§ 301. Authorization of appropriations

For the purpose of enabling each State, as far as practicable under the conditions in such State, to furnish financial assistance to aged needy individuals, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this subchapter. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health and Human Services (hereinafter referred to as the ‘‘Secretary’’), State plans for old-age assistance.


§ 302. State old-age plans

(a) Contents

A State plan for old-age assistance must—
§ 302

them, be mandatory upon them; divisions of the State, and, if administered by that it shall be in effect in all political sub-

to supervise the administration of the plan; minister the plan, or provide for the establish-

designation of a single State agency to admin-

State; maintaining standards for such institutions;

which shall be responsible for establishing and
designation of a State authority or authorities

promptness to all eligible individuals;

shall have opportunity to do so, and that such

administration of the State plan;

or disclosure of information concerning appli-
cants or recipients only (A) to public officials

(A) from time to time require, and comply with such provi-
sions as the Secretary may from time to time find

(1) except to the extent permitted by the Secretary with respect to services, provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

(2) provide for financial participation by the State;

(3) either provide for the establishment or designation of a single State agency to administer the plan, or provide for the establishment or designation of a single State agency to supervise the administration of the plan;

(4) provide (A) for granting an opportunity for a fair hearing before the State agency to any individual whose claim for assistance under the plan is denied or is not acted upon with reasonable promptness, and (B) that if the State plan is administered in each of the political subdivisions of the State by a local agency and such local agency provides a hearing at which evidence may be presented prior to a hearing before the State agency, such local agency may put into effect immediately upon issuance its decision upon the matter considered at such hearing;

(5) provide (A) such methods of administration (including methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan, and (B) for the training and effective use of paid sub-professional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency;

(6) provide that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports;

(7) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only (A) to public officials who require such information in connection with their official duties, or (B) to other persons for purposes directly connected with the administration of the State plan;

(8) provide that all individuals wishing to make application for assistance under the plan shall have opportunity to do so, and that such assistance shall be furnished with reasonable promptness to all eligible individuals;

(9) provide, if the plan includes assistance for or on behalf of individuals in private or public institutions, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions;

(10) if the State plan includes old-age assistance—

(A) provide that the State agency shall, in determining need for such assistance, take into consideration any other income and resources of an individual claiming old-age assistance, as well as any expenses reasonably attributable to the earning of any such income; except that, in making such determination, (i) the State agency may disregard not more than $7.50 per month of any income and (ii) of the first $30 per month of additional income which is earned the State agency may disregard not more than the first $20 thereof plus one-half of the remainder;

(B) include reasonable standards, consistent with the objectives of this subchapter, for determining eligibility for and the extent of such assistance; and

(C) provide a description of the services (if any) which the State agency makes available (using whatever internal organizational arrangement it finds appropriate for this purpose) to applicants for and recipients of such assistance to help them attain self-care, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services; and

(11) provide that information is requested and exchanged for purposes of income and eligibility verification in accordance with a State system which meets the requirements of section 1320b–7 of this title.

(b) Approval by Secretary

The Secretary shall approve any plan which fulfills the conditions specified in subsection (a) of this section, except that he shall not approve any plan which imposes, as a condition of eligibility for assistance under the plan—

(1) an age requirement of more than sixty-five years; or

(2) any residence requirement which (A) in the case of applicants for old-age assistance, excludes any resident of the State who has resided therein five years during the nine years immediately preceding the application for old-age assistance and has resided therein continuously for one year immediately preceding the application, and (B) in the case of applicants for medical assistance for the aged, excludes any individual who resides in the State; or

(3) any citizenship requirement which excludes any citizen of the United States.

At the option of the State, the plan may provide that manuals and other policy issuances will be furnished to persons without charge for the reasonable cost of such materials, but such provision shall not be required by the Secretary as a condition for the approval of such plan under this subchapter.

(c) Limitation on number of plans

Nothing in this subchapter shall be construed to permit a State to have in effect with respect to any period more than one State plan approved under this subchapter.

REPEAL OF SECTION

Pub. L. 92–603, title III, § 303(a), (b), Oct. 30, 1972, 86 Stat. 1444, provided that this section is repealed effective Jan. 1, 1974, except with respect to Puerto Rico, Guam, and the Virgin Islands.

AMENDMENTS

1981—Subsec. (a). Pub. L. 97–35 struck out in provision preceding par. (1) ‘‘, or for medical assistance for the aged, or for old-age assistance and medical assistance for the aged’’ par. (11) which specified the contents the State plan must contain if it includes medical assistance for the aged, par. (12) which specified the contents the State plan must contain if it includes assistance to or in behalf of individuals who are patients in institutions for mental diseases, and par. (13) which provided that if the State plan includes assistance to or in behalf of patients in public institutions for mental diseases, it show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program.
1972—Subsec. (a)(1). Pub. L. 92–603, § 410(a), inserted ‘‘except to the extent permitted by the Secretary with respect to services’’ before ‘‘provide’’.
Subsec. (a)(4). Pub. L. 92–603, § 407(a), designated existing provisions as cl. (A) and added cl. (B).
Subsec. (a)(7). Pub. L. 92–603, § 413(a), substituted provisions permitting use or disclosure of information concerning applicants or recipients to public officials requiring such information in connection with their official duties and to other persons for purposes directly connected with administration of the State plan, for provisions restricting use or disclosure of such information to purposes directly connected with administration of the State plan.
Subsec. (a)(10)(C). Pub. L. 92–603, § 405(a), inserted provision relating to use of whatever internal organizational arrangement found appropriate.
Subsec. (b). Pub. L. 92–603, § 406(a), inserted provision relating to furnishing of manuals and other policy issuances to persons without charge and at option of the State.
1968—Subsec. (a)(5). Pub. L. 90–248, § 210(a)(1), designated existing provisions as subpar. (A) and added subpar. (B).
Subsec. (a)(10)(A)(1). Pub. L. 90–248, § 213(a)(1), increased from $5 to $7.50 limitation on amount of any income which the State may disregard in making its determination of need.
1965—Subsec. (a)(10)(A). Pub. L. 89–97, § 403(a), placed a ceiling of $5 on amount of any income which the State may disregard in making its determination of need and substituted ‘‘$30’’ and ‘‘$20’’ for ‘‘$50’’ and ‘‘$10’’ respectively.
1962—Subsec. (a)(10)(A). Pub. L. 87–543 inserted ‘‘as well as any expenses reasonably attributable to the earning of any such income’’ and exception provision.

1960—Subsec. (a). Pub. L. 86–778 amended subsec. (a) generally, inserting provisions relating to plans for medical assistance, and required plans that include old-age assistance to include reasonable standards, consistent with objectives of this subchapter, for determining eligibility for and extent of such assistance.
Subsec. (b). Pub. L. 86–778 amended subsec. (b) generally, substituting ‘‘eligibility for assistance under the plan’’ for ‘‘eligibility for old-age assistance under the plan’’ in opening provisions, struck out provisions from par. (1) which permitted plan to impose an age requirement of as much as 70 years until Jan. 1, 1940, and inserted provisions in par. (2) requiring the Secretary to disapprove any plan, in the case of applicants for medical assistance for the aged, which excludes any individual who resides in the State.
1958—Subsec. (a)(11). Pub. L. 85–840 inserted provisions in par. (11) requiring the State plan to include a description of the steps taken to assure, in provision of such services, maximum utilization of other agencies providing similar or related services.
1950—Subsec. (a). Act Aug. 28, 1950, substituted ‘‘provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for old-age assistance is denied or is not acted upon with reasonable promptness’’ for ‘‘provide for granting an opportunity for a fair hearing before any individual, whose claim for old-age assistance is denied, an opportunity for a fair hearing before such State agency’’ in par. (4), ‘‘Administrator’’ for ‘‘Board’’ wherever appearing, and ‘‘he’’, ‘‘him’’, or ‘‘his’’ for ‘‘it’’ or ‘‘its’’ wherever appearing, and added pars. (9) and (10).

EFFECTIVE DATE OF 1984 AMENDMENT

Amendment by Pub. L. 98–369 effective Apr. 1, 1985, except as otherwise provided, see section 2651(b)(2) of Pub. L. 98–369, set out as an Effective Date note under section 1320b–7 of this title.

EFFECTIVE DATE OF 1968 AMENDMENT

Section 210(b) of Pub. L. 90–248 provided that: ‘‘Each of the amendments made by subsection (a) [amending this section and sections 303, 306, 1206, 1355, 1382, 1383, and 1385 of this title] shall become effective July 1, 1969, or, if earlier (with respect to a State’s plan approved under title [subchapter] I, X, XIV, XVI, or XIX, or part A of title IV [of this chapter]) on the date as of which the amendment is approved.’’

EFFECTIVE DATE OF 1965 AMENDMENT

Section 221(e) of Pub. L. 89–97 provided that: ‘‘The amendments made by this section (amending this section and sections 303, 306, 1206, 1355, 1382, 1383, and 1385 of this title) shall apply in the case of expenditures made after December 31, 1963, under a State plan approved under title I, X, XIV, or XVI of the Social Security Act [subchapter I, X, XIV, or XVI of this chapter].’’

Section 463(a) of Pub. L. 89–97 provided that the amendment made by that section is effective Oct. 1, 1965.

EFFECTIVE DATE OF 1962 AMENDMENT

Section 262(a) of Pub. L. 87–543 provided that: ‘‘The amendments made by this section [amending this section and sections 602, 607, 723, 1202, and 1332 of this title] shall become effective July 1, 1963.’’

EFFECTIVE DATE OF 1960 AMENDMENT

§ 303. Payments to States and certain territories; computation of amount; eligibility of State to receive payment

(a) Computation of amounts

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


(b) Method of computing and paying amounts

The method of computing and paying such amounts shall be as follows:

(1) The Secretary of Health and Human Services shall, prior to the beginning of each quarter, estimate the amount to be paid to the State for such quarter under the provisions of subsection (a) of this section, such estimate to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State’s proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, (B) records showing the number of aged individuals in the State, and (C) such other investigation as the Secretary of Health and Human Services may find necessary.

(2) The Secretary of Health and Human Services shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health and Human Services, (A) reduced or increased, as the case may be, by any sum by which he finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State under subsection (a) of this section for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health and Human Services, of the amount recovered during any prior quarter by the State or any political subdivision thereof with respect to assistance furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health and Human Services for such prior quarter: Provided, That any part of the amount recovered from the estate of a deceased recipient which is not in excess of the amount expended by the State or any political subdivision thereof for the funeral expenses of the deceased shall not be considered as a basis for reduction under clause (B) of this paragraph.

(3) The Secretary of the Treasury shall thereupon, through the Fiscal Service of the Treasury Department and prior to audit or settlement by the Government Accountability Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.


REPEAL OF SECTION

AMENDMENTS

1993—Subsec. (a)(4). Pub. L. 103–66 substituted “50 percent of the total amounts expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan,” for “the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health and Human Services for the proper and efficient administration of the State plan—” and “10 percent” for “10 per cent”. Pub. L. 92–512, § 301(b), substituted “(subject to section 1320b of this title)” for “(subject to section 1320b of this title)” after “$30” in introductory text to subpar. (D).

1986—Subsec. (a)(4)(B). Pub. L. 99–603 added subpar. (B) and redesignated former subpar. (B) as (C).


Subsec. (a)(2). Pub. L. 97–35, § 2184(a)(4)(B), amended par. (2) generally, striking out provisions including as old-age assistance under the State plan expenditures for premiums under part B of subchapter XVIII of this chapter for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care and increasing amount payable by larger of two specifically computable amounts.

Subsec. (a)(3). Pub. L. 97–35, § 2184(a)(4)(A), struck out par. (3) which provided for payment, in the case of any State, of an amount equal to the Federal medical percentage of total amounts expended for each quarter for medical assistance for the aged under the State plan, including expenditures for insurance premiums for medical or any other type of remedial care or cost thereof.

Subsec. (a)(4). Pub. L. 97–35, § 2184(a)(4)(A), substituted provision making payments available to any State for provision making payments available to any State whose State plan approved under section 302 of this title. Par. (4) of this section which provided for an eligibility requirement in order for a State to qualify for payments under subsec. (a)(4) of this section and prescribed action to be taken by the Secretary upon failure of the State to comply, struck out subsec. (c) which provided for an eligibility requirement in order for a State to qualify for payments under subsec. (a)(4) of this section and prescribed action to be taken by the Secretary upon failure of the State to comply.

Subsec. (c). Pub. L. 97–35, § 2184(a)(2), struck out subsec. (c) which provided for an eligibility requirement in order for a State to qualify for payments under subsec. (a)(4) of this section and prescribed action to be taken by the Secretary upon failure of the State to comply.

Subsec. (d). Pub. L. 97–35, § 2184(a)(4)(C), struck out subsec. (d) which provided that the amount determined for any State for any quarter which is attributable to expenditures with respect to patients in institutions for mental diseases be paid only to the extent that the State makes a satisfactory showing that the total expenditures in the State from Federal, State, and local sources for mental health services under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of fiscal year ending June 30, 1965.

1975—Subsec. (a). Pub. L. 93–647, § 3(e)(2), struck out “(subject to section 1320b of this title)” after “the Secretary of the Treasury shall”.

Subsec. (a)(4)(A)(iv). Pub. L. 93–647, § 5(a), inserted “(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)” after “training.”

1972—Subsec. (a). Pub. L. 92–512, § 301(d), substituted “shall (subject to section 1320b of this title) pay” for “shall pay” in text preceding par. (1).

Subsec. (a)(4)(E). Pub. L. 92–512, § 301(b), substituted “under conditions which shall be” for “subject to limitations.”

1968—Subsec. (a)(4)(D). Pub. L. 90–248 inserted “, except to the extent specified by the Secretary” after “shall” in introductory text to subpar. (D).


1964—Subsec. (a)(4)(D). Pub. L. 89–97, § 30(b)(2), substituted “subject to conditions which shall be” for “subject to limitations.”

1963—Subsec. (a)(4)(B). Pub. L. 88–204 added subpar. (B) and redesignated former subpar. (B) as (C).

1961—Subsec. (a)(1). Pub. L. 87–31, §§ 2124(a)(4)(A), struck out par. (1) which provided for computation of amount of payments in case of any State other than Puerto Rico, the Virgin Islands, and Guam.

Subsec. (a)(2). Pub. L. 97–35, § 2184(a)(4)(B), amended par. (2) generally, striking out provisions including as old-age assistance under the State plan expenditures for premiums under part B of subchapter XVIII of this chapter for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care and increasing amount payable by larger of two specifically computable amounts.
ment, restated formula for second and third steps by striking out cl. (C) and combining such steps in cl. (B) and making provision therein to give recognition to the States' expenditures for medical care before applying the Federal percentage to remaining expenditures for which Federal participation is available, respectively.

Subsec. (a)(2)(A). Pub. L. 89–97, § 122, inserted "pre-


Subsec. (a)(2). Pub. L. 87–543, § 132(a), substituted "$35.50" for "$35" in subpar. (A), "$66" for "$65" in subpar. (B), and "$85" and "$70" for "$81" and "$66", respectively, in subpar. (C).

Subsec. (a)(4). Pub. L. 87–543, § 101(a)(1), (b)(1)(A), in-


Subsec. (a)(2). Pub. L. 87–64, § 303(a)(2), substituted "$35.50" for "$35" in subpar. (A), "$66" for "$65" and "$43" for "$42.50" in subpar. (B), Pub. L. 87–31, § 5(b), substituted "$42.50" and "$7.50" for "$41" and "$6", respectively, in subpar. (B).

Subsec. (a)(3). Pub. L. 86–76, § 303(b), temporarily increased payments to the States to four-fifths of the first $30 of the average monthly payment per recipient, including assistance in the form of money payments and in the form of medical or any other type of remedial care, plus Federal percentage of the amount by which the expenditures exceed the maximum which may be counted under cl. (A), but excluding that part of the average monthly payment per recipient above which expenditures were made as old-age assistance in the form of medical or any other type of remedial care in determining the total number of recipients.

1966—Subsec. (a). Act 89–97, § 101(c), substituted "during such quarter as old-age assistance in the form of money payments under the State plan" for "during such quarter as old-age assistance under the State plan" in cls. (1) and (2), "who received old-age assistance in the form of money payments for such month" for "who received old-age assistance for such month" in par. (A) of cl. (1), and inserted cl. (4).

Act Aug. 1, 1966, § 411(c), struck out "...which shall be used exclusively as old-age assistance," after "the Virgin Islands, an amount," in cls. (1) and (2), and substituted "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care" for "which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose" in cl. (3).

Act Aug. 1, 1956, § 241, substituted "October 1, 1956" for "October 1, 1952", struck out ", which shall be used exclusively as old-age assistance," after "the Virgin Islands, an amount," and substituted "$60" for "$55", in cl. (1), substituted "the product of $30" for "the product of "$25" in par. (A) of cl. (1), and "including services which are provided by the staff of the State agency (or of the local agency administering the State plan in the political subdivision) to applicants for and recipients of old-age assistance to help them attain self-care" for "which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose" in cl. (3).

1954—Subsec. (b). Act Sept. 1, 1954, § 303(b), sub-

Subsec. (b)(1). Act Sept. 1, 1954, § 303(a), substituted "the State's proportionate share" for "one-half".

1952—Subsec. (a). Act July 18, 1952, increased Federal share of State's average monthly payment to four-fifths of the first $25 plus one-half of the remainder within individual maximums of $55, and changed formula for computing Federal share of public assistance for Puerto Rico and Virgin Islands.

1950—Act Aug. 26, 1950, substituted "Administrator" for "Board", and "he", "him" or "his" for "it", or polite

1946—Subsec. (a). Act Aug. 10, 1946, § 101(a), tempo-

1940—Subsec. (a). Act June 14, 1948, substituted "$50 and $20 for "$15.

1939—Act Aug. 10, 1939, amended section generally, including substitution of "$10 for "$30 in subsec. (a).
which were imposed or required by applicable State law on September 15, 1975, and (C) are no lower, in the case of any day care center or group day care home, than the corresponding standards actually being applied in such center or home on September 15, 1975.

(b) The amendments made by section 3 of this Act [amending this section and sections 602, 603, 606, 608, 609, 1308, 1315, 1316, 1320b note, and 1383 of this title, repealing sections 801 to 805 and 1320b of this title, and enacting provisions set out as notes under section 1320b and 1397a of this title] shall be effective with respect to payments under sections 402 and 603 of the Social Security Act [sections 603 and 633 of this title] for quarters commencing after September 30, 1975, except that the amendments made by section 3(a) [amending sections 602, 603, 606, and 629 of this title] shall not be effective with respect to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

Effective Date of 1972 Amendment
Section 301(e) of Pub. L. 92–512 provided that: "The amendments made by this section (other than by subsection (b)) [enacting section 1320b of this title and amending this section and sections 602, 1203, 1353, and 1333 of this title] shall be effective July 1, 1972, and the amendments made by subsection (b) [amending this section and sections 603, 1203, 1353, and 1333 of this title] shall be effective January 1, 1973."
under a State plan approved under title I, X, or XIV, as the case may be, of the Social Security Act [subchapter I, X, or XIV of this chapter]."

Section 5(c) of Pub. L. 87-31 provided that: "The amendments made by subsections (a) and (b) [amending this section] shall apply in the case of expenditures made after June 30, 1961, under a State plan approved under title I of the Social Security Act [this subchapter]."

**Effective Date of 1950 Amendment**

**Effective Date of 1958 Amendment**
Section 512 of Pub. L. 85-840 provided that: "Notwithstanding the provisions of sections 305 and 345 of the Social Security Amendments of 1956, as amended [set out as notes below], the amendments made by sections 501, 502, 503, 504, 505, and 506 [amending this section and sections 603, 1203, 1301, and 1335 of this title] shall be effective—

(a) in the case of money payments, under a State plan approved under title I, IV, X, or XIV of the Social Security Act [subchapter I, IV, X, or XIV of this chapter], for months after September 1958, and

(b) in the case of assistance in the form of medical or any other type of remedial care, under such a plan, with respect to expenditures made after September 1958.

The amendment made by section 506 [amending section 1301 of this title] shall also become effective, for purposes of title V of the Social Security Act [subchapter V of this chapter], for fiscal years ending after June 30, 1958. The amendments made by section 507 [amending section 1308 of this title] shall be effective for fiscal years ending after June 30, 1958. The amendment made by section 508 [amending section 1304 of this title] shall be effective for fiscal years ending after June 30, 1959. The amendment made by section 510 shall become effective October 1, 1958."

**Effective and Termination Date of 1956 Amendment**
Section 345 of act Aug. 1, 1956, provided that: "The amendments made by this part [part V (§§341-345) of title III of act Aug. 1, 1956, amending this section and sections 603, 1203, and 1335 of this title] shall become effective for the period beginning October 1, 1956, and ending with the close of June 30, 1959, and after such amendments cease to be in effect any provision of law amended thereby shall be in full force and effect as though this Act [July 18, 1952] had not been enacted."

**Effective Date of 1950 Amendment**
Section 302(b) of act Aug. 28, 1950, provided that: "The amendment made by subsection (a) [amending this section] shall take effect October 1, 1950."

**Effective Date of 1948 Amendment**
Section 3(d) of act June 14, 1948, provided that: "The amendments made by this section [amending this section and sections 603 and 1203 of this title] shall become effective on October 1, 1948."

**Effective and Termination Date of 1946 Amendment**
Section 504 of act Aug. 10, 1946, as amended by act Aug. 6, 1947, ch. 510, § 3, 61 Stat. 794, provided that: "Sections 501, 502, and 503 [amending this section and sections 603 and 1203 of this title] shall be effective with respect to the period commencing October 1, 1946, and ending on June 30, 1950."

**Effective Date of 1939 Amendment**
Section 102 of act Aug. 10, 1939, provided that the amendment made by that section is effective Jan. 1, 1940.

**Transfer of Functions**
Functions of Federal Security Administrator transferred to Secretary of Health, Education, and Welfare and all agencies of Federal Security Agency transferred to Department of Health, Education, and Welfare by section 5 of Reorg. Plan No. 1 of 1953. Secretary and Department of Health, Education, and Welfare redesignated Secretary and Department of Health and Human Services by section 509(b) of Pub. L. 96-88 which is classified to section 1901 of Title 20, Education.

**Nonduplication of Payments to States: Prohibition of Payments After December 31, 1969**
Prohibition of payments under this subchapter to States with respect to aid or assistance in form of medical or other type of remedial care for any period for which States received payments under subchapter XIX of this chapter or for any period after June 30, 1948, provided for in section 1335 of this title.

Money and Finance.
§ 304. Stopping payment on deviation from required provisions of plan or failure to comply therewith

In the case of any State plan which has been approved under this subchapter by the Secretary, if the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of such plan, finds—

(1) that the plan has been so changed as to impose any age, residence, or citizenship requirement prohibited by section 302(b) of this title, or that in the administration of the plan any such prohibited requirement is imposed, with the knowledge of such State agency, in a substantial number of cases; or

(2) that in the administration of the plan there is a failure to comply substantially with any provision required by section 302(a) of this title to be included in the plan;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure) until the Secretary is satisfied that such prohibited requirement is no longer so imposed, and that there is no longer any such failure to comply. Until he is so satisfied he shall make no further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure).


Repeal of Section

Pub. L. 92–603, title III, § 303(a), (b), Oct. 30, 1972, 86 Stat. 1494, provided that this section is repealed effective Jan. 1, 1974, except with respect to Puerto Rico, Guam, and the Virgin Islands.

Amendments

1968—Pub. L. 90–248 inserted "(or, in his discretion, that payments will be limited to categories under or parts of the State plan not affected by such failure)" after "further payments will not be made to the State" and substituted in last sentence "further payments to such State (or shall limit payments to categories under or parts of the State plan not affected by such failure)" for "further certification to the Secretary of the Treasury with respect to such State".

1960—Pub. L. 86–778 substituted "State plan which has been approved under this subchapter" for "State plan for old-age assistance which has been approved".

1953—Act Aug. 28, 1950, substituted "Administrator", for "Board", and "he", "him", or "his" for "it", or "its", wherever appearing.

Effective Date of 1960 Amendment


Transfer of Functions

Functions of Federal Security Administrator transferred to Secretary of Health, Education, and Welfare and all agencies of Federal Security Agency transferred to Department of Health, Education, and Welfare by section 5 of Reorg. Plan No. 1 of 1953, set out as a note under section 301 of this title, Federal Security Agency and office of Administrator abolished by section 8 of Reorg. Plan No. 1 of 1953. Secretary and Department of Health, Education, and Welfare redesignated Secretary and Department of Health and Human Services by section 509(b) of Pub. L. 96–88 which is classified to section 3508(b) of Title 20, Education.

§ 305. Omitted

Codification


§ 306. Definitions

(a) For the purposes of this subchapter, the term "old-age assistance" means money payments to, or (if provided in or after the third month before the month in which the recipient makes application for assistance) medical care in behalf of or any type of remedial care recognized under State law in behalf of, needy individuals who are 65 years of age or older, but does not include any such payments to or care in behalf of any individual who is an inmate of a public institution (except as a patient in a medical institution). Such term also includes payments which are not included within the meaning of such term under the preceding sentence, but which would be so included except that they are made on behalf of such a needy individual to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such needy individual, but only with respect to a State whose State plan approved under section 302 of this title includes provision for—

(1) determination by the State agency that such needy individual has, by reason of his physical or mental condition, such inability to manage funds that making payments to him would be contrary to his welfare and, therefore, it is necessary to provide such assistance through payments described in this sentence;

(2) making such payments only in cases in which such payments will, under the rules otherwise applicable under the State plan for determining need and the amount of old-age assistance to be paid (and in conjunction with other income and resources), meet all the need of the individuals with respect to whom such payments are made;

(3) undertaking and continuing special efforts to protect the welfare of such individual and to improve, to the extent possible, his capacity for self-care and to manage funds;

(4) periodic review by such State agency of the determination under paragraph (1) of this subsection to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1311 of this title, if and when it appears that such action will best serve the interests of such needy individual; and
(5) opportunity for a fair hearing before the State agency on the determination referred to in paragraph (1) of this subsection for any individual with respect to whom it is made.

At the option of a State (if its plan approved under this subchapter so provides), such term (1) need not include money payments to an individual who has been absent from such State for a period in excess of 90 consecutive days (regardless of whether he has maintained his residence in such State during such period) until he has been present in such State for 30 consecutive days in the case of such an individual who has maintained his residence in such State during such period or 90 consecutive days in the case of any other such individual, and (ii) may include rent payments made directly to a public housing agency on behalf of a recipient or a group or groups of recipients of assistance under such plan.


REPEAL OF SECTION

Pub. L. 92–603, title III, §303(a), (b), Oct. 30, 1972, 86 Stat. 1494, provided that this section is repealed effective Jan. 1, 1974, except with respect to Puerto Rico, Guam, and the Virgin Islands.

AMENDMENTS

1961—Subsecs. (b), (c), Pub. L. 97–35 struck out subsections (b) and (c) which defined “medical assistance for the aged” and “Federal medical percentage”, respectively.

1972—Subsec. (a). Pub. L. 92–603 authorized the State, at its option, to include within term “old-age assistance” provisions relating to money payments to an individual absent from such State for more than 90 consecutive days, and provisions relating to rent payments made directly to a public housing agency.

1965—Subsec. (a). Pub. L. 89–97, §221(a)(1), struck out from definition of “old-age assistance” the exclusion of (1) payments to or medical care in behalf of any individual who is a patient in an institution for tuberculosis or mental diseases, or (2) payments to any individual who has been diagnosed as having tuberculosis or psychosis and is a patient in a medical institution as a result thereof, or (3) medical care in behalf of any individual who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

Pub. L. 89–97, §402(a), extended definition of “old-age assistance” to include payments made on behalf of the recipient to an individual who (as determined in accordance with the standards prescribed by the Secretary) is interested in or concerned with the welfare of the recipient and inserted an enumeration of the five characteristics required of State plans under which such payments can be made, including provision for finding of inability to manage funds, payment to meet all needs, special efforts to protect welfare, periodic review, and opportunity for fair hearing.

Subsec. (b). Pub. L. 89–97, §§221(a)(2), 222(a), struck out from provision at end of cl. (12) excluding certain payments from definition of “medical assistance for the aged” payments with respect to care or services for any individual who is a patient in an institution for tuberculosis or mental diseases or for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, for forty-two days and inserted in text preceding cl. (1) “(except, for any month, for recipients of old-age assistance who are admitted to or discharged from a medical institution during such month)” after “who are not recipients of old-age assistance”, respectively.

1962—Subsec. (a). Pub. L. 87–543, §156(a)(1), inserted “(if provided in or after the third month before the month in which the recipient makes application for assistance)” before “medical care”.

Subsec. (b). Pub. L. 87–543, §156(a)(2), inserted “(if provided in or after the third month before the month in which the recipient makes application for assistance)” after “care and services”.

1960—Subsec. (a). Pub. L. 86–778, §601(c)(1), (2), designated existing provisions as subsec. (a) and inserted provisions excluding from definition of “old-age assistance” any care in behalf of any individual, who is a patient in a medical institution as a result of a diagnosis that he has tuberculosis or psychosis, with respect to any period after the individual has been a patient in an institution, as a result of such diagnosis, for forty-two days.

Subsecs. (b), (c). Pub. L. 86–778, §601(f)(2), added subsec. (b) and (c).

1950—Act Aug. 28, 1950, redefined “old-age assistance”.

1939—Act Aug. 10, 1939, inserted “ needy” before “individuals who”.

EFFECTIVE DATE OF 1965 AMENDMENT

Amendment by section 221 of Pub. L. 89–97 applicable in the case of expenditures made after Dec. 31, 1965, under a State plan approved under this subchapter, see section 222(e) of Pub. L. 89–97, set out as a note under section 302 of this title.

Section 222(c) of Pub. L. 89–97 provided that: “The amendments made by this section [amending this section and sections 1365 and 1385 of this title] shall apply in the case of expenditures under a State plan approved under title I or XVI of the Social Security Act [subchapter I or XVI of this chapter] with respect to care and services provided under such plan after June 1965.”

Section 802(e) of Pub. L. 89–97 provided that: “The amendments made by this section [amending this section and sections 1206, 1355, and 1385 of this title] shall apply in the case of expenditures made after December 31, 1965, under a State plan approved under title I, X, XIV or XVI of the Social Security Act [subchapter I, X, XIV, or XVI of this chapter].”

EFFECTIVE DATE OF 1962 AMENDMENT

Section 156(e) of Pub. L. 87–543 provided that: “The amendments made by this section [amending this section and sections 606, 1206, and 1355 of this title] shall apply in the case of applications made after September 30, 1962, under a State plan approved under title I, XIV or XVI of the Social Security Act [subchapter I, X, XIV, or XVI of this chapter].”

EFFECTIVE DATE OF 1960 AMENDMENT


EFFECTIVE DATE OF 1950 AMENDMENT

Section 303(b) of act Aug. 28, 1950, provided that: “The amendment made by subsection (a) amending this sec-
tion) shall take effect October 1, 1950, except that the exclusion of money payments to needy individuals described in clause (a) or (b) of section 6 of the Social Security Act as so amended [clauses (a) or (b) of this section] shall, in the case of any of such individuals who are not patients in a public institution, be effective July 1, 1952.'

SUBCHAPTER II—FEDERAL OLD-AGE, SURVIVORS, AND DISABILITY INSURANCE BENEFITS

AMENDMENTS


§ 401. Trust Funds

(a) Federal Old-Age and Survivors Insurance Trust Fund

There is hereby created on the books of the Treasury of the United States a trust fund to be known as the "Federal Old-Age and Survivors Insurance Trust Fund". The Federal Old-Age and Survivors Insurance Trust Fund shall consist of the securities held by the Secretary of the Treasury for the Old-Age Reserve Account and the amount standing to the credit of the Old-Age Reserve Account on the books of the Treasury on January 1, 1940, which securities and amount the Secretary of the Treasury is authorized and directed to transfer to the Federal Old-Age and Survivors Insurance Trust Fund, and, in addition, such gifts and bequests as may be made as provided in subsection (i)(1) of this section, and such amounts as may be appropriated to, or deposited in, the Federal Old-Age and Survivors Insurance Trust Fund as hereinafter provided. There is hereby appropriated to the Federal Old-Age and Survivors Insurance Trust Fund for the fiscal year ending June 30, 1941, and for each fiscal year thereafter, out of any moneys in the Treasury not otherwise appropriated, amounts equivalent to 100 per centum of—

(1) the taxes (including interest, penalties, and additions to the taxes) received under subchapter A of chapter 9 of the Internal Revenue Code of 1939 (and covered into the Treasury) which are deposited into the Treasury by collectors of internal revenue before January 1, 1951; and

(2) the taxes certified each month by the Commissioner of Internal Revenue as taxes received under subchapter A of chapter 9 of such Code which are deposited into the Treasury by collectors of internal revenue after December 31, 1950, and before January 1, 1953, with respect to assessments of such taxes made before January 1, 1951; and

(3) the taxes imposed by subchapter A of chapter 9 of such Code with respect to wages (as defined in section 1426 of such Code), and by chapter 21 (other than sections 3101(b) and 3111(b)) of the Internal Revenue Code of 1954 with respect to wages (as defined in section 3121 of such Code) reported to the Commissioner of Internal Revenue pursuant to section 1420(c) of the Internal Revenue Code of 1959 after December 31, 1950, or to the Secretary of the Treasury or his delegates pursuant to subtitle F of the Internal Revenue Code of 1954 after December 31, 1954, as determined by the Secretary of the Treasury by applying the applicable rates of tax under such subchapter or chapter 21 (other than sections 3101(b) and 3111(b)) to such wages, which wages shall be certified by the Commissioner of Social Security on the basis of the records of wages established and maintained by such Commissioner in accordance with such reports, less the amounts specified in clause (1) of subsection (b) of this section; and

(4) the taxes imposed by subchapter E of chapter 1 of the Internal Revenue Code of 1939, with respect to self-employment income (as defined in section 481 of such Code), and by chapter 2 (other than section 1401(b)) of the Internal Revenue Code of 1954 with respect to self-employment income (as defined in section 1402 of such Code) reported to the Commissioner of Internal Revenue on tax returns under such subchapter or to the Secretary of the Treasury or his delegate on tax returns under subtitle F of such Code, as determined by the Secretary of the Treasury by applying the applicable rate of tax under such subchapter or chapter (other than section 1401(b)) to such self-employment income, which self-employment income shall be certified by the Commissioner of Social Security on the basis of the records of self-employment income established and maintained by the Commissioner of Social Security in accordance with such returns, less the amounts specified in clause (2) of subsection (b) of this section.

The amounts appropriated by clauses (3) and (4) of this subsection shall be transferred from time to time from the general fund in the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, and the amounts appropriated by clauses (1) and (2) of subsection (b) of this section shall be transferred from time to time from the general fund in the Treasury to the Federal Disability Insurance Trust Fund, such amounts to be determined on the basis of estimates by the Secretary of the Treasury of the taxes, specified in clauses (3) and (4) of this subsection, paid to or deposited into the Treasury; and proper adjustments shall be made in amounts subsequently transferred to the extent prior estimates were in excess of or were less than the taxes specified in such clauses (3) and (4) of this subsection. All amounts transferred to either Trust Fund under the preceding sentence shall be invested by the Managing Trustee in the same manner and to the same extent as the other assets of such Trust Fund. Notwithstanding the preceding sentence, in any case in which the Secretary of the Treasury determines that the assets of either such Trust Fund would otherwise be inadequate to meet such Fund's obligations for any month, the Secretary of the Treasury shall transfer to such Trust Fund on the first day of such month the amount which would have been transferred to such Fund under this section as in effect on October 1, 1990; and such Trust Fund shall pay interest to the general fund on the amount so transferred on the first day of any month at a rate (calculated on a daily basis, and applied against the difference between the amount so transferred on such first day and the amount which would have been