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THE RISE AND THREATENED FALL OF
SERVICE PROGRAMS FOR THE ELDERLY

A REPORT

BY THE

SUBCOMMITTEE ON FEDERAL, STATE, AND
COMMUNITY SERVICES

OF THE

SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE

TOGETHER WITH
MINORITY AND INDIVIDUAL VIEWS



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PREFACE

How shall older Americans receive social services :

As welfare clients, entitled to help only because their incomes fall below a certain level ?

As a special group, served solely through the Older Americans Act ?

As private purchasers (limited, of course, to those who can afford services, when those services can be found) ?

One of the most commonly heard complaints in the field of gerontology is that not one community in the United States has a genuinely effective coordinated service network for its elderly residents.¹

An old person who simply wants information may find that he has to go to several public or private agencies, and even then he may be unable to piece together the information into a cohesive package for practical use.

Medical services are often segregated from social services; senior centers are often used only by a small but informed minority; a number of small information and referral services, may operate in the same community unknown to each other, or ignoring each other.

Quite often, those most in need of services do not receive them because they (1) don't know about them (2) may not fall neatly into the category which will "qualify" them for one service or another or (3) cannot reach the services because they have no transportation.

Such problems have arisen partially because social services in this Nation usually develop on a one-at-a-time, meet-a-new-crisis basis. Some have traditionally been provided by voluntary agencies, such as visiting nurse services. Others have been largely provided by government, such as social service "Case" work. The task of "putting it all together" has largely been unmet for all age groups.

SOCIAL SECURITY SERVICES

For these reasons, the decision in 1962 to authorize services² for those not actually receiving welfare assistance—for those who could be regarded as potential or past recipients—was of considerable interest to those concerned about developing a service network for the elderly.

¹ At the White House Conference on Aging in December 1971, the Section on Facilities, Programs and Services declared: "In addition to adequate income, an effective network of facilities, programs and services must be readily available and accessible to permit them to exercise a wide range of options, regardless of their individual circumstances or where they happen to live." In 1969, the Gerontological Society issued a report which said that to date no community in the United States had developed a comprehensive network of services for the aging and the aged, nor had a full range of service alternatives been developed to meet the varied and changing needs of the population. See pp. 69-73, *A Pre-White House Conference on Aging Summary of Developments and Data*, issued by the Senate Special Committee on Aging, November 1971, for additional discussion.

² Through Titles I, IV, X, XIV, & XVI of the Social Security Act. See Part Two of this report for information on utilization & other details of the Social Services program.

Here was an opportunity to use significant amounts of Federal funding—75 cents out of every dollar committed—for sustained, orderly development of *systems*, not just programs or projects. Slowly, between 1962 and 1972, States began to make increasing use of the Social Security service provisions.

OLDER AMERICANS ACT

In 1972, also, the Congress and the Administration—prompted by the forthcoming expiration of the Older Americans Act³ on June 30 of that year and responding to emphatic recommendations of the White House Conference on Aging—advanced legislative proposals calling for a new strategy and increased resources to help meet service needs of the elderly.⁴

Key to the Administration strategy—adopted later by the Congress in a bill finally passed in both Houses by October 1972—was the idea of establishing a partnership approach in the delivery of services. Under the Older Americans Act, State and local units on aging—as well as new sub-State regional level units called “planning and services areas”—were to act as brokers, bringing together available services with those who need the services.

One major source of services, of course, would be those available under the Social Security amendments.

The idea was—and is—to make full use of all sources of services in order to develop comprehensive service networks intended to help, first, those older Americans most in need, and then others.

Where services did not exist, they could be developed as demonstration projects or under other authority, either in the Social Security titles or under the Older Americans Act.

Where public programs failed to offer a service, they could be purchased from private providers.

In addition to providing needed nutrition, transportation, and legal services, the Older Americans Act could provide a useful function by providing expertise and some assistance in establishing offices on aging. Such agencies, by providing day-to-day advocacy and research functions, could help develop informational services and activities that are needed even in the most affluent of communities.

However, the Administration opposed the broad range of services contained in the Older Americans Act.

Overwhelmingly supported in Congress, the proposed Older Americans Comprehensive Services Amendments were nevertheless pocket vetoed by the President on October 30. There was, however, a strong Congressional rush for reenactment of the legislation early in 1973.⁵

³ See Appendix 1 of this report for additional information on the Older Americans Act and its working relationship, present and potential, with Titles I, IV, X, XIV, and XVI of the Social Security Act.

⁴ The White House Conference on Aging Section on Government and Non-Government Organization recommended (Dec. 1, 1971) that a much stronger Federal agency on aging be established. Its recommendation was similar to that of an Advisory Council to the Senate Committee on Aging in November 1971, an Advisory Group to the Secretary of Health Education, and Welfare in early 1972, and a Presidential Task Force on Aging in April 1970.

⁵ The Senate, on February 20, 1973, passed a revised version of the 1972 Older Americans Act amendments.

REVENUE SHARING

Still another possible source of support for service programs emerged in 1972: revenue-sharing. With high-level encouragement,⁶ the elderly were urged to seek a fair share from this new experiment.

As for revenue-sharing, there is little reason to believe—at this early date in the history of that program—that it will be widely used to serve the elderly.⁷ Misgivings about future use are common. For example, former Administration on Aging Commissioner William D. Bechill has said:

Unlike some others, I do not have much faith in social services for the elderly being funded under revenue-sharing approaches. There may be some communities who will do so, but the pattern across the country will be uneven.⁸

And what is patently clear from our past experience, unless we earmark program funds specifically for the elderly, they are effectively excluded from the benefits of those programs.

While the question on revenue-sharing remains unsettled in the current Congress, a more immediate threat to the orderly evolution of a social service delivery system for the elderly has arisen.

It was voted into being by the Congress, at administration urging in a hurried attempt to put a ceiling on the spiralling costs incurred through the "open-ended" Social Security services.⁹

But even during the early months of implementation, the new restrictions are threatening widespread disruption of existing or planned programs for the elderly. The sudden impact of the new ceiling has thrown programs into disarray and produced unfortunate disruptions in needed services.

But a more direct and far-reaching threat developed on February 16 when the Department of Health, Education, and Welfare proposed regulations which would further restrict the usefulness of the Social Security service programs.

That announcement was accompanied by the official recounting of "horror stories" intended to prove that the Social Security service funds had been misused or wasted.

It is unfortunate indeed that an administration chooses to ignore the many successful programs which have served the elderly and other Americans with the help of the 75-25 matching Federal funds.

⁶ See Appendix 3 for joint letter by national organizations on aging and statement by Arthur Flemming, Special Consultant to the President on Aging, urging such action.

⁷ At a hearing by the Senate Subcommittee on Intergovernmental Relations on February 22, mayors of eleven cities made it clear that they had reservations about revenue-sharing. Typical of the criticism was this comment from Seattle Mayor Wesley C. Uhlman:

"Most of us have applauded the President's idea of the New Federalism and revenue-sharing, but it has not turned out to be the saviour of the cities we thought it would be. Instead, it's a Trojan Horse, full of impoundments and cutbacks and broken promises."

⁸ See Appendix 3, Item 2, for summary of findings from questionnaires sent by the Senate Committee on Aging to members of the Urban Elderly Coalition. This limited survey yielded very little evidence of early use of general revenues for services to the elderly. A more general survey made by the Senate Subcommittee on Intergovernmental Relationships yielded returns from 750 municipalities by February 15, 1973. Although some encouraging examples of the use of general revenues for services to all age groups were cited (in Dearborn, for example, the entire revenue-sharing allotment will be used to build two high-rises for low-income elderly after the Department of Housing and Urban Development turned down a grant application), there was little evidence to suggest that revenue-sharing will be used to provide social service to the elderly and other age groups.

⁹ See Part Two for details of the \$2.5 billion ceiling and new eligibility requirements.

In Massachusetts, for example, funds from Social Security titles have a major part in current plans to establish "home care corporations" which would prevent needless institutionalization by offering such services as home making, "chores," and transportation. Just this month, the Commonwealth Executive Office of Elder Affairs signed contracts to establish four such home care units. Others are to follow.

Of course cost controls must be imposed, and they must be effective. Any "open-ended" grant program is certain to cause problems of one kind or another.

But there is a difference between killing off programs indiscriminately and taking constructive action to reduce costs.

We all know, or should know, that so-called "economy cutbacks" can cost far more than they save when they are based upon inadequate information, poor judgment, and lack of concern about people who need help.

To return to the Massachusetts situation, State officials are now concerned about the future of home care corporations. If, for example, homemaker services became optional instead of mandated—as the new regulations specify—a major component of the program could be seriously weakened. A significant, innovative program which has been planned by the Executive Office of Elderly Affairs could be crippled.

This report provides information that should receive serious consideration at this time, when proposed regulations are under consideration and when time yet remains to correct unfortunate consequences of actions already taken.

Furthermore, this report serves as only an introductory statement. Of necessity, it must focus upon Social Security services. But many other issues related to social services for older Americans also deserve consideration and should receive careful inspection at this critical time in the development of social services for *all* older Americans who need them.

Finally, a word of thanks should be given to the National Council on the Aging, which provided useful information about the pervasiveness of the immediate problem described on the pages that follow. In addition, the NCOA authorized its Public Policy Specialist, Mrs. Jane Bloom, to write the excellent paper which serves as Part 2 of this report. Another essential task was performed by Mr. Peter Dickinson, former editor of *Harvest Years* and now consultant on aging. On short notice, Mr. Dickinson agreed to make field visits and take other actions which enabled him to make the report which appears as Part 3.

Thanks to them and Committee staff, the report will be published early enough for its recommendations to receive attention while there is still time to act on them.

SENATOR EDWARD M. KENNEDY,
*Chairman, Subcommittee on Federal, State, and Community
Services; Special Committee on Aging.*

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THE RISE AND THREATENED FALL OF SERVICE PROGRAMS FOR THE ELDERLY

PART I

INTRODUCTION

A major new threat to the orderly development of social services for older Americans was announced on February 16, 1973, by Health, Education, and Welfare Secretary Caspar Weinberger.

He proposed new regulations which would drastically curtail the practical usefulness of the social services provisions in Titles I, IV, X, XIV and XVI of the Social Security Act. These federally-supported programs have not only helped to meet present needs, but have served as an essential component of truly comprehensive service networks of the future.

HEW's proposed action—when added to a \$2.5 billion ceiling and narrowed eligibility requirements voted by the Congress last year with enthusiastic administration encouragement—threatens to undo progress made slowly since 1962.

It was in that year that the Social Security Act¹ was amended in order to authorize Federal support for services not only to present welfare recipients, but to potential and past clients.²

The driving concept for such broadened eligibility—as far as the elderly were concerned—was to provide practical help that would enable old persons to take care of themselves right in their own homes, unless they were absolutely in need of institutional care.

Another major purpose was to break patterns of withdrawal that lead to isolation and chronic emotional or physical ailments. It was felt that services could thus help *prevent* many of the problems that take a heavy toll both in human misery and in the use of public funds.

¹ Changes in welfare—or old age assistance—laws are usually made through amendments to the Social Security Act. Hence, the service programs authorized for old age assistance recipients are usually referred to as Social Security Service Programs and will so be designated in this report.

² The significance of this provision to the elderly was described by Ellen Winston, former Commissioner, Welfare Administration, Department, HEW at a speech before the Gerontological Society in 1968. She said:

“Actually, there are very few former recipients of old age assistance, since one of the characteristics of the program is that once on the program, the older person is unlikely to have a change in circumstances which would make him ineligible On the other hand, for persons with low incomes between 65 and 70 years of age not on assistance, the chances of requiring old age assistance and/or social services with advancing age are substantial. The trend in the public social services today is toward services that will be not only located close to where large concentrations of individuals needing such services live but also that they will be available to persons at all social and economic levels. The importance of the definition of potential becomes important because if a State should expand its service program to include potential need for old age assistance, well over half of all elderly people might be assumed to fall within present and potential groups of beneficiaries of over 10 million older persons.”

States put the Social Security funds to widely varying uses, but by 1972 there was strong sentiment for cost controls because of the "open-ended" nature of the Federal share.

Nevertheless, actions taken in 1972 and now in 1973 have gone too far in the opposite direction.

Even before the proposed regulations were announced, wholesale cutbacks were causing major problems.

- One of the early effects was denial of services to many elderly who otherwise would have been able to avoid dependency status.
- Incongruous interpretations of the stricter eligibility requirements have resulted in confusion and dwindling utilization of services.
- In some States, programs which had been ready to take the next steps in extending services are already endangered or curtailed. Washington State, for example, had hoped to put a project called DARE (Diversified Activities and Recreation Enterprises) on a statewide basis. Since November 1971, DARE had served an average of about 2,000 aged, ill, and handicapped residents of some 20 skilled nursing homes and intermediate care facilities. Monitoring teams have reported that the program helps the nursing staff by enabling them to concentrate more on medical care; that it has given patients incentive to become interested in the world around them; *that it has actually lessened distribution of tranquilizing drugs because of natural release of tension during activities*; and that it "has publicized a new image of care facilities and increased recreational services in those facilities."

Now, instead of going statewide, DARE is limited to two counties and is without an assured source of funding.

- In Georgia, State officials had moved systematically since the 1967 amendments to plan and administer a comprehensive program of social services. The \$2.5 billion ceiling came when Georgia was providing over \$79 million of social services to eligible Georgia families and individuals of all categories; the ceiling reduced that amount to \$56.6 million and the new eligibility requirements reduced the number further. Many social service programs—such as the home health project described in Part 2 of this report—were threatened with discontinuation.

A survey conducted late in December by the Georgia Department of Human Resources noted:

While the actual cutbacks in Title XVI aging programs have been acute, the *potential* impact of the revisions appear to be of even greater magnitude. First of all, the advocates for elderly services under Title XVI were just initiating major programs at the time that the Revenue Sharing Act restrictions were enacted. This, in effect, has meant that many programs that were being planned to provide much-needed services to Georgia's residents may never be implemented—particularly at levels required to make significant impact on the needs of Georgia's some 368,000 elderly residents over age 65.³

³ Full text of a report from the Georgia Department of Human Resources appears as Appendix 2.

—In Pennsylvania, State officials report these facts: 1.2 million elderly (aged 65 and over) reside in Pennsylvania; 24 percent are below the poverty level, but only 5 percent receive old age assistance. Approximately 70 percent of the elderly currently receiving social services are non-welfare recipients; with the new eligibility restrictions approximately 20,000 older persons, who are poor but not on welfare, will be excluded from receiving social services. Pennsylvania now provides services under contracts which are out of compliance with the new HEW regulations. Members of its Congressional delegation have introduced legislation—intended to relieve Pennsylvania and other States from making a harsh decision suspending services which officials know are vitally-needed, or asking an already strained State budget to find funding. At the moment, there is no assured source of State funds in sight.

All of the examples given thus far in this report (and those described in more detail in Part 2) occurred *before* Secretary Weinberger announced the proposed regulations on February 16.

Those regulations, however, are certain to accelerate the disintegration process, because they would:

- More closely define a “potential” welfare recipient in terms of income and assets. Income could not exceed an amount one third above a State’s level of eligibility for receipt of financial assistance. Resources must not be greater than that amount allowed for financial assistance.
- Reduce the time of “past” welfare recipient to three months, and “potential” welfare recipient to six months. Thus, for the elderly, a potential recipient of welfare assistance would have to be a person of at least age 64½, whereas, under current law, persons aged 60 can be considered as “potential.”
- Eliminate sources of matching for the State and local share which have been crucial in many areas. Donated private funds or in-kind contributions could not be considered as the State’s share in claiming Federal reimbursement.
- Create an entangling system of redtape⁴ which would obscure the purpose of social service delivery. Redeterminations of eligibility would now be made quarterly for the current welfare recipient, within three months for the “past” recipient, and within six months for the “potential” recipient.

⁴ The Washington Post, in an editorial called “The Social Services Fund,” on February 18, gave this estimate of the situation: These regulations are a reversion, almost to the point of parody, to the worst traditions of an ingrown and paternalistic bureaucracy. A state can extend services to an individual person, under this program, only after a social worker has drawn up a “service plan” for that person, proving his eligibility, listing what services he is to receive, showing how they will lead to “goals” and setting “target dates for goal achievement.” . . . Boom days are ahead for the paper industry and for the legion of minor clerks who will crank the wheels inside this large new welfare machine. But for that part of the population which is poor, and may actually need help, the outlook is not so jolly.

As a budget device, the new regulations amount to impoundment by redtape. Although the authorization is \$2.5 billion, Mr. Nixon’s budget provides only \$1.9 billion for it next year. The administration is clearly counting on the weight of the regulations to prevent the states from obtaining their full allotments.

The Subcommittee on Federal, State, and Community Services of the Senate Special Committee on Aging believes that the proposed regulations are unwarranted and dangerous.

- Social Security services were meant to mesh with those provided by the Older Americans Act (see Appendix 1 of this report). At a time when the Older Americans Act is about to be extended and probably broadened considerably, wholesale cutbacks elsewhere are unfortunate and will, in the long run, prove costly.
- In addition, services now provided to older Americans from other sources—such as the Office of Economic Opportunity and the model cities program are now endangered. To cut Social Security services at this time is to invite rapid disintegration of community resources that have been many years in developing.
- Furthermore, there is great danger that anticipated support from revenue-sharing may not materialize, or arrive so late in the day that it will be necessary to start once more from scratch.
- What is vitally needed is a full-scale review of *all* sources of services for older Americans beginning with (1) interim action to prevent abandonment of worthwhile projects that have been funded largely through the Social Security service amendments and (2) detailed analysis of linkages between the Older Americans Act—when it is extended—and other endangered sources of services.

PART 2

SOCIAL SERVICES FOR THE ELDERLY—EVOLUTION, UTILIZATION, AND COMPLICATIONS

As explained in Part 1, the immediate issue on social services for the elderly is the promulgation of regulations which would seriously curtail the usefulness of Social Security services for the elderly.

The full significance of these regulations—and the \$2.5 billion ceiling and new eligibility requirements voted as part of the Revenue-Sharing Act last October—cannot readily be understood without further discussion of the origins of the Social Security services funding authorization, the utilization patterns that were developing at the time the Revenue-Sharing Act was passed, and current complications.

The following account* gives details on these matters.

I. *Origins*

The original Social Security Act of 1935 did not specifically recognize "social services" as a program for which Federal funding would be available. Its objective was to assure security against the risks of income loss caused by retirement; later, coverage was extended to include income protection against disability and death of the breadwinner. The absence of social services in the public assistance titles reflected the thinking of the time that the limit of legitimate Federal concern rested with providing minimum income levels for persons not able to earn a living.¹

It soon became apparent, however, that the needs of many poor and disabled recipients of financial assistance extended far beyond monetary payments. The aged faced such problems as living arrangements, loneliness, the need for help with personal care, and a multiplicity of other needs which money alone could not remedy; disabled and blind persons faced comparable situations, complicated by their need for specialized services not readily available for purchase. The State welfare departments thus began to respond to these other needs in an informal way, and gradually "social services" were incorporated as an accepted part of State welfare programs.

In 1956, the Act was amended to make clear that the concept of administrative costs included "services" provided by the State agencies. The amendment was viewed by Congress not so much as a change in the law but as an endorsement of the existing practice of claiming Federal matching funds for social services to welfare recipients.²

A significant stride forward for these human services was made in the 1962 amendments to the Social Security Act, when Federal matching monies were made available for social services designed to prevent or reduce dependency, help strengthen family life, or attain capability for self-care and self-support. It had become clear that the availability of various helping services to those who needed them—regardless of

*Prepared for this report by Mrs. Jane Bloom, Public Policy Specialist, the National Council on the Aging.

¹ National Assembly for Social Policy and Development, *Redesign of the National Social Services System*, draft pamphlet, October 4, 1972, p. 4.

² "Proposals for Limiting Federal Expenditures for Social Services", Congressional Research Service, Library of Congress, August 23, 1972, p. 5.

their economic status—was a necessary ingredient of community life. Moreover, it was found that such a social service network could prevent poverty and help persons to live independently, rather than to be institutionalized at a much higher public cost. It was the growing recognition of this fact which led to the 1962 amendments.

“Social Services” as now developed are authorized under the public assistance titles of the Social Security Act: Title I—Old Age Assistance; Title IV—Aid to Families of Dependent Children; Title X—Aid to the Blind; and Title XIV—Aid to the Permanently and Totally Disabled. At one time, each State was required to administer a separate State plan for the aged under Title I, another for the blind under Title X, and still a third plan to serve the disabled under Title XIV. Congress recognized the inefficiency, the duplication of efforts, and the added administrative costs of maintaining three distinct programs for adult recipients. Accordingly in 1962, Congress enacted Title XVI (“Grants to States for Aid to the Aged, Blind or Disabled, or for such Aid and Medical Assistance to the Aged”) which enables States to operate a “combined adult program” with attendant savings in administrative costs. Although about 40 percent of the States have adopted Title XVI, the remainder continue to provide services to the aged through the other adult titles.³

II. Social Services Provisions for the Elderly

The primary purpose of the Act’s social services program for adults is to reduce dependency and promote the opportunity for independent living and self-support to the fullest possible extent. In the case of the elderly, such services are also intended to support a variety of living arrangements as alternatives to institutional care. Certain kinds of services must be provided by every State to meet these requirements while other kinds are optional. Overall, there had been a large area of discretion at the State level with regard to the extent and kinds of services which might be offered.

Mandatory services for the aged, blind, and disabled, include: information and referral without regard to eligibility for assistance; protective services; services to enable persons to remain in or to return to their homes or communities; supportive services that will contribute to a “satisfactory and adequate social adjustment of the individual”; and services to meet health needs.

Optional services which States may elect to include in their State plan for the aged, blind and disabled encompass three broad categories: services to individuals to improve their living arrangements and enhance activities of daily living; services to individuals and groups to improve opportunities for social and community participation; and services to individuals to meet special needs.

Until recently, States have also been allowed great leeway in determining categories of eligibility to receive these mandatory and optional services. In addition to all aged, blind or disabled persons who presently receive welfare payments, the State could elect to provide services to *former* recipients of financial assistance or to *potential* welfare recipients; this latter category included persons who are not money payment recipients but are eligible for Medicaid, persons who are likely to become welfare clients within 5 years, and

³ Jane Bloom and Robert Cohen, *Social Services for the Elderly: Funding Projects in Model Cities Through Titles I and XVI of the Social Security Act*, National League of Cities and National Council on the Aging, July 1972, p. 10.

persons who are at or near the dependency level. In effect, a city agency could run a homemaker program for the elderly serving only 50 percent actual Old Age Assistance recipients and 50 percent marginal income "target area" residents deemed to be "near the dependent level."

Under the 1962 amendments, matching was available for this myriad of services on a ratio of 75 percent Federal funds to 25 percent State funds. Further, there had been no ceiling placed on the expenditures; funding was therefore referred to as "open-ended," whereby Congress was authorized to appropriate as much money as needed to match State expenses on a 75-25 basis. Although the law authorized the HEW Secretary to prescribe limitations with respect to certain services, the amount of Federal funding for which a State could qualify had been essentially a function of its willingness to raise the 25 percent non-Federal share and its ingenuity in designing or redesigning programs that could qualify as "social services."

The Department of Health, Education and Welfare's Social and Rehabilitation Service, the agency with responsibility for these social services, estimated that 1.9 million adults received one or more social services during 1972 under Titles I, X, XIV, and XVI.⁴ Because some States have been more aggressive and imaginative in obtaining these funds than others, there have been large differences among States in the amounts spent per recipient. Alaska, for example, spent about \$1,397 annually per welfare client for social services, while New York spent \$242 and Mississippi spent \$7.⁵

Without a ceiling, Federal expenditures for social services have increased at a dramatic rate. In fiscal year 1969, HEW distributed \$354 million for the program; in 1970, the cost rose to \$522 million, and in 1971 to \$746 million.⁶ The Federal spending in fiscal 1972 more than doubled that of 1971, for a total of \$1,546,756,000;⁷ of this total, approximately \$439,200,000 were spent under the aged, blind, and disabled categories.⁸ Further, if the fourth quarter rate of social services spending for fiscal 1972 were annualized, the total Federal amount would approach the \$2.5 billion mark.

III. *New Restrictions for Social Services*

The main focus of debate surrounding the social services program has been on the funding mechanism discussed above, not on the validity of the services themselves. The funding is constructed in such a way as to eliminate executive and congressional control over either the allocation or the dollar amounts involved, resulting in this rambling, unplanned, and unevaluated growth.

Former Secretary Richardson testified in this regard:

. . . we have no good way to this point of ascertaining the effectiveness of the expenditures . . . We are convinced in a vague sort of way it is a good thing but we have no clear-cut way of determining whether or not and to what extent we are getting our money's worth.⁹

⁴ John Twinname, Social and Rehabilitation Service Administrator, in letter to Senator Frank Church, January 11, 1973.

⁵ John Iglehart, "HEW Program Doubles in Size as Officials Scramble to Check its Growth," *National Journal*, Vol. 4, No. 25, June 17, 1972, p. 1007.

⁶ Senate Committee on Finance, Hearings on Revenue Sharing, July 20, 1972.

⁷ *Ibid.*

⁸ Twinname, January 11th letter to Senator Church.

⁹ Senate Appropriations Committee, Hearings on 1971 HEW Budget, p. 1942.

The Senate Appropriations Committee took action on the measure, adopting a \$2.5 billion ceiling for social services within the 1973 HEW appropriations bill (H.R. 15417). Although the ceiling was not approved by the House-Senate Conference Committee, the Committee's report stated that "the conferees agreed with the basic premises of the Senate amendment: (1) to insure fiscal control over a program which is presently increasing at an alarming rate and (2) to insure that funds are disbursed prudently and effectively." The report further instructed HEW to submit a comprehensive plan for controlling these costs.

President Nixon vetoed the bill in August, 1972, stating:

Elementary fiscal responsibility demands that this loophole for unlimited Federal funds for undefined (social) services must be closed now. The Congress must harness this multi-billion-dollar runaway program by enacting a social services spending ceiling."¹⁰

The social services controversy continued to rage during congressional consideration of the Social Security Amendments (H.R. 1) and the Revenue Sharing Act (H.R. 14370) in the fall. Several newspapers termed the open-ended program "back door revenue sharing" and the "\$5 billion error." It was unfortunate indeed that the total facts about the program—its merits as well as its drawbacks—could not be provided in the midst of such one-sided publicity. Senator Roth well summarized the situation:

At this time, there is no single person or agency who knows how many State programs are being financed under social services; similarly, nobody knows exactly what the State programs are. . .

. . . I consider this program too important for a decision as to its future to be based solely on personal conjecture or speculation.¹¹

The final decisions made about the social services program did, however, in the end rest largely on speculation. With regard to the elderly, HEW remains unable to provide a categorical breakdown by State for expenditures to date, annualized fourth quarter rates by categories, and amounts received by recipients. This information, as SRS Administrator Twiname recently wrote, is "not available under (HEW's) present reporting system."¹²

A number of new restrictions, including a \$2.5 billion ceiling, were thus enacted on October 20, 1972 as part of the Revenue Sharing Act (P.L. 92-512). The language in the conference report read:

Under the substitute, Federal matching for social services under programs of aid to the aged, blind, and disabled and aid to families with dependent children would be subject to a State-by-State dollar limitation, effective beginning with fiscal year 1973. Each State would be limited to its share of \$2,500,000,000 based on its proportion of population in the United States. Child care, family planning, services provided to a mentally retarded individual, services related to the treatment of drug addicts and alcoholics, and services provided a

¹⁰ House Document 92-343.

¹¹ Senator Roth, "Social Services Program," *Congressional Record*, Sept. 7, 1972, p. S14259.

¹² Twiname letter to Senator Church, January 11, 1973.

child in foster care could be provided to persons formerly on welfare or likely to become dependent on welfare as well as present recipients of welfare. At least 90 percent of expenditures for all other social services, however, would have to be provided to individuals receiving aid to the aged, blind, and disabled or aid to families with dependent children. Until a State reaches the limitation on Federal matching, 75 percent Federal matching would continue to be applicable for social services as under present law.

IV. Effect of Changes

The new law means that Federal funding of social services under Titles I, IV, X, XIV, and XVI of the Social Security Act is now limited to no more than \$2.5 billion per year—fully eliminating the open-ended basis for the program. The amount allotted to each State is based on population; thus a State which has 10 percent of the national population would have a limit on social services funding equal to \$250 million (10 percent of the total ceiling). It should be noted, however, that no dollar amount by category is mandated within the ceiling, e.g., a State which receives \$250 million in Federal funding may spend what it wishes for services to the elderly under its Title I or XVI program. The elderly could receive all or none of the \$250 million, based on State discretion.

The Federal allotments by State for fiscal years 1973 and 1974 are as follows: ¹³

Federal allotment for fiscal years 1973 and 1974

Total	\$2,500,000,000		
		Missouri	\$57,063,250
		Montana	8,632,000
Alabama	42,140,000	Nebraska	18,308,750
Alaska	3,901,750	Nevada	6,327,000
Arizona	23,351,250	New Hampshire	9,256,500
Arkansas	23,747,250	New Jersey	88,446,250
California	245,733,250	New Mexico	12,786,000
Colorado	28,297,500	New York	220,497,250
Connecticut	37,001,750	North Carolina	62,597,750
Delaware	6,783,250	North Dakota	7,587,500
District of Columbia	8,980,250	Ohio	129,457,750
Florida	87,149,500	Oklahoma	31,623,000
Georgia	56,667,000	Oregon	26,196,500
Hawaii	9,712,500	Pennsylvania	143,180,250
Idaho	9,076,250	Rhode Island	11,621,500
Illinois	135,076,500	South Carolina	31,995,250
Indiana	63,522,250	South Dakota	8,152,000
Iowa	34,612,500	Tennessee	48,395,000
Kansas	27,109,000	Texas	139,854,750
Kentucky	39,607,000	Utah	13,518,500
Louisiana	44,661,250	Vermont	5,546,750
Maine	12,354,000	Virginia	57,195,250
Maryland	48,695,250	Washington	41,335,750
Massachusetts	69,477,000	West Virginia	21,382,250
Michigan	109,036,000	Wisconsin	54,265,750
Minnesota	46,774,250	Wyoming	4,142,000
Mississippi	27,169,000		

NOTE: With respect to fiscal year 1973 only, each allotment set forth above will be adjusted as provided in section 403 of Public Law 92-603, 86 Stat. 1487, so that the State, for the first quarter of Fiscal Year 1973, will receive Federal grants in amounts determined under applicable provisions of the Social Security Act (without regard to section 1130 thereof), but not to exceed \$50,000,000. In no case will a State receive less than the allotment set forth above.

¹³ Federal Register, Vol. 37, No. 252, Dec. 30, 1972.

Although many believe that an overall \$2.5 billion ceiling is a sound concept, these same supporters have raised four major questions with regard to the limit:

- First, criticism has centered on the allotment formula itself; instead of distributing the monies on the basis of straight population, it is strongly felt that the formula should reflect the more concentrated needs of urban areas and those with larger proportions of low-income residents.
- A second criticism lies with the reallocation procedures. During Senate consideration of the ceiling, Senators from urban States were successful in gaining approval of an amendment which provided that any portion of a State's allocation which was not used would be distributed among the other States. This provision was, however, eliminated by the House-Senate conferees; as a result, any portion of the allocation which a State does not seek will revert to the Treasury. For example, if a State uses only \$100 million in Federal funding of its allotted \$150 million, the \$50 million "surplus" cannot be carried forward into a future fiscal year nor can it be redistributed to other States which exceed their limits.¹⁴
- The third criticism concerns the retroactive imposition of the ceiling, which further worsens the impact of the new restriction. Because there is no "hold harmless" provision, States which have incurred service expenditure obligations in the time frame July-October, 1972, are solely responsible for these obligations to the extent that they exceed the new *ex post facto* formula allocation. It is felt that allowances should be built in so that the limits, retroactive to July 1, 1972, do not require agencies now spending at higher levels to decimate their programs later in the fiscal year.
- Lastly, the provision does not contain a State-to-local allocation formula and actually has no language mandating State pass-over to localities. In effect, cities with enormous social service outlays have no guarantee that their States will pass any of the State allotment on to them; the States will receive their share based on population, but the cities will not receive funding on the same basis. It is thus feared that the cities' allotment will be highly arbitrary, giving excessive consideration to political elements in the State.

While only five States¹⁵ will receive fewer Federal dollars under the new ceiling than they received in fiscal 1972, it is important to point out that many more States will receive less than their fourth quarter annualized rate of spending. And almost all States which had just begun to realize the potential of the Titles I and XVI program for the aged will find their expansion plans thwarted.

Another newly enacted provision limits the eligibility for these services. As reported earlier, any program which had provided services to past, present, or potential welfare recipients were eligible to receive funding; now 90 percent of the allocated Federal matching dollars must be spent on *current* welfare recipients (in this case, Old

¹⁴ The state will continue to be eligible, however, for its full \$150 million in future years if it increased its expenditures.

¹⁵ Alaska, Delaware, Washington, New York, and the District of Columbia.

Age Assistance recipients) and only up to 10 percent on past or potential recipients. There are six categories which are exempt from this 90-10 welfare/non-welfare eligibility ratio, but services to the elderly are not among the exempted categories.

Thus, services to the aged are subject to the stipulation that at least 90 percent of the funds be expended on behalf of elderly welfare recipients.¹⁵

As a result of the new 90/10 eligibility restrictions, many senior centers and other providers of service have been cut off from funding by their State welfare departments. One recent letter stated:

Your contract is hereby terminated. . . . It is our understanding that approximately 50 percent of the clients served in your program are recipients of public welfare. We will be glad for you to . . . determine if a new program proposal can be developed so that we can limit our purchase of service to the (welfare) recipient.

Several such agencies are protesting the new eligibility requirements and refusing to submit adjusted program proposals for continued funding. In New York City, for example, the program's administrator has recommended that the \$6.7 million of Title XVI monies for senior centers be forfeited if HEW persists in this "new means test."¹⁷ Because only 20 percent of the city's 70,000 senior center members have been welfare recipients, State and local financing is being urged to take the place of Federal Title XVI money in an effort to prevent the "tearing apart" of the centers.

The full impact of the new restrictions is yet to be realized. Some agencies providing these social services have been given short-term "reprieves" while new funding sources are sought or new proposals written. And, because of the poor accounting procedures, it has proved impossible to obtain a listing of all Titles I and XVI projects now in operation throughout the country; thus any thorough analysis of these projects' fate cannot be accomplished. Whether elderly programs are being hurt more by the new 90-10 eligibility criteria than the ceiling is still a matter of conjecture.

Several social services projects which have recently been curtailed are summarized in Part 3 of this report to better acquaint the reader with the effects that the new law has had upon both the agencies involved and their elderly users of service.

V. HEW's Proposed Social Services Regulations and Other Complicating Factors

On February 16, 1973, HEW's Social and Rehabilitation Service issued proposed regulations which explain how the new law will be interpreted and implemented by the State welfare agencies.¹⁸

¹⁵ The 90/10 Rule need not apply to each individual services program, like Senior Center Services, but rather applies to a State-wide average for all services and client groups (except the 6 groups exempted from the 90/10 rule). Thus, some projects could have 100% welfare recipients and other projects only 50%, providing that the State-wide average is 90/10. In light of the paper work involved, however, it seems likely that States will opt for an across-the-board 100% participation for welfare clients and none for others.

¹⁷ Jule Sugarman, "New U.S. Senior Center Rule Decried," *New York Times*, January 18, 1973.

¹⁸ See Appendix 4, for full reprint of February 16 Proposed Regulations.

By curtailing the program's scope, restricting the use of private monies, and further limiting the number of persons eligible, the HEW proposal—if finalized—will most certainly keep Federal outlays for social services well below the \$2.5 billion ceiling established by Congress; it seems likely, in fact, that only \$1.7 billion will be allowed to be spent through the administration's regulations.

The most controversial stipulation in the proposal is the denial of the use of donated private funds or in-kind contributions as the State's share in claiming Federal reimbursement. Private funds, such as those gathered from community drives, have been widely utilized in several States for matching purposes on a 75-25 ratio. A local United Way, for example, was able to donate \$100,000 for expansion of senior center services; the city or State could then apply to the Federal government for \$300,000 in matching funds for the center expansion, receiving back a total of \$400,000. It has been estimated that private donations of this sort totaled roughly \$150 million a year.¹⁹

Federal officials have argued, however, that the money is not really "donated" to the State, but rather it has become a bookkeeping transaction to get more Federal aid.²⁰ In response to this proposal, forty-six Senators wrote HEW Secretary Weinberger:

This proposed change would seriously undermine the excellent private-public partnership approach to human problems that now exists. . . . These kinds of cooperative efforts should be encouraged rather than discouraged.²¹

Although Federal matching for private funds is disallowed, it should be noted that State and local government money can still be used as the 25 percent non-Federal share.

Another proposed alteration affects mandated and optional services. The number of required services has been reduced and the number of optional services increased. Each elderly recipient must be provided with at least one of the following defined services "which the State elects to include in the State plan": chore services, day care for adults, education services, employment services, foster care for adults, health-related services, home delivered or congregate meals, homemaker services, home management and other functional educational services, housing improvement services, protective services for adults, special services for the blind (of whom approximately 50 percent are over the age of 65) and transportation services.²²

The definitions of "former" and "potential" recipients also have been substantially changed in the draft regulations. The definition of "potential" welfare recipients has been altered to "persons who are likely to become welfare recipients within *six months*," instead of the previous definition of *five years*. This regulation—if finalized—would disentitle persons under the age of 64½ from receiving social services under Titles I and XVI. "Former" welfare clients will qualify for only three months instead of two years.

¹⁹ "HEW Is Planning Changes in Matching Grants for Social Services," *New York Times*, February 13, 1973.

²⁰ "Welfare Spending Would Be Curbed Under HEW Plan," *Wall Street Journal*, Feb. 16, 1973.

²¹ Austin Scott, "HEW Defends New Cutback Rules," *Washington Post*, February 16, 1973, p. 1.

²² § 221.5. Statutory requirements for services, "Services Programs for Families and Children and for Aged, Blind, or Disabled," Proposed Rule Making, *Federal Register*, Vol. 38, No. 32, Feb. 16, 1973, p. 4609.

A general tightening of reporting requirements has also been proposed. Quarterly recertification of applicants, instead of the previous yearly recertification, to establish eligibility for services is one such requirement. Another is found in § 221.8 of the proposed regulations entitled "Individual Service Plan". Basically the section will mean that no elderly person can receive any services until a social worker has drawn up a "service plan" for him. The plan lists services that will be received, proves eligibility for the services, explains how the services will lead to "goals",²³ sets "target dates for goal achievement", and presents the extent and duration of the provisions of each service. To make matters worse, the person's plan must be reviewed at least every 6 months, more often if necessary.

A recent newspaper editorial called these reporting restrictions "a reversion, almost to the point of parody, to the worst traditions of an ingrown and materialistic bureaucracy," adding:

Boom days are ahead for the paper industry and for the legion of minor clerks who will crank the wheels inside this large new welfare matching. But for that part of the population which is poor, and may actually need help, the outlook is not so jolly.²⁴

Two other elements in the proposal deserve mention. First, social service programs cannot pay for the subsistence needs of the poor in institutions nor can they finance medical care. Second, if the regulations are finalized, States will have to expand existing activities to claim Federal funds and cannot reorganize activities under the welfare department for the same purpose. Presumably, this regulation would eliminate abuses in which States had received social service grants and then applied the funds to other uses or paid for existing State programs by shifting them to the State welfare agency.

In a news briefing on the proposal, HEW Secretary Weinberger said that the intent of the regulations is to give the States greater freedom to focus the pared Federal funds on welfare recipients.

"We are saying," added Philip Rutledge, acting administrator of the Social and Rehabilitation Service, "that since there is a ceiling and States have to be more careful, we are trying to give them more of an option."²⁵

Whether the aged get *any* of the funds allotted is one such option left to the States; another, previously discussed, is which services the elderly will get if the State does elect to include them.

Elizabeth Wickenden, professor of urban affairs at the City University of New York, termed this aspect of the proposal as consistent with the current philosophy of the Administration: "They have on one hand loosened up insofar as the State decision-making is concerned. . . . And on the other hand they've tightened eligibility on who can get the service."²⁶ The proposal is also in line with the administration's philosophy on Federal spending; it is virtually certain that the redtape imposed on the States through the regulations will prevent them from obtaining their full allotments.

²³ In the case of adults, the specific goals to be achieved are limited to the following: to achieve and maintain personal independence, self-determination and security, including the achievement of potential for eventual independent living.

²⁴ "The Social Services Fund," *The Washington Post*, February 18, 1973.

²⁵ Austin Scott, "HEW Defends New Cut-Back Rules," *The Washington Post*, February 16, 1973.

²⁶ Austin Scott, "Cutbacks Planned in Social Services," *The Washington Post*, February 12, 1973.

The public will have until March 19th to make comments, suggestions, and objections to the draft proposal²⁷ before it is issued in final form. HEW is aiming for an effective date of April for most provisions although some would take effect earlier.

VI. More HEW Rulings

Another HEW restriction is likely to further limit Federal funding in an effort to tighten the policing of eligibility requirements. The December 5, 1972, *Federal Register* published HEW draft regulations which, if finalized, will withhold \$223 million in matching funds for the last half of fiscal year 1973 and \$456 million for fiscal year 1974 as penalties for ineligible or overpaid welfare recipients. The amount withheld will be in proportion to the percentage of ineligible or overpaid recipients found on each State's rolls as determined by a scientific sample.

If totally successful, the program would eliminate about 700,000 persons now receiving Aid to Families with Dependent Children (Title IV) and another 147,000 aged, blind and disabled persons on welfare rolls in twenty-one States.²⁸ This regulation will also mean that at least 90 percent of these 147,000 adults will become ineligible for social services—since only 10 percent of social services funding can be spent on "former" recipients.

²⁷ Comments must be submitted in writing to the Administrator, Social and Rehabilitation Service, HEW, 330 Independence Avenue, S.W., Washington, D.C.

²⁸ Austin Scott, "31 States Hire Law Firm To Fight Welfare Cut", *The Washington Post*, December 21, 1972.

PART 3

WHAT IS HAPPENING TO PEOPLE

New restrictions on social services under the Social Security Act have been in effect for only a few months. (See Parts 1 and 2 for details.)

And yet, the Senate Special Committee on Aging has already learned of situations under which the cutbacks are causing hardships and difficulties which may well prove to be costly exercises in false economy.

On the following pages, a sampling¹ of such situations is provided. It is based upon field visits, interviews, and telephone conversations.

It should be remembered that the problems described in this part of the report were caused solely by the provisions of the law enacted in October. The new regulations announced in February by the Department of Health, Education, and Welfare would certainly intensify such problems, should they become official policy after March 19 unless successfully challenged.

I. MINNESOTA: IMPACT ON SENIOR CITIZENS CENTERS OF MINNEAPOLIS, AND OTHER PROGRAMS

The program of Senior Citizens Centers, headquartered at 1505 Park Ave., Minneapolis, demonstrates the need and effectiveness of social services for the elderly. Karl Dansky is Executive Director and Robert Light is Director of Social Services.

The basic purpose of the agency is "to provide social, recreational, and informal education opportunities to all members of the United Fund Area sixty years and older, through nonsectarian day centers."

The headquarters is located in a public housing project for the elderly and thus is accessible to a large number of clients. Its funding is a good example of private donations at work; the project receives its 75 percent Federal funding by utilizing the county's United Fund monies as the 25 percent match.

In 1971 the United Fund and Hennepin County Welfare department negotiated a Purchase of Service contract. This contract made it possible for Senior Citizens Centers ("SCC") to provide a professional worker for every 500 apartment units. The SCC has put most of the purchase of service budget into line staff where it would directly benefit the elderly. Last year it cost SCC about \$55 per apartment unit to provide a social worker, a para-professional group work assistant, and supportive office and administrative staff. This year it would cost closer to \$60 per unit.

During the past years the SCC staff has worked to develop significant services to enable the elderly to remain independent. Some services are provided at no cost to seniors. For example:

¹ Prepared by Mr. Peter Dickinson, former editor of *Harvest Years* and now a writer and consultant on aging.

- Sears and National Stores provide free portal-to-portal bus shopping service each month for nearly 1,500 elderly.
- Bob Light of SCC worked out a proposal with the City Relief Department to sell food stamps in all elderly hi-rise housing.
- Through close cooperation between the SCC and the Public Health Nurses, over 2,000 persons are receiving preventive health care. The nursing service alone makes significant dollar savings for the Federal and local governments.

For instance, Bob Light tells of the diabetic lady who needed insulin injections. At most this would require about 5 minutes of professional attention. If the lady had to go to a nursing home or to hire a nurse for the injections, the cost would be prohibitive. However, a social coordinator at the SCC found a retired nurse who gave the necessary injections free of charge.

In another case, a lady who needed an enema called up the Public Health Service and was told that it would cost \$16 to receive one. But an SCC social coordinator was able to find a nurse who showed the lady how to administer the enema herself, thus saving the county considerable expense.

If these and other elderly had to go to a nursing home (cost \$14 to \$22 a day) to receive five minutes of treatment, it would cost the county far more than the \$50 per apartment unit per year which the SCC charges.

However, Karl Dansky, Director, recently wrote in a letter to the National Council on the Aging: ". . . the language in the Revenue Sharing Bill, by not exempting services to the elderly, completely nullifies our project.

"Our project, we believe, successfully demonstrates that a nonprofit agency could successfully utilize United Fund matching funds to provide social group work and information and referral services to 7,000 elderly residents of public housing and their neighbors . . .

"While this service was becoming more restrictive due to the eligibility standards being imposed, at least we were able to attract the residents. Of these, 50 to 90 percent are potential OAA or medical assistance clients. Now, by applying the new restrictions we would be limited to serving only about 45 percent of the residents, and that only by applying a *means test*.

"We are currently trying to impress the County Welfare Department to accept a blanket coverage or else we will be placed in a position of urging clients to go on the Welfare rolls against their wishes and at the taxpayer's expense. Also, many marginal residents may have to face institutionalization at taxpayers' expense, too."

On Thursday, Jan. 4, Mr. Dansky received word that the county will fund the program at the same level as last year, but that he won't be able to add or increase services. In addition, he won't be able to fill staff vacancies.

He adds: "We'll also be spending a lot of money filling out papers to establish eligibility, rather than providing services."

TWO OTHER PROGRAMS IN JEOPARDY

Two programs of the Ebenezer Society, a Minneapolis based non-profit society owned by 46 member congregations of the American Lutheran Church, are in jeopardy because of the funding ceiling and eligibility restrictions. They are:

1. *The Model City Protective Service Project* is a three-year research and demonstration project funded by HEW, administered by the Minnesota Governor's Council on Aging, and operating partially on private funds.

The purpose of the project is to act as surrogate or guardian for those elderly who might be physically or mentally unable to manage their own affairs. Often, this involves some substantial sums of money that might be physically or mentally unable to manage their own affairs. Often, this involves some substantial sums of money that might be in danger. In one case, the project was able to provide guardianship for a lady whose attorney was milking her of some \$22,000.

In another case, a lady had all the assets in her name, but seemed likely to be survived by an invalid husband. A probate judge suggested joint tenancy with survivorship rights so the estate would not shrink before it reached the bereaved husband (who would have to rely on welfare during the probate period). Joint tenancy was achieved; the lady did die; and the transaction of the estate to the husband was automatic and immediate, without probate or welfare.

At one time Edward L. MacGaffey, Director of Protective Services, had two full-time social workers and one lawyer and consulting psychiatrist, plus a secretary. The program was running about \$60,000 a year.

The services provided kept many people from losing all their money or going on welfare. But without funding and with the eligibility restrictions, many elderly who need this service would have to go on welfare.

2. *Maintaining the Growing Edge* is a creative mental health and rehabilitation program aimed at enabling older people to regain their mental and emotional awareness and allowing them to function as responsible, rational members in their own family or peer group. Funding was through a \$400,000 NIMH grant.

Thanks to a sensitive staff and creative therapy, the program has brought many persons back to reality. For instance:

- Ninety-seven-year old Ole (not his real name) lived in a fantasy of memories and wandered frequently prior to the program. After several months of treatment, he is able to accept and cope with reality and accept the present.
- Eighty-six-year-old Stella was strong-willed, loud and temperamental, and extremely self-centered. Now she has a much brighter, more controlled relationship with other individuals, and the group, and has become a helpful, positive person.
- Tom and Kara (not real names) are in their seventies. They both had become confused, disoriented, and out of touch with reality. Because of the program, they have been able to return to their home environment.

While these programs have proven themselves, prospects for continuing them are dim. Dr. MacGaffey said that the main hope for the Protective Service project was tendering it to the public welfare agency, but "at this point it looks hopeless because of eligibility restrictions." The best hope for the mental health program is a grant from the NIMH, but this, too, looks bleak. The only other resource might be private money (foundations), but this may not be too feasible at this time.

ELSEWHERE IN MINNESOTA

Programs that seem especially threatened on a State level are information and referral services and health and welfare services. Especially affected would be Homemakers and Meals on Wheels programs as well as bus service to shopping centers.

Gerald A. Bloedow, Executive Secretary of the Governor's Citizens Council on Aging, said that the State welfare department had projected some \$96 million for programs but will actually get only about \$46 million for adult services.

Eligibility restrictions are as important as the ceiling limit, says Rich Nelson, Assistant Director of the Social Service Division of the Department of Public Welfare. He points out that in one month (May 1972) of 2,883 elderly receiving services, only about 1,322 were receiving some sort of grant money. Health needs topped the list of services, followed by Homemaker-Housekeeping, protection, education and training, family counseling. If there is no lifting of restrictions or replacing of Federal funds. Mr. Nelson estimates that about 1,200 of the elderly served during that month would be ineligible.

On the State level, Mr. Bloedow reported that most revenue sharing money would go to reduce taxes and to buy capital equipment for fire departments, etc. He said: "Any local community must bring pressure and establish need to get money for social services."

II. ILLINOIS: STATEWIDE IMPACT AND SPECIFIC EFFECTS IN CHICAGO

The ceiling limit and qualifications restrictions under Title XVI would seem to have tremendous impact on programs in the State of Illinois.

Robert Benson, Chief of the State Office of Social Services, points out that in 1972 the State spent some \$181 million on social services, and the State estimated it would need some \$211.6 million in 1973. But under the ceiling it expects to get only \$115 million—requiring a cut of almost 50 percent.

Mr. Benson says that persons most affected will be those under public aid and mental health—and especially the impaired aged program.

Such programs have been providing services to many former and potential recipients, and the 90/10 eligibility requirements may cut out many people from needed programs. According to recent figures, some

34,327 persons were receiving OAA and medical payment, and some 41,664 were receiving medical assistance alone. However, Mrs. Betty Breckinridge, Assistant Chief for Programs, Offices for Services for Aging of the Illinois Department of Public Aid, estimates that there are some 250,000 elderly in the State who live below the poverty line.

A recent study released by the Chicago Mayor's Office for Senior Citizens, shows that 26 percent of the people aged sixty to ninety-nine in Chicago feel they do not have enough money to meet basic needs and 28 percent sometimes have to skip meals.

Other figures were equally depressing, yet 93 percent of the elderly were qualified voters, and 95 percent voted in the 1968 Presidential election and 75.6 percent said they voted in the last primary. In Illinois, 25.3 percent of the voters are over age 60.

HOW THE MAYOR'S OFFICE VIEWS THE SITUATION

About one-third of the elderly live in Chicago and about one-half of Illinois' elderly live in the county area. Andree Oliver, Assistant Director of the Mayor's Office for Senior Citizens, and Lillian Mavrin, Specialist in Aging with the Mayor's Office, expressed concern about threatened protective services for the elderly.

Although the Mayor's Office for Senior Citizens is primarily a planning and coordinating agency, it is also engaged in research and demonstration projects. One project—the Senior Central—has as its objective the development at the State level of adult social services under Title XVI.

Mrs. Oliver and Mrs. Mavrin are concerned about the whole range of services to keep the elderly out of institutions—particularly Health and Homemakers programs. Said Mrs. Oliver: "Any cutback is a cutback from zero. Most victimized will not be those persons on OAA but those who fall between. The biggest need is for money to deliver services to the elderly. Also needed is transportation to take older people to services or services to the elderly."

Mrs. Oliver and Mrs. Mavrin don't feel that revenue sharing will help much—that it might be an excuse not to fund programs.

SERVICES FOR THE IMPAIRED ELDERLY: A PROGRAM IN JEOPARDY?

"Services for the Impaired Elderly" is a joint venture of the Illinois Department of Public Aid and the Council for Community Services in Metropolitan Chicago. It is designed to provide quality service (Homemaker-Home Delivered Meals, etc.) who without this service might have little choice as to whether or not to enter institutional care. To assure quality service, six voluntary and one public agency have been directly involved in service delivery and research.

A three-year demonstration program, funded by the National Institute of Mental Health and the National Center for Health Services Research and Development, terminated on August 31, 1972. The new program, funded under Title XVI of the Social Security Act began

on September 1, 1972. The planning and research aspects of the demonstration project will continue until March 1, 1973.

This program offers the following services:

- Information, Referral and Brief Service
- Casework Assessment
- Casework Counseling
- Service Coordination
- Medical and Psycho-Social Diagnosis
- Home Health Care
- Financial Management
- Legal Guardianship
- Other Legal Services
- Transportation
- Cash for Emergencies
- Volunteers' Services

Approximately 1,500 clients would be served, for whom approximately 8,000 units of service would be provided at a cost per unit of \$88.

Robert Adams, Assistant Executive Director of the Council for Community Services, says that he is most concerned about having to renegotiate new funds in March, and the possibility of having to restrict client eligibility. He says that only 27 percent of active cases are OAA recipients and 73 percent are borderline under the eligibility requirements, and this would require redrawing the whole program. "If we have to limit services to OAA recipients then persons would have to get on OAA to get services."

He also said that it would be questionable if revenue sharing funds would filter down to programs such as his. "If we must find fresh money, there's no way for volunteer agencies. We should be able to take present money and be able to get matching funds on that and be held accountable for better services."

The Services for the Impaired Elderly Project strives to accomplish three objectives: (1) extension of service to an especially vulnerable group of people; (2) maximum leverage for the voluntary dollar; (3) the launching of a sophisticated service delivery system which maximizes public-voluntary agency cooperation and integrates a variety of specialized services. Used as a model project, it could set the stage for a statewide system of services to the aged.

HOW SENIOR CENTERS VIEW THE SITUATION

The Senior Centers of Metropolitan Chicago's programs—including an Outreach program of bringing services to the elderly—are financed by corporate and community funds. However, Jane Connolly, Director, and Madeline Armbrust, Program Director, expressed concern for those protective services projects that are funded under Titles I and XVI.

In a letter to Mrs. Jane Bloom of the National Council on the Aging, Miss Armbrust said: "The limitations of Title XVI could play some havoc with the Protective Services Project in Chicago—

especially the 90 percent quota of public aid clients. Right now only about 30 percent of the clients are on OAA."

Both Miss Connolly and Miss Armbrust don't feel that revenue sharing will help much. Like others, they feel that the money in the City of Chicago will go for police and fire equipment and salaries and not for social services for the aged. However, she feels that revenue sharing money might help some programs outside the City of Chicago.

Also, Miss Connolly says that because of restrictions, programs operating with Federal funding must lower their standards. She adds: "We don't want to get involved with government funds—that would mean we'd have to curtail some programs."

III. WASHINGTON, D.C.: THE THREAT TO COLUMBIA SENIOR CENTER

Columbia Center is new: it opened on September 20, 1972 in order "to enhance the mental and physical well-being of the elderly in Service Area #7 by providing them Social Services, Educational, and Recreational opportunities.

These services include:

Social Services: Crises intervention and advocacy; Homemaker services; Housekeeping service; Private residential placement; Friendly visits; Food stamp and Social Security counseling.

Education: Handicrafts; Sewing; Reading; Drama; Spanish; Creative writing; First Aid; Library; Afro-American history; Dance; Cooking; Group services for the blind; Physical fitness; Consumer education; Talks; Painting.

Recreation: Trips; Parties; Bingo; Programs; Movies; TV; Pool; Musicals; Singing; Games; Ivakota Farm Retreat (year-round trips); Special monthly programs with local artists.

Special Services: Legal service; Beauty service; Employment; Group shopping trips; Group check cashing.

The Columbia Center is located in the basement and ground floor of a renovated church, office, and apartment building. The quarters have been completely renovated, with light, bright colors in the offices and activity rooms. It is clean, inviting, and certainly a haven for the predominantly Black residents of the area. Some Spanish-speaking people are in the area, and the Center has made some effort to include them in activities. A Spanish-speaking secretary at the Center (Mrs. Bertha Ramirez) has written letters and has translated for clients.

Columbia is administered by the Family and Child Services of Washington, D.C. Local Model Cities (HUD) monies were used as the 25 percent match for the 75 percent Federal Title XVI funds. The annual budget of \$300,000 included start-up costs of some \$18,000, and the Program Director, Mrs. Amy O. Green, feels that they could operate on about \$250,000 a year (which would just cover rent and expenses).

Because of the Federal funding ceiling, the Center was notified that it would be closed down after March 1973. However, the Center has been granted a "reprieve" for the time being (details of the reprieve are discussed later in this report).

At first reports of the threatened shut-down of the Center, Mrs. Green organized a political-action group that circulated petitions in

English and Spanish in the neighborhood and enlisted the support of other centers. Petitions, letters, and other messages were sent to the Mayor, Congressmen, and civil leaders. A protest demonstration was planned but was called off.

While Mrs. Green feels that the petitions, letters, and threatened demonstrations were largely responsible for getting the new funding, William Whitehurst, Assistant Director for Planning of the Department of Human Resources feels that his agency was on top of the situation and its close contact with the Model Cities agency has been instrumental in getting the new funding.

WHAT DOES THE CENTER MEAN TO THE PEOPLE?

Wednesday of each week is set aside for blind elderly. On one recent Wednesday, about forty persons were using the center. With perhaps five exceptions, all were blind and Black; two were men, the rest women. There were three white women (not blind) in the group. Many were making dust mops and other craft items.

Statements of some of the elderly using the Center indicate what it means to them:

Grant Taylor (Black, about age seventy, a stroke victim): "It would be a disaster to close the Center. The staff helps me get to the clinic and helps me with my health problems. I also eat my lunch here."

(The Center serves about 40 lunches a day which they get from CHANGE. If a client can afford to pay, he pays 25 cents per meal which usually consists of meat or fish; two vegetables; bread, butter; soup or juice; dessert).

Kitty Butts (Black, age sixty-seven): "When my husband died, I just sat home doing nothing. I didn't have any place to go or any money to go anywhere. But when the Center opened, I was born again." Mrs. Butts says she also gets shoes and clothes at the Center (these are donated).

Ila Harn (White, not blind, about age sixty-five): "I'm living with a lady who is senile, who I've known for twenty years. If I couldn't get out of the house I'd climb the walls. The Center offers me an 'escape' . . . it also helps me with legal problems to help my friend."

Ely Waddy (Black, about age seventy): "The Center has helped me straighten out my age for Social Security benefits. And when the Center opened up a beauty salon I didn't have to travel to get my hair done (Mrs. Waddy is blind and travel is difficult). Mrs. Waddy hopes to get her husband, who has had a heart attack, involved in Center activities, but so far he has declined to join her.

Blanche Worrell (Black, about age seventy): "The Center is building a bridge for other people to cross over."

Calab Drowe (Black, about age seventy-five): "In coming here you forget you're blind. I used to be a recording artist (played clarinet and drums) and I get encouragement from the Center to continue making records."

Catherine Clay (Black, about age sixty-five): "I was a caterer who lost vision in one eye about three years ago and just lost vision in the other eye. I used to cook a lot and still do, using my grandchildren as my 'eyes.' If it wasn't for the Center I'd be sitting home doing nothing. But here I enjoy the singing, recreation, and handicrafts."

Mrs. Clay participated in an African culture program, making banana bread with the help of her granddaughter.

All other persons using the Center that day, including those who were White and not blind expressed similar gratitude for the Center. One Spanish-speaking lady also offered praise (through the interpretation of the Spanish-speaking secretary).

WHAT DOES THE CENTER MEAN TO THE COMMUNITY?

As to the value of the Center to the community, Program Director Mrs. Green says: "If the Center would close many people would have to go to nursing homes or to mental hospitals (some of the elderly using the Center are former mental patients; the Center helps these people back into community life). Cutting the program builds welfare. *It's better to have healthy individuals than more welfare.*"

THE REPRIEVE: HOW IT HAPPENED—WHAT IT MEANS

As reported earlier, the Center was threatened with closing because of lack of funds, and the Center formed a political-action group to write letters, sign petitions, and plan demonstrations to keep the Center open.

Curtiss Knighton, Chief of Services for the Aging, Department of Human Resources, Washington, D.C. feels that this pressure—plus the interest and involvement of community and civic leaders at all levels of government (including the U.S. Administration on Aging)—were responsible for granting a "reprieve" for the Center.

William Whitehurst, Assistant Director for Planning for the Department of Human Resources, says that the Center will be funded on an annual fiscal base of \$200,000 a year, and that commitments have been made to keep the Center operating for the next 18 months (through June, 1974). About \$47,000 will come from Mr. Knighton's Department and the rest from general funds of the Department of Human Resources.

While Mrs. Amy O. Green, Program Director, feels that she needs \$250,000 annually to keep the Center operating satisfactorily, she thinks she'll be able to "get by" on \$200,000 by not hiring any more staff, adding any new services, and by foregoing the purchase of a bus for transportation.

While Mr. Whitehurst and Mr. Knighton feel that this sort of funding will enable the Center to keep operating indefinitely, they add that they will need more matching funds or revenue sharing funds to expand the program to offer more services to more people. Eligibility restrictions don't seem to be a problem in this Center.

Mrs. Green hopes that some sort of permanent funding might be found so that the Center won't have to face future crises.

IV. GEORGIA: ACROSS-THE-BOARD CUTBACKS

The State of Georgia is particularly affected by the ceiling and eligibility restrictions of Title XVI:

1. Georgia was providing over \$79 million of social services to eligible families and individuals. With a ceiling of \$56.6 million under the Revenue Sharing Act (a loss of \$23 million), many programs will

be discontinued and cutback. Especially hard-hit will be programs serving the elderly (See Appendix 2 for details).

2. With the ceiling and eligibility restrictions, Jim Parham, Deputy Commissioner of the State Department of Human Resources, estimates no way of continuing to serve potential candidates. Especially hit will be the statewide nutrition program.

Affected will be programs of the Department of Human Resources, six priority aging planning areas, local housing authorities, model cities agencies, and other local public and private agencies which plan and/or administer programs for Georgia's elderly.

Following is a sample of potential cut-backs in Title XVI funds. The services proposed were:

1. *Community Services*: Many services that had been proposed to the Department of Human Resources will have to be curtailed or abandoned.

2. *Areawide Aging Agencies/Select Area Planning and Development Commissions*: Many of these multi-county planning agencies may have their programs curtailed for lack of funds. These agencies were in the final stages of planning and needed funds to implement social services. Attachments A and B; appendix 1, show the potential Title XVI losses.

Also, Georgia had planned to use Title XVI funds to provide supportive services (transportation, information and referral, counseling, etc.) for its statewide nutrition program. But with the cutbacks and eligibility restrictions, this program will have to be curtailed or cut back on a statewide basis.

In a report on the impact of Title XVI revisions on his State's programs, Frank Newton, consultant to the State Department of Human Resources, said:

"If provisions are not made and means of funding these most vital programs are not made available, all of the months and years of committed planning, coordination, and dedication of local and State, private and public agencies will be of little value. And, the elderly residents of Georgia will once again hear that they are being excluded from much needed services—words they have heard too often in the past when other age groups have received top priority in funding for human services."

IMPACT ON ATHENS (GA.) COMMUNITY COUNCIL ON AGING PROGRAMS

The Athens Community Council on Aging, a private non-profit agency representing service agencies, civic groups and churches, had developed a comprehensive Home Care and Community Services program for older adults.¹

These services were to help older people remain in their homes. Primary beneficiaries were those who needed Homemaker-Home Health Aide and/or related services (Information and Referral, Home Delivered Meals, Day Care, Auxiliary Home Services). Secondary beneficiaries were able-bodied mature adults who received specialized training and full or part time employment.

¹ For a description of ACCA's model program see Appendix V in *Home Health Services in the United States: A Report to the Senate Special Committee on Aging, United States Senate, April, 1972, pp. 134-146.*

Some 900 persons received services ranging from Information and Referral phone calls to in-home care up to 40 hours per week. (Note: 40-hour clients are accepted who have possibility of rehabilitation or on an emergency basis.) Approximately 52 percent of these were active welfare cases. Another 10 percent to 20 percent had incomes at the border of public assistance levels.

It was hoped that this program would serve as a model to be expanded throughout the State. However, with the new ceiling, the program budget is being cut some \$104,000 and staff has been cut by 24 persons. Also, under new guidelines and State mandates, the program is being re-designed to serve *only* public assistance clients with re-contracted funds. In the State of Georgia, due to cutbacks in Title XVI funds, the allowance of the 10 percent margin is not included in the new Revenue Sharing Act revisions. Ultimately, many borderline cases will now have to seek welfare certification in order to receive needed services. The proposed new budget would serve approximately 52 percent of current caseload who use collectively about 62 percent of current resources under the previous budget. (The new contract, January 1-June 30, 1973, calls for a budget of \$126,000 Title XVI funds.)²

WHAT LOSS OF SERVICES WILL COST THE INDIVIDUAL AND THE COMMUNITY

The following examples show what the loss of services to specific cases will cost the individual and the community:

1. Client, age 83, receives a small Social Security income. Lives with son, age 66, who is also not well and is unreliable. With Homemaker-Home Health Aide Service 3 hours daily, 5 days a week, ACCA is able to maintain the mother in her home at a cost of \$219.60. If the son did not live with his mother, he too would have to be institutionalized because of his health and the inability to support or care for himself alone.

If they cannot be served by ACCA they both would have to be institutionalized at a cost to the taxpayer of \$330 per month per person plus an additional \$100-\$130 per month per individual to meet local costs of nursing home care.

2. Client, age 48, lives alone with a small income from Aid to Disabled. She was crippled following a very bad automobile accident and is also nearly completely blind because of cataracts. With Homemaker-Home Health Aide Service 2 hours a day, 5 days a week, she is able to maintain herself in her own home at a cost of \$146.40 a month.

If she cannot be served by ACCA she would have to convalesce in a nursing home at a cost of approximately \$450 per month plus certification by a physician, prescriptions, etc.

3. Client, age 69, has had 3 strokes, is completely paralyzed and partially senile. She lives with her husband who is retired. They have a small Railroad Retirement income. With the help of Homemaker-Home Health Aide Services 4 hours a day, 5 days a week, both are able to remain in their own home at a cost of \$292.80.

If she cannot be served by ACCA she would have to go into a nursing home at a cost of approximately \$450 per month plus certification by a physician, prescriptions, etc.

² Requests for revenue sharing funds have been submitted to both the city of Athens and Clarke County. To date no disposition has been made on the requests.

There are also many persons who live alone or live with a disabled spouse who need assistance in preparing meals, transportation to shopping, paying monthly bills, transportation to the doctors and the clinics, and need some personal care. If ACCA is not able to provide these and other supportive services to meet the many and varied needs of older persons in the Athens-Clarke County area, many would have to be institutionalized at a minimum cost of approximately \$430-\$460 per month. (\$330 is the cost to the taxpayer plus Medicaid for physician costs, prescriptions, etc. Those not able to provide the differential for local facilities have to be dismembered from the community to Dublin, Georgia or other facilities which will receive patients at the public assistance level, thus, further straining an already traumatic situation.) Others' expectations for living at home would be greatly enhanced for a long period of time if they could secure services offered by ACCA such as a hot meal delivered to their homes with its daily person contact, telephone reassurance, plus the knowledge of being able to get emergency help when needed. Unfortunately, strictures placed upon the agency by new funding guidelines, both State and Federal, inhibit extending these services to many who need small services but who will need much greater services at a much greater cost if they cannot get these services now. ACCA officials stress that in order to achieve a creative joining of local, State and Federal funds it is important that these funds be used with as much discretion and flexibility as is necessary so that the whole of the county's elderly population may look to the community for a resource, when their needs exceed their own capacity to meet these needs.

WHAT KEY OFFICIALS SAY ABOUT CUTBACKS

Robert G. Stephens, Representative, 10th Congressional District: "I am very sorry that Georgia will not have the funds this year to expand and improve its existing program to the extent desired, and I can certainly understand the frustration felt by those who will be affected by the imposed ceiling. I did not want this limitation, and I will do everything I can to have it removed at the earliest possible date."

John Howell, Contract Services Representative: "The situation looks terrible at the present. The termination of contract and loss of funds will place many elderly clients in a new crisis. Trained employees, too, will face unemployment with the necessary layoffs."

Ed Benson, Chairman of the Athens-Clarke County United Fund Drive: "The Athens Community Council on Aging has established itself as a vital part of our community in providing for the special needs of our older citizens. The unexpected loss of funds will be a blow to the needs of our elderly population, especially to prevent institutionalization."

V. NEW YORK STATE AND EXAMPLES IN NEW YORK CITY

With the \$2.5 billion Federal ceiling on social services, New York State will receive only \$220.5 million compared to its estimated need of some \$875 million of Federal funding.

Some of these anticipated funds would have gone to purchasing services affecting the elderly: Recreation Council for the Elderly, operated by the State Office for the Aging, and Geriatrics Screening Teams and Mental Health Services for the Aging, operated by the State Department of Mental Hygiene. These programs will now be funded entirely by the State and will be maintained at current levels—without any possibility of expansion.

Of the \$220.5 million in Federal money coming to New York State, \$217 million will be made available to local social service districts. All service programs, whether provided directly by social service districts or purchased from outside providers, will be scaled down to live within the new ceiling. Services to be reduced will depend on local priorities; some services to the aging will be reduced—particularly in New York City and Westchester County which will receive reduced funds.

The Department of Social Services Senior Center Program, which was funded primarily by Title XVI, will probably remain in a *status quo* position, but the 90/10 eligibility rule will have a detrimental effect on the program, as many members of the centers would not now be eligible.

The five program areas that are exempt from the 90/10 don't include a large proportion of elderly. As a consequence, all services for the aging will be subject to the 90/10 rule. This will have a particular detrimental effect on the aging in New York State because of the relatively low percentage of the State's elderly who are Old Age Assistance recipients. One long-range hope is that the Federal take-over of Aid to the Aged, Blind and Disabled Cash Assistance will result in an increased number of OAA recipients in New York State who will then be eligible for services. This would exert added pressure for increasing the ceiling on services.

THE SITUATION IN NEW YORK CITY

New York City's share of funds based on the State formula amounts to an estimated \$145 million. This amount is \$112.8 million short of what the City estimates it needs in Federal share alone to maintain current program levels and expand those programs to which commitments have been made: day care and senior citizen centers.

In addition the State has imposed a ceiling of \$36 million for social service programs of which the City anticipates \$25.2 million. Although the limit does not effect such services as foster care and certain traditional adoptive, protective, and preventive child welfare services, this State limit does effect the child welfare service of day care and senior citizen centers.

The City's Human Resources Administration ("HRA") is committed to a \$10 million expansion of senior citizen services. If the State maintains its position of not being willing to pick up 50 percent of the cost of this expansion, HRA may not be able to expand as projected. Jule M. Sugarman, Administrator of HRA, feels that senior centers in New York City should be tripled, and he indicates that there is a need for 121 additional centers.

Therefore, Mr. Sugarman says he'll continue to press by introducing legislation and other means for the State to maintain its historical

and currently mandated position to assume a 50 percent share of the cost of approved social service expenditures which are not covered by Federal reimbursement.

On January 1, 1974, the Federal government will assume responsibility for administering public assistance for the disabled, blind, and aged. The City will retain responsibility for social services to these people. However, Federal law provides a benefit of \$130 per month for a single person and \$195 for a couple—below current average payment levels.

Mr. Sugarman points out that the situation is further complicated by two facts: (1) Federal law provides that if a State does supplement, the client is no longer eligible for food stamps. Therefore, the State supplement should be sufficiently large to cover the value of food stamps: about \$14 for an individual and \$20 for a couple.

(2) The Federal government has decided that grants must be uniform and that it will not permit variations for differences in rent. Federal law permits a State to administer its own supplementary grant program, but this would be entirely at State expense. The Federal law is silent on the subject of local contributions.

Mr. Sugarman says that prior to 1974 the legislature must determine: (1) whether it will supplement the Federal assistance funds; (2) what the dollar amount of the supplement will be; (3) who will pay the costs involved.

IMPACT OF PROGRAMS ON HENRY STREET SETTLEMENT³

The Henry Street Settlement Urban Life Center has served the Lower Eastside of Manhattan for over 75 years. Included in this area are a large number of aged.

The Henry Street Settlement Senior Citizens Center, known as the Good Companions, has been in existence since 1952. It is located in the basement of one building of a low income housing project known as Vladeck Houses.

In 1968, as the result of a survey of the community, Henry Street Settlement established a nutrition program which was supported in part by a grant under Title IV of the Older Americans Act, Research and Development Grants Program.

This food program is now on a month-to-month basis until it gets a Title VII grant. But the rest of the comprehensive services of the Center (including Homemaker/Home Health Aide and Information and Referral Services for the homebound) are funded under Title XVI.

Edward J. Kramer, Director of Services to the Aged, says that with group eligibility out, about 75 percent of his people could be eligible under the 90/10 ratio. But he is concerned about the "Application for Individual Services" form that his clients must fill out. He feels that this form would "turn off" many people—as would the multiple forms

³ A memorandum entitled "Eligibility for Purchased Senior Center Participation" and dated February 23, 1973, was sent to the Henry Street Settlement and the Hudson Guild from Robert Goldfeld, Deputy Assistant Commissioner, Bureau of Purchased Social Services for Adults. The memorandum states that because Title 16 appears to no longer be a source of funding of senior centers in New York City, the Henry Street Settlement and the Hudson Guild centers no longer need to continue the use of means test forms. The only requirement which would remain in effect would be for the recipients of services to be residents of New York City and at least 60 years of age. However, no time limit for this "reprieve" was indicated—leaving the Centers' budgets still vulnerable when resubmitted on the 30th of June.

designed by the Bureau of Purchased Social Services for Adults to monitor and evaluate senior centers.

Mr. Kramer says: "I believe that if the 90/10 provisions were enacted, many older poor people would not avail themselves of the services because they would refuse to go on welfare, although they may be eligible."

As to the needs for these services, take the case of "Mr. P." who is ninety-two and blind. He is confined to his apartment (although neighbors look in on him occasionally) where he listens to classical music and current events.

Mr. P. was referred to Henry Street Settlement by Gouverneur Clinic where he goes for treatment. He now looks forward to his meals delivery each day and telephones the Coordinator two or three times a week to ask about the menu. The Community Aide now visits Mr. P. once a week to do errands such as shopping and occasionally takes him down to the park.

In another case, Annie B, seventy-seven, is a widow who was confined to her apartment because of illness. She was afraid to go outdoors because of difficulty in walking, and she had been depending upon neighbors for shopping and paying her rent.

Because of her condition, she was trying to arrange to go to a nursing home. But when a Coordinator from Henry Street visited, plans were made to provide homemaker service so she could remain in her home. Also, a volunteer from the Senior Center was able to walk her to the club dining room on those days when the homemaker was not scheduled to visit. Annie has been coming to the club every day since then and is a long way from her former isolation.

THE IMPACT OF PROGRAMS AT HUDSON GUILD

The Hudson Guild-Fulton Center for Senior Citizens, 119 Ninth Ave., New York City, offers a similar program for clients. It, too, has a Title IV Demonstration Nutrition and Meals program which is being continued on a temporary basis only.

Other programs, funded under Title XVI, would suffer because of the ceiling and eligibility restrictions. Mrs. Fritzie R. Kort, Director, estimates that only about 50 to 60 percent of present clients would be eligible to receive services under the individual eligibility restrictions. She adds:

"The Hudson Guild, which has served the Chelsea neighborhood for the past twenty-seven years, opposes, as do other responsible agencies, the imposition of 'means' tests for social services. The gradual evolution of social policy suffers sharp reversals when 'means' tests are used. We would not want to return to previous ways that we hope had been abandoned.

"Although income insufficiency is an underlying basic need, the establishment of a 'welfare' criterion for services would reduce seniors who are justifiably concerned with the small degree of independence left them, to that level where they would constantly be forced to prove their poverty. It is degrading to them as it is to others. Why would Congress wish to increase the taxpayer's burden

to provide formal welfare assistance in order to provide other needed services?"

In a report, "Penny Wise and Pound Foolish," Gertrude W. Wagner, Director of CAFE CO-OP, Inc. (A Cooperative Approach to Food for the Elderly) of the Hudson Guild, cites examples of how programs of the center actually saves money for the taxpayer. Examples:

Rent allowance-----	\$75. 00
Allowance, including food stamp subsidy-----	84. 00
Extra value of food stamp subsidy-----	8. 00
Group meal subsidy-----	30. 80
Total -----	197. 80

Note: Round figures, \$200.

Compare this total burden to taxpayers with the minimum amount for a month of custodial care—\$750—and the savings to the taxpayer is \$550.

2. This person receives minimum Social Security which covers her rent plus "disregard income." At home, from taxpayers' funds, she could receive:

Allowance, including food stamp subsidy-----	\$84. 00
Extra value of food stamp subsidy-----	8. 00
Group meal subsidy-----	30. 80
Total -----	122. 80

In custodial care, recipient would contribute \$60 of her Social Security toward the cost (\$24.50 disregard income) leaving \$690 to be met from tax funds. Each month she is maintained in her own home the taxpayer would be saved \$567.20.

3. This person has a \$1,500 savings account and has a monthly benefit from Social Security of \$145. Her total permissible need, \$159. Her use of taxpayers' money—while still in her own home is as follows:

Public assistance, food stamp subsidy only-----	\$14. 00
Extra value of food stamp subsidy-----	8. 00
Group meal subsidy-----	30. 80
Total -----	52. 80

When this person enters custodial care, her savings will be exhausted in less than three months, and then the taxpayer must assume the \$750 per month burden—minus \$120.50 from recipient's Social Security—or \$629.50. Keeping recipient in her own home would have saved the taxpayer \$576.70 monthly.

Miss Wagner adds:

"Certainly there are many variations to the three cases, but they add up to the same result. Tax money is saved by programs that keep individuals in their own homes—by having the main meal of the day available in a group meal setting, or, when increasing immobility or failing strength confines them, by having meals sent in. And even if a part-time housekeeper, homemaker, or aide is needed, it couldn't add more than \$100 to the total, making the monthly tax cost between \$152.80 and \$300 which, at its highest, amounts to a saving of 60 percent when compared with the cost of custodial care.

“The conclusion is inescapable. When government at any level says ‘we can’t afford to fund 75 percent of the cost of these meal programs,’ they are truly ‘penny wise and pound foolish.’”

IMPACT ON JASA COMMUNITY SERVICE PROGRAM

On May 1, 1972, the Jewish Association for Service for the Aged (222 Park Ave., South, NYC) began a Community Services for Senior Citizens program in the boroughs of Bronx, Brooklyn, Queens. Services on an individual basis range from telephone information to more intensive planning and social services, including health and home-maker services, counseling, housing improvement and planning. In addition, some twenty-five senior citizens groups were formed.

In all about 3,000 individual cases are handled per month, and over 2,000 seniors were enrolled in group programs, with approximately 10,000 meals served per month.

The gross annual budget for this program is approximately \$1,500,000 with the government providing 75 percent, the City of New York 12½ percent and 12½ percent from the Federation of Jewish Philanthropies of New York.

During seven months of program operation, ineligibles ranged from approximately 2½ to 3 percent. But, in fact, all of the ineligibles are individuals who, by virtue of age and physical infirmity, may ultimately be recipients of Medicaid or Old Age Assistance. The income of the ineligible individuals is on the average no greater than 25 percent above the maximum defined by regulations.

Bernard Warach, Executive Director of JASA, says: “The fund limits under Title XVI may gravely ultimately affect the continuation of the first community services program for senior citizens contracted for the Human Resources Administration of this City. Additional resource must be made available to keep the aged in the community.”

PART 4

RECOMMENDATIONS

An immediate question faces Congress and the general public:

Shall the regulations proposed in the Federal Register on February 16 be put into effect? Interested parties have until March 19, 1973, to submit to DHEW in writing any comments, suggestions, or objections to the proposed regulations.

It should be clear from this report that the Subcommittee on Federal, State, and Community Services advises against implementation and it proposes long-range action as well.

The purpose is to head off current dangers while working towards balanced development of services for the elderly, using the Social Security services¹ where they are appropriate and services from other programs including the Older Americans Act and the Economic Opportunity Act.²

Accordingly, Subcommittee recommendations are grouped into "immediate"³ and "long-range" categories.

RECOMMENDATIONS—IMMEDIATE

Organizations on aging, organizations concerned about development of social services for all age groups, and the general public should register opposition to the harsh, regressive, and inappropriate regulations proposed on February 16 under the heading "Service Programs for Families and Children and for Aged, Blind, or Disabled—Notice of Proposed Rule making". In addition, Congress should consider the desirability of expressing its opposition to the regulations, which go far beyond the intent expressed by Congress when it passed—as an amendment to the Revenue-Sharing Act of 1972—a \$2.5 billion ceiling on social services funded under the Social Security Act and new eligibility requirements.

* * * * *

If necessary, individual citizens and private organizations should consider legal action meant to challenge the proposed regulations.

* * * * *

¹ Some idea of the number of people served by the Social Security titles can be obtained from the Social and Rehabilitation Service budget justification for fiscal year 1972: the number of adults being provided protective services was expected to increase to 125,000 during the following year; the number of individuals being provided services to help them leave institutions and prevent unnecessary institutionalization was expected to increase to 115,000, and the new services were to be developed for 50,000 adults living in community-based housing and other social care institutions.

² Office of Economic Opportunity programs also provide a large number of services. It was estimated in a July 1972 report, Senior Opportunities and Services, A Directory of Programs (Issued by OEO) that 745,574 persons had been served during the previous year by OEO and that they had received more than 5.8 million services. That same report made it clear that the OEO intended at the time "to underpin the more comprehensive senior programs whose major program for the elderly, Title III (of the Older Americans Act) and other sources."

Congress should consider legislation³ which should exempt from the restrictive 90-10 eligibility requirement services provided to the elderly (defined as persons aged 60 and over). This action should be taken as a first step while Congress considers similar action for other age groups.

The Department of Health, Education, and Welfare should support the instituting of reallocation procedures whereby a State's unused allocation would be redistributed among the other States. Preference for reallocation should be given to those States with larger proportions of poor and near poor, and whose supplemental State plans would provide for certain services designed to prevent or reduce institutionalization. A determination of non-utilization of allocation should be made no later than at mid-date of the then current fiscal year. If the implementation of the above suggestion, requires legislative action, DHEW should submit an appropriate proposal.

* * * * *

As related to services provided to the elderly, "potential" welfare recipient should be retained as one likely to be reduced to a dependency situation within 5 years. In making such a determination, income, but not assets, would be a controlling factor. The time span for defining a "past" welfare recipient should be retained at 2 years.

—Regulation allowing for the inclusion of private funds and in-kind contributions in considering a State's share for Federal reimbursement should also be retained.

RECOMMENDATIONS—LONG-RANGE

Instead of issuing regulations which drastically curtail services, the Department of Health, Education, and Welfare should do a far better job than it has in the past of evaluating the successes, as well as the problems, caused by social services funding under the Social Security Act. HEW should propose a plan for improved reporting procedures at an early date, but these reporting procedures should not serve as simply redtape entanglements meant to discourage use of services by people who need them to reduce the likelihood of dependency, institutionalization, or suffering. A public policy goal should be stated which would affirm the targeting of goals to those persons who are most in need of social services rather than smothering limited resources in excessive administrative costs.

* * * * *

Enactment of the Older Americans Act—expected in the near future—should be followed immediately by an organized survey of sources of services for the elderly of this Nation in order to determine the role that each source can and should play in building a

³ This could be done by amending Section 1130(a)(2) of the Social Security Act by adding Sub-Section (F) which would read: "services provided to the elderly, defined as persons who have attained the age of 60 years." A bill (S. 252) introduced on January 20, 1973, by Senators Scott and Schweiker of Pennsylvania was intended to "allow the States to fund social service programs for nonwelfare poor senior citizens from their total Federal allotment, rather than from just the 10 percent reserved for the nonrecipient poor." H.R. 3819, introduced by Representative Heinz of Pennsylvania on February 6, 1973, would exclude from the application of the 90-10 limitation services to the aged, blind and disabled.

sensible, reliable network of federally-assisted services for older Americans. This survey will be performed in part by the Subcommittee on Federal, State, and Community Services of the Senate Special Committee on Aging, but the Subcommittee should also work with other Congressional units with responsibility in the services area. Full cooperation should be extended by the Executive Branch, as well.

* * * * *

With such information in hand, Congress should then turn once again to recommendations made at the White House Conference and elsewhere in regard to orderly development of a practical, rational system to provide appropriate services to older Americans.

MINORITY VIEWS OF MESSRS. BEALL, HANSEN, AND PERCY

The best possible quality of life among older Americans must be the keystone in policy decisions related to programs and services on their behalf.

National, State and community policies in aging should always pursue this objective of life quality for the greatest number of older persons and for those in greatest need.

In no instance should this suggest blind adherence to specific programs as such—especially when their effectiveness in meeting actual needs of the greatest number of the most seriously distressed persons comes under serious question. Results supercede program aspirations importance.

Older Americans understand, perhaps better than any other part of our society, that progress requires change. They do not want change, however, on the basis of hasty or ill-considered evaluations.

Older Americans understand too that, in evaluation of programs on their behalf, it is not enough that they be well-motivated or that purposes be described in lofty terms. They know that ultimately any program decisions should be based on careful analysis of effectiveness and cost—cost in money, in loss of freedom, or in cost to other programs of greater value to them.

We believe that changes in service program operations which would result from the proposed new regulations relating to Titles I, IV, X, XIV, and XVI of the Social Security Act announced February 16 by the Department of Health, Education and Welfare, and discussed at length elsewhere in this report, should be examined realistically on the basis of questions related to Congressional intent, to their effectiveness and cost in human or monetary terms and their total implications for older Americans.

Despite our disapproval of some of the proposed program changes, we question the propriety of blanket condemnation of them under authority of the Subcommittee on Federal, State and Community Services in the absence of hearings by it.

We concede the possibility that we might have been persuaded, or at least have better understanding of the rationale for the new regulations through questioning and the interchange of opinion which would have resulted from the hearing process.

While lacking the advantages of face to face discussion with the H.E.W. staff, in our judgment this report to the Senate would be incomplete without a statement from it in explanation of the basis on which the Department formulated the proposed regulations.

In the interest of fairness, we have therefore requested the Department of H.E.W. to submit a brief statement. It is reproduced below.

The Department recently published proposed revised regulations for social services provided to families with dependent children and to aged, blind or disabled individuals. The proposed regulations are open to comment until March 19, 1973, and may not be final until all the many comments received have been considered. The principal reason for revising the existing regulations is to bring the programs into conformity with the recently enacted General Revenue Sharing Act, P.L. 92-512, and to meet more clearly what we believe to have been the intent of Congress when Federal matching for social services was originally authorized.

Federal funding for social services was authorized by the Congress in 1962, and the provisions were amended in 1967. The purpose of the program was to assist persons on welfare to become self-supporting and to prevent those just above the assistance level from becoming dependent on welfare. For aged individuals, these programs were intended further to complement other medical assistance and other programs for the elderly by preventing unnecessary institutionalization and developing self-sufficiency. In general, the law provided for Federal matching of State and local funds on a three-to-one, 75 percent Federal, 25 percent State and local basis.

Because the provisions of the law permitted very broad interpretations of services eligible for matching and because funds were available on an "open-ended" basis with no upper limit, social service matching funds were increasingly used to finance almost any kind of activity which might benefit needy people, however tangentially, and in many cases to re-finance existing State programs. The level of Federal expenditures rapidly expanded from a \$500 million in FY 70 to an estimated \$4.6 billion in fiscal year 1973, with services often being provided for ineligible persons at the expense of welfare recipients.

The Congress took the first step in refocusing the program in the 1972 Revenue Sharing Act, which placed a \$2.5 billion ceiling on the runaway social service expenditures and required that at least 90 percent of the funds be used for welfare recipients and applicants, with the exception of certain exempted services which would remain available to all eligible persons. The Department of HEW has now issued the proposed revised regulations as a further step in implementing the terms of the Revenue Sharing Act and meeting the criticism that the existing social services system lack both program and fiscal accountability.

Under the overall spending ceiling, only five States have lower allocations in this fiscal year than was spent in fiscal year 1972. About half have ceilings higher than their estimated level of expenditures for the current fiscal year. Most States have the option of providing more services than they have in the past, depending upon their own priorities.

Under the Revenue Sharing Act and the proposed regulations, the range of services which may be provided to aged persons is extensive; they include:

Chore Services.—Performing household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home.

Day Care Services for Adults.—Providing personal care during the day in a protective setting.

Foster Care Services for Adults.—Placement of an individual in a substitute home which is suitable to his needs, supervision of the home, and periodic review of the placement to determine its continued appropriateness.

Health-Related Services.—Helping individuals to identify their health needs and to secure needed services available under Medicaid, Medicare, or other health services programs. Includes planning with the individual, his relatives or others, and health providers to help assure continuity of treatment and that health recommendations are carried out.

Home Delivered or Congregate Meals.—Preparing and delivering hot meals to an individual in his own home or in a central dining facility as necessary to prevent institutionalization or malnutrition.

Homemaker Service.—Caring for individuals in their own homes, and helping them to maintain, strengthen, and safeguard their functioning in the home.

Home Management and Other Functional Educational Services.—Providing instruction and training in the management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, and health maintenance.

Housing Improvement Services.—Helping individuals to obtain or retain adequate housing (excluding the cost of construction, renovation or repair, moving of individuals, rent, deposits, and home purchase).

Protective Services for Adults.—Identifying and helping to correct hazardous living conditions or situations of an individual who is unable to protect or care for himself.

Transportation Services.—Making it possible for an individual to travel to and from community facilities and resources.

Special Services for the Older Blind.—Helping the blind person through training in mobility, personnel care, home management, and communication skills; special aids and appliances; special counseling for caretakers of blind children and adults; and help in securing talking book machines.

We also hope to improve management of the program. We are proposing to remove administrative requirements which are not based on legislative mandates. We are also seeking to reduce overlap with other Federally supported programs and to complement other categorical programs, including those for the aging, with these social services.

Both legislative intent and fiscal reality demand that we serve the most needy persons with always scarce Federal funds. That is the reason for focusing these funds on welfare

recipients and those just above the assistance level. The proposed eligibility determination requirements would insure that we will serve those most in need. These persons who are determined eligible because they may become welfare recipients within six months may continue to receive services if they are in danger of becoming welfare dependent in succeeding six month periods.

These revisions are proposals only, submitted for public comment. Out of the comments received and the ensuing dialogue, we hope we can develop a set of regulations that will put most decision-making closer to the point where services are used and which will permit available resources to be used effectively for those who need them most.

Our obligations as members of this subcommittee are 2-fold:

1. *Immediately we are deeply concerned that new regulations as finally implemented by the Department of Health, Education and Welfare, fully reflect Congressional intent as set forth in the laws it has enacted.*

2. *We are further concerned, in what by the nature of the legislative process must be a larger time frame-work, that new action by the Congress help us achieve our basic goal—the best possible quality of life for all older Americans.*

We recognize that regulations issued by the Department of Health, Education and Welfare must reflect changes in the law recently passed by the Congress. We concede also the Department's responsibility to make changes where prior regulations were based on earlier erroneous interpretation of Congressional intent.

Unquestionably a number of the proposed changes were mandated by the Congress during the past year when it enacted the Revenue Sharing Act. We are informed that others were prompted by the H.E.W. view that existing regulations fail to comply with the Social Security Act Amendments of 1962 and 1967.

Even though we disagree with some of H.E.W.'s proposals, we acknowledge the Secretary's courage in taking action which he knows will subject him to strong criticism from persons and groups with special interest in preservation of the status quo.

We believe that the Department of Health, Education and Welfare—however right or wrong it may be in specific instances—has been motivated by a sincere desire to support our basic goals for older Americans and to comply with intent of the law. We question whether anyone would seriously challenge this motivation.

We recognize that decisions by the Department of Health, Education and Welfare are based, at least in part, on desire to cooperate with the President's efforts to reduce deficit spending by the Federal Government as a whole in line with his determination to bring inflation under control. Few would challenge the importance of inflation control as the primary need of all retirees.

While reserving the right to challenge the propriety of these H.E.W. proposals, we assume they have been made also on the basis of analysis of program effectiveness in contrast to other programs for which H.E.W. recommends increased funding and expansion.

We shall speak out strongly against H.E.W. recommendations at every point where we have knowledge of program operations which indicate that such decisions are wrong. As individual members of the Senate we have done so in the past and shall continue to do so in the future.

We concur with the Majority Report that it is important that persons and groups concerned with the operation and purposes of the programs to be affected by recent H.E.W. decisions—and this includes all older Americans—should make their views known on these important questions as promptly as possible.

Our belief that these matters should receive prompt attention from the Congress and the people is reflected in the following letter to the Subcommittee Chairman by the ranking Minority member sent the day after the majority report draft was received.

MARCH 6, 1973.

HON. EDWARD M. KENNEDY,
Chairman, Subcommittee on Federal, State and Community Services, Special Committee on Aging, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Thank you for your letter of March 5th transmitting a copy of the proposed report of the Subcommittee on Federal, State and Community Services to the members of the Subcommittee requesting their approval or disapproval by March 7th.

As you suggest, it is appropriate for the Congress, professionals in the field of aging, and older Americans themselves to review promptly and carefully the regulations proposed on February 15 by the Department of Health, Education, and Welfare affecting programs with impact on the lives of older persons through services for which that Department is responsible.

Since only 13 days remain for response to the Department's request for comments on the proposed regulations, out of the original 30 allocated for this purpose, it is obviously desirable that delay be held to a minimum. An initial survey of Republican Subcommittee Members, none of whom have had time to make more than a hurried review of the proposed report's more than 50 pages, however, indicates the probability that a Minority Report will be necessary.

Because time is so short, we shall make every effort to deliver such a Minority Report to you by Monday, March 12 if we conclude such a statement is necessary after more careful review of the proposed report.

The preparation of such a Minority Statement, and its review, amendment and approval by Senators who will sign it less than 7 days after the proposed report's receipt, will impose obvious limitation on it. Of necessity it will have to be restricted in scope, especially since no subcommittee hearings on the issues have been held. Only the need for its early publication can warrant such haste.

As ranking Minority Member of the Subcommittee, I trust you will understand our dilemma by accepting my request that we have until March 12 to submit additional views and recognize the spirit of cooperation on which such a quick response is based.

With best wishes, I am
Sincerely yours,

J. GLENN BEALL, JR.

As individual members of the Senate we shall, as we have in the past, make our views known to H.E.W. officials on elements within the proposed regulations which we feel misinterpret Congressional intent. If we feel Congressional intent itself has been wrong, we shall also speak out without hesitation.

The practice of issuing proposed regulations in advance of their final adoption by H.E.W. is, of course, designed to permit seasoned evaluation and comment on them.

We concur with the view that whenever the normal period of time for comments on proposed regulations is inadequate for their full evaluation, it is appropriate that H.E.W. defer their implementation as needed to provide such assurances. The issues are important. We, as individuals, would like to make our own views known after more careful review of all facts than shortness of time now permits. We believe all citizens should have a comparable opportunity to be heard.

In conclusion, let us once again stress our concern about the absence of subcommittee hearings in the preparation of this report. Hearings provide us with an opportunity to weigh the pros and cons of a given issue. From this format we can mold legislation and public policies in such a way as to best meet the needs of our citizens within the limitations imposed by the National budget. In the future, we hope that the Subcommittee of State, Federal and Community Services will use procedures that allow all the contending schools of thought to be heard before we issue a report.

INDIVIDUAL VIEWS OF MR. FONG

While I am generally familiar with the purpose of new regulations proposed by the Department of Health, Education and Welfare for services under Titles I, IV, X, XIV, and XVI of the Social Security Act, I find it necessary to withhold judgment on the issues and recommendations discussed in the Subcommittee report.

Since no hearings were held and the Subcommittee did not meet as a body on these complex and difficult matters so that we could get all points of view before coming to conclusions, substantive comment now is inappropriate.

APPENDICES

Appendix 1

RELATIONSHIP BETWEEN OLDER AMERICANS ACT AND SOCIAL SECURITY SERVICES

This report deals primarily with services provided under Social Security titles.

However, the full significance of those services cannot be understood without some analysis of a service delivery strategy outlined by the administration during discussion of the Older Americans Comprehensive Services Amendments of 1972.

Those amendments, enacted by the Congress but then pocket-vetted on October 28, would have increased the funding available to the Administration on Aging for some services. But a primary goal of the administration was establishment of sub-State service units which could act as coordinators of services available through the Older Americans Act and *through all other federally-assisted sources*.

In the following report,* the interrelationship of the Older Americans legislation (which was re-enacted in the Senate on February 20) to the Social Security services is discussed in detail.

OLDER AMERICANS COMPREHENSIVE SERVICES AMENDMENTS OF 1972

The Older Americans Comprehensive Services Amendments of 1972 (hereinafter referred to as "1972 Amendments")¹ represents a clearer defining of the relationship between the Federal Government and the elderly of this Nation. Since the passage of the original Older Americans Act in 1965, it had become increasingly more apparent that the second most important Federal role (after income) was to increase the availability of a comprehensive range of services which could assist older persons to remain independent as long as possible.² The 1972 Amendments recognized as the purpose in providing such services to "secure and maintain maximum independence and dignity in a home environment for older persons capable of self-care with appropriate supportive services; and to remove individual and social barriers to economic and personal independence for older persons."³

The challenge of the 1972 Amendments was, therefore, to create

*Prepared by Miss Patricia Callahan, Professional Staff Member, U.S. Senate Special Committee on Aging.

¹ H.R. 15657—despite strong bipartisan support was pocket vetoed by the President on October 28, 1972.

² Gold, Byron D., "The Administration Proposals to Strengthen the Older Americans Act", p. 3. (Remarks at Duke University Conference on Aging, June 2, 1972.)

³ "The Comprehensive Older Americans Services Amendments of 1972," House report 92-1203 (accompanying H.R. 15657), p. 26.

a mechanism which would bring into existence the skills of management and organization in the delivery of such services.⁴ Referring to the elderly, the Legislative History of the Amendments states that "no other group is affected by the activities of so many departments and agencies with so few results."⁵ There are over 150 programs which benefit the elderly and are administered in almost every department of the Federal Government.⁶

In pointing up the shortcomings of the seven years of experience with the Older Americans Act, the then Secretary of the Department of Health, Education, and Welfare, Elliot L. Richardson, stated at hearings:

Too often, objectives have not been clearly specified, Federal resources have not been targeted in areas of greatest need, other public and private resources have been underutilized and (un)coordinated—and the catalytic effect which might have been achieved has not been.⁷

A major objective of the 1972 Amendments, then, was to make maximum use of limited Federal resources so as to initiate, expand or otherwise improve the supply of services for older people.⁸ The State grant program under Title III was substantially revised in order to provide for a better organization scheme at the State and local levels⁹ thereby encouraging the targeting of Federal resources in areas of greatest need by requiring governors to designate priority sub-State planning areas.¹⁰ The Title III funds were recognized as not being sufficient to fund a comprehensive services system completely, but were intended to be used as an incentive and catalyst.¹¹ The 1972 Amendments envisioned the development of a type of "partnership of older citizens, parents, community, and community, State and local governments, with appropriate assistance from the Federal Government."¹² This newly developed mechanism would thus act as a type of go-between, a broker, in bringing together the suppliers and the recipients of services.¹³ For example:

In a community where a homemaker service would be in critical need, the broker might bring together the Community College, the State Employment Service, the Welfare Department, and a senior center.¹⁴

As stated in the Legislative History:

Area agencies are intended, primarily to coordinate and fund existing service providers rather than to establish themselves as new providers of services to the aging.¹⁵

⁴ Gold, Byron D., *op. cit.*, p. 3.

⁵ "Comprehensive Older Americans Services Amendments," Senate report 92-1242, p. 8.

⁶ Brody, Stanley J., testimony on the Older Americans Act Amendments of 1972, before the Subcommittee on Aging of the Committee on Labor and Public Welfare, United States Senate, March 23, 1972, p. 283.

⁷ Richardson, Elliot L., testimony on the Older Americans Act Amendments of 1972, before the Subcommittee on Aging of the Committee on Labor and Public Welfare, United States Senate, March 23, 1972, p. 229.

⁸ Gold, Byron D., *op. cit.*, p. 5.

⁹ Senate report 92-1242 p. 11.

¹⁰ Richardson, Elliot L., *op. cit.*, p. 280.

¹¹ Senate Report 92-1242 p. 12.

¹² H.R. 15657, the Older Americans Comprehensive Services Amendments of 1972, Sec. 101(4).

¹³ Gold, Byron D., *op. cit.*, p. 5.

¹⁴ *Ibid.*

¹⁵ Senate report 92-1242, p. 2.

Interlocking the Older Americans Act with other funding resources is at the crux of the 1972 Amendments. Speaking on behalf of the National Association of Social Workers, Inc., Mr. Stanley J. Brody testified at hearings on the bill that "we endorse the inclusion of the Nutrition program in the Older Americans Act . . ." and added "Congress may appropriately want to insist on a requirement of inclusion specifically of programs under Titles 1, 16, 18 and 19 of the Social Security Act within each State plan to guarantee maximum integration of existing major human service programs."¹⁶

As stated, the 1972 Amendments intend to target the delivery of comprehensive social services to those whose need is the greatest. The concept of "need" applies to those elderly who are most vulnerable to the loss of independence, rather than "need" based solely upon financial situation.¹⁷ While programs authorized under the Older Americans Act have never depended upon the income of the receivers of services as the sole criteria for eligibility, the Committee on Labor and Public Welfare in its report accompanying the 1972 Amendments stated:

Until such services are available for all older Americans, the State agencies, in dividing States into planning service areas and developing comprehensive coordinated service programs (should) give special consideration to the needs of the low income elderly.¹⁸

However, even though Congress recognized the generally greater need of services by lower income elderly, the application of any type of means test would never be tolerated as an element in the administrative mechanism.

Congress, in passing the Comprehensive Service Amendments, recognized that "for many older persons, (social) services can mean the difference between living independently in their homes or being—all too often—unnecessarily and prematurely institutionalized at a much higher public cost."¹⁹ The paradox in public policy is that programs are designed to pay too little to keep elderly persons at home but will readily pay an average of \$400-500 a month to keep the same persons in an institution.²⁰ For many older persons, the difference between independence and incapacity can be as little as one hot meal a day.

Provision was made in the 1972 Amendments for the integration of Title VII nutrition programs into the comprehensive and coordinated social services systems funded under Title III. Thus the role of nutrition services would be developed as part of the total spectrum of services.

As Secretary Richardson testified:

The need for nutritional services is really a part of other needs that have to do with bringing elderly people out of the isolation of their own rooms where they are not in contact with other people and where they may not be properly

¹⁶ Brody, Stanley J., op. cit., p. 294.

¹⁷ Gold, Byron D., op. cit., p. 8.

¹⁸ Senate Report 92-1242, p. 14.

¹⁹ Comments by Senator Frank Church on the "Older Americans Comprehensive Services Amendments", *Congressional Record*, January 4, 1973, p. S134.

²⁰ Donnelly, Terrence M., "California: the Need for Community Based Services for the Elderly and a Proposed Solution—the Social Maintenance Organization", p. 12. (Submitted to: the Joint Committee on Aging of the California State Senate and Assembly, December 12, 1972.)

fed because they are not able to get out often enough to shop for themselves and where the cycle of discouragement has a cumulative effect on their general well-being.²¹

Although directed toward geographic areas with higher concentrations of lower income elderly, the nutrition programs funded under Title VII would not apply individual means tests. An applicant provider under Title VII would have to establish a social program in conjunction with a hot meals program. Although there is provision in Title VII for funding of supportive services, the applicant would more likely attempt funding under Title 1 or 16 of the Social Security Act. However, under current legislation, programs funded under the Social Security Act must be directed principally toward recipients of Old Age Assistance. Although up to 10 percent of expenditures on services (statewide) funded under the Social Security titles can be directed toward the categories of "former" and "potential" welfare recipients, too many administrators, for the sake of simplification, are directing Social Security programs to welfare recipients exclusively. For those which still allow up to 10 percent non-welfare participation the application of a means test has occurred. Thus the implementation of Title VII nutrition programs could in some instances be totally negated, while in others it could become engulfed in the effects of means tests.

²¹ Richardson, Elliot L., *op. cit.*, p. 262.

Appendix 2

REPORT BY THE GEORGIA DEPARTMENT OF HUMAN RESOURCES

Office of Aging

IMPACT OF TITLE XVI REVISIONS ON GEORGIA'S ELDERLY SOCIAL SERVICES PROGRAMS

Background and Purpose

The Georgia Department of Human Resources has State responsibility for the development, administration and coordination of social services for eligible families and individuals throughout Georgia. These services are authorized under the U.S. Social Security Act, as amended, (Titles I, [Old Age Assistance]; IV-A [Aid to Families with Dependent Children]; X [Aid to the Blind]; XIV [Aid to the Permanently and Totally Disabled], and XVI [Combination of the three adult categories, as chosen in Georgia] and are intended to preserve, rehabilitate, reunite and strengthen eligible families or individuals or assist members of families or individuals or assist members of families to attain or retain capability for maximum self-support and personal independence.

The State of Georgia has moved systematically since the 1967 amendments of the Social Security Act were enacted to plan and administer a comprehensive program of social services to meet the needs of Georgia's needy families and individuals. However, through Congressional and Presidential action, the Revenue Sharing Act [P.L. 92-512, October 21, 1972] contains a number of restrictive amendments to all social service programs and more particularly to the elderly services funded under Title XVI of the Social Security Act, including a \$2.5 billion national ceiling on these formerly "open-ended" programs.

Equally and possibly more detrimental to Georgia's efforts to develop a comprehensive network of elderly social services have been limitations set on the provision of services to old age assistance recipients. Whereas the former Social Security provisions allowed elderly social service programs to provide services to past, present or future recipients of financial assistance, the new Social Security Act provides that no more than 10 percent of the State's Federal allotment of social service funds can be utilized for services to past or potential recipients while the other 90 percent shall be expended for services to current recipients only. The Revenue Sharing Act specified five exceptions to the 10 percent limitation, but these exceptions [child care, family planning, mentally retarded, drug addicts and alcoholics, and child foster care] will have only a negligible impact on the bulk of Georgia's Title XVI efforts. In addition, recent Department of Health, Education and Welfare program regulations have brought about even greater cut-

backs in the use of Title XVI funds through a shortened time framework for past and potential recipients.

In an effort to ascertain a quick assessment of how the recent Social Security Act revisions are impacting on Georgia's elderly residents, the Department of Human Resources, Office of Aging has contacted several appropriate State and local agencies which plan and/or administer social services programs for the State's elderly residents to ascertain their views on the impact of Title XVI revisions and cutbacks. Due to time constraints imposed in carrying out this survey, it is necessarily only a sample of the anticipated negative impact on senior citizen services. The total impact on the recent revisions of Title XVI are very difficult to ascertain without a more detailed, comprehensive survey. Nonetheless, the results of this rapid survey indicate the tremendous negative impact which the Title XVI revisions are having on Georgia's elderly social services programs.

The agencies surveyed included the Georgia Department of Human Resources [Community Services and Office of Aging], six priority aging planning areas, local housing authorities, model cities agencies, select Area Planning and Development Commissions and other appropriate local public and private agencies which plan and/or administer programs for Georgia's elderly residents.

At the time the Revenue Sharing Act was enacted [October 21, 1972], Georgia was providing over \$79 million of social services [either through direct services or purchase of services] to eligible Georgia families and individuals of all categories. With the maximum ceiling placed upon Georgia's programs at some \$23 million lower [\$56.6 million], the State had no choice except to discontinue many social services that had been long in planning and many that had been actually serving thousands of needy Georgians. Hit hardest by the State allotment ceiling was Georgia's elderly residents. Attachment A identifies the actual terminations of Title XVI programs in Georgia.

While the actual cutbacks in Title XVI aging programs have been acute, the *potential* impact of the revisions appear to be of even greater magnitude. First of all, the advocates for elderly services under Title XVI were just initiating major programs at the time that the Revenue Sharing Act restrictions were enacted. This, in effect, has meant that many programs that were being planned to provide much needed services to Georgia's residents may never be implemented—particularly at levels required to make significant impacts on the needs of Georgia's some 368,000 elderly residents over age sixty-five.

The following represents a sample of potential cutbacks in Title XVI funds in Georgia due to the recent Social Security Act amendments. The services proposed were as follows:

- (1) *Community Services*: These are services that had been proposed to the Department of Human Resources. The actual finalized proposals were on hand and awaiting final review and approval when the recent revisions were enacted.
- (2) *Area-wide Aging Agencies/Select APDC's*: The Department of Human Resources; Office of Aging, has funded [Under Title III of the Older Americans Act] five (5) priority multi-county agencies to plan, administer, coordinate and evaluate major elderly services programs. Each aging planning agency is now

in the final steps of planning and will be needing the financial resources identified in order to implement the desired social services. Since these priority aging planning areas have significant number and percentages of residents which would have qualified under the older provisions of Title XVI [past, and potential recipients], most of the planned services were to be funded with Title XVI financial assistance.

Also, since Georgia is to receive only limited funding under the Title VII [Older Americans Act] Nutrition Program for the Elderly, the State had anticipated using Title VII funds for raw food costs and Title XVI assistance for all other supportive services such as transportation, outreach, information and referral, health and welfare counseling, recreation, shopping assistance, nutrition education and other needed services. This would have allowed Georgia to develop a meaningful nutrition program for the elderly. Now, with the Social Security Act ceiling and eligibility restrictions, it will be impossible to develop a comprehensive nutrition program on a Statewide basis.

In addition to Georgia's priority aging planning areas, the Department of Human Resources had established a network of community human resource planning and coordination through Georgia's multi-county Area Planning and Development Commissions. Each multi-county planning program had been established under Title IV-A and XVI and each contained a viable planning component on the needs, problems and opportunities of the elderly. It was anticipated that each APDC would develop a meaningful areawide program for the aging which would seek Title XVI financial assistance for operational social services. A select number of these APDC's have been included even though many of them are still in their early stages of **planning.**

ATTACHMENT A—Actual title XVI losses (for elderly)

Name of program	Amount of cut	Number served	Number of staff cut	Services terminated
Senior personal services project (Atlanta Model Cities) 51.3H. ¹	\$87,961	100	12	Day care center, meal delivery to homes, social services (evaluation and assessment of each client; information and referral).
Federal.....	-65,971			
Social services for the elderly (Atlanta Housing Authority) 84.3. ¹	759,744	4,650	77	Information and referral, health maintenance, counseling and guidance, homemaker service, activities to alleviate loneliness, employment, friendly visiting and chore service, transportation, nutritional component, training, recruitment and training volunteers to work with elderly.
Federal.....	-569,808			
Athens Community Council on Aging 55.7 ¹ ...	160,620	900	14	Information and referral, service interlinkage, coordination of volunteer program, homemaker and home/health aide services.
Federal.....	-120,465			
National Council of Jewish Women 57.2 ¹	13,070	2,400	2	Information and referral, maintain resource file on all services for the elderly, training of volunteers, improve community understanding of services for elderly.
Federal.....	-9,802			
Alma-Bacon community services for senior citizens program (Alma-Bacon Model Cities) 53.0. ¹	178,924	6,000	23	Transportation, education and enrichment, consumer education, homemaker services.
Federal.....	-134,193			
Alert West End to Available Resources for the Elderly 85.7. ¹	13,200	184	1	Outreach; information and referral.
Federal.....	-9,900			
Savannah senior citizens program (Savannah Model Cities) 88.0. ¹	268,834	1,700	38	Homemaker; chore aide; day care; nutrition; prescription delivery; medical transportation; cultural enrichment; issuance of discount cards, food stamps, and bus tokens.
Federal.....	-201,625			

¹ May renegotiate for services to current recipients only.

ATTACHMENT B.—*Potential title XVI losses (for elderly)*

1. *Community Services Division, Department of Human Resources*

Agency	Services	Estimated expenditures	Estimated number to be served
Albany-Daugherty County Council on aging - Project Focus Salvation Army, Visiting Nurses Association, National Council of Jewish Women.	"Meals-on-wheels" to elderly in public housing..... Senior citizen center, homemaker—home health services and information and referral.	41, 136 98, 531	100 1, 000
Church Women United, Atlanta.....	Advocacy for elderly, home visits, transportation, chore services, trips, health services and information and referral.	25, 000	
Clayton County EOA (Senior Citizens Day Care Center).	Outreach, educational programs, health delivery systems, transportation, homemaker services, information and referral.	43, 589	
Housing Authority of Camilla.....	Various services to elderly public housing tenants.....	3, 000	
DeKalb County Health Department.....	Prevention of diseases and disability. Develop nursing care services in a complex setting.	100, 000	(1)

¹ Elderly of DeKalb County.

Appendix 3

MATERIAL RELATED TO REVENUE SHARING

Enactment of revenue-sharing legislation (The State and Local Fiscal Assistance Act of 1972) raised the possibility of a new source of funding for social services to older Americans.

Early response to the bill included a letter from Dr. Arthur Flemming, Chairman of the Post Conference Board of the White House Conference on Aging. He urged leaders of national organizations on aging to urge members to do "everything possible to obtain for older persons a fair share of these new Federal dollars." The text of Dr. Flemming's appeal and the joint letter appear as Item One of this Appendix.

To make an early appraisal of the actual and potential usefulness of Revenue Sharing in terms of services to the elderly, the Senate Committee on Aging on January 4, with the cooperation of the Urban Elderly Coalition, wrote to 38 cities for a preliminary report. A summary of those findings appears as Item Two of this Appendix.

Finally, Item Three is a reprint of an article written by one of the early advocates of revenue sharing, Mr. Walter W. Heller, in the Wall Street Journal of February 22, 1973. Mr. Heller first recommended revenue sharing while serving as Chairman of the Council of Economic Advisers under President Johnson. He is now Regents' Professor of Economics at the University of Minnesota.

ITEM ONE: LETTER BY DR. ARTHUR FLEMMING TO NATIONAL ORGANIZATIONS AND RESULTANT JOINT LETTER

POST CONFERENCE BOARD OF THE
WHITE HOUSE CONFERENCE ON AGING,
Washington, D.C., October 20, 1972.

MR. FOSTER J. PRATT, *President, American Association of Retired Persons.*

MR. THOMAS G. WALTERS, *President, National Association of Retired Federal Employees.*

MR. HOBART C. JACKSON, *Chairman, National Caucus on the Black Aged.*

DR. DAVID G. SALTEN, *President, National Council on the Aging.*

MR. NELSON H. CRUIKSHANK, *President, National Council of Senior Citizens, Inc.*

MR. JOSEPH A. FITZGERALD, *President, National Retired Teachers Association.*

GENTLEMEN: The enactment into law of the Revenue Sharing Act opens up some new opportunities for progress in the field of aging.

Under this Act a total of \$5.64 billion dollars will be paid to 38,000 States and communities throughout the United States during the fiscal year ending June 30, 1973.

The State government will be entitled to receive one-third of the amount allocated to that State. The remaining two-thirds of the State allocation will be divided among the units of local government, namely, counties, cities and towns.

Local government must use the monies they receive for priority areas of public safety, environmental protection, public transportation, health, recreation, libraries, social services for the poor or *aged*, and financial administration.

The enclosed fact sheet provides additional information relative to the new law.

It is clear that some of the Revenue Sharing funds that are made available to State government could be used to strengthen programs in the field of aging.

It is likewise clear that some of the new Federal funds made available to counties, cities and towns could and should be used for social services for older persons. In addition, programs that are worked out for the use of these funds by local governments in such areas as public safety, environmental protection, public transportation, recreation and libraries can and should include special provisions for dealing with the needs of older persons.

It is essential, however, for representatives of organizations of older persons to take the initiative in order to make sure:

- that a meeting is called at the local level of interested organizations and agencies in both the non-governmental and the governmental sectors
- that such a meeting include those voluntary organizations that have demonstrated a genuine concern for the needs of older persons
- that the meeting results in the development of a specific proposal for assisting older persons in the community in question
- that when the proposal is submitted to the appropriate governmental unit there is a clear indication that the proposal has the support of many citizens within the community.

I am delighted to note that all of the organizations to which this letter is addressed have agreed in a joint statement to take this initiative in alerting the communities of the nation to the possibilities outlined in this letter. This is a new and challenging opportunity for action in the field of aging that can be of help to *today's* older persons.

Very sincerely and cordially yours,

ARTHUR S. FLEMMING,
Chairman.

[Enclosures.]

Dictated and signed in his absence.

FACT SHEET ON REVENUE SHARING AND PROGRAMS FOR OLDER PERSONS

In October, 1972 Congress passed and the President signed a historic new law whose formal title is the State and Local Fiscal Assistance Act of 1972, more commonly known as Revenue Sharing. Because this resource is potentially a significant source for financing programs to meet the needs of older persons, those concerned with developing such programs need to understand, at least in basic outline, how the new law will work. (Services to the poor and the aged have been designated a priority area.)

Revenue Sharing provides for the distribution, with virtually no strings attached, of large amounts of Federal resources to 38,000 State and local governments. Revenue Sharing permits State and local officials to determine the purpose for which available Federal funds shall be spent.

The new law provides that for the last half of fiscal year 1972, \$2.65 billion will be distributed; for fiscal year 1973, \$5.64 billion; for 1974, \$6.05 billion; for 1975, \$6.20 billion; for 1976, \$6.35 billion; and for the first half of fiscal 1977, \$3,325 billion. Each State will receive its share of these funds based on whichever one of the two formulas gives the State the most money. These formulas take several factors into account including State-local tax

efforts, the size of the population, and the amount of poverty present in the State's population. The amounts each State will receive for *Fiscal Year 1973* are shown in the following table:

REVENUE SHARING, FISCAL 1973¹

	<i>Amount of revenue sharing</i>		<i>Amount of revenue sharing</i>
Alabama -----	\$116, 100, 000	Montana -----	\$20, 600, 000
Alaska -----	6, 300, 000	Nebraska -----	42, 900, 000
Arizona -----	50, 200, 000	Nevada -----	11, 100, 000
Arkansas -----	55, 000, 000	New Hampshire -----	15, 200, 000
California -----	556, 100, 000	New Jersey -----	163, 600, 000
Colorado -----	54, 600, 000	New Mexico -----	33, 200, 000
Connecticut -----	66, 200, 000	New York -----	591, 400, 000
Delaware -----	15, 800, 000	North Carolina -----	135, 500, 000
District of Columbia -----	23, 600, 000	North Dakota -----	19, 700, 000
Florida -----	146, 000, 000	Ohio -----	207, 000, 000
Georgia -----	109, 900, 000	Oklahoma -----	59, 400, 000
Hawaii -----	23, 800, 000	Oregon -----	56, 200, 000
Idaho -----	19, 900, 000	Peunsylvania -----	274, 000, 000
Illinois -----	274, 700, 000	Rhode Island -----	23, 600, 000
Indiana -----	104, 300, 000	South Carolina -----	81, 500, 000
Iowa -----	77, 000, 000	South Dakota -----	25, 100, 000
Kansas -----	52, 800, 000	Tennessee -----	98, 400, 000
Kentucky -----	87, 300, 000	Texas -----	244, 500, 000
Louisiana -----	113, 600, 000	Utah -----	31, 400, 000
Maine -----	31, 100, 000	Vermont -----	14, 800, 000
Maryland -----	107, 000, 000	Virginia -----	105, 200, 000
Massachusetts -----	163, 000, 000	Washington -----	84, 100, 000
Michigan -----	221, 900, 000	West Virginia -----	52, 300, 000
Minnesota -----	103, 900, 000	Wisconsin -----	133, 900, 000
Mississippi -----	90, 700, 000	Wyoming -----	9, 700, 000
Missouri -----	98, 800, 000		

Of these amounts, each State Government is entitled to *one-third* which it may use for virtually any purpose it wishes. The remaining *two-thirds* of the funds made available to the State must be passed on to counties, cities and towns. Local governments may use these funds for the priority areas of public safety, environmental protection, public transportation, health, recreation, libraries, financial administration, and *social services for the poor or aged*.

In addition to using these funds for current expenditures in the priority areas, local governments may use funds for legally authorized capital expenditures. Neither the State nor the local shares of Revenue Sharing may be used to match other Federal grants.

Each jurisdiction receiving funds under revenue sharing must publish its plan for the use of the funds prospectively. Likewise, at the conclusion of the period for which funds were made available, the jurisdiction must publish the actual uses to which the funds were put. Both instances of publishing must take place in a newspaper(s) whose coverage includes the entire jurisdiction.

By the end of October, 1972 the first distribution of \$2.65 billion will be made. In January, 1973 another distribution of \$2.65 billion will be made. Thereafter, payments will take place quarterly.

It is clear, therefore, that under the new Revenue Sharing Act the case for new, expanded, and/or improved programs for older persons must be made to each and every State and local governmental unit receiving funds under the new Act; and approaches must be made immediately before decisions are made which do not provide for utilizing a portion of the Revenue Sharing funds in the field of Aging.

¹ Source: Joint Committee on Internal Revenue Taxation; Census Bureau.

AMERICAN ASSOCIATION OF RETIRED PERSONS
 NATIONAL ASSOCIATION OF RETIRED FEDERAL EMPLOYEES
 NATIONAL CAUCUS ON THE BLACK AGED
 NATIONAL COUNCIL ON THE AGING
 NATIONAL COUNCIL OF SENIOR CITIZENS, INC.
 NATIONAL RETIRED TEACHERS ASSOCIATION

Each of the signators to this statement has received the attached letter from the Chairman of the Post-Conference Board of the White House Conference on Aging together with the fact sheet referred to in the letter.

We believe that the new Revenue Sharing Act does provide the members of all of our organizations with an opportunity to obtain for older persons and their communities, the needed Federal dollars for support of special programs in the field of aging, and to stimulate greater response to the needs of older persons in programs designed to serve the needs of the entire community.

It is clear, however, that if older persons are to share in the benefits from these dollars we must act and act quickly.

We are especially desirous of our members doing everything possible to obtain for older persons a fair share of these new Federal dollars that are being allocated to counties, cities, and towns. We are heartened by the fact that the new law establishes as one of its priorities at the level of local government "social services for . . . aged." Unless we are alert to our opportunities, this could end up as only a paper recognition of our needs.

Services for older persons must be included in Revenue Sharing by local governments at the outset. If they are not, plans for the use of these funds will become frozen and it will be increasingly difficult for older persons to obtain anything approaching a fair share.

This means that our members must quickly work with the appropriate organizations and agencies, both non-governmental and governmental, in local communities to develop proposals for the consideration of the governmental bodies that will be spending these new Federal dollars, and they must make it clear that their proposals are being supported by a large number of citizens in the community.

We are contacting our members immediately to call their attention to this opportunity and to urge them to take the initiative in calling together immediately the representatives of private and public agencies, in helping to develop specific proposals, and in rallying support for those proposals. We intend to give our local units vigorous support in this endeavor.

We hope that many communities will see this as an opportunity to obtain the funds which will enable them to make a start in the direction of developing a plan for the coordination of services for older persons in a community. Some communities will feel that other needs are more pressing. We have confidence in the decisions that will be made at the local level.

We recognize that older persons can also benefit from revenue sharing funds made available to State Governments. We are urging our State offices to make vigorous representations to Governors in the interest of having some of these funds used to strengthen the State programs on aging.

Our principal concern is that the needs of older persons be recognized—not passed over—as the nation shares these Federal dollars with States and local governments.

FOSTER J. PRATT,

President, American Association of Retired Persons.

THOMAS G. WALTERS,

President, National Association of Retired Federal Employees,

HOBART C. JACKSON,

Chairman, National Caucus on the Black Aged.

DAVID G. SALTEN,

President, National Council on the Aging.

NELSON H. CRUIKSHANK,

President, National Council of Senior Citizens, Inc.

JOSEPH A. FITZGERALD,

President, National Retired Teachers Association.

ITEM TWO: SUMMARY OF REPLIES TO COMMITTEE ON AGING QUESTIONNAIRE

Members of the Urban Elderly Coalition—an organization established in 1972 to represent municipal, county, and regional agencies on aging—cooperated with the Senate Committee on Aging to take an early sampling of uses to which the revenue-sharing has been put.

Questionnaires were sent to 38 localities, and 14 replies were received. Several respondents indicated that the program was still so new that it would be difficult to determine long-term trends. The responses, however, provide some useful information about the present situation and possible later developments.

A. CITIES IN WHICH NO SPECIFIC ALLOCATIONS HAVE YET BEEN MADE

Chicago, Cincinnati, Newark (N.J.), Omaha, South Bend (Ind.), Tucson, and Allen County (Pennsylvania) report that no specific allocations have yet been made for the elderly. In some, such as Cincinnati, the 1973 budget had not then been proposed, although there was some hope that future allotments would be made. In Omaha, the emphasis was to be put on capital improvements, such as a riverfront development program. The Allen County Council on Aging reported that neither Fort Wayne nor the county has decided how to spend revenue-sharing funds.

Although there was some pressure for tax relief, attention is turning to capital improvements.

The Newark Senior Citizens Commission Director reported his office has been informed that elderly citizens there cannot look forward to receiving one dollar of revenue-sharing. He added: "All of these funds, we are told have long since been committed in other urgent directions." In South Bend, it appeared that a "cultural center has the inside track," even though REAL Services of that city submitted a proposal calling for a comprehensive Service Center. The Chicago Director of the Mayor's Office for Senior Citizens reported that the initial revenue sharing grant there will be used to reduce the property tax.

In Tucson, all of the first round of funding has been directed toward street improvement, but some thought is being given to city funding of Model Cities programs that may be discontinued.

One director of a municipal office on aging, in a letter to the director of a YMCA seeking revenue funds—commented:

"It is imperative that federal housing programs for the elderly and programs in many other areas be maintained and increased, *along with revenue sharing* (emphasis added.) It is imperative that we focus our main attention and energies, and those of the elderly also, on the forthcoming budget battle of the administration and the Congress about these programs, and not on the diversionary revenue sharing backfires the national administration seems so anxious to have lit."

B. CITIES IN WHICH SOME ALLOCATION HAS BEEN MADE

1. Dallas reported that an undetermined minor amount has been reserved to cover loss of revenue due to a \$3,000 Tax Exemption for the elderly adopted since November, and that one bookmobile would be provided for the elderly.

2. Detroit plans to allot \$50,000 for Jan. 1-June 30, 1973 and approximately \$90,000 for the full year following to establish a Mayor's Senior Citizen Commission. It is hoped that multi-service centers be established later on with satellite centers for direct local services.

3. Kansas City, Missouri, has allocated \$100,000 to establish a model project on nutrition to serve 1,200 meals per day over a 6-month period. The project will include both group meals and Meals on Wheels and "will tie in with existing Title III projects of the Older Americans Act. Within two years, revenue-sharing funds would be committed to funding of the Model Cities Program, and the city agency on aging will submit a proposal for the use of revenue-sharing funds for a dial-a-ride system between health facilities and congregates of the elderly.

4. San Antonio has costed priority items of specific benefit to the elderly at approximately \$335,000. The reply adds:

"Expected funds are included in the category "Social Services." While no specific amount can be identified, the elderly will be co-beneficiaries with other residents in the other priority areas."

For example, a "Project Outstretch" permits the City to join in partnership with appropriate neighborhood agencies and Churches for the provision of uniform delivery services and special attention will be given to "areas of elderly concentration."

5. St. Louis has allocated \$75,000 for a mobile health van, but the respondent indicated that future revenue sharing funds will probably be used to cover salary increases for city employees.

C. CITIES WITH LARGE-SCALE PROPOSALS FOR FUTURE USE

1. In Pittsburgh, funds have been allocated generally for capital improvements, but it is expected that general revenue-sharing may in the future support two ongoing programs for the elderly: Mayor's Office for the Aging (established in 1973) and a senior citizens recreation program sponsored by the Department of Parks and Recreation.

2. Seattle reports that no specific allocations have yet been made, but "an unknown amount may go for subsidy of transit under a new 10 cent fare or \$2 per month pass for 65 and older citizens" also change from city to county-wide "metro" transit—no means test." The reply also says: "The elderly will be considered as a priority target group. Mayor and Council are very much concerned. Situation is, however, very confused at the moment. Planning just getting under way in substance."

ITEM THREE: ARTICLE BY WALTER HELLER, FROM WALL STREET JOURNAL OF FEBRUARY 22, 1973

THE SIDE-EFFECTS OF NIXON'S BUDGET

(By Walter W. Heller)

In critiques of the President's budget, as in other matters, it's not just *what* you say but *how* you say it.

On "Meet the Press" last week I called attention to the sharp swing from stimulus to restriction in the Nixon budget. I noted that the full-employment budget, as measured in the national income accounts (the best shorthand way of gauging the budget's impact on the economy), will shift from a deficit rate of about \$15 billion in the current quarter to a small surplus at the end of the year. Although I consciously avoided condemning this shift as too restrictive, I did characterize it as "slamming on the brakes."

That did it. The news dispatches (as well as a scientific sample of three viewers I questioned) confidently asserted that I had condemned the budget as too restrictive. Well, is it or isn't it? In the best tradition of economics, let me answer: "It depends."

It depends largely on the course of Federal Reserve policy. If tough fiscal restraint enables the Federal Reserve to pursue a more moderate monetary policy and avoid a credit crunch, the sharp swing in the budget deficit may be about right. But if the budget cutback is coupled with a ferociously tight monetary policy that would level the economy off at 4½% or more unemployment or cut the growth of real GNP down to a 2% or 3% rate, the budget swing would be too sharp.

Given the likely slippage on the spending side, Mr. Nixon's crusade against tax increases, and the painful costs of a credit crunch, the President may be right in erring on the side of fiscal tightness in the face of a surging economy.

Not that the choice between bearing down on the fiscal brakes and bearing down on the monetary brakes can be made in a vacuum. One has to weigh the respective side effects. Much of the objection to tight money is distributional, namely, that it unduly squeezes housing, small business, and state-local government. So if Mr. Nixon achieves a tight fiscal policy mainly by squeezing civilian programs and low-income recipients rather than pruning the Pentagon or taxing the well-off, the choice between the two policies on social grounds becomes less clear-cut.

MILITARY FAT

Relentless, even ruthless, in its pursuit of evil among social programs, the Nixon budget shows no comparable ruthlessness in paring military fat or challenging tax privilege:

Item: In spite of saving about \$4 billion on Vietnam, the fiscal 1974 defense budget goes up \$4 billion, for a total rise of \$8 billion in non-Vietnam spending.

Item: In the name of cutting waste and inefficiency, subsidies for low-income housing are being summarily suspended; but the even more inefficient and wasteful tax give-away of about half a billion dollars in tax shelters for real estate investments is left untouched.

Item: Mr. Nixon wrings his hands over our unbearable tax burdens ("more important than more money to solve a problem is to avoid a tax increase," he said recently), blithely ignoring the fact that federal income tax rates have been cut by over \$20 billion since he took office and more than twice that in the past decade.

Item: The White House takes pride in noting that "human resource" expenditures will rise faster than the military budget, but fails to mention that the great bulk of that rise is in Social Security benefits, self-financed by a giant increase of \$10 billion in harshly regressive payroll taxes.

Item: Mr. Nixon is proud of redeeming his promises to hold spending and deficits in check, but what of his pledges (1) to provide possibly \$7½ billion in rehabilitation aid to the two Vietnams? (2) to make property tax relief for the elderly "a first order of business in our next budget"? (3) to press ahead on welfare reform, any delay in which, he told us a year ago, would be "unwise" and "cruel"? Not a word and not a dime in the budget to redeem these pledges.

So much for priorities. What about economy and efficiency? Most economists will applaud White House moves to trim pork barrel projects, stop the flow of aid to wealthy school districts that are "federally impacted," end 2% REA loans, drop subsidies for farm exports, drag the limestone lobby away from the public trough, and so on. In other words, many of Mr. Nixon's "one hundred budget blows" do hit the right targets.

But, in killing or gutting programs for urban renewal, model cities, community action, public service employment, college student loans, and the like, Mr. Nixon is on highly debatable ground.

The projected liquidation of the Community Action Program is a puzzling and poignant case in point. Here is a program that—after many trials and much error—was making steady progress in the complex and difficult task of helping the poor help themselves. And an administration "utilization survey" of 591 Community Action agencies had just concluded that the program offers "genuine help in making the decentralization of government succeed during the next few years" and that "the picture clearly shows that the administration's re-direction of Community Action was on target."

Ironically, a President professing a deep commitment to decentralization and citizen participation is about to kill one of the few programs that was making documented progress on both fronts. Even more revealing of the administration's mentality are:

Its sly directive to scuttle OEO by June 30 before its supporters "could muster enough strength or will to put Humpty-Dumpty together again."

The statement by the executor of the program, Howard Phillips, that he will liquidate the program with relish.

Apart from such inconsistencies, Mr. Nixon's budget fails to recognize that a program that's worse than it might be is not necessarily worse than none. Mr. Nixon needs to be reminded that getting rid of the program doesn't get rid of the problem.

Congress, in turn, needs to be reminded that saving the program doesn't necessarily solve the problem. Goaded by the President's arrogation of power, by his disdainful view of Congressmen as irresponsible instruments of special interests, and by his effort to give the 1974 budget the status of revealed truth, the Congress is venting its anger by trying to push questionable programs back on the budget. Instead, it should be hammering out alternatives that will strike the country as more reasonable and humane.

Both arrogance and anger are expensive luxuries, mortal enemies of rationality in the budget process. Far better that the White House should treat the Congress as a coordinate branch of government and seek a detente which recognizes (1) that the Democratic Congress also enjoyed a big victory at the polls in November and has every right to participate in the setting of budget priorities; and (2) that a cooperative advance toward a more rational budget, with some give on both sides, could pay rich dividends.

WHAT'S NEEDED

What would be the course of reason in a joint reconsideration of the 1974 budget?

First, all hands need to recognize that the tasks government has to tackle today—whether to curb pollution from 40,000 different sources, or upgrade the education of the disadvantaged, or assure decent medical care for the aged—are vastly more complex and demanding than such earlier tasks as transferring money to the unemployed and building highways and dams. This consideration calls for lesser promises and greater patience.

Second, we need to define much more sharply the optimum role of the federal government in its various fields of responsibility. As Charles Schultze has pointed out, this requires a careful sorting out of functions according to the type of federal support that will be most efficient and effective, for example:

Often, direct income support is best, as in the case of the aged, the blind, and the working poor.

To reduce sharp disparities in the ability of local units to supply government services, the revenue sharing instrument is appropriate.

In services like education and health with large geographical "spill-over effects," the national purpose can be served best by categorical aids (specifying not so much *how* the money should be spent, but *where* and on *whom*).

Certain critical services like medical care for the poor may have to be provided directly.

In others, as in preserving the environment, enacting taxes and effluent charges to make pollution costly and pollution abatement profitable may be even more urgent than a step-up in budget spending.

Third, once the priorities of Mr. Nixon's budget are recognized as other than God-given money will have to be pried loose for such thrusts as a better welfare system, decent health insurance, and major efforts to equalize education and restore hope and opportunity to the inner cities and ghettos. This may require invading the sanctity of the military budget and the tax sanctuaries that are left untouched in Mr. Nixon's program.

Fourth, Congress should speedily equip itself with budget procedures and staff that will enable it not only to work within viable budget ceilings, but also to make informed cost-benefit judgments on such pigs-in-the-poke as the \$1.3 billion-apiece Trident submarine.

Had Mr. Nixon approached Congress with a "let's reason together" attitude rather than trying to shove his budget intact down its throat (there is, he said in italics, "no room for the postponement of the reductions and terminations proposed in this budget."), one might be more sanguine about a rational process of budgeted reformation. Instead, he has thrown down the gauntlet, and Congress has picked it up.

A PROBLEM OF RHETORIC

Finally, while Mr. Nixon's budget *actions* are a mixture of good and bad, I find little of redeeming social value in his budget *rhetoric*. When a President urges citizens "to get big government off your back and out of your pocket," treats Congress with disdain, and conducts a national crusade against taxes, he can only defeat his own broader purposes.

Instead of restoring self-reliance, he is putting self-interest on a pedestal. Instead of restoring confidence in government, he is inviting contempt for government in general and Congress in particular. Instead of focusing efforts on a higher quality of life, he is appealing to instincts of crass materialism. Instead of "if at first you don't succeed, try, try again," his implicit motto on social programs seems to be, "if at first you don't succeed, give up."

The battle of the budget may yet result in progress toward more rational and efficient budget-making. But somehow, a crusade to think small, think simple, and think selfish does not strike me as the best path to either personal salvation or national greatness.

Appendix 4

[From the Federal Register, Vol. 38, No. 32—Feb. 16, 1973]

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Social and Rehabilitation Service

[45 CFR Parts 220, 221, 222, and 226]

SERVICE PROGRAMS FOR FAMILIES AND CHILDREN AND FOR AGED, BLIND, OR DISABLED INDIVIDUALS: TITLES I, IV (PARTS A AND B), X, XIV, AND XVI OF THE SOCIAL SECURITY ACT

Notice of Proposed Rule Making

Notice is hereby given that the regulations set forth in tentative form below are proposed by the Administrator, Social and Rehabilitation Service, with the approval of the Secretary of Health, Education, and Welfare. The amendments in general revise, combine and transfer to a new Part 221 the regulations for the Family Services and Adult Services programs (in Parts 220 and 222), and purchase of service (in Part 226). The revisions eliminate several administrative requirements; reduce the number of required services—in recognition of the limitation on Federal funds available for service expenditures—and increase the number of optional services; specify the goals to which services must be directed; clarify the State agency's responsibility for determination and re-determination of eligibility for services shorten the period of eligibility for former and potential recipients; amend the provisions on Federal financial participation to add the limitations imposed by recent legislation and to clarify the proper scope of Federal funding; and require written agreements for purchases of services.

The proposed regulations do not affect current provisions in Part 220 applicable to the work incentive program (WIN) and to child welfare services (CWS). Amendments to those portions of Part 220 will be published separately.

It is the intent of the Department to maintain in the final regulations the effective dates that are specified throughout the proposed amendments.

Prior to the adoption of the proposed regulations, considerations will be given to any comments, suggestions, or objections thereto which are submitted in writing to the Administrator, Social and Rehabilitation Service, Department of Health, Education, and Welfare, 330 Independence Avenue SW., Washington, DC, on or before March 19, 1973. Comments received will be available for public inspection in Room 5121 of the Department's offices at 301 C Street SW., Washington, DC on Monday through Friday of each week from 8:30 a.m. to 5 p.m. (area code 202-963-7361).

Dated: February 12, 1973.

PHILIP J. RUTLEDGE,

Acting Administrator, Social and Rehabilitation Service.

Approved: February 13, 1973.

CASPAR W. WEINBERGER,

Secretary.

Chapter II, Title 45 of the Code of Federal Regulations is amended as follows:

PART 220 [AMENDED]

(1) Part 220 is revoked, except for §§ 220.35, 220.36, and 220.61(g) (relating to the WIN program under title IV-A of the Social Security Act), and §§ 220.40, 220.49, 220.55, 220.56, 220.62, and 220.65(b), and Subpart D (relating to the CWS program under title IV-B of the Act). The content of the revoked provisions is revised and transferred to a new Part 221, which, to the extent indicated therein, shall be applicable to the WIN and CWS programs under such Part 220.

PARTS 222, 226 [REVOKED]

(2) Parts 222 and 226 are revoked, and their content is revised and transferred to the new Part 221.

PART 221—SERVICE PROGRAMS FOR FAMILIES AND CHILDREN AND FOR AGED, BLIND, OR DISABLED INDIVIDUALS: TITLES I, IV (PARTS A AND B), X, XIV, AND XVI OF THE SOCIAL SECURITY ACT

(3) Part 221 is added to Chapter II to read as set forth below.

Subpart A—Requirements for Service Programs

Sec.

- 221.0 Scope of programs.
- 221.1 General.
- 221.2 Organization and administration.
- 221.3 Relationship to and use of other agencies.
- 221.4 Freedom to accept services.
- 221.5 Statutory requirements for services.
- 221.6 Services to additional families and individuals.
- 221.7 Determination and redetermination of eligibility for services.
- 221.8 Individual service plan.
- 221.9 Definitions of services.
- 221.30 Purchase of services.

Subpart B—Federal Financial Participation

TITLES I, IV-A, X, XIV AND XVI

- 221.51 General.
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AUTHORITY: Section 1102. 49 Stat. 647 (42 U.S.C. 1302).

§ 221.0 Scope of programs.

(a) Federal financial participation is available for expenditures under the State plan approved under title I, IV-A, IV-B, X, XIV, or XVI of the Act with respect to the administration of service programs under the State plan. The service programs under these titles are hereinafter referred to as: Family Services (title IV-A), WIN Support Services (title IV-A, Child Welfare Services (title IV-B), and Adult Services (titles I, X, XIV, and XVI)). Expenditures subject to Federal financial participation are those made for services provided to families, children, and individuals who have been determined to be eligible, and for related expenditures, which are found by the Secretary to be necessary for the proper and efficient administration of the State plan.

(b) The basic rate of Federal financial participation for Family Services and Adult Services under this part is 75 percent provided that the State plan meets all the applicable requirements of this part and is approved by the Social and Rehabilitation Service. Under title IV-A, effective July 1, 1972, the rates are 50 percent for emergency assistance in the form of services, and 90 percent for WIN Support Services, and effective January 1, 1973, the rate is 90 percent for the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies.

(c) Total Federal financial participation for Family Services and Adult Services provided by the 50 States and the District of Columbia may not exceed \$2,500 million for any fiscal year, allotted to the States on the basis of their

population. No more than 10 percent of the Federal funds payable to a State under its allotment may be paid with respect to its service expenditures for individuals who are not current applicants for or recipients of financial assistance under the State's approved plans, except for services in certain exempt classifications.

(d) Rates and amounts of Federal financial participation for Puerto Rico, Guam, and the Virgin Islands are subject to different rules.

Subpart A—Requirements for Service Programs

§ 221.1 General.

The State plan with respect to programs of Family Services, WIN Support Services, Child Welfare Services, and Adult Services must contain provisions committing the State to meet the requirements of this subpart.

§ 221.2 Organization and administration.

(a) *Single organizational unit.*

(1) There must be a single organizational unit, within the single State agency, at the State level and also at the local level, which is responsible for the furnishing of services by agency staff under title IV, parts A and B. Responsibility for furnishing specific services also furnished to clients under other public assistance plans (e.g., homemaker service) may be located elsewhere within the agency, provided that this does not tend to create differences in the quality of services for AFDC and CWS cases. (This requirement does not apply to States where the title IV-A and title IV-B programs were administered by separate agencies on January 2, 1968).

(2) Such unit must be under the direction of its chief officer who, at the State level, is not the head of the State agency.

(b) *Advisory committee on day-care services.* An advisory committee on day-care services for children must be established at the State level to advise the State agency on the general policy involved in the provision of day-care services under the title IV-A and title IV-B programs. The committee shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations or groups concerned with the provision of day care.

(c) *Grievance system.* There must be a system through which recipients may present grievances about the operation of the service program.

(d) *Program implementation.* The State plan must provide for State level service staff to carry responsibility for:

(1) Planning the content of the service programs, and establishing and interpreting service policies;

(2) Program supervision of local agencies to assure that they are meeting plan requirements and State policies, and that funds are being appropriately and effectively used; and

(3) Monitoring and evaluation of the services programs.

(e) *Provision of services.* The State plan must specify how the services will be provided and, in the case of provision by other public agencies, identify the agency and the service to be provided.

§ 221.3 Relationship to and use of other agencies.

There must be maximum utilization of and coordination with other public and voluntary agencies providing similar or related services which are available without additional cost.

§ 221.4 Freedom to accept services.

Families and individuals must be free to accept or reject services. Acceptance of a service shall not be a prerequisite for the receipt of any other services or aid under the plan, except for the conditions related to the Work Incentive Program or other work program under a State plan approved by the service.

§ 221.5 Statutory requirements for services.

(a) In order to carry out the statutory requirements under the Act with respect to Family Services and Adult Services programs, and in order to be eligible for 75 percent Federal financial participation in the costs of providing services, including the determination of eligibility for services, the State must, under the Family Services program, provide to each appropriate member of the AFDC assistance unit the mandatory service and those optional services the State elects

to include in the State plan, and must, under the Adult Services program, provide to each appropriate applicant for or recipient of financial assistance under the State plan at least one of the defined services which the State elects to include in the State plan.

(b) (1) For the Family Services program, the mandatory services are family planning services, foster-care services for children, and protective services for children. The optional services are daycare services for children, educational services, employment services (non-WIN), health-related services, homemaker services, home management and other functional educational services, housing improvement services, and transportation services.

(2) For the Adult Services program, the defined services are chore services, day-care services for adults, educational services, employment services, family planning services, foster-care services for adults, health-related services, home delivered or congregate meals, home-maker services, home management and other functional educational services, housing improvement services, protective services for adults, special services for the blind, and transportation services.

§ 221.6 Services to additional families and individuals.

(a) If a State elects to provide services for additional groups of families or individuals, the State plan must identify such groups and specify the services to be made available to each group.

(b) If a service or an element of service is not included for recipients of financial assistance under the State plan, it may not be included for any other group.

(c) The State may elect to provide services to all or to reasonably classified subgroups of the following:

(1) Families and children who are current applicants for financial assistance under title 1B-A.

(2) Families and individuals who have been applicants for or recipients of financial assistance under the State plan within the previous 3 months, but only to the extent necessary to complete provision of services initiated before withdrawal or denial of the application or termination of financial assistance.

(3) Families and individuals who are likely to become applicants for or recipients of financial assistance under the State plan within 6 months, i.e., those who:

(i) Do not have income exceeding 133 $\frac{1}{3}$ percent of the State's financial assistance payment level under the State's approved plan; and

(ii) Do not have resources that exceed permissible levels for such financial assistance; and

(iii) In the case of eligibility under title IV-A, have a specific problem or problems which are susceptible to correction or amelioration through provision of services and which will lead to dependence on financial assistance under title IV-A within 6 months if not corrected or ameliorated; and

(iv) In the case of eligibility under title I, X, XIV, or XVI, have a specific problem or problems which are susceptible to correction or amelioration through provision of services and which will lead to dependence on financial assistance under such title, or medical assistance, within 6 months if not corrected or ameliorated; and who are

(a) At least 64 $\frac{1}{2}$ years of age for linkage to title I, or title XVI with respect to the aged;

(b) Experiencing serious, progressive deterioration of sight that, as substantiated by medical opinion, is likely to reach the level of the State agency's definition of blindness within 6 months, for linkage to title X, or title XVI with respect to the blind; or

(c) At least 17 $\frac{1}{2}$ years of age and, according to professional opinion, are experiencing a physical or mental condition which is likely to result within 6 months in permanent and total disability, for linkage to the XIV, or title XVI with respect to the disabled.

(4) Aged, blind, or disabled persons who are likely to become applicants for or recipients of financial assistance under the State plan within 6 months as evidenced by the fact that they are currently eligible for medical assistance as medically needy individuals under the State's title XIX plan.

§ 221.7 Determination and redetermination of eligibility for services.

(a) The State agency must make a determination that each family and individual is eligible for Family Services or Adult Services prior to the provision of services under the State plan.

(1) In the case of current applicants for or recipients of financial assistance under the State plan, this determination must take the form of verification by

the organizational unit responsible for development of individual service plans with the organizational unit responsible for determination of eligibility for financial assistance that the family or individual has submitted an application for assistance which has not been withdrawn or denied or that the family or individual is currently receiving financial assistance. This verification must identify each individual whose needs are taken into account in the application or the determination of the amount of financial assistance.

(2) In the case of families or individuals who are found eligible for service on the basis that they are likely to become applicants for or recipients of financial assistance under the State plan, this determination must be based on evidence that the conditions of eligibility have been met, and must identify the specific problems which, if not corrected or ameliorated, will lead to dependence on such financial assistance or, in the case of the aged, blind or disabled, on medical assistance.

(b) The State agency must make a redetermination of eligibility of each family and individual receiving service at the following intervals:

(1) Quarterly for families and individuals whose eligibility is based on their status as current applicants for or recipients of financial assistance. (This redetermination may be accomplished by comparison of financial assistance payroll or eligibility listings with service eligibility listings.)

(2) Within 30 days of the date that the status of the family or individual as a current applicant for or recipient of financial assistance is terminated.

(3) Within 6 months of the date of the original determination of eligibility and of any subsequent redetermination of eligibility for families and individuals whose eligibility is based on the determination that they are likely to become applicants for or recipients of financial assistance.

(4) Within 3 months of the effective date of this regulation for families and individuals receiving service on the basis that they are former applicants for or recipients of financial assistance.

§ 221.8 Individual service plan.

(a) An individual service plan must be developed and maintained on a current basis by agency staff for each family and individual receiving service under the State's title I, IV-A, X, XIV or XVI plan. No service, other than emergency assistance in the form of services under the title IV-A plan, may be provided under the State plan until it has been incorporated in the individual service plan and a service may be provided only to the extent and for the duration specified in the service plan. The service plan must relate all services provided to the specific goals to be achieved by the service program. It must also indicate the target dates for goal achievement and the extent and duration of the provision of each service. For the purposes of this part, the specific goals to be achieved are limited to:

(1) *Self-support goal.* To achieve and maintain the feasible level of employment and economic self-sufficiency. (Not applicable to the aged under the Adult services program.)

(2) *Self-sufficiency goal.* To achieve and maintain personal independence, self-determination and security, including, for children, the achievement of potential for eventual independent living.

(b) The service plan must be reviewed as often as necessary to insure that only appropriate services are provided to recipients but in any event once every 6 months. At the time of each review the need for and effectiveness of all services must be reassessed and progress toward achievement of goals must be evaluated and recorded.

(c) Service plans for families and individuals who are determined to be eligible for service on the basis that they are likely to become applicants for or recipients of financial assistance under the title I, IV-A, X, XIV or VXVI plan may include only services which are necessary to correct or ameliorate the specific problems which will lead to dependence on such financial assistance or medical assistance to aged, blind, or disabled persons under the title XIX plan, as identified at the time of eligibility determination or redetermination.

(d) Whenever the provider of services specified in the service plan is not located within the organizational unit responsible for the maintenance of the service plan, there must be a written authorization for the provision of the service to be provided and the individuals to whom it will be provided. No authorization for the provision of service may cover a period longer than 6 months but

authorizations for additional periods may be made subject to review requirements in paragraph (b) of this section. No provision of service may be authorized at cost to the State agency if it is available without cost to the State agency.

(e) Efforts to enable individuals and families to clarify their need for services, to identify and make choices of appropriate services, and to use services effectively (i.e., supportive counseling) are assumed as an integral part of development and maintenance of the individual service plan.

§ 221.9 Definitions of services.

(a) This section contains definitions of all mandatory and optional services under the Family Services program and the defined services under the Adult Services program (see §§ 221.5 and 221.6).

(b) (1) *Chore services.* This means the performance of household tasks, essential shopping, simple household repairs, and other light work necessary to enable an individual to remain in his own home when, because of frailty or other conditions, he is unable to perform such tasks himself and they do not require the services of a trained homemaker or other specialist.

(2) *Day care services for adults.* This means personal care during the day in a protective setting approved by the State or local agency.

(3) *Day care services for children.* This means care of a child for a portion of the day, but less than 24 hours, in his own home by a responsible person, or outside his home in a family day care home, group day care home, or day care center. Such care must be for the purposes of enabling the caretaker relatives to participate in employment, training, or receipt of needed services, where no other member of the child's family is able to provide adequate care and supervision. In-home care must meet State agency standards that, as a minimum, include requirements with respect to: The responsible person's age, physical and emotional health, and capacity and available time to care properly for children; minimum and maximum hours to be allowed per 24-hour day for such care; maximum number of children that may be cared for in the home at any one time; and proper feeding and health care of the children. Day care facilities used for the care of children must be licensed by the State or approved as meeting the standards for such licensing.

(4) *Educational services.* This means helping individuals to secure educational training most appropriate to their capacities, from available community resources at no cost to the agency.

(5) *Employment services (non-WIN under title IV-A and for the blind or disabled).* This means enabling appropriate individuals to secure paid employment or training leading to such employment, through vocational, educational, social, and psychological diagnostic assessments to determine potential for job training or employment; and through helping them to obtain vocational education or training at no cost to the agency.

(6) *Family planning services.* (i) For Family Services this means social educational, and medical services to enable appropriate individuals (including minors who can be considered to be sexually active) to limit voluntarily the family size or space the children, and to prevent or reduce the incidence of births out of wedlock. Such services include printed materials, group discussions and individual interviews which provide information about and discussion of family planning; medical contraceptive services and supplies; and help in utilizing medical and educational resources available in the community. Such services must be offered and be provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting them.

(ii) For Adult Services this means social and educational services, and help in securing medical services, to enable individuals to limit voluntarily the family size or space the children, and to prevent or reduce the incidence of births out of wedlock. Such services include printed materials, group discussions, and individual interviews which provide information about and discussion of family planning; and help in utilizing medical and educational resources available in the community.

(7) *Foster care services for adults.* This means placement of an individual in a substitute home which is suitable to his needs, supervision of such home, and periodic review of the placement, at least annually, to determine its continued appropriateness. Foster care services do not include activities of the home in providing care or supervision of the individual during the period of his placement in the home.

(8) *Foster care services for children.* This means placement of a child in a foster family home, or appropriate group care facility, as a result of a judicial

determination to the effect that continuation of care in the child's own home would be contrary to the welfare of such child; services needed by such child while awaiting placement; supervision of the care of such child in foster care and of the foster care home or facility, to assure appropriate care; counseling with the parent or other responsible relative to improve home conditions and enable such child to return to his own home or the home of another relative, as soon as feasible; and periodic review of the placement to determine its continuing appropriateness. Foster care services do not include activities of the foster care home or facility in providing care or supervision of the child during the period of placement of the child in the home or facility. A foster care home or facility used for care of children must be licensed by the State in which it is situated or have been approved, by the agency of such State responsible for licensing homes or facilities of this type, as meeting the standards established for such licensing.

(9) *Health-related services.* This means helping individuals and families to identify health needs and to secure diagnostic, preventive, remedial, ameliorative, child health screening, and other needed health services available under Medicaid, Medicare, maternal and child health programs, handicapped children's programs or other agency health services programs and from other public or private agencies or providers of health services; planning, as appropriate, with the individual, his relatives or others, and health providers to help assure continuity of treatment and carrying out of health recommendations; and helping such individual to secure admission to medical institutions and other health-related facilities.

(10) *Home delivered or congregate meals.* This means the preparation and delivery of hot meals to an individual in his home or in a central dining facility as necessary to prevent institutionalization or malnutrition.

(11) *Homemaker services.* (i) For Family Services this means care of individuals in their own homes, and helping individual caretaker relatives to achieve adequate household and family management, through the services of a trained and supervised homemaker.

(ii) For Adult Services this means care of individuals in their own homes, and helping individuals in maintaining, strengthening, and safeguarding their functioning in the home through the services of a trained and supervised homemaker.

(12) *Home management and other functional educational services.* This means formal or informal instruction and training in management of household budgets, maintenance and care of the home, preparation of food, nutrition, consumer education, child rearing, and health maintenance.

(13) *Housing improvement services.* This means helping families and individuals to obtain or retain adequate housing. Housing and relocation costs, including construction, renovation or repair, moving of families or individuals, rent, deposits, and home purchase, may not be claimed as service costs.

(14) *Protective services for adults.* This means identifying and helping to correct hazardous living conditions or situations of an individual who is unable to protect or care for himself.

(15) *Protective services for children.* This means responding to instances, and substantiating the evidence, of neglect, abuse, or exploitation of a child; helping parents recognize the causes thereof and strengthening (through arrangement of one or more of the services included in the State plan) parental ability to provide acceptable care; or, if that is not possible, bringing the situation to the attention of appropriate courts of law enforcement agencies, and furnishing relevant data.

(16) *Special services for the blind.* This means helping to alleviate the handicapping effects of blindness through: training in mobility, personal care, home management, and communication skills; special aids and appliances; special counseling for caretakers of blind children and adults; and help in securing talking book machines.

(17) *Transportation services.* This means making it possible for an individual to travel to and from community facilities and resources, as part of a service plan.

§ 221.30 Purchase of services.

(a) A State plan under title I, IV-A, X, XIV, or XVI of the Act, which authorizes the provision of services by purchase from other State or local public agencies, from nonprofit or proprietary private agencies or organizations, or from individuals, must with respect to services which are purchased:

(1) Include a description of the scope and types of services which may be purchased under the State plan;

(2) Provide that the State or local agency will negotiate a written purchase of services agreement with each public or private agency or organization in

accordance with requirements prescribed by SRS. Effective April 1, 1973, all purchased services must be provided under agreements which meet the requirements of this paragraph. A written agreement or written instructions which meet the requirements of this paragraph must also be executed or issued by the single State or local agency where services are provided under the plan directly by the State or local agency in respect to activities added by reorganization of administrative structure, redesignation of the State or local agency, or otherwise, occurring after February 15, 1973, or are provided by any public agency as to which a waiver of the single State agency requirement pursuant to section 204 of the Intergovernmental Cooperation Act is granted after February 15, 1973. These written purchase of service agreements and other written agreements or instructions are subject to prior review and approval by the SRS Regional Office to the extent prescribed in, and in accordance with, instructions issued by SRS;

(3) Provide that services will be purchased only if such services are not available without cost;

(4) Provide that purchase of services from individuals will be documented as to type, cost, and quantity. If an individual acts as an agent for other providers, he must enter into a formal purchase of services agreement with the State or local agency in accordance with paragraph (a) (2) of this section;

(5) Provide that overall planning for purchase of services, and monitoring and evaluation of purchased services, must be done directly by staff of the State or local agency;

(6) Provide that the State or local agency will determine the eligibility of individuals for services and will authorize the types of services to be provided to each individual and specify the duration of the provision of such services to each individual;

(7) Assure that the sources from which services are purchased are licensed or otherwise meet State and Federal standards;

(8) (i) Provide for the establishment of rates of payment for such services which do not exceed the amounts reasonable and necessary to assure quality of service, and in the case of services purchased from other public agencies, are in accordance with the cost reasonably assignable to such services;

(ii) Describe the methods used in establishing and maintaining such rates; and

(iii) Indicate that information to support such rates of payment will be maintained in accessible form; and

(9) Provide that, where payment for services is made to the recipient for payment to the vendor, the State or local agency will specify to the recipient the type, cost, quantity, and the vendor of the service, and the agency will establish procedures to insure proper delivery of the service to, and payment by, the recipient.

(b) In the case of services provided, by purchase, as emergency assistance to needy families with children under title IV-A, the State plan may provide for an exception from the requirements in paragraphs (a) (2), (4), (7), and (8) of this section, but only to the extent and for the period necessary to deal with the emergency situation.

(c) All other requirements governing the State plan are applicable to the purchase of services, including:

(1) General provisions such as those relating to single State agency, grievances, safeguarding of information, civil rights, and financial control and reporting requirements; and

(2) Specific provisions as to the programs of services such as those on required services, statewide, maximum utilization of other agencies providing services, and relating services to defined goals.

Subpart B—Federal Financial Participation

TITLES I, IV-A, X, XIV, AND XVI

§ 221.51 General.

Federal financial participation is available for expenditures under the State plan which are:

(a) Found by the Secretary to be necessary for the proper and efficient administration of the State plan;

(b) (1) For services under the State plan provided in accordance with the individual service plan to families and individuals included under the State

plan who have been determined (and redetermined) to be eligible pursuant to the provisions of this part ;

(2) For other activities which are essential to the management and support of such services ;

(3) For emergency assistance in the form of services to needy families with children (see § 233.120 of this chapter) ; and

(c) Identified and allocated in accordance with SRS instructions and OMB Circular A-87.

§ 221.52 Expenditures for which Federal financial participation is available.

Federal financial participation is available in expenditures for :

(a) Salary, fringe benefits, and travel costs of staff engaged in carrying out service work or service-related work ;

(b) Costs of related expenses, such as equipment, furniture, supplies, communications, and office space ;

(c) Costs of services purchased in accordance with this part ;

(d) Costs of State advisory committees on day care services for children, including expenses of members in attending meetings, supportive staff, and other technical assistance ;

(e) Costs of agency staff attendance at meetings pertinent to the development or implementation of Federal and State service policies and programs ;

(f) Cost to the agency for the use of volunteers ;

(g) Costs of operation of agency facilities used solely for the provision of services, except that appropriate distribution of costs is necessary when other agencies also use such facilities in carrying out their functions, as might be the case in comprehensive neighborhood service centers ;

(h) Costs of administrative support activities furnished by other public agencies or other units within the single State agency which are allocated to the service programs in accordance with an approved cost allocation plan or an approved indirect cost rate as provided in OMB Circular A-87 ;

(i) With prior approval by SRS, costs of technical assistance, surveys, and studies, performed by other public agencies, private organizations, or individuals to assist the agency in developing, planning, monitoring, and evaluating the services program when such assistance is not available without cost ;

(j) Costs of advice and consultation furnished by experts for the purpose of assisting staff in diagnosis and in developing individual service plans ;

(k) Costs of emergency assistance in the form of services under title IV-A ;

(l) Costs incurred on behalf of an individual under title I, X, XIV or XVI for securing guardianship or commitment (e.g., court costs, attorney's fees and guardianship or other costs attendant on securing professional services) ;

(m) Costs of public liability and other insurance protection ; and

(n) Other costs, upon approval by SRS.

§ 221.53 Expenditures for which Federal financial participation is not available.

Federal financial participation is not available under this part in expenditures for :

(a) Carrying out any assistance payments functions, including the assistance payments share of costs of planning and implementing the separation of services from assistance payments ;

(b) Activities which are not related to services provided by agency staff or volunteers, by arrangements with other agencies, organizations, or individuals, at no cost to the service program, or by purchase ;

(c) Purchased services which are not secured in accordance with this part ;

(d) Construction and major renovations ;

(e) Vendor payments for foster care (they are assistance payments) ;

(f) Issuance of licenses or the enforcement of licensing standards ;

(g) Education programs and services that are normally provided by the regular school system ;

(h) Housing and relocation costs, including construction, renovation or repair, moving of families or individuals, rent, deposits, and home purchase ;

(i) Medical, mental health, or remedial care or services, except when they are :

(1) Part of the family planning services under title IV-A, including medical services or supplies for family planning purposes ;

(2) Medical examinations for persons caring for children under agency auspices, and are not otherwise available; or

(3) For medical (including psychiatric) diagnostic assessments necessary to the development of a service plan for an individual;

(j) Subsistence and other maintenance assistance items even when such items are components of a comprehensive program of a service facility;

(k) Transportation which is provided under the State's title XIX plan;

(l) Effective January 1, 1974, costs of employment services (non-WIN) under title IV-A provided to persons who are eligible to participate in WIN under title IV-C of the Act, unless the WIN program has not been initiated in the local jurisdiction; and

(m) Other costs not approved by SRS.

§ 221.54 Rates and amounts of Federal financial participation.

(a) *Federal financial participation at the 75 percent rate.* (1) For States with a State plan approved as meeting the requirements of Subpart A of this part, and that have in operation an approved separated service system in accordance with § 205.102 of this chapter, Federal financial participation at the rate of 75 percent is available for all matchable direct costs of the separated service system, plus all indirect costs which have been allocated in accordance with an approved cost allocation plan and with the requirements of OMB Circular A-87.

(2) For States with a State plan approved as meeting the requirements of Subpart A of this part, but that do not have in operation an approved separated service system in accordance with § 205.102 of this chapter, the rate of Federal financial participation is governed by the regulations in Parts 220 and 222 of this chapter as in effect on January 1, 1972, for all matchable direct costs of the services program, plus all indirect costs which have been allocated in accordance with an approved cost allocation plan and with the requirements of OMB Circular A-87.

(b) *Federal financial participation for purchased services.* (1) Federal financial participation is available in expenditures for purchase of service under the State plan to the extent that payment for purchased services is in accordance with rates of payment established by the State which do not exceed the amounts reasonable and necessary to assure quality of service and, in the case of services purchased from other public agencies, the cost reasonably assignable to such services, provided the services are purchased in accordance with the requirements of this part.

(2) Services which may be purchased with Federal financial participation are those for which Federal financial participation is otherwise available under title I, IV-A, X, XIV, or XVI of the Act and which are included under the approved State plan, except as limited by the provisions of paragraph (6) (3) of this section.

(3) Effective March 1, 1973, Federal financial participation is available for a new purchase of services from another public agency only for services beyond those represented by fiscal year 1972 expenditures of the provider agency (or its predecessors) for the type of service and the type of persons covered by the agreement. A new purchase of service from another public agency is any purchase of services other than a purchase for the type of service and the type of persons covered by an agreement that was validly subject to Federal financial participation under title I, IV-A, X, XIV, or XVI prior to February 16, 1973.

EXAMPLE: The welfare agency makes an agreement for purchase of services from another public agency. In the year ended June 30, 1972, there was no purchase arrangement, and such other agency expended \$100,000 in non-Federal funds in furnishing the type of services to the type of persons covered by the agreement. In the year ending June 30, 1974, Federal financial participation will be available only to the extent that the expenditures of such other agency for these purposes from non-Federal sources are expanded. If the total expenditures are \$100,000 or less, there will be no Federal payments. If the total expenditures are over \$100,000, Federal financial participation will be available only in the excess over \$100,000. Thus, if total expenditures are \$200,000, the Federal share at 75 percent of expansion would be \$75,000. For a new purchase in the period February 16 through June 30, 1973, for the purpose of computing the Federal financial participation for

the remainder of the fiscal year ending June 30, 1973, the total fiscal year 1972 expenditures of \$100,000 are prorated. Thus, if the new purchase went into effect on April 1, 1973, Federal financial participation for the April-June 1973 quarter would be available only in the excess over \$25,000 for that quarter.

(4) The provisions of paragraph (b) (3) of this section also apply to services provided, directly or through purchase, by:

(i) Any public agency as to which a waiver of the single State agency requirement pursuant to section 204 of the Intergovernmental Cooperation Act is granted after February 15, 1973, or

(ii) The State or local agency, as to activities added by reorganization of administrative structure, redesignation of the State or local agency, or otherwise, occurring after February 15, 1973.

§ 221.55 Limitations on total amount of Federal funds payable to States for services.

(a) The amount of Federal funds payable to the 50 States and the District of Columbia under titles I, IV-A, X, XIV, and XVI for any fiscal year (commencing with the fiscal year beginning July 1, 1972) with respect to expenditures made after June 30, 1972 (see paragraph (b) of this section), for services (other than WIN Support Services, and emergency assistance in the form of services, under title IV-A) is subject to the following limitations:

(1) The total amount of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the State's allotment, as determined under paragraph (c) of this section; and

(2) The amounts of Federal funds paid to the State under all of the titles for any fiscal year with respect to expenditures made for such services shall not exceed the limits pertaining to the types of individuals served, as specified under paragraph (d) of this section.

Notwithstanding the provisions of paragraphs (c) (1) and (d) of this section, a State's allotment for the fiscal year commencing July 1, 1972, shall consist of the sum of:

(i) An amount not to exceed \$50 million payable to the State with respect to the total expenditures incurred, for the calendar quarter beginning July 1, 1972, for matchable costs of services of the type to which the allotment provisions apply, and

(ii) An amount equal to three-fourths of the State's allotment as determined in accordance with paragraphs (c) (1) and (d) of this section.

However, no State's allotment for such fiscal year shall be less than it would otherwise be under the provisions of paragraphs (c) (1) and (d) of this section.

(b) For purposes of this section, expenditures for services are ordinarily considered to be incurred on the date on which the cash transactions occur or the date to which allocated in accordance with OMB Circular A-87 and cost allocation procedures prescribed by SRS. In the case of local administration, the date of expenditure by the local agency governs. In the case of purchase of services from another public agency, the date of expenditure by such other public agency governs. Different rules may be applied with respect to a State, either generally or for particular classes of expenditures, only upon justification by the State to the Administrator and approval by him. In reviewing State requests for approval, the Administrator will consider generally applicable State law, consistency of State practice, particularly in relation to periods prior to July 1, 1972, and other factors relevant to the purposes of this section.

(c) (1) For each fiscal year (commencing with the fiscal year beginning July 1, 1972) each State shall be allotted an amount which bears the same ratio to \$2,500 million as the population of such State bears to the population of all the States.

(2) The allotment for each State will be promulgated for each fiscal year by the Secretary between July 1 and August 31 of the calendar year immediately preceding such fiscal year on the basis of the population of each State and of

all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time.

(d) Not more than 10 percent of the Federal funds shall be paid with respect to expenditures in providing services to individuals (eligible for services) who are not recipients of aid or assistance under State plans approved under such titles, or applicants for such aid or assistance, except that this limitation does not apply to the following services:

(1) Services provided to meet the needs of a child for personal care, protection, and supervision (as defined under day care services for children) but only in the case of a child where the provision of such services is needed in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

(2) Family planning services;

(3) Any services included in the approved State plan that are provided to an individual diagnosed as mentally retarded by a State mental retardation clinic or other agency or organization recognized by the State agency as competent to make such diagnoses, or by a licensed physician, but only if such services are needed as part of an individual service plan for such individual by reason of his condition of being mentally retarded;

(4) Any services included in the approved State plan provided to an individual who has been diagnosed by a licensed physician as a drug addict or alcoholic, but only if such services are needed by such individual under an individual service plan as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

(5) Foster care services for children when needed by a child under an individual service plan because he is under foster care.

§ 221.56 Rates and amounts of Federal financial participation for Puerto Rico, the Virgin Islands, and Guam.

(a) For Puerto Rico, the Virgin Islands, and Guam, the basic rate for Federal financial participation for Family Services and WIN Support Services under title IV-A is 60 percent. However, effective July 1, 1972, the rate is 50 percent for emergency assistance in the form of services.

(b) For family planning services and for WIN Support Services, the total amount of Federal funds that may be paid for any fiscal year shall not exceed \$2 million for Puerto Rico, \$65,000 for the Virgin Islands, and \$90,000 for Guam. Other services are subject to the overall payment limitations for financial assistance and services under titles I, IV-A, X, XIV, XVI, as specified in section 1108 (a) of the Social Security Act.

(c) The rates and amounts of Federal financial participation set forth in § 221.54 (a) and (b) of this chapter apply to Puerto Rico, the Virgin Islands and Guam, except that the 60-percent rate of Federal financial participation is substituted as may be appropriate. The limitation in Federal payments in § 221.55 of this chapter does not apply.

TITLES I, IV-A, IV-B, X, XIV, AND XVI

§ 221.61 Public sources of State's share

(a) Public funds, other than those derived from private resources, used by the State or local agency for its services programs may be considered as the State's share in claiming Federal reimbursement where such funds are:

(1) Appropriated directly to the State or local agency; or

(2) Funds of another public agency which are:

(i) Transferred to the State or local agency and are under its administrative control; or

(ii) Certified by the contributing public agency are representing current expenditures for services to persons eligible under the State agency's services programs, subject to all other limitations of this part.

Funds from another public agency may be used to purchase services from the contributing public agency, in accordance with the regulations in this part on purchase of services.

(b) Public funds used by the State or local agency for its services programs may not be considered as the State's share in claiming Federal reimbursement where such funds are:

(1) Federal funds, unless authorized by Federal law to be used to match other Federal funds;

(2) Used to match other Federal funds; or

(3) Used to purchase services which are available without cost.

In respect to purchase of services from another public agency, see also § 221.54 (b) of this chapter with respect to rates and amounts of Federal financial participation.

§ 221.62 Private sources of State's share.

Donated private funds or in-kind contributions may not be considered as the State's share in claiming Federal reimbursement.

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