3. History

Federal legislation and expenditures.—In 1935, the Social Security Act authorized Federal grants to States to pay part of the costs of aiding people who are old (title I) or blind (title X) and children who have been deprived of parental support or care (title IV). In 1950, Congress added Federal grants to States to help people who are permanently and totally disabled (title XIV).

Amendments adopted in 1960 authorized Federal grant-in-aid for medical assistance for the aged (MAA), which was established as an additional program under title I.

Under the public welfare amendments of 1962, the Congress adopted a series of amendments, including among others, one which placed greater emphasis than hitherto on the social service aspects of the assistance programs and provided a higher rate of Federal financial participation in State and local costs of providing social services that are prescribed by the Secretary to deal with some of the most serious social problems frequently associated with financial dependency.

In addition to the changes described above, the Congress has made 11 major changes in the formula for determining the Federal share of assistance payments. Each of these changes provided for a higher rate of Federal financial participation in assistance payments.

The rise in Federal expenditures that followed each of these changes in the Federal share is shown in Trend Report, "Graphic Presentation of Public Assistance and Related Data," published by the Welfare Administration, Bureau of Family Services, December 1964.

The factors underlying the increase in Federal expenditures that occurred between 1950 and 1964 are analyzed in appendix I. For year to year changes see the Trend Report.

Appendix II shows the annual amounts expended by source of funds, from 1936 through 1965.

State and local operations.—As of August 31, 1965, 54 jurisdictions including all the States, the District of Columbia, Guam, Puerto Rico, and the Virgin Islands were administering old-age assistance, aid to families with dependent children, and aid to the blind under approved plans; 53 were administering aid to the permanently and totally disabled; and 47 States had plans approved for medical assistance for the aged.

Under the provisions of the public assistance titles of the Social Security Act, the States determine the level at which the need for financial assistance and other services is to be met. This determination reflects both the fiscal ability and willingness of a State to provide the non-Federal share of the costs of the programs. The variations among States in the number of people who receive assistance and the amounts they receive, therefore, do not reflect actual differences in need as determined against a uniform standard either for assistance or for other eligibility requirements. In general, where need is greatest, fiscal ability is limited and assistance standards tend to be low.

Over the years some progress has been made in removing restrictive eligibility requirements and in raising assistance standards so that more needy people can receive assistance. In 1965, however, only a handful of States had assistance standards that would permit assistance recipients to live at the "economy level," which is roughly comparable to the amount required to move people above the poverty