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THE PROPOSED FISCAL 1978 BUDGET:
WHAT IT MEANS FOR OLDER AMERICANS

A STAFF REPORT

PREPARED FOR THE
SPECIAL COMMITTEE ON AGING
UNITED STATES SENATE



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(II)

THE PROPOSED FISCAL 1978 BUDGET: WHAT IT MEANS FOR OLDER AMERICANS

A STAFF REPORT

President Carter sent a revised budget to the Congress on February 22, making modifications in President Ford's earlier budget for fiscal 1978.

The committee staff has prepared the following analysis to summarize the impact of the Carter and Ford budgets on older Americans—including trust fund outlays and discretionary spending.

CARTER BUDGET CALLS FOR FREEZE OF MEDICARE PART B PREMIUM

President Carter proposes to freeze the medicare part B monthly premium charge at \$7.20 for physician and outpatient services through September 1978. Under existing law, the premium charge is scheduled to rise to \$7.70 on July 1, 1977, and to an estimated \$8.10 on July 1, 1978. In the future, premiums for part B supplementary medical insurance coverage would be adjusted on October 1 under the Carter plan. This proposal would provide \$37 million in relief to medicare beneficiaries in fiscal 1977 and \$182 million in fiscal 1978.

In addition, the new administration recommends that medicare reimbursement be extended to nurse practitioners and physician assistants practicing in rural health clinics.

The budget also calls for legislative actions to allow the Federal Government to limit increases in hospital reimbursements under medicare and medicaid. However, details were not spelled out in the fiscal 1978 budget revisions.

The revised budget does not include the Ford administration's recommendations to change the cost sharing under medicare for aged and disabled beneficiaries. The Ford plan would: (1) Require medicare patients to pay 10 percent of all hospital charges above the inpatient deductible of \$124 (medicare beneficiaries now pay the first \$124 of their qualifying hospital bill and nothing thereafter until the 61st day); (2) limit a patient's out-of-pocket payments for qualifying services under part A to \$500 per year (increasing afterwards proportionately with increases in the hospital insurance deductible); (3) raise the part B deductible from \$60 to \$80 in 1978 (rising afterwards proportionately with increases in social security benefits); (4) impose a new 10-percent coinsurance charge on hospital-based physician and home health benefits; (5) limit a beneficiary's liability for covered part B services to \$250 per calendar year (increasing thereafter proportionately with social security benefit increases); and (6) remove the limits on the number of days in nonpsychiatric hospitals and skilled nursing facilities.

The Carter administration's proposed limitation on hospital cost reimbursements would save the medicare part A program almost \$700 million in fiscal 1978. Under the Ford budget—which would place limits on hospital and physician reimbursements as well as increase out-of-pocket payments for medicare patients—outlays for

part A would be reduced by \$1.7 billion. Outlays for supplementary medical insurance protection would be increased under the Carter budget by \$25 million—primarily because of the liberalization in benefits which would offset the savings from placing ceilings on reimbursement of covered services under medicare. The Ford administration's proposed legislation would reduce part B outlays by an estimated \$69 million.

HOSPITAL INSURANCE

[In millions]

	1976 actual	Transitional quarter actual	1977 estimate	1978 estimate
Beneficiaries:				
Persons with hospital insurance protection (average):				
Aged	22.2	22.4	22.6	23.0
Disabled	2.3	2.4	2.6	2.7
Beneficiaries receiving reimbursed services:				
Aged	5.1	1.3	5.3	5.3
Disabled	0.6	0.1	0.6	0.7
Benefit payments:				
For inpatient hospital services:				
Aged	\$10,531	\$2,811	\$12,829	\$14,933
Disabled	1,216	354	1,650	2,031
For skilled nursing facility services:				
Aged	303	81	365	425
Disabled	11	3	14	16
For home health services:				
Aged	192	61	295	381
Disabled	14	4	22	28
Total benefit payments:				
Aged	11,026	2,954	13,489	15,739
Disabled	1,241	361	1,686	2,075
Total	12,267	3,314	15,175	17,814

PROPOSED LEGISLATION

[In billions of dollars]

Ford budget (savings)	1.7
Carter budget (savings)7

SUPPLEMENTARY MEDICAL INSURANCE

[In millions]

	1976 actual	Transitional quarter actual	1977 estimate	1978 estimate
Beneficiaries:				
Persons enrolled (average):				
Aged	22.0	22.3	22.5	22.9
Disabled	2.0	2.2	2.3	2.5
Beneficiaries receiving reimbursed services:				
Aged	12.7	13.3	13.5	14.1
Disabled	1.3	1.3	1.4	1.5
Benefit payments:				
For physician services:				
Aged	\$3,144	\$786	\$3,862	\$4,585
Disabled	329	91	452	573
For home health services:				
Aged	78	26	111	147
Disabled	3	1	5	7
For outpatient services:				
Aged	436	143	623	824
Disabled	341	120	523	689
For other medical and health services:				
Aged	312	92	384	452
Disabled	28	10	39	48
Total benefit payments:				
Aged	3,970	1,047	4,980	6,008
Disabled	701	222	1,019	1,317
Total	4,671	1,269	5,999	7,325

PROPOSED LEGISLATION

[In millions of dollars]

Ford budget (savings).....	0.1
Carter budget (increased benefits).....	(1)

¹ Less than \$100 million. The increased outlays to medicare would amount to \$25 million.

CARTER BUDGET PROPOSES \$423.45 MILLION FOR AoA PROGRAMS

President Carter's fiscal 1978 budget proposes \$423.45 million for the Administration on Aging, \$21.85 million above the fiscal 1977 appropriation. However, the budget request is essentially the same as the fiscal 1977 spending level for AoA. In fiscal 1977 the title VII nutrition program has \$21.475 million in carryover funds which is no longer available for fiscal year 1978. President Ford's final budget recommended \$399.65 million for AoA.

PROPOSED FUNDING FOR OLDER AMERICANS ACT

[In millions of dollars]

	Fiscal 1977 appropriation	Fiscal 1978		
		Authorization	Ford budget	Carter budget
Title II:				
National Clearing House.....	0	(1)	2	2
Federal Council on the Aging.....	.575	(1)	.45	.45
Title III:				
Area planning and social services.....	122	² 287.2	134	122
Administration.....	17	(2)	17	17
Model projects.....	12	(1)	0	12
Title IV:				
Training.....	14.2	(1)	14.2	14.2
Research.....	8.5	(1)	7	7
Gerontology centers.....	3.8	(1)	0	3.8
Title V: Senior centers.....	20	(1)	0	20
Title VII: Nutrition.....	* 203.525	275	225	225
Total.....	401.6		399.65	423.45

¹ Open-ended authorization.

² The \$287,200,000 applies to area planning and social services and State administration.

* For fiscal 1977, the title VII nutrition program had a \$225,000,000 spending level because of the existence of carryover funds.

Nearly 545 area agencies on aging are expected to be funded under title III in fiscal 1977. The Ford budget request of \$134 million for area planning and social services would increase the number of area agencies on aging to 548 or 549. But, it would also terminate funding entirely for the section 308 model projects program. A \$12 million appropriation is available for model projects in fiscal 1977:

FUNDING FOR MODEL PROJECTS

[In millions of dollars]

Development of special projects.....	\$5.2
Nursing home ombudsman development.....	(1.0)
Legal services development.....	(1.5)
Senior environmental employment.....	(1.2)
Crime and the elderly.....	(1.0)
Ambulatory day care.....	(0.5)
Institutional development.....	1.5
Service innovations (improve service delivery system).....	5.3
	<hr/>
	12.0

Title IV training is now funded at \$14.2 million: \$6 million for approximately 80 career programs in 75 institutions (undergraduate and graduate schools), \$6 million for 56 awards to State units on aging to support in-service training, and \$2 million for quality improvement projects, Ph. D. dissertations on aging, and national conferences. This allocation of funding is expected to continue in fiscal 1978. Both the Ford and Carter budgets propose a \$1.5 million reduction for research (from \$8.5 million in fiscal 1977 to \$7 million for fiscal 1978). This would reduce the number of projects funded from 74 in fiscal 1977 to 58 in fiscal 1978. AoA has made five awards for the purpose of identifying major policy issues for future policy research:

<i>Subject</i>	<i>Sponsor</i>
Health and mental health	Urban Institute
Housing	University of Nebraska
Income	Urban Institute
Employment and retirement	University of Wisconsin Institute of Poverty
Community services	Urban Institute

The multidisciplinary centers of gerontology program brings together research and training capability in selected institutions throughout the country. For fiscal 1977, title IV-C supports 5 improvement grants to ongoing centers and 10 developmental grants for new centers.

AoA plans to make 1,000 awards in fiscal 1977 for the expansion or startup of multipurpose senior centers under title V. The mortgage insurance and interest grants programs are expected to begin in fiscal 1977 and continue in fiscal 1978.

A \$225 million appropriation for the title VII nutrition program for fiscal 1978 would provide 435,000 meals a day. Nearly 400,000 meals are now served daily under the nutrition program. For fiscal 1977, title VII has a \$203.525 million appropriation but a \$225 million spending level because of the existence of carryover funds.

Funding for the Federal Council on the Aging would be reduced from \$575,000 to \$450,000 in fiscal 1978 under the Ford and Carter budgets because of the completion of two studies mandated by law (impact of taxation on the elderly and the interrelationship of benefits for older Americans). Both the Ford and Carter budgets call for \$2 million for the National Information and Resource Clearing House. This funding would establish three decentralized centers to acquire, index, and abstract new research reports, evaluations, program models, experience exchange materials, and other literature in the field of aging. The three centers would operate in biomedical, socioeconomic, and service delivery areas. A fourth component would be a central processing unit to convert the abstracts to microfiche.

CARTER BUDGET PROPOSES \$50 SPECIAL PAYMENT FOR SOCIAL SECURITY BENEFICIARIES

A \$50 special payment for social security, railroad retirement, and supplemental security income beneficiaries is proposed in President Carter's fiscal 1978 budget. This special payment would be in addition

to the projected 4.9 percent cost-of-living adjustment for these beneficiaries in July. The cost-of-living raise will be based upon the increase in the Consumer Price Index (the Government's inflation yardstick) from the first quarter in 1976 to the first quarter in 1977. The special payment would not be counted as income for purposes of Federal or State public assistance programs.

The House Ways and Means Committee has modified the Carter proposal to eliminate the \$50 special payment for persons who would also be entitled to the \$50 tax rebate. Additionally, the Ways and Means Committee voted to extend the special payment to (1) veterans receiving disability compensation, pension, and dependency and indemnity compensation payments, and (2) persons receiving State supplemental SSI payments.

Social security beneficiaries and benefits.—Nearly 29.1 million individuals are expected to receive \$78 billion in retirement and survivor benefits in fiscal 1978, compared with \$71 billion in benefits for 28.4 million persons in fiscal 1977. The number of disabled social security beneficiaries is expected to increase from 4.7 million in fiscal 1977 to 5 million in fiscal 1978. And, benefit payments are projected to rise from \$10.9 billion to \$12.3 billion.

RETIREMENT AND SURVIVOR BENEFITS

	1976 actual	Transitional quarter actual	1977 estimate	1978 estimate
Beneficiaries (millions):				
Retired workers.....	16.6	16.9	17.3	17.9
Dependents of retired workers.....	3.6	3.5	3.6	3.6
Survivors.....	7.4	7.3	7.5	7.6
Total beneficiaries.....	27.5	27.7	28.4	29.1
Benefit payments (billions):				
Retired workers.....	\$40.6	\$11.1	\$46.8	\$51.7
Dependents of retired workers.....	4.6	1.2	5.2	5.6
Survivors.....	16.8	4.5	18.9	20.5
Total benefit payments.....	62.1	16.9	71.0	78.0

DISABILITY BENEFITS

	1976 actual	Transitional quarter actual	1977 estimate	1978 estimate
Beneficiaries (millions):				
Disabled workers.....	2.5	2.6	2.7	2.9
Dependents of disabled workers.....	1.9	1.9	2.0	2.1
Total beneficiaries.....	4.4	4.5	4.7	5.0
Benefit payments (billions):				
Disabled workers.....	\$7.6	\$2.1	\$9.0	\$10.2
Dependents of disabled workers.....	1.7	0.5	1.9	2.1
Total benefit payments.....	9.2	2.6	10.9	12.3

Ford legislative recommendations.—President Ford's fiscal 1978 budget proposed several legislative changes in social security which were patterned after recommendations incorporated in his fiscal 1977 budget. Among the major proposals:

(1) Eliminate the retroactive payment of actuarially reduced benefits when an individual would have a permanent reduction in future

monthly benefits. Persons electing actuarially reduced social security benefits before age 65 may now receive up to 12 months retroactive payments.

(2) Eliminate the monthly test of the social security earnings limitation, except for the first year an individual receives a cash benefit. Persons under 72 may now earn up to \$3,000 a year before \$1 in benefits is withheld for each \$2 of earnings above the earnings ceiling. A beneficiary, though, may continue to receive full social security during any month that his monthly earnings do not exceed \$250.

(3) Phase out social security benefits for students 18 to 22 years old.

(4) Increase the social security payroll tax rate for employers and employees, each, by 0.1 percent in 1978—from 6.05 percent to 6.15 percent.

(5) Decouple the social security cost-of-living adjustment mechanism through a wage indexing system.

Carter legislative recommendations.—The Carter administration has deferred action to decouple the social security cost-of-living adjustment provision, pending further study. The Ford administration recommendation to increase the social security tax rate has been withdrawn. In addition, the Ford administration's proposal to phase out student benefits has been modified to place a ceiling on the amount of social security payable to a student—equal to the maximum amount payable under the educational opportunity grant program (now \$1,400). Other Ford administration recommendations (e.g., elimination of the monthly feature of the earnings limitation) would be retained by the Carter administration.

Impact of legislative recommendations.—For fiscal 1978, the Ford legislative recommendations would reduce outlays by \$958 million for the old-age and survivors insurance program and by \$40 million for the disability insurance program—compared with \$769 million for retirement and survivor benefits and \$8 million for disability benefits, respectively, under the Carter budget.

SUPPLEMENTAL SECURITY INCOME PARTICIPATION REMAINS CONSTANT

The number of blind, disabled, and elderly Federal supplementary security income (SSI) recipients is projected to be 4.4 million during fiscal year 1978, the same level as fiscal 1977. Approximately 3.9 million will receive Federal payments and 0.5 million will receive federally administered State supplementary payments. The Carter administration estimates \$5 billion in Federal payments and an additional \$1.5 billion in federally administered State supplementary payments. SSI recipients are expected to receive a 4.9 percent cost-of-living increase for July 1977 and a 5.5 percent cost-of-living increase in July of 1978.

HOUSING

Section 202.—Both the Carter and Ford budgets include \$750 million in loan authority for the section 202 program which provides loans to nonprofit sponsors of housing for the elderly and handicapped. This level of loan authority—the same as approved by the Congress for fiscal 1977—will finance approximately 25,600 units.

Section 8 (housing assistance payments program).—The Carter budget proposes a fiscal 1978 funding level for the section 8 rental assistance

program which would support 400,000 units, up slightly from the Ford proposal of assistance for 394,000 units. The Carter budget also requests a program level of 400,000 units for fiscal 1977, which is currently funded at a level to support 240,000 units.

Of these amounts, 50,075 units for fiscal 1977 and 25,600 units for fiscal 1978 are set aside for the section 202 program. (The fiscal 1977 obligation will meet requirements for both fiscal 1976 and fiscal 1977 awards made for 202 projects.)

Community development block grants.—A \$4 billion funding level for community development block grants is recommended in the fiscal 1978 Carter budget; the Ford budget proposed \$3.5 billion. The fiscal 1977 funding for this program is \$3.248 billion.

Public housing operating subsidies.—The Carter administration recommends increasing public housing operating subsidies for fiscal 1977 by \$10 million to reflect higher utility costs caused by the recent cold spell. In addition, the Carter budget recommends a \$17 million increase for the same purpose in fiscal 1978, and another \$14 million increase to avoid rental increases for tenants.

INCREASED FUNDS FOR ACTION'S AGING PROGRAMS PROPOSED

President Carter recommends \$61.6 million for ACTION's older American volunteer programs for fiscal year 1978, the same level as proposed in the 1978 Ford budget. This represents a \$4.8 million increase compared with the fiscal 1977 appropriations of \$56.8 million. The increase, however, will not support any additional projects beyond those in existence at the close of fiscal year 1977. The Carter revised budget also restored funding for the VISTA program, which had been phased out in the fiscal year 1978 budget proposed by President Ford.

The fiscal 1978 budget recommends \$20.1 million for the retired senior volunteer program (RSVP), \$1.1 million above the fiscal 1977 spending level. This amount would fund 679 projects with 250,000 volunteers, compared to 228,000 volunteers in the same number of projects in fiscal 1977. The budget recommends \$34.9 million for foster grandparents—an increase of \$900,000 over the fiscal 1977 spending level—to support 15,100 participants in 194 programs. Both the Ford and Carter budgets request \$6.6 million—an increase of \$2.8 million—to continue support for 2,600 participants in 43 senior companion projects.

ACTION PROGRAMS SERVING ELDERLY

[In millions of dollars]

	Fiscal 1977 appropriation	Fiscal 1978		
		Authori- zation	Ford budget request	Carter budget request
RSVP.....	\$19.0	\$22	\$20.1	\$20.1
Foster grandparents.....	34.0	35	34.9	34.9
Senior companions.....	3.8	8	16.6	16.6
VISTA.....	23.0		8.8	* 25.35

¹ \$6,600,000 requested to continue 43 SCP programs in operation at the end of fiscal 1977. \$2,800,000 increase will support 15 new projects originally funded during the 1976 transition quarter which did not require fiscal 1977 budget allocations, but will require refunding in fiscal 1978.

² Restores VISTA program to fiscal 1977 funding level, including transition quarter funding. During fiscal year 1975, approximately 12 percent, or 500, VISTA volunteers were age 55 or over. Many VISTA projects provide services to low-income elderly through legal assistance programs, and information and referral and outreach services among others.

TITLE IX PROGRAM TO INCREASE TO 22,600 ENROLLEES IN JULY

Both the Ford and Carter budgets request \$22.65 million to continue the title IX senior community service employment program from July 1, 1977, to September 30, 1978. The effect is to extend title IX at an annualized funding level of \$90.6 million for the final quarter in fiscal 1978. Title IX is now operating at \$55.9 million through June 30, 1977.

Sponsor	July 1, 1976-June 30, 1977	
	Funding	Positions
National Farmers Union.....	\$22,676,000	6,070
National Council on the Aging.....	6,029,000	1,618
National Council of Senior Citizens.....	12,540,000	3,354
National Retired Teachers Association-American Association of Retired Persons.....	9,156,000	2,457
U.S. Forest Service.....	4,662,000	1,249
Alaska, Delaware, Hawaii.....	501,000	135
Virgin Islands, Samoa, Guam, Trust Territories of the Pacific Islands.....	336,000	88
Total.....	55,900,000	14,971

Funding increases to \$90.6 million on July 1 under the fiscal 1977 Labor-HEW Appropriations Act. This appropriation, which is available from July 1, 1977, to June 30, 1978, will increase the number of enrollees in the program from 14,971 to 22,604. Approximately 18,800 older persons will work in programs administered by the national contractors, and 3,800 will participate in State-administered programs.

Sponsor	July 1, 1977-June 30, 1978	
	Funding	Positions
National Farmers Union.....	\$30,976,000	7,729
National Council on the Aging.....	8,290,000	2,068
National Council of Senior Citizens.....	17,108,000	4,268
National Retired Teachers Association-American Association of Retired Persons.....	12,586,000	3,140
U.S. Forest Service.....	6,406,000	1,598
Subtotal.....	75,366,000	18,803
States.....	15,234,000	3,801
Total.....	90,600,000	22,604

Senators Eagleton, Kennedy, Church, Chiles, Pell, Nelson, Javits, and Clark have recommended that funding be increased to \$150 million in fiscal 1977—the full authorized amount. This funding level would increase the number of participants in the senior community service employment program to almost 37,500.

TITLE X JOB OPPORTUNITIES

No funding was requested for the title X job opportunities program under the Public Works and Economic Development Act in the fiscal year 1978 budget submitted to Congress. Funding for title X which was allocated during fiscal year 1975 and now supports a number of special emphasis employment programs throughout the country will be terminated during fiscal year 1977 unless additional money is made

available for the program. Title X now supports 71 special emphasis projects for older workers through a \$21.9 million grant to the Administration on Aging. These projects employ 4,811 older workers.

CARTER BUDGET PROPOSES MAJOR INCREASES IN CETA FUNDING

The Carter budget proposes \$6.528 billion above the Ford administration's request for titles I (manpower services), II (structural public service employment), III (national programs), and VI (countercyclical public service employment). President Carter recommends \$8.931 billion for these four programs, compared with \$2.403 billion in the Ford budget. Under the Carter budget the number of public service jobs is expected to increase from 310,000 to 600,000 by the end of 1977 and to 725,000 during 1978.

COMPREHENSIVE EMPLOYMENT AND TRAINING ACT

(In billions of dollars)

	Fiscal 1977 budget authority	Fiscal 1978	
		Ford request	Carter request
Title I (manpower services).....	1.880	1.673	1.880
Title II (structural public service employment).....	.400	.400	1.016
Title III (national programs).....	.239	.330	1.180
Title VI (countercyclical public service employment).....	2.384	0	4.855
Total	4.903	2.403	8.931

¹ This amount includes \$1,384,000,000 under a continuing resolution plus the Ford administration's request of \$1,000,000,000 to phase out the title VI program by Sept. 30, 1977.

INCREASED FUNDING FOR ADEA SOUGHT

Both the Ford and the Carter budgets would recommend an additional \$677,000 for enforcement activities under the Age Discrimination in Employment Act, from \$2.289 million in fiscal 1977 to \$2.966 million in fiscal 1978. This request would support 91 positions, 10 more than in fiscal 1977. The Age Discrimination in Employment Act has a \$5 million authorized funding level.

CARTER BUDGET RESTORES FUNDING FOR SOS

Two major CSA programs serving low-income older Americans which had been eliminated entirely in the last Ford administration budget request for fiscal year 1978 have been restored by a revised 1978 budget submitted by President Carter.

Senior opportunities and services.—The fiscal 1978 Carter revised budget recommends \$10 million for SOS, which is designed to identify and meet the needs of older, poor persons aged 60 or older. This is the same funding level as the fiscal 1977 appropriation. SOS provides services to 1 million older persons and employs 2,000 elderly. No funding was requested in the Ford 1978 budget.

Community food and nutrition.—The fiscal 1978 Carter-revised budget recommends \$27 million for the community food and nutrition program, which serves many low-income elderly through community action agencies with food stamp outreach programs, con-

gregate meal sites, and meals-on-wheels programs. This is identical to the funding level in fiscal 1977. No funding was requested in the Ford 1978 budget.

Emergency energy conservation.—No funds were requested in either the Ford or Carter 1978 budgets for the emergency energy conservation program, which provides funds for weatherization and insulation of low-income dwellings and grants and loans to low-income individuals for emergency payment of utility bills. The Carter administration has announced its intention to shift this activity to the Federal Energy Administration. The fiscal 1977 appropriation was \$27.5 million for October 1976 through March 1977. From July 1975 through September 1976, \$44 million was appropriated to winterize 150,000 low-income homes, saving approximately \$16.5 million in fuel costs.

Community action agencies.—The fiscal year 1978 budget request is \$330 million, continuing the program at the fiscal 1977 funding level; 880 community action agencies now provide a variety of services to low-income individuals throughout the country.

INCREASED FUNDING PROPOSED FOR SCORE AND ACE

The fiscal 1978 budget recommends an increase of \$576,000 for the Service Corps of Retired Executives (SCORE) and Active Corps of Executives (ACE) programs, from \$1.3 million in fiscal 1977 to \$1.876 million. Approximately 9,600 retired executives will be supported through the Small Business Administration for their volunteer activities as advisers and consultants for businesses and corporations. The increase in funding would expand the program from 300 to 400 local chapters.

NATIONAL INSTITUTE OF MENTAL HEALTH

A \$383.278 million funding level is requested by President Carter for the National Institute of Mental Health for fiscal 1978, an increase over the Ford request of \$375.911 million for fiscal 1978. However, this falls short of the \$400.295 million appropriated by the Congress for fiscal 1977. The bulk of the cuts are in training funds which have been reduced from \$69 million in fiscal 1977 to a proposed \$38 million in fiscal 1978 under both the Carter and Ford proposals.

In past years, approximately 5 percent of the total NIMH budget has been used for aging research and related programs.

COMMUNITY EDUCATION PROGRAMS CONTINUED AT \$3.553 MILLION

The Ford and Carter budgets request \$3.553 million for community education programs, the same amount as appropriated in fiscal 1977. This funding will support about 95 to 100 community education programs in local school districts, State educational agencies, and universities and colleges.

\$50 MILLION INCREASE PROPOSED FOR LEGAL SERVICES CORPORATION

The Carter administration recommends \$175 million for the Legal Services Corporation for fiscal year 1978, \$85 million above the Ford budget request and \$50 million over the fiscal year 1977 appropriation

of \$125 million. The Corporation estimates that the increase will allow legal services attorneys to serve an additional 6 million clients over the 1977 estimate of 13 million low-income persons.

SMALL INCREASE FOR NATIONAL INSTITUTE ON AGING RECOMMENDED

For fiscal 1978, the Ford and Carter budgets include an increase of \$4.5 million for the National Institute on Aging over the fiscal year 1977 appropriations of \$30 million. The \$34.5 million would be used to fund both extramural and intramural research and training—specifically about 339 grants, contracts, and training fellowships. This is an increase over the 290 awards expected to be made during 1977.

FOOD STAMP CUTBACKS RESCINDED IN CARTER BUDGET

The Carter budget calls for \$5.627 billion for the food stamp program for fiscal 1978 and deletes the Ford administration's legislative proposal to reduce that amount by \$882 million. The number of participants in the program for fiscal year 1978 is estimated at 17.5 million at the beginning of the period. It is expected to drop to 17.2 million by the end of fiscal year 1978.

TITLE XX SOCIAL SERVICES

The Carter administration estimates that approximately \$2.4 billion will be used by the States under the \$2.5 billion ceiling imposed upon title XX social services. Projections show that about 11 more States will be able to reach their Federal ceiling during 1978 by meeting the 75-25 matching requirement. The Carter administration will propose legislation to extend the \$200 million additional funds for the child day care standards. The Ford budget had not requested this extension.

HOME HEALTH DEMONSTRATION GRANTS PROGRAM CONTINUED

Both the Carter and Ford budgets recommend \$3 million in funding for the home health demonstration grant program which was funded by the Congress in fiscal 1977 at the same level.

RAILROAD RETIREMENT ANNUITIES

Payments for retirement, disability, and survivor benefits are projected at \$3.883 billion for fiscal year 1978, nearly \$170 million above the fiscal year 1977 estimate of \$3.714 billion. Actual payments during fiscal year 1976 totaled \$3.469 billion. The number of persons on the rolls receiving monthly benefit payments will decrease slightly from 1,024,000 at the end of fiscal year 1976 to an estimated 1,022,000 at the end of 1977, with another slight decrease to 1,017,000 at the end of 1978. There is no change in budget estimates for retirement annuities from the original Ford-proposed fiscal 1978 budget and the second Carter-proposed budget.

VETERANS BENEFITS FOR OLDER AMERICANS

Nearly \$9 billion is projected to be expended in fiscal 1978 for Veterans' Administration non-service-connected disability pensions

(\$3.2 billion) and service-connected disability compensation payments (\$5.8 billion). Of this total, veterans and survivors from World War I and prior conflicts are expected to receive \$1.1 billion in pension payments and \$224 million in compensation payments for fiscal 1978. These figures will increase if cost-of-living increases proposed by President Carter are enacted by the Congress. He has recommended that compensation payments be raised by 4.9 percent effective October 1, 1977, and that pensions be increased by 5.3 percent on January 1 1978.

The VA also operates the largest medical care delivery system in the Nation, with 172 hospitals, 16 domiciliary care units, 90 nursing homes, and 228 outpatient clinics in 1978. This system will treat more than 1.4 million patients in 1978, and fund 18.2 million outpatient medical and dental visits to VA and community facilities. Approximately \$4.7 billion is projected to be expended.

Type of care	1976 actual	1977 estimate	1978 estimate
Nursing home care:			
Patients treated.....	10, 979	11, 120	11, 931
Average daily nursing patient census.....	6, 992	7, 335	7, 870
Domiciliary care:			
Members treated.....	18, 408	17, 767	17, 767
Average daily member census.....	9, 090	9, 065	9, 065
Community nursing home (contract care):			
Average daily nursing census.....	6, 646	8, 000	8, 500
Patients treated.....	22, 998	28, 160	29, 920
State home care (domiciliary):			
Average daily member census.....	5, 562	6, 032	6, 195
Members treated.....	11, 544	13, 270	13, 629
State nursing home care:			
Average daily nursing census.....	4, 245	5, 207	5, 630
Patients treated.....	8, 215	10, 206	11, 035
State hospital care:			
Average daily patient census.....	1, 022	1, 050	1, 050
Patients treated.....	6, 814	7, 274	7, 300

TRANSPORTATION

Urban Mass Transportation Administration.—Section 16(b)(2) of the Urban Mass Transportation Act of 1964 reserves up to 2 percent of the annual allotment for capital assistance grants to private nonprofit groups for mass transportation services for elderly and handicapped individuals.

Capital assistance grants made pursuant to section 3 of the act are as follows: 1977 estimate, \$1.25 billion; January 1978 estimate, \$1.25 billion; revised 1978 estimate, \$1.35 billion.

Thus, up to \$25 million would be available in fiscal 1978 for 16(b)(2) grants under President Ford's January budget request. President Carter's revised budget would raise that total to \$27 million.

SPECIAL EDUCATION

The Ford and Carter fiscal 1978 budgets do not request funding for the older reader services program or education programs for non-English-speaking elderly. These programs were not funded in fiscal 1977.

However, funds are requested for title I of the Library Services and Construction Act. Under that title, grants are made to libraries for model projects which serve primarily older persons. The Office of Education estimates that \$2.415 million was expended on these grants in fiscal 1975, and \$2.475 million in fiscal 1976. Nearly \$2.475 million is expected to be spent in fiscal 1977. The fiscal 1978 budgets project a \$2.475 million spending level.

