



# Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2002-FY2004

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## Summary

More than 80 benefit programs provide aid—in cash and noncash form—that is directed primarily to persons with limited or low income. Such programs constitute the public “welfare” system, if welfare is defined as income-tested or need-based benefits. This definition omits social insurance programs like Social Security and Medicare.

Income-tested benefit programs in FY2004 cost approximately \$583 billion: \$427 billion in federal funds and \$156 billion in state-local funds (**Table 1**). Spending on these programs represented 18.6% of all federal spending, with medical aid accounting for 9% of the budget. Total low-income spending in FY2004 equaled 5% of the gross domestic product and set a record high, up \$34 billion (6.2%) from the previous peak of FY2003. In current dollars, spending on income-tested programs increased during the year for all forms of aid except jobs, training, services, and energy aid. Higher medical spending accounted for \$26 billion of the net increase in FY2004, and 55 cents of every low-income dollar went for medical assistance. Expressed in constant FY2004 dollars (**Table 2**), income-tested spending increased by 3.8% from the 2003 level.

The composition of low-income spending differed by level of government (**Tables 3 and 4**). Medical aid consumed nearly 82% of state-local funds, but 46% of federal low-income dollars.

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

An unduplicated count of beneficiaries of income-tested programs is not available. Enrollment in TANF and food stamps remained below 1994-1995 peak levels during 2002-2004 (although food stamp enrollment rose from the 2000-2002 period), while Medicaid enrollment set a record high. Average 2004 monthly numbers: food stamps, 24.9 million; TANF, 4.7 million; and Supplemental Security Income (SSI), 7.1 million. During the year, 56.1 million persons received Medicaid services, and in calendar year 2004, EITC payments went to an estimated 19.2 million tax filers. Census Bureau data indicate that 5.8 million families with children were poor in 2003 before receiving cash aid from TANF, General Assistance (GA), or the EITC, compared with 6.7 million in 1996 (the last full year of the pre-TANF welfare program). Among these families, the EITC was received by 43.8% of those with a female head, and by 67.8% of those with a male present (**Figure 3**).

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## Introduction

More than 80 benefit programs provide cash and noncash aid that is directed primarily to persons with limited income. These benefit programs cost approximately \$583 billion in FY2004, a record high. This sum was up \$34 billion (6.2%) from the previous peak of FY2003, and it equaled 5% of the gross domestic product (GDP). Federal funds provided 73.2% of the total. Higher medical spending accounted for \$26 billion of the net increase in FY2004, and 55 cents out of every dollar spent on persons with limited income went for medical benefits. Federal low-income spending represented 18.6% of the federal budget, with 9% attributed to medical assistance. See **Table 1** for an FY2002-FY2004 summary.

After adjustment for price inflation, 2004 spending on persons with limited income was up by approximately \$21.5 billion (3.8%) from that of 2003, the previous peak. Real spending increases (2004 dollars) were dominated by medical assistance (up \$19 billion). Other increases were in food benefits, \$3.3 billion; cash aid, \$2.4 billion; and housing, \$0.6 billion. Spending in real terms dropped in the following areas: education benefits, by \$2.3 billion; jobs and training, by \$0.9 billion; services, by \$0.6 billion; and energy aid by \$0.2 billion.

Spending for “human capital” programs (those providing education and employment and training activities) accounted for 6.2% of all dollars spent on persons with limited income (compared with 19.2% for cash assistance and 55.3% for medical aid).

This report consists of a catalog of 84 need-based programs.<sup>1</sup> For each program, the report provides the funding formula, eligibility requirements, and benefit levels. At the end of the report, **Tables 14-21** provide expenditure data (federal and state/local) and recipient data for FY2002-FY2004, program by program. One program is new to this series of reports: the D.C. School Choice Incentive Program. In addition, two programs have been dropped because of the difficulty of obtaining reliable current data: General Assistance (Medical Component) and General Assistance (Nonmedical Component); spending for these programs was only from state and local sources, rather than federal.

Most of these programs base eligibility on individual, household, or family income, but some use group or area income tests (see **Table 7**), and a few offer help on the basis of presumed “need.” Most provide income “transfers.” That is, they transfer income in the form of cash, goods, or services to persons who make no payment and render no service in return. However, in the case of the job and training programs and some educational benefits, recipients must work or study for wages, training allowances, stipends, grants, or loans. Further, the TANF block grant program requires adults to commence work (defined by the state) after a period of enrollment, the Food Stamp program imposes work and training requirements, and public housing programs require recipients to engage in “self-sufficiency” activities or to perform community service. Finally, the Earned Income Tax Credit (EITC) is available only to workers.

This report excludes income maintenance programs that are not income-tested, including social insurance and many veterans’ benefits, and all but two tax-transfer programs. Thus, it excludes Social Security cash benefits, unemployment compensation, and Medicare. Outlays for the Old-

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<sup>1</sup> The number of programs in this report is somewhat arbitrary. For example, the Temporary Assistance for Needy Families (TANF) program is listed under cash, services, child care, and work activities, but could also be viewed as a single program.

Age, Survivors, and Disability Insurance programs (Social Security cash benefit programs) in FY2004 totaled \$502 billion, financed primarily from payroll tax collections. The report also excludes payments, even though financed with general revenues, that may be regarded as “deferred compensation,” such as veterans’ housing benefits and medical care for veterans with a service-connected disability.

The report includes two tax-transfer programs, the EITC for low-income workers with children and the child tax credit. The EITC reduces the taxes of working families with gross income below specified limits and makes direct payments (“refunds”) to those whose income is below the tax threshold or whose tax liability is smaller than their credit. Before the 2001 tax law, the child tax credit was refundable only to some taxpayers with three or more children, but it now is refundable (up to certain limits) for those with earnings above \$10,000. This report treats the direct payment component of these credits, but not the reduction in tax liability, as a welfare expenditure. Other tax benefits are excluded from the report because they are not refundable (make no direct payments). Further, in most cases they impose no income test for eligibility. Examples of these other tax benefits are the deductibility of mortgage interest and property taxes on owner-occupied homes (equivalent to outlays of \$61.4 billion and \$18.7 billion, respectively, in 2004). These tax transfers increase families’ disposable income by reducing their tax liability, and are known as “tax expenditures.” (The standard deduction and personal exemption in the income tax code also decrease families’ taxable income.)

**Table I. Expenditures of Major Needs-Tested Benefit Programs, by Form of Benefit and Level of Government, FY2002-FY2004**  
(in millions of current dollars)

	Federal expenditures			State-local expenditures			Total expenditures		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
Medical care	164,123	178,978	194,816	114,241	117,525	127,768	278,364	296,503	322,584
Cash aid	82,311	90,657	93,965	16,516	16,520	18,084	98,827	107,177	112,049
Food benefits	36,994	41,138	45,460	2,497	2,680	2,662	39,491	43,818	48,122
Housing aid	34,607	37,449	38,881	6	5	1	34,613	37,454	38,882
Education	24,754	29,062	27,435	1,701	1,734	1,760	26,455	30,796	29,195
Services	17,283	18,767	18,271	4,973	4,510	4,946	22,256	23,277	23,217
Jobs/training	7,179	6,646	6,131	934	1,045	876	8,113	7,691	7,007
Energy aid	2,003	2,254	2,118	122	122	141	2,125	2,376	2,259
<b>Total</b>	<b>\$369,254</b>	<b>\$404,951</b>	<b>\$427,077</b>	<b>\$140,990</b>	<b>\$144,141</b>	<b>\$156,238</b>	<b>\$510,244</b>	<b>\$549,092</b>	<b>\$583,315</b>

**Source:** Table prepared by the Congressional Research Service (CRS).

**Note:** Program data on which this table is based are found in the summary tables (**Tables I4-21**) at the back of the report.

## Trends in Spending

### Annual Spending Data

Total expenditures on cash and noncash programs for low-income persons multiplied many times between 1968 and 2004 (**Table 2**). Even after allowance for price inflation, spending more than sextupled, rising 557% during the 36 years, a period when the U.S. population rose by an estimated 46%.<sup>2</sup> Measured in constant 2004 dollars,<sup>3</sup> the annual rate of growth in spending over the whole period was 5.4%. However, the growth pattern was uneven. Real spending almost tripled in the first 10 years, declined in some years (1979, 1982, 1996, and 1997), and in the last seven years rose at an annual rate of 3.7%. Total per capita spending for low-income programs grew in real terms (constant FY2004 dollars) from \$422 in FY1968 to a peak of \$1,986 in FY2004.

**Table 2. Total Expenditures for Need-Based Benefits, FY 1968-FY2004**  
(in millions of dollars)

Fiscal year	Federal current dollars	State-local current dollars	Total spending	
			Current dollars	Constant dollars (2004)
1968	11,406	4,710	16,116	88,793
1973	27,294	10,054	37,348	163,449
1975	40,208	14,753	54,961	198,846
1976	50,506	16,990	67,496	228,027
1977	56,187	18,892	75,079	235,801
1978	64,432	20,151	84,583	248,190
1979	71,336	21,304	92,640	246,383
1980	81,403	24,633	106,036	248,270
1981	89,408	29,045	118,453	249,690
1982	90,543	31,706	122,249	239,986
1983	95,495	33,982	129,477	245,547
1984	100,837	36,191	137,028	249,596
1985	107,267	38,230	145,497	255,617
1986	109,476	40,811	150,287	257,694
1987	115,608	43,364	158,972	265,042
1988	126,098	46,580	172,678	276,462

<sup>2</sup> Based on the resident U.S. population.

<sup>3</sup> Current dollars were translated into FY2004 constant value dollars by use of the Consumer Price Index (CPI) for all urban consumers.

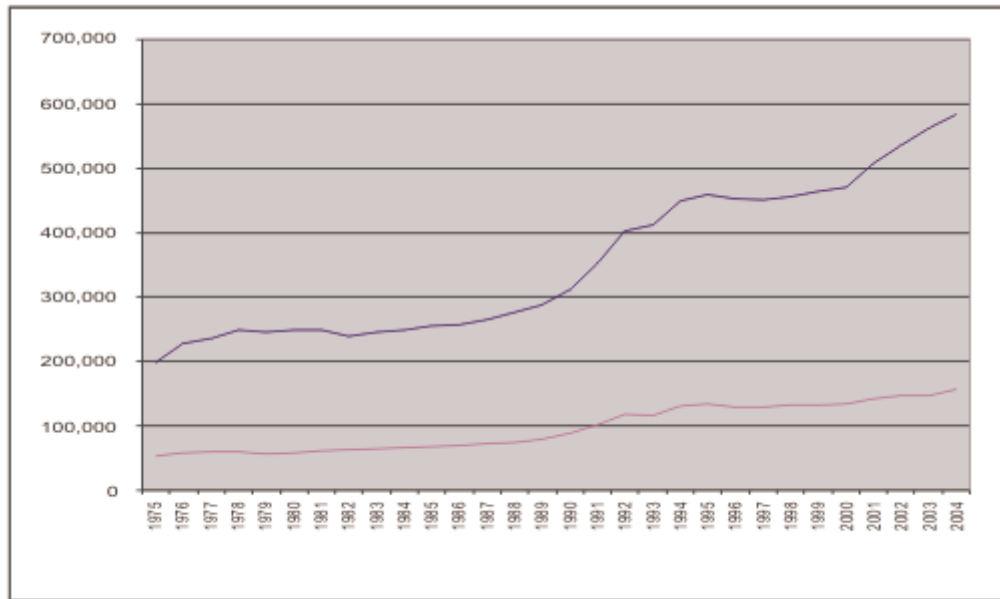


Fiscal year	Federal current dollars	State-local current dollars	Total spending	
			Current dollars	Constant dollars (2004)
1989	136,254	51,587	187,841	287,087
1990	153,673	61,065	214,738	312,619
1991	180,494	73,933	254,427	352,587
1992	211,121	88,146	299,267	402,565
1993	227,325	88,683	316,008	412,597
1994	250,405	102,421	352,826	448,888
1995	262,905	108,210	371,115	459,244
1996	268,823	107,213	376,036	452,673
1997	274,980	110,312	385,292	451,796
1998	280,965	114,554	395,519	456,351
1999	291,798	117,389	409,187	463,196
2000	305,659	122,897	428,556	470,217
2001	342,877	133,986	476,863	506,870
2002	369,254	140,990	510,244	534,343
2003	404,951	144,141	549,092	561,846
2004	427,077	156,238	583,315	583,315

**Source:** Table prepared by the Congressional Research Service (CRS). FY1968 and FY1973 data are from *Income Security for Americans: Recommendations of the Public Welfare Study*. Report of the Subcommittee on Fiscal Policy of the Joint Economic Committee. December 5, 1974. **Table 4**, p. 28 of Joint Economic Committee study (the 1968 federal total has been increased by \$54 million to correct a typographical error in that table, and the 1973 federal total has been increased by \$101 million to include Title X family planning, previously omitted from this report series). Data for FY1975-FY2001 are from previous editions of this report (revised to incorporate public housing capital fund costs, to account for new estimates of some program outlays, and to provide historical data for some newly added programs). Data for FY2002-FY2004 are from **Table I** of this report.

**Figure 1** shows the course of expenditures for income-tested benefits from FY1975-FY2004. The upper line shows total real spending (federal and state-local spending); the bottom line shows state-local spending alone; the space between represents federal spending. Throughout this period federal expenditures accounted for more than 70% of the total. The federal share rose above 76% in 1978-1980, then began a general decline. In the 1995-2004 decade it averaged 71.9%, reaching a peak of 73.7% in FY2003 and dropping slightly to 73.2% in FY2004.

**Figure 1. Expenditures for Income-Tested Benefits, FY1975-2004**  
(in millions of constant 2004 dollars)



Source: Figure prepared by the Congressional Research Service.

### Spending Trends by Level of Government

**Tables 3, 4, and 5** present 1968-2004 spending on low-income programs in constant 2004 dollars, by form of benefit; **Table 3** displays federal spending; **Table 4**, corresponding state-local data; and **Table 5**, total low-income spending amounts. Measured in constant 2004 dollars, federal spending for income-tested benefits climbed from \$63 billion in FY1968 to \$427 billion in FY2004, an increase of 580%. State-local spending (constant dollars) rose from \$26 billion to \$156 billion during the same period, an increase of 502%. Total spending on means-tested programs increased from \$89 billion to \$583 billion in these years, an increase of 557%.

Cash aid was the leading form of federal means-tested assistance until 1980, when it was overtaken by medical benefits. Two years later, in 1982, federal spending declined for all forms of aid except subsidized housing, in which case outlays reflected earlier commitments, and education benefits. However, beginning in 1983, real federal spending for low-income programs climbed steadily before declining in FY1996 and FY1997. Federal spending set successive new record highs during FY1998-FY2004. State-local spending rose in all years after 1979, except for 1993, 1996, and 2003.

### Medical Benefits

Since 1979, medical spending has accounted for more than 50 cents of every low-income program dollar spent by state-local governments. In 1989, the share climbed to 60%; in 1997 it exceeded 70%, and starting in 2002, spending on medical benefits has topped 80% of all state-local spending on means-tested programs. Medical assistance has accounted for a much smaller—but growing—share of federal expenditures for low-income programs: about 25% until the mid-1980s, above 30% in the 1990s, and an average of 43% from 2000-2003, with an increase to nearly 46% in 2004.

## **Means-Tested Share of Federal Budget**

As a component of the federal budget, spending on means-tested programs for persons with limited income averaged 13% from 1975-1979, dropped to 12% in the 1980s, and since 1994 has equaled or exceeded 17% each year. In 2001 it rose above 18%, and in 2004 was 18.6%.

## **Refundable Income Tax Credits**

The earned income tax credit has become the nation's largest program of income-tested cash benefits for families with children. In FY2004, the U.S. Treasury paid out \$34 billion in refundable earned income tax credits (chiefly for earners with children) and \$9 billion in child tax credits. The total was almost 25% larger than federal SSI payments for the aged, blind, and disabled (\$35 billion), and was more than five and a half times as much as cash assistance from federal TANF dollars (\$6.5 billion). (TANF expenditures for work activities, child care, and other services exceeded TANF cash aid.)

**Table 3. Federal Spending for Income-Tested Benefits by Form of Benefit, FY1968-FY2004**

(in millions of constant FY2004 dollars)

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total
1968	15,102	27,752	4,920	4,314	4,738	3,906	2,110	0	62,843
1973	29,142	37,527	16,871	16,525	7,969	4,039	7,374	0	119,449
1975	34,678	46,089	23,296	18,383	7,887	7,775	7,363	0	145,470
1976	36,976	50,409	26,105	19,804	12,480	15,561	9,199	95	170,628
1977	41,394	49,300	24,359	22,343	10,920	17,032	10,170	948	176,467
1978	42,741	47,086	24,968	22,914	11,934	28,462	10,156	801	189,061
1979	43,646	45,032	27,598	25,593	12,795	24,644	9,715	699	189,723
1980	45,420	44,435	30,646	25,675	11,449	20,194	8,745	4,030	190,595
1981	46,908	44,182	33,071	25,993	10,091	15,843	8,143	4,235	188,465
1982	45,230	42,354	30,770	26,205	15,283	7,831	6,091	3,981	177,744
1983	44,707	42,482	34,318	26,823	14,077	8,547	6,266	3,880	181,102
1984	45,253	43,321	34,091	26,450	14,592	9,794	6,264	3,909	183,674
1985	48,981	43,018	34,016	28,665	16,718	6,843	6,239	3,972	188,452
1986	51,053	45,144	32,822	25,662	17,241	6,217	5,813	3,764	187,716
1987	58,593	45,780	33,166	23,314	16,285	6,305	6,014	3,286	192,744
1988	61,835	48,533	32,366	25,197	17,847	6,001	7,187	2,920	201,886
1989	64,814	50,685	31,843	26,668	19,080	5,831	6,833	2,490	208,244
1990	73,120	53,057	34,752	28,690	20,033	5,787	5,946	2,335	223,720
1991	86,545	58,581	38,810	29,798	20,597	6,082	7,215	2,503	250,130
1992	105,838	65,531	44,138	33,316	18,297	6,750	7,857	2,267	283,994
1993	111,048	69,657	45,404	36,143	18,688	6,229	7,635	2,003	296,808
1994	119,196	80,658	45,944	35,841	18,622	6,184	9,697	2,439	318,581
1995	125,496	84,053	45,544	36,368	18,732	5,725	7,440	1,981	325,337

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total
1996	125,105	84,280	44,747	37,031	18,566	4,863	7,598	1,419	323,610
1997	126,392	84,250	41,488	37,106	19,359	4,451	7,825	1,574	322,444
1998	127,970	84,162	38,283	35,992	19,597	4,818	11,905	1,450	324,178
1999	135,470	84,179	36,901	33,609	19,562	5,408	13,703	1,482	330,312
2000	143,144	82,262	35,092	33,636	16,388	7,013	15,666	2,171	335,373
2001	154,205	87,798	35,265	34,088	25,936	7,417	17,608	2,135	364,453
2002	171,875	86,199	38,741	36,241	25,923	7,518	18,099	2,098	386,694
2003	183,135	92,763	42,094	38,319	29,737	6,800	19,203	2,306	414,357
2004	194,816	93,965	45,460	38,881	27,435	6,131	18,271	2,118	427,077

Source: Table prepared by the Congressional Research Service. Rows may not add to totals shown because of rounding.

**Table 4. State-Local Spending for Income-Tested Benefits by Form of Benefit, FY1968-2004**

(in millions of constant FY2004 dollars)

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total
1968	11,355	13,719	n.a.	n.a.	n.a.	237	639	0	25,950
1973	18,228	23,182	n.a.	n.a.	n.a.	245	2,346	0	44,000
1975	23,918	24,425	2,022	n.a.	517	141	2,352	0	53,376
1976	26,365	25,912	2,139	n.a.	527	132	2,324	n.a.	57,399
1977	27,918	25,675	2,553	n.a.	581	179	2,428	n.a.	59,334
1978	28,641	24,654	2,562	n.a.	695	185	2,391	n.a.	59,129
1979	29,617	22,803	1,051	n.a.	668	207	2,314	n.a.	56,660
1980	30,906	22,819	1,070	n.a.	670	190	2,021	n.a.	57,675
1981	32,947	23,181	1,223	n.a.	616	177	3,082	n.a.	61,225
1982	34,464	21,932	1,411	n.a.	528	147	3,730	29	62,242
1983	35,811	22,397	1,485	n.a.	573	150	3,983	47	64,445

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total
1984	37,397	22,563	1,730	n.a.	550	142	3,461	78	65,922
1985	37,878	23,103	1,808	n.a.	798	142	3,382	54	67,164
1986	39,554	24,215	1,891	n.a.	849	125	3,258	86	69,978
1987	41,025	24,708	1,946	n.a.	852	118	3,301	347	72,297
1988	43,476	24,645	1,824	n.a.	871	115	3,362	283	74,576
1989	47,400	25,201	1,776	n.a.	833	148	3,210	275	78,843
1990	53,277	25,928	1,798	n.a.	916	389	6,411	181	88,899
1991	65,755	26,817	1,818	n.a.	758	608	6,544	157	102,457
1992	76,909	28,393	1,941	3,094	826	640	6,651	118	118,571
1993	75,665	28,008	2,045	1,737	1,000	734	6,509	93	115,789
1994	86,201	29,163	2,252	2,055	1,149	832	8,557	98	130,306
1995	90,603	29,297	2,265	2,877	1,182	1,004	6,580	100	133,907
1996	89,092	27,018	2,311	2,960	1,150	775	5,669	88	129,063
1997	91,784	24,899	2,315	2,880	1,203	209	5,989	75	129,353
1998	95,426	21,491	2,236	3,009	1,312	825	7,782	91	132,173
1999	98,906	21,778	2,304	n.a.	1,347	989	7,462	96	132,883
2000	103,589	21,322	2,375	558	1,505	1,257	4,143	93	134,844
2001	111,176	20,453	2,459	797	1,719	1,299	4,390	125	142,417
2002	119,637	17,296	2,615	7	1,781	978	5,208	128	147,649
2003	120,255	16,904	2,742	5	1,774	1,069	4,615	125	147,489
2004	127,768	18,084	2,662	1	1,760	876	4,946	141	156,238

**Source:** Table prepared by the Congressional Research Service. Rows may not add to totals shown because of rounding.

**Note:** n.a.: Not available.

**Table 5. Total Spending for Income-Tested Benefits by Form of Benefit, FY1968-FY2004**

(in millions of constant FY2004 dollars)

Fiscal year	Medical benefits	Cash aid	Food benefits	Housing benefits	Education benefits	Jobs/training	Services	Energy aid	Total
1968	26,457	41,471	4,920	4,314	4,738	4,143	2,749	0	88,793
1973	47,370	60,709	16,871	16,525	7,969	4,284	9,720	0	163,449
1975	58,596	70,514	25,318	18,383	8,404	7,916	9,714	0	198,846
1976	63,341	76,321	28,243	19,804	13,007	15,693	11,524	95	228,027
1977	69,312	74,975	26,913	22,343	11,501	17,211	12,597	948	235,801
1978	71,382	71,740	27,529	22,914	12,629	28,647	12,547	801	248,190
1979	73,263	67,835	28,649	25,593	13,463	24,851	12,029	699	246,383
1980	76,326	67,254	31,716	25,675	12,119	20,384	10,766	4,030	248,270
1981	79,855	67,363	34,294	25,993	10,706	16,020	11,225	4,235	249,690
1982	79,694	64,285	32,181	26,205	15,811	7,978	9,821	4,011	239,986
1983	80,518	64,880	35,803	26,823	14,650	8,697	10,248	3,928	245,547
1984	82,650	65,883	35,821	26,450	15,142	9,936	9,725	3,987	249,596
1985	86,859	66,121	35,824	28,665	17,516	6,985	9,621	4,027	255,617
1986	90,607	69,359	34,714	25,662	18,090	6,343	9,071	3,849	257,694
1987	99,618	70,488	35,112	23,314	17,137	6,424	9,315	3,633	265,042
1988	105,311	73,178	34,190	25,197	18,718	6,116	10,549	3,204	276,462
1989	112,215	75,886	33,619	26,668	19,913	5,979	10,043	2,765	287,087
1990	126,397	78,985	36,550	28,690	20,949	6,176	12,357	2,516	312,619
1991	152,300	85,398	40,628	29,798	21,355	6,691	13,758	2,659	352,587
1992	182,747	93,924	46,079	36,410	19,123	7,390	14,508	2,385	402,565
1993	186,714	97,664	47,449	37,880	19,688	6,963	14,144	2,096	412,597
1994	205,397	109,821	48,196	37,896	19,771	7,017	18,254	2,537	448,888
1995	216,098	113,350	47,808	39,245	19,913	6,728	14,019	2,081	459,244
1996	214,198	111,298	47,058	39,992	19,716	5,639	13,267	1,507	452,673

<b>Fiscal year</b>	<b>Medical benefits</b>	<b>Cash aid</b>	<b>Food benefits</b>	<b>Housing benefits</b>	<b>Education benefits</b>	<b>Jobs/training</b>	<b>Services</b>	<b>Energy aid</b>	<b>Total</b>
1997	218,175	109,149	43,803	39,986	20,562	4,660	13,813	1,649	451,796
1998	223,397	105,652	40,519	39,001	20,909	5,643	19,687	1,541	456,351
1999	234,376	105,958	39,204	33,609	20,909	6,397	21,165	1,578	463,196
2000	246,732	103,585	37,468	34,195	17,893	8,271	19,809	2,265	470,217
2001	265,381	108,250	37,723	34,885	27,655	8,716	21,998	2,261	506,870
2002	291,511	103,495	41,356	36,248	27,704	8,496	23,307	2,225	534,343
2003	303,390	109,666	44,836	38,324	31,511	7,870	23,818	2,431	561,846
2004	322,584	112,049	48,122	38,882	29,195	7,007	23,217	2,259	583,315

**Source:** Table prepared by the Congressional Research Service (CRS). Rows may not add to totals shown because of rounding.

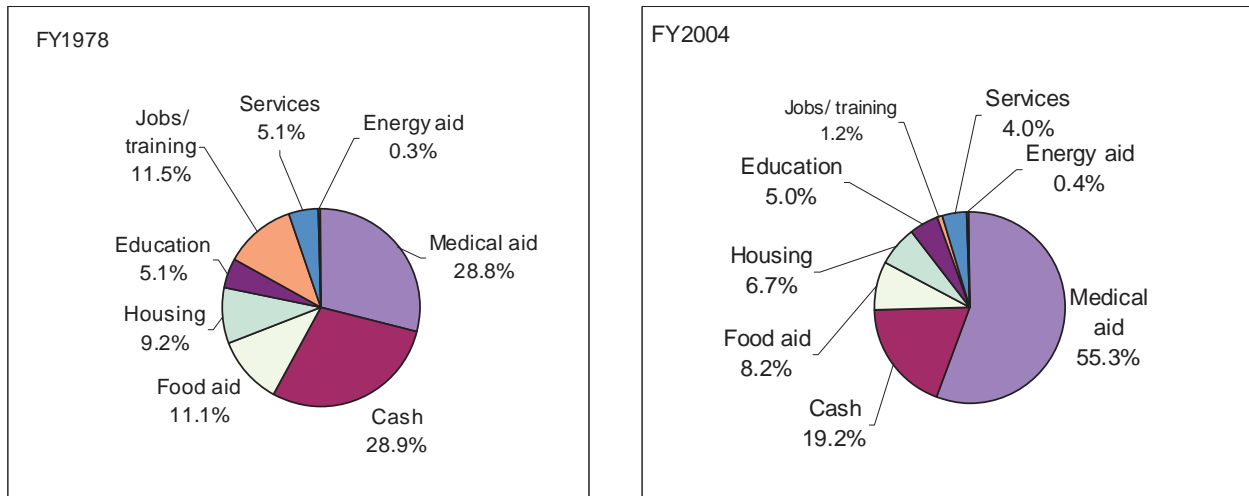


## Composition of Spending

The dramatic change since 1978 in the composition of total spending for income-tested benefits is shown in **Figure 2** and in **Table 6**. In FY1978, spending for cash relief and medical aid was nearly equal. Each accounted for 29% of total welfare spending covered by this report. Thereafter, spending for medical benefits rapidly overtook cash aid, reaching 50% in FY1999 and topping 55% in 2004.

**Figure 2. Composition of Income-Tested Benefits**

(in billions of constant 2004 dollars)



Source: Figure prepared by the Congressional Research Service.

**Table 6. Spending Trends by Form of Benefits, FY 1978-2004**

(in billions of constant 2004 dollars)

	FY1978	FY1988	FY1992	FY1996	FY2000	FY2002	FY2004
Medical aid	71.4	105.3	182.7	214.2	246.7	291.5	322.6
Cash	71.7	73.2	93.9	111.3	103.6	103.5	112.0
Food aid	27.5	34.2	46.1	47.1	37.5	41.4	48.1
Housing	22.9	25.2	36.4	40.0	34.2	36.2	38.9
Education	12.6	18.7	19.1	19.7	17.9	27.7	29.2
Jobs/training	28.6	6.1	7.4	5.6	8.3	8.5	7.0
Services	12.5	10.5	14.5	13.3	19.8	23.3	23.2
Energy aid	0.8	3.2	2.4	1.5	2.3	2.2	2.3
<b>Total</b>	<b>\$248.2</b>	<b>\$276.5</b>	<b>\$402.6</b>	<b>\$452.7</b>	<b>\$470.2</b>	<b>\$534.3</b>	<b>\$583.3</b>

Source: Table prepared by the Congressional Research Service.

## Noncitizen Eligibility for Major Federal Benefits

Depending on the program, the eligibility of noncitizens for major federal means-tested benefit programs—food stamps, Supplemental Security Income (SSI), Temporary Assistance for Needy Families (TANF), Medicaid, and Section 8 housing assistance—varies with their immigration status, work history, date of entry, date of enrollment in a benefit program, age, and length of legal residence. The basic outline of current noncitizen eligibility rules was established by the 1996 welfare reform law (P.L. 104-193), although prior laws for these programs had contained some limits on participation by noncitizens (typically barring temporary or illegal residents). This law sharply restricted welfare eligibility for noncitizens, although the limits it put in place have since been eased (in 1997, 1998, and 2002). The basic rules now are as follows.

- Nonimmigrants (those admitted temporarily for a limited purpose such as students, visitors, and temporary workers) are ineligible for all major benefits, as are unauthorized (“illegal”) aliens who are in the U.S. in violation of immigration law and for whom no legal relief or recognition has been extended.
- Legal permanent residents with a substantial (generally, 10-year) work history documented by Social Security and those with a military connection (legally present active duty military personnel, honorably discharged veterans, and their immediate families) are eligible for all major benefits.<sup>4</sup>
- In the case of food stamps, legal permanent residents without a substantial work history are eligible after five years lawful residence following entry. However, this five-year ineligibility period does *not* apply to (1) persons lawfully resident in the U.S. as of August 22, 1996 (the date of enactment of the welfare reform law), and age 65+ at the time, (2) persons receiving government disability benefits, and (3) children under age 18.
- In the case of SSI, legal permanent residents without a substantial work history are eligible only if they are (1) persons who were receiving SSI benefits as of August 22, 1996, or (2) individuals lawfully resident in the U.S. as of August 22, 1996, who are now disabled. [Note: Pre-1996 SSI law barred eligibility for those with temporary or illegal status.]
- In the case of TANF, legal permanent residents without a substantial work history are (1) eligible, at state option, if lawfully resident in the U.S. as of August 22, 1996, and (2) for post-August-1996 entrants, eligible, at state option, five years after entry.
- In the case of Medicaid, eligibility rules for legal permanent residents without a substantial work history are the same as for TANF, except that coverage is *required* for SSI recipients.
- In the case of Section 8 housing assistance, legal permanent residents are eligible (with no time, work history, or age restrictions), as are noncitizens who were receiving benefits as of August 22, 1996. [Note: Pre-1996 housing law barred eligibility for those with temporary or illegal status.]

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<sup>4</sup> In housing programs, legal permanent residents are eligible without regard to work history or military connection.

- In humanitarian cases—asylees, refugees, Cuban/Haitian entrants, parolees and conditional entrants, victims of abuse (battery or cruelty by a family member), victims of trafficking in persons, and certain persons with similar status—individuals are (1) eligible for food stamps after entry or grant of status as an asylee, refugee, Cuban/Haitian entrant, or other humanitarian category, (2) eligible for SSI if they were SSI recipients as of August 22, 1996, or for seven years after entry or grant of status, (3) eligible for TANF for five years after entry or grant of status, and then eligible at state option, (4) eligible for Medicaid for seven years after entry or grant of status, and then eligible at state option, and (5) eligible for Section 8 housing assistance (with no time limits).<sup>5</sup>

## Aid Received by Poor Families With Children

The Census Bureau reports that 7.6 million families (including 5.8 million with children) in 2003 had total pre-tax money income—after counting any cash from the programs of TANF, Supplemental Security Income (SSI), and General Assistance (GA)—that was below their poverty threshold.<sup>6</sup> The Bureau found that the money income poverty rate among related children in families was 17.2%, the highest since 1998 (18.3%).

Overall, 35.9 million persons were classified as poor on the basis of 2003 pre-tax *money* income (compared with 31.1 million in 2000, the year preceding the most recent economic recession). Of these persons, 68.0% were in households that received means-tested aid from at least one of eight programs (TANF, SSI, GA, school lunch, food stamps, Medicaid, subsidized housing, low-income home energy assistance). By race and ethnicity, the following percentages of poor persons were in households that received pre-tax aid from one or more of the eight programs: non-Hispanic whites, 55.2%; blacks, 80.9%; and persons of Hispanic origin, 80.3%.

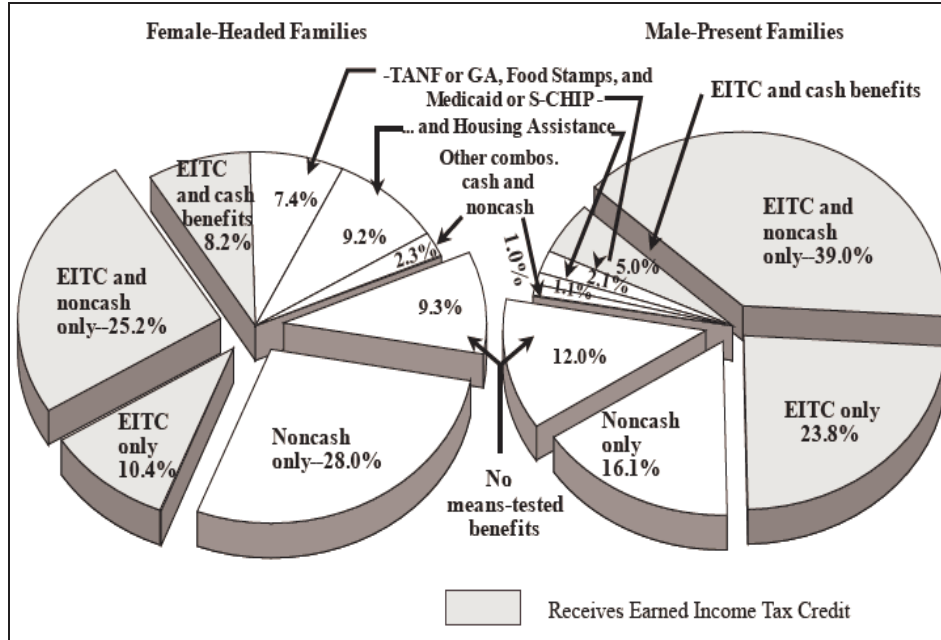
**Figure 3** depicts income-tested aid provided to families with children who were poor *before* receiving any cash aid from TANF, GA, or the EITC. In 2003, these families totaled 6.1 million (compared with 5.1 million in 2000): 3.7 million with a female householder and 2.4 million with a male householder (chiefly two-parent families). These numbers, based on CRS estimates, include unrelated subfamilies (the Bureau excludes these subfamilies from its “family” counts). As the chart shows, all but 9.3% of the female-headed families and 12.0% of the male-present families whose pre-tax, pre-welfare money income fell short of the poverty threshold received means-tested aid. For male-present families, the EITC, which goes only to persons with earnings, was the dominant form of aid. In all, 67.8% of male-present families who were poor before transfers received the EITC (compared with 75.2% in 2000); for 23.8% the EITC was the only aid. Among female-headed families who were poor before transfers, 43.8% received the EITC (compared with 59.6% in 2000); for 10.4% the EITC was the only aid. Various combinations of cash assistance (TANF, GA, EITC) and noncash aid—food stamps, housing subsidies, Medicaid,

<sup>5</sup> This description of Section 8 rules for humanitarian cases assumes, as appears to be the practice of Public Housing Agencies, that the noncitizen rules laid out under the 1996 welfare reform act apply—despite potentially conflicting law (for some limited noncitizen categories) contained in Section 214 of the Housing and Community Development Act of 1980.

<sup>6</sup> U.S. Bureau of the Census, *Poverty in the United States: 2003*. Current Population Reports, Series P-60, No. 226, Aug. 2004, and unpublished table available at [http://pubdb3.census.gov/macro/032004/pov/new04\\_100\\_01.htm](http://pubdb3.census.gov/macro/032004/pov/new04_100_01.htm).

or coverage under the State Children’s Health Insurance Program (SCHIP)—went to 27.1% of female-headed families and to 9.2% of male-present families.<sup>7</sup>

**Figure 3. Cash and Noncash Benefits Received by Poor Families with Children, 2003**



**Source:** Chart based on CRS analysis of March 2004 Current Population Survey data.

**Notes:** Cash welfare benefits shown are: Temporary Assistance to Needy Families (TANF) and General Assistance (GA). Noncash benefits shown are: Food Stamps, Medicaid, State Children’s Health Insurance Program (S-CHIP), and Housing Assistance.

Poor = poor before receiving cash welfare.

## Income Tests of the Benefit Programs

More than 90% of the programs in this report have an explicit test of income. The others base eligibility on area of residence, enrollment in another means-tested program, or other factors that presume need. The explicit income tests are of five kinds: income ceiling related to (1) one of the federal government’s official poverty measures (federal poverty income guidelines or Census Bureau poverty thresholds); (2) state or area median income; (3) the lower living standard income level of the Bureau of Labor Statistics; (4) an absolute dollar standard; (5) a level deemed to indicate “need.” **Table 7** classifies the programs in this report by type of income test. **Tables 8-11** present, respectively, Census Bureau poverty thresholds for 2004, federal poverty income guidelines for 2005, income eligibility limits for subsidized meals (July 2005-July 2006), and lower living standard income levels, effective in July 2005.

<sup>7</sup> These combinations are shown in **Figure 3** slices of the pie charts, labeled as (1) EITC and (other) cash benefits, (2) TANF or GA, food stamps, and Medicaid or SCHIP; (3) TANF or GA, food stamps, and Medicaid or SCHIP and housing assistance; and (4) other combinations of cash and noncash aid.

**Table 7. Income Eligibility Tests Used by Benefit Programs**

Limit related to:								
Program	Official poverty measure	Lower living income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment/eligibility for other program	Other
<b>Medical Benefits</b>								
1. Medicaid	X <sup>a</sup>				X <sup>b</sup>		X <sup>c</sup>	
2. Veterans' medical care (no service disability)				X			X <sup>d</sup>	
3. SCHIP	X							X <sup>e</sup>
4. Indian health services						X		
5. Consolidated health centers	X <sup>f</sup>					X <sup>g</sup>		
6. Maternal and child health services	X <sup>h</sup>							
7. Title X family planning	X <sup>f</sup>					X <sup>g</sup>		
8. Medical aid for refugees, asylees, others					X <sup>b</sup>			
<b>Cash aid</b>								
9. SSI				X <sup>i</sup>	X <sup>j</sup>			
10. EITC (refunds)				X				
11. TANF					X <sup>b</sup>			
12. Foster care					X <sup>b</sup>		X <sup>c</sup>	
13. Child tax credit				X				
14. Veterans' pensions				X				
15. Adoption assistance				X <sup>k</sup>	X <sup>b</sup>		X <sup>c,k</sup>	
16. DIC (veterans' parents)				X				
17. General assistance to Indians					X <sup>b</sup>			
18. Cash aid—refugees, asylees, others					X <sup>b</sup>			

Limit related to:								
Program	Official poverty measure	Lower living income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment/eligibility for other program	Other
<b>Food benefits</b>								
19. Food stamps	X						X <sup>l</sup>	
20. School lunch (free/reduced price)	X						X <sup>m</sup>	
21. WIC	X						X <sup>n</sup>	
22. Child and adult care food program	X							
23. School breakfast (free/reduced price)	X						X <sup>m</sup>	
24. Nutrition program for the elderly								X <sup>o</sup>
25. The emergency food assistance program					X <sup>b</sup>			
26. Summer food service	X							
27. Commodity supplemental food						X	X	
28. Food distribution for Indians					X			
29. Farmers' market nutrition programs	X						X	
30. Special milk (free)	X							
<b>Housing benefits</b>								
31. Section 8 low-income housing aid			X					
32. Public housing			X					
33. Rural housing loans (Section 502)			X					
34. HOME			X					
35. Housing for special groups (aged/disabled)			X					
36. Rural rental assistance (Section 521)			X				X	
37. Section 236 interest reduction payments			X					
38. Housing for people with AIDS			X					

Limit related to:								
Program	Official poverty measure	Lower living income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment/eligibility for other program	Other
39. Rural rental housing loans (Section 515)			X					
40. Rural housing repair loans and grants (Section 504)			X					
41. Farm labor housing loans and grants (sections 514 and 516)					X			
42. Section 101 rent supplements			X					
43. Rural self-help grants and site loans (sections 523 and 524)			X		X			
44. Indian housing improvement grants					X			
45. Section 235 homeownership			X					
46. Rural housing preservation grants (Section 533)			X					
47. HOPE			X				X	
<b>Education</b>								
48. Pell grants					X <sup>p</sup>			
49. Head Start	X							
50. Stafford and Stafford/Ford loans					X <sup>p</sup>			
51. Federal work-study					X <sup>p</sup>			
52. TRIO programs	X							
53. Supplemental educational opportunity grants					X <sup>p</sup>			
54 Chapter I migrant education								X <sup>q</sup>
55. Perkins loans					X <sup>p</sup>			
56. Leveraging educational assistance (LEAP)					X <sup>b</sup>			

Limit related to:								
Program	Official poverty measure	Lower living income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment/eligibility for other program	Other
57. Health professions student loans and scholarships	X <sup>r</sup>				X <sup>s</sup>			
58. Fellowships for graduate/professional study					X <sup>p</sup>			
59. Migrant high school equivalency								X <sup>t</sup>
60. College assistance migrant program								X <sup>t</sup>
61. Close Up fellowships					X <sup>u</sup>			
62. D.C. school choice incentives	X							X <sup>cc</sup>
<b>Services</b>								
63. Child care and development block grant			X <sup>v</sup>				X <sup>w</sup>	
64. TANF services (other than child care)	X				X <sup>b</sup>		X	
65. Social services (Title XX)	X <sup>x</sup>				X <sup>b</sup>			
66. TANF child care					X <sup>b</sup>		X	
67. Homeless assistance								X <sup>y</sup>
68. Community services block grant	X							
69. Legal services	X							
70. Social services for refugees, asylees, others					X <sup>b</sup>			
71. Emergency food and shelter								X <sup>y</sup>
<b>Jobs and training</b>								
72. TANF work activities					X			
73. Job Corps	X <sup>z</sup>	X <sup>z</sup>					X	
74. Youth training	X <sup>z</sup>	X <sup>z</sup>					X	
75. Adult training								X <sup>aa</sup>



Program	Limit related to:							
	Official poverty measure	Lower living income level	State/area median income	Dollar amount	Income deemed needy	Area of residence	Enrollment/eligibility for other program	Other
76. Senior community service employment	X						X	
77. Welfare-to-work							X	
78. Food stamp employment/training					X			
79. Foster grandparents	X							
80. Senior companions	X							
81. Targeted aid for refugees, asylees, others					X <sup>b</sup>			
82. Native employment works					X <sup>b</sup>		X	
<b>Energy aid</b>								
83. Low-income home energy assistance	X <sup>bb</sup>		X			X	X	
84. Weatherization assistance	X						X	

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

- a. States must extend Medicaid to certain persons whose income is below the federal poverty income guideline (or a multiple of it) but who do not receive cash aid. These persons are pregnant women, children born after September 30, 1983, the aged, the blind, and the disabled.
- b. Need is decided by state, locality, Indian tribe (or Alaskan Native village).
- c. Eligible for Medicaid, foster care, and adoption assistance are persons who do not qualify for TANF cash assistance but who would be income-eligible for AFDC under the terms in effect on July 16, 1996 (with some modifications allowed for Medicaid) if that program had not been replaced by TANF. Also eligible for Medicaid in most states are persons eligible for SSI.
- d. Veterans receiving veterans' pensions or eligible for Medicaid are automatically eligible for free VA medical care.
- e. If a state's Medicaid limit for children is at or above 200% of the poverty guideline, it may give SCHIP to children whose family income is within 150% of the Medicaid limit (thus, up to 50% above the Medicaid limit).
- f. The law limits free care to those below the federal poverty income guidelines.
- g. All residents of the area served are eligible, but fees must be charged to the nonpoor.
- h. The stated purpose of the Maternal and Child Health (MCH) Services Block Grant law is to enable states to assure access to quality MCH services to mothers and children, particularly those with low income (or limited availability of health services). The law defines low income in terms of the federal poverty income guidelines. This block grant, which took effect in FY1981, includes funding for crippled children's services.

- i. For basic federal SSI payment.
- j. States decide need for an optional state supplement to SSI.
- k. A blind or disabled child who is eligible for SSI also may be eligible for adoption assistance.
- l. Households composed *wholly* of recipients of SSI or GA or of recipients of TANF cash *or services* automatically meet food stamp assets and income tests but their benefits must be calculated by food stamp rules.
- m. Food stamp eligibility is accepted as documentation of eligibility for the free school lunch and free school breakfast programs.
- n. States may give automatic eligibility to public assistance recipients.
- o. The law requires preference for those with greatest economic or social need.
- p. Need is decided by a system known as the federal needs analysis methodology, which is set forth in Part F of Title IV of the Higher Education Act (HEA) as amended.
- q. There is no income test. Migratory children are presumed to be needy.
- r. For forgiveness of loans made to needy students who fail to complete studies.
- s. Need for loans is decided by the educational institution, by use of a needs analysis system approved by the Secretary of Education “in combination with other information” about the student’s finances. For all health professional scholarships and for loans to students of medicine and osteopathy, federal regulations define the required “exceptional financial need.”
- t. Regulations require the educational institution to determine that migratory students need the financial assistance provided.
- u. Law makes eligible middle school and secondary students who are “economically disadvantaged.”
- v. Federal income ceiling is 85% of state median for family of same size.
- w. Under the law, at least 70% of *entitlement* Child Care Development Fund (CCDF) assistance must be used for families receiving TANF, trying to leave welfare through work, or at risk of becoming eligible for TANF.
- x. Applies to families aided with TANF dollars transferred to Title XX (their income cannot exceed 200% of the federal poverty guidelines).
- y. Need is decided by agencies administering the benefits.
- z. The federal poverty income guideline is used if higher than 70% of the lower living standard income level of the Department of Labor.
- aa. The law requires preference for “low-income” persons if funds are limited.
- bb. States have the option of setting limits below outer federal ceilings (but cannot set a ceiling below 110% of the federal poverty income guideline).
- cc. Eligible students must be residents of the District of Columbia. A lottery is used if more eligible students apply than can be accommodated with available funding.

**Table 8. Bureau of the Census Poverty Thresholds for 2004**

<b>1 person (unrelated individual)</b>	\$9,645
Under 65 years	9,827
65 years and over	9,060
<b>2 persons</b>	12,334
Householder under 65 years	12,714
Householder 65 years and over	11,430
3 persons	15,067
4 persons	19,307
5 persons	22,831
6 persons	25,788
7 persons	29,236
8 persons	32,641
9 persons or more	39,048

**Source:** U.S. Department of Commerce, Bureau of the Census (August 30, 2005).

**Table 9. 2005 Federal Poverty Income Guidelines**

Size of family unit	Forty-eight contiguous states and D.C.	Alaska	Hawaii
1	\$ 9,570	\$11,950	\$11,010
2	12,830	16,030	14,760
3	16,090	20,110	18,510
4	19,350	24,190	22,260
5	22,610	28,270	26,010
6	25,870	32,350	29,760
7	29,130	36,430	33,510
8	32,390	40,510	37,260
For each additional person, add	3,260	4,080	3,750

**Source:** *Federal Register*, vol. 70, no. 33, Feb. 18, 2005, p. 8374.

**Table 10. Eligibility Levels for Free and Reduced Price Meals for the Period of July 1, 2005-June 30, 2006**

Family size	Maximum annual income levels	
	Free meals: 130% federal poverty income guidelines	Reduced price meals: 185% federal poverty income guidelines
<b>48 contiguous United States, District of Columbia, Guam, and territories</b>		
1	\$12,441	\$17,705
2	16,679	23,736
3	20,917	29,767
4	25,155	35,798
5	29,393	41,829
6	33,631	47,860
7	37,869	53,891
8	42,107	59,922
Add for each additional member	+4,328	+6,031
<b>Alaska</b>		
1	\$15,535	\$22,108
2	20,839	29,656
3	26,143	37,204
4	31,447	44,752
5	36,751	52,300
6	42,055	59,848
7	47,359	67,396
8	52,663	74,944
Add for each additional member	+5,304	+7,548
<b>Hawaii</b>		
1	\$14,313	\$20,369
2	19,188	27,306
3	24,063	34,244
4	28,938	41,181
5	33,813	48,119
6	38,688	55,056
7	43,563	61,994
8	48,438	68,931
Add for each additional member	+4,875	+6,938

Source: Federal Register, vol. 70, no. 52, Mar. 18, 2005, p. 13162.

**Table 11. Lower Living Standard Income Level (LLSIL) for a Family of Four—  
Effective July 22, 2005**

(For use in programs under the Workforce Investment Act and the Work Opportunity Tax Credit)

Area	2005 adjusted LLSIL <sup>a</sup>	70% of LLSIL <sup>b</sup>
<b>Northeast</b>		
Metropolitan	\$33,280	\$23,680
Non-Metropolitan	32,320	22,620
<b>Midwest</b>		
Metropolitan	30,620	21,430
Non-Metropolitan	28,810	20,170
<b>South</b>		
Metropolitan	28,980	20,290
Non-Metropolitan	27,560	19,290
<b>West</b>		
Metropolitan	33,160	23,220
Non-Metropolitan	32,020	22,410
<b>Alaska</b>		
Metropolitan	40,840	28,590
Non-Metropolitan	40,180	28,130
<b>Hawaii/Guam</b>		
Metropolitan	41,890	29,330
Non-Metropolitan	42,900	30,030
<b>Metropolitan Statistical Area (MSA)</b>		
Anchorage, AK	\$40,840	\$28,590
Atlanta, GA	28,770	20,140
Boston-Brockton-Nashua, MA/NH/ME	37,100	25,970
Chicago-Gary-Kenosha, IL/IN/WI	32,110	22,480
Cincinnati-Hamilton, OH/KY/IN	30,390	21,280
Cleveland-Akron, OH	31,580	22,110
Dallas-Ft Worth, TX	27,840	19,490
Denver-Boulder-Greeley, CO	32,050	22,440
Detroit-Ann Arbor-Flint, MI	30,000	21,000
Honolulu, HI	41,890	29,330
Houston-Galveston-Brazoria, TX	26,990	18,900
Kansas City, MO/KS	29,650	20,760
Los Angeles-Riverside-Orange County, CA	34,270	23,990
Milwaukee-Racine, WI	30,170	21,120
Minneapolis-St. Paul, MN	31,020	21,710

Area	2005 adjusted LLSIL <sup>a</sup>	70% of LLSIL <sup>b</sup>
New York-Northern New Jersey-Long Island	35,480	24,840
Philadelphia-Wilmington-Atlantic City, PA/DE/NJ	32,850	23,000
Pittsburgh, PA	36,190	25,330
St. Louis, MO-IL	29,510	20,660
San Diego, CA	37,310	26,120
San Francisco-Oakland-San Jose, CA	35,490	24,850
Seattle-Tacoma-Bremerton, WA	35,880	25,120
Washington-Baltimore, DC-MD-VA	35,600	24,920

**Source:** U.S. Department of Labor <http://www.doleta.gov/llsil/>.

**Notes:** For LLSILs for other family sizes, see the *Federal Register* entry noted above. The LLSIL is used for several purposes under the Workforce Investment Act (WIA). WIA defines “low income individual” for eligibility purposes in terms of the LLSIL or the poverty line. For purposes of state formula allotments, it defines the terms “disadvantaged adult” or “disadvantaged youth” in terms of the LLSIL or the poverty line.

- a. To assess whether employment will lead to “self-sufficiency,” WIA sets 100% of the LLSIL as the minimum pay needed.
- b. WIA provides that the terms “low-income” person and “disadvantaged adult” may be defined as a member of a family that received total family income that, in relation to family size, does not exceed 70% of the LLSIL. Further, the Internal Revenue Code provides that the term “economically disadvantaged” may be defined as 70% of the LLSIL for purposes of the Work Opportunity Tax Credit (WOTC).

## Medical Aid

### 1. Medicaid<sup>8</sup>

#### Funding Formula

The federal government shares in the cost of Medicaid services by means of a variable matching formula. The formula is inversely related to a state’s per capita income and is adjusted annually. The federal share of administrative costs generally is 50%, but can be as high as 100% for certain items.

The federal share of a state’s medical vendor payments is called the federal medical assistance percentage (FMAP).<sup>9</sup> The FMAP is higher for states with lower per capita incomes and lower for states with higher per capita incomes. If a state’s per capita income is equal to the national average per capita income, its FMAP would be 55%. The law establishes a minimum FMAP of 50% and a maximum of 83%<sup>10</sup> (though the highest rate in FY2005 was 77.08% for Mississippi).

<sup>8</sup> Regulations governing Medicaid are found in 42 CFR Parts 430-456 (Oct. 2005). This program is No. 93.778 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 1396 et seq.

<sup>9</sup> For a more detailed discussion of the FMAP, see CRS Report RL32950, *Medicaid: The Federal Medical Assistance Percentage (FMAP)*.

<sup>10</sup> In FY2005, federal funds paid 50% of medical vendor payments in the 12 states with the highest per capita income (continued...)

Federal matching for the territories is set at 50%, but a dollar-amount ceiling also applies. The statutory formula for determining the FMAP follows.

$$\text{FMAP} = 100\% - \text{state share}$$

(with a minimum of 50% and a maximum of 83%)

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

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

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

To provide fiscal relief to states, federal matching rates were changed temporarily by the Jobs and Growth Tax Relief Reconciliation Act (P.L. 108-27), which altered the rates for certain expenditures for the last two quarters of FY2003 and the first three quarters of FY2004. For these five quarters, the federal matching rate for each state was held harmless for declines from the prior fiscal year, and then was increased by 2.95 percentage points. A state was eligible for an increase in its FMAP for any of the specified quarters only if eligibility under Medicaid in effect for that quarter was no more restrictive than eligibility in effect on September 2, 2003. Federal Medicaid outlays totaled \$146.6 billion in FY2002 and \$161.0 billion in FY2003. During FY2002, the federal government financed about 57% of all Medicaid costs. During FY2003, the federal government financed about 58% of all Medicaid costs.<sup>11</sup> Estimated federal outlays for Medicaid in FY2004 were \$175.1 billion.

## **Eligibility Requirements<sup>12</sup>**

The requirements of federal law, coupled with the decisions of individual states in structuring their Medicaid programs, determine who is actually eligible for Medicaid in a given state. Some groups are mandatory, meaning all states must cover them; others are optional. In general, federal law places limitations on the categories of individuals who can be covered and establishes specific eligibility rules for groups within those broad categories. Traditionally, Medicaid eligibility was limited to the following categories: low-income families with dependent children

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(...continued)

(California, Colorado, Connecticut, Illinois, Maryland, Massachusetts, Minnesota, New Hampshire, New Jersey, New York, Virginia, and Washington) and 70% or higher in the 10 states with the lowest per capita income (Alabama, Arkansas, Idaho, Louisiana, Mississippi, Montana, New Mexico, Oklahoma, Utah, and West Virginia). Effective in FY1998, a special provision of P.L. 105-33 raised the federal share of Medicaid costs in D.C. from 50% to 70%.

<sup>11</sup> This increase in FY2003 is likely the result of the temporary increase in the federal medical assistance percentage (FMAP) enacted in May 2003 (P.L. 108-27).

<sup>12</sup> Effective on July 1, 1997 (earlier in most states), P.L. 104-193 ended Aid to Families with Dependent Children (AFDC), a cash assistance program under which recipients were automatically eligible for Medicaid. The replacement block grant program of Temporary Assistance for Needy Families (TANF) does not entitle all TANF recipients to Medicaid coverage. However, those who meet the income, resource, and categorical eligibility criteria of the former AFDC program, as in effect in their state on July 16, 1996 (and subsequently modified, if applicable), are entitled to Medicaid. The description below summarizes Medicaid as it operated *after* AFDC was replaced by TANF.

(in which one parent was absent, incapacitated, or unemployed), low-income persons with disabilities, and low-income elderly. In addition, certain individuals with higher income, especially those facing large costs for medical care, were eligible as “medically needy.” Beginning in the 1980s, additional coverage groups were added to Medicaid for higher-income children and pregnant women. Most recently, states were given the option to provide Medicaid to other groups with specific characteristics, including certain women with breast or cervical cancer, uninsured individuals with tuberculosis, and additional working individuals with disabilities. More than 50 distinct population groups are identified in federal law.

Contributing to the complexity of the Medicaid program are financial criteria. Medicaid is a means-tested entitlement program. To qualify, applicants’ income and resources<sup>13</sup> must be within certain limits, most of which are determined by states, again within federal statutory parameters. States have flexibility in defining countable income and assets. Consequently, income and resource standards vary considerably among states, and different standards apply to different population groups within a state. In general, individuals in similar circumstances may be automatically eligible for coverage in one state, may be required to assume a certain portion of their medical expenses before they can obtain coverage in another state, and may not be eligible at all in a third state.

### **Families, Pregnant Women, and Children**

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

#### *AFDC-Related Groups*

Medicaid eligibility for AFDC-related groups was affected significantly by both the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA, P.L. 104-193), which replaced the AFDC cash assistance program with the Temporary Assistance for Needy Families (TANF) block grant program, and the Balanced Budget Act of 1997 (BBA 97, P.L. 105-33).

*Mandatory.* Members of families that meet the eligibility requirements of the old AFDC programs in effect in their states on July 16, 1996 must be covered under Medicaid. States may modify their rules governing income and resource standards for such AFDC-related groups in three ways: (1) income standards may be reduced below those in effect in 1996, but they cannot be lower than those used on May 1, 1988; (2) income and resource standards may be increased for any period after 1996, but by no more than the percentage increase in the Consumer Price Index (CPI) for the same period; and (3) states may use less restrictive methods for counting income and resources than those in effect on July 16, 1996.

States must provide Medicaid assistance for recipients of adoption assistance and foster care (who are under age 18) under Title IV-E of the Social Security Act. Transitional or extended benefits are available to families who lose Medicaid eligibility because of increased hours of employment,

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<sup>13</sup> Resources may include bank accounts and similar liquid assets, as well as real estate, automobiles, and other personal property for which the value may not exceed specified limits. Certain resources, such as an individual’s home, are excluded when determining eligibility.



increased earnings, loss of a time-limited earned income disregard, or increased child or spousal support payments.<sup>14</sup> If the family loses Medicaid eligibility because of increased earnings or hours of employment, Medicaid coverage is extended for six to 12 months.<sup>15</sup> (During the second six months, a premium can be imposed, the scope of benefits might be limited, or alternate delivery systems might be used.) If the family loses Medicaid because of increased child or spousal support, coverage is extended for four months. Children and pregnant women are exempt from TANF work requirements and retain their Medicaid eligibility.

*Optional.* States are permitted to cover additional AFDC-related groups. States may provide Medicaid to former foster care recipients ages 18, 19 and 20, and may limit such coverage to those eligible for Title IV-E before turning 18. States may also extend Medicaid to children under age 21 in families whose income and resources are within AFDC standards (as of July 16, 1996), but who do not meet the definition of a dependent child (also known as Ribicoff children), and may limit this coverage to “reasonable” subgroups.<sup>16</sup> Finally, states may deny Medicaid benefits to nonpregnant adults and heads of households who lose TANF benefits because of refusal to work.

### ***Poverty-Related Pregnant Women and Children***

Beginning in the mid-1980s, Congress gradually extended Medicaid coverage to groups of pregnant women and children who are defined in terms of family income and resources rather than in terms of their ties to cash welfare programs.

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

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<sup>14</sup> For a more detailed discussion of transitional benefits, see CRS Report RL31698, *Transitional Medical Assistance (TMA) Under Medicaid*.

<sup>15</sup> The requirement for six to 12 months of transitional Medicaid, which originally applied to families who lost AFDC eligibility because of work, was carried over in the 1996 TANF law. It has been extended beyond Sept. 30, 2002 by several laws, most recently by the Deficit Reduction Act of 2005 (P.L. 109-171), which extended it through calendar year 2006. If the provision authorizing 12-month TMA is not extended beyond Dec. 31, 2006, states will still be required to provide four months of TMA to families that lose Medicaid eligibility due to an increase in earned income, hours of employment, or child or spousal support.

<sup>16</sup> These Ribicoff children, named for the former Senator who sponsored legislation authorizing this group, are individuals under age 21 who do not meet the dependency requirement, often because they do not live with their families. In the past, this eligibility pathway had been used for children residing in institutions or in state-based foster care or adoption assistance programs. But today, most of those children can qualify under other poverty-level eligibility pathways, since those pathways do not include a family dependency requirement. Ribicoff, as a result, has little meaning for most children under age 19. For children who are 19 or 20 or are inpatients in psychiatric facilities, on the other hand, Ribicoff may still be a valuable pathway to Medicaid. Older children cannot qualify under the other poverty-level groups because those pathways define eligible children to be under age 19. Institutionalized children who are in families with income that exceeds the poverty level ceilings also cannot qualify as poverty-level children because their parents' income is deemed to be available to children under those pathways. Under Ribicoff, on the other hand, parental income is not considered to apply to children who do not reside in their parents' homes.

States are also required to cover all children under age 19 whose family income is below the federal poverty level.

*Optional.* States may cover pregnant women and infants under age 1 with family incomes of up to 185% of the federal poverty level (FPL). In addition, through other provisions of Medicaid law, states are permitted to cover additional pregnant women and children with incomes above applicable federal mandatory minimum levels. Such key provisions include waivers of eligibility rules (through Section 1115 of the Social Security Act), use of more liberal methods for calculating income and resources for some categories of eligibles (through Section 1902(r)(2) of the Social Security Act), as well as through Medicaid expansions under the State Children's Health Insurance Program (SCHIP; program No. 3 in this report). For example, under SCHIP, most states now cover at least some groups of children under age 19 in families with income at or above 200% of the federal poverty level.

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

## **Aged and Persons with Disabilities**

In general, Medicaid provides coverage to certain groups of individuals receiving (or qualifying for) cash assistance through the Supplemental Security Income (SSI) program. It also covers the Medicare cost-sharing obligations for certain individuals. In addition, Medicaid covers certain individuals needing institutional care or other types of long-term care services.

### ***SSI-Related Groups***

The SSI program was established in 1972, replacing previous federal-state cash assistance programs for the aged, blind, and persons with disabilities. Income and resource standards are defined in federal law. For 2005, individuals applying for SSI could not have countable monthly income in excess of \$579, and their countable resources could not exceed \$2,000. Similar criteria for couples were \$869 in monthly income and \$3,000 in resources. However, states have the option of supplementing SSI payments (called state supplemental payments, or SSP) for aged persons living independently, and using the resulting higher income levels as the applicable financial standard for determining Medicaid eligibility.

*Mandatory.* States are generally required to cover SSI recipients under their Medicaid programs. However, states may use more restrictive eligibility standards for Medicaid than those for SSI if they were using those standards on January 1, 1972 (before the implementation of SSI), as authorized under Section 209(b) of the Social Security Act. There were 11 such Section 209(b) states in 2005.<sup>17</sup> States using more restrictive income standards must allow applicants to "spend down"—deduct incurred medical expenses from income before determining eligibility. For example, if an applicant has a monthly income of \$700 (not including any SSI or state

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<sup>17</sup> These 11 states are Connecticut, Hawaii, Illinois, Indiana, Minnesota, Missouri, New Hampshire, North Dakota, Ohio, Oklahoma, and Virginia. Social Security Administration, "Medicaid and the SSI Program" (August 16, 2005), Section SI 01715.010, *Program Operations Manual System* <http://policy.ssa.gov/poms.nsf/lnx/0501715010>.

supplement payment) and the state's maximum allowable income is \$600, the applicant would qualify for Medicaid after incurring \$100 in medical expenses in that month.

States must continue Medicaid coverage for several defined groups of individuals who lose SSI or SSP eligibility. The "qualified severely impaired" are persons with disabilities who return to work and lose SSI eligibility because of earnings, but still have the condition that originally rendered them disabled and who meet all nondisability criteria for SSI except income. Medicaid must be continued for these persons if they need ongoing medical assistance to continue working and their earnings are not sufficient to provide the equivalent of SSI, Medicaid, and attendant care benefits for which they would qualify in the absence of earnings. States must also continue Medicaid coverage for persons who were once eligible for both SSI and Social Security payments and who lose SSI because of a cost-of-living adjustment (COLA) in their Social Security benefits. Similar Medicaid continuations have been provided for certain other persons who lose SSI as a result of eligibility for or increases in Social Security or veterans' benefits. Finally, states must continue Medicaid for certain SSI-related groups who received benefits in 1973, including "essential persons" (persons who care for a person with a disability).

*Optional.* States are permitted to provide Medicaid to individuals who are not receiving SSI but are receiving state-only supplementary cash payments. Effective in August 1997, under provisions of the Balanced Budget Act of 1997 (BBA 97), states may make Medicaid available to SSI beneficiaries with disabilities who have income up to 250% of the FPL. These individuals may "buy into" Medicaid by paying a premium based on income as determined by the state. The 1999 Ticket to Work legislation (P.L. 106-170) further allows states to cover employed persons with disabilities at higher income and resource levels (i.e., income over 250% of the FPL and resources exceeding \$2,000 for an individual or \$3,000 for a couple). States may also cover financially eligible working individuals whose medical condition has improved to the point that they no longer meet the SSI definition of disability. Such individuals may have to buy into Medicaid by paying premiums or other cost-sharing charges on a sliding fee scale based on income, as established by the state. Finally, states have the option of extending Medicaid to certain additional elderly persons or persons with disabilities. These include the elderly and persons with disabilities whose income does not exceed 100% of the FPL and whose resources do not exceed the SSI standard.

### *Qualified Medicare Beneficiaries and Related Groups*

Certain low-income individuals who are aged or have disabilities as defined under SSI and who are eligible for Medicare are also eligible to have some of their Medicare cost-sharing expenses paid for by Medicaid. There are four categories of such persons:

- *Qualified Medicare Beneficiaries (QMB).* Qualified Medicare beneficiaries are aged or disabled Medicare beneficiaries with incomes no greater than 100% of the FPL and assets no greater than \$4,000 for an individual and \$6,000 for a couple. States are required to cover, under their Medicaid programs, the costs of Medicare premiums, deductibles, and coinsurance for Medicare-covered benefits for such persons. Other Medicaid covered services, such as nursing facility care, prescription drugs, and primary and acute care services, are not covered for these individuals unless they qualify for Medicaid through other eligibility pathways (e.g., via SSI, medically needy, or the special income rule for institutionalized persons described below).

- *Specified Low-Income Medicare Beneficiaries (SLMB)*. Specified low-income Medicare beneficiaries meet QMB criteria, except that their income is greater than 100% of the FPL but does not exceed 120% of the FPL. Under this Medicaid pathway, states are required to cover only the monthly Medicare Part B premium. Other Medicaid services are not covered for these individuals unless they qualify for Medicaid through other eligibility pathways.
- *Qualifying Individuals (QI-1)*. The QI-1 eligibility pathway<sup>18</sup> applies to aged and disabled Medicare beneficiaries whose income is between 120% and 135% of the FPL. For these individuals, states are required to pay the monthly Medicare Part B premium only until the federal allotment for this purpose is depleted.<sup>19</sup> These individuals are not otherwise eligible for Medicaid.
- *Qualified Disabled and Working Individuals (QDWIs)*. States are required to pay the Medicare Part A premiums for persons who were previously entitled to Medicare on the basis of a disability, who lost their entitlement based on earnings from work, but who continue to have a disabling condition. Such persons may only qualify if their incomes are below 200% of the FPL, their resources are below 200% of the SSI limit (\$4,000), and they are not otherwise eligible for Medicaid.

In December 2003, the President signed the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA 2003, P.L. 108-173). This act provides that, beginning in 2006, Medicaid eligibles who are also eligible for Medicare will receive outpatient prescription drug coverage through the new Medicare prescription drug benefit instead of through Medicaid. While this act does not change Medicaid eligibility rules, it does affect the benefits that the Medicaid program will be allowed to cover.<sup>20</sup> Under MMA 2003, state Medicaid programs will no longer be able to cover any drugs that are to be provided through the Medicare benefit, or pay the cost-sharing amounts for those drugs.

### ***Persons Receiving Institutional or Other Long-Term Care and Related Groups (all optional)***

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

States may establish a special income standard for institutionalized persons, not to exceed 300% of the maximum SSI benefit that would be payable to a person living at home and with no other resources (\$1,737 per month in 2005). In states without a medically needy program (described

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<sup>18</sup> The program known as Qualifying Individuals-2 (QI-2) ended on Dec. 31, 2002.

<sup>19</sup> In general, Medicaid payments are shared between the federal government and the states according to the matching formula described above. However, expenditures under the QI-1 program are paid 100% by the federal government (from the Part B trust fund) up to the state's allocation level. A state is only required to cover the number of persons that would bring its spending on these population groups in a year up to its allocation level. This temporary program, originally slated to end Sept. 30, 2002, was most recently extended through Sept. 30, 2007, by P.L. 109-91.

<sup>20</sup> Medicaid eligibility may be affected for individuals who now qualify as medically needy by "spending down" their income on medical expenses. Those individuals may experience delayed Medicaid eligibility or no longer qualify at all because Medicare Part D will pay some portion of the drug expenses that were formerly counted toward their spend-down amounts.

below), this “300% rule” is an alternative way of providing NF coverage to persons with incomes above SSI or State Supplementary Payment (SSP) levels.<sup>21</sup>

Both the medically needy and those becoming eligible under the “300% rule” must contribute their available income to the costs of their care. Medicaid has distinct post-eligibility rules to determine how much of a beneficiary’s income must be applied to the cost of care before Medicaid makes its payment. Special rules exist for the treatment of income and resources of married couples when one of the spouses requires nursing home care and the other remains in the community. These rules are referred to as the “spousal impoverishment” protections of Medicaid law, because they are intended to prevent the impoverishment of the spouse remaining in the community.

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

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

## **The Medically Needy**

In 2003, the Centers for Medicaid and Medicare Services (CMS) reported that 35 states and the District of Columbia provided Medicaid to at least some groups of “medically needy” persons.<sup>22</sup> These are persons who meet the nonfinancial standards for inclusion in one of the groups covered by Medicaid, but who do not meet the income or resource requirements for such coverage. Under medically needy programs, individuals can spend down to the medically needy standard set by the state by incurring medical expenses, in the same way that SSI recipients in Section 209(b) may spend down to Medicaid eligibility.

Under medically needy programs, states may set income standards at any level up to 133⅓% of the standard used for the most closely related cash assistance program. For families with children, the maximum applicable medically needy income standard would be up to one-third more than that which was in effect for a similar family under the state’s former AFDC program. For individuals who have a disability or are elderly, it would be up to one-third more than the SSI income standard. States may limit the groups of individuals who receive medically needy coverage. If the state provides any medically needy coverage, however, it must include all

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<sup>21</sup> Until OBRA-93, persons with incomes in excess of these limits could not qualify for Medicaid coverage for their nursing home care, even if their income was insufficient to cover the costs of such care. OBRA-93 included provisions that allow individuals to deposit excess income above the 300% limit into a trust, sometimes referred to as a “Miller Trust,” and receive Medicaid coverage. The funds in the trust are recoverable by the state after the person’s death. This arrangement, which is essentially a delayed spend-down, has reduced access barriers that may have been encountered by persons in states that do not otherwise permit spend-down under Medicaid.

<sup>22</sup> These include Alaska, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Illinois, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nebraska, New Hampshire, New Jersey, New York, North Carolina, North Dakota, Oklahoma, Pennsylvania, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, and Wisconsin.



children under 18 who would qualify under one of the welfare-related groups, and all pregnant women who would qualify under either a mandatory or optional group, if their income or resources were lower.

### **Individuals Qualifying Under Demonstration Waivers**

Demonstration waivers available under the authority of Section 1115 (of the Social Security Act) enable states to experiment with new approaches for providing health care coverage that promote the objectives of the Medicaid program. Section 1115 allows the Secretary of Health and Human Services (HHS) to waive a number of Medicaid rules—including many of the federal rules relating to Medicaid eligibility. The Health Insurance Flexibility and Accountability (HIFA) Initiative, introduced by the Bush Administration in 2001, is an explicit effort to encourage states to seek Section 1115 waivers to extend Medicaid and SCHIP to the uninsured, with a particular emphasis on statewide approaches that maximize private health insurance coverage options and target populations with incomes below 200% of the FPL. Some states have used such waivers to enact broad-based and sometimes statewide health reforms, although demonstrations under Section 1115 need not be statewide. A number of the demonstrations extend comprehensive health insurance coverage to low-income children and families who would not otherwise be eligible for Medicaid.

### **Aliens**

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

States are also required to provide coverage to (1) refugees for the first seven years after entry into the United States, (2) asylees for the first seven years after asylum is granted, (3) individuals whose deportation is being withheld by U.S. Citizenship and Immigration Services (formerly the Immigration and Naturalization Service) for the first seven years after the deportation is first withheld, (4) lawful permanent aliens after they have been credited with 40 quarters of coverage under Social Security, and (5) immigrants who are honorably discharged U.S. military veterans or active duty military personnel, and their spouses and unmarried dependent children who otherwise meet the state's financial eligibility criteria.

In addition, states are required to provide emergency Medicaid services to all legal and undocumented non-citizens who meet the financial and categorical eligibility requirements for Medicaid, without regard to time in this country.

### **Medicaid Purchase of COBRA Coverage**

COBRA<sup>23</sup> provides that employees or dependents who leave an employee health insurance group in a firm with 20 or more employees must be offered an opportunity to continue buying insurance through the group for 18 to 36 months (depending on the reason for leaving the group). The

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<sup>23</sup> COBRA is the Consolidated Omnibus Budget Reconciliation Act of 1985 (P.L. 99-272).

employer may charge a premium of no more than 102% of the average plan cost (150% for months 19 to 29 for certain persons with disabilities). State Medicaid programs may pay the former employees' premiums but only under the following circumstances:

- The employee or family member worked for a firm with 75 or more employees;
- The premium payment is "cost effective" (i.e., the premium paid for the employer-based coverage is below the amount Medicaid would have otherwise spent on Medicaid services for the individual);
- The employee entitled to elect COBRA coverage is in a family with income that does not exceed 100% of FPL; and
- The individual or family's resources do not exceed twice the SSI resource limit. (The SSI resource limit is \$2,000 for an individual and \$3,000 for a couple.)

## **Benefits**

States are required to offer the following services to most groups of recipients: inpatient hospital services (excluding inpatient hospital services for mental disease); outpatient hospital care, Federally Qualified Health Center (FQHC) services and, if permitted under state law, rural health clinic (RHC) services; laboratory and X-ray services; certified pediatric and family nurse practitioners; nursing facility services for those aged 21 and over; early and periodic screening, diagnosis, and treatment for those under age 21 (EPSDT); physicians' services; family planning services and supplies; medical supplies and surgical services of a dentist; home health services for those entitled to nursing facility care; nurse-midwife services; pregnancy-related services (including treatment for conditions that may complicate pregnancy); and 60 days of postpartum-related services. States must also assure transportation of any Medicaid-eligible individual to and from providers of medical care.

Federal law includes two basic coverage requirements for the medically needy. First, if a state provides medically needy coverage to any group, it must provide ambulatory services to children under 18 and individuals entitled to institutional services, prenatal and delivery services for pregnant women (as well as 60 days of postpartum care for those eligible for and receiving pregnancy-related services), and home health services to individuals entitled to nursing facility services. Second, if the state provides medically needy coverage for persons in institutions for mental diseases or intermediate care facilities for the mentally retarded (ICFs/MR), it must offer to all groups covered in its medically needy program all of the mandatory services required for the categorically needy (except services provided by pediatric and family nurse practitioners), or alternatively, any of seven categories of care and services listed in Medicaid law defining covered benefits.

Finally, states may also choose to provide one or more optional services to categorically and medically needy beneficiaries. These additional services include, for example, prescription drugs, eyeglasses, other dental services, physical therapy, and inpatient psychiatric care for individuals under age 21 or over 65.

States may limit the amount, duration and/or scope of care provided under any mandatory or optional service category (such as limiting the number of days of covered hospital care or number of physical therapy visits). Federal law permits states to impose nominal cost-sharing charges on some Medicaid beneficiaries and for some services.

In FY2002, the most recent year for which enrollment data are available, 51.5 million persons were covered by Medicaid. While non-disabled children and adults under age 65 comprised the majority of Medicaid enrollment, their costs were relatively small (\$2,090 per adult and \$1,397 per child) when compared with the per recipient cost of the elderly recipients (\$13,313), and recipients with disabilities (\$12,394). The aged and persons with disabilities represented 23% of Medicaid enrollment, but accounted for 68% of the program's spending on services. Between FY2002 and FY2004, total federal and state Medicaid spending increased by about 16%, from \$258.2 billion to \$300.3 billion.

**Note:** For more information, see CRS Report RL32277, *How Medicaid Works—Program Basics*; CRS Report RS21071, *Medicaid Expenditures, FY2003 and FY2004*; CRS Report RL33019, *Medicaid Eligibility for Adults and Children*; CRS Report RL31413, *Medicaid—Eligibility for the Aged and Disabled*; and CRS Report RL33202, *Medicaid: A Primer*.

## 2. Medical Care For Veterans Without Service-Connected Disability

### Funding Formula

Medical care from the Department of Veterans Affairs (VA) is funded by the federal government. VA medical services are defined as *discretionary* in the federal budget. Appropriations requests are guided by estimated patient demand and associated resource requirements. In FY2005, Congress provided approximately \$29.7 billion for veterans health care programs. VA is also authorized to use proceeds of the Medical Care Collections Fund (MCCF)<sup>24</sup> to provide care to veterans. In FY2005, the amount of collections was estimated to be \$1.98 billion.

In addition to care provided in VA facilities and under contract, VA provides per diem payments to states for care of eligible veterans in veterans' nursing homes. VA also provides medical care to certain spouses and children of certain service-connected disabled veterans under the Civilian Health and Medical Program (CHAMPVA).<sup>25</sup>

### Eligibility Requirements<sup>26</sup>

Unlike other medical benefit entitlements such as Medicare or Medicaid, eligibility for medical benefits from VA conveys varying degrees of rights. Although all veterans are eligible to receive medical care from VA, under current law, no veteran is automatically "entitled" to VA health care, as care is dependent upon the amount of funding available for health care.<sup>27</sup> VA determines

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<sup>24</sup> The VA is authorized to bill some veterans and most health care insurers for nonservice-connected care provided to veterans enrolled in the VA health care system to defray the cost of delivering medical services to veterans. The Balanced Budget Act of 1997 (P.L. 105-33) gave VA the authority to retain these funds in the Medical Care Collections Fund (MCCF).

<sup>25</sup> For information on CHAMPVA see <http://www.va.gov/hac/forbeneficiaries/champva/champva.asp>.

<sup>26</sup> Eligibility rules are set forth in 38 CFR Part 17.47 (2005). This program is No. 64.009 in the Catalog of Federal Domestic Assistance.

<sup>27</sup> See 38 U.S.C. §1710 (a) (1) (4) (the "shall" language in statute is "effective in any fiscal year only to the extent and (continued...)



eligibility primarily based on “veterans’ status” resulting from military experience. “Veterans’ status” is determined by active duty status in the military, naval, or air service and an honorable discharge or release from active military service. After the VA establishes “veterans’ status,” VA next places applicants into one of two categories.

The first category in general is composed of veterans with service-connected disabilities or with lower incomes. These veterans are regarded by VA as “high priority” veterans, and they are enrolled in Priority Groups 1-6. Veterans placed in the second group are veterans who don’t fall into one of the first six priority groups. These veterans are primarily those with nonservice-connected conditions and with income and net worth above the VA established means test threshold, and in general these veterans are enrolled in Priority Group 7 or 8. Based on statutory authority provided by the Veterans Health Care Eligibility Reform Act of 1996 (P.L. 104-262), the Secretary of Veterans Affairs announced on January 17, 2003 that VA would temporarily suspend the enrollment of Priority Group 8 veterans. Those who enrolled prior to January 17, 2003 in VA’s health care system were not to be affected by this suspension. VA claims that, despite its funding increases, it cannot provide all enrolled veterans with timely access to medical services because of the tremendous increase in the number of veterans seeking care from VA.<sup>28</sup>

Under current law, most veterans have to enroll to receive health care from VA. In some cases, VA provides care to non-enrolled veterans in the following classes: veterans who need treatment for a VA rated service-connected disability; veterans who are VA rated as 50% or more service-connected disabled; and veterans who were released from active duty within the previous 12 months for a disability incurred or aggravated in the line of duty.

The largest category of veterans provided free medical care by VA consists of persons who qualify for that care because their annual net income and net worth are below an established VA Means Test Threshold (in 2005: single person, \$25,842; with one dependent, \$31,013; for each additional dependent, \$1,734), or veterans whose incomes in the previous calendar year were no higher than the pension of a veteran in need of regular aid and attendance (in 2004: single person, \$16,955; with one dependent, \$20,099; for each additional dependent, \$1,734). These veterans are enrolled in Priority Group 5. A veteran applying for care under the low-income eligibility test is advised that reported income is subject to verification by matching the amount shown on the application with income reported to the Internal Revenue Service (IRS). Once eligible under the income rules, a veteran remains eligible until determined upon (annual) reevaluation to no longer meet the income standard.

## **Benefit Levels**

VA offers a standardized medical benefits package that includes a full range of outpatient and inpatient services with an emphasis on preventive and primary care. As defined in regulations, VA medical benefits include, among other things, preventive services, including immunizations, screening tests, and health education and training classes; primary health care diagnosis and treatment, prescription drugs, comprehensive rehabilitative services, mental health services,

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(...continued)

in the amount provided in advance appropriations Acts for such purposes”).

<sup>28</sup> See U.S. Department of Veterans Affairs, “Annual Enrollment Level Decision,” 68 Federal Register 2669-2673 (Jan. 17, 2003).

including professional counseling, home health care, respite (inpatient), hospice, and palliative care; and emergency care. Some veterans are also eligible to receive long-term care, including nursing home care, domiciliary care, adult day care, and limited dental care. In FY2004, there were 7.4 million enrolled veterans, and 4.7 million unique veteran patients received care from VA. Of these, 2.5 million enrolled veterans and 1.6 million unique veteran patients were in Priority Group 5. That same fiscal year, VA treated 760,519 inpatients, 93,271 veterans in nursing home care units or in community nursing home facilities, and 25,523 veterans in home- and community-based facilities. The VHA's outpatient clinics registered more than 49 million visits by veterans in FY2004.

During FY2004, the Veterans Health Administration (VHA) operated 157 hospitals, 134 nursing homes, 42 residential rehabilitation treatment centers; 862 ambulatory care and community-based outpatient clinics; and an extensive pharmaceutical supply apparatus. Veterans' medical care appropriations were \$26.8 billion in FY2004 and \$29.7 billion in FY2005.

**Note:** For more information, see CRS Report RL32975, *Veterans' Medical Care: FY2006 Appropriations*.

### **3. State Children's Health Insurance Program (SCHIP)**

#### **Funding Formula**

The Balanced Budget Act of 1997 (BBA 97, P.L. 105-33) established the State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act.<sup>29</sup> The program offers federal matching funds for states and territories to provide health insurance to targeted low-income children. In the original law, Congress appropriated \$39.7 billion in SCHIP federal matching grants for 10 years, FY1998 through FY2007.<sup>30</sup> The total annual allotment for each of FY1998 through FY2001 was a little more than \$4.2 billion. This annual total dropped to a little under \$3.2 billion in FY2002 through FY2004. Then the annual allotment rose to about \$4.1 billion for FY2005 and FY2006, with a further increase to roughly \$5.0 billion projected for FY2007.

Allotment of funds among the states is determined by a formula set in law. This formula is based on a combination of the number of low-income children and low-income uninsured children in the state, and it includes a cost factor that represents average health service industry wages in the state compared to the national average. All states have submitted SCHIP program plans to the Centers for Medicare and Medicaid Services (CMS).

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<sup>29</sup> The program number for SCHIP in the Catalog of Federal Domestic Assistance is 93.767. It is codified at 42 U.S.C. 1397aa et seq. The final rule governing SCHIP was published on January 11, 2001 (42 CFR Parts 431, 433, 435, inter alia.) and was revised by an interim final rule published June 25, 2001 (42 CFR Parts 431, 433, inter alia.), which took effect on August 24, 2001.

<sup>30</sup> From the original appropriated amounts specified in BBA 97, the law set aside 0.25% of SCHIP funds for five territories (Puerto Rico, Guam, the Virgin Islands, American Samoa, and the Northern Mariana Islands). Later, funds were added to the total annual appropriation and earmarked for the territories for each year beginning in FY1999. For FY1998 through FY2002 only, \$60 million annually was set aside for special diabetes grants.

States have three fiscal years in which to draw down a given year's funding. Under SCHIP law as enacted in 1997, allotments not spent by the end of the applicable three-year period will be redistributed—by a method to be determined by the Secretary of Health and Human Services (HHS)—to states that have fully spent their original allotments for that year. Redistributed funds not spent by the end of the fiscal year in which they are reallocated will officially expire. The rules regarding reallocation vary by fiscal year. In the first reallocation legislation for FY1998 and FY1999 (P.L. 106-554), redistribution states (12 in FY1998 and 13 in FY1999) were given access to unspent funds from other states equal to their excess spending above their original allotments during the applicable three-year period. After a set-aside of 1.05% of the total unspent funds for territories that fully exhausted their original allotments, the remaining unused funds were divided among the retention states in proportion to their contribution to the total pool of unspent funds. In contrast, under the second reallocation legislation for FY2000 and FY2001 (P.L. 108-74), a different rule was used. A set-aside of 1.05% of the total unspent funds was made for territories that fully exhausted their original allotments. Then, retention states kept one-half of their unused funds. The remaining unspent funds were then distributed among redistribution states (14 for FY2000 and 19 for FY2001) in proportion to their contribution to the total pool of excess spending.<sup>31</sup>

The final rule for reallocation of unspent FY2002 funds was published in the September 29, 2005 *Federal Register*.<sup>32</sup> Because no law was enacted specifying otherwise, the reallocation process followed BBA 97 requirements. Under this law, at the end of the applicable three-year period, unspent allotments are subject to redistribution among only those states that fully expend their allotments by the three-year deadline, by a method to be determined by the Secretary of Health and Human Services. States that were projected to exhaust all of their available federal SCHIP accounts in FY2005, based on their August FY2005 estimated expenditures, received access to FY2002 redistribution money equal to that estimated shortfall. The five “shortfall states” were Arizona, Minnesota, Mississippi, New Jersey, and Rhode Island. The remaining balance of unspent FY2002 funds was then divided among a total of 28 redistribution states, including the five shortfall states, based on each such state's percentage of the total excess spending above the FY2002 allotments during the three-year period of availability of these funds.<sup>33</sup> Also according to BBA 97, this reallocation pot was to expire at the end of one year, in this case, at the end of FY2005.

Access to reallocated funds (i.e., redistributed and retained funds from prior years) has added another layer of complexity to SCHIP financing. During FY2005, for example, states could access reallocated FY2001 and FY2002 funds, plus original allotments from FY2003, FY2004, and FY2005. Generally, when multiple accounts are available simultaneously, expenditures are applied against reallocated and original allotments in chronological order from earliest to most

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<sup>31</sup> Finally, P.L. 108-74 also permits certain states to spend their available balances (i.e., up to a maximum of the lesser of the following two amounts: (1) 20% of the state's available FY1998-through-FY2001 original SCHIP allotments, and (2) the state's balance (calculated quarterly) of any available FY1998 to FY2001 federal SCHIP funds (original allotments or reallocated funds from FY1998 through FY2001) for services delivered to Medicaid beneficiaries under age 19 who are not otherwise eligible for SCHIP and have family income that exceeds 150% of the federal poverty guideline. Subsequently, P.L. 108-127 modified the definition of a state that qualifies to make such expenditures.

<sup>32</sup> “State Children's Health Insurance Program (SCHIP); Redistribution of Unexpended SCHIP Funds From the Appropriation for Fiscal Year 2002,” *Federal Register*, vol. 70, No. 188, Sept. 29, 2005, pp. 56901-56909.

<sup>33</sup> All five territories also exceeded their FY2002 original allotments by the three-year deadline. As with prior redistributions, 1.05% of all unspent FY2002 funds was set aside for the territories. Each received an amount equal to its original allotment for FY2002 divided by the sum of FY2002 allotments among the territories.

recent. However, in regulations, CMS has allowed redistribution states only (i.e., states with excess spending that qualified them for redistribution of unspent funds from other states) the option of defining the order for applying expenditures against available accounts. That is, to optimize the use of funds, such states were given the flexibility to decide whether to use redistributed funds before or after other available funds/accounts. Once a specific order is chosen for a given set of open accounts, such states are not allowed to change that order until a new redistribution account is added to the set.

Like Medicaid, SCHIP is a federal-state matching program. For each dollar of state spending, the federal government makes a matching payment, up to the state's allotment. The state's share of program spending is equal to 100% minus the enhanced federal medical assistance percentage (the enhanced FMAP). The enhanced FMAP is equal to the state's Medicaid FMAP (for the regular FMAP formula, see program No. 1 of this report), increased by the number of percentage points that is equal to 30% multiplied by the number of percentage points by which the FMAP is less than 100%.<sup>34</sup> No more than 10% of the federal funds that a state draws down for SCHIP benefit expenditures can be used for administrative expenses, which include activities such as data collection and reporting, as well as outreach and education.

## **Eligibility Requirements**

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

Under SCHIP, states may cover children in families with incomes that are either (1) above the state's applicable Medicaid eligibility standard under the rules in effect in the state on March 31, 1997, but less than 200% of the federal poverty level (FPL),<sup>35</sup> or (2) in states with Medicaid income levels for children already at or above 200% of FPL, within 50 percentage points over the state's Medicaid income eligibility limit for children. Many states cover at least some groups of children in families with income at or above 200% FPL.

In addition, states that want to make changes to their SCHIP programs that go beyond what the law will allow may do so through what is called a Section 1115 waiver (named for the section of the Social Security Act that defines the circumstances under which such waivers may be granted). The Secretary of Health and Human Services may waive certain statutory requirements for conducting research and demonstration projects under SCHIP that allow states to adapt their programs to specific needs. On August 4, 2001, the Bush Administration announced the Health

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<sup>34</sup> For example, if a state has a Medicaid FMAP of 60%, under Medicaid a state must spend 40 cents for every 60 cents that the federal government contributes. The enhanced FMAP would be equal to the Medicaid FMAP increased by 12 percentage points (60% + [30% multiplied by 40 percentage points] = 72%). The state share would be equal to 100% - 72% = 28%. Compared with the Medicaid FMAP, which ranges from 50% to 77.08% in FY2005, the enhanced FMAP for SCHIP ranges from 65% to 83.96%. All SCHIP assistance for targeted low-income children, including coverage provided under Medicaid, is eligible for the enhanced FMAP. The Medicaid FMAP and the enhanced SCHIP FMAP are subject to a ceiling of 83% and 85%, respectively.

<sup>35</sup> In 2005, 200% of the federal poverty guideline was \$25,660 for a family of two, \$32,180 for a family of three, and \$38,700 for a family of four (higher guidelines apply in Alaska and Hawaii). The federal poverty guideline is sometimes referred to as the federal poverty level, or FPL.

Insurance Flexibility and Accountability (HIFA) Demonstration Initiative. Using Section 1115 waiver authority, this initiative is designed to encourage states to extend Medicaid and SCHIP to the uninsured, with a particular emphasis on statewide approaches that maximize private health insurance coverage options and target populations with income below 200% FPL.

As of May 2005, 15 states had approved SCHIP Section 1115 waivers.<sup>36</sup> Six additional Section 1115 waiver proposals (three for new waivers and three for amendments to existing waivers) were under review at that time. Eight states (Arizona, California, Colorado, Idaho, Illinois, Michigan, New Jersey, and Oregon) have approved HIFA demonstrations. In nine states with approved waivers (Arizona, California, Colorado, Illinois, Minnesota, New Jersey, Oregon, Rhode Island, and Wisconsin), SCHIP coverage is expanded to include one or more categories of adults<sup>37</sup> with children, typically parents of Medicaid/SCHIP children, caretaker relatives, legal guardians, and/or pregnant women. Three states (Arizona, Michigan, and Oregon) also cover childless adults under their waivers.

In addition to expanding coverage to new populations under waivers, some states have used this authority for other purposes. For example, two states (Alaska and New Mexico) require periods of no insurance prior to enrollment under their waivers.<sup>38</sup> New Mexico also modified its cost-sharing rules for targeted low-income children under its Medicaid program. Three states (Idaho, Illinois, and Oregon) offer premium assistance programs under waiver authority. New York's demonstration provided temporary disaster relief in New York City due to the events of September 11, 2001. Finally, Ohio received approval to implement an annual enrollment fee and to give 12 months of continuous eligibility for certain targeted low-income children in its Medicaid program.<sup>39</sup>

## **Benefit Levels**

States may choose from three options when designing their SCHIP programs. They may expand their existing Medicaid program, create a new "separate state" insurance program, or devise a combination of both approaches. All 50 states, the District of Columbia, and five territories have SCHIP programs in operation. As of August 2005, 17 use Medicaid expansions, 19 use separate state programs, and 20 use a combination approach.<sup>40</sup>

States that choose to expand their Medicaid programs by covering targeted low-income children must provide the full range of mandatory Medicaid benefits as well as all optional services

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<sup>36</sup> The 15 states are Alaska, Arizona, California, Colorado, Idaho, Illinois, Michigan, Minnesota, New Jersey, New Mexico, New York, Ohio, Oregon, Rhode Island, and Wisconsin. Five of these states (Michigan, Minnesota, New Jersey, New Mexico, and Rhode Island) have had amendments to their waivers approved.

<sup>37</sup> States have the option to purchase family coverage under a group health plan that may cover adults as long as it is cost-effective to do so (relative to the amount paid for comparable coverage for the children only), and it must not substitute for health insurance that would otherwise be provided to the children. For states seeking greater flexibility both in selecting which adults to cover and in the benefit package offered to those adults, a waiver is required.

<sup>38</sup> SCHIP separate state programs (described in the "Benefit Levels" section) have the authority to impose waiting periods without seeking special approval, and many do so. In general, for Medicaid expansions under SCHIP, all Medicaid rules apply. Thus, when states with SCHIP Medicaid expansions want to implement other rules (e.g., establish waiting periods before enrollment, implement enrollment fees, etc.), a waiver is required.

<sup>39</sup> Due to a variety of budget and resource constraints, in May 2002, Ohio decided not to implement its waiver.

<sup>40</sup> Centers for Medicare and Medicaid Services, *State Children's Health Insurance Program Plan Activity as of August 9, 2005* <http://www.cms.hhs.gov/schip/chip-map.pdf>.



specified in their state Medicaid plans. States that choose to create separate SCHIP programs may elect any of three benefit options: (1) a benchmark benefit package, (2) benchmark equivalent coverage, or (3) any other health benefits plan that the Secretary determines will provide appropriate coverage to the targeted population of uninsured children.

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

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

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

While federal law permits states to impose cost sharing for some beneficiaries and services, cost sharing is not permitted for well-baby or well-child care services, and American Indian and Alaskan Native children are exempt from all cost sharing. Apart from these general exceptions, states that choose to cover targeted low-income children under Medicaid must follow the cost-sharing rules of the Medicaid program. Generally, Medicaid does not allow cost sharing (e.g., deductibles, co-payments, and co-insurance) for medical services, and cost sharing associated with program participation (e.g., enrollment fees, and premiums) is limited to nominal amounts. If the state implements SCHIP through a separate state program, premiums or enrollment fees may be imposed, but they are subject to limits.

Under separate state programs, for families with incomes under 150% FPL income-related charges (i.e., enrollment fees, premiums, or similar charges tied to the total gross family income) may not exceed the amounts set forth in federal Medicaid regulations.<sup>41</sup> For children whose family income is at or below 100% FPL, service-related cost sharing is limited to nominal amounts as defined in Medicaid regulations.<sup>42</sup> For children whose family income is between 101% and 150% FPL, service-related cost sharing must meet “adjusted nominal amounts.”<sup>43</sup> These adjusted amounts reflect the enrollees’ increased ability to pay. Cumulative cost-sharing

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<sup>41</sup> 42 CFR §447.52 (2004).

<sup>42</sup> 42 CFR §447.54 (2004).

<sup>43</sup> 42 CFR §457.555 (2004).

maximums for each 12-month enrollment period must not exceed 5% of the family's annual income.<sup>44</sup>

For families with income above 150% FPL, service-related cost sharing may be imposed in any amount, provided cost sharing for higher-income children is not less than cost sharing for lower-income children. However, the total annual aggregate cost sharing (including premiums, deductibles, co-payments and any other charges) for all children in any SCHIP family may not exceed 5% of total family income for the year. Regardless of the family's cumulative cost-sharing maximum, states must (1) inform families of these limits, (2) provide a mechanism for families to stop paying once the cost-sharing limits have been reached, and (3) provide reasonable notice of any missed payments prior to disenrollment.

Early enrollment estimates indicated that nearly 1 million children (982,000) were enrolled in SCHIP under 43 operational state programs as of December 1998.<sup>45</sup> Nearly 2 million children (1,979,450) were enrolled in SCHIP during FY1999 under 53 operational state programs.<sup>46</sup> The latest official numbers show that SCHIP enrollment reached a total of nearly 6.2 million children in FY2004. Of this total, almost 4.4 million were covered in separate state programs, and 1.8 million were targeted low-income children under Medicaid. Total SCHIP enrollment for adults reached 513,569 in FY2004.<sup>47</sup>

Expenditures under SCHIP have been the subject of much debate and controversy almost since the program's inception. Despite the fact that most states began enrolling children in SCHIP in late 1997 or 1998, new programs always take time to get off the ground and participation rates in the early years of SCHIP rose more slowly than expected. As a consequence, spending was slow to ramp up too, as evidenced by the fact that a minority of states (12 to 19, depending on the year) fully expended their original FY1998-FY2001 allotments by the applicable three-year deadlines. It was not until FY2005, when the redistribution of unspent FY2002 funds took place, that more than half of the states (28) succeeded in qualifying for a portion of these unused funds.

A total of \$26.4 billion, over one-half of the total federal SCHIP appropriation of nearly \$40 billion to date, was made available to states and territories FY1998 through FY2004. By the end of FY2004, nearly 70% (\$18.3 billion) of these funds was spent. However, an additional \$1.3 billion available to 11 states actually expired at the close of FY2004; these expired funds were comprised of unspent FY1998, FY1999, and FY2000 reallocated monies. Thirty-three states forfeited funds they were unable to spend within the applicable time limits.

**Note:** For more information about SCHIP, see CRS Report RL30473, *State Children's Health Insurance Program (SCHIP): A Brief Overview*; and CRS Report RL32807, *SCHIP Financing: Funding Projections and State Redistribution Issues*.

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<sup>44</sup> 42 CFR §457.560(a) (2004).

<sup>45</sup> Centers for Medicare and Medicaid Services (formerly known as HCFA), *A Preliminary Estimate of the Children's Health Insurance Program Aggregate Enrollment Numbers Through December 31, 1998* (background only), Apr. 20, 1999.

<sup>46</sup> Centers for Medicare and Medicaid Services (formerly known as HCFA), *The State Children's Health Insurance Program, Annual Enrollment Report, October 1, 1998-September 30, 1999*.

<sup>47</sup> Centers for Medicare and Medicaid Services, *Revised FY2004 Number of Children Ever Enrolled in SCHIP by Program Type*, May 23, 2005 <http://www.cms.hhs.gov/schip/enrollment/schip04rev.pdf>.

## **4. Indian Health Services**

### **Funding Formula**

Indian Health Service (IHS) appropriations are allocated among its 12 service areas through a “historical,” or “program continuity” basis, under which each area can expect to receive its recurring base budget from the previous year, plus an increase in certain mandatory cost categories. Using a Resource Allocation Methodology (RAM), the Service distributes a small portion of its appropriation to areas and tribes based on documented health deficiencies. Tribes may assume from the IHS the administration and operation of health services and programs in their communities, and about 52% of IHS funds are used by Indian tribes to deliver IHS services to their own communities. The Service collects reimbursements from the Medicare and Medicaid programs for services that it provides to members of its eligible population who are also eligible for those programs. In FY2002, IHS collected \$534.8 million in reimbursements; in FY2003, this number increased to \$591.7 million; and in FY2004, this number increased to \$634.4 million. For FY2005, collections are estimated to be \$598.7 million. Total program appropriations (which include both budget authority, collections, and a special diabetes program) were \$3.392 billion in FY2002, \$3.541 billion in FY2003, \$3.706 billion in FY2004, and \$3.773 billion in FY2005.

### **Eligibility Requirements<sup>48</sup>**

Eligible under Public Health Service regulations are persons of American Indian or Alaskan Native (AI/AN) descent who: (1) are members of a federally recognized Indian tribe; (2) reside within an IHS Health Service Delivery Area (HSDA); or (3) are the natural minor children (18 years old or younger) of such an eligible member and reside within an IHS HSDA. The program imposes no income test; any eligible AI/AN can receive health services. The program serves Indians living on federal reservations, Indian communities in Oklahoma and California, and Indian, Eskimo, and Aleut communities in Alaska. According to the 2000 census, more than 57% of AI/AN reside in urban areas. Under the Indian Health Care Improvement Act of 1976, P.L. 94-437, as amended, the IHS contracts with 34 urban Indian organizations at 41 sites throughout the United States to make health services more accessible to 600,000+ urban Indians. Combined, all IHS programs serve between 1.5 and 1.6 million AI/AN.

### **Benefit Levels**

The IHS provides hospital, medical, and dental care and environmental health and sanitation services as well as outpatient services and the services of mobile clinics and public health nurses, and preventive care, including immunizations and health examinations of special groups, such as school children. All services are provided free of charge to beneficiaries. If the eligible AI/AN has private insurance, IHS will be reimbursed for the services provided. Benefits are provided through 157 service units, 48 IHS hospitals, six school health centers, 238 health centers, and 167 smaller health stations and satellite clinics; 180 Alaskan village clinics; as well as contracts with

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<sup>48</sup> Regulations are found at 42 CFR Part 136 (2005). This program is No. 93.228 in the Catalog of Federal Domestic Assistance.



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

**Note:** For more information, see CRS Report RL33022, *Indian Health Service: Health Care Delivery, Status, Funding, and Legislative Issues*.

## 5. Consolidated Health Centers

### Funding Formula

The Health Care Safety Net Amendments of 2002, P.L. 107-251, amended the Public Health Service Act (PHS Act) to reauthorize the health centers grant program through FY2006. The health centers program includes community health centers, migrant health centers, health centers for the homeless, and health centers for residents of public housing. They are codified under Section 330 of the PHS Act. The program does not have a statutory formula. The grant applicant must assume part of the project costs, which are determined on a case-by-case basis.

Centers receive grant money to provide primary care services to groups that are determined to be medically underserved. Grants are awarded through the Bureau of Primary Health Care of the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS). Centers are required to seek third-party reimbursement from other sources, such as Medicare and Medicaid. State and local governments may also contribute. Centers may receive one or more of the following types of grants: (1) planning grants, to plan and develop health centers or a comprehensive service delivery network; (2) operating grants, to assist with operation costs of a center; and (3) infant mortality grants, to assist in the reduction of infant mortality and morbidity among children less than three years of age and to develop and coordinate service and referral arrangements between health centers and other entities for the health management of pregnant women and children. FY2005 appropriations were \$1.7 billion. The annual service population for FY2004 was an estimated 13.1 million persons.

### Eligibility Requirements<sup>49</sup>

A health center is an entity that provides health care services to a medically underserved population, or a special medically underserved population comprised of migratory and seasonal agricultural workers, the homeless, and residents of public housing by providing required primary health services and additional health services as may be appropriate for particular centers. By regulation, medically underserved areas are designated by the HHS Secretary on the basis of such factors as: (1) ratio of primary care physicians to population, (2) infant mortality rate, (3) percentage of population aged 65 and over, and (4) percentage of population with family income below the poverty level. Profit-making organizations are not eligible for health center grants.

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

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<sup>49</sup> Regulations for community health centers are found at 42 CFR Subpart 51c (2005). This program is No. 93.224 in the Catalog of Federal Domestic Assistance.

## **Benefit Levels**

Regulations limit free service to families with income at or below the federal poverty income guidelines. The 2005 federal poverty income guideline in the 48 contiguous states was \$19,350 for a family of four. Nominal fees may be collected from these individuals and families under certain circumstances. Individuals and families with annual incomes greater than the poverty guideline but below 200% of it are required to pay for services from a fee schedule adjusted on the basis of the patient's ability to pay. Full payment is required from those with income that exceeds twice the poverty level.

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

**Note:** For more information, see CRS Report RL32046, *Federal Health Centers Program*, available on request.

## **6. Maternal and Child Health Services Block Grant**

### **Funding Formula**

The Maternal and Child Health (MCH) Services Block Grant supports activities to improve the health status of mothers and children.<sup>50</sup> Most of the funds are distributed to state governments to pay for services; however, some funds are set aside for use by the federal government to finance special projects of regional and national significance (SPRANS) and the community integrated service systems program (CISS). State allocations are based on two factors: (1) a state's share of FY1981 levels of funding for programs that were combined into the block grant when it was authorized in 1981; and (2) the number of low-income children in the state. States must contribute \$3 for every \$4 of federal funds awarded. States are required to use at least 30% of their block grant allocations for preventive and primary care services for children and 30% for services for children with special needs. States may use the remaining 40% for services for either of these groups or for other appropriate maternal and child health services, including preventive and primary care services for pregnant women, mothers, and infants up to age 1. States may use no more than 10% of their allocations for administrative costs.

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

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<sup>50</sup> P.L. 97-35, the Omnibus Budget Reconciliation Act of 1981, established a Maternal and Child Health (MCH) Services Block Grant under Title V of the Social Security Act. The block grant replaced the previous programs of Maternal and Child Health Services and Crippled Children's Services, also in Title V, and included the following other existing federal programs: supplemental security income services for disabled children, lead-based paint poisoning prevention, genetic diseases, sudden infant death syndrome, hemophilia centers, and adolescent pregnancy prevention.

When the appropriation for the block grant exceeds \$600 million, the law requires that 12.75% of the amount over \$600 million be set aside for CISS projects. Funds from this set-aside are used for initiatives that include case management, projects to increase the participation of obstetricians and pediatricians in both the block grant program and Medicaid, integrated delivery systems, rural or hospital-based MCH projects, and community-based programs including day care for children who usually receive services on an inpatient basis. FY2004 appropriations were \$730 million, and non-federal matching funds were estimated at \$547 million. The FY2005 appropriation was \$724 million.

## **Eligibility Requirements<sup>51</sup>**

States determine eligibility criteria for MCH block grant services. The law provides that block grant funds are to be used by the states “to provide and to assure mothers and children (in particular those with low income or with limited availability of health services) access to quality maternal and child health services.” Low-income mothers and children are those with family income below 100% of federal poverty guidelines—\$19,350 per year for a family of four in 2005 (higher in Alaska and Hawaii).

## **Benefit Levels**

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

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

In FY2003 Title V provided services to 2.5 million pregnant women, 3.9 million infants, almost 1.1 million children with special health care needs, and 3 million other women of child-bearing age.

**Note:** For more information, see CRS Report 97-350, *Maternal and Child Health Block Grant*, available on request.

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<sup>51</sup> Regulations are found at 45 CFR Part 96 (2005). This program is No. 93.994 in the Catalog of Federal Domestic Assistance (CFDA). It is codified at 42 U.S.C.701 et seq.

## 7. Title X Family Planning Services

### Funding Formula

Grants are provided for voluntary family planning services through the family planning program established by Title X of the Public Health Service Act. There is no requirement that grantees match federal funds at a specified rate, but regulations specify that no family planning clinic project may be fully supported by Title X funds. Congress has continued to appropriate money for the program even though Title X has not been reauthorized since FY1985. Grants for family planning clinics are made to states and territorial health departments, hospitals, universities and other public and nonprofit agencies. Appropriations for FY2005 were \$286 million.

### Eligibility Requirements<sup>52</sup>

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

Clinics must provide services free of charge (except to the extent that Medicaid or other health insurers cover these services) to persons whose incomes do not exceed 100% of the federal poverty income guidelines (\$19,350 for a family of four in the 48 contiguous states in 2005). A sliding payment scale must be offered for those whose incomes are between 100% and 250% of the poverty guideline.

### Benefit Levels

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

In FY2004, approximately 4.8 million persons received family planning services through 4,500 clinic sites supported by 86 service grantees. The clinics administered more than 2.9 million cervical cancer screenings, 2.8 million breast cancer screenings, and 496,622 HIV tests. An estimated one-third of all clients served at Title X clinics, 1.6 million per year, are adolescents.

**Note:** For more information, see CRS Report RL33644, *Title X (Public Health Service Act) Family Planning Program*, by Angela Napili.

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<sup>52</sup> Regulations governing Title X family planning services are found in 42 CFR Part 59 (2005). This program is No. 93.217 in the Catalog of Federal Domestic Assistance.

## **8. Medical Assistance to Refugees, Asylees, Other Humanitarian Cases**

### **Funding Formula**

Subject to available appropriations, the Immigration and Nationality Act (INA) authorizes 100% federally funded medical assistance for needy refugees and asylees during their first three years in the United States. Other legislation authorizes similar assistance for certain Cuban and Haitian entrants<sup>53</sup> and for certain Amerasians.<sup>54</sup> Since FY1992, funding has been appropriated to provide medical care for the first eight months after entry. These benefits are administered by the Department of Health and Human Service's Office of Refugee Resettlement (ORR). For refugee medical assistance (RMA), ORR expenditures amounted to \$92 million in FY2004.<sup>55</sup>

### **Eligibility Requirements<sup>56</sup>**

A person must (a) have been admitted to the United States as a refugee or asylee under the Immigration and Nationality Act or have been paroled as a refugee or asylee under the act, (b) be a Cuban or Haitian paroled into the United States between April 15 and October 20, 1980, and designated a "Cuban/Haitian entrant," or be a Cuban or Haitian national paroled into the United States after October 10, 1980, (c) be a person who has an application for asylum pending or is subject to exclusion or deportation and against whom a final order of deportation has not been issued, or (d) be a Vietnam-born Amerasian immigrant fathered by a U.S. citizen.

If a needy person in one of the above groups meets the income and assets tests prescribed by his or her state for Medicaid eligibility but does not otherwise qualify for that program because of its categorical requirements, such as family composition, the person is eligible for RMA. Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193), as amended by P.L. 105-33, these persons are now eligible for seven years after entry (earlier law gave permanent eligibility). After seven years their continued participation is at state option, as it is with other "qualified aliens."<sup>57</sup>

### **Benefit Levels**

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

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<sup>53</sup> Title V of the Refugee Education Assistance Act (P.L. 96-422).

<sup>54</sup> Section 584 of the FY1988 Foreign Operations Appropriations Act (P.L. 100-202).

<sup>55</sup> Preliminary estimate of the Office of Refugee Resettlement.

<sup>56</sup> Regulations governing this program are found in 45 CFR Parts 400-401 (2005). This program is No. 93.566 in the Catalog of Federal Domestic Assistance.

<sup>57</sup> Wyoming opted to limit noncitizens, including qualified aliens, to emergency Medicaid only.

**Note:** For more information, see CRS Report RL31269, *Refugee Admissions and Resettlement Policy*.

## Cash Aid

### 9. Supplemental Security Income (SSI)

#### Funding Formula

Since its January 1974 beginning, Supplemental Security Income (SSI) has provided a minimum income floor financed by U.S. general revenues and administered by the Social Security Administration (SSA), to persons eligible under federal rules. Some states choose to provide additional payments to SSI recipients at their own expense. In addition, a grandfather clause requires states to provide supplements to a small number of persons previously enrolled in the pre-SSI programs of federal-state cash aid for needy aged persons and blind or disabled adults, whose income otherwise would fall below what it was in December 1973.<sup>58</sup>

If a state chooses to have the federal government administer its supplements, it must agree to provide supplements for all federal SSI recipients of the same class and pay an administration fee to SSA for the service.<sup>59</sup> If states administer their own supplements, they are generally free to design their own supplementary programs and may adopt more restrictive eligibility rules than those of SSI. As of January 2005, the federal government administered supplements for 15 jurisdictions.

Total SSI benefit outlays in CY2004 were \$39.3 billion, with \$34.2 billion (87% of the total) from federal funds. The federal share of total state SSI benefits ranged from 48% in Alaska to 100% in the seven jurisdictions where no recipient received a supplement (Arkansas, Georgia, Kansas, Mississippi, Tennessee, West Virginia, and the Northern Mariana Islands).

#### Eligibility Requirements<sup>60</sup>

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

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<sup>58</sup> The U.S. Social Security Administration (SSA) reported the remaining number of recipients of mandatory state supplementary payments at 982 in August 2005.

<sup>59</sup> Since FY1994, Congress has required states to pay for federal administration of state supplementary payments. Fees began at \$1.67 per monthly payment in FY1994 and reached \$8.50 in FY2002. P.L. 105-33 provided that after FY2002, the rate was to be adjusted for changes in the Consumer Price Index or set at a level determined by the Commissioner of Social Security. For FY2005, the fee was \$9.06.

<sup>60</sup> Federal regulations governing SSI are found in 20 CFR Part 416 (2005). Income and resources rules are in Subparts K and L, respectively. This program is No. 96.006 in the Catalog of Federal Domestic Assistance. SSI is codified in 42 U.S.C. Section 1381 et seq.



parent who is on military assignment, provided the child received SSI before the parent reported for overseas duty.

To be eligible for SSI on grounds of disability, an adult must be unable to engage in any “substantial gainful activity”<sup>61</sup> because of a medically determined physical or mental impairment expected to result in death or that has lasted, or can be expected to last, for at least 12 months. Under terms of the 1996 welfare reform law (P.L. 104-193), a child under age 18 may qualify as disabled if he or she has an impairment that results in “marked and severe” functional limitations. Previously a child could qualify if his impairment were of “comparable severity” to that of an eligible adult.

In addition, to qualify for SSI a person must be (1) a citizen of the United States or (2) if not a citizen, (a) an immigrant who was enrolled in SSI on August 22, 1996 or who entered the United States by that date and subsequently became disabled; (b) a refugee or asylee who has been in the country or granted asylum, respectively, for fewer than seven years, (c) a person who has worked long enough to be insured for Social Security, usually 10 years (work test gives credit to work by spouse or parent of an alien child); or (d) a veteran or active duty member of the armed forces (spouses or unmarried dependent children of veterans/military personnel also qualify).

For basic federal benefits, countable income limits in 2005 are \$579 monthly per individual and \$869 per couple. These income ceilings equal maximum federal benefits of the program (see below for benefit details and for rules about what income is disregarded). For states with supplementary SSI benefits, countable income limits are higher, ranging in 2004 up to \$926 monthly per individual (living independently) in Alaska.

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

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

## **Benefit Levels**

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

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<sup>61</sup> Defined by regulation as monthly earnings, net of impairment-related expenses, of \$830, effective January 1, 2005. The amount is to be adjusted annually.

The following are the SSI basic monthly guarantees.<sup>62</sup>

	1998	1999	2000	2001	2002	2003	2004	2005
Individual	\$494	\$500	\$513	\$531	\$545	\$552	\$564	\$579
Couple	741	751	769	796	817	829	846	869

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

States that supplement SSI benefits are required to “pass through” to recipients an increase in the federal basic benefit.<sup>63</sup> However, when Congress deferred the 1983 COLA and instead enacted the \$20 benefit increase (about 7%), it required states to pass through only about half this amount (the 3.5% increase that the regular COLA would have yielded). As of January 2004, state supplements for aged persons living independently were offered in 26 states and ranged from \$1.70 in Oregon to \$362 in Alaska. Many states do not offer supplemental benefits for those living independently.

To assure some gain from work, SSI disregards a portion of recipients’ earnings; namely, \$65 per month, plus 50% of the balance.<sup>64</sup> Because of this rule, aged SSI recipients without Social Security benefits or other unearned income who work remain eligible for a declining SSI payment until gross earnings equal double their basic benefit plus \$85 monthly.<sup>65</sup> In a state that does not supplement the basic federal benefit, the gross income limit in 2005 for an aged SSI recipient with only wage income is \$1,243 monthly in earnings.<sup>66</sup> The gross income limit is higher in states that supplement the federal benefit.

In all but 12 states,<sup>67</sup> SSI recipients automatically are eligible for Medicaid. In the 12 states with more restrictive eligibility rules, states must deduct medical expenses of SSI recipients in determining their countable income.

Disabled SSI recipients whose counted monthly earnings exceed the \$830 “substantial gainful activity” test that determines disability status are eligible for special cash benefits (calculated as though they still had disability status), as long as their gross earnings are below the regular SSI

<sup>62</sup> The law requires a one-third SSI benefit reduction for those who live in another person’s household and receive support and maintenance in kind from that person.

<sup>63</sup> The requirement for passthrough can be satisfied by either of these conditions: (1) if a state’s total spending for SSI supplements during the relevant 12-month period is not below that for the preceding 12 months (P.L. 94-585) or (2) if state SSI supplementary payment levels equal those in effect in March 1983 (P.L. 98-21).

<sup>64</sup> For blind or disabled recipients, the law provides additional deductions from earnings. Blind: disregard the first \$65 earned, plus one-half of the rest, plus reasonable work expenses. Disabled: disregard the first \$65 earned, work and living expenses caused by the disability, plus one-half of the rest. For both blind and disabled SSI recipients, income needed for the fulfillment of a self-support plan approved by the SSA Commissioner also is disregarded. (The special expense deduction for the disabled was enacted in June 1980 as a provision of P.L. 96-265.)

<sup>65</sup> The \$85 disregard consists of the first \$20 of any income (earned or unearned), plus \$65 in earnings.

<sup>66</sup> The earnings maximum is calculated by adding to the first \$85 of excluded combined earned and unearned income, two times the federal benefit standard, since one-half of the earned income amount over the exclusion must be considered [ $\$85 + (2 \times \$579) = \$1,243$ ].

<sup>67</sup> CT, HI, IL, IN, MN, MO, NH, ND, OH, OK, VA, and WI.



ceiling (\$1,243 in 2005 in a state without supplementation). The special cash benefit preserves Medicaid eligibility for the disabled worker.<sup>68</sup> In 1996 (P.L. 104-121), Congress ended SSI and Social Security Disability Insurance benefits for persons disabled because of their addiction to drugs or alcohol.

In July 2005, federally administered SSI benefits went to 7,082,237 persons, including 1,026,264 children. Benefits averaged \$359 to aged recipients, \$454 to the blind and disabled (and \$523 for children). As of that date, about 35% of the Nation's SSI recipients of federally administered payments also received Social Security, and SSI checks were supplementary to Social Security benefits for 57% of aged SSI recipients and 27% of blind and disabled recipients. In December 2003, income was earned by 1.4% of aged recipients and by 6.4% and 4.5%, respectively, of blind and disabled recipients. Social Security benefits of dual recipients averaged \$422. Earnings of SSI recipients averaged \$310 monthly.<sup>69</sup>

**Note:** See CRS Report 94-486, *Supplemental Security Income (SSI): A Fact Sheet*, and CRS Report RS20294, *SSI Income and Resource Limits: A Fact Sheet*.

## 10. Earned Income Tax Credit (EITC)

### Funding Formula

This benefit is 100% federally funded and is provided through the tax system.<sup>70</sup> For tax year 2003, a total of \$39.1 billion in EITC was claimed, with \$3.7 billion used to offset taxes and \$34.4 billion issued as refunds. The refunded portion of the credit is a federal outlay.

### Eligibility Requirements

Unlike most tax credits the EITC is a “refundable” credit. A person need *not* owe or pay any income tax to receive the EITC. However, an eligible worker must apply for the credit by filing an income tax return at the end of the tax year. A person may receive advance payment of the credit by filing an earned income eligibility certificate with his or her employer.<sup>71</sup> To be eligible for the EITC, married couples generally must file a *joint* income tax return. The EITC is a percentage of the person's earnings, based on the number of children, up to a maximum earned income amount. Beginning at a certain income level (i.e., the phase-out income level), the EITC is reduced by the phase-out percentage for every dollar of earnings (or adjusted gross income, whichever is greater) above the phase-out income level. Persons with earnings above the level at which the EITC is reduced to \$0 are not eligible for the EITC.

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<sup>68</sup> The Balanced Budget Act of 1997 permitted states to provide Medicaid to disabled persons who lost SSI eligibility because of earnings, provided their incomes did not exceed 250% of the federal poverty guidelines. P.L. 106-170, enacted in December 1999, allows states to provide Medicaid to disabled working persons with incomes above 250% of the poverty guidelines.

<sup>69</sup> Social Security Administration, Annual Statistical Supplement, 2004.

<sup>70</sup> Called Earned Income Credit (EIC) by the Internal Revenue Service (IRS) in tax forms and literature.

<sup>71</sup> The option for advance payments by an addition to paychecks is not available for childless couples or individuals.

The EITC is available to a parent (or parents) with earnings and a qualifying child. A qualifying child must be (1) a son, daughter, grandson, granddaughter, stepson, stepdaughter or descendant of such a relative; an adopted or foster child of the tax filer; (2) less than age 19 (24 if a full-time student); and must reside with the tax filer for more than one-half of the tax year. The tax filer does not have to meet a financial support test for the child. The tax filer must be a U.S. citizen or resident alien and live in the United States for more than one-half of the tax year, unless the tax filer is in the U.S. military and on duty overseas.

The EITC also is available to workers ages 25 through 64 who have no eligible children and whose Adjusted Gross Income (AGI) is less than \$11,750 (\$13,750 for married couples) in tax year 2005.<sup>72</sup>

In 1995, Congress established a limit on investment income for EITC eligibility.<sup>73</sup> The 1996 welfare reform law changed filing procedures to make it less likely that undocumented workers could gain access to the EITC by requiring both the tax filer and qualifying children to have social security numbers. In 1996 and 1997, Congress broadened the definition of income used to phase out the EITC for filing units above the phase-out income threshold.<sup>74</sup>

In response to an Internal Revenue Service (IRS) study indicating a high incidence of tax filers claiming more in credits than is their right under the law, Congress enacted provisions against fraud in the Taxpayer Relief Act of 1997 (P.L. 105-34). If a tax filer is found to have claimed the credit fraudulently, the tax filer is barred from claiming the EITC for 10 years; if the tax filer claimed the credit by reckless or intentional disregard of EITC rules, the tax filer is barred for two years. The law also imposed a \$100 penalty on paid preparers who fail to fulfill “due diligence requirements” (as specified by IRS) in filing EITC claims.

While gross income for tax purposes does not generally include certain combat pay earned by members of the armed forces, P.L. 108-311 allowed members of the armed forces to include this combat pay for purposes of computing the earned income credit for tax years that ended after October 4, 2004 and before January 1, 2006.

## **Benefit Levels**

The EITC was enacted in 1975 as a temporary measure to return a portion of the employment taxes paid by lower-income workers with children. The EITC became permanent in 1978, with a maximum benefit of \$500 with no expansion for family size. In the 1990s, Congress increased the credit, provided expansion of the credit based on family size and extended the credit to childless workers.

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<sup>72</sup> The EITC became available for adults with no eligible children in 1994.

<sup>73</sup> P.L. 104-7 set a limit of \$2,350 in annual income from interest and dividends. P.L. 104-193 changed this “disqualifying income” limit, setting it at \$2,200 in 1996 dollars (the limits are \$2,400 for 2000 and \$2,450 for 2001) and applied it to net capital gains and net passive income as well as interest and dividends.

<sup>74</sup> Effective in 1996, the income used to phase out the EITC was enlarged for some filers by the exclusion of certain losses: net capital losses, net losses from nonbusiness rents and royalties, net losses from estates and trusts, and half of net business losses (P.L. 104-193). The Taxpayer Relief Act of 1997 (P.L. 105-34) further modified the AGI definition for the EITC phaseout by including nontaxable income from tax-free interest and nontaxable pensions, annuities, and distributions from individual retirement plans in AGI calculations and by excluding 75% of net business losses.

The Economic Growth and Tax Relief Reconciliation Act of 2001 (P.L. 107-16), contained changes to the EITC with respect to married tax filers filing jointly. The law increased the beginning and ending of the EITC phase-out range for married couples filing jointly by \$1,000 in taxable years beginning in 2002-2004; by \$2,000 in taxable years 2005-2007; and by \$3,000 in years after 2007 (adjusted annually for inflation after 2008). The law also simplified the definition and calculation of the credit: tax filers no longer have to include nontaxable income from employment (e.g., excludable dependent care or education assistance benefits); and may use adjusted gross income (AGI, a prominent line on all tax returns) rather than modified adjusted gross income (which required a number of additions and subtractions to AGI).

***EITC Treatment by other Means Tested Programs***

Prior to 1996, the federal rules for treatment of the EITC in determining eligibility for means-tested programs varied by program and changed several times. The Omnibus Budget Reconciliation Act of 1990 (OBRA 1990, P.L. 101-508) provided that EITC payments were not to be counted as income by the Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), Medicaid, Food Stamps, and certain low-income housing programs. The 1996 welfare reform law (P.L. 104-193), by repealing AFDC, ended federal rules for the treatment of the EITC by the family welfare program; thus, states may treat the EITC in any way they wish in their Temporary Assistance to Needy Families (TANF) programs. However, P.L. 105-34 disallowed TANF recipients engaged in work experience or community service (“workfare”) the EITC for TANF earnings to the extent the payments are subsidized.

***EITC Benefit Levels***

The following table shows the parameters for the EITC for tax years 2003 through 2005

**Note:** For more information about EITC, see CRS Report RL31768, *The Earned Income Tax Credit (EITC): An Overview*.

**Table 12. EITC Parameters for Tax Years 2003-2005**

	2003	2004	2005	Credit rate	Phase-out rate
<b>No children</b>				0.077	0.077
Maximum earned income amount	4990	5100	5220	—	—
Maximum credit	382	390	399	—	—
Phase-out income level	6240	6390	6530	—	—
Phase-out income level for married filing joint	7240	7390	8530	—	—
Income where EITC = \$0	11230	11490	11750	—	—
Income where EITC = \$0 for married filing joint	12230	12490	13750	—	—
<b>One child</b>				0.34	0.1598
Maximum earned income amount	7490	7660	7830	—	—
Maximum credit	2547	2604	2662	—	—
Phase-out income level	13730	14040	14370	—	—

	2003	2004	2005	Credit rate	Phase-out rate
Phase-out income level for married filing joint	14730	15040	16370	—	—
Income where EITC = \$0	29666	30338	31030	—	—
Income where EITC = \$0 for married filing joint	30666	31338	33030	—	—
Two or more children				0.4	0.2106
Maximum earned income amount	10510	10750	11000	—	—
Maximum credit	4204	4300	4400	—	—
Phase-out income level	13730	14040	14370	—	—
Phase-out income level for married filing joint	14730	15040	16370	—	—
Income where EITC = \$0	33692	34458	35263	—	—
Income where EITC = \$0 for married filing joint	34692	35458	37263	—	—
Disqualifying investment income level	2600	2650	2700	—	—

## 11. Temporary Assistance for Needy Families (TANF)

**Note:** This entry describes use of TANF block grant funds for cash aid. Federal plus state expenditures in FY2004 for TANF cash aid<sup>75</sup> were estimated at \$10.4 billion (excluding administrative costs). For TANF child care, TANF work programs and activities, and TANF services, see separate entries in this report.

### Funding Formula

#### Federal Funding

The 1996 welfare reform law (P.L. 104-193) repealed Aid to Families with Dependent Children (AFDC), Emergency Assistance (EA), and the Job Opportunities and Basic Skills (JOBS) training program, and combined federal funding levels for the three programs into a block grant (\$16.5 billion annually) for Temporary Assistance for Needy Families (TANF). The law entitles each state to an annual family assistance grant roughly equal to peak funding received for the repealed programs in FY1992-FY1995. It also entitles the territories to TANF grants, and it permits Indian tribes, defined to include Native Alaskan organizations, to operate their own tribal family assistance plans with a block grant deducted from their state's TANF grant.

<sup>75</sup> Cash assistance reported here consists of basic ongoing cash aid, state contributions to Individual Development Accounts, state earned income credits and other refundable tax credits, and short-term, non-recurring benefits (such as diversion payments).

Added to the basic federal block grant for qualifying states are other funds of five kinds:<sup>76</sup> supplemental grants for 17 states with low TANF grants per poor person when compared with the national average and/or high population growth; bonuses for up to five states with the greatest decline in non-marital birth ratios and a decline in abortion rates (\$100 million per year); bonuses for states with “high performance” in meeting program goals (\$200 million per year); matching grants (at the Medicaid matching rate) from a contingency fund for states with high unemployment and/or increased food stamp caseloads; and Welfare-to-Work (WtW) grants (most of which required 33.3% state matching funds) for efforts, including job creation, to move into jobs long-term welfare recipients with barriers to employment (\$3 billion for FY1998-FY1999).<sup>77</sup> For a description of the separate WtW program, which is administered by the Labor Department, see program No. 77. TANF law also established a \$1.7 billion revolving loan fund for state use in TANF operations.

## **State-Local Funding**

To avoid penalties, states must spend a specified amount of their own funds on TANF-eligible families.<sup>78</sup> The required “maintenance-of-effort” (MOE) level is from 75% to 80% of the state’s “historic” expenditures, defined as the state share of FY1994 expenditures on AFDC, EA, JOBS, and AFDC-related child care. Nationally, the 75% MOE level equals \$10.4 billion annually; if a state fails to meet work participation minimums, the MOE level rises to 80%. Expenditures of state funds in separate state programs (or in TANF programs that segregate state funds from federal funds) are countable toward the general TANF MOE rule. However, for the contingency fund,<sup>79</sup> a higher state spending requirement is imposed (100% of the historic level), and spending in separate state programs cannot be counted toward this MOE.

## **Eligibility Requirements<sup>80</sup>**

### **Basic Eligibility**

TANF permits a state to give ongoing basic cash aid<sup>81</sup> to any needy family that includes (a) a minor child who lives with his/her parent or other caretaker relative; or (b) a pregnant woman. States decide who is “needy,” having the freedom to set income and resource limits.

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<sup>76</sup> The Deficit Reduction Act (P.L. 109-171) made changes to this funding structure, effective in FY2006; the two bonus payments were repealed and new grants established for “Healthy Marriage” and “Responsible Fatherhood.” For details, see CRS Report RS22369, *TANF, Child Care, Marriage Promotion, and Responsible Fatherhood Provisions in the Deficit Reduction Act of 2005 (P.L. 109-171)*.

<sup>77</sup> P.L. 106-554 extended the deadline for spending WtW funds to September 30, 2004.

<sup>78</sup> Qualifying to meet the state spending requirement are expenditures under all state programs for TANF-eligible families on cash aid (including child support collections passed through to the family without reducing the TANF benefit), child care, educational activities (excluding general public education spending), job training and work. For this purpose, TANF-eligible families are defined to include those ineligible because of the five-year time limit or the federal ban on benefits to new immigrants.

<sup>79</sup> The contingency fund provides capped matching grants (a total of \$2 billion) for use by state TANF programs in case of recession.

<sup>80</sup> TANF law is found in Title IV, Part A of the Social Security Act (and in Title 42, Section 601 et seq. of the U.S. Code). TANF regulations are at 45 CFR Parts 260-270 (2005). This program is No. 93.558 in the Catalog of Federal Domestic Assistance.

<sup>81</sup> The law uses the term “assistance.” See footnote 9 for a definition.

## **Ineligible Persons**

Federal law makes unwed mothers under 18 and their children ineligible for TANF-funded basic ongoing cash aid unless they live in an adult-supervised arrangement and, if they are high school dropouts, they attend school once their youngest child is 12 weeks old. Also ineligible are persons convicted of a drug-related felony for an offense occurring after August 22, 1996 (date of enactment of TANF) unless the state exempts itself by state law; aliens who enter the country after August 22, 1996 (barred from TANF for five years after entry) and persons who fraudulently misrepresented residence to obtain TANF, food stamps, SSI, or Medicaid in more than one state. TANF may not be paid to a person who fails to assign child support or spousal support rights to the state. Except for “hardship” exemptions,<sup>82</sup> federal TANF funds may not be used for basic ongoing aid to a family that includes an adult who has received 60 months of TANF assistance<sup>83</sup> while an adult, a minor household head, or a minor married to a household head. This is known as the benefit cutoff time limit.

## **Work/conduct Requirements**

States must require a parent or caretaker who receives federally funded TANF basic ongoing aid to engage in work, as defined by the state, after a maximum of 24 months of ongoing basic aid, known as the work trigger limit; 25 out of the 54 TANF jurisdictions have chosen a shorter work trigger limit. Adopting a work-first philosophy, many states require immediate work, and some identify job search as the immediate work activity. To enforce the work requirement, the law sets fiscal penalties for states that fail to achieve minimum participation rates.<sup>84</sup> For this purpose, only specified work activities are countable.<sup>85</sup> Furthermore, to be counted as a participant, a TANF recipient must work for a minimum average number of hours weekly. The work week is 20 hours for single adults with a child under 6 years old (almost half of all TANF adults) and 30 hours for single adults with an older child, effective in FY2000. A longer work week is imposed on two-parent families. States may exempt single parents caring for a child under age 1 from work requirements and disregard them in calculating work participation rates. According to the fifth annual TANF report, 23 states exempt these parents, but 19 states require a caregiving parent to work before the child is one, and four grant no exemptions.

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<sup>82</sup> Under a “hardship” exemption, a state may provide federally funded assistance beyond 60 months for up to 20% of its caseload. Also, a state may use its own MOE funds for aid beyond 60 months.

<sup>83</sup> Assistance is defined by regulation as cash, payments, vouchers, and other forms of benefits directed at ongoing, basic needs; it excludes non-recurrent, short-term benefits for crisis situations and various services.

<sup>84</sup> Through FY2006, the statutory work participation rates were reduced for caseload declines from FY1995 average levels. Beginning with FY2007, states will only receive credit for caseload reductions that occur from FY2005 forward. Under the Deficit Reduction Act (P.L. 109-171), the FY2007 credit will be based on caseload declines (if any) that occur from FY2005 to FY2006; the FY2008 credit will be based on caseload declines that occur from FY2005 to FY2007; the FY2009 credit will be based on caseload declines that will occur from FY2005 to FY2008, and so on. The statutory rates were set at 30% for all TANF families for FY1998 and rise by 5 percentage points yearly to a peak of 50% for FY2002. The rate for two-parent families was increased from 75% for FY1998 to a peak of 90% for FY1999 and thereafter.

<sup>85</sup> Unsubsidized employment, subsidized private- or public-sector employment, work experience, on-the-job training, job search and job readiness assistance (generally limited to six weeks), community service programs, vocational educational training (12 months maximum), job skills training directly related to employment, education directly related to employment (recipient without high school diploma or equivalent), satisfactory attendance at secondary school (high school dropout), and provision of child care services to a TANF recipient engaged in community service.



The law imposes several sanctions for non-compliance with TANF rules. It requires states to sanction TANF recipients for refusal to engage in required work by discontinuing aid or by reducing aid to the family “pro rata” with respect to the period of work refusal. The law requires TANF recipients to assign child support and spousal support rights to the state; if a recipient does not cooperate in efforts to establish paternity or to establish or enforce a support order, the state must reduce the family’s benefit by at least 25%. If a TANF family’s benefits are reduced because of failure to perform a required action, the state may not give the family an offsetting increase in food stamps, and it may reinforce the cash penalty by cutting food stamp benefits by up to 25%.<sup>86</sup> The law also allows states to reduce the family’s benefit for failure to comply with a signed individual responsibility plan.<sup>87</sup> Illustrative recipient obligations include school attendance, immunization of children, attendance at parenting or money management classes, and needed substance abuse treatment. On the other hand, states that adopt a provision known as the Family Violence Option (FVO) are permitted under certain conditions to waive federal TANF rules regarding work, time limits and child support cooperation for victims of domestic violence.

## **Benefit Levels**

### **Cash Assistance**

States determine amounts paid to families with no countable income and whether to disregard any earnings as a work incentive and any assets as a savings incentive, and if so, how much. A CRS telephone survey found that maximum benefits for a three-person TANF family in January 2004 ranged from \$170 in Mississippi to \$709 in Vermont and \$923 in Alaska.

### **Related Programs**

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

### **Other Benefits**

Benefits other than basic ongoing assistance are known as “nonassistance.” They are not subject to TANF’s time limits or work requirements, but they must promote one or more of the goals of

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<sup>86</sup> The law also permits states to end Medicaid for adults who refuse TANF work requirements, but it requires continued Medicaid for their children.

<sup>87</sup> Penalties for refusal to work, cooperate in child support efforts, and sign individual responsibility plans may be waived for good cause established by the state.

TANF. States define who is eligible and may set different income limits for different services. See entries on TANF child care, TANF work activities, and TANF services.

**Note:** For more detail, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, by Gene Falk, and Section 7 of *The 2004 Green Book: Temporary Assistance for Needy Families (TANF)*, available on the House Ways and Means Committee's website at <http://waysandmeans.house.gov/media/pdf/greenbook2003/Section7.pdf>.

## 12. Foster Care

### Funding Formula

Title IV-E of the Social Security Act provides federal matching funds to states for maintenance payments for the care of certain low-income children placed in licensed foster care homes, private child care institutions (non-profit or for-profit), or public child care institutions that house no more than 25 persons.<sup>88</sup> The matching rate for a state is that state's Medicaid matching rate (see program No. 1). The FY2004 federal matching rate ranged from 50% to 77.08%. For certain administrative costs of the program including data collection and expenses related to child placement, the federal government offers 50% matching funds. States receive 75% federal matching for certain training expenses. FY2004 expenditures were \$8.6 billion, with \$4.5 billion (53%) from federal funds.

### Eligibility Requirements<sup>89</sup>

For a state to be eligible to claim federal foster care payments on behalf of a child, the child's removal from the home must be the result of a judicial determination that reasonable efforts have been made to enable the child to remain home and that continuation in the home would be contrary to the child's welfare. A child's continued eligibility is contingent on a judicial determination within 12 months of the child's removal from the home (and no less than every 12 months thereafter while the child remains in care) that reasonable efforts to find a permanent placement for the child are being made. States also may claim federal payments for children placed into foster care under a voluntary placement agreement between the child welfare agency and the child's parents, if certain judicial findings are made within 180 days of the child's placement. In addition, a child must meet the eligibility standards of the repealed AFDC program, as it existed in his/her state on July 16, 1996.<sup>90</sup> Finally, the child must be placed in a licensed home or institution.

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<sup>88</sup> This program was established on October 1, 1980, under a new part (Part IV-E) of the Aid to Families with Dependent Children (AFDC) title of the Social Security Act, by the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272). Previously, foster care was a separate component of the regular AFDC program.

<sup>89</sup> Regulations for this program are found in 45 CFR Parts 1355 and 1356 (2005). This program is No. 93.658 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 670 et seq.

<sup>90</sup> This rule took effect on July 1, 1997, mandatory start date for TANF, which replaced AFDC. The TANF law (P.L. 104-193) originally established the "look-back" AFDC eligibility date as June 1, 1995 for foster care and adoption assistance use. However, it was changed to July 16, 1996 (the look-back date for Medicaid use) by the Balanced Budget Act of 1997 (P.L. 105-33).



## **Benefit Levels**

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

In FY2004, administrative costs (including training and data collection expenses) were estimated to represent 57% of total federal spending for foster care. According to the most recent data collected by the Child Welfare League of America, maintenance payments vary widely, ranging in FY2002 from \$222 monthly for a 2-year-old child in Nebraska to \$791 for a 16-year-old in the District of Columbia. Nationwide average monthly maintenance payments in FY2002 were \$423 for a child age 2, \$440 for a child age 9, and \$497 for a child age 16.

**Note:** A related program, now known as the Chafee Foster Care Independence Program, was created in 1986 (P.L. 99-272) and expanded in 1999 (P.L. 106-169) and 2001 (P.L. 107-133). As most recently amended, Section 477 of the Social Security Act authorizes grants to states to assist foster children who are likely to “age out” of foster care without returning to their original homes or being placed for adoption, and former foster children, with their transition to independent living. The law also authorizes a separate grant to states to provide education and training vouchers to these youth. These programs are not means-tested, although it is assumed that the majority of beneficiaries are low-income. Expenditures for these programs are not included in this report.

**Note:** For more information, see CRS Report RL31242, *Child Welfare: Federal Program Requirements for States*.

## **13. Child Tax Credit**

### **Funding Formula**

This benefit is 100% federally funded and is provided through the tax system. For tax year 2004, a total of \$31.9 billion was claimed in child credits, with \$9.1 billion issued as refunds for the refundable portion of the child credit (often referred to as the “additional child credit”). The refundable portion of the child credit is a federal outlay.

### **Eligibility Requirements**

To be eligible for the credit, taxpayers must have a child under age 17 at the close of the calendar year in which their tax year begins. The taxpayer must be able to claim a dependent exemption for the child, and the child must be the taxpayer's son, daughter, grandson, granddaughter, stepson, stepdaughter, or an eligible foster child. The credit is phased out at higher income levels. P.L. 108-311 created a uniform definition of a child for tax purposes beginning in tax year 2005. Under the uniform definition, a child for purposes of the child tax credit must be a qualifying child as defined for the personal exemption.

## **Benefit Levels**

The Taxpayer Relief Act of 1997 (P.L. 105-34) created a child credit of \$400 in 1998, increasing to \$500 for 1999 and thereafter. The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA, P.L. 107-16) increased the credit limit to \$600 in tax years 2001 through 2004, to \$700 in tax years 2005 through 2008, \$800 in tax year 2009, and \$1,000 in tax year 2010. The increases will expire in tax year 2011 with the credit reverting back to the prior law level of \$500. The Jobs and Growth Tax Relief Reconciliation Act of 2003 (P.L. 108-27) raised the maximum credit to \$1,000 per child for tax years 2003-2004.

The credit is refundable for up to 10% of the taxpayer's earned income in excess of \$10,000 for calendar years 2001-2003, indexed for inflation beginning in 2002 (resulting in \$10,500 for tax year 2003). Beginning in 2004, the credit is refundable for up to 15% of the taxpayer's earned income above \$10,000 (indexed). Prior to EGTRRA, the child credit was refundable in two ways: (1) as a supplemental credit in coordination with the Earned Income Tax Credit (EITC) (the credit was part of the child credit calculations, and had no separate form or calculation requirements for taxpayers); and (2) as an additional credit for taxpayers with three or more children, limited to the amount by which their social security taxes exceeded their EITC.<sup>91</sup>

The credit is phased out at the rate of \$50 for each \$1,000 (or fraction thereof) by which modified adjusted gross income exceeds certain thresholds: for singles and heads of households, \$75,000; for married couples filing jointly, \$110,000; and for married couples filing separately, \$55,000.

### ***Treatment by Other Means Tested Programs***

EGTRRA specified that the refundable portion of the child credit does not constitute income and shall not be treated as a resource for purposes of determining eligibility or the amount or nature of benefits under any federal program or any state or local program financed with federal funds.

**Note:** For more information, see CRS Report RL34715, *The Child Tax Credit*, by Maxim Shvedov.

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

### **Funding Formula**

The federal government provides 100% funding for veterans' and survivors' pensions. Total federal outlays for these pensions reached \$3.391 billion during FY2004, and were expected to reach \$3.294 in FY2005.

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<sup>91</sup> The old rule will apply for taxpayers with three or more children if it provides a larger refundable credit than the new general rule.

## Eligibility Requirements<sup>92</sup>

Eligibility for a veteran's pension requires a discharge (other than dishonorable) from active service of 90 days or more, at least one of which must have been served during a period defined in law as a period of war. The veteran must be disabled for reasons neither traceable to military service nor to willful misconduct. The survivor pension is provided to surviving spouses and children of wartime veterans who died of nonservice-connected causes, subject to income limitations. There is no disability requirement for eligible survivors.

## Benefits

After considering other sources of income, including Social Security, retirement, annuity payments, and income of a dependent spouse or child, the Department of Veterans Affairs (VA) pays monthly amounts to qualified veterans to bring their total incomes to specified levels (*maximum benefits*), shown below.<sup>93</sup> These levels are increased (by \$2,305 in 2005) for veterans with service in World War I or earlier in recognition of their lack of home loan and education benefits made available to veterans of later wars. Countable income can be reduced for unreimbursed medical expenses, as well as some educational expenses incurred by veterans or their dependents. Pensions are not payable to veterans with substantial assets (when it is "reasonable" that they use some of their net worth for their own maintenance).

Pensions awarded before 1979 were paid under one of two programs, referred to as *Old Law* and *Prior Law*, both of which were governed by complex rules regarding countable income and exclusions. Since January 1, 1979, applications have been processed under the *Improved Law* program, which provides higher benefits but has eliminated most exclusions, offsetting countable income dollar-for-dollar. The Improved Law program accounts for 98% of pension costs and about 88% of beneficiaries.

Maximum annual benefits in 2004	Veteran	Survivor
Beneficiary without dependent	\$10,162	\$6,814
Beneficiary with one dependent	13,309	8,921
For each additional dependent	1,734	1,734
Needing regular aid and attendance without dependent	16,955	11,596
Estimated average benefits (Old, Prior, and Improved)	7,594	3,305

<sup>92</sup> Eligibility rules of this program are found in 38 CFR Subpart A of Part 3 (2005). This program is No. 64.104 in the Catalog of Federal Domestic Assistance.

<sup>93</sup> See U.S. Department of Veterans Affairs, *Improved Disability Pension Rate Table Veteran Alone and with Dependents*, December 2004, at <http://www.vba.va.gov/bln/21/Rates/pen02.htm>.

## 15. Adoption Assistance

### Funding Formula

Title IV-E of the Social Security Act provides federal matching funds to states for payments to parents adopting certain low-income children with “special needs.”<sup>94</sup> The matching rate for a given state is that state’s Medicaid matching rate (see program No. 1). The FY2004 federal matching rate ranged from 50% to 77.08%. For administrative expenses and certain training expenses, the federal matching rates are 50% and 75%, respectively. The 1986 tax reform legislation (P.L. 99-514) amended the adoption assistance program by authorizing 50% federal matching for reimbursement of certain non-recurring adoption expenses up to \$2,000, such as adoption and attorney fees and court costs. FY2004 expenditures were \$2.9 billion, with \$1.6 billion (54%) from federal funds.

### Eligibility Requirements<sup>95</sup>

A child must be eligible for SSI (see program No. 9) or meet the eligibility standards of the repealed AFDC program, as it existed in his/her state on July 16, 1996,<sup>96</sup> must be legally free for adoption, and must have “special needs,” as determined by the state, that prevent adoption without assistance payments. Such special needs may include mental or physical handicap, age, ethnic background, or membership in a sibling group. (In addition, parents who adopt children with special needs who are not AFDC or SSI eligible are entitled to assistance under the matching program for non-recurring adoption expenses.)

### Benefit Levels

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

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<sup>94</sup> This program was established in 1980 under the Adoption Assistance and Child Welfare Act of 1980 (P.L. 96-272) as part of a new Title IV-E of the Social Security Act. States were required to have an adoption assistance program by Oct. 1, 1982, in order to continue receiving AFDC matching funds. In 1996, P.L. 104-193 abolished the AFDC program but required states to maintain their adoption assistance program as a condition of receiving funds under the successor TANF block grant.

<sup>95</sup> Regulations for this program are found in 45 CFR Parts 1355 and 1356 (2005). This program is No. 93.659 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 673 et seq.

<sup>96</sup> This rule took effect on July 1, 1997, mandatory start date for TANF, which replaced AFDC. The TANF law (P.L. 104-193) originally established the “look-back” AFDC eligibility date as June 1, 1995 for adoption assistance and foster care use. However, it was changed to July 16, 1996 (the look-back date for Medicaid use) by the Balanced Budget Act of 1997 (P.L. 105-33).

## **16. Dependency and Indemnity Compensation (DIC) and Death Compensation for Parents of Veterans**

### **Funding Formula**

The federal government provides 100% funding for dependency and indemnity compensation, as well as for death compensation.<sup>97</sup> In FY2004, total DIC recipients numbered more than 315,000 (of which more than 8,000 were low-income parents receiving DIC). Information is not available on spending for low-income parents only.

### **Eligibility Requirements<sup>98</sup>**

Under Title 38 of the United States Code, Section 1315, parents of veterans who died from a service-connected cause are eligible for DIC if their counted income is below limits in federal law and regulations. Countable annual income limits in 2004<sup>99</sup> were \$11,560 for a sole surviving parent unremarried; \$15,538 for a sole surviving remarried parent living with a spouse; \$11,560 for one of two parents not living with a spouse; and \$15,538 for one of two parents living with a spouse or other parent. Chief exclusions from countable income are cash welfare payments and 100% of retirement income, including Social Security.

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

### **Benefit Levels**

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

The maximum benefit for a sole surviving parent unremarried or living with a spouse in 2004 was \$487 monthly. The maximum for one of two parents not living with a spouse was \$352 per month. The maximum payment to one of two parents living with a spouse or other parent of the deceased veteran was \$330 monthly. The minimum monthly payment was \$5. Parents in need of "aid and attendance" received an additional monthly allowance of \$263 in 2004.

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<sup>97</sup> Dependents of veterans who died before 1957 are entitled to "death compensation" or may elect to receive DIC. Persons who choose to remain under the old program receive higher benefits than they would under DIC.

<sup>98</sup> Eligibility rules are found in 38 CFR Subpart A of Part 3 (2005). DIC for parents of veterans is the income-tested component of program No. 64.110 in the Catalog of Federal Domestic Assistance.

<sup>99</sup> For VA charts indicating income limits and compensation amounts for Parent(s) DIC see U.S. Department of Veterans Affairs, "Parent(s) Dependency Indemnity Compensation (DIC) Rate Table," at <http://www.vba.va.gov/bln/21/Rates/comp04.htm>.

## 17. General Assistance to Indians

**Note:** This entry describes the program of General Assistance (GA) to Indians operated by the Bureau of Indian Affairs (BIA). Tribes, however, may use the BIA funds to design their own GA programs, changing eligibility rules and benefit levels, provided they pay any net cost increase, use any savings for tribal needs, and receive BIA approval of their plan. Tribes may administer their redesigned plan themselves or request BIA to do so.

### Funding Formula

The Snyder Act authorizes 100% federal funding for General Assistance (GA) to Indians, which is administered by the Bureau of Indian Affairs (BIA). Federal obligations in FY2004 were \$68.7 million.

### Eligibility Requirements<sup>100</sup>

Eligible are needy Indians who are members of a tribe that is recognized by the U.S. government and also, in Alaska, Alaskan Natives with at least one-fourth degree Native blood (or who are regarded as Natives by their Native village). Federally recognized tribes are located in 34 states, of which a majority have BIA programs of GA.

Persons must be deemed needy on the basis of standards established under the state's TANF program. They must apply for aid from other governmental or tribal programs for which they are eligible, and they may not receive TANF or Supplemental Security Income (SSI). They must reside in the tribe's service area and where non-federally funded aid from a state or local government unit<sup>101</sup> is not available to them. Able-bodied adults must actively seek work, make satisfactory progress in an Individual Self-sufficiency Plan (ISP) jointly developed and signed by the recipient and the social services worker, and accept available local and seasonal employment unless they are enrolled at least half-time in a specified program of study, caring full-time for a preschool child, or would have a minimum commuting time of one hour each way.

Certain sums of earned income are disregarded in determining benefits: federal, state, and local taxes; Social Security taxes; health insurance payments; work-related expenses, including reasonable transportation costs; child care costs (unless the other parent in the home is able-bodied and not working); and the cost of special clothing, tools, and equipment directly related to the person's employment. Also deducted from countable income is an allowance for shelter costs; namely, 25% of the total state TANF payment unless a smaller amount is designated for shelter in the state TANF standard.

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<sup>100</sup> Revised regulations for this program took effect on Nov. 20, 2000. See 25 CFR Part 20, Subpart C (2005). This program is No. 15.113 in the Catalog of Federal Domestic Assistance.

<sup>101</sup> Such programs generally are known as "general assistance," but various other names are used, including general relief, poor relief, and safety net assistance.



Disregarded as income or resources is the first \$2,000 in liquid resources annually available to the household and any home produce from garden, livestock, and poultry used by the family. Specific laws exempt certain other income.<sup>102</sup>

Eligibility for GA must be reviewed periodically—every three months for persons not exempt from seeking work and every six months for all participants.

BIA expects the GA caseload to increase from the FY2004 level of 30,000 persons to 33,000 in FY2005 and 35,000 in FY2006.<sup>103</sup> Because of the relatively high levels of unemployment on Indian reservations, it was expected that many Indians enrolled in TANF would remain eligible for that program, and hence be ineligible for GA, beyond TANF's standard 60-month limit. (The TANF 60-month limit does not apply to any month of aid during which the recipient lived in Indian country,<sup>104</sup> or in an Alaska Native village, where at least 50% of adults were unemployed according to the most reliable available data.) The exclusion of months that an Indian recipient spent in high-unemployment Indian country would extend that recipient's eligibility for TANF beyond 60 calendar months. As more Indian TANF recipients exceed their extended time limits for TANF assistance, BIA estimates the GA caseload will rise.

## **Benefit Levels**

General Assistance to Indians provides cash payments and work experience and training. The regulations state that the program goal is to increase self-sufficiency. BIA GA payments are made on the basis of state need standards under the TANF program unless the state "ratably reduces" actual payments. In those cases, the Bureau must reduce GA payments by the same percentage. This means that actual maximum payments in the GA program are the same as in the state TANF program. For a family of three persons, maximum monthly TANF benefits ranged in January 2004 from \$170 in Mississippi to \$923 in Alaska. If the state TANF program has no assistance standard for one adult, the Bureau standard for one adult is the greater of (a) the difference between the standard for one child and that for a two-person household with an adult member or (b) one-half the standard for a household of two persons.

A GA recipient who participates in the tribe's Tribal Work Experience Program (TWEP) receives an extra monthly payment (\$115 in FY2002 and 2003). This program provides work experience and job skills training. TWEP programs can be incorporated within self-determination contracts, self-governance annual funding agreements and programs coordinated under P.L. 102-477, which allows for integration of federally-funded employment and training programs.

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<sup>102</sup> P.L. 100-241 requires the BIA to exclude from countable income or resources up to \$2,000 per year in corporate dividends paid to an individual under the Alaska Native Claims Settlement Act (ANCSA). The Indian Tribe Judgment Funds Distribution Act (P.L. 93-134, as amended by P.L. 97-458 and P.L. 103-66) and certain Indian claims settlement acts also exclude various amounts from countable income or resources.

<sup>103</sup> Bureau of Indian Affairs, Budget Justifications and Performance Information, Fiscal Year 2006, p. BIA-TPA-15.

<sup>104</sup> Indian country is defined here to cover all lands in Indian reservations, off-reservation trust lands, and dependent Indian communities.



## 18. Cash Assistance to Refugees, Asylees, Other Humanitarian Cases

### Funding Formula

Subject to available appropriations, the Immigration and Nationality Act authorizes 100% federally funded cash assistance for needy refugees and asylees during their first three years in the United States. Other legislation authorizes similar assistance for certain Cuban and Haitian entrants<sup>105</sup> and for certain Amerasians.<sup>106</sup> Since FY1992, funding has been appropriated to provide cash assistance for the first eight months after entry. These benefits are administered by the Department of Health and Human Service's Office of Refugee Resettlement (ORR). For refugee cash assistance (RCA), estimated ORR expenditures amounted to \$41.6 million in FY2004.<sup>107</sup>

### Eligibility Requirements<sup>108</sup>

A person must (a) have been admitted to the United States as a refugee or asylee under the Immigration and Nationality Act or have been paroled as a refugee or asylee under the act, (b) be a Cuban or Haitian paroled into the United States between April 15 and October 20, 1980, and designated a "Cuban/Haitian entrant," or be a Cuban or Haitian national paroled into the United States after October 10, 1980, (c) be a person who has an application for asylum pending or is subject to exclusion or deportation and against whom a final order of deportation has not been issued, or (d) be a Vietnam-born Amerasian immigrant fathered by a U.S. citizen.

Under the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA; P.L. 104-193), as amended by P.L. 105-33, refugees, asylees, and others in the above groups are eligible for Temporary Aid for Needy Families (TANF) for five years after entry, provided they meet the income and asset tests prescribed by their state for TANF. Those who meet the state's financial eligibility tests but who are *not* categorically eligible for TANF or SSI qualify for RCA. (For example, a single refugee or a childless couple could receive RCA if deemed needy by state TANF standards.) At the end of the five-year period, their continued participation is at state option, as it is with other "qualified aliens."<sup>109</sup> The law requires employable RCA applicants and recipients to accept "appropriate" job offers and to register for employment to receive cash assistance.

Under PRWORA, as amended, refugees who qualify for Supplemental Security Income (SSI) are now eligible for seven years after entry, as opposed to permanently under prior law.<sup>110</sup> At the end

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<sup>105</sup> Title V of the Refugee Education Assistance Act (P.L. 96-422).

<sup>106</sup> Section 584 of the FY1988 Foreign Operations Appropriations Act (P.L. 100-202).

<sup>107</sup> Preliminary estimate of the Office of Refugee Resettlement.

<sup>108</sup> Regulations for this program are found in 45 CFR Parts 400-401 (2005). This program is No. 93.566 in the Catalog of Federal Domestic Assistance.

<sup>109</sup> Most states have not exercised their option to bar qualified aliens from TANF.

<sup>110</sup> Under prior law, refugees were eligible for SSI benefits on the same basis as citizens or permanent resident aliens (see SSI program description).

of the seven-year period, they become ineligible until they naturalize or meet the work requirement. However, if they were here and receiving SSI by August 22, 1996, the enactment date of PRWORA, they remain eligible. If they were here by the enactment date and subsequently become disabled, they are also eligible for SSI.

## **Benefit Levels**

RCA payment levels are based on the state's TANF payment to a family unit of the same size. For example, an able-bodied couple below age 65 would receive an RCA benefit equal to that of a two-person TANF family. (Benefit levels for persons who qualify for TANF and SSI are the levels established for those programs.)

**Note:** For more information, see CRS Report RL31269, *Refugee Admissions and Resettlement Policy*.

## **Food Aid**

### **19. Food Stamps**

#### **Funding Formula**

The Food Stamp Act generally provides 100% federal funding for food stamp benefits.<sup>111</sup> Federal funds also pay for (1) federal administrative costs, (2) 50% of state and local administrative expenses<sup>112</sup> and (3) the majority of costs associated with employment and training programs for food stamp recipients.<sup>113</sup> "States," defined as the 50 states, the District of Columbia, Guam, and the Virgin Islands, are responsible for the remainder of food stamp expenses. In Puerto Rico, American Samoa, and the Northern Marianas, federal funds authorized under the Food Stamp Act provide annual grants in lieu of food stamps to fund nutrition assistance benefits and associated administrative costs. The grants for Puerto Rico and American Samoa are set by law and indexed for inflation. In FY2004, they totaled \$1.4 billion (\$1.413 billion for Puerto Rico and \$5.6 million for American Samoa). The grant for the Northern Marianas is an annually negotiated amount based on identified needs in the Commonwealth (\$8.3 million in FY2004).<sup>114</sup>

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<sup>111</sup> In a few cases, states have chosen to pay the cost of food stamp benefits (and related administrative expenses) for households not eligible for federally financed benefits—e.g., certain noncitizens.

<sup>112</sup> The 50% federal share of state/local administrative expenses is reduced by \$197 million a year to account for costs covered by grants for TANF, resulting in an actual federal share paid under the Food Stamp program that is slightly below 50%.

<sup>113</sup> See the Food Stamp Employment and Training Program (program No. 78) for more information about this aspect of food stamp program funding.

<sup>114</sup> The Commonwealth of Puerto Rico's nutrition assistance program provides benefits (averaging \$252 per household per month in FY2003) to some 1.02 million low-income residents. It uses financial eligibility tests that are similar to but more restrictive than those used for food stamps; benefits are provided through an electronic benefit transfer system under which the majority of the benefit is earmarked to purchase food items, while the minority may be withdrawn as cash. The Commonwealth of the Northern Mariana Islands receives a grant under the Food Stamp Act to operate a program similar to the regular Food Stamp program, although some of the benefits are earmarked for local food (continued...)

## Eligibility Requirements<sup>115</sup>

The Food Stamp program imposes four major tests for eligibility: income limits, liquid asset limitations, employment-related requirements, and limits on the eligibility of noncitizens. In addition, households composed of recipients of cash aid or services under state Temporary Assistance for Needy Families (TANF) programs, the Supplemental Security Income (SSI) program, or state/local General Assistance (GA) programs are, in most cases, automatically eligible for food stamps. Automatic food stamp eligibility may continue for up to five months after a household leaves a TANF program.

### Income

Households not automatically eligible because they receive TANF, SSI, or GA must have *counted (net)* monthly income below the federal poverty income guidelines, which are adjusted annually to reflect inflation measured by the Consumer Price Index (CPI). More importantly, households without an elderly or disabled member<sup>116</sup> must also have *basic (gross)* monthly income below 130% of the poverty guidelines in order to qualify. Changes in these income limits take effect each October.

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

Counted (net) monthly income subtracts from basic (gross) income the following “deductions”:  
(1) a “standard” monthly deduction;<sup>117</sup> (2) 20% of any earned income; (3) expenses for the care of

(...continued)

purchases; and American Samoa receives a grant to run a limited program providing aid to the elderly and disabled. Additional funding, for an overall total of \$10.9 million, was awarded to the Commonwealth of the Northern Mariana Islands which suffered a major disaster in September 2004.

<sup>115</sup> Regulations for food stamps and related programs are found at 7 CFR Part 271 et seq. (2004). They are Nos. 10.551, 10.561, and 10.566 in the Catalog of Federal Domestic Assistance.

<sup>116</sup> “Elderly” is defined as age 60 or older. “Disabled” is generally defined as being a recipient of governmental disability benefits such as Social Security disability or SSI payments.

<sup>117</sup> The “standard” deduction varies by household size, is indexed for inflation, and differs for AK, HI, and the territories. During FY2006, the standard deduction in the 48 states and D.C. is \$134 a month for households of one to four persons, \$157 for five-person households, and \$179 for households of six or more persons. For deductions in other areas, see the U.S. Department of Agriculture website at <http://www.fns.usda.gov/fsp/government/> (continued...)

a dependent (up to \$200 per dependent per month for those under age two or \$175 for other dependents); (4) out-of-pocket medical expenses of elderly or disabled household members, to the extent they exceed \$35 per month; (5) shelter expenses, to the extent they exceed 50% of the income remaining after all other potential deductions and excluded expenses have been subtracted (up to an annually indexed ceiling standing at \$400 a month in FY2006);<sup>118</sup> and (6) amounts paid as legally obligated child support payments.

The following table sets out the monthly net and gross income limits in the 48 contiguous states, the District of Columbia, the Virgin Islands, and Guam for the period October 1, 2005 through September 30, 2006.<sup>119</sup>

**Table 13. Food Stamp Income Limits**  
(October 2005 through September 2006)

Household size	Monthly counted (net) income limits	Monthly basic (gross) income limits
1 person	\$ 798	\$ 1,037
2 persons	1,070	1,390
3 persons	1,341	1,744
4 persons	1,613	2,097
5 persons	1,885	2,450
6 persons	2,156	2,803
7 persons	2,428	3,156
8 persons	2,700	3,509
Each additional person	+272	+354

### Assets

An eligible household's liquid assets may not exceed \$2,000 or \$3,000 if the household includes an elderly or disabled member. This asset test excludes the value of a residence, business assets, household belongings, and certain other resources, such as Earned Income Tax Credits paid as a lump sum. The extent to which the value of a vehicle owned by an applicant household is counted as an asset varies by state, often conforming to the state's rule for its TANF program. Under the most stringent rule, the fair market value of any vehicle above \$4,650 is counted; however, the majority of states either disregard the value of at least one vehicle or apply a more liberal threshold. The food stamp asset test does not apply to automatically eligible TANF, SSI, and GA

(...continued)

FY06\_Income\_Standards.htm.

<sup>118</sup> The limit on the shelter expense deduction varies in AK, HI, and the territories, and does not vary by household size. For the limit in other areas, see the U.S. Department of Agriculture website at [http://www.fns.usda.gov/fsp/government/FY06\\_Allot\\_Deduct.htm](http://www.fns.usda.gov/fsp/government/FY06_Allot_Deduct.htm).

<sup>119</sup> Limits are higher in AK and HI, by 25% and 15%, respectively. Puerto Rico's nutrition assistance program uses a gross income test only, set substantially below that used in the 48 states and DC. For income limits in AK and HI, see the U.S. Department of Agriculture website at [http://www.fns.usda.gov/fsp/government/FY06\\_Income\\_Standards.htm](http://www.fns.usda.gov/fsp/government/FY06_Income_Standards.htm).

households; states also may, within certain limits, disregard assets that they do not count in their TANF or Medicaid programs.

## **Employment-Related Requirements**

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

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

States must operate work and training programs under which recipients not exempt by law or by state policy must fulfill employment requirements (which can include workfare, training, job search, education, or other activities) as established by the welfare agency. These programs are described separately in this report (see program No. 78).

## **Other Limitations**

Categorical eligibility restrictions include (1) a ban on eligibility for many noncitizens;<sup>120</sup> (2) a ban on eligibility for households containing striking members, unless eligible prior to the strike; (3) a ban on eligibility for most nonworking postsecondary students without families; (4) a ban on

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<sup>120</sup> This ban generally does not include children and noncitizens who have been legal residents for at least five years.

eligibility for persons living in institutional settings, except for those in special small group homes for the disabled, persons living in drug addiction or alcoholic treatment programs, persons in temporary shelters for battered women and children, and those in homeless shelters; (5) a state-option ban on eligibility for those who have violated another welfare program’s rules and been disqualified, (6) limits on participation by boarders; (7) a requirement that Social Security numbers be provided for all household members; (8) denial of eligibility where assets have been transferred to gain eligibility; (9) denial of eligibility where there has been intentional violation of program rules or failure to cooperate in providing information needed to judge eligibility and benefits; and (10) a ban on eligibility for SSI recipients in California.<sup>121</sup>

## Benefit Levels

The Food Stamp Act specifies that a household’s *maximum* monthly food stamp allotment be the cost of a nutritionally adequate low-cost diet, as determined by the U.S. Department of Agriculture’s Thrifty Food Plan, adjusted each October for changes in food prices. A participating household’s *actual* monthly allotment is determined by subtracting, from the maximum allotment for its size, an amount equal to 30% of its *counted* monthly income (after all applicable deductions, see above), on the assumption that the household can afford to spend that amount of its own income on food. Minimum benefits for households of one and two persons are legislatively set at \$10 per month; minimum benefits for other household sizes vary but generally are somewhat higher. Maximum monthly food stamp allotments in FY2006 (October 2005 through September 2006) are shown in the following table.

Household size	48 states and D.C.	Alaska (urban) <sup>a</sup>	Hawaii <sup>b</sup>	Virgin Islands	Guam
1 person	\$152	\$181	\$229	\$195	\$224
2 persons	278	333	421	358	410
3 persons	399	477	602	513	588
4 persons	506	606	765	651	746
5 persons	601	720	909	773	886
6 persons	722	864	1,090	928	1,064
7 persons	798	955	1,205	1,026	1,176
8 persons	912	1,091	1,378	1,172	1,344
<b>Each additional person</b>	<b>+114</b>	<b>+136</b>	<b>+172</b>	<b>+147</b>	<b>+168</b>

a. Maximum allotment levels in rural AK are 27% to 55% higher than the urban AK allotments noted here.

Food stamp benefits are issued through electronic benefit transfer (EBT) cards. These cards are used like “debit cards” to access food stamp recipients’ individual food stamp accounts when purchasing food items at approved stores. Food stamp benefits can be used only to buy food items; however, EBT cards often include access to cash benefit programs (in which case, the card can be used to access cash).

<sup>121</sup> Cash SSI payments have been increased in California to include an estimated value for food stamp benefits.



## **20. School Lunch Program (Free and Reduced-Price Components)**

### **Funding Formula**

The Richard B. Russell National School Lunch Act provides a guaranteed federal subsidy for each free or reduced-price lunch served to needy children in schools and residential child care institutions (RCCIs) choosing to participate in the School Lunch program. A small subsidy also is provided for “full-price” meals to non-needy children, but about 90% of lunch program costs are for free or reduced-price meals served to needy children.

The cash subsidy for free and reduced-price lunches consists of two parts: a basic payment authorized under Section 4 of the act for every lunch served, without regard to the family income of the participant, and an additional special assistance payment authorized under Section 11 only for lunches served free or at reduced price to lower-income children. Additionally, the federal government provides significant commodity assistance for each meal served. The level of federal cash subsidies and the value of federal commodity aid are legislatively set and annually indexed. State and local government funds and children’s payments also help finance lunches. No charge may be made for a free lunch, but a charge of up to 40 cents may be imposed for a reduced-price lunch. Schools may set whatever charge they wish for lunches served to children who do not qualify for free or reduced price lunches, or who do not apply for them, so long as this charge does not result in a profit.

The law requires that states contribute to their lunch programs revenues equal to at least 30% of the total Section 4 federal funding provided in the 1980-1981 school year (a fixed amount totaling about \$200 million a year nationwide). However, no matching funds are required for the extra federal subsidy provided for free and reduced-price lunches, under Section 11 of the act.

### **Eligibility Requirements<sup>122</sup>**

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

Children whose current annual family income is at or below 130% of the annually indexed federal poverty income guidelines are eligible for a free lunch. Children whose family income is more than 130% but not more than 185% of the guidelines are eligible for a reduced-price lunch. For example, annual income limits for a family of four in the 2004-2005 school year were \$24,505 for free lunches and up to \$34,873 for reduced-price lunches.<sup>123</sup> In addition, most

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<sup>122</sup> School lunch regulations are found in 7 CFR Parts 210 and 245 (2004). This program is No. 10.555 in the Catalog of Federal Domestic Assistance.

<sup>123</sup> Higher limits apply in AK (+25%) and HI (+15%).



children from families receiving public assistance (e.g., cash welfare, food stamps) can be certified for free school lunches based on their public assistance enrollment.

## **Benefit Levels**

Benefits are provided to local “school food authorities” through state education agencies. Federal cash subsidies are provided to participating schools and RCCIs for each lunch served. The law establishes specific reimbursement (subsidy) rates for each type of lunch served (free, reduced-price, “full-price”) and mandates that they be adjusted each July for inflation. Cash reimbursement rates for the 2004-2005 school year were \$2.24 for each free lunch, \$1.84 for each reduced-price lunch, and 21 cents for each full-price lunch.<sup>124</sup>

In addition to the cash subsidies noted above, the federal government provides commodity assistance for all meals served in participating schools and residential child care institutions. This assistance rate is adjusted annually each July for inflation, and, for the 2004-2005 school year, it was 17.25 cents a meal (e.g., the total value of cash and commodity assistance for free lunches was approximately \$2.41).

Schools and RCCIs in the School Lunch program also may expand their programs to cover snacks (and, in some cases, suppers) served to children through age 18 in *after-school programs*. Federal subsidies are paid at the highest snack/supper rate offered to child care providers if the snack/supper is served free to children in lower-income areas. In other cases, federal subsidies vary by the child’s family income. (See program No. 22, the Child and Adult Care Food Program, for the various federal subsidy rates for snacks/suppers and additional authority for schools and public and private nonprofit organizations to receive subsidies for snacks/suppers served in after-school programs.)

In FY2004, more than 90% of schools and RCCIs received school lunch program subsidies—some 95,000 schools, plus about 6,000 RCCIs. Average daily participation was about 29 million children; 14.1 million received free lunches, 2.8 million ate reduced-price lunches, and lunches for 12 million students were subsidized at the minimum full-price rate, for which no income test is required. While children receiving free or reduced-price lunches made up 57% of those participating, subsidies for their lunches accounted for just over 90% of federal spending on the school lunch program.

**Note:** For more information, see CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*.

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<sup>124</sup> An additional 2 cents is provided for each lunch served in schools where 60% or more of the school lunch participants receive free or reduced-price meals. Significantly higher reimbursement rates apply in AK and HI.

## **21. Special Supplemental Nutrition Program for Women, Infants, and Children (The WIC Program)**

### **Funding Formula**

The Child Nutrition Act provides 100% federal funding through grants to states for food costs and nutrition services and administration (NSA); money also is provided to support breast-feeding initiatives and the development of local agencies' administrative infrastructure, small farmers' market nutrition programs (see program No. 29), and research and evaluations. State allocations are based on a formula that reflects food and NSA caseload costs, inflation, and "need" as evidenced by poverty indices—although small amounts are set aside for infrastructure development and other special initiatives. No state or local matching funding is required.

### **Eligibility Requirements<sup>125</sup>**

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

In addition to meeting the nutritional risk criterion, WIC enrollees must have annual family income below state-established limits, and public assistance recipients (such as Medicaid beneficiaries) may be judged automatically income eligible. Income limits may not exceed those for reduced-price meals under school meal programs—185% of the federal poverty income guidelines (as annually adjusted)—e.g., \$29,<sup>126</sup> for a three-person family for July 2005 through June 2006. States can set lower income limits, but these must not be lower than 100% of the poverty guidelines (no state has taken this option).

Unlike most other nutrition assistance programs, the ability of the WIC program to serve all those who apply and are judged eligible is largely limited by the annual amount of federal funding made available, and not all eligible applicants are guaranteed benefits.<sup>127</sup> State health departments or comparable agencies determine which local health or welfare agencies are eligible for program participation or expansion in order of greatest need based on economic and health statistics and available funding. A priority system seeks to ensure that individuals at the greatest risk are served first. The program is estimated to serve at least 80% of the eligible population. In FY2004, average monthly participation was 7.9 million women, infants, and children.

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<sup>125</sup> Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) regulations are found at 7 CFR Part 246 (2004). This program is No. 10.557 in the Catalog of Federal Domestic Assistance.

<sup>126</sup> This income ceiling is for the 48 contiguous states, DC, PR, GU and the VI. Higher limits apply in AK (+25%) and HI (+15%).

<sup>127</sup> Regular annual federal appropriations for the WIC program are supplemented by rebates from infant formula companies, any unused money carried over from the prior year, and, in some cases, voluntary state contributions.

## **Benefit Levels**

Beneficiaries receive selected supplemental foods, as called for in federal regulations, either in the form of food packages or, most commonly, as vouchers/checks valid for the purchase of specific prescribed food items in stores approved by state WIC agencies (under federal guidelines to control costs).<sup>128</sup> Federal regulations include requirements governing the types and quantities of food to be made available and about tailoring food packages to meet the varying nutritional needs of the infants, children, and pregnant and postpartum women participating in the program. However, state WIC agencies have some leeway in designing specific food packages and specifying which foods may be bought with WIC vouchers. In FY2004, the national average monthly federal cost of food in a WIC food voucher/package was \$38 (after an offset for rebates by infant formula companies).

The law also requires that participants receive a nutritional risk evaluation (in order to qualify), breast-feeding support, and nutrition education. Monthly NSA costs for these services averaged \$14 a recipient in FY2004.

In addition to the regular WIC program, a majority of states have chosen to operate a farmers' market nutrition program that offers WIC applicants and recipients special vouchers that can be used to buy fresh foods at participating farmers' markets. (See program No. 29.)

**Note:** For more information, see CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*.

## **22. Child and Adult Care Food Program (Lower-Income Components)<sup>129</sup>**

### **Funding Formula**

The Richard B. Russell National School Lunch Act provides 100% federal funding for this program in the form of legislatively set (and annually indexed) cash subsidies for all meals and snacks served in participating child and adult day care centers and family/group day care homes for children. Subsidies are entitlements to centers and homes, depend on the number of meals/snacks served, and are varied by participants' family income (in day care centers), or (in the case of family day care homes) differ depending on whether the provider is low-income or is located in a lower-income area. Separate administrative payments to sponsors of day care homes (based on the number of homes sponsored), and limited federal commodity assistance also are provided. Further, some subsidy payments for day care homes may be used for administration. There is no requirement for matching funds from non-federal sources.

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<sup>128</sup> Items in WIC food packages vary by the type of recipient and include milk, cheese, eggs, infant formula, cereals, peanut butter, fruit and vegetable juices, and other items keyed to specific dietary deficiencies.

<sup>129</sup> Approximately 90% of this program's costs are for its lower-income components. The adult care component of this program is relatively small. It provides federal subsidies for meals in nonprofit centers serving functionally impaired adults age 60 and over. Adult recipients represent about 4% of total participation. The program operates in the same manner for adult care centers as for child care centers.

## Eligibility Requirements<sup>130</sup>

Licensed (or otherwise government-approved) public and private nonresidential nonprofit child care, adult care, and Head Start centers, sponsors operating after-school programs, and family and group day care homes are eligible for federal subsidies for meals, snacks, and (in some cases) suppers they serve that meet federal nutrition requirements. For-profit child care institutions also are eligible, but their eligibility is limited based on the degree to which they serve lower-income children (as measured by the centers' receipt of government child care subsidies or by the degree to which they serve those with low family income). Participation by centers and homes is voluntary.

All children (and elderly clients) in participating programs operated in child and adult care centers receive federally subsidized meals and snacks, although subsidies are higher for those served free or at a reduced price to lower-income individuals. As with the School Lunch and School Breakfast programs, centers receive the largest subsidies for meals/snacks served to those whose household income is not above 130% of the federal poverty income guidelines (e.g., \$24,505 for a family of four during the period July 2004-June 2005); meals/snacks served to those whose household income is above 130%, but not above 185% of the poverty guidelines (e.g., \$34,873 for a family of four)<sup>131</sup> receive lesser subsidies.<sup>132</sup> Meals/snacks for those from households with income above these limits also are subsidized, but the subsidy rates are much smaller. Unlike the school meal programs, while federal cash subsidies paid to centers differ according to recipients' family income, there is no requirement that "free" or "reduced-price" meals/snacks be served. Centers may adjust their fees to account for federal subsidies or charge (or not charge) separately for meals to account for the subsidies, but the program itself does not regulate the fees they charge.

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

## Benefit Levels<sup>133</sup>

Federal subsidies are provided for up to two meals and one snack per day per recipient (or three meals a day in homeless/emergency shelters). Participating *centers* receive cash subsidies for meals that are the same as those provided for lunches or breakfasts under the School Lunch and School Breakfast programs. For the period July 2004 through June 2005, these amounts were: (a) for lunches/suppers, \$2.24 each for those served to individuals with income under 130% of the federal poverty guidelines, \$1.84 for meals served to those with income between 130% and 185% of the poverty guidelines, and 21 cents for all other meals; (b) for breakfasts, \$1.23, 93 cents, and 23 cents. Cash subsidies for snacks ranged from 61 cents to 5 cents. Finally, centers may receive federal commodity assistance (about 17 cents a meal), or cash in lieu of commodities. All subsidy rates are annually indexed.

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<sup>130</sup> Regulations for this program are found in 7 CFR Part 226 (2004). This program is No. 10.558 in the Catalog of Federal Domestic Assistance.

<sup>131</sup> These income ceilings are for the 48 contiguous states, DC, GU, PR, and the VI. Higher limits apply in AK (+25%) and HI (+15%).

<sup>132</sup> Income eligibility guidelines are annually indexed.

<sup>133</sup> All federal subsidy rates noted here are significantly higher in AK and HI.

The federal subsidy structure for family day care *homes* is different. Day care homes receive subsidies that generally do not differ by the family income of individual recipients. Instead, there are two distinct annually indexed subsidy rates. “Tier I” homes (those located in lower-income areas or operated by lower-income providers) receive higher cash subsidies; for July 2004 through June 2005, all lunches/suppers were subsidized at \$1.92, all breakfasts were subsidized at \$1.04, and all snacks were subsidized at 57 cents. “Tier II” homes (those not located in lower-income areas or without lower-income providers) receive lower subsidies; for July 2004 through June 2005, all lunches/suppers were subsidized at \$1.16, all breakfasts at 39 cents, and all snacks at 15 cents. Organizations sponsoring homes receive monthly payments for their administrative/oversight costs, which vary by the number of homes sponsored; and Tier II homes may seek higher Tier I rates for meals/snacks served to individual low-income children if the proper documentation is provided.

In addition to the regular Child and Adult Care Food Program (CACFP), the law allows public and private nonprofit organizations (including child care centers and schools) operating *after-school* programs to receive federal CACFP subsidies for snacks served free in their programs to children (through age 18) in lower-income areas—at the highest snack rate noted above. In some cases, subsidies also are offered for suppers in after-school programs, again at the highest rate noted above.

In FY2004, 46,000 child care centers and some 2,500 adult care centers (including for-profit centers and Head Start and after-school programs) with an average daily attendance of 2 million persons participated, and some 160,000 day care homes received subsidies for 900,000 children in attendance.

**Note:** For more information, see CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*.

## **23. School Breakfast Program (Free and Reduced-Price Components)**

### **Funding Formula**

The Child Nutrition Act provides a guaranteed federal subsidy for each free or reduced-price breakfast served needy children in schools and residential child care institutions (RCCIs) that choose to participate in the School Breakfast program. A small subsidy also is provided for “full-price” breakfasts to non-needy children. Approximately 95% of breakfast program subsidy costs are for free or reduced-price meals served to needy children. Certain schools, designated as “severe need” schools, receive subsidies that exceed regular subsidies.<sup>134</sup> State and local government funds, as well as children’s meal payments, also help finance the cost of breakfast programs, although there is no formal matching requirement. No charge may be made for a free breakfast, but up to 30 cents may be charged for a reduced-price breakfast.

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<sup>134</sup> Severe need schools are defined as schools in which 40% or more of lunches under the School Lunch program are served free or at a reduced price. The large majority of schools in the School Breakfast program are classified as severe need schools.

## Eligibility Requirements<sup>135</sup>

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

Children whose current annual family income is at or below 130% of the federal poverty income guidelines are eligible for a free breakfast; those children whose family income is more than 130% but not more than 185% of the guidelines are eligible for a reduced-price breakfast. Income eligibility guidelines are annually adjusted for inflation. For example, in the 2004-2005 school year, annual income limits were \$24,505 for free breakfasts and up to \$34,873 for reduced-price breakfasts.<sup>136</sup> In addition, most children from families receiving public assistance (e.g., cash welfare, food stamps) can be certified eligible for free breakfasts based on their public assistance enrollment.

## Benefit Levels

As with the School Lunch program, benefits are provided to local “school food authorities” through state education agencies. The law provides a guaranteed federal cash reimbursement (subsidy) to participating schools and RCCIs for each breakfast served. It establishes specific reimbursement rates for each type of breakfast served (free, reduced-price, full-price) and mandates that they be adjusted each July for inflation. Regular cash reimbursement rates for the 2004-2005 school year were \$1.23 for each free breakfast, 93 cents for each reduced-price breakfast, and 23 cents for each full-price breakfast.<sup>137</sup>

In FY2004, 78% of schools in the School Lunch program (and virtually all RCCIs in the program) also operated breakfast programs. Some 74,000 schools and roughly 6,000 RCCIs were in the program, with a total average daily participation of 8.9 million children—6.5 million received free breakfasts, 800,000 received reduced-price meals, and 1.6 million were subsidized at the full-price rate.

**Note:** For more information, see CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*.

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<sup>135</sup> School breakfast regulations are found in 7 CFR Parts 220 and 245 (2004). This program is program No. 10.553 in the Catalog of Federal Domestic Assistance.

<sup>136</sup> These income ceilings are for the 48 contiguous states, DC, GU, PR, and the VI. Higher limits apply in AK (+25%) and HI (+15%).

<sup>137</sup> An additional amount for each free or reduced-price meal is provided to severe need schools (see footnote number 1 in this section). This amount is adjusted annually and, for the 2004-2005 school year, stood at 24 cents per meal. Significantly higher rates apply in AK and HI.



## 24. Nutrition Program for the Elderly

### Funding Formula

Nutrition services for the elderly under Title III of the Older Americans Act are supported by grants to states and territories from the U.S. Department of Health and Human Services, Administration on Aging (HHS/AoA). The nutrition services program includes three components: congregate nutrition services, home-delivered nutrition services, and commodities or cash-in-lieu of commodities.

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

States also receive funds from HHS/AoA<sup>138</sup> for commodities, or cash in lieu of commodities, to supplement Title III grant funds for congregate and home-delivered meals. These funds are allocated to states on a formula that is based on a state's share of meals served by all states under auspices of the Title III program for the preceding fiscal year.

FY2005 appropriations for the nutrition program totaled \$719 million.

### Eligibility Requirements<sup>139</sup>

The Older Americans Act makes eligible persons aged at least 60 and their spouses. In addition, congregate meals may be provided to persons with disabilities under age 60 who reside in housing facilities occupied primarily by the elderly where congregate nutrition services are provided, or who reside with and accompany older persons to meals. Eligible for home-delivered meals are persons who are homebound by reason of illness or disability, or who are otherwise isolated. The law requires that preference be given to those with the "greatest" (1) economic need and (2) social need. The law defines group one to be persons whose income is at or below the poverty guideline issued by HHS (the guideline issued in February 2005 was \$9,570 for a "family unit" of one person), and group two to be persons whose need for services is caused by noneconomic factors<sup>140</sup> that restrict their ability to perform normal daily tasks or that threaten their capacity for independent living.

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<sup>138</sup> Up until FY2003, the U.S. Department of Agriculture (USDA) received appropriations of funds for allocation to state agencies on aging under Title III for cash or cash-in-lieu of commodities. In FY2003, the program was transferred to the Department of Health and Human Services, Administration on Aging.

<sup>139</sup> Regulations concerning nutrition services are found at 7 CFR 250.42 (2004) and 45 CFR Parts 1321, 1326, 1328 (2005).

<sup>140</sup> Listed as such factors are physical and mental disabilities, language barriers, and cultural, social, or geographical isolation including that caused by racial or ethnic status.



The law requires that congregate meal services be located as close as possible to where most eligible older persons live, preferably within walking distance. Means tests are prohibited.

## **Benefit Levels**

The law requires providers to offer at least one meal daily, five or more days per week. If the nutrition project serves one meal a day, each meal is to assure a minimum of one-third of the daily recommended dietary allowances (RDAs) established by the Food and Nutrition Board of the National Academy of Sciences-National Research Council. If the project serves more than one meal daily, nutritional requirements are higher (two-thirds of RDA for two meals, 100% for three). Nutrition services funds also may be used to provide support services such as outreach and nutrition education.

The law requires that providers give participants an opportunity to contribute toward the cost of the meal. Service providers may establish suggested contribution schedules, but each participant is to decide for him/herself what, if anything, he/she is able to pay. A service provider may not deny any older person nutrition services for failure to contribute to the cost of the service. The law requires that voluntary contributions be used to expand services for which the contributions were made.

**Note:** For more information about nutrition services for the elderly, see CRS Report RL31336, *The Older Americans Act: Programs, Funding, and 2006 Reauthorization (P.L. 109-365)*, by Carol O'Shaughnessy and Angela Napili, and CRS Report RS21202, *Older Americans Act: Nutrition Services Program*.

## **25. The Emergency Food Assistance Program (TEFAP)**

### **Funding Formula**

The Emergency Food Assistance Program (TEFAP) provides federally donated food commodities to states for distribution to emergency feeding organizations (EFOs), including soup kitchens (or other congregate feeding sites) and food banks, serving the homeless and other needy persons. These commodities consist of those directly purchased for the program using annual appropriations, plus food acquired for agricultural support reasons. Cash grants also are provided to help states and local EFOs with the administrative costs of storing, transporting, handling, and distributing the commodities. These administrative/distribution cost grants come from two sources: a direct appropriation (typically \$50 million a year) and authority to use some funding provided for food purchases (typically \$10 million a year) for administrative or distribution costs.

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

In FY2004, the value of federally donated commodities distributed under TEFAP was \$362 million, and federal support for distribution and administrative costs was \$59 million—for a total of \$421 million.

## **Eligibility Requirements<sup>141</sup>**

State agencies administering TEFAP are responsible for selecting the emergency feeding organizations that will distribute food/meals. There are no federal criteria for agency selection, except that the feeding organization must serve needy persons and have the capacity to store and handle commodities. Emergency feeding organizations include food banks and pantries, soup kitchens, hunger centers, temporary shelters, community action agencies, churches, and other nonprofit agencies offering food assistance to the indigent and needy. By law, those eligible to receive commodity packages must be “needy,” but states set the criteria for individual eligibility for benefits under federal regulations that require each state agency to establish uniform criteria for determining household eligibility. The criteria must include income-based standards that enable each agency to ensure that TEFAP commodities go only to households that are in need of food assistance because of inadequate income.

## **Benefit Levels**

The commodities donated for this program are bought by the U.S. Department of Agriculture (USDA) with appropriated funds, purchased to reduce agricultural surpluses, or drawn from excess holdings of the Commodity Credit Corporation when available. In recent years, appropriated funds (\$140 million a year) have been used to acquire between one-third and one-half of the commodities distributed under TEFAP; the remainder were provided from surplus purchases and Commodity Credit Corporation stocks. Benefits consist of commodities provided to states for food banks, pantries, and other feeding agencies that distribute them to individuals for at-home consumption, or to soup kitchens, homeless shelters, and central feeding centers serving meals to the poor. Commodities are packaged in sizes appropriate for program use: small package sizes for at-home consumption and larger, institutional sizes for meal service operations. Traditionally, most commodities have gone for at-home consumption. The USDA provides roughly three dozen types of food items, including canned and fresh fruits and vegetables and juices, beans, canned meats, raisins, nuts, pasta, peanut butter, dairy products, and rice. Food package size and value generally are the same for all recipients; there is no variation by income or family size. By law, TEFAP benefits may not be treated as income or resources of a recipient for any purpose.

# **26. Summer Food Service Program**

## **Funding Formula**

The Richard B. Russell National School Lunch Act offers federal funding in the form of legislatively set, annually indexed subsidies for all meals and snacks served under summer

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<sup>141</sup> Regulations for this program are found at 7 CFR Part 251 (2004). This program is No. 10.568 and 10.569 in the Catalog of Federal Domestic Assistance.

programs for children, as well as administrative payments to program sponsors. No matching funds are required from non-federal sources.

## **Eligibility Requirements<sup>142</sup>**

There are no individual income tests for participation. Eligibility for benefits normally is tied to the location of the summer program. In general, eligible programs operate in communities where at least 50% of the children are from families with incomes that meet the eligibility criteria for free or reduced-price school lunches (that is, with income at or below 185% of the annually updated federal poverty income guidelines: e.g., \$35,<sup>143</sup> for a four-person family in the summer of 2005). Summer program sponsors also may receive federal support if at least 50% of children “enrolled” in the program meet the above-noted income eligibility test, regardless of where they are located. Sponsorship is available to all public or private nonprofit schools, local municipal or county governments, residential nonprofit summer camps, most private nonprofit organizations, and colleges and universities participating in the National Youth Sports Program.

## **Benefit Levels**

The law provides federal cash subsidies to sponsors for the cost of obtaining, preparing, and serving food. They are undifferentiated by recipient child’s family income and may be supplemented with a small amount of federally provided commodity assistance. The summer 2005 subsidy rates were \$2.48 for each lunch or supper, \$1.42 for each breakfast, and 58 cents for each snack. Sponsoring agencies also receive funds for approved administrative costs based on the number of meals/snacks served and the type of sponsor (sponsors located in rural areas and those who prepare meals on site receive higher administrative payments). The number of subsidized meals/snacks served is limited to two per day. In the summer of 2005, some 3,700 summer program sponsors operating 31,000 sites provided subsidized meals/snacks to 2 million children in the peak month of July.

**Note:** For more information, see CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*.

# **27. Commodity Supplemental Food Program (CSFP)**

## **Funding Formula**

The Commodity Supplemental Food Program (CSFP) operates in 144 project areas in 31 states, the District of Columbia, and two Indian tribal areas; these projects often offer other services to program participants. The CSFP provides U.S. Department of Agriculture commodities and funds for administrative and distribution costs to local agencies offering food packages to low-income mothers, infants, young children, and elderly persons. Appropriations for the program finance

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<sup>142</sup> Regulations for this program are found in 7 CFR Part 225 (2004). This program is No. 10.559 in the Catalog of Federal Domestic Assistance.

<sup>143</sup> This amount is for the 48 contiguous states, DC, GU, PR, and the VI. The income limit is higher in AL (+25%) and HI (+15%).

purchase of food products to be used in monthly packages distributed to participants, as well as expenses associated with this distribution (typically, about 25% of total funding); in addition, projects can receive “bonus” commodities provided without appropriated funds from Agriculture Department stocks. Funding and commodities are distributed according to the caseload, or “slots” allocated to each project. These allocations are based on previous participation levels of the projects. However, “expansion” funding for new slots or new state projects is available if added appropriations are provided. FY2004 funding (obligations) was approximately \$109 million.

### **Eligibility Requirements<sup>144</sup>**

Eligible are pregnant women, breast-feeding women, postpartum women, infants, and children up to age 6 who (a) qualify for food, health, or welfare benefits under a governmental program for low-income persons, (b) are determined to be at nutritional risk (if the state agency has adopted this requirement), and (c) live within the service area (if the state agency has adopted such a residency rule). In general, women, infants, and children must live in households with income below 185% of the federal poverty income guidelines (e.g., about \$29,767 for a three-person family in FY2005). More important, CSFP projects may serve elderly persons in their service areas whose income does not exceed 130% of the federal poverty guideline (a ceiling of about \$12,441 for a single person in FY2005). The elderly make up over 85% of recipients. Persons may not participate in the CSFP and the Special Supplemental Nutrition Program for Women, Infants, and Children (the WIC program) at the same time; however they may participate in other nutrition programs for the elderly.

### **Benefit Levels**

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

In FY2004, a total of 522,000 individuals (63,000 mothers, infants, and children and 459,000 elderly persons) received commodity food packages valued at \$17-\$20 a month.

## **28. Food Distribution Program on Indian Reservations (FDPIR)**

### **Funding Formula**

The Food Distribution Program on Indian Reservations (FDPIR) is an entitlement program that is operated and funded under the aegis of the Food Stamp Act. It provides food packages in lieu of Food Stamp benefits. Under FDPIR, the U.S. Department of Agriculture (USDA) acquires the

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<sup>144</sup> Federal regulations governing this program are found at 7 CFR Part 247 (2004). This program is No. 10.565 in the Catalog of Federal Domestic Assistance.

food commodities to be included in the program's monthly food packages either by direct purchase (with appropriated funds designated for Indian food assistance) or, to a lesser degree, through its agriculture support programs. The food acquired by the USDA is given to the 98 Indian Tribal Organizations (ITOs) and five state agencies operating FDPIR projects for distribution to eligible households—based on the projects' number of recipients. In addition, the federal government pays at least 75% of administrative and distribution costs of the projects.

## **Eligibility Requirements<sup>145</sup>**

The FDPIR allows ITOs or state welfare agencies to operate food distribution programs in lieu of the Food Stamp program. Recipients must reside on or near a participating reservation, or, in the case of Oklahoma, reside within a stipulated service area. Eligible households not residing on a reservation must include a Native American household member. Households must meet financial needs tests: Households in which all members are included in a public assistance or SSI grant are financially eligible for FDPIR; for non-assistance households, financial eligibility tests generally are the income standard of the Food Stamp program, increased by the amount of that program's standard deduction. Except for the area of residence/Native American householder requirements, eligibility rules are similar to those for the Food Stamp program. Grantee agencies are responsible for certifying recipient eligibility, providing nutrition education, transporting and storing commodities, and distributing them to recipient households. Both food stamps and the FDPIR may be available in the same area, as long as no individual household participates in both programs concurrently.

## **Benefit Levels**

Benefits consist of monthly food packages that meet federal guidelines for nutritional adequacy. Commodities contained in the monthly food packages consist of a variety of items, including canned meats, fish, fruits, and vegetables, fruit and vegetable juices, cereals, rice, pasta, cornmeal, cheese, butter, nonfat dry milk, flour, vegetable oil, peanut butter and peanuts, corn syrup, and (in most projects) fresh fruits and vegetables. In FY2004, foods valued at about \$40 per person per month were provided under the FDPIR.

# **29. Farmers' Market Nutrition Programs**

## **Funding Formula**

Federal funding is provided to states (typically through state agriculture agencies that operate in cooperation with state health or social services departments, or Indian Tribal Organizations) for two farmers' market nutrition programs: (1) a program for participants in (and those on a waiting list for) the Special Supplemental Nutrition Program for Women, Infants, and Children (the *WIC Farmers' Market Nutrition program*) and (2) a *Senior Farmers' Market Nutrition program*. Money for the WIC Farmers' Market Nutrition program is provided under an earmarked annual appropriation under the Agriculture Department's Commodity Assistance budget account, plus

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<sup>145</sup> Regulations for this program are found at 7 CFR Parts 253 and 254 (2004). This program is No. 10.567 in the Catalog of Federal Domestic Assistance.

unused funding from prior years—e.g., a total of \$28 million in FY2004 (made up of \$23 million in appropriations plus \$5 million carried over from the prior year). Funds for the Senior Farmers' Market Nutrition program are made available through a mandatory directive to spend \$15 million a year, plus sums that are carried over unused from prior years or newly appropriated by Congress.

At the U.S. Department of Agriculture's discretion, state grants are allocated based on the needs described in state plans, the availability of new federal funds, and states' past use of funds. Not all states participate in these programs. In FY2004, 36 states, the District of Columbia, Guam, and Puerto Rico—along with five Indian Tribal Organizations—participated in the WIC Farmers' Market Nutrition program. This program requires that states contribute at least 30% of program administrative costs (although Indian Tribal Organizations may contribute a smaller match). In FY2004, 39 states, the District of Columbia, Puerto Rico, and six Indian Tribal Organizations received grants under the Senior Farmers' Market Nutrition program. This program requires no state match. Expansion of both programs (both to additional participants and new states) depends on the availability of additional federal funding.

## **Eligibility Requirements<sup>146</sup>**

Organized farmers' markets (and, in some cases, roadside farm produce stands or special community-supported nutrition projects) approved by administering state agencies (normally state agriculture departments) are eligible to participate in the two farmers' market nutrition programs. In FY2003, a total of about 7,400 markets, roadside stands, and community projects participated. For the WIC Farmers' Market Nutrition program, WIC recipients (see program No. 21), or those approved but waiting for WIC benefits are eligible in participating jurisdictions. Under the Senior Farmers' Market Nutrition program, lower-income elderly persons—generally defined as those at least 60 years of age who have household income of less than 185% of the federal poverty income guidelines—are eligible for benefits. However, administering agencies may accept proof of participation in a means-tested benefit program like food stamps or the Supplemental Security Income (SSI) program when determining individuals' eligibility.

## **Benefit Levels**

Benefits under the two farmers' market programs are issued as coupons or vouchers usable only at participating markets. Vouchers/coupons may be redeemed for fresh, unprepared fruits, vegetables, and herbs. Vouchers/coupons issued under the WIC Farmers' Market Nutrition program may not have a value of more than \$30 per year per recipient (although participating states may increase this value using non-federal funds). Vouchers/coupons issued under the Senior Farmers' Market Nutrition program are not limited in value by law, although budgetary constraints typically require that they be limited to amounts similar to those under the WIC Farmers' Market Nutrition program. Nutrition education activities arranged by WIC program operators and other sponsors also may be provided at farmers' market sites.

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<sup>146</sup> Regulations for the WIC Farmers' Market Nutrition program are found at 7 CFR Part 248 (2004). This program is No. 10.572 in the Catalog of Federal Domestic Assistance. Information about the Senior Farmers' Market Nutrition program may be found at the U.S. Department of Agriculture's website at <http://www.fns.usda.gov/wic/SeniorFMNP>.



## 30. Special Milk Program (Free Segment)

### Funding Formula

The Child Nutrition Act provides 100% federal funding in the form of legislatively set, annually indexed subsidies to cover the cost of free half-pints of milk served to low-income children by schools and residential child care institutions (RCCIs) choosing to participate in this program. Federal subsidies also are available for half-pints of milk served to non-needy children. In FY2004, approximately 7% of the half-pints of milk subsidized under this program were served free to low-income children. No matching funds are required from non-federal sources.

### Eligibility Requirements<sup>147</sup>

All children in participating schools and RCCIs are eligible to receive subsidized milk under this program. Participating schools and RCCIs must have a policy of lowering any prices charged for milk they serve to the maximum extent possible and using their federal payments to reduce the selling price of milk to children. In addition, individual schools and RCCIs may choose to offer *free* milk to low-income children. The program operates primarily in those schools and institutions that do *not* participate in the school lunch or school breakfast programs.<sup>148</sup> Each half-pint served is federally subsidized at a different rate, depending on whether it is served free or not—but provision of free milk is not required, and most children are charged.

To qualify for free milk (if offered), a child must meet the income eligibility standards for a free meal under the School Lunch or Breakfast programs. That is, the child's family's income must not exceed 130% of the federal poverty income guidelines. Non-needy children and needy children in schools/RCCIs that do not offer free milk pay an amount determined by the school or RCCI.

### Benefit Levels

For the 2003-2004 school year, half-pints were subsidized at 13.9 cents each (if there was a charge to the child) or the net cost to the school/RCCI, typically 1-2 cents higher (if the milk was served free). In FY2004, 103 million subsidized half-pints (7% free) were served to roughly 500,000 children daily through some 7,000 schools and RCCIs.

**Note:** For more information, see CRS Report RL33307, *Child Nutrition and WIC Programs: Background and Recent Funding*.

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<sup>147</sup> Regulations for this program are found at 7 CFR Part 215 (2004). This program is No. 10.556 in the Catalog of Federal Domestic Assistance.

<sup>148</sup> Schools with split (part-day) sessions for kindergartners or pre-kindergartners where the children do not have access to regular school meal programs also may participate in this program.



## Housing Aid

### 31. Section 8 Low-Income Housing Assistance

#### Funding Formula

This program is funded 100% by the federal government. Outlays were \$22.4 billion in FY2004.

#### Eligibility Requirements<sup>149</sup>

The Section 8 rental assistance program was authorized by the Housing and Community Development Act of 1974 (P.L. 93-383). The program has two components, Section 8 project-based rental assistance and Section 8 Housing Choice Vouchers. The project-based rental assistance component is a set of rent subsidies attached to housing units owned by private landlords. The vouchers are portable subsidies that eligible households take to private landlords and use to subsidize their housing costs. Currently, HUD is not entering into any new contracts under the project-based rental assistance component of Section 8, and when the existing contracts expire, the households are given vouchers.

Low-income families and single persons<sup>150</sup> are eligible for both forms of subsidies. Low income, for the purpose of this program, is defined as income at or below 80% of the local area median income, adjusted for family size. Although low-income households are eligible for Section 8 housing subsidies, extremely low-income households, defined as households with incomes at or below 30% of the local area median income, are targeted for assistance.<sup>151</sup> Forty percent of available project-based rental assistance subsidies and 75% of vouchers must be targeted to extremely low income households. In the project-based rental assistance program, project owners maintain waiting lists and can give priority to working families. In the voucher program, quasi-governmental local Public Housing Authorities (PHAs) maintain waiting lists for Section 8 vouchers and can develop a set of local preferences that can be used to prioritize the list.

In determining the annual countable income of a family, various deductions are made from gross income.<sup>152</sup> The chief ones are \$480 per dependent, \$400 for an elderly family, excess medical

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<sup>149</sup> Eligibility rules for Section 8 tenant-based assistance are found at 24 CFR Part 982 (2005). This program is No. 14.871 in the Catalog of Federal Domestic Assistance.

<sup>150</sup> Before 1990, the law defined families to include two or more related persons, single persons at least 62 years old, and younger single persons who were disabled, handicapped, displaced by governmental action or natural disaster, or the remaining member of an eligible tenant family, and permitted no more than 15% of units to be made available to other singles. The National Affordable Housing Act (P.L. 101-625) added other single persons to the definition of family and removed their percentage limitation, but barred occupancy by these other (able-bodied younger) singles of units with more than one bedroom.

<sup>151</sup> The Department of Housing and Urban Development (HUD) estimates that low income limits (80% of median family income) in FY2005 averaged \$37,520 in nonmetropolitan areas and \$48,960 in metropolitan areas. Extremely low income limits (30% of median family income) averaged \$14,070 in nonmetropolitan areas and \$18,360 in metropolitan areas. These amounts are averages for all family sizes.

<sup>152</sup> Some items are excluded from gross income by definition. They include children's earnings, certain lump-sum payments, student financial assistance, and amounts received under HUD training programs. 24 CFR Section 5.609(c)(2005).

costs for an elderly family, and costs of child care and handicapped assistance.<sup>153</sup> For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility and required rent the greater of (a) actual income from all net family assets, or (b) a percentage of their value, based on the current passbook savings rate.<sup>154</sup> Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.<sup>155</sup> In 1990, the National Affordable Housing Act (P.L. 101-625) increased the deductions from gross income for Section 8 housing and public housing, but made the changes subject to approval in an appropriations measure. Through FY2005, no appropriation bill had provided for the larger deductions, and old deductions still applied. Section 8 recipients must recertify their incomes annually. Eligibility and rental charges are based on countable family income expected in the 12 months following the date of determination.

## Benefit Levels

Benefit levels for project-based rental assistance and vouchers are calculated using different formulas.

Families who receive Section 8 project-based rental assistance pay towards rent the highest of (a) 30% of counted income, (b) 10% of *gross* income, or (c) a minimum rent of up to \$50 monthly set by the PHA.<sup>156</sup> Exemptions to the minimum rent levels can be made for a variety of hardship circumstances. The federal government then pays the difference between contract rent and the rent paid by the tenant. The contract rent charged by the owner of Section 8 housing must be within limits established by a HUD survey of fair market rents (FMRs) for standard units in each metropolitan area or non-metropolitan county of the Nation. P.L. 98-181 revoked authority to contract for additional Section 8 project-based rental assistance units.

Families who receive Section 8 Housing Choice Vouchers pay towards rent an amount between 30% and 40% of their adjusted income. The federal government pays a Housing Assistance Payment (HAP) based on the difference between a predetermined maximum payment, called a payment standard, and 30% of the household’s income. A payment standard is calculated by the PHA as an amount between 90% and 110% of FMR, or the rent charged for the unit, whichever is less.

**Note:** For more information about Section 8 rental assistance, see CRS Report RL32284, *An Overview of the Section 8 Housing Programs*.

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<sup>153</sup> 24 CFR Part 5.611 (2005).

<sup>154</sup> 24 CFR Section 5.609(b)(3)(2005).

<sup>155</sup> 24 CFR Section 5.603 (2005).

<sup>156</sup> A fourth alternative applies to families who receive a cash welfare grant that includes a sum designated for housing costs. These dual program families must pay the welfare housing sum if it exceeds either of the other measures. Another exception applies to recipients of vouchers.

## 32. Low-Rent Public Housing

### Funding Formula

This program is funded 100% by the federal government. However, an indirect local contribution results from the difference between full local property taxes and payments in lieu of taxes that are made by local housing authorities. FY2004 federal outlays for public housing were \$7.5 billion.<sup>157</sup>

### Eligibility Requirements<sup>158</sup>

Public housing is publicly owned housing for low-income families that is managed by local, quasi-governmental, Public Housing Authorities (PHA). The federal government subsidizes the operating and capital costs of maintaining these buildings through regular subsidies, as well as competitive subsidies paid to PHAs. The competitive subsidies include the HOPE VI Revitalization of Distressed Public Housing Grants, which can be used to demolish and/or revitalize troubled public housing developments, and the Public Housing Drug Elimination Program (PHDEP)<sup>159</sup>, which can be used to promote safety in public housing. The public housing program was authorized by the U.S. Housing Act of 1937 (P.L. 93-383), as amended.

Households<sup>160</sup> are eligible to live in public housing if they are low-income, which is defined as having income at or below 80% of the local area median income, adjusted for family size. Although low-income families are eligible for public housing, since 1998, at least 40% of all public housing units must be occupied by extremely low-income families, defined as families with income at or below 30% of area median income.<sup>161</sup> However, PHAs are directed not to concentrate extremely poor families in public housing, rather to encourage an income mix.

In determining the annual countable income of a family, various deductions are made from gross income.<sup>162</sup> The chief ones are \$480 per dependent, \$400 for an elderly family, excess medical

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<sup>157</sup> Outlays consisted of capital grants (45% of the total), operating subsidies (46%), HOPE VI (8%), Public Housing Drug Elimination Program [PHDEP] and loans (both less than 1%).

<sup>158</sup> Regulations governing admission to, and occupancy of, public housing are found at 24 CFR Part 960 (2005). This program is No. 14,850 in the Catalog of Federal Domestic Assistance.

<sup>159</sup> PHDEP has not received any new appropriations since 2001, although outlays under earlier grants continue.

<sup>160</sup> Before 1990, the law defined eligible "families" to include single persons who were at least 62 years old and younger singles who were disabled, handicapped, displaced by governmental action, or the remaining member of a tenant family, and permitted no more than 30% of units under the jurisdiction of the housing agency to go to other singles. The National Affordable Housing Act (P.L. 101-625) added other single persons to the definition of family and removed their percentage limitation, but barred occupancy by these other (able-bodied younger) single persons of units with more than one bedroom.

<sup>161</sup> The Department of Housing and Urban Development (HUD) estimates that low income limits (80% of median family income) in FY2005 averaged \$37,520 in nonmetropolitan areas and \$48,960 in metropolitan areas. Extremely low income limits (30% of median family income) averaged \$14,070 in nonmetropolitan areas and \$18,360 in metropolitan areas. These amounts are averages for all family sizes.

<sup>162</sup> Some items are excluded from gross income by definition. They include children's earnings, certain lump-sum payments, student financial assistance, and amounts received under HUD training programs. See 24 CFR Section 5.609(c)(2005).

costs for an elderly family, and costs of child care and handicapped assistance.<sup>163</sup> For families with net family assets above \$5,000, federal regulations include as “income” (a) actual income from all net family assets, or (b) a percentage of their value, based on the current passbook savings rate.<sup>164</sup> Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.<sup>165</sup> Eligibility and rental charges are based on countable family income expected in the 12 months following admission or recertification. Income is recertified annually.

In order to maintain eligibility to live in public housing, certain residents are required to participate in an economic self-sufficiency program or contribute eight hours per month of community service. This requirement was established by the Quality Housing and Work Responsibility Act of 1998 (QHWRA) (P.L. 105-276). It was suspended during FY2002, but was reinstated as of August 1, 2003. Exempt from this rule are persons who are engaged in an educational program or work-related activity, have a disability that would prohibit them from complying with the requirement or are 62 years of age or older. Those who do not comply with the requirement could lose the right to renew their lease.

## **Benefit Levels**

Households who live in public housing pay towards rent the highest of (a) 30% of counted income, (b) 10% of *gross* income, or (c) a minimum rent of up to \$50 monthly set by the PHA.<sup>166</sup> Exemptions to the minimum rent levels can be made for a variety of hardship circumstances. Under P.L. 105-276, tenants are permitted to choose (annually) between paying either a flat rent or an income-based rent. This provision is intended to encourage families to seek employment and higher earnings. Also, if a family’s income does increase as a result of work, the increase is not to be used to determine the family’s portion of rental payment for one year. After one year, the rental increase is phased in.

The amount of subsidy paid by the federal government on behalf of the residents of public housing is based on the difference between the cost of operating and maintaining a public housing project and the amount collected in tenant rent.

FY2004 federal outlays for public housing (including capital grants, operating subsidies, PHDEP, HOPE VI, and the public housing loan fund),<sup>167</sup> averaged about \$6,298 per unit.<sup>168</sup>

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<sup>163</sup> 24 CFR § 5.611 (2005). In 1990, the National Affordable Housing Act (P.L. 101-625) increased the deductions from gross income for Section 8 housing and public housing, but made the changes subject to approval in an appropriations measure. Through FY2005, no appropriation bill had provided for the larger deductions, and old deductions still applied.

<sup>164</sup> 24 CFR §5.609(b)(3)(2005).

<sup>165</sup> 24 CFR §5.603 (2005).

<sup>166</sup> A fourth alternative applies to families who receive a cash welfare grant that includes a sum designated for housing costs. These dual program families must pay the welfare housing sum if it exceeds either of the other measures. Another exception applies to recipients of vouchers.

<sup>167</sup> Editions of this report prior to the 2003 edition excluded PHDEP (first outlays in 1992), HOPE VI (first outlays in 1994), and the loan fund from outlays for public housing. Loan fund outlays peaked in 1985 (accounting for 80% of total public housing outlays that year). Here are aggregate public housing outlay totals (in billions) from FY1977 through FY2002 (for years before 1994, the capital grants component of these totals represents an increase over figures shown in the 2001 edition of this report): FY1977, \$1.564; FY1978, \$1.779; FY1979, \$1.815; FY1980, \$2.218; (continued...)

**Note:** For more information on the HOPE VI component of public housing, see CRS Report RL32236, *HOPE VI Public Housing Revitalization Program: Background, Funding, and Issues*.

## 33. Rural Housing Loans (Section 502)

### Funding Formula

This program is funded 100% by the federal government. The following factors are used to allocate loan funds: states' shares of rural occupied substandard units, rural population, rural population in places of fewer than 2,500 persons, and low-income and very-low-income rural households. Federal obligations for direct and guaranteed loans totaled \$4.6 billion in FY2004.

### Eligibility Requirements<sup>169</sup>

The law permits loans for owners or potential owners of a farm, or owners of a home or nonfarm tract in a rural area, who are without decent, safe, and sanitary housing and unable to obtain credit elsewhere on reasonable terms. Both very-low- and low-income families are eligible for Section 502 loans and interest credits.<sup>170</sup> The 1983 Housing and Urban-Rural Recovery Act (Titles I through V of P.L. 99-181) requires that at least 40% of units nationwide and 30% of the units in each state financed under this program be occupied by very-low-income families or persons.

The law defines low-income and very low-income families as those whose incomes do not exceed limits established for these families in public housing and Section 8 housing (adjusted for family size, these limits are 80% and 50% of the area median, respectively).<sup>171</sup>

The Housing and Community Development Act of 1987 (P.L. 100-242)<sup>172</sup> directed the Farmers Home Administration (FmHA), since replaced by the Rural Housing Service (RHS),<sup>173</sup> to carry

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(...continued)

FY1981, \$2.478; FY1982, \$2.553; FY1983, \$3.318; FY1984, \$3.932; FY1985, \$17,261; FY1986, \$3,859; FY1987, \$3.517; FY1988, \$3.699; FY1989, \$3.774; FY1990, \$4.331; FY1991, \$4,786; FY1992, \$5,182; FY1993, \$6,447; FY1994, \$6,857; FY1995, \$7.505; FY1996, \$7.668; FY1997, \$7.809; FY1998, \$7.575; FY1999, \$7.208; FY2000, \$7.217; FY2001, \$7.504; and FY2002, \$8.213. In this year's report, as well as in the 2003 edition, these totals are used in historical tables.

<sup>168</sup> This estimate was obtained by dividing FY2004 total outlays for public housing (\$7.488 billion) by the number of public housing units under management in FY2004 (1,188,649).

<sup>169</sup> Section 502 rural housing loan regulations are found at 7 CFR Part 3550 Subpart B and 7 CFR Part 1980 Subpart D, (2005). This program is No. 10.410 in the Catalog of Federal Domestic Assistance.

<sup>170</sup> P.L. 96-399, the Housing and Community Development Act of 1980, required that credits be made available to moderate-income borrowers, but P.L. 97-35 made this a discretionary provision, and the Secretary of Agriculture in December 1981 determined that such credits were not needed.

<sup>171</sup> In FY2005, the low income limits for a family of four in nonmetropolitan areas ranged from \$29,200 (parts of Mississippi) to \$58,000 (a Connecticut county); the corresponding very low income limits ranged from \$18,250 to \$39,100.

<sup>172</sup> Section 304.

<sup>173</sup> The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

out a three-year demonstration program under which moderate-income borrowers (with income at or below the area median) might obtain guaranteed loans under Section 502 for the purchase of single-family homes. The program was made permanent by the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625). The Housing and Community Development Act of 1992 permits guaranteed loans to borrowers whose income does not exceed 115% of the area median.

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

The 1983 Act required FmHA to define adjusted annual income in accordance with criteria used by the Department of Housing and Urban Development (HUD) for Section 8 housing and public housing. Accordingly, the chief deductions from countable income are \$480 per year per dependent, \$400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance.<sup>174</sup> RHS regulations exclude some items by definition.<sup>175</sup> They also require that income from net family assets be counted in calculating income for eligibility and loan repayment purposes and define net family assets to include the equity value of real property other than the dwelling or site, savings, stocks, bonds, and other forms of investment. Items not counted as assets include necessary items of personal property, assets that are part of the business, trade, or farming operations, or irrevocable trust funds.<sup>176</sup>

## **Benefit Levels**

Residents of rural areas may qualify for direct loans from RHS to purchase or repair homes. The homes must be “modest” in size, design, and cost. Section 502 direct loans generally have a term of 33 years, but the term may be extended to 38 years for borrowers with incomes below 60% of the area median. Depending on the borrower’s income, the interest rate may be subsidized to as low as 1%. In a given fiscal year, at least 40% of the funding must be made available to very-low-income borrowers (those with income of 50% or less of the area median).

In FY2004, direct loans from RHS totaled \$1.4 billion and provided housing for 15,245 low-income families. Private lenders made about \$3.2 billion in guaranteed loans to 34,817 low- to moderate-income families.

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<sup>174</sup> 24 CFR§5.611 (2005).

<sup>175</sup> Items excluded from “income” by definition include irregular gifts, amounts that reimburse medical expenses, lump-sum additions to family assets, full amount of any student aid, earned income tax credits, other tax refunds, earnings of children, and payments received for the care of foster children. 7 CFR Part 3550.54(b) (2005).

<sup>176</sup> 7 CFR §3550.54(d) (2005).



## **34. Home Investment Partnerships Program (HOME)**

### **Funding Formula**

Home Investment Partnerships Program (HOME) funds are allocated 40% to states and 60% to units of general local government. Grant recipients, called Participating Jurisdictions (PJs), are awarded funds based on a formula that is designed to measure relative housing need and that includes poverty-related measures. PJs must contribute a 25% match,<sup>177</sup> unless they are found to be in fiscal distress, in which case the match requirement is reduced or eliminated. The HOME program was established in 1990 by the Cranston-Gonzalez National Affordable Housing Act (P.L. 101-625). In FY2004, federal outlays for the HOME program totaled \$1.6 billion, which were used by state and local governments to leverage an additional \$4.2 billion in other public and private funding.

### **Eligibility Requirements<sup>178</sup>**

To be eligible for HOME-funded assistance, families or individuals must meet an income test. For rental housing and tenant-based rental assistance, at least 90% of recipient families must have annual incomes that do not exceed 60% of the median family income for the area (adjusted for family size);<sup>179</sup> the remaining 10% of families may have incomes up to 80% of the area median. For home buyers, the income limit is 80% of the area median.

One of three definitions of annual (gross) income may be adopted by HOME grantees: the definition used in the Section 8 program, the federal income tax definition of adjusted gross income, or income as reported on the long form of the most recent decennial census.<sup>180</sup>

### **Benefit Levels**

The goal of HOME is to increase the supply of affordable housing, especially rental housing, for very low-income and low-income Americans. The maximum rental subsidy payable under HOME is the difference between the rent standard established for the unit and 30% of the family's monthly adjusted income, as defined for the Section 8 and public housing programs.

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<sup>177</sup> As originally authorized by the National Affordable Housing Act of 1990, the program had a three-tiered matching fund provision requiring state and local governments to provide matches of 50% for new construction, 33% for substantial rehabilitation, and 25% for moderate rehabilitation and tenant-based assistance. The Housing and Community Development Act of 1992 reduced the match rate for new construction to 30%. The Multi-family Housing Property Disposition Act of 1994 changed the treatment of new construction by reducing its match rate to 25%, like that for other eligible activities.

<sup>178</sup> HOME regulations are found in 24 CFR Part 92 (2005). This program is No. 14.239 in the Catalog of Federal Domestic Assistance.

<sup>179</sup> For FY2005, this income limit (60% of median family income) averaged \$28,140 in nonmetropolitan areas and \$36,720 in metropolitan areas, according to the Department of Housing and Urban Development (HUD). These amounts are averages for all family sizes.

<sup>180</sup> 24 CFR § 92.203(b)(2005).



Rents paid by most of the extremely low-income families generally exceed 30% of income unless they receive additional tenant-based rental assistance.

Over the course of the program, as of September 30, 2004, about \$8.5 billion in HOME funds and \$26.8 billion in other leveraged public and private funds had assisted in the completion of 552,262 housing units and provided tenant-based assistance to 110,534 families. In the projects completed through the end of FY2004, 97% of the tenants receiving rental assistance, 82% of the tenants in assisted rental housing, 69% of the residents of repaired homes, and 30% of the assisted home buyers had incomes of 50% or less of the area median income.

## **35. Housing For The Elderly and Persons With Disabilities**

**Note:** These programs were inadvertently omitted from editions of this report prior to the 2003 edition. Program outlays for FY1996 through FY2002<sup>181</sup> were added to historical tables beginning with the 2003 edition.

### **Funding Formula**

Both programs are funded 100% by the federal government. Combined outlays for the two programs were \$1.098 billion in FY2004.

### **Eligibility Requirements<sup>182</sup>**

Section 202 Supportive Housing for the Elderly and Section 811 Supportive Housing for Persons with Disabilities both provide capital advances to finance the construction, rehabilitation, or acquisition of structures that will serve as supportive housing for low-income elderly and/or disabled households.<sup>183</sup> The capital advance is interest-free and can be forgiven as long as the property remains available for very low-income elderly or disabled households for at least 40 years. The capital advances are paired with rental assistance similar to Section 8 project-based rental assistance. Each year since 1997, Congress has allocated up to 25% of Section 811 funds to provide Section 8 Housing Choice Vouchers to persons with disabilities to allow them to search for units in the private market.

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<sup>181</sup> FY1996, \$720 million; FY1997, \$820 million; FY1998, \$824 million; FY1999, \$761 million; FY1999, \$761 million; FY2000, \$720 million; FY2001, \$774 million; and FY2002, \$895 million.

<sup>182</sup> Eligibility rules for Section 202 and Section 811 are found at 24 CFR Parts 891.100-891.865 (2005). Section 202 is program No. 14.157 and Section 811 is program No. 14.181 in the Catalog of Federal Domestic Assistance.

<sup>183</sup> The Section 202 program was established under the U.S. Housing Act of 1959 (P.L. 86-372) to serve both the elderly and disabled. It is codified at 12 U.S.C. 1701q (2000). The program has been changed significantly from its original structure. The National Affordable Housing Act of 1990 (P.L. 101-625) created the separate Section 811 Supportive Housing for the Disabled program and changed the Section 202 program into a program specifically for the elderly. The Section 811 program is codified at 42 U.S.C. 8013 (2000).

Both programs<sup>184</sup> restrict eligibility to households with income at or below 50% of the local area median income, adjusted for family size.<sup>185</sup> In determining the annual countable income of a family, various deductions are made from gross income.<sup>186</sup> The chief ones are \$480 per dependent, \$400 for an elderly or disabled family, excess medical costs for an elderly or disabled family, costs of child care, and costs of care for disabled family members.<sup>187</sup> For families with net family assets above \$5,000, federal regulations include in “income” used to decide eligibility and required rent the greater of (a) actual income from all net family assets, or (b) a percentage of their value, based on the current passbook savings rate.<sup>188</sup> Net family assets are defined as net cash value (after costs of disposal) of real property, savings, stocks, bonds, and other forms of investment. Not included are such “necessary items” as furniture and automobiles.<sup>189</sup>

As in most HUD housing assistance programs, residents of Section 202 and Section 811 properties must recertify their incomes annually. Eligibility and rental charges are based on countable family income expected in the 12 months following the date of determination.

In addition to income requirements, Section 202 and Section 811 are restricted to households who are elderly or disabled. In order to live in a Section 202 property, a household must have at least one member who is at least age 62 at the time of initial occupancy. In order to live in a Section 811 property, a household must have at least one member who has a disability, such as a physical or developmental disability, or a chronic mental illness.

## **Benefit Levels**

Households who live in a Section 202 or Section 811 property pay towards rent the higher of (a) 30% of counted income or (b) 10% of *gross* income.<sup>190</sup> The benefit level paid by the federal government to the landlord is equal to the difference between the contract rent for the unit and the amount of rent paid by the tenant. The contract rent must be within limits established by a HUD survey of fair market rents for standard units in each metropolitan area or non-metropolitan area of the Nation.

In FY2004, HUD is estimated to have spent approximately \$823 million for the Section 202 program and \$275 million for the Section 811 program.<sup>191</sup> In 2004, these programs supported 75,227 Section 202 units and 21,646 Section 811 units.

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<sup>184</sup> Some older Section 202 projects permit eligibility for households with no more than 80% of the area median income.

<sup>185</sup> In FY2005, this limit (50% of area median income) averaged \$23,450 in nonmetropolitan areas and \$30,600 in metropolitan areas, according to the Department of Housing and Urban Development (HUD). These amounts are averages for all family sizes.

<sup>186</sup> Some items are excluded from gross income by definition. They include children’s earnings, certain lump-sum payments, student financial assistance, and payments received for foster care. 24 CFR Part 5.609(c) (2005).

<sup>187</sup> 24 CFR Part 5.611 (2005). In 1990, the National Affordable Housing Act (P.L. 101-625) increased the deductions from gross income but made the changes subject to approval in an appropriations measure. Through August 2005, no appropriations bill had provided for the larger deductions, and old deductions still applied.

<sup>188</sup> 24 CFR Part 5.609(b)(3) (2005).

<sup>189</sup> 24 CFR Part 5.603 (2005).

<sup>190</sup> A third alternative applies to families who receive a cash welfare grant that includes a sum designated for housing costs. These dual-program families must pay the welfare housing sum if it exceeds either of the other two measures.

<sup>191</sup> Actual outlays for FY2004 are not yet available. These estimates are arrived at by multiplying total HUD outlays of (continued...)

## **36. Rural Rental Assistance Payments (Section 521)**

### **Funding Formula**

This program is funded 100% by the federal government. The following factors are used to allocate funds: state shares of rural population, rural housing units that are overcrowded and/or lack plumbing, and the incidence of poor persons living in rural areas. Federal obligations for this program totaled \$580.6 million in FY2004.

### **Eligibility Requirements<sup>192</sup>**

Since 1974 the Farmers Home Administration (FmHA) and its successor, the Rural Housing Service (RHS)<sup>193</sup> have been authorized to make rental assistance payments to owners of RHS-financed rural rental housing (Section 515) and farm labor housing (Sections 514 and 516) to enable them to reduce rents charged to eligible tenants. Eligible tenants must have adjusted family income that does not exceed the low-income limit established for the area by the Department of Housing and Urban Development (HUD)—80% of the area median, adjusted for family size. However, most assistance is targeted to tenants with very low income (50% of the area median, adjusted for family size.)<sup>194</sup> Owners must agree to operate the property on a limited profit or nonprofit basis. The term of the rental assistance agreement is 20 years for new construction projects and five years for existing projects. Agreements may be renewed for up to five years. An eligible owner who does not participate in the program may be petitioned to participate by 20% or more of the tenants eligible for rental assistance.

### **Benefit Levels**

The rental assistance payments, which are made directly to the housing owners, make up the difference between the tenants' payments and the RHS-approved rent for the units. Originally, tenants in the program paid no more than 25% of their income in rent.<sup>195</sup> Amendments in the 1983 Housing Act provide that rent payments of eligible families are to equal the highest of (1) 30% of monthly adjusted family income, (2) 10% of monthly income, or (3) for welfare recipients, the portion of a family's welfare payment, if any, that is designated for housing costs.<sup>196</sup>

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(...continued)

\$1.098 billion for the two programs by the percentages of the total spent on Section 811 and Section 202 programs in previous years.

<sup>192</sup> Rules governing the program are found at 7 CFR Part 1930, Subpart C, Exhibit E (2005). This program is No. 10.427 in the Catalog of Federal Domestic Assistance.

<sup>193</sup> The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) replaced the Farmers Home Administration (FmHA) with the Rural Housing Service (RHS).

<sup>194</sup> In FY2005, the low income limits for a family of four in nonmetropolitan areas ranged from \$29,200 (parts of Mississippi) to \$58,000 (a Connecticut county); the corresponding very low income limits ranged from \$18,250 to \$39,100.

<sup>195</sup> Authorized by Section 514 of P.L. 93-383.

<sup>196</sup> Section 517(c) of P.L. 98-181.

In FY2004, this program provided assistance to about 48,056 families in rental assistance renewal contracts and aid for newly constructed units.

## **37. Section 236 Interest Reduction Payments**

### **Funding Formula**

This program is funded 100% by the federal government. Outlays in FY2004 totaled \$559 million.

### **Eligibility Requirements<sup>197</sup>**

Authorized by the Housing and Community Development Act of 1974 (P.L. 93-383), the Section 236 Interest Reduction Payments (IRP) program provides mortgage subsidies to owners of multifamily properties who agree to keep the property available to low-income families for a specified number of years. Section 236 subsidized units often also receive some form of rent subsidy, such as Section 8 rental assistance.

Households are eligible to live in Section 236 properties as long as their incomes are not in excess of 80% of the area median income. The program is open to families and to single persons without regard to age, except in units also subsidized by Section 8, where Section 8 regulations apply.

Until December 2, 1979, the law excluded from “income” for the purposes of determining eligibility and subsidy levels 5% of gross income, all earnings of minor children living at home, plus \$300 for each child. For tenants admitted after December 21, 1979, P.L. 96-153 provided that income should be defined in accordance with procedures and deductions permissible under the Section 8 program. That program excludes some items (including earnings of children, lump-sum payments, and payments for foster care) from “income” by definition. It also deducts some items from income. The chief ones are \$480 per dependent, \$400 for an elderly family, excess medical costs for an elderly family, and costs of child care and handicapped assistance.<sup>198</sup> Income recertification is required annually. Eligibility and subsidy amounts are based on anticipated income in the year ahead, but a shorter accounting period is permitted by regulations.

### **Benefit Levels**

A basic monthly rental charge is established for each unit on the basis of the costs of operating the project with the debt service requirements of a mortgage bearing a 1% interest rate. The Department of Housing and Urban Development (HUD) makes payments to a mortgagee to reduce the effective interest rate of the project to 1%. A fair market rental charge is established for each unit based on costs of operation with the debt service requirements of a mortgage at the full market rate. The law provides that the tenant family shall pay the basic rent or an amount equal to

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<sup>197</sup> Regulations governing Section 236 interest reduction payments are found at 24 CFR Part 236 (2005). Because no new mortgages are being issued under this program, it is no longer included in the Catalog of Federal Domestic Assistance. Its catalog number was 14.103.

<sup>198</sup> 24 CFR 5.611 (2005).

30% of “adjusted gross income,”<sup>199</sup> (countable housing income, as defined above), whichever is greater, but not more than the market rent. However, 20% of tenants who cannot afford the basic rent are to be provided additional help to lower their rental payment to 30% of income.<sup>200</sup> Further, elderly and handicapped families paying more than 50% of their income for rent can receive Section 8 assistance.<sup>201</sup>

In FY2004, benefits averaged \$1,612 per dwelling unit, \$134 monthly. These subsidies were paid on behalf on families in 346,802 units.<sup>202</sup>

## **38. Housing Opportunities for People with AIDS Program (HOPWA)**

### **Funding Formula**

This program is 100% federally funded.<sup>203</sup> Ninety percent of appropriated funds are distributed by formula<sup>204</sup> and 10% by competitive awards. Three-fourths of formula grants are made to eligible cities (those metropolitan statistical areas with a population of more than 500,000 and more than 1,500 AIDS cases) and to eligible states (those with more than 1,500 AIDS cases in areas outside of MSAs eligible for HOPWA grants through a city). Remaining formula funds are allocated among eligible cities that had a higher-than-average per capita incidence of AIDS during the year previous to the appropriation year.<sup>205</sup> The minimum formula grant is \$200,000. The number of jurisdictions that qualify for a formula allocation has been growing, from 97 in 1999 to 122 in 2005. Competitive awards are made for projects proposed by states and local governments for areas not included in formula allocations. Competitive grants are also available for projects of national significance proposed by nonprofit entities. HOPWA outlays for FY2004 were \$254 million.

### **Eligibility Requirements**

The AIDS Housing Opportunity Act (enacted as part of P.L. 101-625) makes eligible low-income persons with AIDS or related diseases, including HIV infection, and their families. The law

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<sup>199</sup> Percentage of adjusted gross income was raised from 25% to 30% by P.L. 97-35, enacted in 1981. For then current tenants this increase was phased in and completed by Sept. 30, 1985.

<sup>200</sup> Before passage of P.L. 93-383, up to 40% were eligible for rent supplements, but only 10-20% received them.

<sup>201</sup> Provision was added by P.L. 96-399.

<sup>202</sup> The number of subsidized units is from FY2006 HUD budget documents; the average per unit subsidy was derived by dividing the outlays in FY2004 by the number of units supported in FY2004.

<sup>203</sup> The HOPWA program appears in the Catalog of Federal Domestic Assistance at 14.241. It is found at 24 CFR Parts 574.3-574.655 (2005). It is codified at 42 U.S.C. 12901-12912 (2000).

<sup>204</sup> HOPWA formula funds are available through HUD’s Consolidated Plan Initiative. Jurisdictions applying for funds from four HUD formula grant programs (Community Development Block Grant program, the Emergency Shelter Grant program, the HOME Investment Partnerships program, and HOPWA), submit a single document. A consolidated plan includes an assessment of community needs and a proposal that addresses those needs, using both federal funds and community resources.

<sup>205</sup> 24 CFR Part 574.130 (2005).

defines low-income to mean a person or family whose income does not exceed 80% of the local area median income.<sup>206</sup> However, the law authorizes the Secretary of Housing and Urban Development (HUD) to alter the income ceiling for family size in an area if this is found necessary because of prevailing levels of construction costs or unusually high or low family incomes. The program offers information about housing to all persons with AIDS regardless of income.

According to a 2000 survey of providers, more than half of households served by HOPWA have extremely low incomes, below 30% of the area median.<sup>207</sup>

## **Benefit Levels**

HOPWA funds may be used for numerous benefits and services, including housing information services; acquisition, rehabilitation, conversion, lease, and repair of facilities to provide housing and services; new construction (for single room occupancy (SRO) dwellings and community residences only); project- or tenant-based rental assistance, including assistance for shared housing arrangements; short-term rent, mortgage, and utility payments to prevent homelessness; supportive services such as health and mental health services, drug and alcohol abuse treatment and counseling, day care, nutritional services, intensive care when required, aid in gaining access to other public benefits; operating costs; and technical assistance in establishing and operating a community residence.<sup>208</sup>

HUD data show that in FY2004, 78,000 households received housing assistance through HOPWA. HUD has projected that in FY2005, 74,250 households will receive assistance through HOPWA.

**Note:** For more details about HOPWA, see CRS Report RL34318, *Housing Opportunities for Persons with AIDS (HOPWA)*, by Libby Perl.

## **39. Rural Rental Housing Loans (Section 515)**

### **Funding Formula**

This program is funded 100% by the federal government. The state shares of the following factors are used to allocate funds: rural population, rural housing units that are overcrowded and/or lack plumbing, and poor persons living in rural areas.<sup>209</sup> Federal obligations for this program totaled \$114.5 million in FY2004.

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<sup>206</sup> 24 CFR Part 574.310(c)(2)(ii) (2005). The Department of Housing and Urban Development (HUD) estimates that 80% of median family income in FY2005 averaged \$37,520 in non-metropolitan areas and \$48,960 in metropolitan areas. These amounts are averages for all family sizes.

<sup>207</sup> *National Evaluation of the Housing Opportunities for Persons with AIDS Program (HOPWA)*, prepared by ICF Consulting for the U.S. Department of Housing and Urban Development, Dec. 2000, p. IV-2.

<sup>208</sup> 24 CFR Part 574.300(b) (2005).

<sup>209</sup> 7 CFR §1940.575 (2005).



## **Eligibility Requirements<sup>210</sup>**

The law permits loans for rural rental and cooperative housing units to be occupied by families with “very low” or “moderate” income, or by handicapped or disabled persons or those aged at least 62. The law requires that at least 40% of Section 515 units nationwide and 30% of units in each state be occupied by “very-low-income” families or persons. Moreover, the Housing and Community Development Act of 1987 restricts occupancy of Section 515 housing units, if constructed with help of low-income housing tax credits, to families whose incomes are within the limits established for the tax credits.<sup>211</sup> However, this restriction does not apply if the Rural Housing Service (RHS)<sup>212</sup> finds that units have been vacant for at least six months and that their continued vacancy threatens the project’s financial viability.

The law<sup>213</sup> defines “low-income” and “very-low-income” families as those whose incomes do not exceed limits established by the Department of Housing and Urban Development (HUD) for such families in public housing and Section 8 housing (that is, up to 80% or 50% of area median income, respectively, adjusted for family size).<sup>214</sup> Federal regulations issued October 1, 1985, provide that the moderate-income limits are \$5,500 above the low-income ceilings (unless the moderate income limit in use before October 1, 1985, was higher, in which case it is continued).

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

## **Benefit Levels**

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

In FY2004, Section 515 loans financed housing for about 7,639 families.

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<sup>210</sup> Regulations are found at 7 CFR Part 1930 Subpart C (2005) and 7 CFR Part 1944, Subpart E (2005). This program is No. 10.415 in the Catalog of Federal Domestic Assistance.

<sup>211</sup> Section 306 of P.L. 100-242.

<sup>212</sup> The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) replaced the Farmers Home Administration (FmHA) with the Rural Housing Service (RHS).

<sup>213</sup> The Rural Housing Amendments of 1985 (Title V of P.L. 98-181).

<sup>214</sup> In FY2005, the low income limits for a family of four in nonmetropolitan areas ranged from \$29,200 (parts of Mississippi) to \$58,000 (a Connecticut county); the corresponding very low income limits ranged from \$18,250 to \$39,100.



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

### **Funding Formula**

This program is funded 100% by the federal government. Two factors are used to allocate loan funds: state shares of rural occupied units and very-low income rural households. For grants, a third factor is added: rural population aged at least 62. Federal obligations for this program totaled \$63.7 million in FY2004.

### **Eligibility Requirements<sup>215</sup>**

The law permits repair loans at a very low interest rate for “very low-income” owners of a farm or rural home who cannot obtain credit on reasonable terms elsewhere. The program uses the very low income limits established by the Department of Housing and Urban Development (HUD) for the area.<sup>216</sup> Income of borrowers must be insufficient to qualify for a Section 502 loan, but adequate, including any “welfare-type” payments, to repay a Section 504 loan, as determined by the Rural Housing Service (RHS). The law<sup>217</sup> provides that farm housing programs are to use the income definition of the Section 8 (and public housing) programs (see program No. 31). Grants are made to elderly homeowners at least age 62<sup>218</sup> whose annual income prevents any loan repayment.

### **Benefit Levels**

Loans are limited to \$20,000 and have a 20-year term at a 1% interest rate.<sup>219</sup> Owners who are at least age 62 may qualify for grants of up to \$7,500. Depending on repair costs and the homeowner’s income, the owner may be eligible for a grant for the full cost of repairs or for some combination of a loan and a grant, not to exceed \$20,000. In FY2004, \$33 million in loans repaired 5,594 homes. A total of \$30.7 million in grants was used for the repair of 5,988 homes owned by the elderly.

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<sup>215</sup> Regulations governing rural housing repair loans and grants are found at 7 CFR Part 3550, Subpart C (2005). This program is No. 10.417 in the Catalog of Federal Domestic Assistance.

<sup>216</sup> In FY2005, the extremely low income limits (30% of area median) for a family of four in nonmetropolitan areas ranged from \$10,950 (parts of Mississippi) to \$23,450 (a CT county).

<sup>217</sup> The Rural Housing Amendments of 1983 (Title V of P.L. 98-181).

<sup>218</sup> Appropriation language restricts Section 504 grants to those aged at least 62.

<sup>219</sup> More costly repairs may be financed through the Section 502 program.

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

### Funding Formula

This program is fully funded by the federal government. The funds for the programs are not allocated to the states. The funds are kept in reserve at the RHS national office and are available as determined administratively. Federal obligations for these loans and grants totaled \$53.7 million in FY2004.

### Eligibility Requirements<sup>220</sup>

Individual farm owners, associations of farmers, local broad-based nonprofit organizations, federally recognized Indian tribes, and agencies or political subdivisions of local or state governments may be eligible for loans at a very low interest rate from the Rural Housing Service (RHS),<sup>221</sup> successor to the Farmers Home Administration (FmHA), to provide low-rent housing and related facilities for domestic farm labor. Applicants must show that the farming operations have a demonstrated need for farm labor housing, must agree to operate the property on a nonprofit basis, and must be unable to obtain credit on terms that would enable them to provide housing to farm workers at rental rates that would be affordable to the workers. Except for state and local public agencies or political subdivisions, applicants must be unable to provide the housing from their own resources and unable to obtain the credit from other sources on terms and conditions that they could reasonably be expected to fulfill. The RHS state director may make exceptions to the “credit elsewhere” test when (1) there is a need in the area for housing for *migrant* farm workers and the applicant will provide such housing, and (2) there is no state or local body or nonprofit organization that, within a reasonable period of time, is willing and able to provide the housing.

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

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

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

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<sup>220</sup> Regulations governing these loans and grants are found at 7 CFR Part 1944, Subpart D (2005). This program is No. 10.405 in the Catalog of Federal Domestic Assistance.

<sup>221</sup> The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

from the production or handling of agricultural or aquacultural products.<sup>222</sup> They must be U.S. citizens or legally admitted for permanent residence in the United States. The term includes retired or disabled persons who were domestic farm labor at the time of retiring or becoming disabled. In selecting occupants for vacant farm labor housing, RHS is directed to use the following order of priority: (1) active farm laborers, (2) retired or disabled farm laborers who were active at the time of retiring or becoming disabled, and (3) other retired or disabled farm laborers.

## **Benefit Levels**

Farm labor housing loans and grants to qualified applicants may be used to buy, build, or improve housing and related facilities for farm workers and to purchase and improve the land upon which the housing will be located. The funds may be used to install streets, water supply and waste disposal systems, parking areas, and driveways, as well as to buy and install appliances such as ranges, refrigerators, washing machines, and dryers. Related facilities may include the maintenance workshop, recreation center, small infirmary, laundry room, day care center, and office and living quarters for the resident manager.

Section 514 loans are available at 1% interest for up to 33 years. Section 516 grants may not exceed the lesser of (1) 90% of the total development cost of the project, or (2) the difference between the development costs and the sum of (a) the amount available from the applicant's own resources and (b) the maximum loan the applicant can repay given the maximum rent that is affordable to the target tenants.

In FY2004, \$36 million in loans and \$17.7 million in grants financed the development of 2,642 housing units for farm workers and their families.

## **42. Section 101 Rent Supplements**

### **Funding Formula**

This program is funded 100% by the federal government. Outlays totaled \$56 million in FY2004. No new rent supplement contracts have been entered into since 1973, although spending in the program continues to support existing contracts.

### **Eligibility Requirements<sup>223</sup>**

Section 101 of the Housing and Urban Development Act of 1965 (P.L. 89-117), as amended, authorized the Department of Housing and Urban Development (HUD) to pay rent supplements on behalf of low income tenants who lived in privately-owned housing or housing developed under HUD's Section 236 program. New families enter the program by moving into assisted units

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<sup>222</sup> Section 305 of P.L. 100-242, enacted Feb. 5, 1988.

<sup>223</sup> Existing rent supplements are governed by 24 CFR Part 215 (1995), as in effect immediately before May 1, 1996. Part 215 has been removed because no new rent supplement contracts are authorized under this program. Section 101 is No. 14.149 in the Catalog of Federal Domestic Assistance.

when they become available. Income eligibility for new recipients of rent supplements is limited to low-income families, defined as families whose incomes are 80% or less of the area median income, adjusted for family size.<sup>224</sup> Included in the definition of income are earnings from total assets greater than \$5,000. Income recertification is required annually.

Before 1979, families were eligible if they were aged 62 or over or handicapped, displaced by governmental action or natural disaster, occupants of substandard housing, or military personnel serving on active duty or their spouses.

## **Benefit Levels**

The rent supplements paid by HUD under this program are set as the difference between 30% of a tenant's adjusted gross income (as defined above) or 30% of the market rent, whichever is higher, minus a basic rent. The basic rent is established by HUD and is designed to cover the total housing costs for each unit. In FY2004, 17,290 units received subsidies, which averaged about \$3,237<sup>225</sup> per unit.

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

### **Funding Formula**

These programs are funded 100% by the federal government. The funds for the programs are not allocated to the states. The funds are kept in reserve at the Rural Housing Service (RHS) national office and are available as determined administratively. Federal obligations for these grants and loans totaled \$40.9 million in FY2004.

### **Eligibility Requirements<sup>226</sup>**

States, political subdivisions, public nonprofit corporations (including Indian tribes and tribal corporations), and private nonprofit corporations<sup>227</sup> may receive Technical Assistance (TA) grants from RHS, successor to the Farmers Home Administration (FmHA).<sup>228</sup> The TA grants are used to

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<sup>224</sup> The Department of Housing and Urban Development (HUD) estimates that low income limits (80% of median family income) in FY2005 averaged \$37,520 in nonmetropolitan areas and \$48,960 in metropolitan areas.

<sup>225</sup> The number of subsidized units is from FY2006 HUD budget documents; the average per unit subsidy was derived by dividing the outlays in FY2004 by the number of units supported in FY2004.

<sup>226</sup> Regulations governing Section 523 Technical Assistance grants are found at 7 CFR Part 1944, Subpart I (2005). Regulations governing Section 523 and 524 site loans are at 7 CFR Part 1822, Subpart G (2005). In the Catalog of Federal Domestic Assistance, technical assistance grants and site loans are programs No. 10.420 and No. 10.411, respectively.

<sup>227</sup> Private nonprofit corporations must be legally precluded from distributing gains and profits to their members.

<sup>228</sup> The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly (continued...)

pay all or part of the cost of developing, administering, and coordinating programs of technical and supervisory assistance to families that are building their homes by the mutual self-help method. This is the method whereby families, organized in groups of six or ten families, use their own labor to reduce construction costs. Each family is expected to contribute labor on group members' houses to accomplish 65% of the tasks specified by RHS.<sup>229</sup>

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

The program is limited to very-low-income and low-income rural families, defined as those with income below 50% and 80% of the area median, respectively, adjusted for family size.<sup>230</sup>

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

Sites financed through Section 523 may be sold only to families who are building homes by the mutual self-help method. Section 524 site loans place no restrictions on construction methods. Houses built on either kind of subsidized site usually are financed through the Section 502 rural housing loan program (see program No. 33).

## **Benefit Levels**

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

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

Section 523 site loans are made at an interest rate of 3%, but the rate on Section 524 site loans is the Treasury cost of funds. The loans may be used to buy and develop sites. Funds may be used to construct access roads and utility lines, provide water and waste disposal facilities if such facilities cannot reasonably be provided on a community basis with other financing, and to

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(...continued)

administered by FmHA are now administered by RHS.

<sup>229</sup> 7 CFR §1944.403(k) (2005).

<sup>230</sup> In FY2005, the low income limits for a family of four in nonmetropolitan areas ranged from \$29,200 (parts of Mississippi) to \$58,000 (a Connecticut county); the corresponding very low income limits ranged from \$18,250 to \$39,100.

provide landscaping, sidewalks, parking areas, and driveways. Common areas such as playgrounds and “tot lots” may be funded if they are legally required as a condition of subdivision approval.

In FY2004, organizations received \$35.3 million in mutual and self-help housing grants, \$2.4 million in self-help site development loans, and \$3.2 million in Sec. 524 site development loans. The count of families receiving assistance is reported under the Section 502 program.

## **44. Indian Housing Improvement Grants**

### **Funding Formula**

This program is funded 100% by the federal government. Federal obligations for this program totaled \$19.4 million in FY2004.

### **Eligibility Requirements<sup>231</sup>**

Applicants must meet the following requirements: (1) they must be members of a federally recognized American Indian Tribe or Alaska Native Village (2) they must live in an approved tribal service area, (3) their annual income may not exceed 125% of the poverty income guidelines of the Department of Health and Human Services,<sup>232</sup> (4) their present housing must be substandard, (5) they must meet the ownership requirements for the assistance needed, (6) they must have no other resource for housing assistance, (7) they have not received assistance after October 1, 1986, for repairs and renovation, replacement of housing, or down payment assistance, and (8) they did not acquire their present housing through participation in a federal housing program that includes the assistance referred to in item seven. Priority is given to families on the basis of four factors: annual household income as a percent of the federal poverty income guidelines, the age of elderly occupants, whether the property is occupied by disabled individuals and the percent of the disability, and the number of unmarried dependent children.

### **Benefit Levels**

The Housing Improvement Program (HIP) is operated by the Bureau of Indian Affairs (BIA) of the Department of the Interior. In general, the program is administered through a servicing housing office operated by a tribe or by the BIA.

HIP grants are made in one of three categories. Category A grants are used to make interim repairs to properties that are to be made safe, more sanitary, and livable until standard housing is available. The condition of the housing must be such that it is not cost effective to renovate the property. These grants are limited to \$2,500 per housing unit.

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<sup>231</sup> Regulations governing this program are found at 25 CFR Part 256 (2005). This program is No. 15.141 in the Catalog of Federal Domestic Assistance.

<sup>232</sup> For a family of four, this sum in calendar year 2005 was \$24,188 in the 48 contiguous states, \$27,825 in Hawaii and \$30,238 in Alaska.



Category B grants are made to qualified applicants who occupy housing that can economically be placed in standard condition. Grants are limited to \$35,000 for any one dwelling and the grants may be made to homeowners or renters. Occupants of rental housing must have an undivided leasehold (the applicants are the only lessees) and the leasehold must last at least 25 years from the date that assistance is received. All applicants must sign a written agreement stating that the grant will be voided if the house is sold within five years of completion of repairs, and that the applicants will repay BIA the full cost of repairs that were made.

Category C grants are made to applicants who (1) own or lease homes which can not be brought to applicable building code standards for \$35,000 or less, or (2) who own or lease land that is suitable for housing and the land has adequate ingress and egress rights. The grants are used to provide modest replacement housing. Applicants who lease houses or land must have an undivided leasehold and the leasehold must last at least 25 years from the date that assistance is received. If the home is sold within 10 years, the full amount of the grant must be repaid. For each year after the 10<sup>th</sup> year, the grantee may retain 10% of the original grant amount and refund the remainder if the home is sold. If the home is sold after 20 years, the grant does not have to be repaid.

In FY2004, HIP grants assisted 430 families by providing for the renovation of 150 homes, and the construction of 280 homes.

## **45. Section 235 Homeownership Assistance for Low-Income Families**

**Note:** P.L. 100-242 [Section 401(d)(1)] terminated authority to make additional Section 235 commitments, effective October 1, 1989.<sup>233</sup>

### **Funding Formula**

This program is funded 100% by the federal government. Federal outlays for this program totaled \$4.8 million in FY2004.

### **Eligibility Requirements<sup>234</sup>**

The Section 235 program, created by the National Housing Act (P.L. 90-448), provides monthly mortgage assistance to lower-income homeowners.

Families (two or more related persons) and singles who are elderly (at least 62 years old) or handicapped; and whose adjusted annual incomes do not exceed 95% of the median family income for the area, adjusted for family size, are eligible for Section 235 assistance. The HUD regulations exclude from “income” for the purposes of determining eligibility and subsidy levels

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<sup>233</sup> The Section 235 program was suspended with other major subsidized housing programs on January 5, 1973. In October 1975, \$264.1 million that had not previously been used for the Section 235 program was released, to be used according to revised regulations.

<sup>234</sup> Regulations governing this program are found at 24 CFR Part 235 (2005).



5% of gross income, all earnings of minor children living at home, plus \$300 for each such child.<sup>235</sup> Also excluded is unusual income or property income that does not occur regularly or other income of a temporary nature.

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

## **Benefit Levels**

The Section 235 program provides aid, in the form of monthly payments to the mortgagee on behalf of the assisted home buyer, to reduce interest costs on an insured market rate home mortgage to as low as 4%. The borrower must be able to pay toward his mortgage payments at least 20%<sup>236</sup> of his or her “adjusted gross income” (countable housing income, as defined above). Mortgage amounts for commitments made after July 13, 1981, are limited to \$40,000 for single-family and condominium units with three bedrooms or less, and \$47,500 for units with four or more bedrooms. These limits may be raised by as much as \$7,500 in high cost areas, and additionally, by 10% for a dwelling to be occupied by a physically handicapped person, if the larger mortgage is needed to make the dwelling accessible and usable to him.

Any assistance payment made pursuant to a commitment issued on or after May 27, 1981, is subject to recapture upon (1) disposition of the subsidized property, (2) a 90-day cessation of payments on its mortgage, or (3) its rental for longer than one year. The law provides that the amount recaptured shall be equal to the assistance actually received or at least 50% of the net appreciation in the value of the property, whichever is less.<sup>237</sup>

Benefits averaged about \$572 per dwelling unit in FY2004, about \$48 monthly.<sup>238</sup> Approximately 8,500 dwelling units received assistance in FY2004.

## **46. Rural Housing Preservation Grants (Section 533)**

### **Funding Formula**

This program is funded 100% by the federal government. Grantees are encouraged, however, to leverage the grants with funds from local, state, or other sources. The following factors used to allocate funds: state shares of rural population, rural occupied substandard units, and rural poor families. Federal obligations for this program totaled \$9.3 million in FY2004.

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<sup>235</sup> 24 CFR § 235.1206 (2005). The 5% income exclusion was established by regulation. It is not required by law.

<sup>236</sup> Twenty-eight percent for those in the restructured program.

<sup>237</sup> The recapture provision was added by P.L. 96-399, the Housing and Community Development Act of 1980.

<sup>238</sup> The number of subsidized units was taken from FY2006 HUD budget documents; the average per unit subsidy was estimated by dividing FY2004 outlays by the number of units supported that year.

## **Eligibility Requirements<sup>239</sup>**

States, local governments, nonprofit corporations, and Indian tribes, bands, or nations may be eligible to receive grants to operate programs that finance the repair and rehabilitation of single-family housing owned and occupied by families with “low” income (not above 80% of the area median, adjusted for family size) or “very low” income (not above 50% of the area median). The program uses the dollar limits established by the Department of Housing and Urban Development (HUD) for the area.<sup>240</sup> Grant applicants must have a staff or governing body with either (1) proven ability to perform responsibly in the field of low-income rural housing development, repair, and rehabilitation; or (2) management or administrative experience that indicates the ability to operate a program offering funds for housing repair and rehabilitation.

The homes must be located in rural areas and must need housing preservation assistance. Assisted families must meet the income restrictions and must have occupied the property for at least one year. Occupants of leased homes may be eligible for assistance if (1) the unexpired portion of the lease extends for five years or more, and (2) the lease permits the occupant to make modifications to the structure and precludes the owner from increasing the rent because of the modifications.

## **Benefit Levels**

The Rural Housing Service (RHS),<sup>241</sup> successor to the Farmers Home Administration (FmHA), is authorized to provide grants to eligible public and private organizations. The grantees may in turn provide homeowners with direct loans, grants, or interest rate reductions on loans from private lenders to finance the repair or rehabilitation of their homes. Many housing preservation activities are authorized: (1) installation and/or repair of sanitary water and waste disposal systems to meet local health department requirements; (2) installation of energy conservation materials, such as insulation and storm windows and doors; (3) repair or replacement of the heating system; (4) repair of the electrical wiring system; (5) repair of structural supports and foundations; (6) repair or replacement of the roof; (7) repair of deteriorated siding, porches, or stoops; (8) alteration of the interior to provide greater accessibility for any handicapped member of the family, and (9) additions to the property that are necessary to alleviate overcrowding or to remove health hazards to the occupants. Repairs to manufactured homes or mobile homes are authorized if (1) the recipient owns the home and site and has occupied the home on that site for at least one year, and (2) the home is on a permanent foundation or will be put on a permanent foundation with the funds to be received through the program. Up to 25% of the funding to a dwelling may be used for improvements that neither contribute to the health, safety, or well-being of the occupants; or materially contribute to the long-term preservation of the unit. These improvements may include painting, paneling, carpeting, air conditioning, landscaping, and improving closets or kitchen cabinets.

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<sup>239</sup> Regulations governing Section 533 rural housing preservation grants are found at 7 CFR Part 1944, Subpart N (2005). This program is No. 10.433 in the Catalog of Federal Domestic Assistance.

<sup>240</sup> In FY2005, the low income limits for a family of four in nonmetropolitan areas ranged from \$29,200 (parts of Mississippi) to \$58,000 (a Connecticut county); the corresponding very low income limits ranged from \$18,250 to \$39,100.

<sup>241</sup> The Department of Agriculture Reorganization Act of 1994 (P.L. 103-354) eliminated the Farmers Home Administration (FmHA) and created the Rural Housing Service (RHS). The rural housing programs that were formerly administered by FmHA are now administered by RHS.

The Section 533 program was authorized in 1983, and regulations for the program were published in 1986.<sup>242</sup> The RHS is authorized to make Section 533 grants also for rehabilitation of rental and cooperative housing. Regulations to implement these grants were issued in spring 1993,<sup>243</sup> even though Congress had directed this action much earlier.<sup>244</sup> Funding for this part of the Section 533 program became available in FY1994.

In FY2004, rural housing preservation grants financed home repairs for 2,105 families.

## **47. Homeownership and Opportunity for People Everywhere (HOPE) Programs**

### **Funding Formula**

The Homeownership and Opportunity for People Everywhere programs (HOPE 1, 2, and 3) were established in 1990<sup>245</sup> to help low-income, first-time homebuyers purchase housing owned by federal, state, and local governments. Grants were awarded through FY1996 on a competitive basis to nonprofit organizations, resident management corporations, cooperative associations, public housing authorities, or other bodies who, in turn, carry out the economic development and homeownership goals. Recipients of HOPE 3 implementation grants contribute \$1 in matching money for each \$4 in federal funds awarded (for amounts granted before April 11, 1994, the required match was higher, 33%). While there has been no new funding of the HOPE 1, 2, and 3 programs since FY1996 and no new grants are being made, some money already committed and in the pipeline continues to be spent. According to figures from the Office of Management and Budget, federal outlays from current balances were \$3 million in FY2002, \$2 million in FY2003, and \$2 million in FY2004.

### **Eligibility Requirements<sup>246</sup>**

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

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<sup>242</sup> Section 522 of the Housing Urban-Rural Recovery Act of 1983 (P.L. 98-181, Nov. 30, 1983) added Section 533 to the Housing Act of 1949.

<sup>243</sup> *Federal Register*, v. 58, Apr. 26, 1993, p. 21891.

<sup>244</sup> Section 310 of P.L. 100-242, the Housing and Community Development Act of 1987, enacted Feb. 5, 1988.

<sup>245</sup> HOPE programs were authorized by the Cranston-Gonzalez National Affordable Housing Act of 1990 (P.L. 101-625) and amended by the Housing and Community Development Act of 1992 (P.L. 102-550) and the Quality Housing and Work Responsibility Act of 1998 (P.L. 105-276).

<sup>246</sup> HOPE 3 regulations are found in 24 CFR Part 572 (2005). HOPE programs are no longer included in the Catalog of Federal Domestic Assistance.

## **Benefit Levels**

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

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

HOPE 1 Implementation Grants of \$82.4 million were made for 30 grants during FY1992 and FY1994. Under HOPE 2, grants of about \$75 million were made through FY1996. As of July 1997, the cumulative amount of HOPE 3 implementation grants was \$210 million for 258 grantees. As of August 1995, 2,298 homes had been acquired under HOPE 3 and 1,234 transferred to new buyers.<sup>247</sup>

## **Educational Assistance**

### **48. Federal Pell Grants**

#### **Funding Formula**

Federal Pell Grants, the largest source of federal student grant assistance administered by the Department of Education (ED), are 100% federally funded. These grants are authorized by Title IV-A of the Higher Education Act. Appropriations for FY2004 were \$12 billion.

#### **Eligibility Requirements<sup>248</sup>**

Pell Grants, originally called “Basic Educational Opportunity Grants,” are available to undergraduate students enrolled in an eligible institution of postsecondary education who meet a needs test, the elements of which are prescribed in the Higher Education Act (Part F of Title IV). Grantees must meet general student aid eligibility requirements including maintaining satisfactory progress in their course of study, not being in default on a federally assisted student loan, not

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<sup>247</sup> For a detailed report on HOPE 3, see *Evaluation of the HOPE 3 Program: Final Report*, prepared for HUD by Abt Associates, Aug. 1996.

<sup>248</sup> Regulations for Pell Grants are found at 34 CFR Part 690 (2005). This program is No. 84.063 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070a et seq.

owing a refund on a Pell Grant or Supplemental Educational Opportunity Grant, and registering for the Selective Service, if so required.

The federal need analysis methodology takes into account the income and assets of the student and his or her family, and determines the amount that a student and his/her family might reasonably be expected to contribute toward total costs for postsecondary education (the expected family contribution or EFC). For a *dependent*<sup>249</sup> student, the expected family contribution is based on the student's and his or her parents' income and assets. For an *independent*<sup>250</sup> student, the expected contribution is based on the income and assets of the student, if single, and student and spouse, if married. Included as income are welfare benefits, including TANF payments, child support, the earned income tax credit, untaxed Social Security benefits, and some other untaxed income and benefits.

On June 17, 2004, the Department of Education announced updates to the need analysis tables for the 2005-2006 award year.<sup>251</sup> The announcement provided inflation-adjusted updates to four tables used in calculating the expected family contribution: the income protection allowance, the adjusted net worth of a business or farm, the education savings and asset protection allowance, and the assessment schedules and rates. The Department publishes an annual booklet explaining the Expected Family Contribution (EFC) formula.<sup>252</sup>

In FY1999, more than 90% of Pell Grant recipients considered to be dependent students had total parental income below \$40,000. Among independent student grantees, more than 90% had total income below \$30,000.<sup>253</sup>

## **Benefit Levels**

Pell Grant awards to students are the lesser of (1) a statutorily established maximum award (\$4,050 for FY2004), minus the expected family contribution (see explanation under *Eligibility Requirements*), or (2) the cost of attendance minus the expected family contribution.

For the academic year 2003-2004, an estimated 5.1 million students received Pell Grants averaging \$2,467.

The Higher Education Act forbids AFDC (and its successor, TANF), food stamps, or any other governmental program that receives federal funds from taking Pell grants (or other student aid provided under the act) into account when determining eligibility for benefits, or the amount of benefits.

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<sup>249</sup> A student is considered dependent if he/she does not fall into any of the categories for an "independent student."

<sup>250</sup> A student is considered independent if he/she is age 24 or older, is a graduate, professional, or married student, or has legal dependents other than a spouse. Also automatically considered independent are orphans (without an adoptive parent or legal guardian), veterans, or wards of the court. Financial aid administrators may make a documented determination of independence for other students by reason of other unusual circumstances.

<sup>251</sup> *Federal Register*, v. 69, June 17, 2004, pp. 33890-33895.

<sup>252</sup> The 2005-06 formula book and tables (in portable document format [PDF]) are available at <http://www.ifap.ed.gov/efcinformation/0506EFCFormulaGuide.html>.

<sup>253</sup> CRS Report RL31668, *Federal Pell Grant Program of the Higher Education Act: Background and Reauthorization*, summary page.

**Note:** For more information, see CRS Report RL31668, *Federal Pell Grant Program of the Higher Education Act: Background and Reauthorization* and CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues*. Also see the *Federal Student Aid Handbook* at <http://www.ifap.ed.gov/IFAPWebApp/currentSFAHandbooksPag.jsp>.

## 49. Head Start

### Funding Formula

Head Start funds are allocated among states by formula<sup>254</sup> but awarded directly to local Head Start agencies.<sup>255</sup> Federal assistance for a Head Start program is limited to 80% of program costs, but the law permits a larger share if the Secretary of HHS determines this to be necessary for Head Start's purposes. Federal regulations permit a higher federal share for a Head Start agency that is located in a relatively poor county<sup>256</sup> or one that has been "involved" in a major disaster if the Secretary finds that the agency is "unable" to pay a 20% share despite a "reasonable effort" to do so. Also, if a Head Start agency received more than an 80% federal share for any budget period within FY1973 or FY1974, it is entitled by regulation to continue to receive the larger share. The non-federal share may be paid in cash or in kind. It may be paid by the Head Start agency or by another party. A Head Start agency is a local public or private nonprofit or for profit organization designated to operate a Head Start program. FY2005 appropriations for Head Start were \$6.8 billion.

### Eligibility Requirements<sup>257</sup>

Head Start is targeted by law to low-income families, but the law gives authority to HHS for determining eligibility criteria. The regulations require that at least 90% of the children in each Head Start program be from "low-income" families,<sup>258</sup> defined as families with incomes below the "official poverty line," and including children from families receiving public assistance and children in foster care. In addition, at least 10% of total Head Start enrollment opportunities in each program must be made available for handicapped children. In 2005, federal poverty income guidelines were \$16,090 for a family of three and \$19,350 for a family of four for the 48

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<sup>254</sup> The Head Start allotment formula, as amended by the Head Start Amendments of 1998, P.L. 105-285, provides that 13% of the Head Start appropriation shall be reserved by the Secretary for the following uses: (1) Indian and migrant programs; (2) payments to the territories; (3) training and technical assistance; (4) discretionary payments by the Secretary; and (5) payments for research, demonstration and evaluation activities. Additional amounts are set aside for quality improvement. The remaining funds are distributed to the states as follows: Each state receives the amount it received in FY1998, and any amounts available above the FY1998 level are distributed proportionately among states on the basis of the number of children under 5 years old whose family income is below the federal poverty line.

<sup>255</sup> Although Head Start is classified here as an educational program, it should be noted that it provides many other services. It is administered by the Department of Health and Human Services (HHS) rather than the Department of Education (ED).

<sup>256</sup> Regulations define this as a county with annual personal per capita income below \$3,000 [45 CFR §1301.21 (2005)].

<sup>257</sup> Head Start eligibility rules are found at 45 CFR Part 1305 (2005). This program is No. 93.600 in the Catalog of Federal Domestic Assistance. Head Start is codified at 42 U.S.C. 9801 et seq.

<sup>258</sup> Under specified conditions, a Head Start program operated by an Indian tribe may enroll more than 10% of its children from nonpoor families.



contiguous states and the District of Columbia. Head Start does not have asset rules restricting eligibility.

The law allows certain small, remote communities to establish their own eligibility criteria as long as at least half of the families are eligible under the income guidelines. To qualify for this authority, communities must have a population no greater than 1,000, be medically underserved, and lack other preschool programs or medical services within a reasonable distance.

## **Benefit Levels**

Head Start provides comprehensive services to preschool children. Services include educational, dental, medical, nutritional, and social services to children and their families. Head Start agencies are forbidden by law from charging fees, although families who want to pay for services may voluntarily do so.

**Note:** For further information about Head Start, see CRS Report RL30952, *Head Start: Background and Issues*.

## **50. Subsidized Federal Stafford and Stafford/Ford Loans**

### **Funding Formula**

Subsidized Federal Stafford loans are provided to students by the Federal Family Education Loan (FFEL) program and the Ford Federal Direct Student Loan (DL) program.<sup>259</sup> Capital for FFEL Stafford loans is provided by banks and other private lenders. Capital for Stafford/Ford loans is provided directly by the federal government. In the FFEL program the federal government pays the student's interest during certain periods. It also provides interest subsidies to lenders, and federal reinsurance against borrower default, death, disability, and bankruptcy. In the Ford direct loan program, the government forgoes student interest payments during certain periods. These subsidized loan programs are authorized by Title IV of the Higher Education Act of 1965, as amended. Estimated net obligations for FY2004 were \$5.3 billion.

### **Eligibility Requirements<sup>260</sup>**

FFEL and DL subsidized loans are available to undergraduate, graduate, or professional students enrolled on at least a half-time basis at a participating college, university, or vocational/technical

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<sup>259</sup> The Federal Direct Student Loan (DL) program, established in 1993, originally was intended to gradually expand and replace FFEL loans. It now accounts for more than one-third of total student loan volume.

<sup>260</sup> Regulations for the FFEL programs are found at 34 CFR Part 682, and for the DL programs at 34 CFR Part 685 (2005). The FFEL subsidized Stafford Loan program is No. 84.032 in the Catalog of Federal Domestic Assistance. The DL program is No. 84.268 in the Catalog of Federal Domestic Assistance. The FFEL program is codified at 20 U.S.C. 1071-1087-2; the DL program is codified at 20 U.S.C. 1087a et seq.



school. While eligibility is not restricted to individuals with limited income (almost a fifth of loan recipients have incomes over \$50,000), applicants must satisfy a test of need.

Institutions use the methodology described in Part F of Title IV as the need analysis system to calculate an expected family contribution for educational expenses (known as the EFC). The formulas in Part F use information about the student and his or her family's income and assets to determine the amount the student and family can reasonably be expected to contribute. This amount is subtracted from the student's cost of attendance to determine the amount of a subsidized loan for which the student is eligible. On June 17, 2004, the Department of Education announced updates to the need analysis tables for the 2005-2006 award year.<sup>261</sup> The announcement provided inflation-adjusted updates to four tables used in calculating the expected family contribution: the income protection allowance, the adjusted net worth of a business or farm, the education savings and asset protection allowance, and the assessment schedules and rates. The Department publishes an annual booklet explaining the Expected Family Contribution (EFC) formula.<sup>262</sup> Undergraduate students must receive a determination of whether they are eligible for a Pell Grant before applying for a subsidized loan. This rule is to assure that eligible students receive grant aid before incurring loan debt.

## **Benefit Levels**

A borrower's interest rate for FFEL Stafford and Stafford/Ford loans varies annually during repayment. The variable rate is calculated based upon the bond equivalent rate of the 91-day Treasury bill plus a premium which differs depending on whether the borrower is in-school or in repayment. For loans made from July 1, 1998, through June 30, 2006, the borrower interest rate is based on the 91-day Treasury bill plus 1.7% for those in school, and the 91-day Treasury bill plus 2.3% for those in repayment. In the FFEL program, the lender is required to pay the 3% origination fee to the federal government; the lender can choose whether or not to pass the entire fee on to the borrower, within certain limitations. In the DL program, borrowers pay a 3% origination fee to the federal government.

Undergraduates may borrow \$2,625 for their first year of study, \$3,500 for their second year, and \$5,500 per year for the next three years of study; for graduate and professional school students, the limit is \$10,500 per year for up to five years of school. The aggregate loan limit for undergraduate, graduate and professional study is \$65,500.

In FY2004, subsidized FFEL Stafford and DL Stafford/Ford loan disbursements totaled over \$52.1 billion. The main components of FFEL annual federal *expenditures* are the in-school, grace period, and deferment interest payments to lenders on behalf of borrowers of subsidized loans, special allowance payments to lenders, and reimbursements to guaranty agencies for losses due to borrower defaults; guaranty agencies also receive allowances from the federal government for administrative expenses. In the DL program, the main components of annual federal costs are the foregone interest payments for subsidized loans while students are in school, during the grace period, and deferments; defaults; and administrative costs of contracts for loan origination, servicing and collections, and fees to schools who perform origination functions themselves. In both programs, there are also certain annual *revenues* that offset some of these costs, including

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<sup>261</sup> *Federal Register*, v. 69, June 17, 2004, pp. 33890-33895.

<sup>262</sup> The 2005-06 formula book and tables (in portable document format [PDF]) are available at <http://www.ifap.ed.gov/efcinformation/0506EFCFormulaGuide.html>.

fees that students or parents pay when borrowing, as well as collections on defaulted loans. In FFEL, other offsets include fees that are assessed on lenders/loan holders and guaranty agencies.

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues*; CRS Report RL30655, *Federal Student Loans: Terms and Conditions for Borrowers*; and CRS Report RL30656, *The Administration of Federal Student Loan Programs: Background and Provisions*.

## 51. Federal Work-Study Program

### Funding Formula

The Higher Education Act of 1965, as amended, authorizes federal funding to partially finance part-time employment for undergraduate, graduate, and professional students in eligible institutions of post-secondary education who need earnings to attend.<sup>263</sup> Students may work on-campus or off-campus for a public or private nonprofit or a private for-profit organization. Since October 1, 1993, institutions have been required to use at least 5% of their allocation of Federal Work Study (FWS) funds for community service jobs; effective in FY2000, this rose to 7%.<sup>264</sup> Federal grants to institutions fund 50% to 75% of the student's wages; the remainder is paid by the post-secondary institution or other employer. Funds are allocated to institutions based on previous year's allocations, with priority going to institutions that participated in the program in FY1999. These institutions are eligible to receive 100% of their FY1999 allocation as their base guarantee.<sup>265</sup> FY2004 appropriations were \$999 million.

### Eligibility Requirements<sup>266</sup>

The law authorizes federally subsidized wages for students who are enrolled in a post-secondary program, including proprietary institutions, who demonstrate financial need, as determined by the statutory need analysis system set forth in Part F of Title IV of the Higher Education Act. This system calculates an expected family contribution.<sup>267</sup> Five percent of an institution's FWS funds must be used for students who are enrolled on a less than full-time basis if the total financial need of these students exceeds 5% of the need of all students attending the institution.

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<sup>263</sup> The name of the program was changed from College Work-Study to Federal Work-Study by Congress in 1992.

<sup>264</sup> This change was made by P.L. 105-244, which reauthorized the Higher Education Act.

<sup>265</sup> P.L. 105-34 revised the allocation formula.

<sup>266</sup> FWS regulations are found at 34 CFR Part 675 (2005). This program is No. 84.033 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 2751-2756a.

<sup>267</sup> On June 17, 2004, the Department of Education announced updates to the need analysis tables for the 2005-2006 award year (*Federal Register*, v. 69, June 17, 2004, pp. 33890-33895). The Department publishes an annual booklet explaining the Expected Family Contribution (EFC) formula. The 2004-05 formula book and tables are available in portable document format at <http://www.ifap.ed.gov/IFAPWebApp/currentEFCInformationPag.jsp>.

## **Benefit Levels**

A student's earnings under the FWS program are limited to his or her need, and the rate of compensation must at least equal the minimum wage. The institution's share of compensation may be provided to the student through tuition payments, room and board, or books.

During the academic year 2003-2004, an estimated 857,740 students received FWS-supported earnings averaging \$1,394.

The Higher Education Act forbids AFDC (and its successor, TANF), food stamps, or any other governmental program that receives federal funds from taking student aid provided under the act into account when determining eligibility for benefits, or the amount of benefits.

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues* and CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*.

## **52. Federal TRIO Programs**

**Note:** The federal TRIO programs consist of six programs authorized by Title IV of the Higher Education Act of 1965, as amended: Upward Bound, Student Support Services, Talent Search, Educational Opportunity Centers, Ronald E. McNair Postbaccalaureate Achievement, and Staff Development.<sup>268</sup> The first three were the original "TRIO" programs. The Staff Development activities provide short-term training for TRIO program staff; they are not described below. FY2004 appropriations were \$833 million.

### **Funding Formula**

These are categorical grant programs. They are 100% federally funded. In addition, institutions conducting Student Support Services programs must provide assurances that each participating student will be offered aid sufficient to meet his or her financial need for college attendance.

### **Eligibility Requirements**

Eligibility requirements differ slightly from program to program and are described below. At the outset it should be noted how the term "low-income" applies in these programs. The authorizing statute for the TRIO programs defines a low-income individual as one whose family's taxable income in the preceding year did not exceed 150% of the poverty level as determined under Bureau of the Census criteria. The program descriptions below are drawn from the authorizing statute and program regulations.

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<sup>268</sup> Previously entitled "special programs for students from disadvantaged backgrounds."

### **Upward Bound<sup>269</sup>**

Not fewer than two-thirds of the participants in any project must be low-income potential first-generation college-goers. The remaining one-third must be either low-income *or* potential first-generation college-goers. All participants must need academic support in order to successfully pursue an education beyond high school. With certain exceptions, participants must have completed grade 8 but not entered grade 12 and be 13 to 19 years of age. For veterans there is no age limit.

### **Student Support Services<sup>270</sup>**

Not fewer than two-thirds of program beneficiaries must be either disabled or low-income first-generation college-goers. The remaining participants must be disabled, *or* low-income, *or* first-generation college-goers. All participants must need academic support in order to successfully pursue a post-secondary education program.

### **Talent Search<sup>271</sup>**

No fewer than two-thirds of program beneficiaries must be low-income, potential first-generation college-goers. The program requires that all participants must have completed the fifth grade or be at least 11 years of age but generally not older than 27. For veterans there is no age limit.

### **Educational Opportunity Centers<sup>272</sup>**

No fewer than two-thirds of the beneficiaries served by each center must be low-income potential first-generation college goers. In general, participants must be at least 19 years of age.

### **Ronald E. McNair Postbaccalaureate Achievement<sup>273</sup>**

This program was authorized in 1986 to assist students in gaining admission to graduate programs. At least two-thirds of the participants must be low-income first-generation college students. The remaining participants must be from groups underrepresented in graduate education.

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<sup>269</sup> Upward Bound eligibility rules for participants are found at 34 CFR Part 645 (2005). This program is No. 84.047 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070a-11 and 1070a-13.

<sup>270</sup> Participant eligibility rules for Student Support Services are found at 34 CFR Part 646 (2005). This program is No. 84.042 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070a-11 and 1070a-14.

<sup>271</sup> Talent Search eligibility rules for participants are found at 34 CFR Part 643 (2005). This program is No. 84.044 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070a-11 and 1070a-12.

<sup>272</sup> Participant eligibility rules for Educational Opportunity Centers are found at 34 CFR 644 (2005). This program is No. 84.066 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070a-11 and 1070a-16.

<sup>273</sup> Rules for the Ronald E. McNair postbaccalaureate achievement program are found at 34 CFR 647 (2005). This program is No. 84.217 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070a-11 and 1070a-15.

## **Benefit Levels**

Upward Bound and Student Support Services provide such services as instruction in reading, writing, study skills, mathematics, and other subjects necessary for education beyond high school; personal counseling; academic counseling; tutoring; exposure to cultural events and academic programs; and activities acquainting students with career options.

Among its services, Talent Search provides participants with information on the availability of student financial aid, personal and career counseling, and tutoring. The program's projects encourage qualified students or dropouts to complete high school and to undertake post-secondary education.

Educational Opportunity Centers provide services such as information on financial and academic assistance available for post-secondary study, assistance to participants in filling out college applications and financial aid request forms, and tutoring and counseling.

McNair Postbaccalaureate Achievement provides services such as summer internships, tutoring, counseling, and research opportunities.

In FY2004, an estimated 866,289 participants were served in the TRIO programs as follows.

- Upward Bound—60,548
- Student Support Services—196,289
- Talent Search—387,983
- Educational Opportunity Centers—217,265 and
- Ronald McNair Achievement Program—4,224

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues* and CRS Report RL31622, *Trio and GEAR UP Programs: Status and Issues*.

## **53. Supplemental Educational Opportunity Grants**

### **Funding Formula**

This program allocates funds to eligible institutions of post-secondary education for grants to needy undergraduates. The non-federal share must come from the institution's own resources. Funds are allocated to institutions first on the basis of their FY1985 award and then in proportion to aggregate need. FY2004 appropriations were \$771 million.<sup>274</sup>

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<sup>274</sup> Federal regulations for this program are found at 34 CFR Part 676 (2005). This program is No. 84.007 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070b.

## Eligibility Requirements

The Higher Education Act of 1965, as amended, authorizes supplemental educational opportunity grants for post-secondary undergraduate students with the greatest financial need as determined by the need analysis system set forth in Part F of Title IV of the Higher Education Act.<sup>275</sup>

Institutions' financial aid administrators have substantial flexibility, however, in determining the size of individual student awards. The first priority is for Pell Grant recipients with exceptional need. An institution's supplemental educational opportunity grant funds may be used for less than full-time students.

## Benefit Levels

The law sets minimum and maximum awards at \$100 and \$4,000, respectively. An estimated 1,253,547 students received average grants of \$778 under the program during the 2003-2004 academic year.

The Higher Education Act forbids AFDC (and its successor, TANF), food stamps, or any other governmental program that receives federal funds from taking student aid provided under the act into account when determining eligibility for benefits or the amount of the benefits.

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues* and CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*.

## 54. Title I Migrant Education Program

### Funding Formula

The Department of Education makes annual formula grants, under Title I, Part C of the Elementary and Secondary Education Act (ESEA), as amended, to state educational agencies for programs designed to meet the special needs of migratory children of migratory agricultural workers or fishermen. Through FY2002, funds were allocated among states on the basis of annual counts of eligible children and a percentage of average per-pupil expenditures.<sup>276</sup> Under P.L. 107-110, from FY2003 forward, states receive the same amount as in FY2002,<sup>277</sup> plus a share of any additional appropriations (allocated on the basis of the previous formula, with updated child counts). Most programs are administered by local school districts, which receive subgrants from the state educational agencies, though some are run by other public or private nonprofit agencies. Discretionary grants and contracts are also available to state educational agencies to improve

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<sup>275</sup> On June 17, 2004, the Department of Education announced updates to the need analysis tables for the 2005-2006 award year (*Federal Register*, v. 69, June 17, 2004, pp. 33890-33895). The Department publishes an annual booklet explaining the Expected Family Contribution (EFC) formula. The 2004-05 formula book and tables are available in portable document format at <http://www.ifap.ed.gov/IFAPWebApp/currentEFCInformationPag.jsp>.

<sup>276</sup> Three states received 52% of FY2001 funds: California, 31%; Texas, 14%, and Florida, 7%.

<sup>277</sup> If appropriations fall short of the FY2002 level, the Secretary may proportionately reduce the amount allocated to each state.



program coordination within and among states. As of 1995, record transfer is the sole responsibility of the states. FY2004 appropriations were \$394 million.

## **Eligibility Requirements<sup>278</sup>**

Eligible students are migratory children whose parents or guardians are migratory agricultural workers or fishers and who have moved within three years from one school district to another to enable a member of their immediate family to obtain temporary or seasonal employment in agricultural or fishing activities.

Children who are 3 through 21 years of age are eligible to participate, though only younger children may receive day care services. There is no income test, but migratory children are presumed to need special educational and other services.

## **Benefit Levels**

Title 1 migrant education programs commonly provide regular academic instruction, remedial or compensatory instruction, bilingual and multicultural instruction, vocational and career education, testing, guidance and counseling, and medical and dental screening. Preference is given to students at risk of not meeting state academic standards or who moved during the school year. According to the Office of Migrant Education, migrant education programs served about 737,600 students in FY2004.

**Note:** For more information, see CRS Report RL31325, *The Federal Migrant Education Program as Amended by the No Child Left Behind Act of 2001*.

# **55. Perkins Loans**

## **Funding Formula**

The Perkins Loan program, authorized by Title IV of the Higher Education Act (HEA) of 1965, as amended, provides federal assistance to institutions of higher education to operate a revolving fund providing low-interest loans to students. Federal funds provide new capital contributions and pay for the cancellation of certain loans authorized in the law. Since academic year 1994-1995, participating institutions have been required to provide a 25% annual match to the federal capital contribution (previously, their match rate was 15%). FY2004 appropriations were \$165 million.

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<sup>278</sup> Regulations for this program are found at 34 CFR §200.40 (2005). This program is No. 84.011 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 6391-6399, 6511.



## Eligibility Requirements<sup>279</sup>

The law authorizes low-interest long-term loans for (1) undergraduate, graduate, or professional students,<sup>280</sup> (2) who are “in need” of the amount of the loan to pursue a course of study, and (3) who maintain good academic standing. The need analysis system set forth in Part F of Title IV of the HEA is used in calculating an expected family contribution under the Perkins Loan program. On June 17, 2004, the Department of Education announced updates to the need analysis tables for the 2005-2006 award year.<sup>281</sup> The Department publishes an annual booklet explaining the Expected Family Contribution (EFC) formula.<sup>282</sup>

## Benefit Levels

Effective October 1, 1981, the law authorized loans at a 5% interest rate. Loans are to be repaid over a 10-year period beginning nine months after the end of study that is on at least a half-time basis. No interest is charged until repayment of the principal begins, unless the payment is deferred, as permitted under certain conditions. In addition, all or a portion of the loans may be canceled for those who enter specific teaching jobs, law enforcement, or military service. Annual loan limits are \$4,000 for undergraduate students and \$6,000 for graduate or professional students. The aggregate limits are \$20,000 for undergraduate students who have completed two years of study, but who have not completed their baccalaureate degree; \$40,000 for graduate and professional students; and \$8,000 for any other students. An estimated 673,537 students borrowed loans averaging \$1,875 under the program in the 2003-2004 school year.

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues* and CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*.

## 56. Leveraging Educational Assistance Partnerships (LEAP)

**Note:** This program was known as the State Student Incentive Grant (SSIG) program until October 1, 1998, when it was revised and renamed by P.L. 105-244.

## Funding Formula

Under Leveraging Educational Assistance Partnerships, states receive federal formula grants which are matched with equal state funds to provide for the establishment of state student aid programs for needy post-secondary students. After each state’s program grant is combined with

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<sup>279</sup> Regulations for Perkins Loans are found at 34 CFR Part 674 (2005). This program is No. 84.038 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1087aa-1087hh and 20 U.S.C. 421-429.

<sup>280</sup> Before July 1, 1987, students had to be enrolled on at least a half-time basis.

<sup>281</sup> *Federal Register*, v. 69, June 17, 2004, pp. 33890-33895.

<sup>282</sup> The 2005-06 formula book and tables (in portable document format [PDF]) are available at <http://www.ifap.ed.gov/efcinformation/0506EFCFormulaGuide.html>.

the required non-federal matching funds, resulting “state aid” awards are made either directly to students or indirectly through participating institutions. The law provides that no state shall receive less from the federal government than it received in FY1979. Funds not used by one state may be reallocated to others in proportion to their higher education enrollments. State allocations are based on their share of the total number of eligible students in all states as determined by the U.S. Secretary of Education. States are permitted to use 20% of funds for community service work learning jobs for eligible students. The 1998 law, which reauthorized the program and renamed it as LEAP, also authorized a new program of Special Leveraging Education Assistance Partnerships (SLEAP), which receive a portion of LEAP appropriations above a certain threshold.<sup>283</sup> FY2004 LEAP appropriations were \$66 million (of which SLEAP received \$36.2 million).

## **Eligibility Requirements<sup>284</sup>**

To be eligible for a LEAP grant, post-secondary students must be enrolled in or accepted for enrollment in an institution of post-secondary education, must meet citizen/resident requirements, must demonstrate substantial financial need as determined in accordance with criteria of his/her state and approved by the Secretary of Education, must maintain satisfactory academic progress, and must not default on a student loan or owe a refund for student assistance. At state discretion, part-time students may also be eligible. All public or private nonprofit institutions of higher education as well as post-secondary vocational institutions are eligible to participate unless prohibited by state constitution or state statute.

## **Benefit Levels**

Maximum grants are \$5,000 for full-time students and may be used, among other purposes, for work-study jobs provided through campus-based “community service work learning study programs.”<sup>285</sup> (The regulations also call these work-study jobs “community service-learning” jobs.) In academic year 2003-2004, approximately 168,517 students received average grants of \$1,000.

The Higher Education Act forbids AFDC (or its successor, TANF), food stamps, and any other governmental program that receives federal funds from taking student aid provided under the act into account when determining eligibility for benefits or the amount of the benefits.

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues* and CRS Report RS21183, *Leveraging Educational Assistance Partnership Program (LEAP): An Overview*.

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<sup>283</sup> For any fiscal year in which the appropriation exceeds \$30 million, the excess is reserved for Special LEAP. Special LEAP funds are allocated to the states in the same manner as LEAP grants to states. States participating in the Special LEAP program must meet maintenance of effort (MOE) criteria and match the federal funds on a two-to-one basis (the federal share of the Special LEAP program’s activities will not exceed 33 1/3%). Special LEAP program funds are authorized on behalf of students who demonstrate financial need. They support such activities as increasing the dollar amount of grants awarded under LEAP to eligible students or creating other scholarship, early intervention, mentoring or career education programs. Amounts for SLEAP included \$37 million in FY2002 and \$36.6 million in FY2003.

<sup>284</sup> Regulations for this program are found at 34 CFR Part 692 (2005). This program is No. 84.069 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070c-1070c-4.

<sup>285</sup> Before July 23, 1992, maximum grants were \$2,500.

## **57. Health Professions Student Loans and Scholarships**

### **Funding Formula**

Title VII of the Public Health Service Act provides 90% federal funding for student loans and 100% for scholarships for students pursuing a number of degrees in the health professions. Eligible schools must contribute to the loan fund a minimum share equal to one-ninth of the federal sum. The federal government's share of the loan fund (its capital contribution) now is financed by loan repayments from participating schools, not by appropriations. Appropriations for scholarships (and some loan repayments) in FY2005 were \$79.9 million. These programs are administered by the Health Resources and Services Administration (HRSA) of the Department of Health and Human Services (HHS).

### **Eligibility Requirements<sup>286</sup>**

#### **Loans<sup>287</sup>**

The Health Professions Student Loan Program (HPSL) provides long-term, low-interest rate loans to full-time, financially needy students to pursue a degree in an accredited public or nonprofit school of medicine, dentistry, optometry, pharmacy, podiatric medicine, or veterinary medicine. The Loans for Disadvantaged Students Program (LDS) provides long-term, low-interest rate loans to full-time, financially needy students from disadvantaged backgrounds to pursue a degree in allopathic medicine, osteopathic medicine, dentistry, optometry, podiatric medicine, pharmacy or veterinary medicine. To be eligible for LDS funds, a participating school must carry out a program for recruiting and retaining students from disadvantaged backgrounds, including racial and ethnic minorities, and must operate a program to recruit and retain minority faculty. Students at accredited public and nonprofit private schools of nursing are eligible for loans from the Nursing Student Loan (N.L.) program. The school selects qualified loan applicants, makes reasonable determinations of need, and determines the amount of student loans.

These loan programs no longer receive appropriations. Funds that are returned to the Government by participating schools are re-awarded to schools that show a need for additional funds. Any school that receives returned funds is required to deposit the school's share of one-ninth of the amount received into the loan fund for additional loans to students.

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<sup>286</sup> Regulations for these loans and scholarships are found at 42 CFR Part 57, Subparts C and D (loans), CC and DD (scholarships) (2005).

<sup>287</sup> In the Catalog of Federal Domestic Assistance (CFDA), the Health Professions Student Loan Program and the Loans for Disadvantaged Students Program are listed together as program No. 93.342, and the Nursing Student Loan program is No. 93.364.

## **Scholarships**

The Scholarships for Disadvantaged Students (SDS) program makes grants to the following accredited public or private nonprofit schools for scholarship assistance: allopathic medicine, nursing, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, veterinary medicine, chiropractic, allied health, or schools offering graduate programs in public health, behavioral and mental health or physician assistants. At least 16% of SDS funds must be made available to schools that will provide scholarships only for nurses, and schools must give preference to former recipients of the following: (1) Scholarships for Students of Exceptional Financial Need (EFN) and (2) Financial Assistance for Disadvantaged Health Professions Students (FADHPS).<sup>288</sup> Schools are required to agree that, in providing scholarships under SDS, preference will be given to students from disadvantaged backgrounds for whom the costs of attending the school would constitute a severe financial hardship. The Secretary of HHS may not make a grant to a school unless the school is carrying out a program for recruiting and retaining students from disadvantaged backgrounds, including racial and ethnic minorities.

## **Loan Repayments**

Two programs provide loan repayments, funded by appropriations: (1) the Disadvantaged Health Professions Faculty Loan Repayment and Fellowship Program (Faculty Loan Repayment Program/FLRP), and (2) the Nursing Education Loan Repayment for Registered Nurses Entering Employment at Eligible Health Facilities Program (Nursing Education Loan Repayment Program/NELRP).<sup>289</sup>

Eligible for FLRP are persons who (1) have a degree in medicine, osteopathic medicine, dentistry, pharmacy, podiatric medicine, optometry, veterinary medicine, nursing, graduate public health, allied health or graduate behavioral and mental health; (2) are enrolled in an approved graduate training program in one of the health professions listed previously; or (3) are enrolled as full-time students in accredited institutions described above and in the final course of study or program leading to a degree.

Eligible for NELRP are persons who (1) have received a degree in nursing; (2) have unpaid qualifying loans; (3) are a U.S. citizen, national or permanent legal resident; (4) are employed full-time at an eligible health facility; (5) have a current unrestricted license in the state in which they intend to practice; and (6) sign a contract to work full-time as a registered or advanced practice nurse for two or three years at an eligible health facility.

## **Benefit Levels**

### **Loans**

Health Profession Student Loans and Loans for Disadvantaged Students may be made in amounts that do not exceed the cost of attendance, including tuition, other reasonable educational

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<sup>288</sup> Authority for the EFN and FADHPS programs were repealed under P.L. 105-392, the Health Professions Training Act of 1998.

<sup>289</sup> The Faculty Loan Repayment Program is No. 93.923, and the Nursing Education Loan Repayment Program is No. 93.908 in the Catalog of Federal Domestic Assistance (CFDA).

expenses, and reasonable living expenses. Loans have a 5% interest rate and must be repaid over a period ranging between 10 years and 25 years, at the discretion of the institution. Excluded from the time period for repayment are certain periods of active duty performed by the borrower as a member of a uniformed service; service as a Peace Corps volunteer; and periods of advanced professional training, including internships and residencies.

The Secretary of HHS may, subject to the availability of funds, repay all or part of an individual's HPSL loan if the Secretary determines that the individual (1) failed to complete the health profession studies leading to the individual's first professional degree; (2) is in exceptionally needy circumstances; (3) is from a low-income family (with income below the poverty guideline) or a disadvantaged family; and (4) has not resumed or cannot reasonably be expected to resume the course of study within two years of ending them.

Nursing Student loans have a maximum limit of \$2,500 for an academic year, \$4,000 for each of the final two years, or the amount of the student's financial need, whichever is less. The aggregate of the loans for all years is limited to \$13,000 for any student. Preference for these loans is given to licensed practical nurses, to persons with exceptional financial need, and to persons who enter as first-year students. Loans are repayable over a 10-year period, excluding periods for service and study similar to those listed above. A school is authorized to extend the repayment period for up to an additional 10 years for certain borrowers who failed to make consecutive payments.

## **Loan Repayments**

The FLRP repays loans at a rate of up to \$20,000 per year for persons who have agreed to serve for at least two years as faculty members at an eligible school. The NELRP provides for repayment of 30% of unpaid principal and interest for each qualified loan after the first year of service, 30% of the principal and interest after the second year of service, and 25% of the principal and interest after the third year of service. Appropriations in FY2005 were \$1.3 million for FLRP and \$31.5 million for NELRP.

## **Scholarships**

Scholarships are awarded for tuition expenses, other reasonable educational expenses, and reasonable living expenses incurred while attending school for the year. In awarding grants to eligible health professions and nursing schools, the Secretary must give priority to eligible entities based on the proportion of graduating students going into primary care, the proportion of under-represented minority students, and the proportion of graduates working in medically underserved communities. Scholarship appropriations in FY2005 totaled about \$47 million.

**Note:** For more information, see CRS Report RL32546, *Title VII Health Professions Education and Training: Issues in Reauthorization*, and CRS Report RL32805, *Nursing Workforce Programs in Title VIII of the Public Health Service Act*.

## 58. Fellowships for Graduate and Professional Study

### Funding Formula

The Higher Education Act of 1965 (HEA), as amended, authorizes three need-based fellowship programs: Javits Fellowships, Title VII-A, Subpart 1; Graduate Assistance in Areas of National Need (GAANN), Title VII-A, Subpart 2; and the Thurgood Marshall Legal Educational Opportunity Program, Title VII-A, Subpart 2.<sup>290</sup> From FY1997 through FY2000, the Javits Fellowships were funded under GAANN, then reverted back to separate funding in FY2001.<sup>291</sup> Beginning in FY2000, funding for Javits Fellowships was specifically dictated in appropriations language to provide funds a year in advance of the academic year in which the fellowships would be used.<sup>292</sup> Institutions must match 25% of the federal GAANN fellowship grant. FY2004 appropriations were \$40.5 million.

### Eligibility Requirements

#### Javits Fellowships

Title VII-A, Subpart 1, HE, authorizes the Javits Fellowships<sup>293</sup> in the arts, humanities, and social sciences. Title VII-A, Subpart 1 fellowship stipends are based on financial need, and recipients are selected by panels appointed by the Javits Program Fellowship Board. Students who are entering graduate school for the first time or who, at the time of application, have not completed their first year of study are eligible to apply for a Javits Fellowship. Applicants must be accepted at or attending a post-secondary institution in one of the selected fields of study. Twenty percent of the fellowships are awarded in the social sciences, 20% in the arts, and 60% in the humanities.<sup>294</sup> Fellowships are awarded for a period of up to four years. Recipients are selected through a national competition based on “demonstrated achievement, financial need, and exceptional promise.”<sup>295</sup> The program is limited to U.S. citizens and nationals, permanent

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<sup>290</sup> Several graduate fellowship programs previously authorized by the HEA no longer exist. Funding for Title IX-A and Title IX-B programs, which provided grants to institutions of higher education to encourage women and minority participation, ceased in FY1995. Title IX-A grants were used to identify talented needy undergraduates and to support them during summer research internships and seminars designed to prepare them for graduate study. Title IX-B authorized Patricia Roberts Harris Fellowships for pursuit of graduate degrees by under represented minorities and women. For non-competing continuation awards only, the Patricia Roberts Harris Fellowships were consolidated into Title IX-D by the last reauthorization by the Higher Education Amendments of 1998 (P.L. 105-244). Title IX-E, which once provided need-based Faculty Development Fellowships for under represented groups, no longer makes new awards.

<sup>291</sup> U.S. Department of Education, *Fiscal year 2001 Justifications of Appropriation Estimates to the Congress*, Washington, GPO., 2001, v. 2, p. S-92.

<sup>292</sup> *Ibid.*, p. S-93.

<sup>293</sup> Regulations for the Javits Fellowships program are found at 34 CFR Part 650 (2005). This program is No. 84.170 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1134-1134d.

<sup>294</sup> U.S. Department of Education, Jacob Javits Fellowship Program website at <http://www.ed.gov/programs/iegpsjavits/index.html>.

<sup>295</sup> HEA, as amended, Section 701 (a).



residents, and citizens of the Freely Associated States (Republic of the Marshall Islands, Republic of Palau, and the Federated States of Micronesia).

### **GAANN Fellowships**

Title VII-A, Subpart 2, HE, authorizes a program of Graduate Assistance in Areas of National Need (GAANN).<sup>296</sup> Individual graduate students are eligible to receive a fellowship from an assisted department if they demonstrate financial need, according to criteria determined by their higher education institutions, and have excellent academic records. The Secretary of Education designates areas of graduate study in which there are national needs. The Secretary makes grants to academic departments providing courses of study leading to a graduate degree in one of these areas. In addition, institutions must assure that they will seek talented students from backgrounds traditionally under-represented in these fields of graduate study. For GAANN awards for academic year 2003-04, the Secretary designated the following areas of national need: biology, chemistry, computer and information sciences, engineering, geological and related sciences, mathematics, and physics.<sup>297</sup>

### **Thurgood Marshall Fellowships**

Title VII-A, Subpart 3, HE authorizes the Thurgood Marshall Legal Educational Opportunity Program to assist minority, low-income or disadvantaged college graduates to prepare for and complete law school. The Title VII-A, Subpart 3, program is administered by the Council on Legal Education Opportunity (CLEO) through a single grant award by the Secretary of Education for a period of not less than five years.<sup>298</sup> CLEO, a nonprofit project of the American Bar Association Fund for Justice and Education, began assisting disadvantaged students in 1968.<sup>299</sup>

## **Benefit Levels**

### **Javits Fellowships**

Each Javits Fellowship consists of an institutional payment covering tuition and fees and a student stipend for living expenses. The amount of the stipend is based on either the student's financial need or the level of support provided by the National Science Foundation's Graduate Research Fellowship program, whichever is less. In FY2004, 54 new fellowship awards were made.

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<sup>296</sup> Regulations for the Graduate Assistance in Areas of National Need program are found at 34 CFR Part 648 (2005). This program is No. 84.200 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1135-1135ee.

<sup>297</sup> *Federal Register*, v. 68, August 12, 2003, p. 47915.

<sup>298</sup> Beginning in 1974, funding for the single grant to CLEO was made under the Legal Training for the Disadvantaged and Assistance for Training in the Legal Profession programs, precursors to the Thurgood Marshall Educational Opportunity Program.

<sup>299</sup> American Bar Association ABA network website at <http://www.abanet.org/cleo/whatis.html>.



## **GAANN Fellowships**

The GAANN fellowships are provided under three-year grants to academic programs. Grants for a fiscal year are for not less than \$100,000 and not more than \$750,000. Students may receive the fellowships for up to five years of study. Students receive a stipend to cover living expenses, while an institutional payment covers the fellow's tuition, fees, and other expenses. The amount of the student stipend is based on either the student's financial need or the level of support provided by the National Science Foundation's Graduate Research Fellowship program, whichever is less. The institutional 25% match of the federal grant can be used for additional fellowships and to meet other costs not covered by the institutional payment. In FY2004, 51 new awards were made.

## **Thurgood Marshall Fellowships**

The Thurgood Marshall Fellows receive counseling for study at accredited law schools, preparation on selecting and applying to a law school, and financial assistance. A number of services are available to Thurgood Marshall Fellows for meeting the competition of law school and to improve the student's retention and success in law school. These include a six-week pre-law summer institute at law schools throughout the country; pre-law mentoring programs with law school faculty, bar association members and judges; and tutoring, academic counseling, midyear seminars, and preparation for bar examinations. Thurgood Marshall Fellows may also be paid a stipend for participation in summer institutes and midyear seminars. The Thurgood Marshall Legal Educational Opportunity Program was not funded in FY2004.

**Note:** For more information, see CRS Report RL33040, *The Higher Education Act: Reauthorization Status and Issues* and CRS Report RS21436, *Graduate Fellowship Programs Under Title VII of the Higher Education Act (HEA): Background and Reauthorization*.

# **59. Migrant High School Equivalency Program (HEP)**

## **Funding Formula**

The Department of Education makes discretionary grants to colleges and universities and other public or private nonprofit agencies cooperating with such schools to help migrant students obtain a high school equivalency certificate.<sup>300</sup> Most grants are for a five-year period. FY2004 appropriations were \$19 million.

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<sup>300</sup> This migrant education program is authorized under Title IV, Section 418A of the Higher Education Act (HEA), as amended.

## **Eligibility Requirement<sup>301</sup>**

To be served, students or their parents must have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; alternatively, they must be eligible to participate (or must have participated within the last two years) in the Title I Migrant Education program (see program No. 54) or the Workforce Investment Act program for migrant and seasonal farmworkers. They must be at least 16 years of age (or beyond the age of compulsory school attendance in the state in which they reside), not enrolled in school, and not have a high school diploma or its equivalent.<sup>302</sup>

## **Benefit Levels**

HEP projects typically provide instruction in reading, writing, mathematics, and other subjects tested by equivalency examinations; career-oriented work-study courses; tutoring; and personal and academic counseling. In addition, they provide financial assistance, housing, and various support services. In the 2003-2004 school year, HEP served about 6,970 students at 52 institutions. The average federal contribution per student was approximately \$2,700.

# **60. College Assistance Migrant Program (CAMP)**

## **Funding Formula**

The Department of Education makes discretionary grants to colleges and universities and other public or private nonprofit agencies cooperating with such schools to help migrant students complete their first year in college.<sup>303</sup> Most grants are for a five-year period. FY2004 appropriations were \$16 million.

## **Eligibility Requirements<sup>304</sup>**

To be served, students or their parents must have spent a minimum of 75 days during the past 24 months in migrant and seasonal farmwork; alternatively, they must be eligible to participate in the Title I Migrant Education program or the WIA program for migrant and seasonal farmworkers. Students must be admitted to or enrolled as first year students at a participating college or university.<sup>305</sup>

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<sup>301</sup> Regulations for this program are at 34 CFR Part 206 (2005). This program is No. 84.141 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070d-2(a).

<sup>302</sup> Regulations define migrant farmworkers as seasonal farmworkers whose employment requires travel precluding them from returning to their domicile (permanent place of residence) within the same day. Seasonal farmworkers are defined as persons who, within the past 24 months, were employed at least 75 days in farmwork and whose primary employment was in farmwork on a temporary or seasonal basis.

<sup>303</sup> This migrant education program is authorized under Title IV, Section 418A of the Higher Education Act (HEA), as amended.

<sup>304</sup> Regulations for this program are at 34 CFR Part 206 (2005). This program is No. 84.149 in the Catalog of Federal Domestic Assistance. It is codified at 20 U.S.C. 1070d-2(a).

<sup>305</sup> Regulations define migrant farmworkers as seasonal farmworkers whose employment requires travel precluding (continued...)

## **Benefit Levels**

CAMP projects typically provide tuition and stipends for room and board and personal expenses; they also provide academic and personal counseling, tutoring in basic skills and other subject areas, and various support services. In the 2003-2004 school year, CAMP served about 2,500 students at eight institutions. The average federal contribution per student was approximately \$6,400.

## **61. Close Up Fellowships**

**Note:** This program was formerly called Ellender Fellowships ( Title X, Part G of the Elementary and Secondary Education Act of 1965). Close Up Fellowships now are authorized by Title I, Part E, of the Elementary and Secondary Education Act (ESEA), as amended by the No Child Left Behind Act (P.L. 107-10). This entry summarizes Ellender Fellowships and Close Up Fellowships rules under both laws.

### **Funding Formula and Eligibility Requirements**

#### **Ellender Fellowships**

This program provided fellowships to economically disadvantaged students, secondary school teachers, economically disadvantaged older Americans, and recent immigrants to spend one week in Washington, D.C. attending seminars on government and current events and meeting with leaders of the federal government. “Older American” was defined as an individual at least 55 years old. Economic disadvantage was not defined in the law, and the program had no regulations. The Close Up Foundation<sup>306</sup> administered the program.

#### **Close Up Fellowships**

The Close Up Foundation continues to administer the program by providing federal funding for fellowships to middle and secondary school economically disadvantaged students, their teachers, and recent immigrants to spend one week in Washington, D.C. attending seminars on government and current events and meeting with leaders of the federal government.

Appropriations for FY2004 Close Up Fellowships were \$1.48 million.

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(...continued)

them from returning to their domicile (permanent place of residence) within the same day. Seasonal farmworkers are defined as persons who, within the past 24 months, were employed at least 75 days in farmwork and whose primary employment was in farmwork on a temporary or seasonal basis.

<sup>306</sup> The Close Up Foundation is headquartered in Alexandria, VA. According to its website, it is the nation’s largest nonprofit, nonpartisan citizenship education program. Founded in 1970, it promotes “close up” experience in government through programs in DC and in state and local government. See <http://www.closeup.org/>.

## **Benefit Levels**

Fellowships cover the costs of room, board, tuition, administration, and insurance for a week-long series of meetings, tours, and seminars about public affairs in Washington, D.C., sponsored by the Close Up Foundation. Students and their teachers meet with officials from the three branches of the federal government and discuss pending issues. In the 2004-2005 school year, 2,030 students, 1,245 teachers, and 290 new American immigrants received fellowships. The federal share was \$453 per student, \$350 per teacher, and \$431 per new American.

## **62. D.C. School Choice Incentive Program**

### **Funding Formula**

This program is funded 100% by the federal government. Outlays for FY2005 were \$13.9 million.

### **Eligibility Requirements**

The D.C. School Choice Incentive Program was enacted as Title III of Division C of P.L. 108-199, the Consolidated Appropriations Act, 2004.<sup>307</sup> Through a competitive grant process, the Secretary of Education funds the operation of a tuition scholarship program that assists the families of eligible District of Columbia students in meeting the costs of attendance at private elementary or secondary schools in the district. Grantees are required to establish scholarship programs that provide eligible students, who are residents of the District of Columbia, with expanded school choice options. The program is structured to give priority in receiving a scholarship to students who attended schools identified as needing improvement, corrective action, or restructuring under Title I-A of the Elementary and Secondary Education Act (ESEA); to target students from families with limited financial resources; and to provide students the widest range of school choice options. This is a five-year demonstration program.

Initial eligibility is limited to students who are residents of the District of Columbia and whose family income does not exceed 185% of the poverty level. A student remains eligible to receive scholarships, in subsequent years, as long as the family income does not exceed 200% of the poverty level. If the number of students eligible to receive scholarships exceeds available funding, then students are selected through a lottery. In the first year of implementation, 2004-2005, the number of students that met the eligibility requirements and applied for scholarships exceeded the available slots in participating private schools; however, there was a mismatch between scholarship applicants and available slots in schools across the various grade levels (with an oversupply at the elementary level and a shortage at the secondary level).

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<sup>307</sup> 118 Stat. 126. This is program No. 84.370A in the Catalog of Federal Domestic Assistance.

## Benefit Levels

The scholarship covers tuition, fees, and any transportation costs to allow the student to attend the private elementary or secondary school of his or her choice in the District of Columbia. The amount of assistance provided to an eligible student, by the grantee, may not exceed \$7,500 for any academic year. Participating schools are not prohibited from charging tuition and fees in excess of the scholarship amount; however, participating schools may not charge scholarship recipients more than they customarily charge other students.

The scholarship is considered assistance to the student and not assistance to the school that enrolls the student. Also, the scholarship is not treated as income for the parents for federal tax laws or for determining eligibility for any other federal program.<sup>308</sup>

**Note:** For a full description of the program, see CRS Report RL32019, *Proposals to Establish a K-12 Scholarship or Voucher Program in the District of Columbia: Policy Issues and Analysis*. For an overview of the program's first year of operation, see CRS Report RL32994, *District of Columbia: FY2006 Appropriations*, and U.S. Department of Education, *Evaluation of the D.C. Opportunity Scholarship Program: First Year Report on Participation*, available at <http://www.ed.gov/rschstat/eval/choice/dcchoice-yearone/index.html>.

## Services

### 63. Child Care and Development Block Grant

#### Funding Formula

The Omnibus Budget Reconciliation Act of 1990 (P.L. 101-508) created the Child Care and Development Block Grant (CCDBG), which provides 100% federally paid discretionary funds to states and other entities.<sup>309</sup> CCDBG also receives entitlement funds, some of which require state matching funds (see below). Federal outlays in FY2004—from discretionary funds, entitlement funds, and amounts transferred to CCDBG from the block grant for Temporary Assistance for Needy Families (TANF)—totaled \$6.9 billion.

#### Discretionary Funds

Of discretionary CCDBG funds, 0.5% is reserved for allotment to the territories, and 1% to 2% (determined by the Secretary of Health and Human Services) is reserved for payments to Indian tribes and tribal organizations. Remaining discretionary funds are allocated among states, based

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<sup>308</sup> Sec. 308 (e) of P.L. 108-199. 118 Stat. 131.

<sup>309</sup> For FY1991, FY1992, and FY1993, ceilings were imposed (\$750 million, \$825 million, and \$925 million, respectively); for FY1994 and FY1995, unlimited funds were authorized. In 1996, CCDBG was reauthorized in welfare reform legislation (P.L. 104-193), with a yearly authorization ceiling of \$1 billion in discretionary funds for FY1996-FY2002. However, appropriations for FY2000 and FY2001 (at \$1.2 billion and \$2 billion, respectively) exceeded the ceiling. Congress appropriated \$2.1 billion in discretionary funds for each of fiscal years 2003, 2004, and 2005 (the same level as FY2002), without passing a reauthorization bill.

on each state's proportion of all children under age five, its proportion of all children who receive free or reduced price school lunches, and its per capita income relative to that of the Nation. Through FY1995, states were required to reserve 25% of their allocation to improve child care quality and to increase availability of early childhood development programs and before- and after-school services. Effective in FY1996, states could spend no more than 5% of their allotments for administrative costs, and no less than 4% on efforts to improve the quality and availability of child care.

## **Entitlement Funds**

Before October 1, 1997, states also received federal funds for child care services on behalf of current, former, and potential recipients of Aid to Families with Dependent Children (AFDC). For these funds states had to provide matching funds. The 1996 welfare reform law repealed the AFDC-related child care programs and replaced them with entitlement funding to states for child care services. The law appropriated \$13.9 billion in entitlement child care funding for six years, FY1997-FY2002, with annual amounts of \$2.1 billion for FY1998, \$2.2 billion for FY1999, \$2.4 billion for FY2000, and \$2.6 billion and \$2.7 billion for FY2001 and FY2002, respectively. Funding was continued via a series of temporary extensions at the FY2002 rate of \$2.717 billion annually through FY2005, and was subsequently extended through FY2010 at an annual rate of \$2.9 billion. These amounts are provided under Title IV-A of the Social Security Act (the part governing TANF), but states are required to transfer them to the same agency that administers the CCDBG and to spend them in accordance with CCDBG rules. The combined discretionary and entitlement funding streams are referred to by HHS and federal regulations as the *Child Care and Development Fund (CCDF)*.

Of entitlement child care funding, between 1% and 2% is reserved for payments to Indian tribes and tribal organizations. The rest is provided to states in two components. First, each state receives a fixed amount each year, equal to the maximum annual amount received by the state under the repealed AFDC child care programs in FY1994, FY1995, or in FY1992-FY1994, on average. This amount is estimated to equal \$1.2 billion each year; no state match is required to receive these funds. Second, remaining entitlement funds are allocated to states according to each state's share of children under age 13. States must achieve maintenance-of-effort spending targets to qualify for these funds; they also must provide matching funds for them, at the Medicaid match rate, which varies among states and is related inversely to state per capita income (see program No. 1). As with discretionary CCDBG funding, states may spend no more than 5% of their entitlement funds for administrative costs, and no less than 4% on activities to improve the quality and availability of child care. **Note:** States are authorized to transfer to the CCDBG up to 30% of their TANF block grants, which total \$16.5 billion annually (P.L. 105-33).

## **Eligibility Requirements<sup>310</sup>**

To be eligible for subsidized child care, a child must (1) be less than 13 years old (or, at option of the grantee, under 18, if disabled or under court supervision<sup>311</sup>), and (2) live with at least one

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<sup>310</sup> Regulations governing child care and development block grants to states are found in 45 CFR Parts 98 and 99 (2005). This program is No. 93.575 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 618, 9658.

<sup>311</sup> Or under age 19, if the state extends TANF eligibility to a "child" to this age.



parent who is working or attending a job training or educational program (unless the child is receiving protective services or in need of them). In addition, the income of the child's family cannot exceed 85% of the state median for a family of the same size (before FY1996, the income ceiling was 75% of the state median). The law requires that states give priority to children in very low-income families and to those with special needs. According to statute, states must spend 70% of entitlement funds on welfare recipients working toward self-sufficiency or families at risk of welfare dependency. However, because all families with income below 85% of the state median can be classified as "at risk," the 70% targeting rule (for welfare and at-risk families) does not necessarily mean that welfare families must be served. In theory, all funds may be used for low-income, non-welfare, working families. However, state plans indicate that many states guarantee child care to welfare families.

## **Benefit Levels**

For subsidized child care services, states must establish a sliding fee schedule that requires cost sharing unless the family's income is below the poverty level. Parents must be given the option to obtain care from a provider who is paid directly by the state, through a grant or contract, or through certificates that are payable for child care from an eligible provider of the parents' choice. Child care services may include center-based care, group home care, family care, and "in-home" care.

**Note:** See also CRS Report RL30785, *The Child Care and Development Block Grant: Background and Funding* and CRS Report RL32817, *Child Care Issues in the 109<sup>th</sup> Congress*.

## **64. TANF Services**

### **Funding Formula**

See TANF block grant entry (program No. 11).

In FY2004, expenditures for TANF-funded services (other than child care, shown separately in this report) were estimated at \$6.3 billion, \$4.9 billion (78%) from federal funds and \$1.4 billion from state-local funds. This excludes TANF funds transferred by states to the Social Services Block grant.

### **Eligibility Requirements<sup>312</sup>**

TANF law permits states to use block grant funds to provide services to recipient families and to various groups of other "needy" families, so long as the services can be expected to lead toward ending the dependence of needy parents on government benefits or enabling needy families to care for children at home, two of the program's goals. States decide what income limits to set for specific services, and they may tailor services to the circumstances of individual families. States

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<sup>312</sup> Eligibility criteria for activities funded with state maintenance-of-effort funds must be reported [45 CFR §265.9(c)(6)(2005)]. The TANF block grant is program No. 93.558 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 601 et seq.



also may provide services to non-needy families if they are directed at the goals of preventing and reducing out-of-wedlock pregnancies or encouraging the formation and maintenance of two-parent families. In their TANF plans, most states said they provide support services to recipient families plus three categories of needy families not enrolled in cash aid: former cash recipient families, families at risk of becoming eligible for cash aid, and unemployed or underemployed non-custodial parents. Generally income limits range from 150% to 250% of federal poverty guidelines (in 2005, from \$24,135 to \$40,225 for a family of three). However, some states have higher flat annual income limits for some services.

## **Benefit Levels**

Transportation subsidies, parental skill-building services, home energy aid, housing aid, rehabilitation services (mental health/substance abuse counseling and treatment), and domestic violence counseling are examples of benefits/services provided (other than child care, the most frequently mentioned service). Examples of TANF-funded services that impose no income test include teen pregnancy prevention programs, responsible parenthood counseling, abstinence programs, and family planning services. A broad category of TANF expenditures is for services authorized under pre-TANF law (such as services for children in the juvenile justice system and certain child welfare and foster care services).

**Note:** For more information, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, by Gene Falk.

## **65. Social Services Block Grant (Title XX)**

### **Funding Formula**

The Social Security Act (Title XX) provides 100% federal funding<sup>313</sup> to states for social services up to a maximum ceiling level (\$1.7 billion annually since FY2001, lowered from \$2.38 billion in FY2000). Funds are distributed among states on the basis of population. Funding for each fiscal year since FY2002 has been maintained at \$1.7 billion, the same level as the ceiling. Note that since FY1997, states have had authority to transfer to the Social Services Block Grant (SSBG) up to 10% of their TANF block grants, which total \$16.5 billion annually (P.L. 105-33).<sup>314</sup> Transfers of TANF funds to SSBG totaled 6% of the annual TANF grant in FY2003 and 5% in FY2004. The authorized transfer amount was scheduled to decline to 4.25% on October 1, 2001 under P.L. 105-178, but more recent legislation maintained the 10% transfer limit.

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<sup>313</sup> P.L. 97-35 ended requirements for state matching of funds and established an FY1982 funding ceiling of \$2.4 billion, which has since been set at \$1.7 billion. Estimates of any recent state supplementary funding are not available. A voluntary survey conducted by the American Public Welfare Association, forerunner of the American Public Human Services Association, indicated that state-local spending of 31 states on social services in FY1990 equaled 156% of their Title XX block grant allotments. Previous editions of this report used this percentage to estimate state social service funding.

<sup>314</sup> TANF funds transferred to Title XX must be spent only on children and families with income below 200% of the poverty income guideline.

## Eligibility Requirements<sup>315</sup>

States are free to establish their own eligibility criteria for Title XX social services. They decide what groups to serve and what fees, if any, to charge.

## Benefit Levels

State expenditure reports submitted to HHS provide national data on how states spent SSBG funds in FY2002 and FY2003 (data from FY2004 are not yet available). The reporting form includes a list of 29 eligible service categories in which funds may be spent. The list includes categories such as child care, home-delivered meals for the elderly, foster care, housing services, and family planning services. In FY2003, for the country as a whole, the services receiving the greatest percentage of spending were as follows: special services for the disabled, (13.7%); child protective services, (8.7%); foster care services for children, (13.3%); and home-based services, (6.9%). For FY2002, the corresponding shares were 12.4%, 10.0%, 12.5%, and 8.5%, respectively.

**Note:** For more details about SSBG, see CRS Report 94-953, *Social Services Block Grant (Title XX of the Social Security Act)*.

# 66. TANF Child Care

## Funding Formula

See TANF block grant entry (program No. 11).

In FY2004, expenditures for TANF child care were estimated at \$2.5 billion, \$1.4 billion (89%) from federal funds and \$1.047 billion from state-local funds. This excludes TANF funds transferred to the Child Care and Development Block Grant (CCDBG), program No. 63. It also excludes TANF state maintenance-of-effort expenditures that could also count toward state spending required to qualify for entitlement matching funds under the CCDBG.<sup>316</sup>

## Eligibility Requirements<sup>317</sup>

TANF-funded child care consists of care for children in TANF families, former TANF families, and other low-income families. The law permits states to use block grant funds to provide child care to recipient families and to various groups of “needy” families not enrolled in the cash

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<sup>315</sup> Regulations governing Social Services Block Grants to states are found in 45 CFR Part 96, Subpart G (2005). This program is No. 93.667 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 1397-1397f.

<sup>316</sup> Required state spending to qualify for entitlement matching funds under CCDBG does not itself count toward the maintenance-of-effort (MOE) state spending requirement for the TANF block grant.

<sup>317</sup> Eligibility criteria for families served in programs/activities for which the state claims expenditures countable toward required state spending (maintenance-of-effort requirement) must be shown in annual state reports unless the information is provided in the state TANF plan. See 45 CFR Part 265.9(c)(6) (2005). The TANF block grant is program No. 93.558 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 601 et seq.

program, so long as the child care can be expected to lead toward ending the dependence of needy parents on government benefits by promoting work or job preparation, one of the program's goals. States decide what income limits to set for TANF-funded child care (i.e., how "needy" the parents must be).

In their TANF plans, most states said they provide free or subsidized child care to three groups of needy families: recipient families who need it to work, study, or undergo training; former cash recipient families, for a transition period; and families "at risk" of becoming income-eligible for cash aid. Generally, income limits for families not enrolled in the cash program range from 150% to 250% of federal poverty guidelines (in 2005, from \$24,135 to \$40,255 for a family of three). However, some states use a relative standard (a percentage of state median income) as the income test for families not in the cash program.

Many states set the usual age cutoff for TANF-funded care at 13 years, the general limit of the Child Care and Development Block Grant (CCDBG), but the TANF plan of California promises child care only for children under age 10 (older, if funds are available).

TANF repealed a requirement that states "guarantee" child care needed to enable welfare parents to work or study. However, TANF provides that single parents who receive TANF assistance cannot be punished for refusal to perform required work if they are unable to obtain needed care for a child under age six for a specified reason.

## **Benefit Levels**

States decide what charges, if any, to impose for TANF child care and for how long to offer "transitional" child care to families who have left the cash welfare rolls.

**Note:** For more information, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, by Gene Falk.

# **67. Homeless Assistance Grants**

## **Funding Formula**

Under a consolidated budget account for Homeless Assistance Grants, the Department of Housing and Urban Development (HUD) provides funding for four programs aiding the homeless that are authorized under the Stewart B. McKinney Homeless Assistance Act (P.L. 100-77). They are the Emergency Shelter Grants program, Section 8 Moderate Rehabilitation Assistance for Single-Room Occupancy (SRO) Dwellings, the Shelter Plus Care program, and the Supportive Housing program.<sup>318</sup>

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<sup>318</sup> The programs making up Homeless Assistance Grants appear in the Catalog of Federal Domestic Assistance at 14.231, 14.249, 14.238, and 14.235. Regulations are found at 24 CFR Parts 576.1-576.67, 882.801-882.810, 582.1-582.410, and 583.1-583.410 (2005). The Stewart B. McKinney Homeless Assistance Act is codified at 42 U.S.C. 11371-11378 for Emergency Shelter Grants, 11403-11407b for Shelter Plus Care, 11401 for SRO, and 11381-11389 for the Supportive Housing Program.

Federal funding for the Emergency Shelter Grants program is provided through formula grants to states, cities, and counties in accordance with the distribution formula used for Community Development Block Grants (CDBG). Money for the other programs is awarded through competitive grants to states, local governments, nonprofit organizations, and public housing authorities.

Grantees must match federal dollars (except in the case of the SRO program). Under the Emergency Shelter Grants program, a one-for-one match is required (although the first \$100,000 granted to a state need not be matched); under the Shelter Plus Care program, grantees must match federal funds provided for shelter with equal money for services; and under the Supportive Housing program, dollar-for-dollar cash matching is required for grants involving acquisition, rehabilitation, or new construction of housing units. HUD homeless assistance funds also are used for “Supportive Services Only” projects that are linked to housing provided by other organizations. The FY2005 Appropriations Act required a 25% match for all HUD-funded services. Outlays for the Homeless Assistance Grants program in 2004 were \$1.238 billion.

## **Eligibility Requirements**

Under a “continuum of care” strategy developed by HUD, grantees generally must develop and maintain (or participate in) consolidated plans for the integration of programs and services for the homeless, including the four programs noted above. Grantees under the Emergency Shelter Grants program (governmental entities) receive their grants by formula. In the other programs, grantees (both governmental and nongovernmental agencies) must compete for HUD approval of their grant proposal. Individual eligibility for assistance from any Homeless Assistance Grant project generally depends on decisions made by the local sponsor. However, some programs restrict beneficiary eligibility to specific categories. The Shelter Plus Care program is limited to homeless persons with very low incomes<sup>319</sup> who have disabilities, chronic substance abuse problems, or AIDS and related diseases. The SRO program is limited to single homeless persons. Permanent housing under the Supportive Housing program is available only to the disabled.

## **Benefit Levels**

Homeless Assistance grantees can use funding for a range of activities on behalf of homeless persons. Under the Emergency Shelter Grants program, activities include renovation, major rehabilitation, or conversion of buildings for use as emergency shelters or transitional housing for the homeless; essential social services; operating costs of facilities for the homeless; and initiatives to prevent homelessness. Supportive Housing program money may be used to assist homeless persons in transition to independent living through provision of transitional housing, follow-up services, permanent housing (as well as services) for those with disabilities, supportive services to those in housing supported by other programs, “alternative” housing for the long-term homeless, and “safe havens” for homeless individuals. The Shelter Plus Care and SRO programs provide rental assistance.

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<sup>319</sup> Very-low income is defined as income below 50% of the area median, adjusted for family size. A higher income limit, 80% of the area median, may be used for the Single Room Occupancy (SRO) component of this program.

**Note:** For more details about homeless assistance grants, along with other targeted homelessness programs sponsored by the federal government, see CRS Report RL30442, *Homelessness: Targeted Federal Programs and Recent Legislation*, by Libby Perl et al.

## 68. Community Services Block Grant

### Funding Formula<sup>320</sup>

The Community Services Block Grant Act (CSBG)<sup>321</sup> authorizes 100% federally funded block grants to states for community-based antipoverty activities. State allocations are based on the percentage of funds received in the state in FY1981 from the former Community Services Administration (CSA) under Section 221 of the Economic Opportunity Act. Of total appropriations, half of 1% is reserved for allotment to the territories, and the Secretary of Health and Human Services also must reserve 1.5% for training, technical assistance, planning, evaluation and data collection. For FY2005, \$637 million was appropriated for the block grant, plus \$89.7 million for several smaller related activities, such as community economic development, job opportunities for low-income individuals (JOLI), grants for rural community facilities, the national youth sports program, community food and nutrition activities and individual development accounts.

### Eligibility Requirements<sup>322</sup>

In general, beneficiaries of programs funded by CSBG must have incomes no higher than the federal poverty income guidelines. For FY2005, the guidelines were \$19,350 for a family of four and \$9,570 for a single person in the 48 contiguous states.<sup>323</sup> Amendments enacted in 1984 allow states to increase eligibility criteria to 125% of the poverty guidelines “whenever the state determines that it serves the objectives of the block grant.” The program has no rules regarding assets.

### Benefit Levels

Programs funded by the Community Services Block Grant operate a wide variety of antipoverty activities, including local program coordination, nutrition, emergency services, and employment services. CSBG grantees also receive funds from many other sources (such as Head Start, weatherization assistance, low-income home energy assistance, emergency food and shelter programs, employment and training, and legal services) to operate antipoverty programs.

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<sup>320</sup> Beginning in FY1982, under terms of P.L. 97-35 (Section 672), this program replaced the formerly independent Community Services Administration (CSA), which had been established in 1964 as the Office of Economic Opportunity and was renamed CSA in 1975.

<sup>321</sup> This block grant is codified at 42 U.S.C. 9901 et seq.

<sup>322</sup> Regulations governing community services block grants (scope and audit requirements) are found at 45 CFR Part 96, Subpart I (2005). It is program No. 93.569 in the Catalog of Federal Domestic Assistance.

<sup>323</sup> Poverty income guidelines are higher in Alaska and Hawaii.

**Note:** For more details about the Community Services Block Grant, see CRS Report RL32872, *Community Services Block Grants (CSBG): Funding and Reauthorization*.

## 69. Legal Services (LSC)

### Funding Formula

The law provides 100% federal funding. Funds are allocated among local legal services programs on the basis of state shares of the poverty population. The FY2003 appropriation was \$338.8 million,<sup>324</sup> up \$9.5 million from the FY2002 sum. The increase was to provide supplemental funding for states that were scheduled to receive a cut in FY2003 funding because of use of data from the 2000 Census, which showed a shift in state poverty populations.

### Eligibility Requirements<sup>325</sup>

The Legal Services Corporation Act of 1974<sup>326</sup> provides financial aid to programs that offer legal services in noncriminal proceedings to low-income persons. The law makes eligible “any person financially unable to afford legal assistance” and says the Corporation should take into account not only income, but liquid assets,<sup>327</sup> fixed debts, cost of living, and other factors in determining an individual’s capacity to pay for a lawyer. The law requires the Corporation to set national maximum income limits and to establish guidelines that will insure preference for those least able to afford an attorney. Regulations of the Corporation have established the maximum income limit for eligibility at 125% of the federal poverty income guidelines. Regulations permit exceptions to the income limit in specified circumstances. For example, the regulations permit legal services on behalf of a person whose income falls between 125% and 150% of the poverty line if the purpose is to obtain benefits from a “governmental program for the poor,” or if warranted by certain factors such as the individual’s current income prospects, medical expenses, fixed debts and obligations, child care and other work-related expenses, expenses associated with age or infirmity, and other factors related to financial inability to afford legal assistance.

### Benefit Levels

Beneficiaries receive legal aid in noncriminal proceedings. Most cases concern these areas of law: family, employment, consumer, housing, civil rights, public benefit programs such as cash welfare, Social Security, Supplemental Security Income (SSI), workers’ compensation, unemployment compensation, Medicare, and Medicaid. The Legal Services Corporation’s stated goal is to provide “minimum access to legal services for all poor persons,” defined as the

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<sup>324</sup> A 0.65% across-the-board rescission reduced the Legal Services Corporation appropriation for FY2003 to \$336.6 million.

<sup>325</sup> Regulations governing eligibility for legal services are found at 45 CFR Part 1611 (2005). The Legal Services Corporation Act is codified at 42 U.S.C. at 2996 et seq.

<sup>326</sup> Title X of the Economic Opportunity Act, as added by P.L. 93-355.

<sup>327</sup> Regulations require the governing bodies of those who receive funds from the Legal Services Corporation to establish “specific and reasonable” asset ceilings each year and, in doing so, to give special consideration to the legal needs of the elderly, institutionalized, and handicapped.



equivalent of two attorneys for every 10,000 poor persons; however, that goal was achieved only once, in FY1980. Corporation grantees are not allowed to give legal aid in criminal proceedings or in most civil cases that are fee-generating in nature, such as accident damage suits. Additional restrictions include prohibitions against lobbying activities, class action lawsuits, litigation related to abortion, and representation of prisoners.

On February 28, 2001, the U.S. Supreme Court invalidated a restriction that Congress had imposed on LSC in every annual appropriations act since 1996. This was a prohibition against LSC funding of any organization that represented clients in an effort to amend or otherwise challenge existing welfare law. By a 5-4 vote, the Court found that this restriction violated the First Amendment (freedom of speech). The Court held that restricting LSC attorneys in advising their clients and in presenting arguments and analyses to the courts distorted the legal system by altering the attorneys' traditional role (*Legal Services Corporation v. Velazquez*, 121 S.Ct. 1043 [2001]).

**Note:** For more details about this program, see CRS Report 95-178, *Legal Services Corporation: Basic Facts and Current Status*.

## 70. Social Services for Refugees, Asylees, Other Humanitarian Cases

### Funding Formula

The Immigration and Nationality Act as amended by the Refugee Act of 1980 (P.L. 96-212) authorizes 100% federally funded social services to assist refugees and asylees in becoming self-sufficient. Other legislation authorizes similar assistance for certain Cuban and Haitian entrants<sup>328</sup> and for certain Amerasians.<sup>329</sup> The refugee, asylee, and entrant social services funds are distributed among the states under formulas that usually take into account each state's proportion of persons in eligible groups who entered the United States within the previous 36 months. The Department of Health and Human Services Office of Refugee Resettlement (ORR) administers this program. Appropriations for social services were \$152.2 million in FY2004.

### Eligibility Requirements<sup>330</sup>

A person must (a) have been admitted to the United States as a refugee or asylee under the Immigration and Nationality Act or have been paroled as a refugee or asylee under the act, (b) be a Cuban or Haitian paroled into the United States between April 15 and October 20, 1980, and designated a "Cuban/Haitian entrant," or be a Cuban or Haitian national paroled into the United States after October 10, 1980, (c) be a person who has an application for asylum pending or is subject to exclusion or deportation and against whom a final order of deportation has not been issued, or (d) be a Vietnam-born Amerasian immigrant fathered by a U.S. citizen.

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<sup>328</sup> Title V of the Refugee Education Assistance Act (P.L. 96-422).

<sup>329</sup> Section 584 of the FY1988 Foreign Operations Appropriations Act (P.L. 100-202).

<sup>330</sup> Regulations for this program are found at 45 CFR Parts 400-401 (2005). This program is No. 93.566 in the Catalog of Federal Domestic Assistance.



Any person mentioned above generally is eligible for social services financed by refugee program funds, but some activities so funded may have eligibility limitations such as age. The above groups also may benefit from services financed under the Social Security Act (Title XX) but generally would have to meet the state's Title XX eligibility requirements. Exceptions to Title XX rules can be made so that refugees, asylees, and entrants can receive certain particular services such as language training, vocational training, and employment counseling.

## **Benefit Levels**

States determine what social services are offered. All social services funded by the refugee program are considered refugee social services rather than Title XX social services even if they also qualify under Title XX rules.

# **71. Emergency Food and Shelter Program**

## **Funding Formula**

Congress has established by statute a National Board of charitable and religious organizations to coordinate and monitor the Emergency Food and Shelter program<sup>331</sup> (the EFS program) under the authority and direction of the Federal Emergency Management Agency (FEMA).<sup>332</sup> The National Board awards EFS funds to local boards for allocation to direct service providers. To qualify for funds, a local jurisdiction must have a relatively high rate of unemployment for the most current 12-month period, and a high poverty rate (as measured by the most recent census). The National Board allocates funds to local jurisdictions on the basis of their share of the total number of unemployed persons in all qualifying areas.

The National Board also uses a portion of EFS appropriations for state set-aside programs, which allow state boards to select jurisdictions for funding using a formula established by the state boards. These funds are intended to enable state boards to target pockets of homelessness or poverty in areas not qualifying under the regular national formula. Examples include areas that suffer sudden economic changes such as plant closings, areas with high levels of unemployment or poverty that do not meet the minimum level of unemployment, or jurisdictions that have documented measures of need that are not adequately reflected in unemployment and poverty data.<sup>333</sup> Federal EFS outlays for FY2004 were \$152 million.

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<sup>331</sup> Congress established this program in March 1983 (P.L. 98-8) with appropriations of \$50 million for FY1983 grants and continued it with annual appropriations thereafter. In 1987, Congress authorized the program through FY1988 in the Stewart McKinney Homeless Assistance Act (P.L. 100-77) and in 1992 reauthorized it through FY1994 (P.L. 102-550). The Emergency Food and Shelter National Board Program is No. 97.024 in the Catalog of Federal Domestic Assistance, and is codified at 42 U.S.C 11331-11352 (2000). The National Board establishes written guidelines in the *Federal Register*, last updated in 1999, volume 64, pp. 22912-22947.

<sup>332</sup> The National Board is composed of the following organizations specified in statute: United Way of America, The Salvation Army, National Council of Churches, Catholic Charities USA, United Jewish Communities, American Red Cross, and FEMA.

<sup>333</sup> *Federal Register* pp. 22913-22914.

## Eligibility Requirements

Public and private organizations that provide shelter and food to the homeless and hungry receive federal funds under this program. Providers include food banks, soup kitchens, shelters, and other organizations serving the homeless. The program is designed to purchase food and shelter to supplement and expand current available resources to target special economic, not disaster-related, emergencies. The eligibility of direct service providers to receive EFS funds is determined by each local board. EFS-funded assistance is available for any individual or family whom the local board determines to be in need.

## Benefit Levels

The EFS program provides food and feeding related expenses (such as transport of the food and food preparation and serving equipment), mass shelter, other shelter (such as hotels and motels), rent/mortgage and/or utility assistance for one month only to avert homelessness, and limited repairs to feeding and sheltering facilities. Estimated outlays for FY2005 are \$153 million.

**Note:** For more information, see CRS Report RS22286, *The Emergency Food and Shelter Program*.

## Jobs and Training Programs

### 72. TANF Work Activities

#### Funding Formula

See TANF block grant entry (program No. 11).

In FY2004, expenditures for TANF work programs and activities were reported at \$2.2 billion, \$1.6 billion (75%) from federal funds, and \$0.5 billion from state-local funds. (This excludes funding for the separate Welfare-to-Work grant program administered by the Department of Labor, program No.77 in this report.)

#### Eligibility Requirements<sup>334</sup>

To enforce a focus on work, TANF law allows parents and other caretakers of TANF children a maximum of 24 months of benefits without “work,” as defined by the state. It also requires states to achieve minimum rates of participation by TANF families in federally recognized work activities.<sup>335</sup> States may use TANF block grant funds to provide work programs and activities for

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<sup>334</sup> Eligibility criteria for families served by programs/activities for which the state claims expenditures countable toward required state spending (maintenance-of-effort requirement) must be shown in annual state reports unless the information is provided in the state TANF plan. 45 CFR §265.9(c)(6)(2005). The TANF block grant is program No. 93.558 in the Catalog of Federal Domestic Assistance.

<sup>335</sup> For details of work rules and the list of countable work activities, see *Work/conduct requirements* under program (continued...)

recipient families and various groups of “needy” families not enrolled in the cash program, so long as the services can be expected to lead toward ending the dependence of needy parents on government benefits by promoting job preparation and work, one of the program’s goals. States decide eligibility limits, and they may tailor activities to the needs of individual families. If they offer work activities to noncustodial parents of TANF children, they may choose whether or not to include them in calculating work participation rates of two-parent families.

## **Benefit Levels**

TANF reporting forms require states to break down TANF expenditures on work-related activities into three categories: work subsidies, education and training, and other work activities/expenses. In a guidance for use of TANF funds (*Helping Families Achieve Self-Sufficiency*), HHS lists numerous ways to support work activities, including job search and placement, job skills training, work experience, job retention services and counseling, and specialized training for supervisors.

**Note:** For more information, see CRS Report RL32748, *The Temporary Assistance for Needy Families (TANF) Block Grant: A Primer on TANF Financing and Federal Requirements*, by Gene Falk.

## **73. Job Corps**

### **Funding Formula**

The Job Corps is 100% federally funded. The Job Corps is authorized by Title I, Subtitle C of the Workforce Investment Act (WIA).<sup>336</sup> FY2004 Job Corps appropriations were \$1.5 billion.

### **Eligibility Requirements<sup>337</sup>**

Those eligible for the Job Corps are “low-income” youths aged 16-24 (only 20% of enrollees may be older than 21) who have one or more of the following characteristics: deficient in basic reading, writing, or computing skills; a school dropout; homeless, a runaway, or a foster child for whom state or local government payments are made; a parent; in need of additional education, vocational training, or intensive counseling and or help to accomplish regular schoolwork or to secure and hold employment.

WIA defines a low-income person as one who (a) receives cash welfare or is a member of a family that receives cash welfare, (b) receives food stamps or is a member of family that was eligible to receive food stamps in the previous six months; (c) had family income<sup>338</sup> for the

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(...continued)

No. 11.

<sup>336</sup> Until July 1, 2000, the Job Corps was authorized by the Job Training Partnership Act (JTPA) (Title IV-B). Effective on that date, JTPA was replaced by the Workforce Investment Act (WIA), P.L. 105-220. The transition period for implementation of WIA was from July 1, 1999 to June 30, 2000.

<sup>337</sup> Regulations for Job Corps are found at 20 CFR Part 670 (2005).

<sup>338</sup> Excluded from counted family income are unemployment compensation, child support payments, cash welfare (continued...)

preceding six months no higher than the federal poverty guideline (a limit in 2003 throughout the 48 contiguous states and the District of Columbia<sup>339</sup> of \$ 18,400 for a family of four persons and \$8,980 for a single person) or no higher than 70% of the lower living standard income level (LLSIL) (a ceiling that ranged, effective on May 30, 2003, for a four-person family from \$18,270 in non-metropolitan areas of the South to \$22,230 in metropolitan areas of the Northeast—and higher in Alaska, Hawaii and Guam); (d) is homeless, as defined in the Stewart McKinney Homeless Assistance Act; (e) is a foster child on behalf of whom state or local government payments are made; or (f) is a disabled person whose own income meets the program limit, but whose family income exceeds it.

The Job Corps has no asset rules.

## **Benefit Levels**

Job Corps enrollees are served primarily in residential centers where they receive basic education, vocational skills training, counseling, work experience, and health services. Enrollees receive personal allowances while participating in the program and readjustment allowances upon successful completion of the program. Job Corps centers are required to provide child day care, to the extent practicable, at or near the centers. Enrollees may remain in the Corps for up to two years; the average stay is about seven months.

WIA forbids needs-tested programs to take its allowances, earnings, and payments into account in determining eligibility for benefits and their amount.<sup>340</sup>

**Note:** For further information about Job Corps, see CRS Report RS22396, *The Workforce Investment Act (WIA): Program-by-Program Overview and FY2007 Funding of Title I Training Programs*.

## **74. Youth Activities**

### **Funding Formula**

This program is 100% federally funded. Youth Activities are authorized under Subtitle B, Chapter 4 of the Workforce Investment Act (WIA).<sup>341</sup> Funds are allocated to states on the basis of a three-part formula: state shares of the national distribution of “substantial” unemployment (unemployment rate of at least 6.5%), “excess” unemployment (rate above 4.5%), and the

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(...continued)

benefits, and social security benefits.

<sup>339</sup> Poverty guidelines are 25% higher in AK, 15% higher in HI.

<sup>340</sup> This rule is found at Section 181 of WIA. Note: Before the 1996 welfare reform law, which repealed AFDC, states were required to count most JTPA earnings and payments in determining AFDC eligibility and benefit amounts. However, AFDC law gave states the option, for no more than six months, to disregard JTPA earnings of a child.

<sup>341</sup> Effective July 1, 2000, the program of youth training under Title II-C of the Job Training Partnership Act (JTPA) was repealed. Youth Activities is a new replacement training program for youth. The transition period for implementation of the Workforce Investment Act (WIA) (P.L. 105-220) was July 1, 1999 to June 30, 2000.

population of “disadvantaged” youth (family income below the federal poverty guideline or 70% of the lower living standard income level).<sup>342</sup> FY2004 appropriations were \$995 million.

## **Eligibility Requirements<sup>343</sup>**

Those eligible for WIA youth activities are “low-income” youths aged 14 through 21 who have one or more of the following characteristics: deficient in basic literary skills; a school dropout; homeless, a runaway, or a foster child; pregnant or a parent; or a youth offender, in need of additional assistance to complete an educational program or to secure and hold employment.

WIA defines a low-income person as one who

- (a) receives cash welfare or is a member of a family that receives cash welfare;
- (b) receives food stamps or is a member of family who was eligible to receive food stamps in the previous six months;
- (c) had family income<sup>344</sup> for the preceding six months no higher than the federal poverty guideline (a limit in 2003 throughout the 48 contiguous states and the District of Columbia<sup>345</sup> of \$18,400 for a family of four persons and \$8,980 for a single person) or no higher than 70% of the lower living standard income level (LLSIL) (a ceiling that ranged, effective on May 30, 2003, for a four-person family from \$18,270 in non-metropolitan areas of the South to \$22,230 in metropolitan areas of the Northeast, and higher in Alaska, Hawaii, and Guam);
- (d) is homeless, as defined in the Stewart McKinney Homeless Assistance Act;
- (e) is a foster child on behalf of whom state or local government payments are made; or
- (f) is a disabled person whose own income meets the program limit, but whose family income exceeds it.

The program has no asset rules.

## **Benefit Levels**

### **WIA Program of Youth Activities**

Local youth programs must include the following services: tutoring, study skills training, and instruction leading to secondary school completion; alternative secondary school offerings; summer employment opportunities directly linked to academic and occupational learning; paid and unpaid work experience, including internships and job “shadowing,” occupational skill

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<sup>342</sup> The allocation formula is the same under WIA as it was under JTPA.

<sup>343</sup> Regulations for youth activities are found at 20 CFR Part 664 (2005). This program is No. 17.259 in the Catalog of Federal Domestic Assistance.

<sup>344</sup> Excluded from counted family income are unemployment compensation, child support payments, cash welfare benefits, and social security benefits.

<sup>345</sup> Poverty guidelines are 25% higher in Alaska, 15% higher in Hawaii.

training; leadership development opportunities, including community service and peer-centered activities; supportive services; adult mentoring for at least 12 months; followup services for at least 12 months, and comprehensive guidance and counseling, including drug and alcohol abuse counseling. At least 30% of local allotments must be used to provide activities to out-of-school youth. Local boards may determine how much of available youth funds to use for summer and for year-round activities, and local programs have discretion to decide what specific services to provide to a participant.

**Note:** For more information, see CRS Report RS22396, *The Workforce Investment Act (WIA): Program-by-Program Overview and FY2007 Funding of Title I Training Programs*.

## 75. Adult Activities

### Funding Formula

This program is 100% federally funded. Adult Activities are authorized under Subtitle B, Chapter 5 of the Workforce Investment Act.<sup>346</sup> Funds are allocated to states on the basis of a three-part formula: state shares of the national distribution of “substantial” unemployment (unemployment rate of at least 6.5%), “excess” unemployment (rate above 4.5%) and the “disadvantaged” adult population (family income below the federal poverty guideline or 70% of the lower living standard income level).<sup>347</sup> FY2004 appropriations were \$893 million.

### Eligibility Requirements<sup>348</sup>

Those eligible for adult activities are persons at least 18 years old. Any individual may receive “core” services (for example, job search assistance). For intensive services, such as individual career planning, and for job training, a person must need the services in order to become employed or to obtain or retain a job that allows for self-sufficiency. If funds are limited, priority must go to recipients of cash welfare and other low-income persons.

The program has no asset rules.

### Benefit Levels

The law requires that most services for adults be provided through One Stop Career Centers. It authorizes three levels of services: “core” services, “intensive” services, and training services. Available to all job seekers are core services, which include outreach, job search and placement

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<sup>346</sup> Effective July 1, 2000, the program of adult training under Title II-A of the Job Training Partnership Act (JTPA) was repealed. Adult Activities is a new replacement training program for adults. The transition period for implementation of the Workforce Investment Act (WIA) (P.L. 105-220) was July 1, 1999 to June 30, 2000. The program has no income test but requires priority for low income persons in the event of limited funds.

<sup>347</sup> The allocation formula is the same under WIA as it was under JTPA.

<sup>348</sup> Regulations for the repealed JTPA adult training program are found at 20 CFR Part 628, Subpart F (2005). The WIA program of Adult Activities is No. 17.258 in the Catalog of Federal Domestic Assistance. Final regulations for the WIA program (20 CFR Part 652 et. al.) are found in the *Federal Register* of Aug. 11, 2000, p. 49249. Final regulations for WIA Adult Activities (20 CFR Part 663) are found in the *Federal Register* of Aug. 11, 2000, p. 49402.



assistance, and labor market information. “Intensive” services are available only to persons who have received at least one core service and need further services to obtain or retain a job. Intensive services include more comprehensive assessments, development of individual employment plans, and counseling and career planning. Training services linked to job opportunities in the community are available for persons who cannot find a job through intensive services. Both occupational training and training in basic skills may be offered. To promote individual choice, participants use an “individual training account” to select a program from a qualified training provider. The law also authorizes supportive services, such as child care and transportation aid, to enable a person to participate.

WIA forbids needs-tested programs to take its allowances, earnings, and payments into account in determining eligibility for benefits and their amount.<sup>349</sup> However, an exception applies to food stamp recipients, aged 19 or older, who are enrolled in on-the-job-training. Food stamp rules treat the earnings of on-the-job trainees as earned income.

**Note:** For more information, see CRS Report RL30929, *Job Training: Characteristics of Workforce Training Participants*. For more historical information about the adult and youth training programs under JTPA, see CRS Report 94-862, *The Job Training Partnership Act: A Compendium of Programs*. For more information about the programs under WIA, see CRS Report RS22396, *The Workforce Investment Act (WIA): Program-by-Program Overview and FY2007 Funding of Title I Training Programs*.

## 76. Senior Community Service Employment Program (SCSEP)

### Funding Formula<sup>350</sup>

The law provides 90% federal funding for this program (up to 100% for activities in emergency or disaster projects, for activities in economically depressed areas, and for private sector training activities).<sup>351</sup> The non-federal share can be cash or in kind. The state allocation formula has three elements: a hold harmless factor (the 2000 level of funding); a state’s relative share of persons aged 55 years and older; and a state’s relative per capita income. For FY2005, \$437 million was appropriated.

### Eligibility Requirements

Title V of the Older Americans Act makes eligible for the Senior Community Service Employment Program (SCSEP) persons aged at least 55 with low incomes. The act defines low

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<sup>349</sup> This rule is found at Section 181 of WIA. Note that before the 1996 welfare reform law, which repealed AFDC, states were required to count JTPA payments to an adult in determining AFDC eligibility and benefit amounts.

<sup>350</sup> Effective July 1, 2000, the program of adult training under Title II-A of the Job Training Partnership Act (JTPA) was repealed. Adult Activities is a new replacement training program for adults. The transition period for implementation of the Workforce Investment Act (WIA) (P.L. 105-220) was July 1, 1999 to June 30, 2000. The program has no income test but requires priority for low income persons in the event of limited funds.

<sup>351</sup> These private sector training activities are carried out under section 502(e) of the Older Americans Act.



income as not exceeding 125% of the poverty guidelines established by the Department of Health and Human Services (HHS). Department of Labor (DOL) regulations provide eligibility for a person who is a member of a family with an income that is not more than 125% of the HHS poverty guidelines. In determining income eligibility, a person with a disability may be treated as a “family of one.” The 2005 income eligibility ceilings were \$11,962.50 for an individual and \$16,037.50 for a two-person family (higher in Alaska and Hawaii). The period for determining income is the twelve months preceding the time of application. There is no asset test.

Regulations give first priority to veterans and qualified veteran spouses at least 60 years old, second priority to other persons at least 60 years old, third priority to veterans and qualified veteran spouses aged 55-59, and fourth priority to other persons aged 55-59. The regulations also say that “special consideration” should be given to persons with incomes below the poverty level, persons with poor employment prospects, persons with “the greatest social and/or economic need,” eligible minorities, limited English speakers, and Indians. Regulations forbid an upper age limit, and they require annual recertification of income.

The DOL instructions<sup>352</sup> require SCSEP project sponsors to disregard various kinds of income of applicants and recipients, including capital gains (or losses) from the sale of property, withdrawals of bank deposits, money borrowed, tax refunds, gifts, lump-sum inheritances or insurance payments, Supplemental Security Income, public assistance payments, disability payments, child support, workers’ compensation, and the first \$2,000 of certain per capita fund distributions to Indians. However, unemployment compensation, veterans’ payments, Social Security, pension income, interest, dividends, rents, and alimony, among other things, are included in deciding eligibility.

## **Benefit Levels**

Participants are placed in part-time community service jobs, for which their wages are subsidized by the federal government; when possible, project sponsors are encouraged to place enrollees in unsubsidized jobs. Upon placement in a job, enrollees receive no less than the highest of the federal minimum wage, the state or local minimum wage, or the prevailing wage paid by the same employer for similar public occupations.

**Note:** For more information, see CRS Report RL31336, *The Older Americans Act: Programs, Funding, and 2006 Reauthorization (P.L. 109-365)*, by Carol O’Shaughnessy and Angela Napili.

## **77. Welfare-to-Work Grants**

**Note:** No part of the original TANF block grant was earmarked for work programs, but in 1997, Congress added a two-year \$3 billion program of welfare-to-work (WtW) grants to help states meet TANF work requirements.

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<sup>352</sup> *Older Worker Bulletin*, No. 04-5 (April 12, 2004), published by the U.S. Department of Labor [http://www.doleta.gov/Seniors/html\\_docs/Library.cfm](http://www.doleta.gov/Seniors/html_docs/Library.cfm).

## Funding Formula

The Balanced Budget Act of 1997 (P.L. 105-33) created a \$3 billion welfare-to-work (WtW) grant program for two years, FY1998 and FY1999. Although WtW is a component of TANF (Section 403(a)(5) of the Social Security Act), it is administered by the Department of Labor (DOL). After set-asides,<sup>353</sup> 75% of WtW funds were designated for matching formula grants (66.7% federal matching rate) and 25% for competitive grants. Formula grants were allocated by DOL to states on the basis of their shares of the national adult TANF population and the poverty population. States were required to distribute 85% of the formula grants to local workforce investment areas.<sup>354</sup> DOL awarded a total of \$2 billion in formula grants (to 48 states in 1998 and 45 in FY1999) and \$712 million in competitive grants to localities and nonprofit organizations. The original law gave WtW grantees three years from the date of an award in which to spend WtW funds. Congress eventually ended the program in 2004, rescinding remaining unspent funds in P.L. 108-199.

## Eligibility Requirements<sup>355</sup>

WtW funds were focused on hard-to-employ TANF recipients. As first enacted, 70% of funds had to be used for the benefit of TANF recipients (and TANF non-custodial parents) with at least two specified barriers to work who themselves (or whose minor children) were long-term recipients (30 months of AFDC/TANF benefits) or were within 12 months of reaching the TANF five-year time limit or a shorter state time limit. The target groups had to have at least two of these three work impediments: lack a high school diploma *and* have low skills in reading or mathematics, require substance abuse treatment for employment, and/or have a poor work history. WtW eligibility was liberalized by P.L. 106-554, to allow grantees to use WtW funds and state matching funds on behalf of four new groups: long-term TANF recipients without specified work barriers, former foster care youths 18 to 24 years old, TANF recipients who are determined by criteria of the local private industry council to have significant barriers to self-sufficiency, and non-TANF custodial parents with income below the poverty line. However, at least 70% of WtW funds were requested to be spent on long-term TANF recipients and/or noncustodial parents without specified work barriers.

The 1999 law also set special rules for noncustodial parents. To be eligible for WtW, noncustodial parents had to be unemployed, be underemployed, or have difficulty paying child support, and they must comply with an oral or written personal responsibility contract. They also had to meet one of the following conditions: Their minor child or the child's custodial parent must be a long-time TANF recipient or within 12 months of reaching a TANF time limit; the child must be a

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<sup>353</sup> Set-asides include the following: Indian tribe programs, \$15 million in each of FY1998 and FY1999; WtW program evaluations, \$9 million in each of FY1998 and FY1999; and abstinence program evaluations, \$3 million in each of FY1998 and FY1999. Congress cut funds set aside for WtW performance bonuses from \$100 million to \$50 million (Consolidated Appropriations Act, 2000, P.L. 106-113) and subsequently eliminated the bonuses (Consolidated Appropriations Act, 2001, P.L. 106-554).

<sup>354</sup> At least half of the state's substate allocation formula had to be based on the workforce investment area's "high poverty" population (defined as the number of persons in poverty in excess of 7.5% of the area's total population), and the rest on its population of long-term welfare recipients and/or unemployed persons.

<sup>355</sup> WtW regulations are found at 20 CFR 645 (2005). This program is No. 17.253 in the Catalog of Federal Domestic Assistance.

recipient of income-tested aid (TANF, food stamps, SSI, Medicaid or SCHIP); or the child must have left TANF within the last 12 months.

## **Benefit Levels**

Activities that may receive WtW funds included the following: the conduct and administration of community service or work experience programs; job creation through wage subsidies, on-the-job training, contracts with providers of readiness, placement, and post-employment services; job vouchers for placement, readiness, and post-employment services; job retention or support services if these services are not otherwise available; and, added by P.L. 106-113, up to six months of vocational educational or job training (effective July 1, 2000). The law specifies that a work activity paid with WtW funds may not violate an existing contract for services or a collective bargaining agreement and that a WtW worker cannot fill a vacancy resulting from cutting the hours of a job below full time.

## **78. Food Stamp Employment and Training Program**

### **Funding Formula<sup>356</sup>**

The Food Stamp Act provides for annual grants to state agencies administering the Food Stamp program to conduct employment and training activities for food stamp recipients. These grants, which are automatically reserved from annual food stamp appropriations, are set at \$90 million a year. They are not limited by fiscal year, and unspent amounts can be carried over and accumulated for use in a future year or reallocated to states that have spent their allocation of funds. In addition, states may receive a portion of an additional \$20 million a year if they agree to serve all recipients who are able-bodied adults without dependents (ABAWDs). Employment and training grants generally are allocated among states on the basis of their proportion of persons to which food stamp work rules apply, with special emphasis on the estimated number of ABAWDs in each state's food stamp caseload as a proportion of the national total.<sup>357</sup>

In addition to the above-noted unmatched federal grants for operating their employment and training programs, the federal government pays states 50% of (1) any additional operating costs and (2) any participant support costs (e.g., child care, transportation); in FY2004, these payments exceeded \$160 million.

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<sup>356</sup> Funding for the FY2002 employment and training program was available (and spent) under the terms of two different sets of law. P.L. 107-171 established the funding and other rules described here. However, previous law provided some additional money in FY2002. Note that in versions of this report before 2001, this program was subsumed under entries for the Food Stamp program.

<sup>357</sup> Federal payments from these grants are, in most cases, limited to \$30 a month for each employment/training placement ("slot") offered to a recipient and \$175 a month for each slot that is filled.

## **Eligibility Requirements<sup>358</sup>**

As detailed in the description of the Food Stamp program (program No. 19), certain nonworking able-bodied adult recipients must register for employment, accept a suitable job if offered one, and fulfill any work, job search, or training requirements (participate in employment and training programs) established by administering state agencies.<sup>359</sup> Major exemptions from this requirement incorporated in food stamp law include persons caring for dependents (disabled or under age six) and those already subject to another program's work requirement. In addition, states may choose not to require participation of otherwise covered individual recipients. Nonworking ABAWDs, on the other hand, must participate in an employment or training activity under conditions noted in the description of the Food Stamp program—unless they reside in an area for which the state agency has obtained a waiver because of very high unemployment levels or the lack of available jobs or they have been individually exempted by the state agency under its authority to exempt up to 15% of those potentially subject to ABAWD work/training rules.<sup>360</sup> In FY2004, states reported some 3.4 million new work registrants (i.e., persons potentially subject to required participation in employment and training programs); approximately 2.3 million (including about 450,000 ABAWDs) were subject to employment and training requirements.

## **Benefits**

State agencies have a great deal of flexibility in the types of employment and training activities they can require of food stamp recipients. These include job searches and training for job searches, educational activities to improve basic skills and employability (e.g., literacy training, high school equivalency preparation), vocational training, workfare or work experience programs. Almost two-thirds of employment/training program participants are typically assigned to job search or job search training, and another 30% are placed in workfare/work experience “slots.” Fewer than 5% participate in educational or vocational training activities.

# **79. Foster Grandparents**

## **Funding Formula**

The Domestic Volunteer Service Act of 1973, as amended (P.L. 103-82), provides 90% federal funding for developing and/or operating a foster grandparents project (up to 100% in special situations). The local project may provide its matching share in kind or cash. A total of \$111 million was appropriated for FY2005.

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<sup>358</sup> Food stamp employment and training regulations are found at 7 CFR Part 273 (2004). The Food Stamp program is No. 10.551 in the Catalog of Federal Domestic Assistance.

<sup>359</sup> State agencies may offer employment/training placements to “volunteer” food stamp recipients (persons not required to participate).

<sup>360</sup> In FY2001, 36 state agencies had waivers covering part of their jurisdictions, and estimates place the proportion of ABAWDs actually required to participate in employment/training programs at approximately 70%.

## Eligibility Requirements<sup>361</sup>

The law makes eligible as foster grandparents persons at least 60 years old who are no longer in the regular workforce. Individuals must have an annual income, after deducting allowable medical expenses, that does not exceed 125% of the federal poverty guideline (or 135% of the poverty line in the case of volunteers living in areas determined by the Corporation for National and Community Service to have a higher cost of living).<sup>362</sup> For 2005, the 125% of poverty limit was \$11,962.50 for a single person and \$16,037 for a two-person family in the 48 contiguous states (higher in Alaska and Hawaii). Allowable medical expenses are annual out-of-pocket medical expenses for health insurance premiums, health care services, and medications that were not and will not be paid by Medicare, Medicaid, other insurance or other third party payer, and which do not exceed 15% of the applicable income guideline. Once enrolled, a person remains eligible so long as his countable income does not exceed 150% of the poverty guideline (or, in high cost areas, 162%). The program has no asset rules.

## Benefit Levels

The law requires low-income volunteers to be provided with a stipend plus transportation and meal costs. The stipend is set at \$2.65 per hour. Stipends are tax-free and cannot be treated as wages or compensation for the purposes of any public benefit program. Volunteers also receive annual physical examinations and accident and personal liability insurance. Foster grandparents provide services to children with exceptional or special needs.

**Note:** For more information about the Foster Grandparent program, see CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*, and CRS Report RS20419, *VISTA and the Senior Volunteer Service Corps: Description and Funding Levels*.

# 80. Senior Companions

## Funding Formula

The Domestic Volunteer Service Act of 1973, as amended (P.L. 103-82), provides 90% federal funding for developing and/or operating a senior companion project (up to 100% in special situations). The local project may provide its matching share in kind or cash. A total of \$45.9 million was appropriated for FY2005.

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<sup>361</sup> Regulations for Foster Grandparents are found at 45 CFR Part 2552 (2005). The program is program No. 94.011 in the Catalog of Federal Domestic Assistance.

<sup>362</sup> Originally limited to low-income seniors, the program was amended in 1986 (P.L. 99-551) to permit persons whose income exceeds program limits to become foster grandparents under certain conditions, but not to receive a stipend.

## Eligibility Requirements<sup>363</sup>

The law authorizes support for senior companions persons at least 60 years old who are no longer in the regular workforce. Individuals must have an annual income, after deducting allowable medical expenses, that does not exceed 125% of the federal poverty guideline (or 135% of the poverty line in the case of volunteers living in areas determined by the Corporation for National and Community Service to have a “higher” cost of living).<sup>364</sup> For 2005, the 125% of poverty limit was \$11,962.50 for a single person and \$16,037.50 for a two-person family in the 48 contiguous states (higher in Alaska and Hawaii). Allowable medical expenses are annual out-of-pocket medical expenses for health insurance premiums, health care services, and medications that were not and will not be paid by Medicare, Medicaid, other insurance or other third-party payer, and which do not exceed 15% of the applicable income guideline. Once enrolled, a person remains eligible so long as his countable income does not exceed 150% of the poverty guideline (or, in higher cost areas, 162%).

## Benefit Levels

The law requires low-income volunteers to be provided with a stipend plus transportation and meal costs. The stipend is set at \$2.65 per hour. Stipends are tax-free and cannot be treated as wages or compensation for the purposes of any public benefit program. Volunteers also receive annual physical examinations and accident and personal liability insurance. Senior companions provide supportive services to vulnerable, frail adults who are homebound and who usually live alone.

**Note:** For more information about the Senior Companion program, see CRS Report RL30186, *Community Service: A Description of AmeriCorps, Foster Grandparents, and Other Federally Funded Programs*, and CRS Report RS20419, *VISTA and the Senior Volunteer Service Corps: Description and Funding Levels*.

# 81. Targeted Assistance to Refugees, Asylees, Other Humanitarian Cases

## Funding Formula

Subject to available appropriations, the Immigration and Nationality Act authorizes 100% federally funded targeted assistance (primarily for employability-related services) for refugees and asylees. Other legislation authorizes similar assistance for certain Cuban and Haitian entrants<sup>365</sup> and for certain Amerasians.<sup>366</sup> The Department of Health and Human Service’s Office

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<sup>363</sup> Regulations for Senior Companions are found at 45 CFR Part 2551 (2005). This program is No. 94.016 in the Catalog of Federal Domestic Assistance.

<sup>364</sup> Originally limited to low-income seniors, the program was amended in 1986 (P.L. 99-551) to permit persons whose income exceeds program limits to become senior companions under certain conditions, but not to receive a stipend.

<sup>365</sup> Title V of the Refugee Education Assistance Act (P.L. 96-422).

<sup>366</sup> Section 584 of the FY1988 Foreign Operations Appropriations Act (P.L. 100-202).



of Refugee Resettlement (ORR), which administers the program, awards grants to designated state agencies on behalf of counties with high concentrations of refugees, asylees or other eligible groups. States must allocate at least 95% of funds to counties. For refugee targeted assistance, ORR benefit expenditures amounted to \$44.1 million in FY2004.

## **Eligibility Requirements<sup>367</sup>**

A person must (a) have been admitted to the United States as a refugee or asylee under the Immigration and Nationality Act or have been paroled as a refugee or asylee under the act, (b) be a Cuban or Haitian paroled into the United States between April 15 and October 20, 1980, and designated a “Cuban/Haitian entrant,” or be a Cuban or Haitian national paroled into the United States after October 10, 1980, (c) be a person who has an application for asylum pending or is subject to exclusion or deportation and against whom a final order of deportation has not been issued, or (d) be a Vietnam-born Amerasian immigrant fathered by a U.S. citizen.

In allocating targeted assistance funds, states must give priority to the following groups, in order: (a) cash assistance recipients, particularly long-term recipients; (b) unemployed individuals who are not cash recipients; (c) employed individuals who need services to retain jobs or become economically independent.

## **Benefit Levels**

Counties develop their own plans for targeted assistance, which must be approved by the state. Targeted assistance funds must be used primarily for employability services designed to enable beneficiaries to obtain jobs within a year. They may not be used for long-term training programs lasting more than a year or for educational programs that are not intended to lead to employment within a year.

# **82. Native Employment Works Program**

## **Funding Formula**

The 1996 welfare law (P.L. 104-193), which abolished the Job Opportunities and Basic Skills (JOBS) training program, established the Native Employment Works (NEW) Program<sup>368</sup> to continue tribal work and training grants that existed under JOBS. Administered by HHS, the NEW program is 100% federally funded. Funding is authorized and pre-appropriated at \$7.6 million for each fiscal year through FY2010. This equals the sum received by Indian tribes and Alaska native organizations to operate their own JOBS programs in FY1995.

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<sup>367</sup> Regulations for this program are found at 45 CFR Part 400.310 et seq (2005). This program is No. 93.584 in the Catalog of Federal Domestic Assistance.

<sup>368</sup> This name was given to the continued program of tribal work grants by HHS upon the recommendation of Indian tribes.



## **Eligibility Requirements<sup>369</sup>**

The NEW program is not subject to federal definitions of TANF work activities, TANF work requirements, or to old JOBS rules. Indian tribes design their own NEW programs, define who will be eligible, decide what benefits and services to provide, and specify the population and geographic area to be served. Target groups generally include TANF recipients, non-custodial parents, recipients of General Assistance (GA) from the Bureau of Indian Affairs (BIA), and unemployed parents. Of NEW participants in program year 2000-2001, about 70% also were enrolled in TANF and 6% in BIA general assistance. (In early 2003, 38 tribal TANF plans were in operations, covering about 27,000 families in 15 states.)<sup>370</sup> Also, as noted in the entry on General Assistance to Indians (program No. 17 in this report), some tribes operate Tribal Work Experience Programs (TWEP), which pay a monthly \$115 supplement to GA cash benefits.

## **Benefit Levels**

In program year 2000-2001, about 23% of the reported total of 5,615 NEW participants received child care; 35%, transportation assistance; 17%, counseling; 16% other supportive/job retention services (such as equipment, tools and uniforms) and 4%, medical services. Major program activities included job search (40% of clients); classroom training (5%); work experience (26%); on-the job training (3%); and other tribal work activity (12%).<sup>371</sup> A total of 1,565 NEW participants, including 616 TANF recipients, began unsubsidized jobs during the year. According to the Fifth annual TANF report, many tribes with NEW programs co-located training, employment, and social services, often in “one-stop” centers. Some grantees established information/resource centers and learning centers, which provided a variety of job preparation services and worked closely with local colleges.

## **Energy Assistance**

### **83. Low-Income Home Energy Assistance (LIHEAP)**

#### **Funding Formula**

The Low-Income Home Energy Assistance Act (Title XXVI of P.L. 97-35, as amended) provides 100% federal funding for the Low-Income Home Energy Assistance Program (LIHEAP)<sup>372</sup> through annual block grants to states, the District of Columbia, more than 100 eligible Indian

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<sup>369</sup> NEW regulations are found at 45 CFR Part 287 (2005). This program is No. 93.594 in the Catalog of Federal Domestic Assistance.

<sup>370</sup> Tribal TANF funds are deducted from the family assistance grant of the state(s) in which they are located. As of early 2003, these deductions totaled \$115 million.

<sup>371</sup> These data apply only to NEW programs that did not transfer funding to BIA demonstration projects of integrated employment, training, and related services under P.L. 102-477. According to BIA summary information, the 25 NEW grantees that included their NEW programs in demonstration projects served a combined total of 17,732 clients under all programs in their projects; and of these persons, 27% entered unsubsidized employment during the year.

<sup>372</sup> In the late 1980s, LIHEAP also received significant funding from court-ordered oil-price overcharge settlements, but most of these settlements have been completed.

tribes, two commonwealths, and four territories.<sup>373</sup> The Department of Health and Human Services (HHS) distributes annual federal appropriations using an allocation formula established in law.<sup>374</sup>

P.L. 103-252, which reauthorized the program through FY1999, authorized a special fund of \$600 million annually for emergencies (contingency funding). P.L. 105-285 reauthorized LIHEAP at \$2 billion annually for FY2002-FY2004. This law also expanded the criteria for LIHEAP contingency funding and added a section concerning natural disasters. The Energy Policy Act of 2005 reauthorized LIHEAP from FY2005-FY2007 at \$5.1 billion annually. In FY2005, LIHEAP contingency funds totaling at least \$250 million were released to all grantees (all states, tribes and territories).<sup>375</sup> Federal outlays for LIHEAP in FY2004 totaled \$1.89 billion.

## **Eligibility Requirements<sup>376</sup>**

States and other grantees design and administer their own programs under general federal guidelines. These guidelines set maximum and minimum income eligibility standards and allow jurisdictions operating LIHEAP to make categorically eligible most households receiving Temporary Assistance for Needy Families (TANF), Supplemental Security Income (SSI), Food Stamps, or veterans' pension.<sup>377</sup> Income eligibility standards vary, but the standard may not be set above 150% of the federal poverty income guidelines (a 2005 limit of \$29,025 for a family of four in the 48 contiguous states), or 60% of the state's median income adjusted for family size. In addition, a household may not be excluded from eligibility if its income is below 110% of the federal poverty income guidelines.<sup>378</sup> The law requires that benefits and outreach activities be targeted to those with the greatest home energy needs (as well as costs), particularly households with young children, frail elderly, and disabled individuals.<sup>379</sup> Eligibility for LIHEAP benefits is typically determined on a "household" basis, and grantees may establish eligibility standards in addition to income. A household can be an individual, or group of individuals who are living together as one economic unit for whom residential energy is customarily purchased in common or who make undesignated rent payments for energy.

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<sup>373</sup> Indian tribes may receive allotments directly from the Department of Health and Human Services (HHS) rather than through a state if HHS determines that this would best serve the tribe; these allotments are equal to their share of eligible low-income households in their state (or any larger amount agreed on by the tribe and the state).

<sup>374</sup> When the regular annual federal appropriation is below \$1.975 billion, as was the case for regular funds every year from FY1986 through FY2005, each state (including the District of Columbia) receives an allotment equal to its percentage share in FY1981 under LIHEAP's predecessor (the Low Income Energy Assistance Program); the same is true for Puerto Rico, Guam, American Samoa, the Virgin Islands, and the Northern Mariana Islands. If the regular appropriation exceeds \$1.975 billion, a different formula takes effect. In FY2006, a total of \$2.48 billion was appropriated, triggering the different formula.

<sup>375</sup> This figure is accurate as of September 2005. The total amount of Emergency Contingency funds appropriated for FY2005 was \$298 million.

<sup>376</sup> Regulations governing LIHEAP are found at 45 CFR Parts 96.80-96.89 (2005). This program is No. 93.568 in the *Catalog of Federal Domestic Assistance*. It is codified at 42 U.S.C. 8621-8629.

<sup>377</sup> Excluded from this categorical eligibility are TANF foster care children and SSI recipients in institutions or living in shared housing (i.e., if SSI benefits have been reduced or if they are children living at home).

<sup>378</sup> The income and categorical eligibility guidelines are available at 42 U.S.C. 8624(b)(2) and 8624(i).

<sup>379</sup> 42 U.S.C. 8622(4).

## Benefit Levels

LIHEAP grantee states, tribes, and territories decide benefit levels and the manner in which payments are made. However, to the extent permitted by efficient administration, jurisdictions are required to provide the highest benefits to households with lowest incomes and highest energy costs in relation to their income. They also must set aside a “reasonable” portion of their allotment for energy-related emergencies (basing the set-aside on past experience). LIHEAP funds may be used to help pay residential heating or cooling costs, purchase/install low-cost weatherization materials, and assist households facing energy-related emergencies.

Operating jurisdictions can use a maximum of 15% of their LIHEAP allotment for weatherization activities (or 25% if a federal waiver is granted).<sup>380</sup> LIHEAP obligations for weatherization totaled \$222 million in FY2003, nearly matching outlays of \$223 million for the weatherization program of the Department of Energy (program No. 81.042).

Benefits most commonly take the form of cash payments to households, vendor “lines of credit,” vouchers, and tax credits. In FY2003, some 4.4 million households are estimated to have received home heating benefits (and, in 15 states, cooling assistance was given to an estimated 493,694 households). The program includes a Residential Energy Assistance Challenge (REACH) grant program, established by 1994 law, to increase efficiency of energy usage by low-income households.

Grantees may use up to 10% of their LIHEAP allotments for administrative expenses and may carryover up to 10% of one year’s funds for use in the next year.

**Note:** For more information, see CRS Report RL31865, *The Low-Income Home Energy Assistance Program (LIHEAP): Program and Funding*, by Libby Perl.

## 84. Weatherization Assistance

### Funding Formula

The Energy Conservation and Production Act of 1976 (P.L. 94-385), as amended, provides 100% federal funding for weatherization assistance to low-income persons through grants administered by the Department of Energy (DOE).<sup>381</sup> Administrative costs may not exceed 10% of grant funds. Weatherization funds are allocated among the states on the basis of factors that include number of heating degree days and cooling degree days, number of low-income owner-occupied and renter-occupied dwellings, percentage of total residential energy used for space heating and space cooling. Although states are not required to provide matching funds,<sup>382</sup> state and local funds often supplement federal amounts. Appropriations totaled \$227 million in FY2004.

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<sup>380</sup> 42 U.S.C. 8624(k).

<sup>381</sup> Weatherization assistance also is provided under the Low-Income Home Energy Assistance Program (LIHEAP) administered by the Department of Health and Human Services (HHS).

<sup>382</sup> P.L. 106-113 required states to begin providing a 25% match beginning on Oct. 1, 2000, but this was repealed by P.L. 106-469.

## **Eligibility Requirements<sup>383</sup>**

States and other grantees design and administer their own programs under general federal guidelines. The law makes eligible all “low-income” households and offers alternate definitions of this term. States are permitted to give DOE weatherization assistance (a) to households whose combined income falls at or below 125% of the federal poverty income guidelines, a ceiling equal in the 48 contiguous states to \$23,563 for a family of four in 2004 (at state option, the ceiling can be lifted to 150% of the poverty guideline, if the state has adopted that income limit for LIHEAP) and (b) to families with a member who received cash welfare payments during the previous 12 months from TANF, SSI, or state assistance programs.

## **Benefit Levels**

Legislation allows a maximum average expenditure, adjusted annually for price inflation, per dwelling unit for weatherization materials, labor, and related matters (such as transportation of materials and workers; maintenance, operation and insurance of vehicles; maintenance of tools and equipment; purchase or lease of tools, equipment and vehicles; employment of on-site supervisors; and storage of weatherization materials). DOE reports that this program weatherized more than 94,000 homes in FY2004 and 5.4 million over the 28-year history of the program. The Low-Income Home Energy Assistance Program (LIHEAP) usually spends more funds on weatherization assistance than the DOE program. For information about LIHEAP weatherization assistance, see program No. 83.

**Note:** For more information, see CRS Issue Brief IB10020, *Energy Efficiency: Budget, Oil Conservation, and Electricity Conservation Issues*. For a DOE summary, see <http://www.eere.energy.gov/buildings/weatherization/about.html>.

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<sup>383</sup> Regulations governing this program are found at 10 CFR Part 440 (2005). This program is No. 81.042 in the Catalog of Federal Domestic Assistance. It is codified at 42 U.S.C. 7101 et seq.

**Table 14. Need-Based Benefits: Medical Benefits—Expenditures and Enrollment Data, by Program, FY2002-FY2004**

(federal expenditures, state-local expenditures, and number of recipients)

<b>MEDICAL BENEFITS</b>									
	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
1. Medicaid	\$146,643 <sup>a</sup>	161,026 <sup>a</sup>	175,100 <sup>b</sup>	\$111,573 <sup>a</sup>	115,134 <sup>a</sup>	125,200 <sup>b</sup>	51,499 <sup>c</sup>	53,700 <sup>d</sup>	56,100 <sup>d</sup>
2. Medical care for veterans without service-connected disability	7,071 <sup>e</sup>	7,596 <sup>e</sup>	8,725	—	—	—	1,543 <sup>f</sup>	4,572 <sup>f</sup>	1,630 <sup>f</sup>
3. State children’s health insurance program (SCHIP)	4,610 <sup>g</sup>	4,276 <sup>g</sup>	4,612 <sup>g</sup>	2,120 <sup>h</sup>	1,843 <sup>h</sup>	2,021 <sup>h</sup>	5,727 <sup>i</sup>	6,469 <sup>i</sup>	6,799 <sup>i</sup>
4. Indian health services	3,392 <sup>j</sup>	3,541 <sup>i</sup>	3,706 <sup>i</sup>	—	—	—	1,500	1,500	1,600
5. Consolidated health centers <sup>k</sup>	1,328	1,465	1,573	—	—	—	11,550 <sup>l</sup>	12,500 <sup>l</sup>	13,200 <sup>l</sup>
6. Maternal and child health services block grant <sup>k</sup>	731	731	730	548 <sup>m</sup>	548 <sup>m</sup>	547 <sup>m</sup>	9,791	10,470	n.a.
7. Title X family planning services <sup>k</sup>	265	273	278	—	—	—	4,858 <sup>l</sup>	4,875 <sup>l</sup>	4,792 <sup>l</sup>
8. Medical assistance to refugees, asylees, other humanitarian cases	83.3 <sup>n</sup>	70.2 <sup>n</sup>	92.0 <sup>n</sup>	—	—	—	21.8	16.9	20.9
<b>Medical Care Total</b>	<b>164,123</b>	<b>178,978</b>	<b>194,816</b>	<b>114,241</b>	<b>117,525</b>	<b>127,768</b>	o	o	o

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Expenditures for FY2002 and FY2003 are taken from official Centers for Medicare and Medicaid Services (CMS) expenditure reports (Form CMS-63). Amounts shown under federal expenditures include these sums for administration: FY2002, \$6,601 million; FY2003, \$7,602 million. Amounts shown under state-local expenditures include these sums for administration: FY2002, \$5,330 million; FY2003, \$5,982 million.
- b. Expenditures for FY2004 are not available from CMS. Estimates are derived from CBO’s March 2005 baseline. Amount shown under federal expenditures includes \$8,200 million for administration. Amount shown under state-local expenditures includes \$6,500 million for administration.
- c. Unduplicated annual number of persons ever enrolled during the year, regardless of whether they received a service funded by the program. FY2002 data are from the CMS Medicaid Statistical Information System (MSIS).
- d. Unduplicated annual number of persons ever enrolled during the year, regardless of whether they received a service funded by the program. FY2003 and FY2004 projections are from Table 11 in *2005 CMS Statistics* (U.S. Department of Health and Human Services, 2005).

- e. Total expenditures for Priority Group 5 veterans. Includes imputed values for non-enrolled patients in FY2003 and FY2004. Data only available by request to the VA.
- f. Total number of Priority Group 5 users for fiscal year.
- g. From FY2002-FY2004 CMS Form 64 FMR net expenditure reports. May include Medicaid Expansion administrative costs at state option. Figures include the following totals for federal administration: FY2002, \$227 million; FY2003, \$261 million; FY2004, \$227 million.
- h. From FY2002-FY2004 CMS Form 64 FMR net expenditure reports. May include Medicaid Expansion administrative costs at state option. Figures include the following totals for state administration: FY2002, \$100 million; FY2003, \$116 million; FY2004, \$100 million.
- i. Unduplicated number of persons ever enrolled in the year. This number represents a count of persons enrolled in the program at any time during the federal fiscal year. Each person is counted only once regardless of the number of times he or she was enrolled or re-enrolled in the program during the year. Data from Centers for Medicare and Medicaid Services, SCHIP Enrollment reports <http://www.cms.hhs.gov/schip/enrollment/>. Includes the following adults ever enrolled in SCHIP demonstrations: FY2002, 373,509; FY2003, 483,728; FY2004, 646,159.
- j. Total program level includes Medicare and collections budget authority and special diabetes fund.
- k. Appropriations.
- l. Annual count.
- m. Minimum match required by law for block grant amount (75% of federal sum). States may spend more, but data are not available.
- n. Includes these estimated sums for federal administration: FY2002, \$19.85 million; FY2003, \$20.1 million; FY2004, \$22.4 million.
- o. Because of a high degree of overlap (and in some cases, a mixture of monthly and annual numbers), recipient totals are not shown.

**Table 15. Need-Based Benefits: Cash Benefits—Expenditures and Enrollment Data, by Program, FY2002-FY2004**  
(federal expenditures, state-local expenditures, and number of recipients)

<b>CASH BENEFITS</b>									
	<b>Federal expenditures (millions of current dollars)</b>			<b>State-local expenditures (millions of current dollars)</b>			<b>Recipients, average monthly number unless otherwise indicated, (in thousands)</b>		
	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>	<b>FY2002</b>	<b>FY2003</b>	<b>FY2004</b>
9. Supplemental Security Income (SSI) <sup>a</sup>	\$32,421 <sup>b</sup>	\$33,344 <sup>b</sup>	\$34,693 <sup>b</sup>	\$4,736 <sup>c</sup>	\$4,990 <sup>c</sup>	\$5,146 <sup>c</sup>	6,940 <sup>d</sup>	7,052 <sup>d</sup>	7,139 <sup>d</sup>
10. Earned Income Tax Credit (EITC) <sup>e</sup> (refundable part)	29,043	33,737	34,012	—	—	—	16,631 <sup>f</sup>	18,780 <sup>f</sup>	19,163 <sup>f</sup>
11. TANF <sup>g</sup>	6,481 <sup>h</sup>	7,734 <sup>h</sup>	6,485 <sup>h</sup>	6,555 <sup>i</sup>	6,230 <sup>i</sup>	7,582 <sup>i</sup>	5,148 <sup>i</sup>	4,967 <sup>i</sup>	4,746 <sup>i</sup>
12. Foster care <sup>k</sup>	4,523 <sup>l</sup>	4,485 <sup>l</sup>	4,524 <sup>l</sup>	4,095 <sup>m</sup>	4,061 <sup>m</sup>	4,040 <sup>m</sup>	254	242	233
13. Child tax credit <sup>n</sup> (refundable part)	4,995	6,416	9,113	—	—	—	8,563	10,937	12,571
14. Pensions for needy veterans, their dependents and survivors	3,317 <sup>o</sup>	3,371 <sup>o</sup>	3,469 <sup>o</sup>	—	—	—	581 <sup>p</sup>	571 <sup>p</sup>	562 <sup>p</sup>



**CASH BENEFITS**

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients, average monthly number unless otherwise indicated, (in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
15. Adoption assistance	1,342 <sup>q</sup>	1,463 <sup>q</sup>	1,561 <sup>q</sup>	1,130 <sup>r</sup>	1,239 <sup>r</sup>	1,316 <sup>r</sup>	286	315	332
16. Dependency and indemnity compensation and death compensation for parents of veterans (DIC)	84	n.a. <sup>s</sup>	n.a. <sup>s</sup>	—	—	—	7.5 <sup>t</sup>	7.6 <sup>t</sup>	8.3 <sup>t</sup>
17. General Assistance to Indians	70.8	76	66.5	—	—	—	41	41	45
18. Cash assistance to refugees, asylees, other humanitarian cases	34.5 <sup>u</sup>	31.1 <sup>u</sup>	41.6 <sup>u</sup>	—	—	—	8.4	6.7	10
<b>Cash Aid Total<sup>v</sup></b>	<b>82,311</b>	<b>90,657</b>	<b>93,965</b>	<b>16,516</b>	<b>16,520</b>	<b>18,084</b>	w	w	w

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. All data for this program are computed in calendar years instead of fiscal years.
- b. Includes the following sums for administration: 2002, \$2,522 million; 2003, \$2,656 million; 2004, \$2,806 million. Excludes the following amounts for beneficiary services: 2002, \$54 million; 2003, \$37 million; 2004, \$39 million.
- c. Includes these estimated sums (calendar year) for state administration of state SSI supplements: 2002, \$68 million; 2003, \$73 million; 2004, \$72 million (estimates equal 8% of state-administered benefits).
- d. Data include recipients of non-federally administered payments (state-administered SSI supplements only, data as of December of each year): FY2002, 151,989; FY2003, 149,621; FY2004, 150,838.
- e. Data are from U.S. Treasury, Internal Revenue Service, and refer to the calendar year (tax year ) to which the EITC applied.
- f. Estimated annual number of tax units (chiefly families).
- g. Includes basic cash assistance, refundable tax credits, short-term nonrecurring benefits (e.g., diversion payments), and contributions to individual development accounts. Excludes transfers to CCDBG and SSBG. Excludes spending for TANF child care, TANF work activities, and TANF services (reported separately under those programs). Excludes separate Welfare-to-Work grants administered by the Labor Department. However, includes administrative costs for all TANF-funded benefits and services.
- h. Includes these sums for overall TANF administrative costs (for all benefits and services): FY2002, \$1,633 million; FY2003, \$1,592 million; FY2004, \$1,471 million.
- i. Includes these sums for overall TANF administrative costs (for all benefits and services): FY2002, \$983 million; FY2003, \$859 million; FY2004, \$828 million.

- j. Number of recipients. The numbers of families were as follows: FY2002, 2.065 million; FY2003, 2.032 million; FY2004, 1.987 million. The numbers of children were as follows: FY2002, 3.841 million; FY2003, 3.731 million; FY2004, 3.617 million.
- k. State and federal foster care expenditures do not include child support payments collected on behalf of foster care children. These support payments are used to reimburse state and federal costs for foster care maintenance payments. For FY2002, child support payments received on behalf of foster care children totaled \$49 million; for FY2003, \$57 million; and for FY2004, \$74 million.
- l. Includes the following sums for administration, data collection, training, and demonstration (waiver) costs: FY2002, \$2,641 million; FY2003, \$2,795 million; FY2004, \$2,727 million. Waiver expenditures included in the foregoing sums were as follows: FY2002, \$191 million; FY2003, \$208 million; FY2004, \$142 million.
- m. Includes these estimated sums for administration, data collection, training, and demonstration (waiver) costs: FY2002, \$2,474 million; FY2003, \$ 2,656 million; FY2004, \$2,561 million.
- n. Fiscal year data are for prior tax year (for example, FY2004 shows data for tax year 2003). Recipients is number of annual tax returns with refundable child credit.
- o. Amount refers to total mandatory outlays (net). Amounts given in previous editions of this report refer to appropriations and not outlays.
- p. Annual count.
- q. Includes the following sums for administration, data collection, training, and demonstration (waiver) costs: FY2002, \$305 million; FY2003, \$300 million; 2004, \$299 million.
- r. Includes the following sums for state and local administration: FY2002, \$277 million; FY2003, \$297 million; FY2004, \$280 million.
- s. Outlays specifically for the needy parent portion of DIC are no longer available.
- t. Number of parents receiving DIC payments in August of indicated year.
- u. Estimates. Includes the following estimated sums for administration: FY2002, \$10.7 million; FY2003, \$10.8 million; FY2004, \$12 million. Refugee cash and medical administrative expenditures actually are combined. Estimates are based on the 1998-1999 proportion of benefit dollars in each program.
- v. Some other programs provide aid in the form of cash intended for specific goods or services. Examples are the Low-Income Home Energy Assistance Program and educational loan and grant programs.
- w. Recipient totals are not shown because data include monthly and annual numbers.

**Table 16. Need-Based Benefits: Food Benefits—Expenditures and Enrollment Data, by Program, FY2002-FY2004**

(federal expenditures, state-local expenditures, and number of recipients)

	FOOD BENEFITS								
	Federal expenditures <sup>a</sup> (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated—in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
19. Food stamps <sup>b</sup>	\$21,657 <sup>c</sup>	\$25,155 <sup>c</sup>	\$28,431 <sup>c</sup>	\$2,397	\$2,580	\$2,562	20,150 <sup>d</sup>	22,300 <sup>d</sup>	24,900 <sup>d</sup>
20. School lunch program (free and reduced price components) <sup>e</sup>	6,186	6,453	6,816	f	f	f	16,000 <sup>g</sup>	16,460 <sup>g</sup>	16,930 <sup>g</sup>
21. Special supplemental nutrition program for women, infants, and children (WIC)	4,350 <sup>h</sup>	4,508 <sup>h</sup>	4,899 <sup>h</sup>	i	i	i	7,490	7,630	7,900
22. Child and adult care food program (lower-income components) <sup>j</sup>	1,712 <sup>k</sup>	1,788 <sup>k</sup>	1,962 <sup>k</sup>	—	—	—	2,000 <sup>l</sup>	2,100 <sup>l</sup>	2,220 <sup>l</sup>
23. School breakfast (free and reduced price components) <sup>j</sup>	1,489	1,596	1,715	—	—	—	6,730 <sup>g</sup>	6,960 <sup>g</sup>	7,310 <sup>g</sup>
24. Nutrition program for the elderly (no income test)	716.2 <sup>m</sup>	714.3 <sup>m</sup>	714.5 <sup>m</sup>	100.0 <sup>n</sup>	99.8 <sup>n</sup>	99.9 <sup>n</sup>	2,906 <sup>o</sup>	2,787 <sup>o</sup>	2,500 <sup>p</sup>
25. The Emergency Food Assistance Program (TEFAP) <sup>q</sup>	361	431	421	r	r	r	n.a.	n.a.	n.a.
26. Summer food service for children	307 <sup>s</sup>	267 <sup>s</sup>	267 <sup>s</sup>	i	i	i	1,900 <sup>t</sup>	2,100 <sup>t</sup>	2,000 <sup>t</sup>
27. Commodity supplemental food program (CSFP) <sup>u</sup>	105	103	109	i	i	i	427	455	522
28. Food distribution program on Indian reservations (FDPIR) <sup>v</sup>	74	82	81	w	w	w	110	108	n.a.
29. Farmers' market nutrition programs <sup>x</sup>	36	40	43	y	y	y	2,700	3,200	n.a.
30. Special milk program (free part)				i	i	i	27 <sup>z</sup>	32 <sup>z</sup>	31 <sup>z</sup>
<b>Food Aid Total<sup>aa</sup></b>	<b>36,994</b>	<b>41,138</b>	<b>45,460</b>	<b>2,497</b>	<b>2,680</b>	<b>2,662</b>	<b>bbbb</b>	<b>bb</b>	<b>bb</b>

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means "not available." N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Federal expenditures represent obligations unless otherwise marked.
- b. Food stamp data include spending for (1) state-financed benefits for non-citizens, to the extent that they are funded through transfers to the federal government (2) Puerto Rico's nutrition assistance program (over \$1.4 billion yearly), and (3) nutrition assistance grants to American Samoa and the Northern Marianas totaling about \$13 million yearly. State-local expenditure estimates are for administration.

- c. Excludes sums spent for food stamp work/training, reported elsewhere (program No. 78). Includes the following sums for food stamp administration: FY2002, \$2,283 million; FY2003, \$2,437 million; FY2004, \$2,427 million. Includes amounts for state-financed benefits for non-citizens.
- d. Includes persons receiving nutrition assistance in Puerto Rico, one million persons each year.
- e. Estimated cash and commodity assistance for free and reduced price lunches and after-school snacks. Includes federal funds for state administrative expenses for school lunch *and* other child nutrition programs. These administrative funds were as follows: FY2002, \$132 million; FY2003, \$133 million; FY2004, \$140 million. Excludes cash assistance for “full-price” meals (41% of total lunches served), which have no income test.
- f. Not reported since 1980, when federal funds provided about half the total cost of the lunch program, and children’s meal payments, plus state/local revenues, the other half. A 1994 Agriculture Department survey indicates that 40% of the total operating costs of school meal programs comes from children’s meal payments and state/local government sources. The minimum state matching requirement totals just over \$200 million annually.
- g. Estimated average daily number of children receiving free and reduced-price meals in these programs.
- h. Includes these federal payments for state-local administration, nutrition services, infrastructure grants, and technical services: FY2002, \$1,208 million; FY2003, \$1,303 million; FY2004, \$1,316 million. “Administrative” expenses include costs of providing nutritional risk assessments, nutrition education, and other services such as breast feeding support services. All figures have been adjusted for year-to-year carry overs of unspent funds.
- i. None required. Contributions unknown.
- j. Federal spending for state administrative costs included under program No. 22 (school lunch). See footnote e.
- k. Estimates of funds (including the value of commodity assistance) for meals/snacks served to children and adults with family income not exceeding 185% of the poverty income guideline. Includes administrative payments for day care home sponsors and audit expenses: FY2002, \$140 million; FY2003, \$140 million; FY2004, \$144 million.
- l. Estimates of individuals from families who meet an income test (185% of the poverty income guideline) are based on the number of meals/snacks subsidized at the higher rate paid for meals served to them.
- m. Sum represents appropriations for congregate meals, home-delivered meals, and nutrition services incentive grants.
- n. Non-federal share for congregate and home-delivered nutrition is an estimate based on a 15% non-federal match required for these funds. There is no non-federal match required for nutrition services incentive grants.
- o. Annual unduplicated number of persons served.
- p. Preliminary estimate of annual unduplicated number of persons served.
- q. Sums represent the value of commodities plus appropriations for state and local administrative and distribution costs and the value of “bonus” commodities provided without appropriation. Administrative/distribution costs were as follows: FY2002, \$54 million; FY2003 and FY2004, \$59 million.
- r. States must match, in cash or in kind, administrative grants that they do not pass along to local agencies. Amounts, if any, are not known.
- s. Includes payments to summer program sponsors for administrative costs and health inspection payments to states, approximately \$30 million per year.
- t. July participation.
- u. Includes amounts obligated for administration and distribution costs: FY2002, \$23 million; FY2003, \$27 million; FY2004, \$29 million. Not adjusted for inter-year transfer of funds. Because of carryover of funds and commodity inventories among fiscal years, actual expenditures are higher than the new obligation amounts shown here. Does not include the value of “bonus” commodities provided without appropriation: \$40 million in FY2004, less in earlier years.

- v. Sums represent the value of purchased commodities plus administrative grants. Administrative costs were as follows: FY2002, \$23 million; FY2003, \$26 million; FY2004, \$27 million. Not adjusted for inter-year transfers of commodities. Does not include the value of “bonus” commodities provided without an appropriation, estimated at \$1 million to \$5 million annually. Because of carry over of funds and commodity inventories among fiscal years, actual expenditures are higher than the new obligation amounts shown here.
- w. Indian tribal organizations and state agencies operating the program must contribute up to 25% of administrative and distribution costs, but the amount of their contributions (estimated at \$5 to \$10 million annually) are not known.
- x. All spending is shown as benefit expenditures. No information is available on the breakout between benefit and administrative spending, although administrative expenses generally may not exceed 17% of a state’s grant.
- y. Although a 30% state match is required under the WIC component of the farmers’ market nutrition program, no information is available on the actual amount spent.
- z. Average number of half-pints of free milk served daily to children whose family income does not exceed 130% of the poverty income guidelines. Excludes federally subsidized milk served without regard to child’s family income.
- aa. See also program No. 71, Emergency Food and Shelter.
- bb. Recipients are not totaled because of a high degree of overlap (and/or in some cases, a mixture of monthly and annual numbers).

**Table 17. Need-Based Benefits: Housing Benefits—Expenditures and Enrollment Data, by Program, FY2002-FY2004**  
(federal expenditures, state-local expenditures, and number of recipients)

	HOUSING BENEFITS								
	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Families or dwelling units (total during year unless otherwise indicated—in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
31. Section 8 low-income housing aid	\$18,499	\$20,950	\$22,356	—	—	—	3,326 <sup>a</sup>	3,371 <sup>a</sup>	3,387 <sup>a</sup>
32. Public housing <sup>b</sup>	8,213	7,848	7,488	c	c	c	1,209 <sup>a</sup>	1,207 <sup>a</sup>	1,189 <sup>a</sup>
33. Rural housing loans (Section 502) <sup>d</sup>	3,500	4,124	4,584	—	—	—	43.1 <sup>e</sup>	46.7 <sup>e</sup>	50.1 <sup>e</sup>
34. Home investment partnerships (HOME) <sup>f</sup>	1,540	1,616	1,597	g	g	g	84.1 <sup>h</sup>	111.4 <sup>h</sup>	63.9 <sup>h</sup>
35. Housing for special populations (elderly and disabled)	895	992	1,098	—	—	—	94.4	104.9	111.3
36. Rural rental assistance payments (Section 521) <sup>d</sup>	704.6	721.3	580.6	—	—	—	44.3 <sup>i</sup>	44.3 <sup>i</sup>	48.1 <sup>i</sup>
37. Section 236 interest reduction	579.3	566.1	559.2	—	—	—	392.2 <sup>a</sup>	369.0 <sup>a</sup>	346.8 <sup>a</sup>
38. Housing Opportunities for People with AIDS (HOPWA)	314	254	254	—	—	—	75	78.5	78
39. Rural rental housing loans (Section 515) <sup>d</sup>	114	115	114.5	—	—	—	7.3	7.0	7.6
40. Rural housing repair loans and grants (Section 504) <sup>d</sup>	62.4 <sup>j</sup>	63.1 <sup>j</sup>	63.7 <sup>j</sup>	—	—	—	11.8 <sup>k</sup>	11.7 <sup>k</sup>	11.6 <sup>k</sup>

**HOUSING BENEFITS**

	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Families or dwelling units (total during year unless otherwise indicated—in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
41. Farm labor housing loans and grants (Sections 514 and 516) <sup>d</sup>	61.8 <sup>l</sup>	61.7 <sup>l</sup>	53.7 <sup>l</sup>	—	—	—	1.9	3.4	2.6
42. Section 101 rent supplements	53.7	55.4	56	—	—	—	18.6	18.1	17.3
43. Rural self-help technical assistance (Sections 523 and 524) <sup>d</sup>	26.9 <sup>m</sup>	42.2 <sup>m</sup>	40.9 <sup>m</sup>	—	—	—	n	n	
44. Indian housing improvement	19.6	19.5	19.4	—	—	—	0.57 <sup>o</sup>	0.59 <sup>o</sup>	0.43 <sup>o</sup>
45. Section 235 homeownership aid	10.8	8.4	4.8	—	—	—	13.0	10.2	8.5
46. Rural housing preservation grants (Section 533) <sup>d</sup>	8.6	10.1	9.3	—	—	—	2.13	1.96	2.11
47. Homeownership and opportunity for people everywhere (HOPE)	3	2	2	\$6.3	\$5.3	\$0.8	n/a	n/a	n/a
<b>Housing Aid Total<sup>p</sup></b>	<b>34,607</b>	<b>37,449</b>	<b>38,881</b>	<b>6.3</b>	<b>5.3</b>	<b>0.8</b>	<b>q</b>	<b>q</b>	<b>q</b>

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Units eligible for payment at end of fiscal year.
- b. Outlay data include operating subsidies, capital grants, the Public Housing Drug Elimination Program, HOPE VI, and the public housing loan fund. Outlay and housing unit data exclude the Indian Housing Block Grant and HUD-administered Indian housing.
- c. Localities accept payments in lieu of property taxes that are lower than normal taxes (usually equal to 10% of shelter rent). No estimate is available of the value of this benefit.
- d. Obligations.
- e. Numbers are for total units per year.
- f. State-local governments may use up to 10% of federal HOME funds for administrative costs.
- g. The 2003 edition of this report provided unpublished figures for state and local expenditures (\$704 million in FY2002) under the HOME program; these data are no longer available from the Department of Housing and Urban Development.
- h. Consists of housing units provided, constructed, or rehabilitated by HOME funds, plus tenant-based rental assistance. Housing units included were as follows: FY2002, 73,814; FY2003, 100,671; FY2004, 48,460. The following total numbers of families received tenant-based rental assistance: FY2002, 10,239; FY2003, 10,731; FY2004, 15,479.
- i. Units assisted under this program also are counted under the Section 515 program (rural rental housing loans) or Section 514 program (farm labor housing loans).



- j. Section 504 obligated rural housing repair loans and grants in the following amounts: FY2002, \$31.8 million in loans, \$30.6 million in grants; FY2003, \$31.6 million in loans, \$31.6 million in grants; FY2004, \$33 million in loans, \$30.7 million in grants.
- k. The numbers of rural housing units repaired with loans and grants under Section 504 were as follows: FY2002, 5,615 units repaired with loans, 6,170 with grants; FY2003, 5,409 with loans, 6,337 with grants; FY2004, 5,594 with loans, 5,988 with grants.
- l. The amounts of farm labor housing loans (Section 514) and grants (Section 516) obligated were as follows: FY2002, \$47.3 million in loans and \$14.5 million in grants; FY2003, \$55.8 million and \$5.9 million in grants; FY2004, \$36 million in loans and \$17.7 million in grants.
- m. Amounts shown are self-help technical assistance grants (Section 523) and site loan obligations (Sections 523 and 524). Grants totaled as follows: FY2002, \$26.5 million; FY2003, \$40.1 million; FY2004, \$35.3 million. Site loan obligations (Section 523) totaled as follows: FY2002, \$0; FY2003, \$1 million; FY2004, \$2.4 million. Site loan obligations (Section 524) totaled as follows: FY2002, \$0.5 million; FY2003, \$1.2 million; FY2004, \$3.2 million.
- n. These programs provide for the development of building sites. Houses constructed on these sites generally are financed and counted under the Section 502 program.
- o. Numbers represent new and repaired or renovated houses, as follows: FY2002, 183 new and 389 repaired or renovated houses; FY2003, 185 new and 400 repaired or renovated houses; FY2004, 280 new and 150 repaired or renovated houses.
- p. See also program No. 71, Emergency Food and Shelter, and program No. 67, Homeless Assistance Grants.
- q. Columns are not totaled because they are a mixture of numbers: dwelling units, loans, and grants. Further, some units are assisted by more than one program.

**Table 18. Need-Based Benefits: Education Benefits—Expenditures and Enrollment Data, by Program, FY2002-FY2004**  
(federal expenditures, state-local expenditures, and number of recipients)

	EDUCATION BENEFITS								
	Federal expenditures <sup>a</sup> (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (participants in the school year <sup>b</sup> in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
48. Federal Pell grants	\$11,314 <sup>c</sup>	\$11,365 <sup>c</sup>	\$12,006 <sup>c</sup>	—	—	—	4,812	5,141	5,344
49. Head Start	6,538 <sup>d</sup>	6,668 <sup>d</sup>	6,775 <sup>d</sup>	\$1,634 <sup>e</sup>	\$1,667 <sup>e</sup>	\$1,694 <sup>e</sup>	912	910	906
50. Subsidized Federal Stafford and Stafford/Ford loans <sup>f</sup>	3,590	7,656	5,261	—	—	—	5,564	6,174	6,869
51. Federal work-study programs <sup>g</sup>	1,011 <sup>h</sup>	1,004 <sup>h</sup>	999 <sup>h</sup>	—	—	—	1,100	863	858
52. Federal Trio programs <sup>g</sup>	803 <sup>i</sup>	827 <sup>i</sup>	833 <sup>i</sup>	—	—	—	866	857	866
53. Supplemental educational opportunity grants <sup>g</sup>	725 <sup>j</sup>	760 <sup>j</sup>	771 <sup>j</sup>	—	—	—	1,189	1,237	1,254
54. Title I migrant education program	396 <sup>k</sup>	395 <sup>k</sup>	394 <sup>k</sup>	1	1	1	738	738	738
55. Perkins loans	168 <sup>m</sup>	166 <sup>m</sup>	165 <sup>m</sup>	—	—	—	707	641	674
56. Leveraging Educational Assistance Partnerships (LEAP)	67 <sup>n</sup>	67 <sup>n</sup>	66 <sup>n</sup>	67 <sup>o</sup>	67 <sup>o</sup>	66 <sup>o</sup>	90	135	171

**EDUCATION BENEFITS**

	Federal expenditures <sup>a</sup> (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (participants in the school year <sup>b</sup> in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
57. Health professions student loans and scholarships <sup>p</sup>	57	69	76	—	—	—	12 <sup>q</sup>	15 <sup>q</sup>	14 <sup>q</sup>
58. Fellowships for graduate and professional study	45	45.7	40.5	—	—	—	1,403 <sup>r</sup>	1,174 <sup>r</sup>	970 <sup>r</sup>
59. Migrant high school equivalency program	23 <sup>s</sup>	23 <sup>s</sup>	19 <sup>s</sup>	1	1	1	8.6	8.6	7.0
60. College Assistance Migrant Program	15	15	16	1	1	1	2.5	2.5	2.5
61. Close Up Fellowships	1.5	1.49	1.48	—	—	—	2.8	2.8	3.57
62. D.C. School Choice Incentive <sup>t</sup>	n.p.	n.p.	12.5	n.p.	n.p.	—	n.p.	n.p.	n.a.
<b>Education Aid Total</b>	<b>24,754</b>	<b>29,062</b>	<b>27,435</b>	<b>1,701</b>	<b>1,734</b>	<b>1,760</b>	u	u	u

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Federal expenditure data represent appropriations and, unless otherwise indicated, are based upon appropriations for the program in the school year ending in the fiscal year named. For forward-funded programs, “FY2004 expenditures” are total FY2003 appropriations for the program (which generally were available for obligation from July 1, 2003 through Sept. 30, 2004). For current-funded programs, FY2004 expenditures are FY2004 appropriations, which generally were available for obligation throughout FY2004.
- b. The number of recipients is based upon counts or estimates of participants in the school year ending in the fiscal year named. For example, FY2004 recipients are students who participated in (or received benefits from) programs during the 2003-2004 school year, or during the summer of 2004.
- c. Amounts for this program were incorrectly reported in the previous edition of this report (RL32233). Correct amounts are as follows: FY2000, \$7,640 million; FY2001, \$8,756 million; FY2002, \$11,314 million.
- d. Federal appropriations include funds for local administration. Although Head Start is classified in this report as an education program, it provides many other services. It is administered by HHS rather than ED.
- e. Estimate. Based on requirement that non-federal funds equal 20% of total program costs.
- f. Dollars are for the program in the fiscal year named. They are net program obligations for subsidized Stafford and Stafford/Ford loans. (Data components for FY2002 were as follows: \$4.3 billion for FFEL loans and -\$ .7 billion for Ford loans. Data components for FY2003 were as follows: \$3.4 billion for FFEL and \$4.2 billion for Ford loans. Data components for FY2004 data were as follows: \$2.9 billion for FFEL loans and \$2.4 billion for Ford loans.) Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts (net obligations) are as follows: FY2000, \$1,028 million; FY2001, -\$2,217 million; FY2002, \$3,590 million. Recipient data represent the number of subsidized Stafford and Stafford/Ford loans made in the fiscal year.

- g. This program also receives non-governmental funds.
- h. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$934 million; FY2001, \$1,011 million; FY2002, \$999 million.
- i. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$645 million; FY2001, \$730 million; FY2002, \$803 million.
- j. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$631 million; FY2001, \$691 million; FY2002, \$725 million.
- k. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$355 million; FY2001, \$380 million; FY2002, \$396 million.
- l. Federal funds for these migrant education programs may be supplemented by states, local school districts, or public or nonprofit agencies. However, data are unavailable on this support, which is voluntary.
- m. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$130 million; FY2001, \$160 million; FY2002, \$168 million.
- n. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$40 million; FY2001, \$55 million; FY2002, \$67 million.
- o. Estimates based on the requirement that non-federal funds at least equal the federal sum.
- p. Data apply only to scholarships and loans funded with appropriations.
- q. In 2002, 11,377 persons received scholarships; in 2003, 14,485 persons received scholarships; and in 2004, 13,022 persons received scholarships.
- r. Contains only GAANN and Javits fellowships.
- s. Amounts for this program were incorrectly reported in the previous edition of this report, CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*. Correct amounts are as follows: FY2000, \$15 million; FY2001, \$20 million; FY2002, \$23 million.
- t. This program was enacted in 2004.
- u. Recipient numbers are not totaled due to possible duplication.

**Table 19. Need-Based Benefits: Services—Expenditures and Enrollment Data, by Program, FY2002-FY2004**

(federal expenditures, state-local expenditures, and number of recipients)

	<b>SERVICES</b>								
	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (average monthly number unless otherwise indicated in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
63. Child care and development block grant (CCDBG) <sup>a</sup>	\$6,384	\$7,247	\$6,864	\$2,206	\$2,221	\$2,516	1,743	1,751	1,732
64. TANF services	4,414	4,884	4,867	1,734	1,424	1,383	n.a.	n.a.	n.a.
65. Social services block grant (Title XX)	2,647 <sup>b</sup>	2,492 <sup>b</sup>	2,493 <sup>c</sup>	n.a.	n.a.	n.a.	14,280	14,516	n.a.
66. TANF child care	1,572	1,698	1,427	1,033	865	1,047	n.a.	n.a.	n.a.
67. Homeless assistance grants	1,044	1,122	1,238	<sup>d</sup>	<sup>d</sup>	<sup>d</sup>	n.a.	n.a.	n.a.
68. Community services block grant	594 <sup>e</sup>	683 <sup>e</sup>	739 <sup>e</sup>	—	—	—	n.a.	n.a.	n.a.
69. Legal services	329 <sup>e</sup>	338.8 <sup>e</sup>	338.8 <sup>e</sup>	—	—	—	979	936	901
70. Social services for refugees, asylees, and other humanitarian cases	158.6 <sup>e</sup>	150.1 <sup>e</sup>	152.2 <sup>e</sup>	—	—	—	n.a.	n.a.	n.a.
71. Emergency food and shelter programs	140	152	152	<sup>f</sup>	<sup>f</sup>	<sup>f</sup>	n.a.	n.a.	n.a.
<b>Services Totals</b>	<b>17,283</b>	<b>18,767</b>	<b>18,271</b>	<b>4,973</b>	<b>4,510</b>	<b>4,946</b>	<sup>g</sup>	<sup>g</sup>	<sup>g</sup>

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Includes expenditures made from funds transferred to CCDBG from TANF.
- b. Includes expenditures from TANF transferred funds as follows: \$955 million in FY2002 and \$806 million in FY2003. Administrative expenses were as follows: FY2002, \$234 million; FY2003, \$214 million.
- c. Expenditure data not yet available. Amount reflects \$1.7 billion SSBG appropriation for FY2004 and \$793 million transfer from TANF to SSBG. Federal administrative expenditures for FY2004 are not yet available.
- d. None required. Contributions unknown.
- e. Appropriations
- f. Law places the following limits on administrative spending: local recipient organizations, 2% of their funds; National Board, 1%; state set-aside committees, 0.5%.
- g. Recipient numbers are not totaled due to possible duplication.

**Table 20. Need-Based Benefits: Jobs and Training—Expenditures and Enrollment Data, by Program, FY2002-FY2004**

(federal expenditures, state-local expenditures, and number of recipients)

<b>JOBS AND TRAINING</b>									
	Federal expenditures <sup>a</sup> (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (total annual number unless otherwise indicated—in thousands)		
	FY20002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
72. TANF work activities <sup>b</sup>	\$2,121	\$1,937	\$1,613	\$607	\$662	\$540	n.a.	n.a.	n.a.
73. Job Corps <sup>c</sup>	1,454	1,509	1,536	—	—	—	68	68	68
74. Youth activities <sup>d</sup>	1,353	1,039	995	—	—	—	408	369	396
75. Adult activities	945	895	893	—	—	—	467	444	410
76. Senior community service employment <sup>e</sup>	445.1	442.3	438.7	49.5 <sup>f</sup>	49.1 <sup>f</sup>	48.7 <sup>f</sup>	100 <sup>g</sup>	100 <sup>g</sup>	100 <sup>g</sup>
77. Welfare-to-work grants	342	312 <sup>h</sup>	181 <sup>h</sup>	71.4	104 <sup>i</sup>	60 <sup>i</sup>	n.a.	n.a.	n.a.
78. Food stamp employment and training <sup>j</sup>	316	303	267	138	162	166	n.a.	n.a.	n.a.
79. Foster grandparents	106.7	110.7	110	40.5 <sup>k</sup>	40.7 <sup>k</sup>	36.5 <sup>k</sup>	30.9	32.5	31.7
80. Senior companions	44.4	46.3	46.0	27.4 <sup>k</sup>	27.3 <sup>k</sup>	24.7 <sup>k</sup>	13.2	16.5	16.5
81. Targeted assistance for refugees, asylees, and other humanitarian cases <sup>b</sup>	44.5	44.2	44.1	—	—	—	n.a.	n.a.	n.a.
82. Native employment works program	7.6	7.6	7.6	—	—	—	n.a.	n.a.	n.a.
<b>Jobs and Training Total</b>	<b>7,179</b>	<b>6,646</b>	<b>6,131</b>	<b>934</b>	<b>1,045</b>	<b>876</b>			

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Data are appropriations unless otherwise marked.
- b. Expenditures.
- c. Numbers for this program were incorrectly reported in the previous edition of this report (RL3223). The correct numbers are as follows: FY2000, \$1,358 million; FY2001, \$1,399 million; and FY2002, \$1,454 million.

- d. Numbers for this program were incorrectly reported in the previous edition of this report (RL32233). The correct numbers are as follows: FY2000, \$1,251 million; FY2001, \$1,378 million; FY2002, \$1,353 million.
- e. The law permits no more than 13.5% of federal funds to be used for administrative costs (but authorizes the Secretary of Labor to increase this to 15% under certain conditions.).
- f. Estimate based on general requirement that nonfederal funds equal at least one-ninth of federal funds (10% of total). State-local spending represents cash and in-kind amounts and may include some private sums.
- g. Estimate of persons served each program year (July 1-June 30).
- h. Federal budget outlays.
- i. Estimated, based on historical ratio of federal to state expenditures.
- j. Obligations for administering and operating employment and training activities for food stamp recipients and for support costs like child care and transportation.
- k. Table shows non-federal funding (cash and in-kind amounts from state-local governments and some private sources), as reported by the Corporation for National and Community Service. These amounts exceed the required minimum non-federal “matching” share (10% of the total, one-ninth of the federal amount).
- l. Recipients are not totaled because of missing data and possible duplication.

**Table 21. Need-Based Benefits: Energy Aid—Expenditures and Enrollment Data, by Program, FY2002-FY2004**  
(federal expenditures, state-local expenditures, and number of recipients)

	ENERGY AID								
	Federal expenditures (millions of current dollars)			State-local expenditures (millions of current dollars)			Recipients (number of households aided during the year—in thousands)		
	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004	FY2002	FY2003	FY2004
83. Low-income home energy assistance program (LIHEAP) <sup>a</sup>	\$1,773	\$2,030	\$1,891	n.a.	n.a.	n.a.	4,424	4,805	4,827 <sup>b</sup>
84. Weatherization assistance <sup>c</sup>	230	224	227	122	122	141	105 <sup>d</sup>	94 <sup>d</sup>	94 <sup>d</sup>
<b>Energy aid total</b>	<b>\$2,003</b>	<b>\$2,254</b>	<b>\$2,118</b>	<b>\$122</b>	<b>\$122</b>	<b>\$141</b>	<sup>e</sup>	<sup>e</sup>	<sup>e</sup>

**Notes:** Data in this table are based on program reports and budget documents, including departmental justifications of appropriations estimates. Details of sources are available upon request.

Except for sums below \$100 million, figures shown are rounded to the nearest million. Totals reflect rounding of sums below \$100 million to the nearest million. N.A.= means “not available.” N.P.= means no program. To conserve space, names of some programs have been shortened in the table.

- a. Recipient numbers are households served during the year with heating and winter crisis aid. Outlay data include weatherization aid. Expenditures are from regular LIHEAP appropriations plus contingency funds.
- b. Unofficial estimate provided by the National Energy Assistance Directors’ Association (NEADO), based on a survey of the states.



- c. By law, no more than 10% of federal funds may be used for administration.
- d. Recipient counts indicate numbers of homes weatherized in a given year.
- e. Total may include some duplication, as some households may receive aid from both programs.

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## Acknowledgments

This report is the most recent in a series that was conceived and compiled by former Specialist Vee Burke until her retirement from the Congressional Research Service (CRS) in 2004. Ms. Burke began the series in 1976 (CRS Report 76-5 ED) and prepared an updated version either annually or every other year through 2003 (CRS Report RL32233, *Cash and Noncash Benefits for Persons with Limited Income: Eligibility Rules, Recipient and Expenditure Data, FY2000-FY2002*). The following alphabetical list of programs provides the names of CRS staff members who contributed program data and rules to the current edition of the report. Each is a member of the Knowledge Services Group (KSG) or the Domestic Social Policy Division (DSP) of CRS. Thomas Gabe of DSP produced **Figure 3** and the accompanying text. All other figures and tables were produced by Jason Kuznicki of DSP, who, along with Bryan Sinquefield of the Electronic Research Products Office (ERPO) of CRS, provided production and editorial assistance for the entire report. The report was coordinated by Karen Spar of DSP.

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Adoption Assistance	Marjorie H. Washington
Adult Activities	(name redacted)
Cash Assistance to Refugees, Asylees, Entrants, Others	(name redacted)
Child and Adult Care Food Program	Marjorie H. Washington
Child Care and Development Block Grant	Marjorie H. Washington
Child Tax Credit	(name redacted)/ (name redacted)
Close-up Fellowships	(name redacted)
College Assistance Migrant Program (CAMP)	Laura Monagle
Commodity Supplemental Food Program	Marjorie Washington
Community Services Block Grant Program	(name redacted)
Consolidated Health Centers	Sharon Kearney Coleman
D.C. School Choice Incentive Program	(name redacted)
Dependency and Indemnity Compensation for Parents of Veterans (DIC)	(name redacted)
Earned Income Tax Credit (EITC)	(name redacted)/ (name redacted)
Emergency Food and Shelter Program	(name redacted)
Farm Labor Housing Loans (514) and Grants (516)	Meredith Peterson
Farmers Market Nutrition Programs	Marjorie Washington

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Federal Pell Grants	(name redacted)
Federal Work-Study Program	(name redacted)
Fellowships for Graduate and Professional Study	(name redacted)
Food Distribution Program for Indian Reservations	Marjorie H. Washington
Food Stamp Employment and Training Program	Marjorie H. Washington
Food Stamps	Marjorie H. Washington
Foster Care	Marjorie H. Washington
Foster Grandparents	(name redacted)
General Assistance to Indians	(name redacted)
Head Start	Meredith Peterson
Health Professions Student Loans and Scholarships	Sharon Kearney Coleman
Home Investment Partnerships (HOME)	Meredith Peterson
Homeless Assistance Grants	(name redacted)
Homeownership and Opportunity for People Everywhere (HOPE)	Meredith Peterson
Housing for Special Populations (Elderly/Disabled)	(name redacted)
Housing Opportunities for People With AIDS (HOPWA)	(name redacted)
Indian Health Services	Marjorie H. Washington
Indian Housing Improvement Grants	Meredith Peterson
Job Corps	(name redacted)
Legal Services	(name redacted)
Leveraging Educational Assistance Partnerships (LEAP)	(name redacted)
Low-Income Home Energy Assistance Program (LIHEAP)	(name redacted)
Low-Rent Public Housing	Meredith Peterson
Maternal and Child Health Services Block Grant	Sharon Kearney Coleman
Medicaid	(name redacted)
Medical Assistance to Refugees, Asylees, and Others	(name redacted)
Medical Care for Veterans Without Service Connected Disability	(name redacted)
Migrant High School Equivalency Program (HEP)	(name redacted)
Native Employment Works Program	Marjorie H. Washington
Nutrition Program for the Elderly	(name redacted)
Pensions for Needy Veterans, Dependents, and Survivors	(name redacted)
Perkins Loans	(name redacted)
Rural Housing Loans (502)	Meredith Peterson
Rural Housing Preservation (533)	Meredith Peterson
Rural Housing Repair Loans and Grants (504)	Meredith Peterson
Rural Housing Self-Help Technical Assistance (523)	Meredith Peterson
Rural Rental Assistance (521)	Meredith Peterson
Rural Rental Housing Loans (515)	Meredith Peterson

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School Breakfast Program	Marjorie H. Washington
School Lunch Program	Marjorie H. Washington
Section 101 Rent Supplements	Meredith Peterson
Section 8 Low-Income Housing Assistance	Meredith Peterson
Section 235 Homeownership Assistance	Meredith Peterson
Section 236 Interest Reduction Payments	Meredith Peterson
Senior Community Service Employment	(name redacted)
Senior Companions	(name redacted)
Supplemental Educational Opportunity Grants (SEOGs)	(name redacted)
Social Services for Refugees, Asylees, and Others	(name redacted)
Special Milk	Marjorie H. Washington
Special Supplemental Food Program for Women, Infants, and Children (WIC)	Marjorie H. Washington
Social Services Block Grant	Meredith Peterson
State Child Health Insurance Program	(name redacted)
Subsidized Federal Stafford and Stafford/Ford Loans	(name redacted)
Summer Food	Marjorie H. Washington
Supplemental Security Income	(name redacted)
Targeted Assistance to Refugees, Asylees, Others	(name redacted)
Temporary Assistance for Needy Families (TANF)	Marjorie H. Washington
TANF Child Care	Marjorie H. Washington
TANF Services	Marjorie H. Washington
TANF Work	Marjorie H. Washington
The Emergency Food Assistance Program (TEFAP)	Marjorie H. Washington
Title (Chapter) I Migrant Education	(name redacted)
Title X Family Planning Services	Sharon Kearney Coleman
TRIO Programs	(name redacted)
Weatherization Assistance	(name redacted)
Welfare to Work	Marjorie H. Washington
Youth Activities	(name redacted)

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