

Appendix B – Social Welfare Programs in the Territories

Many, but not all, social welfare programs that are available in the 50 states and the District of Columbia are also available in the United States territories of American Samoa, Guam, the Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands.¹ Some programs are only available in certain territories and for some programs the territories receive funding based on different formulas or under different circumstances than do the states.

Overview

This Appendix provides information on the availability in each territory of the following two types of social welfare programs:

1. *Federal Programs that Make Direct Payments to Individuals*--These programs have federal eligibility and benefit rules, and are administered directly by the federal government.²

2. *Federal-State Programs*--For these programs, states, and in some cases localities, have a role in the design, administration, and often financing of benefits and services. For a territory to participate in the joint federal-state programs, federal law must make the territory eligible for the program, and the territory's government must act to meet the program's conditions for federal assistance.

Information on the coverage of each territory for each direct payment program is provided in **Table B-1** while information on coverage for each federal-state program is provided in **Table B-2**. Additional information on certain programs under the jurisdiction of the House Committee on Ways and Means is also provided.

Federal Programs that Make Direct Payments to Individuals

¹ This appendix discusses the availability of social programs in the five major territories and provides an overview of special rules that apply in the territories. It does not discuss federal financial assistance for three areas that were formally part of the trust territories and are now independent in "free association" with the United States: the Marshall Islands, the Federated States of Micronesia, and Palau. These areas remain eligible for some residual aid from the United States.

² This appendix's classification of programs making direct payments to individuals differs from that found in federal budget documents and the Census Bureau's published Consolidated Federal Funds Report. This appendix classifies unemployment compensation as a federal-state program because states administer and design their own programs within federal guidelines. The Supplemental Nutrition Assistance Program (SNAP) program is also classified in this appendix as a federal-state program because it is administered by the states.

The federal government administers several large social welfare programs that provide benefits directly to individuals. These benefits are in the form of retirement, disability, and survivors benefits administered by the Social Security Administration (SSA), Railroad Retirement Board (RRB), and Department of Veterans Affairs (VA), as well as medical benefits provided by the Medicare program and by the VA. Direct benefits are also provided to needy aged, blind, and disabled persons and through Department of Education grant and loan programs.

Supplemental Security Income (SSI)

The Supplemental Security Income (SSI) program provides means-tested cash assistance to needy aged, blind, and disabled individuals, including disabled children. Benefits are paid without regard to work or insurance requirements, and are financed by general revenue funds. Eligibility in the SSI program is limited to residents of the 50 states, the District of Columbia, and the Northern Mariana Islands.

Prior to the establishment of the SSI program by the Social Security Amendments of 1972, benefits for the needy aged, blind, and disabled were provided by the states and territories, with the exception of American Samoa, and financed by federal grants under Titles I, X, XIV, and XVI of the Social Security Act. The 1972 amendments replaced this system of grants with the federal SSI program in the states and District of Columbia only. Residents of the territories were excluded from the SSI program. The territories of Guam, Puerto Rico, and the U.S. Virgin Islands remain eligible for federal grants for aid to the aged, blind, and disabled. Residents of American Samoa are not eligible for SSI or benefits under the aged, blind, and disabled grants. Eligibility for SSI for residents of the Northern Mariana Islands was included in the 1976 covenant that established the Northern Mariana Islands as a United States territory.

Federal-State Programs

Many social welfare programs are operated by the states and territories using federal funds and in accordance with federal guidelines. Often, in order for a state or territory to participate in one of these programs, the state or territorial government must provide matching funds or meet other program requirements. As a result, in some cases, a state or territory may be eligible for a program but may choose not to participate in that program.

Major federal-state programs include the unemployment compensation system and the nation's major public assistance, nutrition assistance, and child care assistance programs. Federal-state programs also provide benefits to older persons and persons with disabilities, and finance certain education and rehabilitation programs.

Consolidated Grants to the Territories

The Omnibus Territories Act, enacted in 1977, authorizes federal agencies to consolidate grants, except for grants that provide direct services to individuals, awarded to American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands. Consolidated grant funds may be co-mingled and used for any purpose permitted under any of the programs consolidated into the grant. Puerto Rico is not eligible for grant consolidation. Today it is common for territories to consolidate several grants from the Department of Health and Human Services into larger grants such as the Social Services Block Grant.³ One advantage to grant consolidation for the territories is that it allows the territories to receive federal funds in some cases without having to meet all of the program rules that apply to states.

Section 1108 Ceiling on Certain Grants to the Territories

Section 1108 of the Social Security Act places a ceiling on the total amount of annual grant funding that may be awarded by the Department of Health and Human Services for certain programs to American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands.⁴ Section 1108 does not set a ceiling for grants to the Northern Mariana Islands. Grants for Aid to the Aged, Blind, and Disabled; Temporary Assistance for Needy Families (TANF); and foster care and adoption assistance under Title IV-E of the Act are included in this ceiling. The current ceilings, set by statute and not subject to any automatic adjustment, are:

- American Samoa: \$1,000,000;
- Guam: \$4,686,000;
- Puerto Rico: \$107,255,000; and
- U.S. Virgin Islands: \$3,554,000.

³ The rules for the consolidation of grants from the Department of Health and Human Services are provided in the Code of Federal Regulations at 45 C.F.R. §§ 97.10-97.16.

⁴ Section 1108 of the Social Security Act also sets ceilings on Medicaid funding for the territories.

Table B-2 provides a list of territorial eligibility for and participation in selected federal-state programs. Programs under the jurisdiction of the House Committee on Ways and Means that have special rules for territorial eligibility are discussed below.

Unemployment Compensation

Puerto Rico and the U.S. Virgin Islands are the only territories eligible under federal law for the Unemployment Compensation program. These two territories have Unemployment Compensation programs as certified by the Department of Labor. As a result, Puerto Rico and the U.S. Virgin Islands can access federal Unemployment Compensation benefits when available through temporary programs, such as the now-expired Emergency Unemployment Compensation (EUC08) program, or the permanent Extended Benefit (EB) program.

Child Support Enforcement

Under the federal-state child support enforcement program, the federal government finances 66% of a state or territory's child support enforcement program. The federal government also provides incentive payments to state and territorial child support enforcement programs to encourage program effectiveness. While each of the territories is eligible to participate in the federal-state child support enforcement program, only Guam, Puerto Rico, and the U.S. Virgin Islands currently have territorial programs that qualify for federal support.

Foster Care and Adoption Assistance

The federal government provides foster care and adoption assistance to states and territories under Title IV-E of the Social Security Act. In addition, states and territories that participate in the Title IV-E program are eligible for grants under the John H. Chafee Foster Care Independence Program to help current and former youths in foster care achieve self-sufficiency. While Title IV-E of the Social Security Act does not specifically define which territories may be eligible for foster care and adoption assistance, the definition of "state" provided in Title XI of the Social Security Act states that for the purposes of Title IV of the Act, the term "state" includes American Samoa, Guam, Puerto Rico, and the U.S. Virgin Islands, but not the Northern Mariana Islands.

Puerto Rico is the only territory that currently participates in the federal foster care and adoption assistance program. However, Puerto Rico has historically received limited or no funding for its program because it has not been able to determine program eligibility to the satisfaction of the Department of Health and Human Services and has not developed a required cost-allocation plan.

Temporary Assistance for Needy Families (TANF)

The Temporary Assistance for Needy Families (TANF) program provides block grants to states and eligible territories to provide cash welfare and other benefits to qualified needy families. Guam, Puerto Rico, and the U.S. Virgin Islands are eligible for TANF funds and participate in the program. American Samoa is eligible for TANF funds but does not participate in the program. Under federal law, the Northern Mariana Islands is not eligible for TANF funds.

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