November 14, 1979

The Honorable Patricia Harris
Secretary
Department of Health, Education
and Welfare
Washington, D.C. 20201

Dear Secretary Harris:

I am writing on behalf of Mr. Andrew Chang, Director of the State Department of Social Services and Housing, regarding your proposed regulations of September 25, 1979, which imposed stricter requirements on all states to reduce quality control error rates to 4% by September 30, 1982.

I understand that your regulations stem from the outgrowth of the Michael Amendment. However, I do want to share with you Mr. Chang's letter pointing out the extent of his concern that this is an "arbitrary and capricious" approach.

Within applicable rules and regulations, I would appreciate learning whether your Department has any flexibility on this matter and if not, what suggestions you might have in attempting to modify this situation.

For your information, I had hoped to take the leadership in modifying the Amendment, but, I was not able to be present at the debate.

Aloha,

DANIEL K. INOUYE
United States Senator

DKI:mcb
Enclosure
November 14, 1979

Mr. Andrew I. T. Chang  
Director  
Department of Social Services  
and Housing  
State of Hawaii  
P. O. Box 339  
Honolulu, Hawaii 96809

Dear Andy:

I wish to acknowledge receipt of your communication of November 5, 1979, informing me of your grave concern about the proposed regulation issued by the Department of Health, Education and Welfare, which would require all states to reduce their quality control error rates to 4% or face fiscal penalties.

Unfortunately, this is the result of the Michael Amendment which we attempted to remove during our recent deliberations on the Labor-HEW Appropriations bill. Representative Michael was extremely resistant to modifying his proposal.

I shall contact Secretary Harris on behalf of the State of Hawaii, but as we discussed earlier, this is an extremely difficult issue. I shall keep you informed of the Secretary's forthcoming reply.

Aloha,

DANIEL K. INOUYE  
United States Senator

DKI: mcb
November 5, 1979

Honorable Daniel K. Inouye
Senator, State of Hawaii
105 Russell Senate Office Building
Washington, D. C. 20510

Subject: Fiscal Disallowance and Payment Errors in AFDC and Medicaid Programs

Dear Senator Inouye:

We would appreciate your assistance in halting HEW's proposed regulations issued on September 25, 1979 which impose stricter requirements on all states to reduce quality control error rates to 4% by September 30, 1982 or face fiscal penalties. HEW informs us that it is under directive of Congress issued under the 1979 Supplemental Appropriations bill to impose the new error control requirement.

We would like to relay that the 4% requirement will have very serious impact on Hawaii's AFDC and Medicaid programs and we would most certainly want to avert any reduction in benefit levels to AFDC and Medicaid beneficiaries as a result of fiscal disallowance.

Current HEW regulations published as recently as March 7, 1979, providing relative standards, are much more reasonable and attainable. The regulations call for 6.4% error reduction rate for fiscal year 1980-1981 and reasonably recalculated for fiscal year 1982. The newly proposed HEW regulations require fixed reduction in equal amounts beginning fiscal year 1980. Prescription of rigid one-third reduction standard offers no consideration of the level of payment error reduction which can be achieved cost effectively. Moreover, the 4% raises the same issue in Maryland vs Matthews, U. S. District Court, D. C. in which the Court ruled on levels established as "arbitrary and capricious".

The issues heighten the need for a research plan by HEW to establish ultimate cost effective standard and take into consideration factors such as state case load and program characteristics. Hawaii's programs are most comprehensive, responsive to the needs of beneficiary population and accordingly, complex. These factors could significantly affect the error rates.
We would greatly appreciate your kind attention in nullifying HEW's proposed 4% quality control requirement. Implementation will adversely affect Hawaii's AFDC and Medicaid programs.

Thank you.

Sincerely yours,

Andrew I. T. Chang
Director
November 16, 1979

Mr. Andrew I. T. Chang
Director
Department of Social Services
and Housing
State of Hawaii
Honolulu, Hawaii 96813

Dear Andy:

I am writing in further reference to my correspondence of September 28, 1979, regarding the testimony you submitted at my request, in order to highlight the State's unfortunate experiences with the "work-related expense" item of the AFDC program.

I have enclosed for your files, a copy of a personal note that I received from Senator Daniel Moynihan, expressing his appreciation for your testimony. As you will also see, the Senate version of H.R. 3434, the adoption bill, does include a provision substituting a flat $70 monthly disregard for the itemized work expense deduction. Apparently, the roadblock lies with the House of Representatives. Since Congressman Heftel is on the House Ways and Means Committee, I would suggest that during one of his forthcoming visits home, you discuss this matter personally with him.

Aloha,

DANIEL K. INOUYE
United States Senator

DKI:mcb
Enclosure
November 16, 1979

Mr. Andrew I. T. Chang
Director
Department of Social Services
and Housing
State of Hawaii
Honolulu, Hawaii 96813

Dear Andy:

I am writing in further reference to my correspondence of September 28, 1979, regarding the testimony you submitted at my request, in order to highlight the State's unfortunate experiences with the "work-related expense" item of the AFDC program.

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Aloha,

DANIEL K. INOUYE
United States Senator

DKI:mcb
Enclosure
November 15, 1979

The Honorable Daniel Patrick Moynihan  
Chairman, Public Assistance Subcommittee  
Committee on Finance  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

I wish to acknowledge receipt of your thoughtful communication of November 1, 1979, regarding Mr. Andrew Chang's comments on the subject of the "work related expense" disregard in the A.F.D.C. program.

Your thoughtfulness in responding to Mr. Chang's comments is deeply appreciated.

Aloha,

DANIEL K. INOUYE  
United States Senator

DKI: mcb
November 1, 1979

Dear Dan:

I have delayed in responding to your thoughtful letter enclosing the testimony of Mr. Andrew Chang on the subject of the "work related expense" disregard in the A.F.D.C. program, because the Finance Committee was at work on precisely this issue in the context of H.R. 3434, the adoption bill. As you know, the version of that bill passed by the Senate last week included a provision substituting a flat $70 monthly disregard for the itemized work expense deduction. I believe this will go quite a distance toward dealing with Mr. Chang's and your concerns, although I should note that it is likely the House Ways and Means Committee will resist this change when the time comes for conference.

Best,

Honorable Daniel K. Inouye
United States Senate
Washington, D.C. 20510
September 28, 1979

The Honorable Daniel Patrick Moynihan
Chairman, Public Assistance Subcommittee
Committee on Finance
United States Senate
Washington, D.C.

Dear Mr. Chairman:

I am writing to bring to your attention, a copy of proposed testimony that Mr. Andrew I. T. Chang, Director of the State of Hawaii's Department of Social Services and Housing prepared, at my request, in order to highlight the State's unfortunate experiences with the "work-related expense" item, which is a portion of the earned income disregard for AFDC working families.

This is a matter that the State of Hawaii has long felt has been subject to much abuse and, accordingly, I asked Mr. Chang to put his thoughts down in writing. As you will see in reviewing his testimony, there has been a significant increase in work-related expenses during the past 27 months, after the U.S. District Court became actively involved in determining what work-related expenses might be.

Your personal assistance in exploring whether there might not be some legislative remedies to ensure that our present welfare programs do not encourage people to remain on the public dole, rather than obtain employment, would be most appreciated.

Aloha,

DANIEL K. INOYE
United Stated Senator

DKI:jmpl
Enclosure
The Honorable Warren G. Magnuson  
Chairman, Labor-HEW Subcommittee  
Committee on Appropriations  
United States Senate  
Washington, D.C.

Dear Mr. Chairman:

I am writing to bring to your attention, a copy of proposed testimony that Mr. Andrew I. T. Chang, Director of the State of Hawaii's Department of Social Services and Housing prepared at my request, in order to highlight the State's unfortunate experiences with the "work-related expense" item, which is a portion of the earned income disregard for AFDC working families.

This is a matter that the State of Hawaii has long felt has been subject to much abuse and, accordingly, I asked Mr. Chang to put his thoughts down in writing. As you will see in reviewing his testimony, there has been a significant increase in work-related expenses during the past 27 months, after the U.S. District Court became actively involved in determining what work-related expenses might be.

Your personal assistance in exploring whether there might not be some legislative remedies to ensure that our present welfare programs do not encourage people to remain on the public dole, rather than obtain employment, would be most appreciated.

Aloha,

DANIEL K. INOUYE  
United States Senator

Enclosure
September 28, 1979

Mr. Andrew I. T. Chang
Director
Department of Social Services and Housing
State of Hawaii
Honolulu, Hawaii 96813

Dear Andy:

I wish to acknowledge receipt of a copy of your prepared testimony on the matter of work-related expenses as a portion of the earned income disregard for AFDC working families.

Your assistance in pulling together the State of Hawaii's experience in this regard is deeply appreciated and you may be assured that I shall now formally share your report with Senator Warren G. Magnuson, Chairman of the Labor-HEW Appropriations Subcommittee, and Senator Daniel Moynihan, Chairman of the Welfare Subcommittee of the Finance Committee.

Aloha,

DANIEL K. INOUYE
United States Senator

DKI:jmpl
TESTIMONY ON WORK-RELATED EXPENSES

Mr. Chairman, members of the Senate Appropriations Committee, Aloha.

My name is Andrew Chang, and I am the Director of the Department of Social Services and Housing. I have been asked by our senator from Hawaii, the Honorable Daniel K. Inouye, to share with committee members, our experiences with the "work-related expense" item, which is that portion of the earned income disregard for AFDC working families.

A. Problem

Our concern is associated with escalating costs that have occurred with exceedingly high work expense claims, thereby "draining" the state's economy. In addition, income deductions have been increasing to nullify the impact of increased earnings. The work expense deduction has at least tripled over the past 27 months. Total work expense allowances have gone from $48,000 per month to over $200,000. To understand, therefore, our position in wanting to standardize the work expenses of AFDC working parents, it might be helpful to committee members if they had a historical background of our AFDC policies on work expenses.

B. Historical Background

Until May, 1976, employed persons in Hawaii, regardless of the assistance program, were permitted standardized work expense deduction of $33 and an additional allowance of $11 for transportation from rural to urban and vice-versa. However, according to the Supreme Court ruling, Shea vs. Vialpando, a fixed work expense allowance, not permitting expenses exceeding the standard, was in violation of Section 402(a)(7) of the Social Security Act. This section of the Social Security Act requires the State "to take into consideration ... any expenses reasonably attributable to the earnings of any such income".
Because of the above ruling, standardized work expense allowance for the AFDC program was suspended at the end of May, 1976. Instead, we promulgated new policies, stating that a reasonable amount paid for any of the following work expenses considered to be reasonably attributable to the earnings of income was to be deducted from the earnings:

1. Tools and equipment
2. Special uniform, work shoes
3. Union dues
4. Medical insurance
5. Transportation
6. Private employment agency fee

The recipient was expected to obtain verification that any of the above was a condition for employment before allowance was provided. The recipient, therefore, was to bear the burden of justifying the existence and need for all work expenses requested. Although the cost of child care incurred as a result of employment was not included in the content of work expenses, it was included in the social service content of services.

In December, 1976, several Hawaii recipients, through the Legal Aid Society, initiated a court suit against the Department, Perez vs. Chang, alleging that the Department had illegally failed to deduct from gross income all expenses reasonably attributable to the earning of income and that the Department imposed illegal verification requirements for all AFDC applicants and recipients. On September 26, 1977, the U. S. District Court entered a Judgment in Perez vs. Chang which permanently enjoined our Department from disallowing actual work-related expenses to be deducted from earned income of AFDC applicants and recipients. The court held that the Department should allow personal expenses and expenses of employment which are not personal. Another law suit, Von Hiram vs. Chang, decided that the Department must retroactively, from March 8, 1975 through September 25, 1977, deduct work-
related expenses from earned income essentially in conformance with requirements of Perez vs. Chang.

In essence, the Perez vs. Chang case required that:

1. Reasonable work-related expenses, such as meals, clothing, transportation, tools and equipment, medical insurance, union dues, private employment agency fee, transportation costs to call on customers, shall be allowed and deducted from earned income when the AFDC applicant or recipient supplies the agency with a work expense form provided by the worker and signed by the recipient. The recipient was to be the primary source of information in establishing his claim.

2. Verification of work expenses was required only on the specific claim/item which is found to be inconsistent and unreasonable so as to raise doubts on the validity of the claim.

C. Effect of Perez vs. Chang

The effect of the Perez vs. Chang decision has been larger claims for work expenses and therefore, increased payments. Another effect is that a working family with increasing income deductions has been "less apt to get off welfare". It might be interesting, therefore, to review some of the statistics available.

Our Research and Statistics Office has been collecting data on the working AFDC family and their income deductions since July, 1977. Eligibility workers enter this information on a computer worksheet, from which R&S has been extracting the monthly benefit payment file on work expenses each month. The work expense data is incomplete since many retroactive deductions are given through supplemental payment and, therefore, not identified on the database. However, the implications of the court decision are quite obvious, despite being understated.
1. The average work expense deduction per claimant increased 308% over a 20-month period from July, 1977 to February, 1979, the month for which we have the latest figures, unless otherwise indicated.

\[
\begin{array}{ccc}
\text{Per Claimant Per Month} & \text{Extended to 12 Months} \\
July, 1977 & $17.85 & $575,555 \\
February, 1979 & 72.90 & 2,438,942 \\
\end{array}
\]

Difference $55.05 or 308% $1,863,387 or 324%

2. Although the average earned income increased by 8.6%, the average net income decreased by 9.1%.

\[
\begin{array}{ccc}
\text{Earned Income} & \text{Net Income} \\
July, 1977 & $437.48 & $174.81 \\
February, 1979 & 474.95 & 160.18 \\
\end{array}
\]

Difference $34.47 or +8.6% $14.63 or -9.1%

3. The proportion of working families increased from 20.4% to 23.1% of the AFDC caseload.

4. As of February, 1979, the median length of time on welfare for working families was between 2 1/2 - 3 years and for non-working families, 1 1/2 - 2 years. Nearly 18% of the working families had been on assistance over 5 years compared to about 12.5% of the non-working families.

5. For the Fiscal year 1977-78, approximate work expense costs totalled $881,000. Average deduction ranged from $17.85 (7/77) to $48.69 (6/78), an increase of 173%.

a. As of December, 1978, work expense costs have totalled $954,000, the average cost increasing from $52.69 to $68.54, a 30% increase. Although total costs for FY 1978-79 are lacking, projected costs was estimated at $2.3 million, approximately 65% of this attributed to the court decision or $1.5 million.
As a comparison, for September, 1979, already $223,000 has been paid out for work expense claims, or an average of $81 per claim. Supplementary payments are not yet figured in this amount for September, 1979.

The next biennium projections for work expenses are as follows:

<table>
<thead>
<tr>
<th></th>
<th>FY 1979-80</th>
<th>FY 1980-81</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Costs</td>
<td>$2.6 million</td>
<td>$3.0 million</td>
</tr>
<tr>
<td>% Due to Court Decision</td>
<td>75%</td>
<td>78 1/2%</td>
</tr>
<tr>
<td>Cost Due to Court Decision</td>
<td>$1.96 million</td>
<td>$2.35 million</td>
</tr>
</tbody>
</table>

b. Average monthly work expenses claimed by working recipients:

- July, 1977 - $17.85 per case
- January, 1978 - $22.35 per case
- June, 1978 - $48.69 per case
- July, 1978 - $52.69 per case
- December, 1978 - $68.54 per case
- August, 1979 - $81.00 per case

6. Some clients are receiving exceedingly high work expense deductions. We noted a high of $988 recipient claims for two months, August, 1979 and September, 1979. Other highs were $772 for each of three months consecutive, $621 and $540 for two months; $481 for seven months; $310 for nine months; and $192 for 12 months. It is obvious that the system provides for inequitable allowances for work expenses among the recipients.

7. **Summary**

Table 1 depicts quarterly figures of the AFDC working population characteristics. It shows the increasing number of working families continuing to be on assistance. While amount of gross earnings
is increasing, it is being offset by working expense deductions being made from earnings, thus prolonging working families dependence and case life on welfare benefits and at the same time bringing the families' income (earnings plus welfare benefits in cash assistance, medicaid, and food stamps) well above the poverty level.

D. Examples of Work Expense Claims

1. Client is a self-employed architectural designer with a gross income amount of approximately $3,000 per month. His business expenses include costs of leasing a car for $175.00 a month, no-fault insurance policy, business trips to neighbor islands, entertainment expenses such as purchasing flower leis and/or lunches for his clients, gas expense incurred as a result of the business, etc. Net profit from his employment is computed by deducting expenses incurred as a result of the business from the gross income gained from the business. Earned income, therefore, is the net profit from his self-employment. It is then from this earned income that our Department computes the statutorily required income disregards of $30 plus 1/3 of the remaining balance as well as work expenses and mileage allowance to and from work. By the time all of these expenses are taken into account, the client remains eligible for welfare assistance.

2. In another situation, two persons are working in the family. The total gross earnings are $2,274 per month. They are receiving welfare supplementary benefits of $455 per month as well as $988 for work expenses claimed in each month of August, 1979 and September, 1979.
3. An attorney with gross earnings of $1,125 claims work expense of approximately $300 per month and with earned income disregards, the net budgetable income to determine welfare assistance is $150.

4. A security guard submitted work expense claims of $276 for December, 1978; $387 for January, 1979; $536 for February, 1979. However, in reviewing his work claim expenses, they were extremely high due to great mileage incurred - a round trip of 95 miles daily from Kohala to Kona Airport at $.17 a mile.

5. A client works four hours per day, from 9:30 - 1:30 p.m. He claims a 15-minute break at which time he states he has lunch. Were it not for the $2.00 work expense claim for lunch, he would be ineligible for welfare assistance.

E. Discussion

There has been a great increase in work expense claims because the court has liberally interpreted the law as to what the Department shall provide. By not allowing actual work-related expenses to be deducted from gross income after applicable disregards, the court has ruled that we have violated the Federal statutes. The court ruled that a reasonable amount for all meals during work hours must be provided - the Department has stated that as a guideline, an average of $2.00 per meal for all work meals will be provided but this amount can still be challenged by a claimant. In addition, the actual cost of transportation to and from work set at such amount per mile as is allowed by the federal Internal Revenue code (currently 17 cents per mile) must be provided. Therefore, for many working families, the work expense claim for transportation, particularly on the neighbor islands, is excessively high. If a client commutes 95 miles a day
at 17 cents a mile x 5 days a week for 4.33 weeks, he can claim a work expense allowance for transportation alone of $562 per month. Coupled with clothing and meals, there could be a sizeable work expense claim.

The biggest problem arises in relation to work clothing where the court has stated "a reasonable amount for clothing which would not have been purchased but for the employment whether or not the clothing may be also worn by the recipient outside of the employment". There are no guidelines on clothing; therefore, the Department is "grappling" with the problem of what is reasonable.

One of the biggest effects of the court suit has been the fact that the handling of work expense claims on the part of staff is laborious, time consuming, tedious, and difficult (because of judgment factors involved in determining "reasonableness"). The administration of work expenses involves a monthly review of approximately 4,000 work claims which have been itemized, then making the appropriate financial adjustments to meet these claims. It has been estimated that it takes at least 20 minutes of the worker's time to process one claim.

If the AFDC program is designed to provide financial assistance to needy families in order "to attain or retain capability for the maximum self-support and personal independence", this certainly is not the case in Hawaii. The fact that we have to determine the reasonableness of work-related expenses - "take into consideration any expenses reasonably attributable to the earning of income" - does not resolve the issue before us - shouldn't there be a standard work-related expense disregard rather than the current itemized work
expense disregard? This more restrictive disregard would perhaps assist us in reducing our costs as well as in simplifying the computation of claims.

In *Shea vs. Vialpando*, one of the arguments for "reasonable work expenses" is that "in keeping with the Act's purpose of encouraging employment even when the income produced thereby does not eliminate entirely the need for public assistance, it is recognized that a failure to consider work-related expenses can result in a disincentive to seek or retain employment". In our instance, working AFDC families are not apt to get off welfare assistance because of the reverse, which is that, with all the disregards, dependency on welfare assistance prevails. Under the current system, it would certainly encourage recipients to obtain a job if only to enjoy the disregard benefits!

F. Conclusion

Because of the rising costs of work expense claim to the state and, particularly, our Department, we seek your assistance in the passage of legislation which would standardize the work expenses of AFDC working parents. We feel that with the exception of child care expenses, work-related expenses should be figured as a fixed percentage of earned income rather than on an item-by-item basis. There is already a precedence, in the Food Stamp Program, where a standard earned income deduction of 20% of all gross earned income is recognized to compensate for taxes, other mandatory deductions from salary, and work expenses.
If we continue with the present situation, based on February, 1979's experience, this could mean a $2.4 million increase in AFDC expenditures over what would have been spent prior to the Perez vs. Chang decision.

It emphasizes our earlier point that income deductions are increasing to nullify the impact of increased earnings. Therefore, a working family with increasing income deductions is less apt to get off welfare. We think there is inequality and therefore, would like to obtain legislative support in standardizing the AFDC work expense.

Thank you.
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>BPF caseload ave. 1/</td>
<td>17,248</td>
<td>17,669</td>
<td>17,866</td>
<td>18,032</td>
<td>18,245</td>
<td>18,502</td>
<td>18,496</td>
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<tr>
<td>% with earned income</td>
<td>20.2</td>
<td>20.2</td>
<td>21.0</td>
<td>22.0</td>
<td>21.4</td>
<td>22.3</td>
<td>23.1</td>
</tr>
<tr>
<td>Freq. - cases with earnings</td>
<td>3,497</td>
<td>3,573</td>
<td>3,745</td>
<td>3,969</td>
<td>3,902</td>
<td>4,121</td>
<td>4,275</td>
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<tr>
<td>WE claimants</td>
<td>2,688</td>
<td>2,761</td>
<td>2,781</td>
<td>2,772</td>
<td>2,590</td>
<td>2,538</td>
<td>2,758</td>
</tr>
<tr>
<td>% Indiv. with El</td>
<td>75.6%</td>
<td>75.8%</td>
<td>72.7%</td>
<td>68.4%</td>
<td>65.1%</td>
<td>60.4%</td>
<td>63.2%</td>
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<tr>
<td>Average WE Claim</td>
<td>$17.89</td>
<td>$17.73</td>
<td>$27.23</td>
<td>$46.15</td>
<td>$56.41</td>
<td>$66.58</td>
<td>$72.07</td>
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<tr>
<td>Total WE deductions - 3 mos.</td>
<td>144,876</td>
<td>147,927</td>
<td>227,221</td>
<td>392,839</td>
<td>438,320</td>
<td>506,926</td>
<td>397,518</td>
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<tr>
<td>Ave. WE deductions for qtr.</td>
<td>48,292</td>
<td>49,309</td>
<td>75,740</td>
<td>130,946</td>
<td>146,167</td>
<td>168,975</td>
<td>198,759</td>
</tr>
<tr>
<td>Income - ave. per qtr.</td>
<td>$1,533,302</td>
<td>$1,599,339</td>
<td>$1,667,679</td>
<td>$1,795,734</td>
<td>$1,825,172</td>
<td>$1,961,925</td>
<td>$2,031,838</td>
</tr>
<tr>
<td>Deductions - ave. per qtr.</td>
<td>921,244</td>
<td>953,908</td>
<td>1,016,169</td>
<td>1,141,154</td>
<td>1,176,573</td>
<td>1,281,060</td>
<td>1,341,058</td>
</tr>
<tr>
<td>Net Income - ave. per qtr.</td>
<td>$612,058</td>
<td>$645,431</td>
<td>$651,510</td>
<td>$654,580</td>
<td>$648,599</td>
<td>$680,865</td>
<td>$690,780</td>
</tr>
<tr>
<td>Average Income per case</td>
<td>$438.06</td>
<td>$447.62</td>
<td>$455.31</td>
<td>$452.44</td>
<td>$467.75</td>
<td>$476.08</td>
<td>$475.28</td>
</tr>
<tr>
<td>Average net per case</td>
<td>$175.02</td>
<td>$180.64</td>
<td>$173.97</td>
<td>$164.92</td>
<td>$166.22</td>
<td>$165.22</td>
<td>$161.59</td>
</tr>
<tr>
<td>Percent net</td>
<td>40.0</td>
<td>40.4</td>
<td>39.1</td>
<td>36.5</td>
<td>35.5</td>
<td>34.7</td>
<td>34.0</td>
</tr>
</tbody>
</table>

1/ Caseload figures in the Monthly Benefit Payment File are approximately 2% lower than obligation figures.

2/ Amount remaining after all deductions. The amount counted in determining welfare eligibility.
August 3, 1979

Mr. Andrew I. T. Chang
Director
Department of Social Services
    and Housing
State of Hawaii
Honolulu, Hawaii 96813

Dear Andy:

I have enclosed, for your files, a copy of our conference report accompanying H.R. 4389, the Labor-HEW Appropriations Bill for Fiscal Year 1980.

On page 25, you will find the specific wording regarding the status of the Michel Amendment. You will also note that we expressly stated that "the conference agreement prohibits any reduction or elimination of benefits under these programs to those persons legitimately entitled to such benefits, and the conferees direct the Department not to undertake any action designed to contravene this requirement." (page 26)

I would suggest that during one of your forthcoming visits to Washington, D.C., it would be highly appropriate for you to share with the Senate Appropriations Committee your experiences in Hawaii with the "work-related expense" item.

Aloha,

Daniel K. Inouye
United States Senator

DKI: jmpl
Enclosure
February 4, 1980

Mr/ Paul Tharp, Director
Development and Community Relations
Castle Memorial Hospital
640 Ulukahiki Street
Kailua, Hawaii 96734

Dear Mr. Tharp:

I wish to acknowledge your telephone contact requesting information regarding the White House Conference on the Family.

On November 30, 1979, Honorable Patricia Harris officially opened the White House Conference on Families on behalf of President Jimmy Carter. It is the hope of the President that we reinforce the strengths and bolster the weaknesses of the American family.

Secretary Harris stated that the Department of Health and Human Services stands ready to listen to your ideas and suggestions and to incorporate them in its programs directed to the well-being of the families of America. Such programs as child care, housing, socio-economic opportunities, catastrophic medical cost coverages, and care for the elderly are a few of the many programs to which Mrs. Harris referred.

I am aware that you may have been a participant in the state and regional conferences held in the past few years. Accordingly, I wish to share with you the culmination of your work on the White House Conference. Hopefully, this culmination will mark the beginning of new and progressive legislation for programs suited to your needs to assist the American family.

I appreciate your communication of your needs. When announcements regarding the Regional Conferences are made, I will inform you of further developments. If I can be of further assistance to you, please do not hesitate to contact me.

Aloha,

DANIEL K. INOUYE
United States Senator
February 4, 1980

Mr. Richard Paglinawan  
Deputy Director  
Department of Social Services  
and Housing  
P.O. Box 339  
Honolulu, Hawaii  96809

Dear Mr. Paglinawan:

I wish to acknowledge the receipt of your letter regarding the announcement of the White House Conference on Families. Your thoughtful words are very much appreciated.

Be assured that you will be on the mailing list for pertinent literature. Should you desire specific information, please feel free to write to me.

Aloha,

DANIEL K. INOUYE  
United States Senator

DKI:rwd
Honorable Daniel K. Inouye
United States Senator
United States Senate
105 Russell Senate Office Bldg.
Washington, D. C. 20510

Dear Senator Inouye:

We appreciate your writing to share information on the White House Conference on Families. The purpose of the White House Conference on Families is very much in keeping with our Department's mission to provide services which will return individuals to a more productive way of life, assist those who are in need of protection, and overall strengthen and restore the family as a basic and valued institution.

As you may already know, the Honorable George Ariyoshi has appointed our Director, Mr. Andrew Chang, as the liaison to the Junior League of Honolulu, which is the State Coordinator for the White House Conference on Families. A staff member from our Department represents him on the State Advisory Committee for the White House Conference on Families and has been working closely with that body to plan for Hawaii's participation in the regional White House Conference on Families to be held in Los Angeles.

We are most grateful for the personal interest you have taken in keeping our Department apprised of matters of mutual concern which are occurring at the national level and look forward to Hawaii's participation in this Conference which we anticipate will offer creative programs designed to strengthen the all important family unit.

Thank you again for taking time from your busy schedule to write us to convey your interest in this Conference and to assure Hawaii's participation in an issue that is vital to so many of us both professionally and personally.

Sincerely,

Richard P. Paglinawan
Deputy Director
January 28, 1980

Mr. John M. Digman  
Department of Psychology  
University of Hawaii at Manoa  
2430 Campus Road  
Honolulu, Hawaii 96822

Dear Mohn:

I wish to acknowledge receipt of your thoughtful communication of January 18, 1980. Your kind words regarding my address at the Hawaii Psychological Association are deeply appreciated.

Your letter is actually extraordinarily timely. For some time now, Senator Inouye has been very concerned about the extent of child abuse/neglect or family violence in military families. As a result, he had a specific directive included in the Senate report accompanying the DoD Appropriations Bill for Fiscal Year 1980 (Public Law 96-154). As you will see in reviewing the enclosed material, Hawaii has been singled out for a special in-depth review.

In all candor, we did not think at that time, about the possibility of involving graduate student training stipends; however, there is no reason why this could not evolve. Andrew I. T. Chang, Director of the State Department of Social Services and Housing will be the key person for this particular initiative and, thus, I would suggest that you go down and meet with him personally to discuss this possibility.

I will be meeting with the GAO authorities within the next month here in Washington, D.C. and we will provide a report on that meeting to Andy. I do know that we are optimistic about having a contract evolve between the Department of Defense and the State of Hawaii. There is no reason why training funds could not be part of such a contract -- especially for evaluation purposes. Please give Andy a call and tell him that I suggested that you meet with him.

As soon as I am able to obtain a copy of an earlier GAO report on Child Advocacy Programs, I shall be sure to send it to you under separate cover.

Aloha,

PH: jmp1  
Enclosures

PATRICK H. DE LEON  
Executive Assistant
January 18, 1980

Dr. Pat De Leon
c/o Senator Daniel K. Inouye
U. S. Senate
Washington, D. C. 20510

Dear Pat:

I had a most interesting morning at Ft. Shafter, discussing the work at the Mental Health Clinic there, in particular the efforts of a team to reduce family and neighborhood violence in military housing here. One of my doctoral candidates in Social-Personality has been assisting them in their efforts here—apparently with some success.

The head of this project and I will continue to meet, exploring ways in which a mutually beneficial program could be worked out between Shafter and the University. Certainly, Ft. Shafter will be here for a long time, as will family violence in military housing. We expect the University to last, too. In other words, the ground looks good for a program which could go on for some time.

In these days of graduate student poverty I am interested in developing, with the assistance of others here, programs like this which reach out into the problems of the everyday world and put into effect principles of social psychology.

It may be very early on, but can you refer me to any Defense Department agency interested in such programs, especially one which would have training spots built into it? I'd be very grateful.

I was very sorry to have been out of time at a meeting at UCLA when you gave your talk to HPA. From all accounts it was very interesting and well received.

Katarina, whom you may remember, sends her best wishes.

Regards,

John M. Digman

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