

this type, not to run afoul of the equal protection clause, must be founded on reason in the light of its purpose. *McLaughlin v. Florida*, 379 U.S. 184, 189 (1964). While a State may classify persons for various purposes, it may not do so on arbitrary or irrational grounds. *Yick Wo v. Hopkins*, 118 U.S. 356 (1886); *Carrington v. Rash*, 380 U.S. 89 (1965). As most recently stated by the Supreme Court, in a case holding a wrongful death statute which denied recovery to illegitimate children while permitting recovery to lawful issue invalid under the equal protection clause:

“While a State has broad power when it comes to making classifications * * it may not draw a line which constitutes an invidious discrimination against a particular class. * * * Though the test has been variously stated, the end result is whether the line drawn is a rational one. * * *” *Levy v. Louisiana*, 391 U.S. 68, 71 (1968).

See also, *Glonn v. American Guar. & L. Ins. Co.*, 391 U.S. 73 (1968).

That under these rules the maximum grant regulation is offensive is easily demonstrable. AFDC is a program to provide support for dependent children. By the standards of need set by Maryland, a dependent child is in as great need and as deserving of aid, whether he be the fourth or the eighth child of a family unit, although if the latter, the amount of his need may not be quite as great as that of the former, because it is cheaper to provide clothing, food and shelter for the eighth child than for the fourth. Yet, the maximum grant regulation, in accomplishing its purpose of conservation of inadequate funds, assumes that a child, because he is the eighth (or any other number where to grant him benefits would bring the aggregate benefits to the family unit over the maximum grant) is either not in need or that his need must go unsatisfied. Reason and logic will not support such a result. The fact that such a child, if moved to the home of an eligible relative, may receive such benefits lends additional support to this conclusion. In effect, Maryland impermissibly conditions his eligibility for benefits upon the relinquishment

of the parent-child relationship. Cf. *Sherbert v. Verner*, 374 U.S. 398 (1963). The result we reach is fully in accord with that of other courts which have considered the same or similar questions. *Collins v. State Board of Social Welfare*, 248 Iowa 369, 81 N.W. 2d 4 (1957); *Anderson v. Schaefer*, F. S. (N.D. Ga. 1968); *Metcalf v. Swank*, F. S., 37 L.W. 2277 (N.D. Ill. 1968) (dictum). We hold, therefore, that the maximum grant regulation transgresses the equal protection clause.

III.

Lest our holdings be misunderstood, some additional words are required. We do not hold that Maryland must appropriate additional funds to support its participation in the program of AFDC; we reiterate our previous holding that the Eleventh Amendment deprives courts of the United States from jurisdiction to grant such relief.

We hold only that if Maryland has appropriated insufficient funds to meet the total need under AFDC, as measured by the standards for determining need that Maryland has prescribed, Maryland may not, consistent with the Social Security Act or the equal protection clause, correct the imbalance by application of the maximum grant regulation. No other proposed solution to this problem is before us, and we express no other opinion.

Within ten days counsel may agree upon and present a form of order consistent with these views.

/s/ HARRISON L. WINTER,
United States Circuit Judge.

/s/ ROSZEL C. THOMSEN,
Chief Judge,
United States District Court.

/s/ ALEXANDER HARVEY, II,
United States District Judge.

*United States District Court for the
District of Maryland*

**MOTION TO AMEND FINDINGS OF FACT AND JUDG-
MENT OR IN THE ALTERNATIVE TO TAKE AD-
DITIONAL TESTIMONY, OR FOR A NEW TRIAL,
OR IN THE ALTERNATIVE TO ALTER OR AMEND
THE JUDGMENT**

Defendants move, pursuant to rules 52 (b) and 59 of the Federal Rules of Civil Procedure, that this court amend its findings and judgment, or grant a new trial of this cause or receive additional evidence and alter or amend the judgment. The grounds of this Motion are set out in the accompanying Memorandum, Affidavits, and Exhibits.

(Signatures and Certificate of Service.)

*United States District Court for the
District of Maryland*

EXCERPTS FROM

Exhibit A to Defendant's "Memorandum In Support Of Motion To Amend Findings Of Fact And Judgment Or In The Alternative To Take Additional Testimony, Or For A New Trial Or In The Alternative To Alter Or Amend The Judgment" (excerpts from Rules of Maryland State Department of Public Welfare regarding maximum grant limitations).

Effective May 1, 1964

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:

- A. A grant from a single category may not exceed:
 - a. \$230 for local departments under any "Plan A" of Shelter Schedule B
 - b. \$220 for local departments under any "Plan B" of Shelter Schedule B
 - c. \$210 for local departments under any "Plan C" of Shelter Schedule B

Note: If the resource of support is paid as a refund (V-2, F) the grant may exceed the maximum by an amount of such refund. This makes consistent the principle that the amount from public assistance funds does not exceed the maximum.

- B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #294
 3-64
 II — Rule 200 — Page 20

* * * * *

Effective February 1, 1964

Public Assistance

Rule 200

VII — Amount of Grant and Payment

- 1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:
 - A. A grant from a single category may not exceed:
 - a. \$230 for local departments under any "Plan A" of Shelter Schedule B
 - b. \$220 for local departments under any "Plan B" of Shelter Schedule B

c. \$210 for local departments under any "Plan C" of Shelter Schedule B

B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #288
8-63
II — Rule 200 — Page 20

* * * * *

Effective September 1, 1963

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:

A. A grant from a single category may not exceed:

a. \$230 for local departments under any "Plan A" of Shelter Schedule B

b. \$220 for local departments under any "Plan B" of Shelter Schedule B

c. \$210 for local departments under any "Plan C" of Shelter Schedule B

B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #288
8-63
II — Rule 200 — Page 20

* * * * *

Effective September 1, 1962

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:

A. No grant may exceed:

- a. \$230 for local departments under any "Plan A" of Shelter Schedule B
- b. \$220 for local departments under any "Plan B" of Shelter Schedule B
- c. \$210 for local departments under any "Plan C" of Shelter Schedule B

B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #275

7-62

II — Rule 200 — Page 20

* * * * *

Effective July 1, 1961

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:

A. No grant may exceed:

- a. \$210 for local departments under any "Plan A" of Shelter Schedule B
- b. \$200 for local departments under any "Plan B" of Shelter Schedule B

c. \$190 for local departments under any "Plan C" of Shelter Schedule B

B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #261

5-61

II — Rule 200 — Page 20

* * * * *

Effective June 1, 1960

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:

A. No grant may exceed:

a. \$210 for local departments under any "Plan A" of Shelter Schedule B

b. \$200 for local departments under any "Plan B" of Shelter Schedule B

c. \$190 for local departments under any "Plan C" of Shelter Schedule B

B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #249

5-60

II — Rule 200 — Page 20

* * * * *

Effective October 1, 1958

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when re-

sources are deducted from requirements as set forth in this Rule, *except* that:

- A. No grant may exceed:
 - a. \$210 for local departments under any "Plan A" of Shelter Schedule B
 - b. \$200 for local departments under any "Plan B" of Shelter Schedule B
 - c. \$190 for local departments under any "Plan C" of Shelter Schedule B
- B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #232
 10-58
 II — Rule 200 — Page 20

* * * * *

Effective April 1, 1957

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:
 - A. No grant may exceed \$180.
 - B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #221
 9-57
 II — Rule 200 — Page 20

* * * * *

Effective February 1, 1957

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:
 - A. No grant may exceed \$180.
 - B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #212
12-56
II — Rule 200 — Page 20

* * * * *

Effective January 1, 1954

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:
 - A. No grant may exceed \$175.
 - B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #180
12-53
II — Rule 200 — Page 20

* * * * *

Effective October 1, 1952

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements as set forth in this Rule, *except* that:
 - A. No grant may exceed \$175.
 - B. A grant is subject to any limitation established by any existing rule on insufficient funds.

Release #156

9-52

II — Rule 200 — Page 20

* * * * *

Effective January 1, 1951

Public Assistance

Rule 200

VII — Amount of Grant and Payment

1. *Amount* — The amount of the grant is the amount of need, namely, the resulting amount when resources are deducted from requirements. The actual amount of grant paid, however, is subject to two limitations:
 - A. Any existing current rule on insufficient funds.
 - B. Maximum amount on monthly grants as set forth in Schedule T of this Rule.

II — Rule 200 — Page 20

12-50

SCHEDULE T
MAXIMUM AMOUNT OF MONTHLY GRANT

| I <i>Type of Assistance</i> | II <i>Maximum Amount of Monthly Grant</i> (except as specified in Column III) | III <i>Exceptions</i> |
|--|--|---|
| OAA PANB APTD GPA (one person) | \$55 | When need of payee includes: Nursing care Special diet prescribed by physician Guide service to the blind Maintenance of "seeing eye" dog Maximum is: As specified for A—\$90 local departments in Schedule D of this Rule B—\$80 C—\$70 |
| ADC GPA 2(or more persons) | <i>Group A</i> \$165 | |
| | Allegany Cecil Anne Arundel Montgomery Balto. City Pr. George's Balto. Co. | |
| or | <i>Group B</i> \$155 | When need of any member of assistance unit includes special diet prescribed by physician: |
| Any combination of assistance grants to an entire assistance unit. | Charles Howard Frederick Washington Harford | |
| | <i>Group C</i> \$145 | No maximum |
| | Calvert Qn. Anne's Caroline St. Mary's Carroll Somerset Dorchester Talbot Garrett Wicomico Kent Worcester | |

Release #141
1-52
II — Rule 200 — Page 41

* * * * *

(Effective February, 1950)

Public Assistance

Rule 200

XIV — Insufficient Funds

1. Due to insufficient funds no ADC grant may exceed the maximum amounts specified for each local department as follows:

| <i>Group A:</i> | | <i>Group B:</i> | |
|--------------------------|------------------------------|--------------------------|------------------------------|
| Allegany | Cecil | Charles | Howard |
| Anne Arundel | Montgomery | Frederick | Washington |
| Baltimore City | Prince George's | Harford | |
| Baltimore Co. | | | |
| <i>Number Of Persons</i> | <i>Maximum Monthly Grant</i> | <i>Number Of Persons</i> | <i>Maximum Monthly Grant</i> |
| 2 | \$ 72.00 | 2 | \$ 67.00 |
| 3 | 85.00 | 3 | 80.00 |
| 4 | 100.00 | 4 | 95.00 |
| 5 | 114.00 | 5 | 109.00 |
| 6 | 123.00 | 6 | 118.00 |
| 7 | 132.00 | 7 | 127.00 |
| 8 | 141.00 | 8 | 136.00 |
| 9 | 150.00 | 9 | 145.00 |
| 10 or more | 159.00 | 10 or more | 154.00 |

| <i>Group C:</i> | | <i>Group D:</i> | |
|--------------------------|------------------------------|--------------------------|------------------------------|
| Calvert | Garrett | Caroline | St. Mary's |
| Carroll | Wicomico | Kent | Somerset |
| Dorchester | Worcester | Queen Anne's | Talbot |
| <i>Number Of Persons</i> | <i>Maximum Monthly Grant</i> | <i>Number Of Persons</i> | <i>Maximum Monthly Grant</i> |
| 2 | \$ 63.00 | 2 | \$ 61.00 |
| 3 | 76.00 | 3 | 74.00 |
| 4 | 91.00 | 4 | 89.00 |
| 5 | 105.00 | 5 | 102.00 |
| 6 | 114.00 | 6 | 111.00 |
| 7 | 123.00 | 7 | 120.00 |
| 8 | 132.00 | 8 | 129.00 |
| 9 | 141.00 | 9 | 138.00 |
| 10 or more | 150.00 | 10 or more | 147.00 |

2-50

II — Rule 200 — Page 17

* * * * *

(Effective June 1, 1949)

Public Assistance

Rule 200

XIII — Insufficient Funds

1. Due to insufficient funds no ADC grant may exceed the maximum amounts specified for each local department as follows:

Group A

| | | | | |
|------------------------|----------|---------------|----|-----------------|
| Allegany | \$121.00 | per month for | 5 | persons or less |
| Anne Arundel | 132.00 | " " " | 6 | " |
| Baltimore City | 143.00 | " " " | 7 | " |
| Baltimore County | 154.00 | " " " | 8 | " |
| Cecil | 165.00 | " " " | 9 | " |
| Montgomery | 176.00 | " " " | 10 | " or more |
| Prince George's | | | | |

Group B

| | | | | |
|------------------|----------|---------------|----|-----------------|
| Charles | \$117.00 | per month for | 5 | persons or less |
| Frederick | 128.00 | " " " | 6 | " |
| Harford | 139.00 | " " " | 7 | " |
| Howard | 150.00 | " " " | 8 | " |
| Washington | 161.00 | " " " | 9 | " |
| | 172.00 | " " " | 10 | " or more |

5-49

II — Rule 200 — Page 16

* * * * *

(Effective December 1, 1948)

Public Assistance

Rule 200

XIII — Insufficient Funds

1. Due to insufficient funds no ADC grant may exceed the maximum amounts specified for each local department as follows:

Group A

| | | | | |
|------------------------|----------|---------------|----|-----------------|
| Allegany | \$121.00 | per month for | 5 | persons or less |
| Anne Arundel | 132.00 | " " " | 6 | " |
| Baltimore City | 143.00 | " " " | 7 | " |
| Baltimore County | 154.00 | " " " | 8 | " |
| Cecil | 165.00 | " " " | 9 | " |
| Montgomery | 176.00 | " " " | 10 | " or more |
| Prince George's | | | | |

Group B

| | | | | |
|------------------|----------|---------------|----|-----------------|
| Charles | \$117.00 | per month for | 5 | persons or less |
| Frederick | 128.00 | " " " | 6 | " |
| Harford | 139.00 | " " " | 7 | " |
| Howard | 150.00 | " " " | 8 | " |
| Washington | 161.00 | " " " | 9 | " |
| | 172.00 | " " " | 10 | " or more |

Group C

| | | | | |
|------------------|----------|---------------|----|-----------------|
| Calvert | \$112.00 | per month for | 5 | persons or less |
| Carroll | 123.00 | " " " | 6 | " |
| Dorchester | 134.00 | " " " | 7 | " |
| Garrett | 145.00 | " " " | 8 | " |
| Wicomico | 156.00 | " " " | 9 | " |
| Worcester | 167.00 | " " " | 10 | " or more |

Group D

| | | | | |
|--------------------|----------|---------------|----|-----------------|
| Caroline | \$110.00 | per month for | 5 | persons or less |
| Kent | 121.00 | " " " | 6 | " |
| Queen Anne's | 132.00 | " " " | 7 | " |
| St. Mary's | 143.00 | " " " | 8 | " |
| Somerset | 154.00 | " " " | 9 | " |
| Talbot | 165.00 | " " " | 10 | " or more |

The ADC maximum will apply for GPA if it is a family group including children.

12-48

II — Rule 200 — Pages 15 & 15A

* * * * *

(Effective October 1, 1948)

Public Assistance

Rule 200

XIII — Insufficient Funds

1. Due to insufficient funds no ADC grant may exceed the maximum amounts specified for each local department as follows:

Group A

| | | | | |
|------------------------|----------|---------------|----|-----------------|
| Allegany | \$121.00 | per month for | 5 | persons or less |
| Anne Arundel | 132.00 | " " " | 6 | " |
| Baltimore City | 143.00 | " " " | 7 | " |
| Baltimore County | 154.00 | " " " | 8 | " |
| Cecil | 165.00 | " " " | 9 | " |
| Montgomery | 176.00 | " " " | 10 | " or more |
| Prince George's | | | | |

Group B

| | | | | |
|------------------|----------|---------------|----|-----------------|
| Charles | \$117.00 | per month for | 5 | persons or less |
| Frederick | 128.00 | " " " | 6 | " |
| Harford | 139.00 | " " " | 7 | " |
| Howard | 150.00 | " " " | 8 | " |
| Washington | 161.00 | " " " | 9 | " |
| | 172.00 | " " " | 10 | " or more |

Group C

| | | | | |
|------------------|----------|---------------|----|-----------------|
| Calvert | \$112.00 | per month for | 5 | persons or less |
| Carroll | 123.00 | " " " | 6 | " |
| Dorchester | 134.00 | " " " | 7 | " |
| Garrett | 145.00 | " " " | 8 | " |
| Wicomico | 156.00 | " " " | 9 | " |
| Worcester | 167.00 | " " " | 10 | " or more |

Group D

| | | | | |
|--------------------|----------|---------------|----|-----------------|
| Caroline | \$110.00 | per month for | 5 | persons or less |
| Kent | 121.00 | " " " | 6 | " |
| Queen Anne's | 132.00 | " " " | 7 | " |
| St. Mary's | 143.00 | " " " | 8 | " |
| Somerset | 154.00 | " " " | 9 | " |
| Talbot | 165.00 | " " " | 10 | " or more |

The ADC maximum will apply for GPA if it is a family group including children.

8-48

II — Rule 200 — Pages 15 & 15A

* * * * *

(Effective July 1, 1948)

Public Assistance

Rule 200

XIII — Insufficient Funds

1. Due to insufficient funds no ADC grant may exceed the maximum amounts specified for each local department as follows:

Group A

| | | | | |
|------------------------|----------|---------------|----|-----------|
| Allegany | \$100.00 | per month for | 4 | persons |
| Anne Arundel | 110.00 | " " " | 5 | " |
| Baltimore City | 120.00 | " " " | 6 | " |
| Baltimore County | 130.00 | " " " | 7 | " |
| Cecil | 140.00 | " " " | 8 | " |
| Montgomery | 150.00 | " " " | 9 | " |
| Prince George's | 160.00 | " " " | 10 | " |
| | 170.00 | " " " | 11 | " or more |

Group B

| | | | | |
|------------------|----------|---------------|----|-----------|
| Charles | \$ 96.00 | per month for | 4 | persons |
| Frederick | 106.00 | " " " | 5 | " |
| Harford | 116.00 | " " " | 6 | " |
| Howard | 126.00 | " " " | 7 | " |
| Washington | 136.00 | " " " | 8 | " |
| | 146.00 | " " " | 9 | " |
| | 156.00 | " " " | 10 | " |
| | 166.00 | " " " | 11 | " or more |

Group C

| | | | | |
|------------------|----------|---------------|----|-----------|
| Calvert | \$ 91.00 | per month for | 4 | persons |
| Carroll | 101.00 | " " " | 5 | " |
| Dorchester | 111.00 | " " " | 6 | " |
| Garrett | 121.00 | " " " | 7 | " |
| Wicomico | 131.00 | " " " | 8 | " |
| Worcester | 141.00 | " " " | 9 | " |
| | 151.00 | " " " | 10 | " |
| | 161.00 | " " " | 11 | " or more |

Group D

| | | | | |
|--------------------|----------|---------------|----|-----------|
| Caroline | \$ 89.00 | per month for | 4 | persons |
| Kent | 99.00 | " " " | 5 | " |
| Queen Anne's | 109.00 | " " " | 6 | " |
| St. Mary's | 119.00 | " " " | 7 | " |
| Somerset | 129.00 | " " " | 8 | " |
| Talbot | 139.00 | " " " | 9 | " |
| | 149.00 | " " " | 10 | " |
| | 159.00 | " " " | 11 | " or more |

The ADC maximum will apply for GPA if it is a family group including children.

6-48

II — Rule 200 — Pages 15 & 15A

* * * * *

(Effective July 1, 1947)

Public Assistance

Rule 200

XIII — Insufficient Funds

1. Due to insufficient funds no ADC grant may exceed:

| | | | | |
|--|----------|---------------|----|-----------|
| | \$100.00 | per month for | 4 | persons |
| | 110.00 | " " " | 5 | " |
| | 120.00 | " " " | 6 | " |
| | 130.00 | " " " | 7 | " |
| | 140.00 | " " " | 8 | " |
| | 150.00 | " " " | 9 | " |
| | 160.00 | " " " | 10 | " |
| | 170.00 | " " " | 11 | " or more |

The ADC maximum will apply for GPA if it is a family group including children.

2. GPA may be granted to meet the emergency needs of any able-bodied person and his family for a period not to exceed 10 days — provided the County Commissioners or the Mayor and City Council of Baltimore City shall have given written consent to the local department for the expenditure of local funds for this purpose.
3. The State Department will obtain from the local departments monthly reports showing the total amount of money by source of funds, Federal, State and Local, necessary to give assistance to all eligible cases pending.

II — Rule 200 — Page 15

* * * * *

EXHIBIT B TO DEFENDANTS' "MEMORANDUM IN SUPPORT OF MOTION TO AMEND FINDINGS OF FACT AND JUDGMENT OR IN THE ALTERNATIVE TO TAKE ADDITIONAL TESTIMONY, OR FOR A NEW TRIAL OR IN THE ALTERNATIVE TO ALTER OR AMEND THE JUDGMENT."

State of Maryland, City of Baltimore, ss.

I, Raleigh C. Hobson, Director of the Maryland State Department of Social Services, state that the following is to the best of my knowledge, an accurate account of the development of the maximum grant requirement:

In late 1943, the State Department of Public Welfare adopted its rule and regulation No. 20, relating to the determination of welfare grants. Regulation 20 took effect on January 1, 1944. Prior to its adoption determination of amounts of grants was a function of county welfare boards and the amount of grant for similarly situated persons varied greatly from county to county. Regulation 20 constituted the first state-wide regulation of welfare grants.

At the time Regulation 20 was issued on November 29, 1943, the issuing bulletin, copy of which is annexed as an exhibit to this Affidavit (Exhibit J) stated, "The State Board will be considering the question of whether the regulation should permit the setting of a maximum amount above which no grant will go."

It is my recollection that in the years immediately following the promulgation of Regulation 20, the State Board encountered great opposition from county welfare boards in imposing a state-wide need formula. This opposition was founded on the fact that at the time the welfare costs produced by application of the formula were thrown on the county tax rate, a situation which continued to obtain until the adoption of the so-called "James Amendment" limiting county tax assessment obligations for welfare purposes. A second major ground of opposition was a feeling on the part of many county boards that the need scale was unrealistically high in relation to wage rates and em-

ployment opportunities in varying localities throughout the State.

It is my recollection that very shortly after promulgation of Regulation 20 on January 1, 1944, a maximum grant regulation was imposed.

Maximum grant regulations have been in continuous effect since the inception of state-wide welfare standards in Maryland. The State Board has periodically revised the regulation upward as needs increased because of increases in the cost of living and as additional State and Federal funds become available. Proposals to abandon the regulation have met with opposition both on grounds of cost and on grounds, more frequently voiced by members of county boards, that the maximum welfare payment should not significantly exceed the wage paid to ordinary unskilled labor. In presenting requests for additional budget allocations for welfare purposes to the Legislature and in addressing interested civic groups, I have found that the fact that there is a maximum grant limitation induces greater receptivity to requests for additional budget allocations for welfare purposes and corrects serious misapprehensions held by many in reference to the level of benefits conferred by the welfare system.

During the last two years, as a matter of policy, the Board has proposed the abandonment of maximum grant restrictions. The Legislature has declined to make funds available for this purpose. Budgetary allocations in Maryland for State public assistance programs have increased greatly in Maryland in recent years and it is my understanding that during the period 1957 to 1967, Maryland had the highest relative increase in the Nation in expenditures for public assistance money payments. See Exhibit K to this Affidavit.

The maximum grant regulation has been revised upward on at least seven occasions since its inception and regulations embodying it have been submitted for approval to the Department of Health, Education and Welfare on approximately twenty occasions since 1947 and

to the best of my knowledge, every Maryland maximum grant regulation submitted to the Department of Health, Education and Welfare, including the regulation currently in effect, has received the approval of the Department. Maximum grant regulations, and federal approval of them have thus been part of Maryland welfare practice since the inception of state-wide needs standards in Maryland in 1944.

Sworn to and subscribed to by me this 23rd day of December, 1968.

RALEIGH C. HOBSON,

Director, Maryland State Department
of Social Services.

(Jurat.)

EXHIBIT J TO EXHIBIT B

State Department of Public Welfare
120 W. Redwood Street
Baltimore - 1, Maryland

November 29, 1943

To: Executive Secretaries, Local Welfare Boards
Director, Department of Public Welfare of Baltimore

CC: Chairmen, Local Welfare Boards
Chairman, Department of Public Welfare of Baltimore

Re: Rule and Regulation #20

The preparation for putting Rule and Regulation #20 into effect, which is underway throughout the State, brings to light certain phases of the regulation which need modification, clarification or further comment.

Section 2 — Method of Determining Amount

First: Make a change on all copies of the regulation. In the second paragraph cross out the last part of the sentence: "provided there are other persons in the household eligible for general

public assistance." The effect of this deletion is that a recipient may receive a category and general public assistance at one and the same time, provided that need therefor has been established. It is known that there are few instances where this type of grant is needed, examples being bedridden aged persons, or ADC children whose living arrangement approaches a boarding care plan for which the agency assumes responsibility.

Second: The question has been asked, does this section mean that the agency's calculation of amount *must* be given, even though the applicant or recipient states that he does not need that much?

Attached to this circular letter is a discussion of the application of this section, in order to clarify its intention.

Section 6 — Standards of Quantity and Cost

This section states: "Standards of quantity and cost are determined by the local department for all items excepting food." The appendix then states (page 1) "Local Departments will find, in this appendix, reference material explaining the method by which the State Department arrived at a standard for food, as well as suggested methods by which local departments may establish standards for items which are left to the discretion of the local department."

Some of the material in the appendix has put requirements into method which some local departments feel are not workable. Therefore, please regard *all* appendix material with respect to method of establishing local standards for shelter, clothing and household maintenance as suggestive only. When submitting Form #344 on local policy, the test which the State Department will apply will be:

1. Is it understandable and explainable?

2. Does it clearly indicate, for use of the worker, when the amount is to be given, when it is not to be given?

Section 10 — Insufficient Funds — Selection of Most Urgent Need

Item 3 in this section states: "It is the intention and expectation that when funds are insufficient, local and state welfare departments will use *every means available to them* for securing the funds required in order to provide the legal base of a 'minimum subsistence compatible with decency and health'".

What are the "means" available to the local welfare department which it is expected to take in order to secure the necessary funds?

1. At the time of levy it is intended that the local welfare department make request for sufficient funds. However, this amount must be accurately and reasonably arrived at. The State Manual requires that these local levy requests be submitted to the State Department for review before going to the Commissioners. Each local department approaching a levy date has received from this Department a letter giving instructions with respect to the preparation of the estimate and the supporting data necessary.
2. Local departments whose levy date is later than January 1st will need to consider whether there are, or are not, "means available" for securing more funds. The State Department recognizes the fact that appropriations are made once a year by local governments and that increases in this amount between levy dates are not made. Generally speaking, therefore, it would not be expected that local welfare departments submit formal estimates to Commissioners between levy dates. At the same time, the Commissioners should be cognizant of the effect of the rising cost of living upon assistance grants and it would

be assumed under most circumstances that the county welfare board would wish to discuss this with the Commissioners. Some adjustments with respect to funds have been possible. However, no local department should make formal request to the Commissioners for funds without prior submission to the State Department of estimates, just as would be true in the event of an approaching levy date.

3. The Rule and Regulation is to go into effect on January 1st, irrespective of the amount of money available. The circular letter of September 8, 1943 indicates that the regulation is in effect when the local standards have been set, and filed with the State Department of Public Welfare, and when the local standards are being applied to reconsiderations and new applicants. If funds are insufficient to take care of all need adequately, then the local department may make use of Section 10, *Insufficient Funds*, and also adjust its local standards accordingly.

The State Board will be considering the question of whether the regulation should permit the setting of a maximum amount above which no grant will go.

Sincerely yours,

J. MILTON PATTERSON,

Director.

EXHIBIT K TO EXHIBIT B

Trends in Public Assistance Payments under Federally Aided Programs for Fiscal Years 1957-1967.

U. S. Department of Health, Education, and Welfare

Social and Rehabilitation Service

National Center for Social Statistics

October 1968

TABLE 3

States ranked by percent change in expenditures for money payments under federally aided public assistance programs between fiscal years 1957 and 1967.

STATES RANKED IN ORDER OF SIZE
OF PERCENT CHANGE

| | | | | | |
|----------------------------|-----|---------------------|----|----------------------|------|
| Maryland | 218 | New Mexico | 72 | Utah | 26 |
| Delaware | 182 | Mississippi | 70 | Vermont | 26 |
| New Jersey | 181 | Tennessee | 66 | North Dakota | 24 |
| New York | 171 | Alabama | 65 | Kansas | 23 |
| California | 164 | New Hampshire | 63 | South Dakota | 17 |
| District of Columbia | 123 | Rhode Island | 62 | Indiana | 12 |
| Virgin Islands | 117 | Florida | 49 | Idaho | 11 |
| Hawaii | 111 | Massachusetts | 49 | Missouri | 10 |
| Pennsylvania | 105 | Michigan | 49 | Puerto Rico | 10 |
| Illinois | 98 | Texas | 47 | Wyoming | 9 |
| Arkansas | 93 | Minnesota | 43 | Colorado | 1 |
| Kentucky | 85 | Georgia | 39 | Wisconsin | -0.3 |
| Nevada | 79 | Oklahoma | 35 | Nebraska | -2 |
| Connecticut | 77 | West Virginia | 32 | Washington | -5 |
| North Carolina | 76 | Oregon | 32 | Iowa | -7 |
| Virginia | 76 | Alaska | 30 | South Carolina | -12 |
| Ohio | 74 | Maine | 29 | Montana | -21 |
| Arizona | 73 | Louisiana | 28 | | |

TABLE 4

PUBLIC ASSISTANCE

Expenditures for medical vendor payments for specified programs and selected fiscal years
(In millions)

| Program | Fiscal Year | | | | | | |
|------------------------|-------------|-------|-------|-------|---------|---------|---------|
| | 1957 | 1960 | 1961 | 1962 | 1965 | 1966 | 1967 |
| Total | \$215 | \$393 | \$477 | \$713 | \$1,249 | \$1,606 | \$2,308 |
| OAA | 156 | 280 | 304 | 350 | 436 | 416 | 186 |
| AB | 4 | 8 | 8 | 9 | 12 | 10 | 3 |
| APTD | 28 | 46 | 55 | 68 | 128 | 133 | 43 |
| AFDC | 27 | 59 | 69 | 91 | 151 | 139 | 38 |
| MAA ¹ | | | 43 | 196 | 524 | 538 | 95 |
| MA ² | | | | | | 372 | 1,944 |

¹ Program initiated in fiscal year 1961 under Title I of the Social Security Act as provided by the 1960 Amendments to that Act. Some State MAA programs included small amounts of money payments to recipients in which there was no federal financial participation.

² Program initiated in fiscal year 1966 under Title XIX of the Social Security Act as provided by the 1965 Amendments to that Act.

EXHIBIT C

U. S. Department of Health, Education, and Welfare
Welfare Administration
Bureau of Family Services

State Maximums and Other Methods of Limiting Money
Payments to Recipients of Special Types of Public
Assistance, October 1962

Annual Release

Division of Program Statistics and Analysis

Washington, D. C.

March 1963

State Maximums and Other Methods of Limiting Money
Payments to Recipients of Special Types of Public
Assistance, October 1962¹

This release provides information on State maximums and other methods of limiting money payments to recipients of old-age assistance, aid to the blind, aid to families with dependent children, and aid to the permanently and totally disabled that were in effect in October 1962.²

Under the Public Welfare Amendments of 1962, effective October 1, 1962, the Federal share of assistance payments for aid to the blind and aid to the permanently and totally disabled is 29/35 of the first \$35 of the average monthly payment per recipient, multiplied by the number of recipients, and from 50 to 65 percent (depending on the State's fiscal capacity as measured by per capita income) of that part of the State's average assistance payment that exceeds \$35 (excluding any part of the average payment in excess of \$70), multiplied by the number of recipients. The maximum subject to Federal participation under both parts of the formula is \$70 times the number of recipients. For old-age assistance, the basis for Federal participation is the same as for aid to the blind and aid to the permanently and totally disabled except that for this program there is additional Federal participation based on vendor payments for medical care.³ The matching formula for the program

¹ Reports of this nature are normally submitted by State public assistance agencies for the month of September. The Public Welfare Amendments of 1962, however, made additional Federal funds available, effective October 1, 1962, for each of the four programs covered by the reports. In order that the initial effect of these changes might be reflected, the 1962 State reports were requested for the month of October instead of September.

² For information on States making vendor payments for medical care in October 1962 and expenditures for such payments, see the *Social Security Bulletin*, February 1963, pp. 26 and 27.

³ For States with average monthly payments over \$70, the Federal Government participates in the expenditures in excess of that amount

of aid to families with dependent children is similar in structure to the formulas for the other programs but the Federal share of the first part of the formula is fourteen-seventeenths of the first \$17 of the average monthly payment per recipient, and the maximum amount subject to Federal participation is \$30 times the number of recipients.⁴

State Maximums on Assistance Payments

Through October 1962 no State had adopted a maximum on the average monthly payment per recipient despite the use of the averaging principle in the Federal maximums beginning with October 1958. For each of the special types of public assistance, however, the States that had maximums on individual payments prior to the 1958 Public Assistance Amendments largely continued such maximums.

The number of States having maximums has been declining gradually in recent years under each of the programs. Despite this trend, however, in October 1962, for each program, a majority of States still applied a maxi-

except that such participation is limited to the amount of the average vendor medical payment, with a maximum of \$15. Thus, the Federal maximum may extend to \$85 times the number of recipients. The Federal share in the excess expenditure consists of from 50 percent to 80 percent (depending on the State's per capita income). For States with average monthly payments of \$70 or less, the additional Federal share in average vendor medical payments up to \$15 is 15 percent. The additional Federal share of 15 percent also is available to States with average monthly payments over \$70 when it is advantageous to them as an alternative to the method described above.

⁴ For Guam, Puerto Rico, and the Virgin Islands, the matchable average payment is \$37.50 per recipient in aid to the blind and aid to the permanently and totally disabled; \$37.50 per recipient plus the amount above \$37.50 spent for vendor medical payments up to \$7.50 per recipient in old-age assistance; and \$18 per recipient in aid to families with dependent children. For these jurisdictions, the provision for relating part of the Federal share to the fiscal capacity of the States does not apply. The Federal share is 50 percent of total payments within the specified maximums. There is also a limitation on the total amount of Federal funds that can be paid annually.

imum to the amount of the money payment made to individual recipients or to families. The number of States applying maximums as of that month was as follows: old-age assistance, 31; aid to the blind, 31; aid to families with dependent children, 29; and aid to the permanently and totally disabled, 27.⁵ Some States make exceptions to their maximums when recipients require medical care or have other special needs, and in some States maximums are high enough that they limit payments to relatively few recipients. Since the usual State maximums shown in tables 1 and 2 relate to money payments to recipients, they exclude the amounts of monthly premiums paid in behalf of recipients into pooled funds for medical care in States operating such funds, as well as other types of vendor medical payments in behalf of recipients.

Reductions in Assistance Payments

When States are unable to meet need as determined under their standards they reduce payments on a percentage or flat reduction basis (table 3). These types of limitations may be used in the absence of, or in conjunction with, legal or administrative maximums. A maximum limits the amount of assistance that may be paid to persons whose determined need exceeds that maximum, whereas percentage or flat reductions usually have the effect of lowering payments to most or all recipients to a level below that of determined need. In October 1962, percentage or flat reductions were being applied by 12 States to monthly payments under 26 programs. Three States applied such reductions to all four programs; one, to aid to families with dependent children, aid to the permanently and totally disabled, and aid to the blind; three, to aid to families with dependent children and aid to the permanently and totally disabled; and five, to aid to families with dependent children only.

⁵ California has a maximum of \$106 on the monthly payment to the individual recipient and in addition provides that total payments in a fiscal year may not exceed an average of \$100 per recipient per month.

TABLE 2
 AID TO FAMILIES WITH DEPENDENT CHILDREN: USUAL MAXIMUMS ON MONEY PAYMENTS
 AND EXCEPTIONS TO SUCH MAXIMUMS, STATES HAVING MAXIMUMS,
 OCTOBER 1962

| State | Usual Maximum Per Month For | | Each Additional Child | Family | Payments May Exceed Usual Maximum(s) For— |
|--------------|-----------------------------|--------|---------------------------|--------|---|
| | Adults First | Second | | | |
| Alabama* | | | \$23 | \$124 | |
| Alaska | \$30 | | 30 | | |
| Arizona | | | 27 | 220 | |
| Arkansas: | | | | | |
| With adult | 6 | | 18-10-12-9 | 105 | |
| No adult | | | 18-10-12-9 | 99 | |
| California | | \$17 | 23-47-41-35-29-23-17-11-5 | | Special needs if paid from local funds. |
| Delaware | | | 12-12-12-10-10-10-9 | 150 | |
| Florida | | | 32 | 81 | |
| Georgia | 25 | | 34 | 134 | |
| Indiana: | | | | | |
| With adult | 32 | | 23 | | Medical care. |
| No adult | | | 23 | | Medical care. |
| Kentucky* | | | | 160 | |
| Louisiana | | (*) | 19-17-17-12-18 | 155 | Special needs, medical or dietetic—to \$160. Special medical allowance for ill or handicapped child—to \$255. |
| Maine | 32 | | 30 | *250 | |
| Maryland | | | | *230 | Special items in emergency situations. |
| Michigan | (*) | (*) | (*) | 240 | |
| Mississippi* | | | 25 | 90 | |
| Missouri | *32 | | 32 | | Completely bedfast and totally disabled recipients—to \$100. |

| | 100 | 15-15-15-10 | 20 percent of unmet need. |
|----------------------------|-----|-------------|---|
| Nebraska | 100 | 30 | --- |
| Nevada | 30 | --- | --- |
| New Mexico | --- | --- | 190 |
| Oklahoma | (*) | (*) | 238 |
| South Carolina | --- | 18 | 99 |
| Tennessee: | | | |
| With adult | 25 | 15 | 100 |
| No adult | 25 | 15 | 85 |
| Texas: | | | |
| With adult | 54 | 22-18-13 | 107 |
| No adult | 35 | 26-23-19 | 107 |
| Utah | (*) | (*) | --- |
| | | | Hardship cases; restaurant meals, board and rooms, housekeeping services, nursing home care plus small allowance for personal needs—to specified higher maximums. |
| Vermont | 45 | 25 | --- |
| Virginia ² | --- | --- | 175 |
| Washington ³ | --- | --- | 325 |
| West Virginia ⁴ | --- | --- | *165 |
| | | | Special needs if paid from local funds. Prevention of undue hardship. Recurrent items for chronic illness and expenses related to Community Works and Training Program. |
| Wyoming | (*) | (*) | 230 |

¹ September data for Arizona, Nevada and New Mexico.

² See table 3.
³ If both parents (or parent substitutes) are included in assistance unit, the second parent only is given same consideration as an additional child in determining applicable maximum.

⁴ Assistance plus other income cannot exceed \$300.

⁵ Represents maximum in highest of three cost areas in State; other maximums are \$220 and \$210.

⁶ Maximums expressed in terms of number of persons in assistance unit as follows: for Michigan 1 or 2 persons \$120, each additional person \$20 to family maximum of \$240; for Oklahoma, from 1-9 or more—\$32, \$114, \$165, \$185, \$202, \$218, \$251, \$238; for Utah for all assistance in cases of 1-10 persons—\$81, \$130, \$154, \$174, \$194, \$213, \$232, \$245, \$258, \$272; for cases with more than 10 persons, \$272 plus \$13 for each person in excess of 10; and for Wyoming 1—\$100, 2—\$170, 3 or 4—\$200, 5, 6, 7—\$215, 8 or more \$230.

⁷ When there is an employable person in the household, payment is limited to maximum based on number of eligible children in the case.

⁸ Represents household maximum for related persons.

EXHIBIT D

Interim Policy

May 31, 1968

Need — Requirements
For State Public Assistance Plans

Table of Contents

- A. General
- B. Standards of Assistance
- C. Income and Resources — OAA, AFDC, AB, APTD, AABD
- D. Disregard of Income Common To OAA, AFDC, AB, APTD, or AABD
- E. Disregard of Earned Income — Definition
- F. Disregard of Earned Income Applicable Only to OAA, APTD, or AABD
- G. Disregard of Income and Resources Applicable Only to APTD and AABD
- H. Disregard of Income and Resources Applicable Only to AB, and AABD
- I. Disregard of Income Applicable only to AFDC

U. S. Department of Health, Education, and Welfare
Social and Rehabilitation Service
Office of the Administrator

Interim Policy

3. Requirements for State Plans:

A State plan for OAA, AFDC, AB, APTD or AABD must, as specified below:

A. *General:*

Provide that the determination of need and amount of assistance for all applicants and recipients will be made on an objective and equitable basis and all types of income will be taken into consideration in the same way, except where specifically authorized by Federal statute.

B. *Standards of Assistance:*

1. Specify a State-wide standard, expressed in money amounts, to be used in determining (i) the need of applicants and recipients and (ii) the amount of the assistance payment.
2. Provide that by July 1, 1969, a State's standard of assistance for the AFDC program will have been adjusted to reflect fully changes in living costs since such standards were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted.
3. Provide that the standard will be uniformly applied throughout the State.
4. Include the method used in determining needs, which must be one of the three methods described in "Guides and Recommendations" or a comparable method which meets the conditions specified in such guides and is approved by the Assistance Payments Administration.

* * * * *

*United States District Court For The
District of Maryland*

Excerpts from

EXHIBIT E TO DEFENDANT'S "MEMORANDUM IN SUPPORT OF MOTION TO AMEND FINDINGS OF FACT AND JUDGMENT OR IN THE ALTERNATIVE TO TAKE ADDITIONAL TESTIMONY, OR FOR A NEW TRIAL OR IN THE ALTERNATIVE TO ALTER OR AMEND THE JUDGMENT". Excerpts from minutes of State Board of Public Welfare Meetings (full text of minutes is part of record on appeal).

Excerpts from meeting of February 2, 1945
(minutes, pages 5 and 6)

XIX. Amendments to Public Assistance Laws suggested by City Department Advisory Board.

The Director reported that the Advisory Board of the City Department had suggested ten amendments for changes in the Public Assistance laws, and the Director of the City Department had written that "it would give a great deal of satisfaction to our Board to sit down to discuss these suggestions with you and your Board at any convenient time." Briefly summarized, these suggestions are as follows:

1. Removal of ceilings from OAA, ADC and ANB
2. Change of residence requirements for OAA to that for GPA
3. Repeal of provision requiring U. S. citizenship
4. Shifting risk of fluctuating payments and enforcement of court order to the State, and not the applicant, with respect to support of parents by children.
5. Granting ADC to any child in distressing financial need, instead of to those children now specifically mentioned in the laws; subject, however, to provision that it should be given only to the family where there are no work opportunities available to the employable members.
6. Changing the ADC law to permit grants to children in need, and not limiting them to children living with certain relatives
7. System of Equalization as between State grants to local units
8. Public Assistance program without categories, but based upon actual needs of individuals. (They recognize that such program would have to be initiated by the Federal Government in changing provisions of the Social Security Act)
9. Pending abolition of categories, participation by Federal Government in all categories.
10. 1-year residence requirement for Public Assistance — to be accomplished by cooperative action among various states.

Judge Waxter was informed that the legislation sponsored by this Department had been submitted to the Legislative Council and discussed with local executives and chairmen at their meeting last Spring, and copies mailed to all local departments; and, further, that bills have been introduced in the Legislature covering these recommendations, with a few exceptions.

Excerpts from meeting of April 11, 1958

(minutes, page 2)

6. Report Re: Eliminating \$180 Ceiling on Assistance Grants

A report was given on the overall \$180 ceiling on assistance grants. A copy of the written report is filed with the original of these minutes. The matter was discussed at length by the Board. It was pointed out that it would cost an estimated \$76,200 a year in State money to remove the ceiling. No action was taken, but the matter was to be discussed with the Governor.

Excerpts from meeting of August 22, 1958

(minutes, pages 1 and 2)

5. Report Re: Eliminating Maximum Amount of Assistance Grants

The matter of the \$180 maximum on assistance grants was considered. A circular letter had been sent to each of the local welfare departments asking their opinion as to what should be done about the \$180 maximum. Of the twenty replying:

- a. Twelve favor elimination of any maximum, believing the standards represent maximum enough. (Allegany, Anne Arundel, Baltimore City, Calvert, Caroline, Frederick, Harford, Kent, Montgomery, Queen Anne's, St. Mary's, Washington)
- b. Eight question the removal of a ceiling, but it is interesting that most of these give as a reason the

fact that none of their cases now exceed the present or recommended ceiling. Three (Worcester, Somerset and Dorchester) recommend keeping the present ceiling. Four (Baltimore, Charles, Garrett and Prince George's Counties) recommend raising it to \$200. One (Carroll) recommends raising it to \$210.

On the basis of the above the Board directed the staff of the Department to consider the matter and to bring back to the September meeting a recommendation for a higher ceiling, or alternative recommendations if the same seems desirable.

Excerpts from meeting of September 26, 1958
(minutes, page 1)

3. Proposals Re: Maximum Amount on public Assistance Grants — Revision of Rule 200 (II)

There was distributed to the members a memo setting out four proposals dealing with the maximum public assistance grants to families, copy of which is filed with the original of these minutes. After full discussion the Board unanimously adopted, on motion made and carried, the fourth proposal, which increased the maximum allowable in any one grant from the present \$180 to \$210 under Plan A; \$200 under Plan B; and \$190 under Plan C, depending upon the local units. That is, the highest cost areas such as Baltimore City and the large metropolitan areas would have a ceiling of \$210, etc. The effective date of this increase is November 1, 1958, and involves revision in Rule 200 (II), copy of which is filed with the original of these minutes, and which is to be issued subject to the approval of the Attorney General as to legality.

* * * * *

Attachments to minutes of meeting of September 26, 1958
Prepared for State Board — 9/26/58

Re: Maximum amount on Public Assistance Grant

Following are 4 possibilities to be considered:

- Under increase in Standards already approved and issued to be effective 10/1/58, the maximum would be raised from

\$180 to \$185

Additional Monthly Cost: (already included in estimate for increased standards)

- Since standards set a maximum based on need; since the majority of local departments recommend elimination of any overall maximum; and since the 1960 budget request is based on no maximum it is recommended that there be *no maximum*.

*Additional Monthly

Cost: \$7,000 Total \$3,500 State

- The majority of families are 10 or under. Basic needs (without special diets if needed) for a family of 10 would amount to:

| | Plan A | B | C |
|---------------------------------------|----------|----------|----------|
| Subsistence | \$185.00 | \$184.00 | \$179.50 |
| Shelter (Max.) | 45.00 | 31.00 | 25.00 |
| School Supplies & Ins. Prem. | 5.00 | 5.00 | 5.00 |
| | \$235.00 | \$220.00 | \$209.50 |
| Max. rounded off to \$10 intervals | \$240 | \$220 | \$210 |

*Additional Monthly

Cost: \$6,550 Total \$3,275 State

- Of the families receiving the present maximum about $\frac{1}{3}$ have 9 or more persons. Basic needs for a family of 8 would amount to:

| | Plan A | B | C |
|--------------------------------------|----------|----------|----------|
| Subsistence | \$158.50 | \$157.50 | \$153.00 |
| Shelter (Max.) | 45.00 | 31.00 | 25.00 |
| School Supplies & Ins. Prem. | 4.00 | 4.00 | 4.00 |
| | \$207.50 | \$192.50 | \$182.00 |

| | | | |
|---------------------------------------|---------|-------|---------------|
| Max. rounded off to \$10 intervals | \$210 | \$200 | \$190 |
| *Additional <i>Monthly</i> Cost: | \$4,900 | Total | \$2,450 State |

* Cost estimates are approximate since we only know how many are at maximum and not how much "need" might be over the maximum. Total cost for this fiscal year would depend on effective date of any change and when the change became effective on all cases now at maximum.

Maryland State Planning Commission Newsletter for September 1958 gives for each County amount of "disposable income (income after taxes) per household" for 1957. These average from \$4,158 annually in Queen Anne's to \$9,381 annually in Montgomery. The percentage of households with incomes (after taxes) under \$2,500 ranges from 8.5% in Montgomery to 31.7% in Queen Anne's. The Eastern Shore counties, Calvert and Garrett have about 25% of households under \$2,500. These figures do not take into account income in kind, such as is generally available to farm families.

Therefore, it appears that none of the proposals would set a maximum out of line with household incomes throughout the State.

For Consideration — 1960 Budget
State Board, Friday, July 18, 1958

For Public Assistance standards the following items need to be considered (Percentage increases in items, based on Cost of Living Index figures):

1. Change-over to new basis for food standards as proposed for 1959 Budget brought up to May 1958 prices. (Cost of Living Index for food shows 15.2% increase over December 1950 prices. For current standards this leaves 13.2% increase in addition to the 2% allowed in the 1959 budget.) This is based on latest

material from U. S. Department of Agriculture after research in food consumption patterns of low and moderate income families. This change-over would increase average grant about \$5.50.

| | <i>Total</i> | <i>State Funds</i> |
|--|--------------|------------------------|
| Estimated annual cost based on June caseload | \$3,054,000 | \$1,975,000 |
| 2. Shelter costs increased 5.7% | | |
| Estimated annual cost based on June caseload | \$ 58,000 | \$ 35,000 |
| 3. Utilities increased less than 3% — no action recommended. | | |
| 4. Clothing and personal care costs increased since last adjustment. | | |
| Apparel — 8.7%; Personal care items — 29.4%. | | |
| Estimated annual cost based on June caseload | \$ 395,000 | \$ 268,000 |
| 5. School supplies — review of costs since last standard (1951) was set would indicate need to increase for elementary school child from \$.25 to \$.50 monthly; and for junior and senior high school child from \$.50 to \$1.00 monthly. This would amount to an average of about \$.15 per ADC recipient. | | |
| Estimated annual cost based on June caseload | \$ 54,000 | \$ 40,000 |
| 6. Maximum amount of \$180.00 — A circular letter has been sent to get opinion of each local welfare board. Replies | | |

are not due until July 31st in order to give all boards a chance to consider it. Of 8 local departments replying: 5 recommend elimination of the maximum (Calvert, Kent, Frederick, Montgomery and Anne Arundel); 2 recommend no change in present maximum (Worcester, and Somerset); and 1 recommends keeping a maximum but increasing the present one to \$210 (Carroll).

Estimated annual cost to eliminate based on June caseload \$ 76,750 \$ 76,750

State Department of Public Welfare

To: Miss Howlett

From: Nina Dressel

Date: July 17, 1958

Subject: Maximum Grant — Estimate of Cost for Removal of Maximum

The estimate of \$76,200 per year made in March 1958 was based on an average monthly caseload of 7,162 assisted families (the number of families assisted in February).

In June 7,399 ADC families were assisted. This is an increase of 3.3% in estimated number of cases affected by removal of the "maximum". This then would increase the annual cost by \$2,515 or \$77,715 in all.

The above amounts represent State funds. The increase raises the average grant per recipient by \$0.42 (or 21¢ in State funds) assuming Federal participation.

March 21, 1958

To: Mr. Waxter

From: Miss Howlett

\$180 Maximum On Assistance Grants—Your Memo
of 3/12/58*History*

1936 to 1946

The history with regard to maximum amounts begins with our holding to the federal maximum. As GPA was made available in the local departments there began to be supplementation of such maximum amounts. In 1946 we discontinued holding to the federal ADC maximum which in effect did away with "supplementation to ADC". We had meantime established uniform standards state-wide.

1947 to 1952

Due to limitation of funds beginning July 1, 1947, we issued uniform standards and included maximum amounts for ADC and GPA families by size of family running up to \$170 as the maximum for any size family. In June 1948 we set forth these maximum amounts by local department as being a more fair way of distributing the effect of inability to meet full standards. The most restrictive was when we had the maximum amounts by local department and by size of family. The maximum on categories other than ADC remained at \$55 with the exception of cases needing nursing care. As funds were available to relieve the maximum amounts, we went back to an over-all ADC maximum but set by groups of local departments. In December 1950 these ranged from \$120 to \$150. In January 1952 we changed to three groupings with the ADC maximum ranging from \$145 to \$165. In September 1952 we set for the first time an over-all maximum of \$175 on any assistance grant. This for the first time did away with the federal maximum for APTD, OAA, PANB, pointing out that the needy spouse or others would no longer have to receive GPA and it would be a saving administratively as well as assuring the fullest benefit from federal matching.

1952 to Present

This policy of one over-all maximum has been followed since 1952, the amount being raised to \$180 when we increased standards in 1956. The amount for an over-all maximum was determined in relation to information about wages. We last reviewed this in August 1957 finding that the State average weekly wage was \$72.20 or about \$310 monthly. The lowest average weekly wage was \$36.79 (\$158 monthly) in Somerset County and the highest \$87.93 (\$378 monthly) in Baltimore County. This information came from the Maryland State Department of Employment Security as figured for "State Insured Employment" from July 1955 — June 1956.

A maximum does leave certain families, either because of size or special needs, without the money necessary to get proper food, shelter and other items. On the other hand there is considerable reaction to an assistance grant being above what some families are able to earn with similar situation as to size and special needs.

Estimate of Cost

Mrs. Dressel estimates that to eliminate the maximum would cost a total of \$9,015 monthly from all funds or \$6,350 monthly in State funds. This is based on the February 1958 caseloads.

Although we do not have specific information as to how much above \$180 grants would go, we do know the number of families whose present grants are at \$180 and therefore assume they would go above if the ceiling was lifted. As of September 1957 there were 272 such ADC cases throughout the State. The majority were cases with 6 or 7 children in addition to 1 or both parents. (88 families with 6 children and 78 families with 7 children). The largest families (6) had 11 children and 11 families had 10 children.

If we take the largest family reported, 11 children and 2 adults, the grant under current standards would come to about \$252 in A local departments; \$245 in B; and \$234 in

C. If any of these needed special diets such as for malnutrition it is possible that such grants would amount to \$300 or more.

For the 6-child family the present standards exclusive of special needs such as special diets, would not put the grant much above the maximum. For A counties about \$198; for B counties \$189 and for C counties \$180. These amounts of course would increase with any increase in basic standards.

State Department of Public Welfare

To: Miss Howlett March 14, 1958
 From: Nina Dressel
 Re: Maximum Grants — Estimate of Cost for Removal
 of Maximum

In September 1957, there were a total of 272 ADC families receiving the maximum grant of \$180. (There were a few families which received more than \$180.00 for emergency reasons.) We would not know whether any of the 272 received emergency grants during September or whether the full grant was \$180.00 and consequently would not be affected by removal of the maximum. There was a one-child case in Baltimore City and a 3-child case in Baltimore County which could not receive more than \$180.00 by our standards, unless we included both parents, insurance, school supplies, laundry, and special diets for every member of the family.

Number of Families Receiving \$180.00 in
September 1957

| | |
|--|-----|
| Total number | 272 |
| Number of families with one or two adults | 269 |
| Having 1 child | 1 |
| " 3 children | 1 |
| " 4 " | 3 |

| | |
|--|----|
| Having 5 children | 24 |
| “ 6 “ | 88 |
| “ 7 “ | 78 |
| “ 8 “ | 34 |
| “ 9 “ | 23 |
| “ 10 “ | 11 |
| “ 11 “ | 6 |
| Number of families with no eligible adult | 3 |
| Having 7 children | 2 |
| “ 11 “ | 1 |

Estimated Increase in Cost to Remove Maximum

If estimate is based on the September 1957 Distribution of Payments and the following assumptions the total cost per month from all funds would be \$9,015:

1. All cases received the maximum for shelter, insurance, and school supplies.
2. Both parents included in the grant.
3. No additional allowance for special diets or laundry.
4. Number of cases affected by maximum would be increased by 8% (the increase in number of ADC cases in February 1958 over September 1957).

There should be Federal matching in one-half of the increase for all families having 7 or more children; this would reduce the cost per month in State funds to approximately \$6,350, or \$76,200 per year for an average monthly caseload of 7,162 assisted families.

If we could assume that there would be only one parent in these cases and no allowances made for special diets or laundry, the increase in cost per month for 7,162 families might be as low as \$5,225 with Federal participation in one-half of it — a cost in State funds of \$2,613.

Therefore the estimated increase would range from a minimum of \$2,615 to \$6,350 per month in State funds for the February 1958 caseload.

State Department of Public Welfare

March 12, 1958

From: Mr. Waxter

To: Miss Smith
Mr. Hunt
Miss Howlett
Miss Olson
Miss E. Lankford

Re: Development of Material

As a result of our discussion this morning, it is my understanding that we will develop as rapidly as possible the following material:

1. Miss Howlett is to estimate the money involved in removing the \$180 ceiling on assistance grants. She will also give us the background and justification for the ceiling.
2. Miss Olson will discuss with Mr. McManus the material that the private agencies want as to cost incurred by the Department of Welfare in child placement. This involves not only cash payments, etc. to foster parents, but also the possibility of service costs exclusive of administration.
3. Miss Olson is to find out the cost of permitting private agencies supplementation of purchase of care rates paid to institutions for particular children needing special care. She is also to develop the philosophic base of the present Rule which forbids such supplementation.

State Department of Public Welfare

To: Miss Smith

Date: 8/26/57

From: Nina Dressel

Subject: Farm Wages — Mr. Forsythe's Material on Farm Wages 1956

Seasonal Planting and Harvesting of crops —
Wage: 75 cents to \$1.00 per hour

Farm hand (usually a single man who gets room and board in employee's house) — approx. \$35 per week.

Year-round farm workers (married men with families) get approx. \$160 per month plus house and electricity plus some other extras such as milk and eggs, hog meat, etc. (\$160 is most usual figure given; range is \$150 — \$200).

State Department of Public Welfare

August 26, 1957

To: Miss Smith

From: Nina Dressel

Re: Weekly Earnings in Employment

The average weekly wage for state-insured employment from July 1955-June 1956 was \$72.20 for the State.

The average weekly wage for state-insured employment ranged from \$36.79 in Somerset County to \$87.93 in Baltimore County from July 1955-June 1956. The average weekly wage by local unit was:

| | |
|--------------------|---------|
| Allegany | \$67.82 |
| Anne Arundel | 70.55 |
| Baltimore | 87.93 |
| Calvert* | 46.08 |
| Caroline* | 50.26 |
| Carroll | 55.45 |
| Cecil | 58.69 |
| Charles* | 56.48 |
| Dorchester | 46.86 |
| Frederick | 53.57 |
| Garrett* | 46.15 |
| Harford | 57.09 |
| Howard* | 57.78 |
| Kent* | 46.83 |
| Montgomery | 67.65 |

| | |
|-----------------------|---------|
| Prince George's | 69.29 |
| Queen Anne's* | 43.02 |
| St. Mary's | 49.90 |
| Somerset* | 36.79 |
| Talbot* | 49.33 |
| Washington | 71.76 |
| Wicomico | 55.73 |
| Worcester | 46.23 |
| Baltimore City | \$73.38 |
| State | \$72.20 |

* The shelter allowance would be \$6. a month (or \$1.38 per week) less than the budgets for Plan B departments.

In June 1957 the average weekly earnings for production workers in manufacturing industry in the State was \$83.62 — an increase of \$4.16 over the average weekly earnings in June 1956.

Source: Maryland State Department of Employment Security.

State Department of Public Welfare

Date: August 26, 1958

To: Miss Howlett

From: Mr. Waxter

Subject: Maximum Amount on Public Assistance Grants

I reported to the Board at the meeting on August 22nd, the replies received from local welfare departments re elimination of the maximum amount on public assistance grants, as set out in your memo of August 15th.

The State Board directed that we bring back to the September meeting a recommendation for a higher ceiling, or alternative recommendations if, after consideration, the same seems desirable.

August 15, 1958

To: Mr. Waxter

From: Miss Howlett

Elimination of Maximum Amount on Public Assistance grants — Local Department Replies

The circular letter of 6/27/58 asks for local welfare board opinion about removal of maximum amounts (\$180 and \$100 GPA-E).

Cecil and Wicomico have not replied. Howard and Talbot have not been able to clear it with Board and therefore, have sent no opinion. All other local departments have replied expressing some opinion, although a few indicate that they will discuss it further when they can have full Board meetings (Charles, Kent, Washington).

1. *Removal of \$180 maximum.*

Of the twenty replying:

- a. Twelve favor elimination of any maximum believing the standards represent maximum enough. (Allegany, Anne Arundel, Baltimore City, Calvert, Caroline, Frederick, Harford, Kent, Montgomery, Queen Anne's, St. Mary's and Washington).
- b. Eight question the removal of a ceiling, but it's interesting that most of these give as a reason the fact that none of their cases now exceed the present or recommended ceiling. Three (Worcester, Somerset and Dorchester) recommend keeping the present ceiling. Four (Baltimore County, Charles, Garrett and Prince George's) recommend raising it to \$200. One (Carroll County) recommends raising it to \$210.

It seems to me that those which see keeping a ceiling but have all cases within the ceiling are in effect wanting families to receive full need, but still have some psychological reason for having a ceiling in the policy.

2. *Removal of \$100 maximum on GPA-E.*

- a. Since most local departments aren't administering this, they made no specific comment. However,

five (Anne Arundel, Frederick, Harford, Montgomery and Queen Anne's) thought it should be eliminated completely on the same basis as elimination of any maximum.

- b. Baltimore City thought we should eliminate a ceiling but limit the standards to the essentials of food, shelter and household maintenance, omitting any allowance for clothing and other items. Dorchester believed the maximum should be raised to the \$180 which they also want to keep for any grant.
- c. Two counties (Baltimore and Caroline) believe the present maximum of \$100 should be kept.

Note — I am referring on to Mr. Hodes those replies which included some estimate of cost if the GPA-E maximum is raised from \$100 to \$180. I assume he will prepare the estimates you may want for further consideration of this by Board.

State Department of Public Welfare

June 27, 1958

To: Directors, Welfare Departments

Re: Maximum Amounts on Public Assistance Grants

1 — \$180. Maximum (all categories but GPA-E)

At the State-wide meeting in April, it was suggested that local boards consider further the \$180 maximum. In planning for preparation of the 1960 budget, we would like to have from all local boards some opinion about this. Will each local director consider this with Board and let us know what the opinion of each Board may be.

Since 1952 we have had one overall maximum on an assistance grant, thinking that an assistance grant should not go higher than the lower wages in a community. Figures from the Maryland State Department of Employment Security show State average weekly wage of \$72.20

or about \$310 monthly. This is based on figures for "State insured employment" from July, 1955 to June, 1956.

There is no doubt that a maximum leaves certain families without money necessary to get proper food, shelter and other items. This is either because of the size of the family or special need. Assistance standards themselves set a maximum and are based on what would be considered minimum adequacy for each size family.

Would your board recommend doing away completely with the overall maximum? If not, what maximum do they believe would be appropriate? Would you give us some brief statement of the basis for any recommendation you make. Attached is a letter from the Maryland Commission for the Prevention and Treatment of Juvenile Delinquency which may be of interest to your board.

2 — \$100. Maximum (GPA-E)

With the recent unemployment situation and families needing GPA-E for a longer period of time, the \$100 maximum has seemed to work considerable hardship on some families. The question is whether we should control this by the same maximum applicable to other categories.

Will *those local departments now granting GPA-E* give us information with regard to this ceiling. Let us know not only your opinion about continuing the present maximum but also an estimate of what additional costs there would be on your present cases if there was not a maximum. This would mean taking any current recipients or possibly using those who received an amount in May and estimating additional costs if there had been \$180 rather than \$100 maximum.

May we have your replies by July 31.

Sincerely yours,

THOMAS J. S. WAXTER,

Director.

Maryland Commission for the Prevention and
Treatment of Juvenile Delinquency
120 West Redwood Street
Baltimore - 1, Maryland

June 20, 1958

Dr. Alvin Thalheimer, Chairman
State Board of Public Welfare
American Building
Baltimore 2, Maryland

Dear Dr. Thalheimer:

On March 10, 1958 you wrote us that the State Board of Public Welfare is giving consideration to the State Commission's recommendation concerned with elimination of the \$180.00 ceiling on ADC grants.

We would appreciate it very much if you could inform us whether the State Board has taken any action in the meantime. We are extremely concerned with the effects of the existing policy on the children of larger families depending on public assistance for their livelihood.

As of September 1957, 272 families in Maryland were affected by this ruling last year. The number of children included in these substandard grants was 1790. The result is alarming. It really means that this policy deprived 1790 children of essentials for their normal development.

You stated in your letter that the whole matter of ceilings on grants is a very delicate one and one to which a good deal of attention has been directed. We believe very strongly that when families have been found eligible for public assistance, they should receive the whole amount to which they are entitled according to the standards for subsistence, for rent and for any others items which may be included in their budget. We feel that the Public Welfare Department should not be handicapped in setting its policies by those forces in the community which, out of ignorance, selfish interests or prejudice, may want to deny the very minimum of economic security to the poorest

families in our midst. Perhaps the State Board, together with the local boards, would want to consider a program of educating the community and of illustrating effectively the detrimental results of this policy.

I think we all agree that economic hardship is one of the causes of family breakdown and that the serious deprivation which the children of these families suffer is a contributing factor to juvenile delinquency. It ultimately costs the community and the State far more to try to remedy the effects of this policy than it would cost to give these families the full public assistance grants due to them.

The members of Action Committee I feel so strongly about this matter that we would appreciate it if the State Board could give us some time to discuss this problem. I am certain that the State Commission as a whole will stand ready to help the State Board in every way possible to affect a change of the present policy.

Very sincerely yours,

/s/ F. REID ISAAC,
Dr. F. Reid Isaac, Chairman,
Action Committee I.

March 10, 1958

Dr. F. Reid Isaac, Chairman
Action Committee I
Maryland Commission for the Prevention and
Treatment of Juvenile Delinquency
120 West Redwood Street
Baltimore - 1, Maryland

Dear Dr. Isaac:

Under date of February 24th you wrote as Chairman of a Committee of the Maryland Commission for the Prevention and Treatment of Juvenile Delinquency, relative to the matter of the ceiling of \$180 on public assistance grants, and suggested that the Board of the State Department of Public Welfare reconsider this policy.

First let me thank you for the interest that your Committee has in this problem. Consideration will be given to it, and the Board is having prepared certain material as to costs, etc.

The whole matter of ceilings on the grants is a very delicate one, and one to which a good deal of attention has been directed.

The Board has asked me to advise you of its interest and to thank you for writing.

Sincerely,

DR. ALVIN THALHEIMER, Chairman
State Board of Public Welfare.

EXHIBIT F

Report

of the

Legislative Council Committee

on

Public Welfare Cost

October, 1966

Welfare Committee Report

Purpose:

This Committee was appointed last year to determine the reasons for the rapid rise in welfare costs and to recommend the ways and means by which those rising costs could be reduced without depriving deserving individuals or families of public assistance. As a result of its findings and recommendations and the passage of Senate Joint Resolution No. 47 by the 1966 General Assembly, it was reappointed to continue its surveillance of the State Welfare program and to "consider changes in Federal welfare requirements to allow the States to make reasonable inquiry into the use made by welfare recipients of the monies paid

to them for welfare assistance." When and if changes to federal regulations had been determined, the Committee was to meet with the Maryland Senators and Congressmen to obtain their aid in implementing the changes.

Action Taken:

The Committee met six times to hear testimony pertinent to its objective and held a final meeting to review its findings and decide upon the action it would recommend to the Legislative Council.

Findings:

Present federal regulations prohibit the State Department of Public Welfare from requiring welfare recipients to spend public assistance monies for the purposes intended. (Exhibit A). Should such action be taken by the State Department of Public Welfare, federal funds would be withheld from the State.

The suspicion that many welfare recipients were spending public assistance payments for things other than food, rent, and clothing was explored and in some cases found to be justified. (Exhibits B, C, and D).

The public assistance payments to welfare recipients are, in some instances, inadequate to their needs, particularly housing. This forces the recipient to spend a part of his food and clothing allowances for rent. Although this might be applied to all welfare categories, particularly in Baltimore City, it is obviously true of the larger families receiving public assistance under the Aid to Families with Dependent Children (AFDC). This was supported by the information given to the Committee by the organization of welfare mothers known as "The Rescuers from Poverty." Their statement of actual costs, the State Department of Public Welfare estimate of their needs, and the allowance authorized are shown in Exhibit E. In addition, the welfare mothers requested a special clothing allowance for themselves and their children three times a year, claiming the present allowance was inadequate, particularly prior to be-

ginning the school term. They consider the Donable Foods program inadequate to their needs and request the establishment of a Food Stamp program which would enable them to purchase fresh food at a discount. They want training as social workers, teachers, and community organizers. They want investigations by the welfare workers stopped and the abolition of the prohibition against having a boyfriend. They want payments twice a month instead of once a month.

The Welfare Department, in response to a suggestion that the cycle of dependency upon welfare might be broken if the children could be placed in foster homes, stated that the present average payment of \$82 per child in the City and \$72 in the Counties was inadequate to attract more foster parents into the program. This was stated as being particularly true in the case of teenagers. In the opinion of the Welfare Department this foster care allowance should be increased to \$78 per month per child under 6 years old; \$99 per month per child between 6 and 12 years old; \$114 per month per child over 12 years old.

Welfare Department officials stated that the present limit on the amount of earnings welfare recipients may retain is inhibiting their return to full employment status. At present this amounts to \$10 per month above the total amount estimated by the Welfare Department as their minimum required plus expenses (lunches, carfare, etc.). Attempts to increase this have met with objections at the Federal level where Health, Education, and Welfare officials claim that increasing the retention of earned income by welfare recipients will increase Federal costs because the HEW estimates of Federal cost are predicated upon the assumption that a certain amount of earned income will offset the Federal and State costs.

Members of the Board of Welfare and the Welfare Department feel that it would encourage more people to seek employment if they were able to retain more of their earnings than the present \$10 per month to augment the Department's estimate of their minimum needs.

Birth control, or Planned Parenthood, information is disseminated to all AFDC parents by the social workers. A birth control clinic has not been established because of the lack of funds. Even if one or more clinics were established, welfare clients could not be required to use such facilities even when the mother had given birth to several illegitimate children.

Rehabilitation Training under Title V of the Social Security Act is proving to be successful in the training of nurses aides, gardeners, etc. but Day Care Centers are needed to care for the children involved. The Welfare Department will request additional funds in their 1968 Budget request to establish more Day Care Centers. In the meantime, they are encouraging some mothers on AFDC to care for the children of other mothers on AFDC who are either in training or employed.

Individuals receiving assistance under the General Public Assistance program are those who have some type of physical disability which prevents them from taking employment. The disabilities consist of tuberculosis, alcoholism, paralysis, epilepsy, etc. These individuals are being re-examined now that the fee has been increased from \$2.50 to \$10.00 and a statistical profile is being prepared to show the percentage in each type of disability. Those no longer disabled will be placed in the "General Public Assistance — Employable" category and will be required to register for employment with the Maryland State Employment Service. Their status will be reviewed monthly before each check is issued to them.

Positive identification of welfare recipients through the use of Social Security numbers on IBM cards to prevent duplicate payments is being evaluated by the Consultant Firm of Booz, Allen and Hamilton. They are to develop a procedure to minimize the probability of duplication of welfare payments through the use of IBM control cards.

Representatives of property owners renting to welfare recipients claimed that the present \$45 maximum allowance for rent is inadequate. They pointed out that this

amount was inadequate to provide housing for a family of five or more people, maintain the property, pay taxes, make modifications directed by City Inspectors and to make a reasonable profit on their investment. In addition, the losses due to damages to their property by irresponsible welfare recipients for which they could not obtain reimbursement and the losses incurred when welfare clients moved without notice and without paying the rent further aggravated their problem. They were unable to collect for such damages because the individual had no resources and were unable in many cases to learn of the whereabouts of the individual from the Welfare Department.

They recommended that the Department of Welfare make direct payments to the landlords of welfare recipients and that the rental allowance be increased commensurate with the size of the family.

The Department of Welfare pointed out that they cannot, under existing federal regulations, make money payments for housing direct to the landlords; these must go to the welfare recipient. Neither can they reveal the whereabouts of welfare clients to anyone other than certain State officials except by order of a court.

The State Commissioner of Health explained the effect of the Medicare Amendment to the Social Security Act as it applies to the Welfare Department. Prior to the Medicare Amendment, the Health Department provided hospitalization and medical care to welfare recipients and presented the bills to the Welfare Department for reimbursement. The Welfare Department transferred the necessary funds to the Health Department and obtained 50% reimbursement from the U. S. Department of Health, Education and Welfare. In other words, the Department of Welfare included the cost of hospitalization and medical care in its annual budget and transferred the funds as required to the Health Department.

Under Medicare, the Department of Welfare will continue to certify welfare recipients as eligible for free hospitalization and medical care but the Department of Health

will pay the bills and obtain the reimbursement from the U. S. Department of Health, Education and Welfare. This will result in a reduction in the budget request of the Department of Welfare and an increase in the budget request of the Department of Health.

Since the reimbursement for such care requires that the care be provided by hospitals meeting the accreditation standards and some of the State Tuberculosis and Chronic Disease hospitals involved may be marginal in this respect, the Commissioner of Health is maintaining close surveillance over the program and maintaining tight liaison with the Regional Office of the U. S. Department of HEW at Charlottesville, Virginia.

In the opinion of the Commissioner of Health, the increased costs of providing the more economical medical care to more poor families will eventually result in the reduction in the more expensive hospitalization costs.

Detection of and prosecution for fraud will be handled by two Attorneys assigned to the Department of Health.

The Department of Welfare reported on the progress they have made in implementing the recommendations of the Booz, Allen and Hamilton report. As rapidly as they can locate qualified individuals for the recommended positions, they are initiating personnel action to employ them. As rapidly as they obtain the qualified personnel, they are establishing functions designed to collect basic data they need to measure the impact of all welfare programs and to determine the efficiency of the management of each. For example, they are responsible for helping individuals and families to become self-supporting, through retraining if necessary yet they have not been able to obtain the basic information as to what the individuals' educational levels are, what aptitudes they have, and what they should be trained in. The additional positions and procedures recommended in the Booz, Allen and Hamilton report will enable them to obtain the information and establish the procedures they need to effectively manage the program.

The Department of Welfare recommended that the bill which failed of passage in the last Session of the General Assembly (H.B. 1207 plus two amendments) because of the lack of time be proposed for passage during the next Legislative Session.

The State Fiscal Research Bureau discussed the matter of aptitude testing, training, and employment of welfare recipients with representatives of the Maryland State Employment Service and presented the Committee with the following results:

- a. Testing for education level is done in groups of 10 to 15 individuals at a time and takes 2 to 3 hours.
- b. Aptitude testing including counselling to motivate individuals to take training is done on an individual basis and takes longer than testing for educational level.
- c. Motivating individuals to take training indicated by educational and aptitude tests is difficult because the individual desires training for "white collar" jobs whereas his test indicates he is insufficiently prepared to absorb such training.
- d. As of May 1966 there were 3,752 job openings of all kinds in the Baltimore Metropolitan Area. This is estimated by the Maryland State Employment Service to represent not more than 20% of all jobs available in the area. On this basis, the maximum number of jobs available in the Baltimore area would be 18,760. At the same time there were 26,000 individuals unemployed looking for work in the same area. If all the AFDC parents in the Baltimore area were trained in all the categories of the available jobs ranging from Engineers to Waitresses, there would not be enough jobs available to employ all of them.
- e. Because of the difficulty in motivating people to take training for which they are qualified, Maryland

State Employment Service suggested that the Department of Welfare segregate those who are on welfare for the first time and obtain volunteers for testing, counselling and training by Maryland State Employment Service in small groups to increase the probability of success.

- f. Past experience of Maryland State Employment Service in this training of youths indicates a need for change in some areas. They trained a group of 16 young men as nurseymen and, in accordance with the Federal instructions, paid them \$1.25 per hour during training. On completion of the training the graduates could not find employment with nurseries at more than \$1.00 per hour. Needless to say, this experience didn't encourage more people to take such training.

A summary of the status of fathers of AFDC families indicates the following:

| <i>Status</i> | <i>% of Total</i> |
|--------------------------------------|-------------------|
| Unemployed | 5.0 |
| Deceased | 6.3 |
| Incapacitated | 18.5 |
| Divorced or separated legally | 5.0 |
| Separated without court decree | 14.0 |
| Deserting | 15.2 |
| Not married to mother | 31.3 |
| Imprisoned | 4.7 |
| | 100.0 |

The State Department of Welfare reports that there is no recovery of funds spent in the AFDC category except through the Old Age Security Insurance due a deceased parent and from Court action through their Probation De-

partments. This amounted to \$1,808,600 in Fiscal Year 1966, when the Welfare Department paid out \$43,499,393 including administrative costs for AFDC.

The Committee was told by one of the members of "The Rescuers from Poverty" that she had gone to the Probation Department to get them to help her collect \$1,100 overdue on child support payments. They collected \$200 and told her to request help from the Welfare Department. She said that she would not be on the Welfare rolls if she could collect the \$55 a week her ex-husband was ordered to pay her for the support of their 3 children.

After two years of hearings, the Committee finds itself unable to recommend any specific action which would cause an immediate reduction in the present costs of public welfare without injury to recipients who should be given public assistance. There are, however, some areas in which proper aggressive action can be taken which should result in slowing down the rate of rise.

No reasonable individual would deny help to the elderly, the blind, the disabled, the orphans, the temporarily unemployed, the individual who has an infirmity that prevents him from working full time, nor the widow with minor children who has been left without adequate income to support herself and her children. But the present philosophy of providing public assistance to everyone "in need" without regard to the reasons for their becoming welfare clients living off the labors of the productive element of our society is encouraging a certain element of our society to wilfully violate established social customs in order to qualify for public assistance. This is especially true in the case of two particular categories of welfare recipients: the Aid to Families with Dependent Children and the General Public Assistance programs.

The following table of categories of public assistance for the year 1956 and 1965 reveals the rise in cost in each:

| | <i>1956</i> | <i>1965</i> | <i>Increase</i> |
|---|--------------|--------------|-----------------|
| Old Age Assistance (OAA) | \$ 5,704,726 | \$ 7,520,700 | 31.8% |
| Aid to Families with Dependent Children (AFDC) | 7,172,011 | 31,525,291 | 339.5% |
| Public Assistance to the Needy Blind (PANB) ---- | 300,570 | 331,518 | 10.3% |
| Aid to Permanently & Totally Disabled (APTD) ---- | 3,189,805 | 6,343,000 | 98.8% |
| General Public Assistance (GPA) ----- | 1,079,035 | 5,996,519 | 455.7% |
| General Public Assistance to Employables (GPA-E) ---- | 35,348 | 266,740 | 654.6% |
| Foster Care of Children ---- | 2,484,844 | 6,833,281 | 174.9% |
| Total ----- | \$19,966,339 | \$58,817,049 | 194.6% |

It is obvious that the AFDC, GPA and GPA-E programs are increasing in cost at a far greater rate than any of the other programs and at a considerably greater rate than the rise in population. The reasons for this disparity become equally obvious when the programs are examined in detail.

In the Aid to Families with Dependent Children, the number of families qualifying for public assistance has risen from 6,251 to 20,184 between 1956 and 1965, a rise of 222.9%. The number of children involved has risen from 19,841 in June, 1956 to 65,984 in June, 1965, a rise of 232.6%.

A survey in December 1964 revealed that of the 61,141 children in the AFDC program at that time, 23,469 or 38.4% were illegitimate.

As of December 1958, there were 8,741 illegitimate children on the AFDC rolls according to Table I, page 143, of the Report of the Commission to Study Problems of Illegitimacy dated December 7, 1961. The annual report of the Department of Public Welfare for Fiscal Year 1958 reveals that there were 23,791 children on the AFDC rolls as of June, 1958. In other words, 36.7% of the total number of children on the AFDC rolls were illegitimate.

Comparing the statistics of 1958 with those of 1964 reveals that the number of illegitimate children rose from 8,741 to 23,469, or 168%.

Article 12 of the Annotated Code of Maryland, as amended, specifies that action may be taken against the father of any bastard child if he can be positively identified or when the person so accused proves to the satisfaction of the court that he is not the father, action can be taken against the mother to require her to provide for the support of the bastard child.

If the action authorized by the law had been taken and aggressively prosecuted it appears to the Committee that the recovery from the individuals guilty of adultery which resulted in the illegitimate birth of children should have been much greater, thus decreasing the tax burden of the productive citizens of this State.

The reasons given for failing to aggressively enforce the law are (1) insufficient personnel in the offices of the State's Attorneys in the political subdivisions; (2) the parties to the act are without sufficient resources to provide the necessary support to the illegitimate child; (3) placing one or both of the parties to the act in jail for failing to provide the support directed by the court only increases State costs because support must be provided to the child by the State and the State must pay for the support of the guilty and incarcerated party or parties to the act; (4) insufficient personnel to follow-up on fathers who fail to comply with the courts' orders to provide support as directed, etc., etc.

In the General Public Assistance category which involves individuals who are unable to work full time because of a partial disability such as epilepsy, tuberculosis, cardiac problems, etc., the increase between 1956 and 1965 has been even greater percentagewise than the AFDC category (455.7% vs. 339.5%).

As recipients of General Public Assistance, these individuals are also entitled to free medical care and hospitalization and are subject to re-examination to determine whether or not their disability is severe enough to warrant their continuation on the public assistance rolls. The fee for such an examination by a private physician has been \$2.50 and not too many doctors would agree to perform it

for so small a fee. Recently, this fee has been increased to \$10.00 and all individuals are being re-examined to determine the nature and extent of their claimed disability and whether or not they should be continued on the welfare rolls.

In the General Public Assistance — Employable category, which, as the title implies, involves those individuals who are temporarily unemployed and without resources, the cost has risen from \$35,348 to \$266,740 or 654.6% between 1956 and 1965. The number of families assisted under this program has increased from 40 in June of 1956 to 240 in June of 1965, an increase of 500%.

During an era of the highest economic activity this country has ever known, this rate of rise in employable individuals is almost unbelievable. Even though, as the Department of Welfare pointed out, this is not a static group containing the same individuals and the fact that they have been able to attain a turnover rate of approximately 70% of the individuals in it, the Committee finds it difficult to believe that everyone in this group is actively seeking employment. Here again the welfare policy on the amount paid is believed to be partly responsible for discouraging these individuals from seeking employment.

For example, a family of five would be entitled to receive the maximum grant of \$237.50 per month plus free medical care and hospitalization. If the family provider were working, he would have to receive an income higher than the grant to satisfy his costs of working, i.e., transportation, clothing, lunches, etc. in addition to such fixed deductions as Social Security, City Earnings Tax, etc., which would require him to earn approximately \$300.00 a month to equal his welfare payment. If, because of his lack of education or training and experience, he cannot command more than \$60.00 a week, or \$260.00 a month, he is not inclined to obtain employment since he can get almost the same amount by remaining idle. If he is found to be unwilling to accept employment, the Department of Welfare can stop his public assistance payments. It is con-

ceivable that in such instances, he would seriously consider "deserting" his family so that they could continue to receive the maximum grant and then accept employment at whatever salary he is able to obtain thus increasing his family income substantially. At the same time, the family, as a group, are held at almost the poverty level and find it difficult to improve their lot. The father image is gone and the children, without the guidance they need, cannot be blamed for developing a resistance to establishing authority and becoming juvenile delinquents, thus continuing the poverty cycle.

Conclusions and Recommendations:

The present allowance for Housing is inadequate to the needs of many families obtaining aid under the Aid to Families with Dependent Children program.

Recommend that Welfare increase the Rental Allowance to the amount needed to meet the minimum requirements of each individual and family where this action is indicated by a study of available housing costs.

AFDC mothers contention with respect to the adequacy of the Donable Foods program in Baltimore City and the adequacy of the present clothing allowance requires investigation and corrective action.

Recommend that the Department of Welfare re-examine their allowance for clothing and either augment or replace their Donable Food program with a Food Stamp program at the earliest possible moment.

AFDC mothers appear to want training as Social Workers, Teachers, and Community Organizers.

Recommend that the Department of Welfare canvass all AFDC mothers as to the number desiring training and then take appropriate action to provide the training desired.

Present Foster Care allowances should be re-examined and increased where such an increase will increase the

number of Foster Homes available to care for the children of incompetent, alcoholic, or promiscuous mothers.

Recommend that the Department of Welfare re-examine their allowances for Foster Care and adjust those which will increase the availability of Foster Homes.

The present retention of earnings allowance of \$10 per month above the welfare estimated need is insufficient incentive to encourage welfare recipients to seek employment.

Recommend that the Department of Welfare reactivate their request to the U. S. Department of Health, Education and Welfare to permit welfare recipients to retain a larger portion of their earned income above the welfare estimate of the minimum income necessary to adequately support the family.

The present method of dissemination of Planned Parenthood information by the Social Worker is not as effective as that which might be possible by a clinic properly staffed by professional personnel.

Recommend that the Department of Welfare request the funds necessary to establish sufficient Planned Parenthood clinics to satisfy the need for this service.

Rehabilitation Training cannot be expanded appreciably without providing for the care of the children of mothers being trained and during their employment after training.

Recommend that the Department of Welfare provide Day Care Centers or Day Care by some AFDC mothers while those trainable or employable are being trained or employed.

Implementation of the recommendations contained in the Booz, Allen and Hamilton Report appears to be progressing as rapidly as qualified personnel can be employed.

Recommend that the Department of Welfare intensify its efforts to recruit the qualified personnel required in order to implement the recommendations of the

Booz, Allen and Hamilton Report as rapidly as possible.

The Maryland State Employment Service is capable of testing a limited number of welfare recipients to determine their educational level and job aptitudes and to aid in providing the training to qualify them for employment.

Recommend that the Department of Welfare obtain a list of AFDC parents who are on public assistance rolls for the first time, and set up a joint training program for them with the Maryland State Employment Service.

The fathers of children on AFDC who are divorced or legally separated, without a court decree, desertion, or not married to the mother amount to 65.5% of the total. Since the AFDC program cost \$43,499,393, of which only \$1,808,600 was recovered, a more aggressive policy requiring fathers to provide for their children would reduce State, Federal and Local costs of this program appreciably.

Recommend that more aggressive action be taken by the Welfare and Probation Departments to require fathers to provide adequately for their children.

Since the passage of H.B. 1207, as amended, would further the implementation of the Booz, Allen and Hamilton Report and it was not passed by the General Assembly in the 1966 Session because of the lack of time, *the Committee recommends that it together with Amendment No. 1 be proposed for passage during the next Legislative Session.*

The Committee cannot subscribe to non-prosecution of bastardy cases despite the obvious lack of economies involved. Regardless of the initial cost involved, aggressive prosecution of violators of the law in this type of case must be accomplished and widely publicized in order to put all potential violators on public notice that they will be prosecuted if they elect this course of conduct. To follow the present course of action is to invite a continuation of the present rising trend in the costs of the AFDC program

which amounted to \$31,525,291, or 46% of the total net welfare cost of \$68,524,308 in Fiscal Year 1965. By failing to prosecute the guilty, the responsible officials of this State are publicly condoning promiscuous behavior and irresponsibility by the least productive element of its population.

In order to ensure that the responsible officials of this State do take appropriate action in all cases of bastardy, it is recommended that the present laws be amended to provide for the prosecution of those public officials responsible for the enforcement of Article 16, of the Annotated Code of Maryland, as amended, who fail to enforce the law and upon conviction that they be removed from office.

While it is still too early to determine the effects of the action to re-examine GPA recipients on the part of the Department of Welfare, *the Committee recommends that this program be aggressively pursued and completed as soon as possible. It is also recommended that these individuals be re-examined on a monthly basis, if possible, to reduce the number on the GPA rolls to the absolute minimum.*

With respect to the AFDC program, the Committee suggests that a new approach to this problem be tried in which the Department of Welfare would take a more generous view of the estimated financial needs of the family which would permit the father to remain with his wife and children and retain all of his earnings as well as continue to receive public assistance so long as the sum of the two did not exceed the Welfare's estimate of his needs, not just to survive, but his needs which would enable him to improve his lot by continuing to work.

While the Committee realizes that this amounts to the concept of a guaranteed annual income to every family, it also recognizes that the present estimates of the needs of families on welfare are minimal and do not provide any incentive to the individual to continue to strive toward a self-supporting status. By providing the incentive to work and stay with his family, the individual is less likely to

abrogate his responsibilities as a father not only in the financial sense of the word, but also in the sense of providing the parental guidance his children need to keep them off the welfare path. The Committee sees no increase in costs to the State in such a program; if anything, the cost eventually should go down.

It, therefore, recommends that the Department of Welfare and the State Board of Welfare review their policy with respect to estimates of the needs of welfare families and determine whether or not an increase would accomplish, in fact, the effects the Committee believes are possible.

EXHIBIT A TO EXHIBIT F

Excerpts from the Handbook of Public Assistance Administration — Department of Health, Education and Welfare

Assistance in the Form of Money Payments

5120. *Interpretation*

“Money payments” are payments in cash, checks, or warrants immediately redeemable at par, made to the grantee or his legal guardian with no restrictions imposed by the agency on the use of funds by the individual.

The provision that assistance shall be in the form of money payments is one of several provisions in the act designed to carry out the basic principle that assistance comes to needy persons as a right. The right carries with it the individual’s freedom to manage his affairs; to decide what use of his assistance check will best serve his interests; and to make his purchases through the normal channels of exchange; enjoying the same rights and discharging the same responsibilities as do friends, neighbors and other members of the community. The Social Security Administration’s interpretation of “money payments” recognizes that a recipient of assistance does not, because he is in need, lose his capacity to select how, when, and whether each of his needs is to be met.

While the State may, if it chooses, give goods or services to a recipient, no part of the cost thereof may be included in claims for Federal participation in assistance payments. If the State agency pays a recipient a certain sum of money on condition that it be expended for certain designated goods or services, the action is legally equivalent to actually furnishing such goods or services directly to the recipient and cannot be considered as a "money payment" within the meaning of the Social Security Act.

In contrast with assistance provided through other methods (for example, congregate care; the provision of groceries or other goods and services; vouchers earmarked for specific items and payable to specific vendors; payments to vendors and cash payments, the expenditure of which is supervised), the money payment provides the recipient with a sum of money to be spent as he, not the agency determines will best meet his need. This sum of money is not identified with any particular requirement or requirements considered in arriving at the amount of the payment; nor is it for any specific items or purposes.

Money payments are supported in the administration of public assistance by the provision of services to the applicant and recipient designed to extend his field of choice by enabling him to make effective use of the resources available to him, including the public and private educational, health, employment, religious, recreational, and other facilities of the community. While the agency is responsible for making known to all recipients the availability of such resources, the decision as to the extent to which he wished to use the services of the agency is the recipient's. In making services available to persons who are infirm, bedridden, or otherwise incapacitated, the agency staff may need to perform services that would be inappropriate if performed to help well persons secure the goods and services which they regularly need. If the recipient's money is spent in accordance with his choices and desires, no question arises about violation of the money payment provision. If the recipient is too ill to make decisions for himself and does not have relatives or friends or a guardian to act for him, the agency should be prepared to do so. If

it is necessary for the agency to continue to act for him, the question arises as to whether the money payment best meets his needs.

5130. *Requirements*

5132. *Federal Financial Participation*

Payments must be accomplished without direction on the check or by letter or by agreement as a condition of receiving the payment, or by other notification, that the recipient must use his money in a specified way or for a specified purpose.

EXHIBIT G

Report On
The Department of
Public Welfare
State of Maryland
Commission on
Governmental Efficiency and Economy, Inc.
Baltimore
May 1948

Foreword

Maryland's present public welfare program really began in 1900 when an Act of the Maryland General Assembly (State Legislature) established a Board of State Aid and Charities. That Board was charged with the responsibility of investigating the condition and reporting to the Legislature the needs of all public and State-aided institutions and agencies. It also was empowered to administer and supervise the distribution of all moneys and commodities which might be made available to or by the State for relief of the distressed during involuntary unemployment, epidemics or other emergencies.

During the depression of the thirties when the Federal Government began to share in the cost of public assistance, Maryland, in order to participate in these Federal grants, amended its legislation to conform to the developing Federal program and the Board of State Aid and Charities became the central over-all administering agency for the State of Maryland and its twenty-four local governments.

In 1939 the State Legislature abolished the Board of State Aid and Charities and created the present State Department of Public Welfare with broader powers as the central coordinating, directing and supervising agency of all welfare activities in Maryland, including those of the twenty-three counties and Baltimore City, financed in whole or in part by State or Federal Government.

The present activities of the State Department of Public Welfare may be grouped in the following major classifications:

- 1) General supervision of the Public Assistance program and children's foster care and protective services;
- 2) Licensing and inspection of child care and child placement agencies and institutions and licensing of boarding homes;
- 3) General supervision of the State training schools (Montrose, Maryland Training School for Boys, Maryland Training School for Colored Girls, Cheltenham);
- 4) General supervision of the program of State aid to hospitals, institutions and agencies.

The administrative powers of the Department are autonomous only in the case of those services not embraced by the Federal Social Security Act. In the Federally-aided public assistance services, Maryland's policies and procedures must be cleared with the Federal Security Agency as part of a Federally-approved State plan. These Federally-aided services are Old Age Assistance, Aid to Dependent Children, Public Assistance for the Needy Blind.

The Federal requirements, which relate to a number of specific items and which are included in the Maryland law and the State Department of Public Welfare regulations, may be classified as:

- 1) Conditions which must be met by State agencies;
- 2) Interpretations issued as criteria in determining whether a state meets the requirements of the Federal statutes;
- 3) Procedures and reports which must be submitted by states.

In the case of General Public Assistance, the fourth public assistance category, the State Department's powers are autonomous since no Federal aid is received nor is the category included in the Federal Social Security Act.

Child welfare services, however, are included in the Federal Act, but the Federal Government contributes only a small lump sum towards administrative costs and exacts no requirements as to the nature or scope of the State's child welfare program.

It is with the foregoing five services that this study of public welfare at the State level was requested to deal.

Nature and Scope of Study

The study was made by the Commission on Government Efficiency and Economy, Inc., at the request of the Governor and the General Assembly of Maryland. It was financed wholly by the Commission, none of whose funds are received from any level of government. It was directed by D. Benton Biser, who utilized key members of the staff which he directed in the Commission's study of the Baltimore City Department of Welfare reported in December 1947.

For defining the scope of its study, the Commission has interpreted welfare at the State level as meaning the State Department of Public Welfare and the manner in which it discharges its responsibility to plan and regulate the op-

eration of Maryland's welfare program uniformly throughout the State. Thus defined, the scope of this study excludes investigation of the detailed operations of the local welfare agencies beyond the uniform application of the State Department's rules and regulations for carrying out the Maryland program.

The methods of study employed were initially the historical and documentary, followed by uncontrolled observation and finally by controlled interview and observation.

The study included examination of the execution of duties specifically assigned by law to the Department, as well as the scope and observable effects of its use of discretionary policy-making powers in relation to its duties.

Practice regarding each element which accepted theory deems essential to effective administration was examined, and there also were investigated such aspects as the equilibrium of organization, the role of authority and administrative behaviour. The facilities needed and provided received attention. Policy and practice were weighed against statistical data and the evidence collected by observations covering each phase of the operation and its management.

Each of the local welfare agencies in the twenty-three counties was visited in order to examine the State Department's relationship to and its effect upon critical points in the program's local administration and operating results.

In this local phase of the study alone, some hundred items were investigated most of which involved the checking of several details of practice. An average of approximately ten per cent of case records and related data were sample strictly at random and reviewed for their relation to these items.

In addition to observations and data collected during the study, members of the press, business men, county and State officials and other representative citizens were interviewed in all areas of the State regarding local judgment of the program and its results. Almost all of the

local agencies expressed disappointment that the study was not to be extended to the county level, and several expressed a desire for a complete investigation.

The purpose of this report is to answer as briefly as possible the immediate questions of the Governor, the General Assembly, the Department and of the public at large concerning Maryland's welfare program.

In view of the conditions found, it has not been deemed necessary to expend the time or money required to reproduce statistical and other supporting data collected by the study staff or to repeat historical, descriptive and background text, much of which is already known to the officials involved or is available to the public in the usual reports and information bulletins from official sources. There also has been omitted from this report material assembled during the study, but regarding which no comment or important criticism seems necessary.

The excellent cooperation received by the study staff from the State Department and the local county agencies is acknowledged, as also is the helpful assistance extended by other departments, officials and citizens consulted throughout the State.

The General Situation

Maryland's public welfare program as planned, directed and supervised by the State Department and as operated generally by the county agencies is being conducted efficiently and economically in the best interest of Maryland citizens, within the limits of the funds available.

Intensive study of the activities of the State Department of Public Welfare, together with an examination of the Department's relationship to and effect upon the administration and operation of the twenty-three local county welfare agencies, has disclosed little of a nature serious enough to justify criticism.

It was apparent that this situation was not of recent origin, but existed before the welfare surveys were begun.

The great weight of opinion throughout the State was found to regard the program as being rather conservative and that it should be so; and that its present scope was broad enough.

The program was being uniformly administered in accordance with the Maryland laws which govern it, and the operations of the local agencies themselves reflected such uniformity to a high degree.

Inquiry throughout the State, in both governmental and non-governmental quarters, developed that the State Department and the county agencies were well regarded, the relationship of the welfare agencies with other governmental agencies was considered to be satisfactory, the administration and operation of the program free from political interference. No evidence was found to refute those opinions.

There were no important problems common to all localities, either recognized as such by them or found to be in existence by the study. Difficulties that had occasionally arisen seemed to have been due not to any local non-conformance to the program nor to the hostility of the community or county governments, but to administrative weaknesses since corrected.

Cost of Maryland Program. During the early part of the past decade the trend in cost and number of cases was downward, but the latter part of the decade has shown increases, the cost trend rising more sharply than the number of cases. Analyses by the Federal Security Agency, however, show that the total costs of Maryland's program as well as the per capita cost, the amount of grant and the number of cases are generally below the average of other states.

State Appropriations. The State cannot lose sight of the fact that having established the purpose and scope of the program by law, it is equally essential to appropriate the funds required to carry out the objectives of the law effectively. If experience shows the cost to be higher than the State and its local sub-divisions wish to support, then the scope of the program should be narrowed.

In this jointly financed program, the actual use of State appropriations is, of course, subject to the amount of and time that the proportionate share of local funds is made available. Since the levy dates of the local governments do not all correspond with the State's fiscal period, it is reasonable that the State should provide adequate appropriations to match promptly the amount of local funds which it estimates will be provided as required.

Federal Contributions. The State is losing some Federal participation because of the requirement of United States citizenship for Old Age Assistance eligibility. As a result, many such needy cases must be placed in the General Public Assistance category to which the Federal Government make no contribution of funds, this category being financed equally by the State and local governments.

Local Cost Burden. Local authorities in a few of the counties complained that the present program was too expensive for them to carry, although no factual evidence could be found to support this. The local cost burden of the welfare program, however, does weigh more heavily upon some counties than upon others, and this difference in some cases is not necessarily directly related to the number and kind of cases, but has to do also with such factors as taxable resources, etc.

Some states, recognizing that they are more favorably situated to raise revenue than are their local governments, are assuming a greater share of the welfare costs than Maryland does. They thus theoretically distribute that cost more equitably within the state on the basis of ability to pay.

It is sound policy, however, for the Maryland local governments to have a real stake in the welfare program by continuing to bear a substantial share of the cost burden. This involves a problem of equalization which cannot be dealt with satisfactorily until the State's uniform fiscal procedures and reporting measures have been in effect long enough to make available reliable data regarding the resources and capacities of the local governments to partici-

pate in State and locally financed programs such as public welfare.

Regulation of the Program

The several Maryland laws are considered to be broad enough to allow all the flexibility that the Department of Public Welfare should be permitted to have to administer the program for which those laws provide. The various laws dealing with the different categories well might be consolidated into one law, thus saving repetition and possible confusion due to lack of uniformity in phraseology.

The Department has presented to the Legislative Council recommendations regarding other specific administrative clarifications in provisions of the existing laws.

Rule Making. In discharging the responsibility given it under the law for developing the State program, the Department appears to have exercised reasonable discretion in the rules and regulations it has established.

The Maryland welfare program or plan, as defined in specific Acts of the General Assembly and by policies and rules which are approved by the State Board of Public Welfare, is set forth in the State Manual.

The Manual describing the State plan is undergoing desirable improvement and simplification. Interpretative material and suggestions, which the Manual contains in addition to the mandatory rules and regulations, are specifically approved by the State Board of Public Welfare only in special cases. It is suggested that all Manual material be approved by the Board and that the distinction between mandatory and non-mandatory material be better emphasized.

Local Participation. Manual material is developed within the Department, but important policies and requirements are discussed with local agencies before final adoption. There is also an advisory committee of local board chairmen which meets annually with the State Board for consideration of the program. It has been the practice of the Department also to invite the chairmen of local boards to

meet annually for the discussion of some State-wide problem prior to the Department's formulation of its policy.

Much of the regulatory and interpretative material developed by the Department, however, reaches the local agencies with little real opportunity having been given local authorities to participate in its preparation and adoption.

The program now has reached a stage of development and general acceptance where a natural and almost inevitable tendency towards autocratic action should be guarded against by avoiding too much rule-making, by continuing carefully to test proposed policies in advance, and by assuring ample opportunity for local governments to participate responsibly in the initiation and formulation of program policy.

More consultation with private agencies as well as a sampling of representative public opinion in advance of policy formulation also should be helpful.

Philosophies. Several of the local governments were finding it difficult to accept the principle of State standardization of grants even with adjustment of those standards for different areas of the State.

This reluctance apparently stemmed from the interpretation by a number of local board members, county officials and citizens that the program should not be one having as a part of its purpose the lifting by money alone of the standard of living of the people receiving public assistance. The opinion was general that living on public assistance cannot be a satisfactory way of life and should not be made as attractive or profitable as earning a living.

The Department's approach to the objective of its service recognizes public assistance as only a temporary arrangement for the recipient while some permanent plan for self-support is being worked out by him with the assistance of the welfare agency. Towards fully accomplishing such objective, the need is recognized for continual improvement in developing a plan which will get the social worker onto the case immediately to help the recipient wherever

possible to make use of some solution other than public assistance; or to continue working on the case to see that a solution is found as soon as possible.

The Department regards these as criteria for measuring the degree of efficiency in accomplishing the objective of the service. But it is not satisfied that it has the answer to this problem in all parts of its present procedure. For example, during recent months it has been critically testing its methods in dealing with Aid to Dependent Children cases in the belief that present methods do not offer enough stimulation to the recipient to improve her circumstances.

Federal Relationships. The Department is careful to keep up to date in conforming the Maryland plan to Federal requirements. It clears with the Federal administration matters which involve Federal matching of funds.

The Department, pending its own thorough-going consideration and practical testing, does not accept all the interpretations which the Federal administration promulgates and the theories and philosophies it advance through its "state letters," conferences and the distribution of pamphlets and other material.

There is no evidence that undue pressure is exerted by the Federal administration to obtain acceptance by the State of philosophies or practices which go beyond specific requirements.

It should be noted particularly, that the study staff's understanding of the Federal-State-local relationship had been clarified since the report on the Baltimore City Department of Welfare. This present study has made it clear that the City Department was accepting philosophies and theories beyond the scope and philosophy of the official Maryland State welfare plan.

The State Department

Structure. The organization structure of the Department is simple and on a line and staff basis heading up to the Director. Administration is classified according to func-

tional sub-divisions, the relationships of which are clearly placed with no duplication or overlapping. The lines of command are distinct and the points of responsibility clearly placed and observed in practice. There is no conflict between policy-making, directing, supervising and operating. No basic change in the structure of the Department is necessary.

No evidence was found that the Department now desires to expand beyond its present scope or to give to the public welfare program an importance out of proportion to its place among all public functions.

No tendency is manifested in the Department towards taking over activities that belong to other departments of government. For example, neither the State Department nor the county agencies indicate any desire to overlap or become too involved in the new medical care program placed by law under the supervision of the Health Department. They have set up no units to deal with promiscuous girls, nor entered the recreational field in administering summer camps for children.

State Board of Public Welfare. The Board of Public Welfare, which by law is the policy-making authority of the Department, is working well in practice. The fact that the law prescribes no qualifications for its members has not been a handicap and, moreover, it places upon the Governor heavier responsibility for the character of his appointments. In these, care has been taken to represent various important interests in the welfare field as well as the public at large.

In addition to certain specific duties imposed by the law, the Board is kept informed by the Director of important administrative matters. This serves in good purpose of keeping the Board in relatively close contact with the program and functions of the Department. The results being accomplished suggest no changes.

Executives. The uniformly good results being achieved are evidence that the Department executives apply principles of sound management and operating practice. Deci-

sions are reached objectively and converted into prompt and effective action. The Director and Assistant to the Director overlook none of the elements which are recognized as essential by accepted theory and practice of administration.

Administrative responsibility is not shifted to the staff, which is held responsible for process.

Accepting real responsibility and full accountability to the public and taxpayers for the public welfare program, the executives of the Department adopt an objective attitude towards the selection and testing of procedures and methods to accomplish the purposes of the program and for its improvement.

The staff is required to conform to State regulations regardless of personal attitude. Staff meetings are held to deal with new material or special problems, but no time appeared to be wasted on unguided discussion of doubtful purpose or result.

Unannounced routine visits to all local agencies should be made by the Director or the Assistant. Such visits should disclose matters of over-all operating management in which improvement can be made, as this study brought to the notice of the survey staff. They would serve also as practical tests of those phases of supervision by the Department's field supervisors.

Staff. The staff is well-balanced, adequate in size and specialization, capable and busy. It is mature intellectually, and emotionally stable.

Salaries. Salaries are not commensurate with job specifications or with responsibilities carried by either executive or professional staff positions. Adjustment is needed within the Department as well as standardization with other department of the State Government. As to clerical stenographic and accounting salaries, it is understood that the State Government is in the process of adjusting these on an equitable basis with other departments.

Field Supervision. Field supervision, by which the Department keeps in touch with the local agencies for control

and guidance of a uniform program, on the whole is good. It is persistent, but care is taken, however, to avoid making decisions or assuming responsibility rightly belonging to the local agencies.

In this regard there is a tendency by the supervisors to employ a process described by social workers as "working with" a person around a problem until the person worked with senses the problem in its full significance and his own responsibility to take corrective action on his own initiative.

This kind of process in dealing with experienced local directors is out of place at the level of State supervision. More direct methods should be employed by the field supervisors dealing with the executives of the local agencies and more direct methods should be employed, especially where correction is needed or where confusion exists as to the purpose and interpretation of a State regulation.

Supervisors should take the lead in their discussions with the agency directors, and not expect the directors to set the pace of the discussion or decide what subjects are to be dealt with.

In some county agencies, field supervision had failed to cover adequately such aspects of management as efficient office arrangement and neatness and the organization of records and files.

The supervisors appear to spend much time in writing up their field notes. Reporting on the whole is good, but the notes could be better organized to facilitate their review by adhering to a uniform schedule of topics. Such a schedule is in existence, but does not cover all items which the supervisors actually deal with in practice, and rightly so, to effectuate the State plan. All these items should be covered on each visit. Such a schedule completed in brief form would be a running record of the history of the agency's operating progress and the supervisor's appraisal of results being obtained. It thus would provide in ready summarized form supporting data for the annual evaluation of the agency.

Each of the field supervisors (except one) is assigned counties which are in widely separated sections of the State. This is done in an effort to give each field supervisor counties representative not only as to section of the State, but also as to size, organization, etc.

While such assignments have been made on the basis of time, travel and cost studies, it is suggested that the program might be better served by districting the State and assigning to each field supervisor a compact territory, rotating the supervisors from time to time among the districts. This plan should enable field supervisors to spend more time in local agencies and to have direct experience with all the agencies and the problems of all sections of the State.

Financial Services. The financial policies and procedures are controlled and carried out efficiently. Safeguards provided are adequate.

The forms in effect are well designed and simple. Although the number and kind are controlled largely by Federal requirements, they serve useful purpose and are necessary.

The work of the field auditors in the county agencies could be lessened were it not for requirements of the Federal administration. The one audit a year now made of local agencies is adequate in view of the findings of past audits. Field auditors should be careful to correct errors on the spot and fully to instruct the local financial clerks in proper and efficient procedure.

Statistics. Statistical work is efficient. Routine forms and analyses now in use are necessary. Further statistical development is planned for useful administrative purposes on such subjects as eligibility, standardization, overpayments and frauds, appeals, housing needs, need for special care for the handicapped, etc.

Physical Facilities. The Department is very well housed, but its quarters are rented on short-term lease. Furniture and equipment are adequate and in good condition. Motor

transportation facilities are inadequately provided by the State, with the result that the members of the staff are obliged to use their own cars, subject to the mileage reimbursement which the State allows.

Relationship with Other State Departments. Related to the public welfare program are certain functions of other State departments such as those of the Comptroller, Treasurer, Auditor, Budget and Procurement, Employment and Health. The relationships are on a cooperative and responsible basis.

Public Relations. More informational material beyond the Manual and bulletins which are for Department and agency use is needed to keep the general public fully informed regarding the program, how it operates what its problems are, how these problems are approached for solution.

Standardization and Grants

Standardization. In line with the goal of the Federal administration that all recipients be treated uniformly, the State Department has established standards for the items which may be included in a grant, with provision for adjustments according to locality, size of family, age, etc.

On the whole the Department appears to have weighed carefully the differences existing in areas of the State and to have made use of proper data responsibly in developing the standards adopted. Attention now is being given them towards revision where necessary. A part of this problem is to keep the public assistance grant from exceeding the earnings available to a comparable family which is self-supporting.

Standardization has provided a basis of accountability for the grant and its amount. It has eliminated the determination of a public assistance grant on the basis of individual judgment. Most local agencies and officials stated that standardization has eliminated many inequities and enabled the local agencies to deal more effectively with community pressure for special treatment for certain cases.

Grants. The individual grant is determined by deducting every resource available to the applicant or recipient from the case budget as calculated according to the standards which apply to the needs of the case. In some cases the public assistance grant may be less than five dollars a month, but by this method all persons who are recipients of any amount of public assistance are on the same standards.

When postwar conditions brought about an increase in the number of new cases, the State, in order not to withhold assistance from eligible applicants, withdrew from the case grants all but four essential items (food, shelter, clothing and household maintenance), and placed a ceiling on the total grant allowable. This released enough funds to absorb incoming cases without creating a waiting list or creating a deficit. This policy is sound and practical in that it does not withhold assistance from anyone who can satisfy eligibility requirements strictly applied.

Ceilings are now being re-examined in the light of experience and present conditions.

Consideration of the allowances for the various items included in a public assistance grant does not indicate that it affords more than minimum subsistence. The grant allowed has not been adjusted closely to the cost of living, and moreover there are excluded at present items which are part of the customary expenditures of persons of even the lowest income group. Nevertheless, in some areas of the State the maximum grant allowable, even on the present basis, was deemed by the local authorities to be excessive for the recipient's normal pattern of living.

The belief is widespread among county boards, and there is some evidence tending to confirm it, that meagerness of grant is serving successfully as an incentive for recipients' regaining self-support. It is felt that the recipient, once on the welfare roll, has a tendency to relax and develop the attitude that the government owes him a living, and that, furthermore, too many of the recipients fail to appreciate what they are able to obtain with so little effort.

To combat such tendencies, the belief was held that for the good of Maryland as well as of the recipients, public assistance should not pamper or indulge the recipient; the aim should be to help them regain responsible control of their affairs.

Analysis of standards and items of the grant, as well as the average grants being paid, does not indicate that Maryland's public assistance program is too liberal.

Prevalent practice of the Department and county agencies regards the relief grant (except to the permanently incapacitated) as temporary assistance to tide the recipient over a difficult period and to give him opportunity to make plans to regain his own means of support and normal pattern of life.

Appeals from grants or from denials of grants are few in number.

Employability. Public assistance is not available for employable persons whose need arises only from unemployment, nor for persons who have resided in the State for less than one year. Under the present regulations a fully employable worker whose wages may be insufficient to maintain a large family at the minimum living standard is not eligible for public assistance. Nor is public assistance available to supplement Unemployment Compensation.

The practice of granting or denying assistance to people who can do only so-called light work, when such light work is not available, is not uniform throughout the State. The whole problem involved in the medical determination of unemployability or degree of employability is not now dealt with to the complete satisfaction of the Department or of the local governments.

The Department is giving attention to this weakness in the procedure for determining eligibility which grows out of the medical certification obtained by the applicant to prove his unemployability, and in the meantime is tightening its scrutiny of the use of such procedure.

Legal Aids. Problems in these fields so far have been without apparent practical solutions. More effective co-

operation between the local welfare agencies and the courts, probation departments and State's Attorneys is desirable in cases such as desertion, non-support, bastardy and the occasional overpayments, which as a rule, however, involve very small sums. Even when prosecuted, permanent solution seldom is effected, although the cases perhaps have some deterring effect upon would-be offenders, provided sufficient publicity is given them.

Study is being given such problems associated with Aid to Dependent Children cases and the State Department, moreover, is working out a procedure which may aid co-operative action with the other departments involved.

County agencies have available their own legal advisers under arrangements which are made by the individual counties and are not uniform throughout the State. It is suggested that the State Department give consideration to establishing a new position in the State Department for a staff member whose time would be spent in the field examining for the local agency problems relating to resources, legal aspects of the eligibility procedure, recoveries, etc.

EXHIBIT H

(To Be Prepared In Six Copies)

Department of Health,
Education, and Welfare
Social Security Administration
Form PA-553
Rev. 1/52

Form approved
Budget Bureau No. 72-R440.1

SUBMITTAL AND REPORT OF ACTION ON PUBLIC
ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare 2. Date: Nov. 5, 1958
Regional Office: III — Charlottesville, Va. 3. Submittal No. 48
Attention: Public Assistance Representative
4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part
of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> | |
|--|------------------------------------|---------------------------------|--------------------------------------|--------------------------------|----|
| 7 | 8 | 9 | 10 | ¹ 11 | 12 |
| 1. Release #232 | ---- | ---- | ---- | O | |
| 2. II — Rule 200 — Pages 20 & 20b (ABCD) | IV | See Memo. | See Memo. | A | |
| 3. IV — 101.13-101.14 (ABCD) | I | " | " | A | |
| 4. V — Forms 302-City 302A-City A. 355 B. (ABCD) | V | " | " | A A A | |

13. To: Mr. Thomas J. S. Waxter, Director. 14. Date: February 16, 1959.
15. The above materials were received in the regional office on November 6, 1958.
16. Items A and AL accepted for incorporation February 16, 1959. George Narensky.

¹ The symbols inserted indicate that the item:

- (A) Has been accepted for incorporation into the State's approved plan.
(AL) Has been accepted for incorporation into the State's approved plan, comments
in letters.
(O) Has been filed as other than plan material.
(NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC
ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare
Regional Office: III — Charlottesville, Va.
Attention: Public Assistance Representative
2. Date: June 9, 1961
3. Submittal No. 87
4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature:
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> |
|--|------------------------------------|---------------------------------|--------------------------------------|-----------------------------------|
| 7 | 8 | 9 | 10 | 11 12 |
| 1. Release Memo. #261 | --- | --- | --- | O |
| 2. II — Rule 200 ps. 6, 20, 24, 26 Rule 400 — ps. 1-14(c) | IV | See R. #261 | See R. #261 | See Deleted, 87a NL Held in RO |
| 3. II — Sections 313.4; sub-div. 541; V — Forms 537 #850, 871 & H-1 | O | " | " | O |
| 4. III — Rule 100 ps. 1-2c (ABCDM) | V | " | " | AL |
| 5. IV — 15 pages (See R. #261) (ABCDM) | I | " | " | A |
| 6. V — 300 Titles Forms 207 & 210 P.A. (ABCDM) | IV | " | " | A |
| 7. V — Forms 250, 252, 253, 254, 258 (ABCDM) | VI | " | " | A |
| 8. Form NCS 26, Pamphlet and other procedures for Baltimore City MAA | II | 6-1-61 | None | AL |

13. To: Mr. Thomas J. S. Waxter, Director. 14. Date: August 15, 1961.
15. The above materials were received in the regional office on June 15, 1961.
16. Items A and AL accepted for incorporation August 25, 1961. George Narensky.

¹ The symbols inserted indicate that the item:

- (A) Has been accepted for incorporation into the State's approved plan.
(AL) Has been accepted for incorporation into the State's approved plan, comments in letters.
(O) Has been filed as other than plan material.
(NL) Is under consideration and notice of action will be sent later.

R.O. SUPPLEMENT
SUBMITTAL AND REPORT OF ACTION ON PUBLIC
ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare 2. Date: June 9, 1961
Regional Office: III — Charlottesville, Va. 3. Submittal No. 87
Attention: Public Assistance Representative
4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part
of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effe- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> |
|--|------------------------------------|--------------------------------|--------------------------------------|--|
| 7 | 8 | 9 | 10 | 11 12 |
| 2. Rule 400 — ps. 1-14(c) | IV | See R. #261 | See R. #261 | NL except ps. 5, 13, 14 sup. w/o inc. by #88; p. 7 sup. w/o inc. by #89; p. 9 sup. w/o inc. by #92. |

13. To: Mr. Thomas J. S. Waxter, Director. 14. Date: November 9, 1961.
15. The above materials were received in the regional office on June 15, 1961.
16. Items A and AL accepted for incorporation: Date: _____ George Narensky.

¹ The symbols inserted indicate that the item:

- (A) Has been accepted for incorporation into the State's approved plan.
(AL) Has been accepted for incorporation into the State's approved plan, comments
in letters.
(O) Has been filed as other than plan material.
(NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare 2. Date: June 9, 1961
 Regional Office: III — Charlottesville, Va. 3. Submittal No. 87a
 Attention: Public Assistance Representative
4. From: Maryland State Dept. of Public Welfare
 Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature: _____
 6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> | <i>11</i> | <i>12</i> |
|--|------------------------------------|---------------------------------|---|--|-----------|-----------|
| 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| 1. a. II — Rule 200, pp. 6, 20, 24, 26(c) | IV | 7/1/61 | Identical pages Already in Manual | A | | |
| b. II — Rule 200, p. 26(c) | | | | Superseded without incorporation by Sub. #91 | | |

13. To: Mr. Thomas J. S. Waxter, Director. Date: February 2, 1962.
 15. The above materials were received in the regional office on June 15, 1961.
 16. Items A and AL accepted for incorporation 1/22/62. George Narensky.

¹ The symbols inserted indicate that the item:
 (A) Has been accepted for incorporation into the State's approved plan.
 (AL) Has been accepted for incorporation into the State's approved plan, comments in letters.
 (O) Has been filed as other than plan material.
 (NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare
 Regional Office: III — Charlottesville, Va.
 Attention: Public Assistance Representative
2. Date: June 9, 1961
3. Submittal No. 87
4. From: Maryland State Dept. of Public Welfare
- Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- post- tion</i> |
|--|------------------------------------|---------------------------------|--------------------------------------|---|
| 7 | 8 | 9 | 10 | 11 12 |
| 2. Rule 400 — ps. 1-14(c) | IV | See R. #261 | See R. #261 | A except ps. 5, 13, 14 sup. w/o inc. by #88; p. 7 supp. w/o inc. by #89; p. 9 sup. w/o inc. by #92 |

13. To: Mr. Thomas J. S. Waxter, Director.
14. Date: March 12, 1962.
15. The above materials were received in the regional office on June 15, 1961.
16. Items A and AL accepted for incorporation 2/9/62. George Narensky.

¹ The symbols inserted indicate that the item:

(A) Has been accepted for incorporation into the State's approved plan.

(AL) Has been accepted for incorporation into the State's approved plan, comments in letters.

(O) Has been filed as other than plan material.

(NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare
 Regional Office: III — Charlottesville, Va.
 Attention: Public Assistance Representative
2. Date: July 30, 1962
3. Submittal No. 104
4. From: Maryland State Dept. of Public Welfare
 Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> | 7 | 8 | 9 | 10 | 11 | 12 |
|--|------------------------------------|---------------------------------|--------------------------------------|--------------------------------|---|---|---|----|----|----|
| 1. Release Memo. #275 (7/62) Supplement to Release #275 (7/62) | | | | O | | | | | | |
| 2. I — Sub-divs. 401, 403 & 404 V — Forms 321 & 387 (ABCD) | II | See R. Memo. | See Release Memo. | A | | | | | | |
| 3. II — Rule 200, ps. 20, 31, 31a, 31i, 31i; Sec. 226; V—Form 226 (ABCD) | IV | " | " | A | | | | | | |
| 4. II — Sec. 306.1; V — Form 213 (MAA) | IV | " | " | A | | | | | | |
| 5. II — Rule 400, P. 14 V — Form 218 (C) | IV | " | " | A | | | | | | |
| 6. III — Sec. 104.31; V — Forms 131, 206 COR., 207, 207 COR. (ABCDM) | V | " | " | A | | | | | | |
| 7. V — Forms 257, 257—Instructions (ABCDM) | VI | " | " | A | | | | | | |

- 13 To: Mr. J. S. Waxter, Director. 14. Date: September 17, 1962.
15. The above materials were received in the regional office on August 2, 1962.
16. Items A and AL accepted for incorporation 9/17/62. George Narensky.

¹ The symbols inserted indicate that the item:

(A) Has been accepted for incorporation into the State's approved plan.

(AL) Has been accepted for incorporation into the State's approved plan, comments in letters.

(O) Has been filed as other than plan material.

(NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare
Regional Office: Charlottesville, Va.
Attention: Public Assistance Representative
2. Date: Sept. 17, 1963
3. Submittal No. 126
4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effic- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> |
|--|------------------------------------|---------------------------------|--------------------------------------|--------------------------------|
| 7 | 8 | 9 | 10 | 11 12 |
| 2. a. II — Rule 200 — VII (pages 20, 20a); XI (pages 24, 25, 25a). | | | | A |
| b. II — Rule 200 XIV — Community Work and Training Projects (pages 25a, 25b and 26). | | | | NL |
| c. II — Rule 200, XIV — Insufficient Funds (pages 26 and 26a). Supersedes Submittal 91, dated September 1, 1961, Item 1, Rule 200, pages 26 and 26a. | | | | NL in RO |
| d. II — Rule 200 — Page 31a and 31f. | | | | A |
| e. Subsection 202.1 — 202.6; 215.3—215.5. | | | | A |
| f. Subsection 218.1 — 218.8; Form SDPW-275, Community Work and Training. | | | | NL |

13. To: Mr. Raleigh C. Hobson, Director. 14. Date: September 24, 1963.
15. The above materials were received in the regional office on September 19, 1963.
16. Items A and AL accepted for incorporation 9/24/63. George Narensky.

¹ The symbols inserted indicate that the item:

- (A) Has been accepted for incorporation into the State's approved plan.
- (AL) Has been accepted for incorporation into the State's approved plan, comments in letters.
- (O) Has been filed as other than plan material.
- (NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC ASSISTANCE PLAN MATERIALS

- 1. To: Dept. of Health, Education and Welfare
Regional Office: Charlottesville, Va.
Attention: Public Assistance Representative
- 2. Date: Sept. 17, 1963
- 3. Submittal No. 126
- 4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
- 5. Signature: _____
- 6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> |
|--|------------------------------------|---------------------------------|--------------------------------------|--|
| 7 | 8 | 9 | 10 | 11 12 |
| 1. Release #288, August 1963. | --- | --- | --- | O |
| 2. II — Rule 200, Pages 20-26; 31e; Subdivision 202; Sections 215.3 — 215.4; Subdivision 218; V — Form 275 (ABCD). | IV | See Release Memo. | See Release Memo. | see the attached page for dis- position of item 2 |
| 3. II — Section 413.2 (C) | II | " | " | A |
| 4. III — 205.1-206.2; V — Forms 214, 216, 216C, 216M (ABCDM). | VI | " | " | A |
| 5. Page 1 of V — 400 — Titles. | II | " | " | A |

- 13. To: Mr. Raleigh C. Hobson, Director.
- 14. Date: September 24, 1963.
- 15. The above materials were received in the regional office on September 19, 1963.
- 16. Items A and AL accepted for incorporation 9/19/63. George Narensky.

¹ The symbols inserted indicate that the item:

- (A) Has been accepted for incorporation into the State's approved plan.
- (AL) Has been accepted for incorporation into the State's approved plan, comments in letters.
- (O) Has been filed as other than plan material.
- (NL) Is under consideration and notice of action will be sent later.

R.O. SUPPLEMENT
SUBMITTAL AND REPORT OF ACTION ON PUBLIC
ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare 2. Date: Sept. 17, 1963
Regional Office: Charlottesville, Va. 3. Submittal No. 126
Attention: Public Assistance Representative
4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- post- tion</i> |
|--|------------------------------------|---------------------------------|--|--------------------------------|
| 7 | 8 | 9 | 10 | 11 12 |
| 2. c. II — Rule 200 — XIV, Insuffi- cient Funds (pages 26 and 26a). | IV | See Release Memo. #288 | Rule 200, pages 26 and 26a (Sub- mittal No. 91 dated Sept. 1, 1961, item 1). | AL |

13. To: Mr. Raleigh C. Hobson, Director. 14. Date: July 15, 1964.
15. The above materials were received in the regional office on September 19, 1963.
16. Items A and AL accepted for incorporation 7/15/64. George Narensky.

¹ The symbols inserted indicate that the item:

- (A) Has been accepted for incorporation into the State's approved plan.
(AL) Has been accepted for incorporation into the State's approved plan, comments in letters.
(O) Has been filed as other than plan material.
(NL) Is under consideration and notice of action will be sent later.

SUBMITTAL AND REPORT OF ACTION ON PUBLIC ASSISTANCE PLAN MATERIALS

1. To: Dept. of Health, Education and Welfare 2. Date: Jan. 15, 1964
Regional Office: Charlottesville, Va. 3. Submittal No. 133
Attention: Public Assistance Representative
4. From: Maryland State Dept. of Public Welfare
Enclosed are six copies of the following materials submitted for approval as part of the State's plans for public assistance:
5. Signature: _____
6. Title: Director

| <i>Identification Of Material And Program Affected</i> | <i>Outline Refer- ence</i> | <i>Effec- tive Date</i> | <i>Material Super- seded</i> | <i>Dis- posi- tion</i> | |
|--|------------------------------------|---------------------------------|--------------------------------------|--------------------------------|-------------------------------------|
| 7 | 8 | 9 | 10 | 11 | 12 |
| 1. Release Memo. #291: a) Instructions. b) Effective Dates & Comments. | --- | --- | --- | O | |
| 2. II — Rule 200 — P. 20a, Sec. 210.3, 210.5-210.6; 219.7; V — 310 — In- structions (D). | IV | See Release Memo. #291 | See Release Memo. #291 | AL | |
| 3. II — Rule 200 — Pgs. 31e and 31f; Sec. 219.3 (ABD). | IV | " | " | AL | |
| 4. II — Sec. 219.4 (ABCD). | IV | " | " | AL | |
| 5. V — Forms 310, 250 and 250S (ABCD). | VI | " | " | AL | |
| 6. Administrative Cost — Medical Care (ABCDM). | V | | | O | (no out- line refer- ence) |

13. To: Mr. Raleigh C. Hobson, Director. 14. Date: February 28, 1964.
15. The above materials were received in the regional office on January 23, 1964.
16. Items A and AL accepted for incorporation 2/28/64. George Narensky.

¹ The symbols inserted indicate that the item:
(A) Has been accepted for incorporation into the State's approved plan.
(AL) Has been accepted for incorporation into the State's approved plan, comments in letters.
(O) Has been filed as other than plan material.
(NL) Is under consideration and notice of action will be sent later.

EXHIBIT I

State of Maryland, City of Baltimore, ss.

I, Maxie P. Howlett, being duly sworn, states the following:

I have been an employee of the State Department of Social Services and its predecessor agencies since 1942. In 1947, I began service as Supervisor of Plans and Standards for the Department, in which capacity I had the responsibility for formulating policy statements in connection with the AFDC Program. Since March 1965, I have served as Assistant State Director of the Department of Social Services for Family and Child Welfare Services.

It is my recollection that a maximum grant regulation has been in effect in Maryland since approximately the time of inception of state-wide need standards in 1944. It is also my recollection that these maximum grant regulations consistently have received Federal approval, I also recall that one factor giving rise to these regulations was the strong feeling on the part of many county boards, particularly during the period following adoption of state-wide need standards in 1944 that public assistance payments should not exceed the earnings of the head of a family when off assistance and that the income of a public assistance recipient should not exceed that of his employed neighbors.

I recall that at various times during the early years following the introduction of the maximum grant regulation, the State Department of Public Welfare secured information as to wage levels from the State Employment Service and that the information thus secured was utilized in establishing maximum grant levels.

Sworn to and subscribed to by me this 23rd day of December, 1968.

MAXIE P. HOWLETT,

Assistant State Director.

(Jurat.)

PROCEEDINGS IN OPEN COURT — JANUARY 3, 1969

* * * * *

(T. 6) (Judge Winter) But you have the sworn testimony of a representative of the state that they wanted to repeal the regulation. The only reason why they did not repeal the legislation was because the Governor failed to put in his (T. 7) budget the money that would be necessary, and the Legislature, as a consequence, failed to appropriate it.

(Mr. Liebmann) Your Honor, that is perfectly true as to the present position of the Department. As a matter of policy, the Department wants to get rid of this regulation. But we are here concerned with a question of Federal constitutional law, which binds not only the present Director of the Department, but any past Director, any future Director, any present Legislature, any future Legislature.

I do not think the fact that the present Director of the Department, for reasons which I respect — indeed, for reasons with which I sympathize as a matter of my own views as to this particular question of policy involved — I do not think the fact that that is the present position of the state is in any sense in conflict with the fact that there are other grounds which gave rise to this regulation, which can be urged in support of it.

Now, this precedent, if it remains the law of this case, is going to be cited not only in this case, but in many others in 24 or 25 states throughout the country. This is a case of great importance.

I do not know whether this Court has had occasion in the past to familiarize itself in any detail with what has been described as the welfare rights movement, and the basic purposes of the welfare rights movement, some of which (T. 8) are constructive, some of which are, I might say, frankly, destructive.

I think the impact of this decision is going to be very, very profound. Because what this decision will say is that the states, in framing their welfare structures, have to completely disregard the impact of the welfare — of the

level of welfare payments on the labor market, on the wage structure. From that, the implications which flow are, I think, considerable.

They go really to the basic conflict in public policy that we have in this country that really is one of the most important areas of domestic political controversy, and that is really whether you should endeavor to relieve the conditions which exist by massive programs of public works and employment or whether you should have a system of guaranteed income.

This decision, if it is implemented, is going to cast considerable weight into the balance in favor of the second general approach to these problems.

* * * * *

(T. 31) (Judge Winter) Well, I am suggesting or asking you, why isn't it totally irrational? In other words, if the basic theory is that the maximum grant is tied in to current wage levels, that by imposing a maximum grant we encourage the adult in the family to get a job and not sit back and languish on the welfare rolls? How can this chain of reasoning apply when it is the child who is eligible because the parent is physically or mentally incapable of working, is dead or is absent?

(Mr. Liebmann) Well, I think first with respect to the death — with respect to death or absence, I think you have the presupposition that the child is in the family, is in some other family group where someone has the obligation of support.

Now, there is this great concern—

(Judge Winter) Well, take your one plaintiff in this case. Take your plaintiffs in this case, Mr. and Mrs. Gary, whom you stipulated are physically incapable of working; Mrs. Williams whom you stipulated, her husband has left her. Now she is there with the children and by reason of her — as I recall it, her own bad health and the tender age of the youngest children, is incapable of working.

(Mr. Liebmann) Well, Your Honor — (Pausing).

(Judge Winter) Now, of course this is a class action. These are only two of the plaintiffs.

(T. 32) (Mr. Liebmann) That's correct, Your Honor.

(Judge Winter) But we know what makes a child fall within the definition of a dependent child.

(Mr. Liebmann) Well, the other plaintiffs are AFDCU, or the class is not limited to non-AFDCU. That is to say, the children of unemployed parents are, in Maryland, included in the class represented by this action.

But I think also that there undoubtedly is a feeling on the part of at least some legislators that even in the other categories there is some — perhaps some tendency to overstate the extent of disability. You have—

(Judge Winter) Well, even if we assume—

(Mr. Liebmann) You have — I am sure this Court has to wrestle with this all the time in Social Security cases.

(Judge Winter) Well, even if we accept the correctness of your argument up to that point, then after you get around the fact that if you take some of the Williams children or some of the Gary children and put them in the home of an eligible relative, you can see that they can receive benefits under the program.

(Mr. Liebmann) Well, Your Honor, this is a — first of all I am not sure — the Court has conducted its reasoning, of course, entirely on a premise that the seventh, eighth (T. 33) and ninth child receive nothing, and I am sure we realize that in practice the grant is to the head of the family.

(Judge Winter) But is there any question that it is to the benefit of himself and his dependents?

(Mr. Liebmann) Yes, if the total grant is less, it means that there is less for each dependent but it is, I think, not true to say that the seventh, eighth and ninth child, as such, are just not on the rolls.

(Judge Winter) Well now, why isn't it, when the state's schedule of need shows what should be granted for the