry; home child care; after school tutoring; and telemarketing services. NEW grants per tribe averaged \$97,862.

¹ This name was given to the continued program of tribal work grants by HHS upon the recommendation of Indian tribes.

² Funding for NEW grants is deducted from the family assistance grants of states in which the Indian work programs operate.

³ Proposed regulations for NEW (45 C.F.R. Part 287) were published in the *Federal Register* on July 22, 1998, p. 39366. This program is no. 93.594 in the Catalog of Federal Domestic Assistance.

Energy Aid

79. Low-Income Home Energy Assistance Program (LIHEAP)

Funding Formula

The Low-Income Home Energy Assistance Act (Title XXVI of P.L. 97-35, as amended) provides 100% federal funding for the Low-Income Home Energy Assistance Program (LIHEAP) through annual block grants to states, the District of Columbia, more than 100 eligible Indian tribes, two commonwealths, and four territories. In addition, these funds may be supplemented with money from court-ordered oil-price overcharge settlements (distributed by the Department of Energy), state and local appropriations, and agreements with energy providers. The Department of Health and Human Services (HHS) distributes annual federal appropriations to states, eligible Indian tribes, and the outlying areas (grantees) using an allocation formula established in law.¹

P.L. 103-252, which reauthorized the program through FY1999, authorized a special fund of \$600 million a year in case of emergencies. In the same law, Congress amended LIHEAP to require that benefits and outreach activities be targeted to those with the greatest home energy *needs* (as well as costs) particularly households with young children, frail elderly, and disabled individuals. It also established a “Residential Energy Assistance Challenge” (REACH) grant program to help reduce recipients’ energy costs.

In 1998, P.L. 105-285 reauthorized LIHEAP for 5 years at “such sums as may be necessary” for FY2000 and FY2001, and \$2 billion annually for FY2002-FY2004. The law also clarifies and expands the criteria for the LIHEAP emergency contingency funding, adding a new section pertaining to natural disasters and other emergencies.

Federal outlays for LIHEAP totaled \$1.1 billion in FY1996, 1.2 billion in FY1997, and 1.1 billion in FY1998. The FY1999 omnibus appropriations bill (P.L. 105-277) provides \$1.1 billion in LIHEAP funding for FY1999, plus \$300 million in emergency funding.

¹ When federal appropriations are below \$1.975 billion, each state and the District of Columbia generally receives an allotment equal to the percentage share it received in FY1981 under the LIHEAP’s predecessor (the Low Income Energy Assistance Program); the same is true for Puerto Rico, Guam, American Samoa, the Virgin Islands, the Northern Mariana Islands, and Palau. From any federal appropriations above \$1.975 billion, states and the District of Columbia receive an allotment based on their share of residential energy expenditures by low-income households, and the various territories receive shares of a special set-aside for territorial assistance established by the HHS. Indian tribes may receive allotments directly from the HHS (rather than through a state) if the HHS determines that such payments would best serve the tribe; these allotments are equal to their share of eligible low-income households in their state (or any larger amount agreed on by the tribe and the state).

Eligibility Requirements²

States and other grantees design and administer their own programs under general federal guidelines. These guidelines set *maximum and minimum* income eligibility standards, and allow jurisdictions operating the LIHEAP to make *categorically eligible* most households receiving Aid to Families with Dependent Children (AFDC)/Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, veterans' pension, or compensation benefits.³ Income eligibility standards vary, but they may not be *above* 150% of the federal poverty income guidelines (a 1999 limit of \$25,050 for a family of four in the 48 contiguous states), or 60% of the jurisdiction's median income (adjusted for family size). In addition, they may not be *below* 110% of the federal poverty income guidelines. Eligibility for LIHEAP benefits is typically determined on a "household" basis, and grantees may establish eligibility standards in addition to income. A household can be: an individual, or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated rent payments for energy.

Benefit Levels

Grantees operating the LIHEAP decide benefit levels and the manner in which payments are made. No specific federal limitations apply to the amount of help given to a household, although, to the extent efficient administration permits, jurisdictions are required to provide the highest benefits to households with lowest incomes and highest energy costs in relation to their income. LIHEAP funds may be used to help pay residential heating or cooling costs, purchase/install low-cost weatherization materials, and assist households facing energy-related emergencies. Operating jurisdictions can use a maximum of 15% of their LIHEAP allotment for weatherization activities (or 25% if a federal waiver is granted); they also must set aside a "reasonable" portion of their allotment for energy-related emergencies (basing the set-aside on past experience).

Benefits most commonly take the form of cash payments to households, vendor "lines of credit," vouchers, and tax credits. In FY1997, some 4.3 million households are estimated to have received LIHEAP home heating benefits (the major program component) ranging from an average of \$42 to \$381.

Not all of a jurisdiction's LIHEAP allotment must be used for LIHEAP benefits in the year the allotment is received. They may use up to 10% for administrative expenses and "carry over" up to 10% for use in the following year.

Note: For more information, see: CRS Report 94-211, *The Low-Income Home Energy Assistance Program: A Fact Sheet*, by Melinda Gish.

² Regulations governing the LIHEAP are found at 45 C.F.R. Part 96, Subpart H (1998). This program is no. 93.568 in the Catalog of Federal Domestic Assistance.

³ Excluded from this categorical eligibility are: AFDC foster care children, and SSI recipients in institutions or living in shared housing (i.e., if SSI benefits have been reduced or if they are children living at home).

80. Weatherization Assistance

Funding Formula

The Energy Conservation and Production Act of 1976 (P.L. 94-385), as amended, provides 100% federal funding for weatherization assistance to low-income persons through grants administered by the Department of Energy (DOE).¹ The law provides that no more than 10% of grant funds may be used for administration. Weatherization funds are allocated among the states on the basis of several factors, including: number of heating degree days and cooling degree days, number of low-income owner-occupied and renter-occupied dwellings, percentage of total residential energy used for space heating and space cooling.

Eligibility Requirements²

All low-income households are eligible to receive weatherization assistance. As defined in the law, a low-income household is one whose (a) combined income falls at or below 125% of the poverty income guidelines set in accordance with criteria of the Office of Management and Budget (OMB) (a ceiling equal in the 48 contiguous states to \$20,875 for a family of four, effective March 1999) (at state option, the ceiling can be lifted to 150% of the poverty guideline, if the state has adopted that income limit for LIHEAP) and (b) families with a member who received cash welfare payments during the previous 12 months from Aid to Families with Dependent Children (AFDC)/Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), or state assistance programs.

Benefit Levels

Legislation allows a maximum average expenditure (\$2,002 in FY1999)³ per dwelling unit weatherized for weatherization materials, labor, and related matters (such as transportation of materials and workers; maintenance, operation and insurance of vehicles; maintenance of tools and equipment; purchase or lease of tools, equipment and vehicles; employment of on-site supervisors; and storage of weatherization materials).

¹ Weatherization assistance for low-income households may also be provided under the Low-Income Home Energy Assistance Program (LIHEAP) administered by the Department of Health and Human Services (HHS).

² Regulations governing this program are found at 10 C.F.R. Part 440 (1999). This program is no. 81.042 in the Catalog of Federal Domestic Assistance.

³ This sum is adjusted annually for price inflation.

**Table 12. Need-Based Benefits: Expenditures and Enrollment Data, by Programs and Forms of Benefits
FY1996-FY1998**

Federal Expenditures
State-Local Expenditures
Number of Recipients

Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

MEDICAL BENEFITS

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	1. Medicaid ^a	\$91,205 ^b	\$94,738 ^b	\$100,177 ^b	68,152 ^c	\$72,621 ^c	\$77,187 ^c	41,284 ^d	40,446 ^d
2. Medical care for veteran without service-connected disability ^e	8,967 ^f	9,220 ^f	9,603 ^f	g	g	g	158	n/a	153
3. General Assistance (medical care component) ^h	0	0	0	5,437	5,268	4,956	n/a	n/a	n/a
4. Indian health services ⁱ	1,984	2,057	2,099	0	0	0	1,402 ^j	1,430 ^j	1,458 ^j
5. Maternal and child health services block grant	679	681	678	426 ^k	424 ^k	424 ^k	18,700 ^j	23,900 ^j	n/a
6. Consolidated health centers ^l	758 ^m	802	825	0	0	0	8,100 ^j	8,300 ^j	8,450 ^j
7. Title X family planning services ⁿ	193	198	204	0	0	0	4,320 ^j	4,350 ^j	4,390 ^j
8. State child health insurance program (S-CHIP) ^o	n.p.	n.p.	100	n.p.	n.p.	45	0	0	1,000 ^j
9. Medical assistance to refugees and Cuban/Haitian entrants ^o	139	90.5	93.1	0.0	0.0	0.0	42.3 ^p	31.5 ^p	30.9 ^p
Medical Care Total	103,925	107,787	113,779	74,015	78,313	82,612	q	q	q

Note: In these tables programs are listed in descending order of total 1998 expenditures. Except for sums below \$100 million, figures are rounded to the nearest million. Totals reflect rounding of smaller sums to the nearest million. N/A = means “not available.” N.P.= means no program.

CASH BENEFITS*

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	10. Supplemental Security Income (SSI)	\$28,355 ^r	\$28,667 ^r	\$29,656 ^r	\$3,710 ^s	\$3,728 ^s	\$3,945 ^s	6,894 ^t	6,984 ^t
11. Earned Income Tax Credit (EITC) ^u	20,600	23,200	25,300	0	0	0	53,706 ^v	58,143 ^v	58,197 ^v
12. TANF/AFDC ^w	12,698 ^x	12,494 ^x	11,286 ^x	10,979 ^y	10,685 ^y	10,227 ^y	12,649 ^z	10,936 ^z	8,770 ^z
13. Foster care	3,097 ^{aa}	3,692 ^{aa}	3,730 ^{aa}	2,609 ^{bb}	3,102 ^{bb}	3,303 ^{bb}	274	289	306
14. Pensions for needy veterans, their dependents and survivors	3,042	3,066	3,071	0	0	0	782 ^j	747 ^j	712 ^j
15. General Assistance (nonmedical care component) ^{cc}	0	0	0	3,147	3,200 ^{dd}	2,625 ^{dd}	767	700	n.a.
16. Adoption assistance	483 ^{ee}	605 ^{ee}	695 ^{ee}	412 ^{ff}	519 ^{ff}	590 ^{ff}	125	167	168
17. General Assistance to Indians ^{gg}	50.1	54.6	60.5	0	0	0	34.0	39.5	36.0
18. Cash assistance to refugees and Cuban-Haitian Entrants ^{hh}	62.2	35.8	44.0	0	0	0	29.7	16.4	11.6
19. Dependency and indemnity compensation and death compensation for parents of veterans (DIC)	37	33.4	29.9	0	0	0.0	20.8 ^j	18.2 ^j	16.1 ^j
20. Emergency Assistance to Needy Families with Children (EA)	1,587	n.p.	n.p.	1,587	n.p.	n.p.	215 ⁱⁱ	n.p.	n.p.
Cash Aid Total	70,011	71,848	73,872	22,444	21,234	20,690	q	q	q

*Some other programs provide aid in the form of cash intended for specific goods or services. Examples are the Low-Income Home Energy Assistance Program and educational loan and grant programs.

FOOD BENEFITS*

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	21. Food stamps ^{jj}	\$25,494 ^{kk}	\$22,868 ^{kk}	\$20,397 ^{kk}	\$1,850	\$1,904	\$1,987	26,800 ^{ll}	24,200 ^{ll}
22. School lunch program (free and reduced price segments)	4,784 ^{mm}	5,044 ^{mm}	5,196 ^{mm}	nn	nn	nn	14,600 ^{oo}	15,100 ^{oo}	15,300 ^{oo}
23. Special supplemental nutrition program for women, infants, and children (WIC)	3,688 ^{pp}	3,846 ^{pp}	3,896 ^{pp}	qq	qq	qq	7,200	7,400	7,400
24. Child and adult care food program (low-income component) ^{rr}	982 ^{ss}	1,199 ^{ss}	1,404 ^{ss}	qq	qq	qq	1,300 ^{tt}	n/a	1,800 ^{tt}
25. School breakfast (free and reduced price segments) ^{rr}	1,088	1,180	1,266	nn	nn	nn	5,700 ^{oo}	6,000 ^{oo}	6,100 ^{oo}
26. Nutrition program for the elderly (no income test) ^{uu}	618 ^{vv}	615 ^{vv}	627 ^{vv}	70 ^{ww}	70 ^{ww}	73 ^{ww}	3,023	n/a	n/a
27. The Emergency Food Assistance Program (TEFAP) ^{xx}	94	201	255	yy	yy	yy	n/a	n/a	n/a
28. Summer food service for children ^{zz}	258 ^{aaa}	258 ^{aaa}	252 ^{aaa}	qq	qq	qq	2,200 ^{bbb}	2,300 ^{bbb}	2,300 ^{bbb}
29. Commodity supplemental food program ^{ccc}	87	93	89	qq	qq	qq	357	370	377
30. Food distribution program on Indian reservations ^{ddd}	70	69	68	0	0	0	120	124	125
31. Special milk program (free part)	1	1	1	qq	qq	qq	50 ^{eee}	46 ^{eee}	41 ^{eee}
Food Aid Total	37,164	35,374	33,451	1,920	1,974	2,060	q	q	q

*See also program no. 67, Emergency Food and Shelter.

HOUSING BENEFITS*

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Families or dwelling units (total during year unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	32. Section 8 low-income housing aid	\$15,536	\$16,393	\$16,114	\$0	\$0	\$0	2,953 ^{fff}	2,943 ^{fff}
33. Home investment partnerships (HOME) ^{ggg}	1,367	1,373	1,461	2,443	2,444	2,601	71 ^{hhh}	73 ^{hhh}	75 ^{hhh}
34. Low-rent public housing ⁱⁱⁱ	4,241	4,384	3,899	ⁱⁱⁱ	ⁱⁱⁱ	ⁱⁱⁱ	1,395 ^{fff}	1,372 ^{fff}	1,295 ^{fff}
35. Rural housing loans (Section 502) ^{kkk}	2,716	2,706	3,830	0	0	0	40.8	40.6	54.7
36. Section 236 interest reduction	659	604	618	0	0	0	507.0 ^{fff}	494.0 ^{fff}	477.0 ^{fff}
37. Rural rental assistance payments (Section 521) ^{kkk}	541	520	541	0	0	0	40.0 ^{lll}	39.5 ^{lll}	39.0 ^{lll}
38. Rural rental housing loans (Section 515) ^{kkk}	151	153	149	0	0	0	1.9	2.5	2.5
39. Homeownership and opportunity for people everywhere (HOPE)	62.8	49	51	15.7	12.3	12.8	n/a	n/a	n/a
40. Rural housing repair loans and grants (Section 504) ^{kkk}	60.8 ^{mmm}	48.5 ^{mmm}	55.9 ^{mmm}	0	0	0	11.4 ⁿⁿⁿ	8.2 ⁿⁿⁿ	9.7 ⁿⁿⁿ
41. Section 101 rent supplements	55.9	56.4	54.8	0	0	0	20.9	20.9	20.9
42. Section 235 homeownership aid	39.5	79.5	44.6	0	0	0	68.2	60.8	52.7
43. Rural self-help technical assistance (Sections 523 and 524) ^{ooo}	17	26.5	27.1	0	0	0	n/a	n/a	n/a
44. Farm labor housing loans and grants (Sections 514 and 516) ^{kkk}	25 ^{ppp}	23.4 ^{ppp}	24.6 ^{ppp}	0	0	0	0.4	0.3	0.4
45. Indian housing improvement	13	16	16	0	0	0	0.6 ^{qqq}	0.6 ^{qqq}	0.8 ^{qqq}
46. Rural housing preservation grants (Section 533)	11	7.6	11.1	0	0	0	21.7	1.7	2.3
Housing Aid Total	25,496	26,440	26,897	2,459	2,456	2,614	^{fff}	^{fff}	^{fff}

*See also program no. 67, Emergency Food and Shelter, and program no. 63, Homeless Assistance Grants.

EDUCATION BENEFITS

	Federal expenditures ^{sss} (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients ^{ttt} (average monthly number unless otherwise indicated— in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	47. Federal Pell grants	\$6,144	\$5,660	\$6,274	\$0	\$0	\$0	3,611	3,665
48. Head Start ^{uuu}	3,569	3,981	4,347	892 ^{vvv}	995 ^{vvv}	1,087 ^{vvv}	752	794	822
49. Subsidized Federal Stafford and Stafford/Ford loans ^{www}	3,357	4,610	3,770	0	0	0	4,422	4,882	4,956
50. Federal work-study program ^{xxx}	617	617	830	0	0	0	702	691	945
51. Supplemental Educational opportunity grants ^{xxx}	583	583	583	0	0	0	1,082	1,191	991
52. Federal Trio programs ^{yyy}	463	463	500	0	0	0	672	672	685
53. Chap.I migrant education program	305	305	305	zzz	zzz	zzz	n/a	581	581
54. Perkins loans	158	93	158	0	0	0	687	674	788
55. Health professions student loans and scholarships	117	125	133	0	0	0	38.4 ^{aaaa}	38.9 ^{aaaa}	36.9 ^{aaaa}
56. Leveraging Educational Assistance Partnerships (LEAP)	63.4	31.4	50	63.4 ^{bbbb}	31.4 ^{bbbb}	50 ^{bbbb}	211	167	83
57. Fellowships for graduate and professional study ^{cccc}	33.2	30	30	0	0	0	3	1	1
58. Migrant high school equivalency program	8	7	7	zzz	zzz	zzz	3.1	3.6	3.6
59. College assistance migrant program	2.2	2	2	zzz	zzz	zzz	0.4	0.4	0.4
60. Ellender fellowships	3	1.5	1.5	0	0	0	6.4	5.3	5.3
Education Aid Total	15,423	16,509	16,989	955	1,026	1,137			

SERVICES

	Federal expenditures ^{dddd} (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	61. Social services block grant (Title XX) ^{eeee}	\$2,381	\$2,500	\$2,299	\$3,714 ^{ffff}	\$3,900 ^{ffff}	\$3,586 ^{ffff}	n/a	n/a
62. Child care and development block grant (CCDBG) ^{gggg, hhhh}	933	2,307	3,123	0	1,071	1,567	n/a	n/a	n/a
63. Homeless assistance grants	823	823	823	qq	qq	qq	n/a	n/a	n/a
64. Community service block grant	436	536	542	qq	qq	qq	n/a	n/a	n/a
65. Legal services ⁱⁱⁱⁱ	278	283	283	0	0	0	1,400	1,500	n/a
66. Social services for refugees and Cuban-Haitian entrants ⁱⁱⁱⁱ	80.8	111	130	0	0	0	85.2	83.3	94
67. Emergency food and shelter program ^{kkkk}	100	100	100	qq	qq	qq	n/a	n/a	n/a
68. Child care for AFDC recipients and ex-recipients ^{gggg}	981	n.p.	n.p.	758	n.p.	n.p.	n/a	n.p.	n.p.
69. "At-risk" child care (to avert AFDC eligibility) ^{gggg}	299	n.p.	n.p.	237	n.p.	n.p.	n/a	n.p.	n.p.
Services Total	6,312	6,660	7,300	4,709	4,971	5,153			

JOBS AND TRAINING

	Federal expenditures ^{llll} (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (total annual number unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	70. Job Corps	\$1,094	\$1,154	\$1,246	0	0	0	67.8	65.3
71. Adult training program	850 ^{mmmm}	895 ^{mmmm}	955 ^{mmmm}	0	0	0	338.6	367.3	383.3
72. Summer youth employment and training	625 ⁿⁿⁿⁿ	871 ⁿⁿⁿⁿ	871 ⁿⁿⁿⁿ	0	0	0	410.7 ^{oooo}	493 ^{oooo}	530 ^{oooo}
73. Senior community service employment	373 ^{pppp}	463 ^{pppp}	440 ^{pppp}	41.4 ^{qqqq}	51.4 ^{qqqq}	48.9 ^{qqqq}	61.5 ^{rrr}	61.5 ^{rrr}	61.5 ^{rrr}
74. Youth training program	127 ^{mmmm}	127 ^{mmmm}	130 ^{mmmm}	0	0	0	142	115.8	115.8
75. Foster grandparents	62.2	77.8	87.6	6.9 ^{qqqq}	8.6 ^{qqqq}	9.7 ^{qqqq}	21.4	25.3	27
76. Senior companions	31.2	31.1	31.2	3.5 ^{qqqq}	3.5 ^{qqqq}	3.5 ^{qqqq}	11.8	13.9	14.2
77. Welfare-to-work grants (for TANF recipients) and JOBS (AFDC recipients)	878 ^{ssss}	169	16.8 ^{ttt}	592 ^{ssss}	114 ^{ssss}	9.2 ^{ttt}	665 ^{uuuu}	n/a	n/a
78. Native employment works program	n.p.	7.6	7.6	n.p.	0	0	n.p.	6.8	6.8
Jobs and Training Total	4,040	3,796	3,785	644	178	71	1,719	1,149	1,202

ENERGY AID

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998	FY1996	FY1997	FY1998
	79. Low-income home energy assistance program (LIHEAP) ^{www}	\$1,067	\$1,221	\$1,132	\$9	n.a.	n.a.	4,300	n/a
80. Weatherization assistance ^{www}	112	121	125	63.7	63.7	63.7	95.2	165.2	167.3
Energy aid total	1,179	1,342	1,257	73	64	64	q	q	q

^aFunded program costs.

^bIncludes these sums for state-local administration: 1996, \$3,603 million; 1997, \$4,107 million; 1998, \$4,575 million.

^cIncludes these sums for administration: 1996, \$3,102 million; 1997, \$3,244 million; 1998, \$3,759 million.

^dUnduplicated annual number.

^eOn the basis of a changed method by which it records access to medical care, VA now estimates that 38% of its caseload qualify for free care by meeting an income test. Previously, it was estimated that 54% of applicants met an income test.

^fIncludes these sums for administration: 1996, \$34 million; 1997, \$33 million; 1998, \$32 million.

^gVA makes grants to states to help finance construction of some states' veterans' homes and pay per diem expenses for some veterans in state homes, but state and local expenditures are not known.

^hData from the Office of National Health Statistics, Health Care Financing Administration, U.S. Department of Health and Human Services (HHS).

ⁱIncludes these sums for administration: 1996, \$272 million; 1997, \$245 million; 1998, \$ 324 million.

^jAnnual count

^kMinimum match required by law for block grant amount. States may spend more, but data are not available.

^lAppropriations

^mIncludes funds appropriated separately before consolidation for community health centers, migrant health centers, homeless health centers, and public housing health centers.

ⁿIncludes these sums for administration: 1996, \$4.1 million; 1997, \$4.2 million; 1998, \$4.3 million.

^oIncludes these estimated sums for administration: 1996, \$21.8 million; 1997, \$21.8 million; 1998, \$19.2 million. Refugee cash and medical administrative expenditures actually are combined. Estimates are based on the proportion of benefit dollars in each program.

^pAs of September of each year.

^qBecause of a high degree of overlap (and/or in some cases, a mixture of monthly and annual numbers), recipient totals are not shown.

^rIncludes these sums for administration: 1996, \$1,896 million; 1997, \$2,148 million; 1998, \$2,269 million. Excludes these amounts for beneficiary services: 1996, \$176 million; 1997, \$ 100 million; 1998, \$46 million.

^sIncludes these estimated sums for state administration of state SSI supplements: 1996, \$42 million; 1997, \$ 52 million; 1998, \$ 63 million (estimates equal 8% of state-administered benefits).

- ^dData include recipients of nonfederally administered payments (state-administered SSI supplements only): 1996, 307,000; 1997, 400,000; 1998, 657,000.
- ^uData are from the Joint Tax Committee and refer to calendar year to which credit applied. Benefits exclude tax expenditures (reductions in tax owed), which totaled \$3,488 million in 1996, \$5,600 million in 1997, and \$4,100 million in 1998.
- ^vEstimated number during the year. Assumes three persons per tax filing unit (family). Number of families: 1996, 17,902,000; 1997, 19,381,000; 1998, 19,399,000.
- ^wFY1996 was the last full year of AFDC. Expenditures shown for FY1997, AFDC/TANF transition year, include funds for AFDC and TANF plus \$665 million (half federal funding, half state-local) in Emergency Assistance claims paid that year. FY 1998 sum includes \$617 million in old EA claims paid that year.
- ^xIncludes these sums for state-local administration: 1996, \$1,633 million; 1997, \$1,222 million; 1998, \$1,234 million. Includes these transfers of TANF funds: 1997, \$304.4 million to the Title XX Social Services Block Grant (SSBG) and \$180.5 million to the Child Care and Development Block Grant (CCDBG); 1998, \$1,174 million to SSBG and \$740 million to CCDBG.
- ^yIncludes these sums for administration: 1996, \$1,633 million; 1997, \$1,089 million; 1998, \$1,028 million.
- ^zNumber of families: 1996, 4.553 million; 1997, 3.947 million; 1998, 3.179 million. Number of children: 1996, 8.673 million; 1997, 7.301 million (estimate); 1998, 6.273 million.
- ^{aa}Includes these sums for administration, data collection, and training: 1996, \$1,594 million; 1997, \$1,968 million; 1998, \$1,789 million.
- ^{bb}Includes these estimated sums for administration, data collection, and training: 1996, \$1,320 million; 1997, \$1,626 million; 1998, \$1,655 million.
- ^{cc}Spending data relate to state fiscal years. 1996 spending data are based on reports from the U.S. Census Bureau (state and local government expenditures for noncategorical cash assistance payments). Recipient data are from the HHS, which since 1980 has not collected GA spending data.
- ^{dd}Estimates. State-funded aid in 1997 totaled \$1.268 billion (Census data). Locally-funded aid in 1997 is estimated at \$1.983 billion (61% of total, the local share reported by Census for 1996). Estimate for 1998 is based on data obtained from six states that accounted for 56% of the 1996 Census-reported total. Data from these states indicated that GA cash expenditures dropped 18% in 1998.
- ^{ee}Includes these sums for administration and training: 1996, \$122 million; 1997, \$163 million; 1998, \$182 million.
- ^{ff}Includes these estimated sums for administration and training: 1996, \$113 million; 1997, \$150 million; 1998, \$164 million.
- ^{gg}Includes these amounts for Tribal Work Experience Programs (TWEP): \$1.5 million each in 1996 and 1997 and \$3 million in 1998.
- ^{hh}Includes these estimated sums for administration: 1996, \$9.8 million; 1997, \$8.6 million; 1998, \$8.5 million. Refugee cash and medical administrative expenditures actually are combined. Estimates are based on the proportion of benefit dollars in each program.
- ⁱⁱEstimate. Assumes three persons per family. Number of families: 72,000.
- ^{jj}Data include (1) spending for state-financed benefits for non-citizens and (2) Puerto Rico's nutrition assistance program, which in July 1982 replaced the Food Stamp program there. State-local expenditures are for administration and work/training programs for food stamp recipients. State-local expenditures do not include amounts transferred to the federal government to finance benefits for non-citizens: \$100 million in 1997 and \$250 million in 1998.
- ^{kk}Includes these sums for administration and work/training programs: 1996, \$1,993 million; 1997, \$2,058 million; 1998, \$2,171 million.
- ^{ll}Includes persons receiving nutrition assistance in Puerto Rico: 1996, 1.3 million; 1997, 1.2 million; 1998, 1.2 million.

- ^{mm}Estimated cash and commodity assistance for free and reduced price lunches. Includes federal funds for state administrative expenses for school lunch and other child nutrition programs. These administrative funds totaled: 1996, \$100 million; 1997, \$104 million; 1998, \$110 million. Excludes cash assistance for “full-price” meals, which have no income test.
- ⁿⁿNot reported since 1980, when federal funds provided about half the total cost of the lunch program, and children’s meal payments, plus state/local revenues, the other half. A 1994 agriculture Department survey indicates that 40% of the total operating costs of school meal programs come from children’s meal payments and state/local government sources. The minimum state matching requirement totals just over \$200 million annually.
- ^{oo}Estimated average daily number of children receiving free and reduced-price meals in these programs.
- ^{pp}Includes these federal payments for state-local administration: 1996, \$987 million; 1997, \$1.002 billion; 1998, \$1.030 billion. “Administrative” expenses include costs of providing nutritional risk assessments, nutrition education, and other services such as breastfeeding support services. Includes funding for WIC farmers’ market program: 1996, \$7 million; 1997, \$7 million; 1998, \$13million. All figures have been adjusted for year-to-year carryovers of unspent funds.
- ^{qq}None required (except for a small amount required for farmers’ market components of WIC). Contributions unknown.
- ^{rr}Federal spending for state administrative costs included under program no. 22 (school lunch). See footnote 39.
- ^{ss}Estimates of funds (including the value of commodity assistance) for meals/snacks served to children and adults with family income not exceeding 185% of the poverty income guideline. Includes administrative payments for day care home sponsors and audit expenses: 1996, \$134 million; 1997, \$139 million; 1998, \$136million.
- ^{tt}Estimates of the number of children and adults in participating day care centers and home with family income not exceeding 185% of the federal poverty guidelines. FY 1996 estimate assumes that 30% of those in centers and 70% of those in homes have family income above 185% of the guidelines, based on meal count data and Agriculture Department surveys. Data not available for 1997. Estimate for 1998 assumes that 30% of those in centers and homes have family income above 185% of the guidelines. Data for 1996 probably underestimate the number of lower-income children serviced, and data for 1998 probably overestimate the number.
- ^{uu}The law prohibits an income test, but requires preference for those with greatest economic or social need.
- ^{vv}Sums represent appropriations of Administration on Aging (AoA) before transfer of funds among supportive service and nutrition service categories and USDA obligations of funds for the elderly commodity program, as follows: AoA appropriations, 1996, \$470 million; 1997, \$470 million; 1998, \$486 million; and USDA commodity obligations, 1996, \$148 million; 1997, \$145 million; 1998, \$141million.
- ^{ww}Estimate of funds used to match AoA grants. Law requires 15% match by states.
- ^{xx}Sums represent the value of commodities plus appropriations for state and local administrative costs and the value of “bonus” commodities provided without appropriation. Includes commodities for soup kitchens and food bank programs.
- ^{yy}States must match, in cash or in-kind, administrative grants that they do not pass along to local agencies. Amounts, if any, are not known.
- ^{zz}Appropriations. In addition, approximately \$1 million worth of commodities were donated to the program annually.
- ^{aaa}Includes payments to summer program sponsors for administrative costs and health inspection payments to states: 1996, \$24 million; 1997, \$25 million; 1998, \$27million.
- ^{bbb}July participation.
- ^{ccc}Includes amounts obligated for administration (for example, for distribution costs): 1996, \$21million; 1997, \$19 million; 1998, \$20 million. Not adjusted for inter-year transfer of funds.
- ^{ddd}Sums represent the value of purchased commodities plus administrative grants. Administrative costs: 1996, \$20 million; 1997, \$19 million; and 1998, \$21million.

- ^{eee} Average number of half-pints of free milk served daily to children whose family income does not exceed 130% of the poverty income guidelines. Excludes federally subsidized milk served without regard to child's family income.
- ^{fff} Units eligible for payment at end of fiscal year.
- ^{ggg} Amounts are funding commitments (obligations). State-local amounts assume average leveraging ratio of \$1.78 per federal HOME dollar. State-local governments may use up to 10% of federal HOME funds for administrative costs.
- ^{hhh} Consists of housing units provided, constructed, or rehabilitated by HOME funds, plus tenant-based rental assistance. Housing units: 1996, 61,943; 1997, 64,840; 1998, 67,071. Families receiving tenant-based rental assistance: 1996, 9,118; 1997, 7,799; 1998, 8,246.
- ⁱⁱⁱ Data include operating subsidies and HUD-administered Indian housing.
- ^{jjj} Localities accept payments in lieu of property taxes that are lower than normal taxes (usually equal to 10% of shelter rent). No estimate is available of the value of this benefit.
- ^{kkk} Amounts shown are obligations.
- ^{lll} Units assisted under this program also are counted under the Section 515 program (rural rental housing loans) or Section 514 program (farm labor housing loans).
- ^{mmm} Amount of rural housing repair loans and grants (Section 504) obligated: 1996, \$35.1 million in loans and \$25.7 million in grants; 1997, \$30.9 million and \$17.6, respectively; 1998, \$30.3 million and \$25.7 million, respectively.
- ⁿⁿⁿ Number of rural housing units repaired with loans and grants (Section 504): 1996, 6,006 units repaired with loans and 5,400 with grants; 1997, 4,726 and 3,492, respectively; 1998, 4,827 and 4,910, respectively. **Note:** some units may receive both a loan and a grant.
- ^{ooo} Amounts shown are self-help technical assistance grants (Section 523) and site loan obligations (Section 524). Grants: 1996, \$16.4 million; 1997, \$26.2 million; 1998, \$26.7 million. Site loan obligations: 1996, \$0.6 million; 1997, \$0.3 million; 1998, \$0.4 million.
- ^{ppp} Amount of farm labor housing loans (Section 514) and grants (Section 516) obligated: 1996, \$15 million in loans and \$10 million in grants; 1997, \$15 million and \$8.4 million, respectively; 1998, \$14.6 million and \$10 million, respectively.
- ^{qqq} Numbers represent new and repaired or renovated houses, as follows: 1996, 132 new and 444 repaired or renovated houses; 1997, 135 new and 445 repaired or renovated houses; 1998, 195 new and 654 repaired or renovated houses.
- ^{rrr} Columns are not totaled because they are a mixture of numbers: dwelling units, loans, and grants. Further, some units are assisted by more than one program.
- ^{sss} Federal expenditure data represent appropriations and, unless otherwise indicated, are based upon appropriations for the program in the school year ending in the fiscal year named. For forward-funded programs, for example, "FY1998 expenditures" are total FY1997 appropriations for the program (which generally were available for obligation from July 1, 1997 through September 30, 1998). For current-funded programs, FY1998 expenditures are FY1998 appropriations, which generally were available for obligation throughout FY1998.
- ^{ttt} Unless otherwise indicated, the number of recipients is based upon counts or estimates of program participants in the school year ending in the fiscal year named. For example, FY1998 recipients are students who participated in (or received benefits from) programs during the 1997-1998 school year, or during the summer of 1998.
- ^{uuu} Federal appropriations include funds for local administration. **Note:** Although Head Start is classified in this report as an education program, it provides many other services. It is administered by HHS rather than ED.
- ^{vvv} Estimate. Based on requirement that nonfederal funds equal 20% of total program costs (equivalent to 25% of federal sums).
- ^{www} Dollars are for the program in the fiscal year named. They are net program obligations for subsidized Stafford and Stafford/Ford loans and for two smaller loan types that have no income (need) test — (1) Supplemental Loans for Students (SLS) and its replacement, unsubsidized Stafford loans, and (2) Parent Loans to Undergraduate Students (PLUS). Costs for defaults and interest

benefits for students account for most of the total. FY1996 and 1998 net obligations are estimates. Recipient data represent number of subsidized Stafford and Stafford/Ford loans made in the fiscal year.

^{xxx}This program also receives nongovernmental funds.

^{yyy}Recipient data exclude TRIO staff who receive training.

^{zzz}Federal funds for these migrant education programs may be supplemented by states, local school districts, or public or nonprofit agencies. However, data are unavailable on this support, which is voluntary.

^{aaaa}Recipient totals: 1996, 28,250 persons received loans and 10,150 received scholarships; 1997, 28,606 loans and 10,321 scholarships; 1998, 27,447 loans and 9,495 scholarships.

^{bbbb}Estimates. Based on requirement that nonfederal funds at least equal the federal sum.

^{cccc}Data refer to the Patricia Roberts Harris and Jacob K. Javits fellowship programs, two programs begun in 1988 (grants to institutions and consortia to encourage women and minority participation in graduate education and graduate assistance in subject areas of national need), and the Faculty Development Fellowships begun in 1993. (The program of graduate assistance in subject areas of national need requires institutions to provide matching funds equal to 25% of the federal grant.) The Harris and Javits programs are being phased out and thus accept no new applicants.

^{dddd}Federal funds shown are appropriations unless otherwise indicated.

^{eeee}Augmenting the Title XX federal block grant were some federal funds transferred by states from other programs, such as TANF, LIHEAP, and the Community Services Block Grant (and reported under those programs). They are excluded here to avoid duplicate counting.

^{ffff}Rough estimates, based on voluntary survey conducted by the American Public Welfare Association in FY1990 (most recent available). Data from 31 states indicated that their state and local spending equaled 156% of their federal Title XX block grant allotments.

^{gggg}Outlays.

^{hhhh}Augmenting CDBG were some funds transferred by states from TANF (and reported under that program). They are excluded here to avoid duplicate counting.

ⁱⁱⁱⁱRecipient count represents total number of cases closed during the fiscal year. Legal Services Corporation estimates that about 5 million persons may have been represented in these cases in each year.

^{jjjj}Outlay data exclude administrative costs.

^{kkkk}Law places these limits on administrative spending: local recipient organizations, 2% of their funds; National board, 1%; state set-aside committees, 0.5%. Note: Shelters, not individuals, are fund recipients.

^{llll}Data are appropriations unless otherwise marked.

^{mmmm}Local service delivery areas may use up to 20% of their allocation and states up to 5% of their allocation, for administrative expenses.

ⁿⁿⁿⁿUp to 15% may be used for administrative expenses.

^{oooo}Total number of participants during the summer (3 months)

^{pppp}The law permits no more than 13.5% of federal funds to be used for administrative costs (but authorizes the Secretary of Labor to increase this to 15% under certain conditions).

^{qqqq}Estimate, based on general requirement that nonfederal funds equal at least one-ninth of federal funds (10% of total). State-local spending represents cash and in-kind amounts and may include some private sums.

^{rrrr}Annual number of jobs authorized.

^{ssss}Obligations for JOBS.

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^{ttt}Expenditures for welfare-to-work grants in FY1998. Federal funds: \$14.3 million in formula grants and \$2.5 million in competitive grants; state-local matching funds: \$9.2 million for formula grants (data as of Sept. 30, 1998).

^{uuuu}Average monthly number of JOBS participants in FY1996.

^{vvv}Recipient numbers are households served during the year with heating and winter crisis aid.

^{www}By law, no more than 10% of federal funds may be used for administration.