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APPROVED
JUL 12 1976

8 7/12/76

THE WHITE HOUSE
WASHINGTON
July 9, 1976

ACTION

Last Day: July 17

Posted
7/12/76

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON *[Signature]*

SUBJECT:

H.R. 13069 - Loans to the Unemployment Fund of the Virgin Islands

Archives
7/12/76

Attached for your consideration is H.R. 13069, sponsored by Representative Corman and eight others.

The enrolled bill extends from June 30, 1976 to September 30, 1977 and increases by \$10 million the authorization for loans to the unemployment fund of the Virgin Islands. The bill also extends for one year until January 1, 1979 the interest-free repayment period on loans. P.L. 94-45, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975 had made available up to \$5 million for loans until June 30, 1976, with interest-free repayment until January 1, 1978.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus) and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 13069 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13069 - Loans to the unemployment fund of the Virgin Islands
Sponsor - Rep. Corman (D) California and 8 others

Last Day for Action

July 17, 1976 - Saturday Recommend early action since loan authority expired on June 30, 1976.

Purpose

Extends from June 30, 1976 to September 30, 1977 and increases by \$10 million the authorization for loans to the unemployment fund of the Virgin Islands; extends for one year the interest-free repayment period on the loans.

Agency Recommendations

Office of Management and Budget	Approval
Department of Labor	Approval
Department of the Interior	Approval

Discussion

P.L. 94-45, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975, authorized the Secretary of Labor to lend up to \$5 million to the Virgin Islands from general funds for benefit payments under the Islands' unemployment compensation law. No loans could be made after June 30, 1976, and repayments were to be interest-free until January 1, 1978. P.L. 94-93 made available up to \$5 million of appropriations for the loans.

The enrolled bill, which was supported by the Administration, would amend P.L. 94-45 to:

-- increase the aggregate amount of the loans from \$5 million to \$15 million,

-- extend the time during which loans can be made through fiscal year 1977, and

-- extend to January 1, 1979 the date by which the loans can be repaid without interest.

The Virgin Islands is not included in the State-Federal unemployment insurance system. Therefore, unlike a State, it cannot borrow from the Unemployment Trust Fund in order to pay unemployment insurance benefits when its own unemployment funds are depleted.

The continuing high unemployment rate in the Islands has resulted in a deficit in its unemployment trust fund, despite increases in the employer-paid tax. None of the \$5 million originally appropriated for Federal loans remains. Therefore additional loans are necessary if the Virgin Islands is to continue to make payments under its unemployment compensation program. You have already requested, and the Congress has provided in P.L. 94-303, authority to use appropriations already available for unemployment compensation for these additional loans.

The Administration has proposed bringing the Virgin Islands into the State-Federal unemployment insurance system, thereby making it eligible for loans like any State. This provision is contained in H.R. 10210, which is scheduled for House floor action after the July recess. Upon its enactment, it would supersede the temporary provisions in H.R. 13069.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 8

Time: 600pm

FOR ACTION:

David Lissy
Max Friedersdorf
Ken Lazarus
NSC/S

cc (for information):

Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 9

Time: 500pm

SUBJECT:

H.R. 13069-Loans to the unemployment fund of the Virgin Islands

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston,g round floor west wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

K. R. COLE, JR.
For the President

U. S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY

WASHINGTON

JUL 7 1976

Honorable James T. Lynn
Director
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Lynn:

This is in response to your request for the Department of Labor's views on an enrolled bill, H.R. 13069, which authorizes additional loans to the unemployment insurance fund of the Virgin Islands. H.R. 13069 would extend the temporary loan authority provided in P.L. 94-45 until the end of Fiscal Year 1977; it would also authorize an additional \$10 million for such loans during that period and extend the interest free repayment date from January 1, 1978 to January 1, 1979.

Under present law (P.L. 94-45, Title III), the Secretary of Labor was authorized to loan up to \$5 million to the unemployment insurance fund of the Virgin Islands to enable it to continue to pay benefits under its unemployment compensation program. No loans were to be made after June 30, 1976. These loans were interest free until January 1, 1978. After that date, interest will be charged on any outstanding loans.

Loans to the Virgin Islands from the \$5 million appropriation provided under P.L. 94-45 are now depleted. Accordingly, extension of the temporary loan authority, as provided in H.R. 13069, is required if the Virgin Islands is to continue to make payments under its unemployment compensation program.

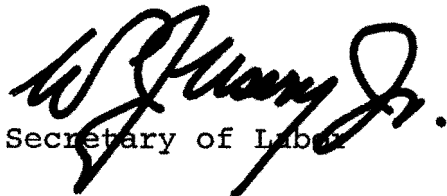
The Virgin Islands on January 1, 1975 raised the tax rate applicable to all covered employees from 1.5 percent to 2.7 percent of taxable payrolls and increased the annual taxable wage base per employee from \$4,200 to \$4,800. However, despite these efforts to maintain a fiscally sound system, the continuing high unemployment rate has left the Virgin Islands in great difficulty. Since the Virgin Islands is

not part of the Federal-State unemployment system, it is not eligible, as the States are, for loans from that system. Recognizing this, Congress passed P.L. 94-45 authorizing \$5 million in loans through June 30, 1976.

H.R. 10210 (the Unemployment Compensation Amendments of 1975), which includes a provision bringing the Virgin Islands within the Federal-State system (and thereby eligible for loans), is still pending in Congress. H.R. 13069 is necessary to cover projected borrowing needs of the Virgin Islands unemployment system for another 15 months. We hope that the Virgin Islands will have been included in the Federal-State system before the end of that period.

The Department urges that the bill be signed as soon as possible.

Sincerely,



Secretary of Labor



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUL 6 - 1976

Dear Mr. Lynn:

This responds to your request for the views of this Department on the enrolled bill H.R. 13069, "To extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands."

We recommend that the President approve the enrolled bill.

As enrolled, H.R. 13069 amends section 301 of the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975 (Public Law 94-45) which authorizes the Secretary of Labor to make loans to the Virgin Islands for purposes of paying unemployment compensation. The bill extends the temporary loan authority provided in Public Law 94-45 from June 30, 1976 to September 30, 1977, and authorizes an additional \$10 million for such loans during that period. It also extends the interest free repayment date from January 1, 1978 to January 1, 1979.

While the U.S. Virgin Islands has had its own unemployment compensation program for several years, under Federal law the Virgin Islands is not considered a "State" for the purpose of participating in the Federal-State unemployment insurance system. Therefore, the territory cannot borrow from the Federal Unemployment Insurance loan fund when it has depleted its own unemployment insurance fund.

Due to the fiscal crisis confronting the territorial government of the Virgin Islands in fiscal year 1976, a severe curtailing of government services was necessary, and a corresponding personnel reduction occurred. The government is the primary employer in the Virgin Islands and the rate of unemployment prior to the government layoff already exceeded 9% of the work force. The high level of unemployment caused a heavy drain on the unemployment insurance fund. Despite increases in the employer-paid unemployment insurance tax, the Virgin Islands has depleted its unemployment insurance funds as benefit payments have exceeded unemployment insurance revenues.

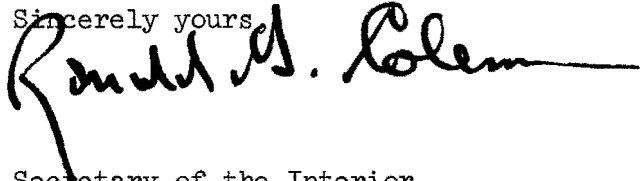
For the purpose of enabling the Virgin Islands to continue making unemployment compensation payments, Congress last year enacted in



Public Law 94-45 a Title III, containing a temporary program whereby the Secretary of Labor was authorized to loan until June 30, 1976, up to \$5 million in general revenues as needed by the Virgin Islands for unemployment compensation, with outstanding loans to bear no interest until January 1, 1978. This temporary authority would be extended by the enrolled bill.

The Virgin Islands has formally requested, through its Legislature and Governor, to be included in the Federal-State unemployment insurance system. The Administration supports this inclusion, and last year the Department of Labor transmitted a proposal to the Congress to include the Virgin Islands in the Federal-State system. However, since this proposal has not yet been enacted, the temporary loan authority provided in Title III of Public Law 94-45 must be extended if the Virgin Islands is to continue making unemployment compensation payments to its large number of the unemployed.

Sincerely yours,



Assistant Secretary of the Interior

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D. C.

Date: July 8

Time: 600pm

FOR ACTION: David Lissy
Max Friedersdorf
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 9

Time: 500pm

SUBJECT:

H.R. 13069-Loans to the unemployment fund of the Virgin Islands

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- Draft Reply
- For Your Comments
- Draft Remarks

REMARKS:

please return to judy johnston, 9 round floor west wing

*7/9
Approved
[Signature]*

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon
For the President

Date: July 8

Time: 600pm

FOR ACTION: David Lissy
Max Friedersdorf
Ken Lazaruscc (for information): Jack Marsh
Jim Cavanaugh
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: July 9

Time: 500pm

SUBJECT:

H.R. 13069-Loans to the unemployment fund of the Virgin
Islands

ACTION REQUESTED:

 For Necessary Action For Your Recommendations Prepare Agenda and Brief Draft Reply For Your Comments Draft Remarks

REMARKS:

please return to judy johnston,g round floor west wing

No objection.

Ken Lazarus

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.If you have any questions or if you anticipate a
delay in submitting the required material, please
telephone the Staff Secretary immediately.James M. Cannon
For the President

THE WHITE HOUSE

WASHINGTON

July 9, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF
SUBJECT: H.R. 13069 - Loans to the unemployment fund
of the Virgin Islands

The Office of Legislative Affairs concurs with the agencies
that the subject bill be signed.

Attachments

NATIONAL SECURITY COUNCIL

July 9, 1976

MEMORANDUM FOR: JAMES M. CANNON
FROM: Jeanne W. Davi *JWD*
SUBJECT: H. R. 13069

The NSC Staff concurs in the proposed Enrolled Bill H. R. 13069 -
Loans to the unemployment fund of the Virgin Islands.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 13069 - Loans to the unemployment fund of the Virgin Islands
Sponsor - Rep. Corman (D) California and 8 others

Last Day for Action

July 17, 1976 - Saturday Recommend early action since loan authority expired on June 30, 1976.

Purpose

Extends from June 30, 1976 to September 30, 1977 and increases by \$10 million the authorization for loans to the unemployment fund of the Virgin Islands; extends for one year the interest-free repayment period on the loans.

Agency Recommendations

Office of Management and Budget	Approval
Department of Labor	Approval
Department of the Interior	Approval

Discussion

P.L. 94-45, the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975, authorized the Secretary of Labor to lend up to \$5 million to the Virgin Islands from general funds for benefit payments under the Islands' unemployment compensation law. No loans could be made after June 30, 1976, and repayments were to be interest-free until January 1, 1978. P.L. 94-93 made available up to \$5 million of appropriations for the loans.

The enrolled bill, which was supported by the Administration, would amend P.L. 94-45 to:

-- increase the aggregate amount of the loans from \$5 million to \$15 million,

LOANS TO UNEMPLOYMENT FUND OF THE VIRGIN ISLANDS

APRIL 8, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. ULLMAN, from the Committee on Ways and Means,
submitted the following

REPORT

[To accompany H.R. 13069]

The Committee on Ways and Means, to whom was referred the bill (H.R. 13069) to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

CONTENTS

- I. Purpose.
- II. Explanation and comparison with present law.
- III. Revenue estimate and other matters required to be discussed under House rules.
- IV. Analysis of H.R. 13069.
- V. Changes in existing law made by Bill, as reported.

I. PURPOSE

The purpose of H.R. 13069 is to extend the existing temporary authority provided in title III of Public Law 94-45 for the Secretary of Labor to make general revenue loans to the unemployment insurance fund of the Virgin Islands as is necessary to enable the Virgin Islands to continue to make payments under its unemployment compensation program.

II. EXPLANATION AND COMPARISON WITH PRESENT LAW

The Virgin Islands has had an unemployment compensation program similar to State unemployment compensation programs for 15 years. Under existing Federal law, however, the Virgin Islands is not considered a "State" for the purposes of participating in the Federal-State unemployment insurance system. It cannot, therefore, borrow

from the Federal Unemployment Insurance loan fund as can States that have depleted their State unemployment insurance fund.

Because of the extraordinary high unemployment in recent months, as of March 15, 1976, nineteen States and the District of Columbia had depleted their own unemployment insurance funds and were borrowing from the Federal loan fund in order to continue making unemployment compensation payments. The Virgin Islands has experienced the same high levels of unemployment and heavy drain on its unemployment insurance fund as has been felt throughout the United States during the recent period of economic recession. Despite increases in the employer-paid unemployment insurance tax, the Virgin Islands (along with half of the States) has depleted its unemployment insurance funds as benefit payments have surpassed unemployment insurance revenues.

For the purpose of enabling the Virgin Islands to continue making unemployment compensation payments, Congress enacted last year a temporary program (Public Law 94-45, title III) authorizing the Secretary of Labor to loan up to \$5 million in general revenues as needed by the Virgin Islands' unemployment insurance fund. Based on the provisions of the Federal unemployment insurance loan program available to the States, these loans are interest free until January 1, 1978. After that date, interest will be charged on any outstanding loans.

This bill, H.R. 13069, extends the temporary loan authority provided in Public Law 94-45 through fiscal year 1977 (until September 30, 1977) and authorizes an additional \$10 million for such loans during that period. It also extends the interest-free repayment date from January 1, 1978 to January 1, 1979.

The Virgin Islands has formally requested through its Legislature and Governor to be included in the Federal-State unemployment insurance system. H.R. 10210, the Unemployment Compensation Amendments of 1975, would permit the Virgin Islands to become a part of the Federal system and eliminate the need for the temporary loan authority provided in Public Law 94-45 and extended under this bill.

H.R. 10210 was approved by the Committee on Ways and Means in December 1975 and is now awaiting House action. It was anticipated by the Ways and Means Committee that H.R. 10210 would be enacted early this year, and the Virgin Islands would be incorporated in the Federal system and before the temporary loan authority in Public Law 94-45 expired. House consideration of H.R. 10210, however, has been delayed until after May 15 because of the new budget requirements and, as a result, its provisions pertaining to the Virgin Islands will have to be postponed for one year. Because of this delay, the temporary loan authority provided in Public Law 94-45 must be extended as proposed in this legislation if the Virgin Islands is to continue making unemployment compensation payments.

Upon enactment of H.R. 10210, this temporary loan authority will be superseded by the provisions of that bill, and the Virgin Islands will be able to participate in the Federal unemployment insurance loan program available to the States. When the Virgin Islands is incorporated in the Federal system, any outstanding loans made under the temporary authority provided in Public Law 94-45 will be treated as though the Virgin Islands had been in the System. This means that,

if the time for repayment has elapsed and any part of the loan remains outstanding, the increased Federal unemployment insurance tax rates provided in the Federal loan program for the purpose of recapturing overdue loans would immediately go into effect.

III: REVENUE ESTIMATE AND OTHER MATTERS REQUIRED TO BE DISCUSSED UNDER HOUSE RULES

In compliance with clause 7(a) of Rule XIII of the Rules of the House of Representatives, the following statement is made. The Department of Labor estimates that the cost of H.R. 13096 would be \$2 million during the transitional quarter and \$8 million during fiscal year 1977. Because this is a temporary program that expires at the end of fiscal year 1977, there would be no costs resulting from this bill beyond fiscal year 1977.

In compliance with clause 2(1)(2)(B) of Rule XI of the House of Representatives, the following statement is made. The bill H.R. 13069 was ordered favorably reported to the House of Representatives unanimously by voice vote.

In compliance with clause 2(1)(4) of Rule X of the House of Representatives, the following statement is made. H.R. 13069 is not expected to have a significant inflationary impact on prices or on costs of the operations of the national economy or the economy of the Virgin Islands. The purpose of the bill is to make it possible for the Virgin Islands to continue to make payments under its unemployment compensation program. The objectives of the partial wage replacement under unemployment compensation programs are to assist individuals until they can find employment and to reduce the deflationary impact of the unemployed workers' wage loss on the national and local economy.

In compliance with clause 2(1)(3) subdivisions (A)(B)(C) and (D) of Rule XI of the House of Representatives, the following statements are made. With respect to subdivision (A) of clause 3 (relating to oversight findings) the Committee advises that upon a review of the status of the Unemployment Insurance fund of the Virgin Islands it concluded that an extension of the temporary loan authority provided in Public Law 94-45 was necessary and appropriate in order to enable the Virgin Islands to continue making unemployment compensation payments. This makes Federal loans for the purpose of unemployment compensation benefits available to the Virgin Islands on a basis similar to that available to the States under the Federal-State Unemployment Insurance System.

With respect to subdivision (B) of clause (3), the Committee restates that the Department of Labor estimates the costs of H.R. 13069 to be \$2 million during the transitional quarter and \$8 million during fiscal year 1977. Because this is a temporary program expiring at the end of fiscal year 1977, there are no costs attributable to the bill beyond that fiscal year.

With respect to subdivisions (C) and (D) of clause (3), the Committee advises that no estimate or comparison has been prepared by the Director of the Congressional Budget Office relative to H.R. 13069 because it was not practicable within the available time, nor have any

oversight findings or recommendations been made by the Committee on Government Operations with respect to the subject matter of this legislation.

IV. ANALYSIS OF H.R. 13069

Section 301 of the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975 authorizes the Secretary of Labor to make loans to the Virgin Islands for purposes of paying unemployment compensation. Under existing law, the authority for making such loans expires June 30, 1976, and the total amount of such loans may not exceed \$5,000,000. Subsection (a) of the first section of the bill extends the authority for making such loans until September 30, 1977, and increases the limit on the total amount of such loans to \$15,000,000.

Under existing law, the loans made to the Virgin Islands are repayable (without interest) before January 1, 1978. After January 1, 1978, interest is charged on the loans. Subsection (b) of the first section of the bill delays the date on which interest begins to be charged on the loans until January 1, 1979.

V. CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 301 OF THE EMERGENCY COMPENSATION AND SPECIAL UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975

TITLE III—LOANS TO THE UNEMPLOYMENT FUND OF THE VIRGIN ISLANDS

SEC. 301. (a) The Secretary of Labor (hereinafter in this section referred to as the "Secretary") may make loans to the Virgin Islands in such amounts as he determines to be necessary for the payment in any month of compensation under the unemployment compensation law of the Virgin Islands. A loan may be made under this subsection for the payment of compensation in any month only if—

(1) the Governor of the Virgin Islands submits an application therefor no earlier than the first day of the preceding month; and

(2) such application contains an estimate of the amount of the loan which will be required by the Virgin Islands for the payment of compensation in such month.

(b) For purposes of this section—

(1) an application for loan under subsection (a) shall be made on such forms and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the unemployment compensation law of the Virgin Islands as the

Secretary deems necessary or relevant to the performance of his duties under this section;

(2) the amount required by the Virgin Islands for the payment of compensation in any month shall be determined with due allowance for contingencies and taking into account all other amounts that will be available in the unemployment fund of the Virgin Islands for the payment of compensation in such month; and

(3) the term "compensation" means cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration.

(c) Any loan made under subsection (a) shall be repayable (without interest) not later than January 1, [1978] 1979. If after January 1, [1978] 1979, any portion of any such loan remains unpaid, the Virgin Islands shall pay interest thereon, until the loan is paid in full, at a rate equal to the rate of interest in effect under section 6621 of the Internal Revenue Code of 1954. If at some future date of the Federal Unemployment Tax Act shall be made applicable to the Virgin Islands, then, any amount of principal or interest due on any such loan remaining unpaid on such date shall be treated, for purposes of section 3302(c)(3) of the Internal Revenue Code of 1954, as an advance made to the Virgin Islands under title XII of the Social Security Act.

(d) No loan may be made under subsection (a) for any month beginning after [June 30, 1976] September 30, 1977. The aggregate of the loans which may be made under subsection (a) shall not exceed [\$5,000,000] \$15,000,000.

(e) There are authorized to be appropriated from the general fund of the Treasury such sums as may be necessary to carry out this section.

○

Calendar No. 777

94TH CONGRESS }
2d Session }

SENATE

{ REPORT
No. 94-819

VIRGIN ISLANDS UNEMPLOYMENT FUND AND ASSISTANCE PROGRAMS IN NORTHERN MARIANAS COMMONWEALTH

MAY 12, 1976.—Ordered to be printed

Mr. LONG, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 13069]

The Committee on Finance, to which was referred the bill (H.R. 13069) to extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands, having considered the same, reports favorably thereon with an amendment and an amendment to the title and recommends that the bill as amended do pass.

I. SUMMARY OF THE BILL

Loans to Virgin Islands unemployment fund.—Like many of the States, the territory of the Virgin Islands has experienced high rates of unemployment in recent years, which have depleted its unemployment benefit fund. In June 1975, Congress enacted Public Law 94-45 authorizing loans through June 1976 up to \$5 million in total to help the Virgin Islands meet its unemployment benefit obligations. This bill would provide an additional \$10 million in loan authority which would remain available through September 30, 1977. The date for repayment would be extended to January 1, 1979 (compared with January 1, 1978 under existing law).

Social Security Act programs in the Northern Marianas.—The Committee has added to the House bill an amendment spelling out the applicability of certain Social Security Act assistance programs to the Northern Marianas Commonwealth. The Covenant establishing the Commonwealth provided in a general way for the establishment there of Federal assistance programs and specifically made applicable two Social Security Act programs (Supplemental Security Income

and special benefits for uninsured aged persons) which have not previously been effective outside the 50 States and the District of Columbia. The Committee amendment eliminates these programs in the Northern Marianas and spells out the specific statutory details for the extension to that jurisdiction of the Social Security Act assistance programs which are in effect in the other territories.

II. GENERAL EXPLANATION OF THE BILL

VIRGIN ISLANDS UNEMPLOYMENT FUND LOANS

(Sec. 1 of the bill)

The prolonged recession which the Nation has experienced in the past few years has severely strained the unemployment benefit funds of many jurisdictions. Under the Federal-State unemployment compensation system, when a State exhausts its own unemployment benefit account, it is automatically eligible to obtain a repayable loan from the Federal accounts in the Unemployment Trust Fund. In 1973, only two States (Connecticut and Washington) had such loans outstanding. As of April 15, 1976, 20 States plus the District of Columbia and the Commonwealth of Puerto Rico had such loans in force.

The Virgin Islands has experienced similar high rates of unemployment in recent years. Despite substantial increases in its unemployment tax rate and in the wage base to which the tax applies, that territory has been unable to meet its unemployment benefit obligations without borrowing from the Federal treasury. However, although the Virgin Islands has an unemployment compensation program which is similar to that of the States, it is not a part of the Federal-State unemployment compensation system and is thus ineligible to borrow from the Federal accounts in the Unemployment Trust Fund.

In June 1975, legislation was enacted to provide the necessary assistance to the Virgin Islands to enable it to meet its benefit obligations. Under Public Law 94-45, funds were authorized to be appropriated to provide a loan of up to \$5 million for this purpose from the Federal treasury to the Virgin Islands. Under this legislation, loans could be made only through June 30, 1976, and would have to be repaid by January 1, 1978. Loans not repaid by that date would begin to bear interest. The 1975 legislation also specifies that any loans made under its authority would be treated as loans made under the provisions of the Federal-State unemployment compensation system at such time as the Virgin Islands becomes a part of that system. Under that system, loans not repaid on a timely basis are collected through an increase in the net Federal unemployment payroll tax on employers in the jurisdiction affected.

H.R. 13069, as passed by the House of Representatives, would modify the legislation passed in 1975 by increasing the maximum amount which may be loaned to the Virgin Islands unemployment fund and by extending the time when such loans may be made and the deadline for repayment. A \$10 million increase in appropriations (from \$5 million to \$15 million) would be authorized. The funds appropriated under this authority would be available for loans until September 30, 1977, and repayment would be due January 1, 1979.

The Committee has accepted this House-passed provision without modification. The Committee notes that the Administration has recommended that the Virgin Islands be incorporated into the regular Federal-State unemployment compensation program and that legislation to accomplish this objective has been reported in the House of Representatives as a part of the bill H.R. 10210 which is expected to be sent to the Senate later this year.

ASSISTANCE PROGRAMS IN THE NORTHERN MARIANAS

(Sec. 2 of the bill)

The Covenant establishing the Northern Marianas Islands as a new United States territory with Commonwealth status was approved on March 24, 1976 (Public Law 94-241). The terms of this covenant provide, in a general way, that Federal assistance programs applicable to the other U.S. territories will be extended to the Northern Marianas Commonwealth as of a date to be proclaimed by the President after the constitution of that jurisdiction has been drafted and approved. The Covenant also specifically provides that the Social Security Act programs of Supplemental Security Income (SSI) and special social security benefits for certain aged, uninsured persons will also be made available in the Northern Marianas.

The Committee believes that those who negotiated the Covenant establishing the Northern Marianas Commonwealth acted inappropriately in providing therein for that jurisdiction to have in force these two Social Security Act programs which Congress had specifically limited in applicability to the 50 States and the District of Columbia. Because the covenant had to be approved or rejected as a whole, it was not possible to delete this provision by an amendment during Senate consideration earlier this year. However, under the terms of the covenant itself, this provision is subject to change by subsequent legislation.

The program of special social security benefits for uninsured individuals was incorporated in the Tax Adjustment Act of 1966 on the basis of a Senate floor amendment. Under this provision, individuals who reached age 72 prior to 1972 could receive a special social security benefit, funded from general revenues, even though they had little or no coverage in employment under social security. This provision was enacted as a transitional measure, and by this time it applies only to persons who are now 77 years of age or over. The committee does not believe that there is any reason for making this program applicable to the territorial jurisdictions.

The program of Supplemental Security Income (SSI) assures a minimum monthly income of \$157.70 to aged, blind, and disabled persons in the fifty States and the District of Columbia; for couples, the income support level is \$236.60. (In certain States these amounts are augmented by supplementary State payments.) This program was specifically limited to 50 States and the District of Columbia when it was enacted in 1972. In the territorial jurisdictions of Guam, Puerto Rico, and the Virgin Islands, the Social Security Act provides for separate programs of aid and services for the aged, blind, and disabled. These programs provide for Federal matching of public assistance and so-

cial service expenditures up to specified limits. The Committee believes that it is appropriate to continue to provide assistance under these programs which operate through locally developed plans which can take into account the economic and other circumstances prevailing in each territory.

The extension of the SSI program to the jurisdiction of Puerto Rico would increase Federal expenditures under that program by some \$400 million per year and would make a substantial majority of the aged population in that Commonwealth eligible for that program and potentially eligible for medicaid. While the Marianas Covenant covers a much smaller population (less than 15,000) and therefore involves only minimal cost, the Committee believes that the establishment of the SSI program there could be taken as a precedent for its expansion to the other territories. Legislation was, in fact, passed by the House of Representatives earlier this year which would have used the Marianas Covenant as a precedent for making the SSI program applicable to Guam and which would have authorized the President to extend the program at a later date to other territories. At the request of the Committee, this provision was deleted from that legislation.

The Committee agrees that the new Commonwealth of the Northern Mariana Islands should enjoy the same Federal assistance programs which apply to other territorial jurisdictions. However, extension to that territory or to any territory of programs now limited in scope to the 50 States and the District of Columbia should be accomplished only to the extent that Congress finds appropriate after considering such extension through the usual legislative processes.

For the reasons outlined above, the Committee has added to the bill an amendment which will remove the applicability of the Supplemental Security Income program and the program of special social security benefits for uninsured persons from the Marianas Commonwealth. The Committee amendment also provides specific statutory language to carry out the general provision in the covenant extending to the Northern Marianas those Social Security Act assistance programs which are applicable to the other territories. These programs are aid to the aged, blind, and disabled (titles I, X, XIV, and XVI of the Social Security Act), aid to families with dependent children (title IV), and medical assistance (title XIX). The amendment also establishes in title XI of the act limitations on Federal funding under these programs which are comparable on a per capita basis to the limitations now in force for Guam, Puerto Rico, and the Virgin Islands.

III. BUDGETARY IMPACT OF THE LEGISLATION

In compliance with section 252 (a) of the Legislative Reorganization Act of 1970 and sections 308 and 403 of the Congressional Budget Act of 1974, the following statements are made concerning the budgetary impact of the bill.

The Committee finds that the bill does not provide either new budget authority or new or increased tax expenditures within the meaning of section 308 of the Congressional Budget Act. No analysis of the cost of the bill as provided for in section 403 of the Congressional Budget Act has been submitted to the Committee.

The Committee estimates that, subject to appropriation, section 1 of the bill will result in Federal costs of \$2 million in the period July-September 1976 and of \$8 million in fiscal year 1977 and in Federal receipts (in the form of a loan repayment) of \$10 million in either fiscal year 1978 or fiscal year 1979. Section 1 has no fiscal impact beyond 1979.

The Committee estimates that section 2 of the bill will have no fiscal impact prior to fiscal year 1978 and that, in fiscal year 1978 and each subsequent year, it will result in a reduction in Federal costs as compared with existing law. The Committee does not believe that there is sufficient information to estimate the amount of the savings with any accuracy but states that it would appear to be nominal.

IV. VOTE OF THE COMMITTEE IN REPORTING THE BILL

In compliance with section 133 of the Legislative Reorganization Act of 1946, the following statement is made concerning the vote by the committee on the motion to report the bill. The bill was ordered reported by voice vote.

V. CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SECTION 301 OF THE EMERGENCY COMPENSATION AND SPECIAL UNEMPLOYMENT ASSISTANCE EXTENSION ACT OF 1975

TITLE III—LOANS TO THE UNEMPLOYMENT FUND OF THE VIRGIN ISLANDS

SEC. 301. (a) The Secretary of Labor (hereinafter in this section referred to as the "Secretary") may make loans to the Virgin Islands in such amounts as he determines to be necessary for the payment in any month of compensation under the unemployment compensation law of the Virgin Islands. A loan may be made under this subsection for the payment of compensation in any month only if—

(1) the Governor of the Virgin Islands submits an application therefor no earlier than the first day of the preceding month; and

(2) such application contains an estimate of the amount of the loan which will be required by the Virgin Islands for the payment of compensation in such month.

(b) For purposes of this section—

(1) an application for loan under subsection (a) shall be made on such forms and shall contain such information and data (fiscal and otherwise) concerning the operation and administration of the unemployment compensation law of the Virgin Islands as the Secretary deems necessary or relevant to the performance of his duties under this section;

(2) the amount required by the Virgin Islands for the payment of compensation in any month shall be determined with due allow-

ance for contingencies and taking into account all other amounts that will be available in the unemployment fund of the Virgin Islands for the payment of compensation in such month; and

(3) the term "compensation" means cash benefits payable to individuals with respect to their unemployment, exclusive of expenses of administration.

(c) Any loan made under subsection (a) shall be repayable (without interest) not later than January 1, [1978] 1979. If after January 1, [1978] 1979, any portion of any such loan remains unpaid, the Virgin Islands shall pay interest thereon, until the loan is paid in full, at a rate equal to the rate of interest in effect under section 6621 of the Internal Revenue Code of 1954. If at some future date of the Federal Unemployment Tax Act shall be made applicable to the Virgin Islands, then, any amount of principal or interest due on any such loan remaining unpaid on such date shall be treated, for purposes of section 3302(c) (3) of the Internal Revenue Code of 1954, as an advance made to the Virgin Islands under title XII of the Social Security Act.

(d) No loan may be made under subsection (a) for any month beginning after [June 30, 1976] September 30, 1977. The aggregate of the loans which may be made under subsection (a) shall not exceed [\$5,000,000] \$15,000,000.

(e) There are authorized to be appropriated from the general fund of the Treasury such sums as may be necessary to carry out this section.

* * * * *
THE SOCIAL SECURITY ACT
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* * * * *
TITLE I—GRANTS TO STATES FOR OLD-AGE ASSISTANCE AND
MEDICAL ASSISTANCE FOR THE AGED
* * * * *

PAYMENT TO STATES

SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1960—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarter as old-age assistance under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

* * * * *
(2) in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to—

(A) one-half of the total of the sums expended during such quarter as old-age assistance under the State plan (in-

cluding expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$37.50 multiplied by the total number of recipients of old-age assistance for such month; plus

(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of \$45 multiplied by the total number of such recipients of old-age assistance for such month, or (II) if smaller, the total expended as old-age assistance in the form of medical or any other type of remedial care with respect to such month plus the product of \$37.50 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as old-age assistance under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of \$7.50 multiplied by the total number of such recipients of old-age assistance for such month;

* * * * *
TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES
* * * * *

PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid and services to needy families with children, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to families with dependent children under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

* * * * *
(2) in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to families with dependent children under the State plan (including expenditures for premiums under part B of Title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof) not counting so much of any expendi-

ture with respect to any month as exceeds \$18 multiplied by the total number of recipients of such aid for such month; and

* * * * *

ALLOTMENT PERCENTAGE AND FEDERAL SHARE

SEC. 423. (a) The "allotment percentage" for any State shall be 100 per centum less the State percentage; and the State percentage shall be the percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States; except that (1) the allotment percentage shall in no case be less than 30 per centum or more than 70 per centum, and (2) the allotment percentage shall be 70 per centum in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands.

(b) The "Federal share" for any State for any fiscal year shall be 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such States bears to the per capita income of the United States, except that (1) in no case shall the Federal share be less than 33 1/3 per centum or more than 66 2/3 per centum, and (2) the Federal share shall be 66 2/3 per centum in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands.

* * * * *

PAYMENTS TO STATES

SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

* * * * *

(2) in the case of Puerto Rico, the Virgin Islands, [and] Guam and the Commonwealth of the Northern Mariana Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$37.50 multiplied by the total number of recipients of aid to the blind for such month; and

* * * * *

TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

PART A—GENERAL PROVISIONS

DEFINITIONS

SEC. 1101. (a) When used in this Act—

(1) The term "State", except where otherwise provided, includes the District of Columbia and the Commonwealth of Puerto Rico, and when used in titles IV, V, VII, XI, and XIX includes the Virgin Islands [and], Guam, and the Commonwealth of the Northern Mariana Islands. Such term when used in title V also includes American Samoa and the Trust Territory of the Pacific Islands. In the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, titles I, X, and XIV, and title XVI, (as in effect without regard to the amendment made by section 301 of the Social Security Amendments of 1972) shall continue to apply, and the term "States" when used in such titles (but not in title XVI as in effect pursuant to such amendment after December 31, 1973) includes Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands.

(2) The term "United States" when used in a geographical sense means, except when otherwise provided, the States.

(3) The term "person" means an individual, a trust or estate, a partnership, or a corporation.

(4) The term "corporation" includes associations, joint-stock companies, and insurance companies.

(5) The term "shareholder" includes a member in an association, joint-stock company, or insurance company.

(6) The term "Secretary", except when the context otherwise requires, means the Secretary of Health, Education, and Welfare.

(7) The terms "physician" and "medical care" and "hospitalization" include osteopathic practitioners or the services of osteopathic practitioners and hospitals within the scope of their practice as defined by State law.

(8) (A) The "Federal percentage" for any State (other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands) shall be 100 per centum less the State percentage; and the State percentage shall be that percentage which bears the same ratio to 50 per centum as the square of the per capita income of such State bears to the square of the per capita income of the United States; except that the Federal percentage shall in no case be less than 50 per centum or more than 65 per centum.

(B) The Federal percentage for each State (other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands) shall be promulgated by the Secretary between July 1 and August 31 of each even-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgation: *Provided*, That the

Secretary shall promulgate such percentage as soon as possible after the enactment of the Social Security Amendments of 1958, which promulgation shall be conclusive for each of the eleven quarters in the period beginning October 1, 1958, and ending with the close of June 30, 1961.

(C) The term "United States" means (but only for purposes of subparagraphs (A) and (B) of this paragraph) the fifty States and the District of Columbia.

* * * * *

LIMITATION ON PAYMENTS TO PUERTO RICO, THE VIRGIN ISLANDS,
AND GUAM

SEC. 1108. (a) Except as provided in 2002(a)(2)(D), the total amount certified by the Secretary of Health, Education, and Welfare under title I, X, XIV, and XVI, and under part A of title IV (exclusive of any amounts on account of services and items to which subsection (b) applies)—

- (1) for payment to Puerto Rico shall not exceed—
 - (A) \$12,500,000 with respect to the fiscal year 1968,
 - (B) \$15,000,000 with respect to the fiscal year 1969,
 - (C) \$18,000,000 with respect to the fiscal year 1970,
 - (D) \$21,000,000 with respect to the fiscal year 1971, or
 - (E) \$24,000,000 with respect to the fiscal year 1972 and each fiscal year thereafter;
- (2) for payment to the Virgin Islands shall not exceed—
 - (A) \$425,000 with respect to the fiscal year 1968,
 - (B) \$500,000 with respect to the fiscal year 1969,
 - (C) \$600,000 with respect to the fiscal year 1970,
 - (D) \$700,000 with respect to the fiscal year 1971, or
 - (E) \$800,000 with respect to the fiscal year 1972 and each fiscal year thereafter; [and]
- (3) for payment to Guam shall not exceed—
 - (A) \$575,000 with respect to the fiscal year 1968,
 - (B) \$690,000 with respect to the fiscal year 1969,
 - (C) \$825,000 with respect to the fiscal year 1970,
 - (D) \$960,000 with respect to the fiscal year 1971, or
 - (E) \$1,100,000 with respect to the fiscal year 1972 and each fiscal year thereafter [.] ; and
- (4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed \$190,000 with respect to any fiscal year.

(b) The total amount certified by the Secretary under part A of title IV, on account of family planning services and services provided under section 402(a)(19) with respect to any fiscal year—

- (1) for payment to Puerto Rico shall not exceed \$2,000,000,
- (2) for payment to the Virgin Islands shall not exceed \$65,000,

[and]

- (3) for payment to Guam shall not exceed \$90,000 [.] , and
- (4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed \$15,000.

(c) The total amount certified by the Secretary under title XIX with respect to any fiscal year—

- (1) for payment to Puerto Rico shall not exceed \$30,000,000,

(2) for payment to the Virgin Islands shall not exceed \$1,000,000, [and]

(3) for payment to Guam shall not exceed \$900,000 [.] , and
(4) for payment to the Commonwealth of the Northern Mariana Islands shall not exceed \$160,000.

(d) Notwithstanding the provisions of section 502(a) and 512(a) of this Act, and the provisions of sections 421, 503(1), and 504(1) of this Act as amended by the Social Security Amendments of 1967, and until such time as the Congress may by appropriation or other law otherwise provide, the Secretary shall, in lieu of the initial allotment specified in such sections, allot such smaller amounts to Guam, American Samoa, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands as he may deem appropriate.

TITLE XIV—GRANTS TO STATES FOR AID TO THE
PERMANENTLY AND TOTALLY DISABLED

* * * * *

PAYMENTS TO STATES

SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

* * * * *

(2) in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$3.50 multiplied by the total number of recipients of aid to the permanently and totally disabled for such months; and

* * * * *

TITLE XVI—GRANTS TO STATES FOR AID TO THE AGED,
BLIND, OR DISABLED, OF FOR SUCH AID AND MEDICAL
ASSISTANCE FOR THE AGED

* * * * *

PAYMENTS TO STATES

SEC. 1603. (a) From the sums appropriated therefor, the Secretary shall pay to each State which has a plan approved under this title, for each quarter, beginning with the quarter commencing October 1, 1962—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to the sum of the following proportions of the total amounts expended during each month of such quarters to the aged, blind, or disabled under the State plan (including expenditures for premiums under Part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

* * * * *

(2) in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands, an amount equal to—

(A) one-half of the total of the sums expended during such quarter as aid to the aged, blind, or disabled under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof), not counting so much of any expenditure with respect to any month as exceeds \$37.50 multiplied by the total number of recipients of aid to the aged, blind, or disabled for such month; plus

(B) the larger of the following amounts: (i) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (I) the product of \$45 multiplied by the total number of such recipients of aid to the aged, blind, or disabled for such month, or (II) if smaller, the total expended as aid to the aged, blind, or disabled in the form of medical or any other type of remedial care with respect to such month plus the product of \$37.50 multiplied by the total number of such recipients, or (ii) 15 per centum of the total of the sums expended during such quarter as aid to the aged, blind, or disabled under the State plan in the form of medical or any other type of remedial care, not counting so much of any expenditure with respect to any month as exceeds the product of \$7.50 multiplied by the total number of such recipients of aid to the aged, blind, or disabled for such month;

* * * * *

TITLE XIX GRANTS TO STATES FOR MEDICAL ASSISTANCE PROGRAMS

* * * * *

SEC. 1905(a) ***

(b) The term "Federal medical assistance percentage" for any State shall be 100 per centum less the State percentage; and the State

percentage shall be that percentage which bears the same ratio to 45 per centum as the square of the per capita income of such State bears to the square of the per capita income of the continental United States (including Alaska) and Hawaii; except that (1) the Federal medical assistance percentage shall in no case be less than 50 per centum or more than 83 per centum, and (2) the Federal medical assistance percentage for Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands shall be 50 per centum. The Federal medical assistance percentage for any State shall be determined and promulgated in accordance with the provisions of subparagraph (B) of section 1110(a)(8).

* * * * *

PUBLIC LAW 90-248

SEC. 248 (a) ***

(b) Notwithstanding subparagraphs (A) and (B) of section 403 (a)(3) of such Act (as amended by this Act), the rate specified in such subparagraphs in the case of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands shall be 60 per centum (rather than 75 or 85 per centum).

(c) Effective July 1, 1969, neither the provisions of clauses (A) through (C) of section 402(a)(7) of such Act as in effect before the enactment of this Act nor the provisions of section 402(a)(8) of such Act as amended by section 202(b) of this Act shall apply in the case of Puerto Rico, the Virgin Islands, [or] Guam, or the Commonwealth of the Northern Mariana Islands. Effective no later than July 1, 1972, the State plans of Puerto Rico, the Virgin Islands, [and] Guam, and the Commonwealth of the Northern Mariana Islands approved under section 402 of such Act shall provide for the disregarding of income in making the determination under section 402(a)(7) of such Act in amounts (agreed to between the Secretary and the State agencies involved) sufficiently lower than the amounts specified in section 402(a)(8) of such Act to reflect appropriately the applicable differences in income levels.

(d) The amendment made by section 220(a) of this Act shall not apply in the case of Puerto Rico, the Virgin Islands, [or] Guam, or the Commonwealth of the Northern Mariana Islands.

(e) Effective with respect to quarters after 1967, section 1905(b) of such Act is amended by striking out "55 per centum" and inserting in lieu thereof "50 per centum".

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PUBLIC LAW 93-647

* * * * *

SEC. 7. (a) ***

(b) The amendments made by section 3 of this Act shall be effective with respect to payments under sections 403 and 603 of the Social Security Act for quarters commencing after September 30, 1975, except that the amendments made by section 3(a) shall not be effective with respect to the Commonwealth of Puerto Rico, the Virgin Islands, [or] Guam, or the Commonwealth of the Northern Mariana Islands.

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,
one thousand nine hundred and seventy-six*

An Act

To extend and increase the authorization for making loans to the unemployment fund of the Virgin Islands.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) subsection (d) of section 301 of the Emergency Compensation and Special Unemployment Assistance Extension Act of 1975 is amended—

(1) by striking out "June 30, 1976" and inserting in lieu thereof "September 30, 1977"; and

(2) by striking out "\$5,000,000" and inserting in lieu thereof "\$15,000,000".

(b) Subsection (c) of such section 301 is amended by striking out "January 1, 1978" each place it appears and inserting in lieu thereof "January 1, 1979".

Speaker of the House of Representatives.

*Vice President of the United States and
President of the Senate.*