Mr. BELL. I understand you were talking about the AFDC situation. I noticed California's AFDC figures for 1965 were used. However, California was able, willing and able, to prepare figures for 1966.

The Welfare Administration said they had to use 1965 figures as a basis and couldn't use 1966.

That cost California about $ 10 million. I am wondering why they established 1965 as the ironclad date for which we had to use AFDC figures.

Mr. ESTES. This did happen in California. We did use the figures across the Nation based on the 1965 information. Mr. Hughes has looked into this very carefully and has an opinion from our legal counsel. I would like for him to comment specifically on this particular instance as it relates to California.

Mr. HUGHES. Yes, sir. Of course, the one point here, Mr. Bell, is that we did have to have a standard procedure, whereby all States would receive their entitlements in fiscal 1967 based on the same information.

Mr. BELL. Couldn't it be an incentive for the States to get their figures ready for 1966? That would be an incentive and it would be an advantage. I wouldn't say it necessarily has to be the same date, does it?

Mr. HUGHES. At the time the bill was going through the Congress last year, there was uncertainty as to whether the updated AFDC would be included in the final bill.

The administration did not recommend it. There was also a question of difference between the House and Senate bills as to the low income factor of $2,000 or $3,000. The original Senate bill would have boosted the low income factor to $3,000.

So there was uncertainty as to how the formula was going to come out. The House report, however, on this fact was specific. It indicated that in terms of the House language, it was anticipated that calendar 1965 data would be computed for all States.

That is the procedure we followed.

Mr. BELL. I can appreciate your point. But to a degree, you have to admit it places a burden of unfair restriction on States that are on the ball and are willing to get their figures together for the latest possible AFDC dates, which is what the bill itself says.

Mr. HUGHES. The additional factor that we had to take into consideration, of course, was getting this information as rapidly as possible so that we could make allocations to all districts.

The fact of the matter was that we had already begun, that is, the welfare administration had already begun, to get information on 1965 calendar year based on the House language and then on the House report.

It would have delayed considerably the procedures this year in the final allocations if we had actually gone to fiscal year 1966 information.

Mr. BELL. Then are you saying in effect at this time, or at the time this bill passes, we will use the latest AFDC figures provided they are no later than 1966?

Mr. HUGHES. We will be using calendar 1966.

Mr. BELL. Even though California may have 1967 figures available?

Mr. HUGHES. It has to be calendar or fiscal year. We are now