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EXECUTIVE SESSION

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TUESDAY, AUGUST 2, 1977

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United States Senate,  
Committee on Finance,  
Washington, D.C.

The Committee met, pursuant to notice, at 10:10 a.m. in room 2221, Dirksen Senate Office Building, Hon. Russell B. Long (Chairman of the Committee) presiding.

Present: Senators Long, Ribicoff, Byrd, Nelson, Hathaway, Matsunaga and Moynihan.

Senator Long. We are scheduled to go forward with these public assistance amendments. I would like to have at least one of our Republican members here. I would hope that we would.

See if you can get some of them.

Let me go ahead. We can discuss -- where are we?

Mr. Stern. Mr. Chairman, you were discussing the provisions relating to Puerto Rico, Guam and the Virgin Islands. We have a little bit better information today.

The present law limits the Federal funds to Puerto Rico to \$24 million; in the current fiscal year they are going to use somewhere between \$22 million and \$23 million of that. The number we left out yesterday was something on the order of

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1 \$5 million for administrative costs, so they are getting  
2 close to the \$24 million ceiling. I believe their plans  
3 are to go up to \$26 million in fiscal year 1978.

4 So an increase in the limitation to \$30 million, or as  
5 you have suggested, a 50 percent increase to \$36 million  
6 would be of substantial help to them, as would particularly  
7 increasing the Federal matching rate from 50 percent to  
8 66 2/3 percent.

9 That was sort of the pending suggestion at the time that  
10 you broke up yesterday, instead of extending the SSI program  
11 you increased the Federal percentage to 66 2/3 percent.

12 The Chairman. Why do we not make it 65 percent so we  
13 can work with it as a mathematical matter.

14 Mr. Stern. 65 percent.

15 The dollar limits for these three territories would be  
16 increased 50 percent. We would then suggest that you treat  
17 the northern Mariana Islands like the other territories,  
18 namely not include them in the SSI program, and a dollar limit  
19 for them, too, as you have done in the past.

20 Senator Byrd. What do you suggest in regard to the  
21 northern Marianas?

22 Mr. Stern. The covenant that was negotiated with the  
23 northern Marianas provides for their inclusion in the Supple-  
24 mental Security Income program. That was done without any  
25 consultation with the Finance Committee.

1 The covenant does provide that the United States law can  
2 change provisions that relate to the Social Security Act so  
3 that this Committee in the past has said they did not want  
4 to treat the northern Marianas different from the other  
5 territories and they did not want to extend SSI to the  
6 territories, and therefore the northern Marianas would be  
7 treated like the other territories, having an old-age  
8 assistance program, but not a Federal SSI program.

9 Although this Committee has improved amendments like that  
10 in the past, they have not become law, for one reason or  
11 another, and since this section of the bill does deal with  
12 the territories, in order to be consistent with all the  
13 territories, it is our suggestion that you do that again.

14 Senator Byrd. The northern Marianas have a population  
15 of about 14,000 or 15,000, do they not?

16 Mr. Stern. I believe so.

17 The extension of SSI to the northern Marianas does not  
18 have much significance in terms of cost. It is a question  
19 of whether you then -- a case could then be made for the  
20 sake of consistency you would extend SSI to Puerto Rico.

21 Senator Byrd. I am not suggesting that SSI be extended  
22 to the northern Marianas. As a matter of fact, I was  
23 opposed to the covenant, giving them Commonwealth status.  
24 They only have 14,000 or 15,000 people.

25 They will be eligible for public assistance?

1 Mr. Stern. That is right. They would set up an  
2 equivalent of a Federal, state old age assistance program  
3 instead, if they wish to.

4 The Chairman. How did that northern Mariana thing slip  
5 into there. How did that come to happen? Is that the law  
6 now?

7 Mr. Stern. The covenant itself provides for their being  
8 in the SSI program, but the covenant also provides that the  
9 provisions that affect the Social Security Act can be changed  
10 unilaterally by United States law.

11 In fact, the SSI program has not been established there  
12 yet. This would be kind of a preventive measure before that  
13 occurs.

14 Senator Byrd. As I understand it, you do not propose  
15 to establish it, permit the establishment of SSI.

16 Mr. Stern. Exactly.

17 Senator Byrd. Is there any estimate as to how many of  
18 them, of those individuals there, that would be eligible for  
19 welfare programs?

20 Mr. Stern. I think the amount of people affected would  
21 be very small.

22 Senator Byrd. It is bound to be small if there are not  
23 a lot of people there. Percentagewise?

24 Mr. Stern. Even percentagewise, it would not be a  
25 very large portion of their population that is aged.

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1 Senator Byrd. They would be eligible for the normal  
2 welfare program.

3 Mr. Stern. If they are willing to put up their own  
4 money to do it.

5 The Chairman. I want to get this straight.

6 With regard to Puerto Rico, how much is the food stamps  
7 costing us nationwide?

8 Mr. Swoap. Mr. Chairman, it is very close to \$6 billion  
9 in fiscal '78.

10 The Chairman. \$6 billion. And what percentage of our  
11 people are drawing food stamps now?

12 Mr. Swoap. Approximately one in twelve are recipients  
13 of food stamps in the United States currently.

14 The Chairman. So Puerto Rico, you have \$500 million  
15 being spent on food stamps, 70 percent of the people in  
16 Puerto Rico getting those food stamps.

17 If that were applied throughout the entire country, on  
18 a population basis, food stamps would be costing better than  
19 \$25 billion rather than \$6 billion, so that is a tremendous  
20 program if you apply it in regard to Puerto Rico.

21 If is far beyond anything else. To go beyond that and  
22 put an SSI program in there, where you have a fantastic  
23 percentage of SSI beneficiaries, compared to what you have  
24 in other states, I guess my thought is, in view of this  
25 fantastically liberal program they have in food stamps there,



1 if we give them a 50 percent increase in funds for Puerto  
2 Rico, that ought to be enough. I do not think we should  
3 try to vote on it now until we get our Republican members  
4 present here.

5 Why do we not go ahead and talk about the treatment of  
6 earnings in sheltered workshops?

7 Mr. Stern. I think you left off in the item above that,  
8 Mr. Chairman, I think there are a number of noncontroversial  
9 suggestions here.

10 The Chairman. What is that?

11 Mr. Stern. In the middle of page 37, reporting on  
12 changes of circumstances.

13 Mr. Humphreys. Under present law, an individual getting  
14 SSI benefits is supposed to report it if his income goes  
15 up or some other event occurs that would affect his eligibil-  
16 ity.

17 Apparently there is a fairly substantial amount of  
18 nonreporting. Some of this may be because the individuals  
19 are aged; others are simply not reporting for a number of  
20 other reasons.

21 Under the current procedures, it takes about a year or  
22 more to catch up with something like this because the Adminis-  
23 tration does not go out and check on these individuals more  
24 often than once a year and in fact often does not do it that  
25 frequently.



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What the staff is suggesting here is simply a new requirement that at least once every three months the Administration would send out a card, a simplified card form, just asking those on the rolls, have your circumstances changed in any way, your income gone up, or anything like this?

We envision a very simple procedure, but one which would enable the Administration to narrow down those they should check on, those who do not return the cards or those who return the cards and indicate some change in circumstances.

We think this simple procedure would reduce the error rate in the program significantly, so we would suggest adding that to the bill.

The Chairman. I do not think we ought to vote on any of this with all our Republican members absent, to talk about some of this.

If we cannot get a single Republican to show up, we may have to adjourn the meeting.

Is there any indication of any Republicans coming at all?

Why do you not go ahead and explain the next item to us, what that is.

Mr. Humphreys. The next item, at the bottom of the page, treatment of earnings in sheltered workshops.

The Committee has already acted on that.

We go over to page 38, the item at the top of the page,



1 burial fund.

2 The present SSI law allows an individual to maintain  
3 a certain amount of assets without losing its eligibility.  
4 In particular, one item that is allowed is an insurance policy  
5 of \$1500.

6 This, we believe, was included to enable someone to put  
7 aside some money in an insurance policy to cover their burial  
8 expenses without having to cash that in in order to qualify  
9 for SSI payments.

10 The staff, in talking with the people administering the  
11 program found out that there are a number of cases where  
12 aged people, instead of buying an insurance policy, have put  
13 some money away in the bank to cover their final expenses  
14 and seem to be very upset at the thought of having to take  
15 this out and convert it into an insurance policy or touch it  
16 at all.

17 They have managed to put aside some money for their burial  
18 expenses and just do not want to touch it.

19 What we would propose is a very limited provision that  
20 would simply allow, as an alternative to the existing \$1500  
21 insurance policy, if an individual wanted to designate a  
22 bank account which had no more than the same \$1500 in it as  
23 a burial fund, with the understanding if any of it were  
24 withdrawn before his death it would have to be counted as  
25 income and reduces his benefits, then he could do this.

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1 We think it really does not extend eligibility. It just  
2 allows for the individual to qualify.

3 The Chairman. All right.

4 Someone should go ahead and explain the next item.

5 Mr. Humphreys. The next item deals with one of the  
6 problems that the staff study of the SSI program identified.

7 A major difficulty with the program, when the SSI program  
8 was set up, the intent was that it would operate somewhat  
9 like the Social Security program on a sort of automated, regular  
10 basis, providing for the predictable needs of individuals  
11 and specifically that it would be unlike what was perceived  
12 as one of the problems of the old state welfare programs where  
13 the caseworker was deeply involved in the individual needs  
14 of each individual and, in some cases, actually set up a  
15 monthly accounting of whether they needed a telephone and this,  
16 that or the other thing.

17 However, in shifting over, there seems to have fallen  
18 through the cracks the capacity to deal with real emergency  
19 situations. The Social Security Administration, the SSI  
20 program, is really not a good mechanism and does not provide  
21 for dealing with the type of situation where an individual  
22 may be burned out of his apartment or something like this  
23 and has some emergency needs.

24 The staff feels that this probably is the kind of  
25 situation that could be handled best through an expansion of



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the existing Title XX social services program. In fact, in a lot of cases, these emergency situations will involve both a little bit of cash and some services.

However, the services program presently has an absolute bar against funding, a payment in the form of cash, and we would suggest a limited exception for this where you have an SSI recipient that faces the one-time emergency need, giving some flexibility to use the social services program to meet those emergency needs.

Senator Hathaway. Do we have any idea how much this is going to amount to? I do not like to see this added to Title XX unless we are sure it is a minimal amount.

Mr. Humphreys. We would limit it to SSI recipients and one-time situations. Under the theory of the Title XX program, each state would have to consider this in its planning process and consider how much of their funds they wanted to set aside for this particular purpose.

Senator Moynihan. We are nervous at this end of the spectrum. It would be the first time Title XX would be available for cash grants, would it not?

Mr. Humphreys. That is correct.

Some of the things that are covered, they, in fact, I guess they use Title XIV by purchasing it through a vendor mechanism right now. This would be specific recognition that it would be available for this emergency purpose.

1 Senator Hathaway. On a cash basis now, the states should  
2 provide it out of their own funds, right?

3 Mr. Humphreys. Some do, some do not. One of the  
4 problems is that there is no Federally recognized emergency  
5 mechanism. The situation varies.

6 Under the old state welfare program, the states have the  
7 option of calling it a special need and expanding the grant  
8 for that month and getting Federal matching for it. That  
9 option is no longer there under SSI and so there basically is  
10 no program in existence now that as a result that the pressure  
11 is on the SSI program to try to do something that it is not  
12 well-designed to do, which is to address emergency needs,  
13 approving variations of the state supplements, or some other  
14 mechanism.

15 The Chairman. Let me ask you this. Is there anything  
16 in the bill about this matter? Does the House have something  
17 about this matter?

18 Mr. Humphreys. The House bill does not.

19 The Chairman. This is a staff recommendation?

20 Mr. Humphreys. That is right.

21 The Chairman. We cannot agree to it now for lack of  
22 Republican representatives. We cannot agree to it.

23 Senator Moynihan. May I say that the staff has made an  
24 intelligent and serious response to a real question. It is  
25 a difficult question.



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The Chairman. Tell us about the next thing.

Mr. Humphreys. The next item is on page 39. These also are staff recommendations which really arise out of the study of the SSI program that the Committee requested us to do. We found two areas in which we would suggest that the Committee ask for a more thorough examination by the Administration and with a report to be made to the Committee by April 1st of next year.

One of these areas has to do with the question of staffing which ordinarily is an administrative area, but there was a good deal of evidence that the problems encountered by the SSI program in the past few years have been the result of fairly consistent and serious understaffing.

What the staff is suggesting is requesting the Secretary to set forth a projection of what he anticipates what the staffing will be over the next three years, showing all of the assumptions as to workload objectives and what kind of redeterminations they plan to do, just to get this out in the open so that we can see whether or not it looks as if there is going to be adequate staffing in the future.

The Chairman. Tell us about the next part.

Mr. Humphreys. The second report that we would request, the staff study identified a number of areas in the program where the Administration apparently ran across a provision in the law that they do not like or thought that they could not

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administer.

For some reason, instead of coming back and requesting remedial legislation, they just issued regulations that seem to go directly contrary to the law.

The staff in this recommendation simply again would have the Committee request the Administration to complete a report by April 1st examining the issues raised in the report and other areas in which the policy of the program seems to diverge from the statute or the legislative intent, and showing how either they plan to bring the program back into compliance or recommending legislative changes if they think there are things in the law that simply cannot be complied with.

The Chairman. As I say, let us call the roll. We do not have a quorum here. We do not have any Republican members.

Call the roll.

Senator Moynihan. On manpower needs --

The Chairman. Let's just call the roll. We do not have a quorum. We are not going to be able to do anything this morning.

Senator Byrd. The roll call is for the purpose of establishing a quorum.

The Chairman. That is right.

Call the roll.

Mr. Stern. Mr. Talmadge?

(No response)



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Mr. Stern. Mr. Ribicoff?

(No response.)

Mr. Stern. Mr. Byrd?

Senator Byrd. Here.

Mr. Stern. Mr. Nelson?

(No response)

Mr. Stern. Mr. Gravel?

(No response)

Mr. Stern. Mr. Bentsen?

(No response)

Mr. Stern. Mr. Hathaway?

Senator Hathaway. Here?

Mr. Stern. Mr. Haskell?

(No response)

Mr. Stern. Mr. Matsunaga?

Senator Matsunaga. Here.

Mr. Stern. Mr. Moynihan?

Senator Moynihan. Here.

Mr. Stern. Mr. Curtis?

(No response)

Mr. Stern. Mr. Hansen?

(No response)

Mr. Stern. Mr. Dole?

(No response)

Mr. Stern. Mr. Packwood?



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(No response)

Mr. Stern. Mr. Roth?

(No response)

Mr. Stern. Mr. Laxalt?

(No response)

Mr. Stern. Mr. Danforth?

(No response)

Mr. Stern. Mr. Chairman?

The Chairman. Here.

Mr. Nelson?

Senator Nelson. Here.

The Chairman. Senator Talmadge was here earlier.

I am not going to try to move forward without one Republican member here. Under the circumstances, I will just have to adjourn for lack of a quorum.

I would be willing to do business with scant attendance, but we do not have a single Republican member here. I think they would have a right to come in and complain that they were not represented when we voted on these matters.

I suggest we adjourn the meeting and try to get better attendance tomorrow.

The Democrats are pretty well represented here, but there are no Republican members.

Thank you very much.

(Thereupon, at 10:35 a.m. the Committee recessed to reconvene at 10:00 a.m. Wednesday, August 3, 1977).