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THE WHITE HOUSE
WASHINGTON

June 28, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF
FROM: JIM CANNON *Art Starn*
SUBJECT: Income Assistance Simplification Act *For Jim Cannon*

As you know, we have so far failed to find a sponsor for the Income Assistance Simplification Act (fact sheet and Presidential message attached). However, we should try to send it up before the recess if at all possible. Can you suggest either a sponsor or someone to introduce it?

Attachments





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

Honorable Carl Albert
Speaker of the House of
Representatives
Washington, D. C. 20515

Dear Mr. Speaker:

Enclosed for the consideration of the Congress is a draft bill "To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs." This bill--the Income Assistance Simplification Act--would enable the President to make improvements in these programs as explained in his message to the Congress of this date.

The basic objective of the enclosed bill is to provide a mechanism for simplifying, rationalizing, and making more understandable our major income assistance programs (for example, aid to families with dependent children, the work incentive program, supplemental security income, the food stamp program, and various housing programs). Accordingly, the bill sets forth a means by which modifications could be developed from a single, broad perspective that would accommodate the objectives and requirements of individual programs while improving the relationship of each program to the income assistance system as a whole. The proposal is intended to permit management and structural reform; the authority in the bill is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor to serve as a means of bringing about Federal assumption of total responsibility for the welfare system.

The Federal Government currently operates or supports various programs intended to provide the necessities of life to individuals and families unable to provide for themselves. These programs, however, are difficult to coordinate for various reasons, including diverse statutory requirements, fragmented congressional committee jurisdictions, and multiple administering agencies, as well as the variety of ends they are supposed to serve.

The individual Federal income assistance programs were enacted and amended at different times over the course of the years to meet specific concerns and needs, often without sufficient regard to other programs with the same or similar general objectives. As a result, requirements

and benefits of individual programs are often unrelated, or only superficially related, to those of the others. This has given rise to inequities in the treatment of people in similar circumstances, inconsistencies in eligibility requirements, and operating complexities. Moreover, Federal income assistance programs serve an overlapping population, often provide duplicative benefits, and sometimes have the effect of actually deterring people who are willing to work from seeking work.

Under the proposed legislation, the President would examine specified national means-tested income assistance programs and could make modifications in their operation, in their statutory provisions, and in the organization of the agencies administering those programs, to promote the following fundamental objectives:

- Achievement of more equal treatment of recipients with identical needs.
- Focusing of resources on those most in need.
- Assurance that the programs do not deter those able to work from engaging in productive employment.
- Simplification of administration and organization, and reduction in excessive reporting and procedural requirements, thereby reducing administrative costs.
- Achievement of a system that is understandable to the public.

Any modification to be made by the President would first be published in the Federal Register, and interested parties would be given 30 days to submit comments. The modification would then be transmitted by the President to the Congress, and would take effect 60 days after transmittal, unless legislation to the contrary were enacted into law.

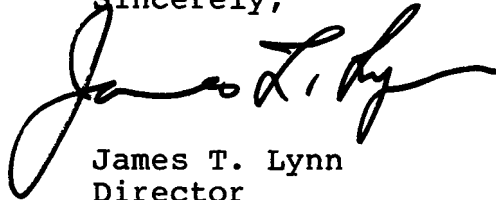
The enclosed "Income Assistance Simplification Act" embodies a new approach to reform of income assistance programs without fundamentally restructuring programs all at once or eliminating efforts to make specific improvements in individual programs. This approach provides a basis for new solutions to problems in this area by moving the current separate and conflicting income assistance programs toward a consistent system.

Each modification presented by the President would be considered within the context of overall income assistance

policy and yet analyzed and dealt with on its individual merits. The result will be a sounder, more rational and effective structure of income assistance for needy Americans.

The draft bill is described in greater detail in the enclosed summary. We urge its prompt and favorable consideration by the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Lynn". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

James T. Lynn
Director

SUMMARY OF THE INCOME ASSISTANCE SIMPLIFICATION ACT

The Act would authorize the President to modify statutory provisions, revise program operations, and adjust agencies' organizational arrangements in order to provide greater efficiency and equity in major Federal income assistance programs. The authority proposed in the Act is intended to permit management and structural reform; it is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor of bringing about Federal assumption of total responsibility for the welfare system.

Programs covered by the Act

The programs covered under the Act are those major national means-tested income assistance programs of broad application:

- the program of Aid to Families with Dependent Children (AFDC),
- the Work Incentive Program (WIN),
- the Supplemental Security Income Program (SSI),
- the food stamp program, and
- public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the Act.

Purpose

Section 2 of the Act sets forth the policies to be carried out with respect to Federal income assistance programs, including ensuring that the operation of those programs is effective and equitable, that the relationships among those programs are rational and equitable, that resources are focused on the most needy, that those programs do not deter individuals who are able to work from engaging in productive employment, and that those programs are readily understandable and are administered and organized efficiently and effectively.

The section states that it is the purpose of the Act to provide for carrying out these policies consistent with the fundamental purposes of the affected income assistance programs, and declares that this purpose can be achieved effectively by proceeding under the Act.

It is not intended to use the authority under the Act to transform the essential character of any of the programs covered under the Act; that is, the resources of the AFDC program would continue to provide cash assistance only to low-income needy families with dependent children; the WIN program would continue to finance programs to help AFDC applicants and recipients obtain employment; the SSI program would provide cash assistance only to low-income needy elderly, disabled, or blind persons; the food stamp program would provide assistance to enable low-income needy individuals and families to have an opportunity to purchase nutritionally adequate food; and the specified housing programs would provide assistance to low-income needy individuals and families only to obtain adequate housing.

Income Assistance Program Modifications

Section 3(a) requires the President, from time to time, to examine the operations and statutory provisions for the programs covered under the Act, as well as the organizations of the agencies responsible for administering them, and to determine what changes in such operations, statutory provisions, and agency organizations are necessary to carry out any of the policies set forth in the Act.

Under section 3(b), whenever the President finds that changes are needed to carry out any of the policies of the Act, he would prepare an Income Assistance Program Modification which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

The Modification could be designed to correct such problems as: the use of inconsistent asset tests in determining eligibility of individuals and families for SSI, food stamps, and public housing; complexities in the treatment of resources of persons in a household who are not all eligible for benefits; a lessening of work incentives for a recipient of aid under two or more programs by an excessive reduction of benefits because of additional earned income; and differences among programs in definitions of "aged" and "households".

Section 3(c) provides that a Modification could not terminate any of the specified programs before their statutory termination dates, or extend such programs beyond their termination dates.

Section 3(d) provides that a Modification may, as the President considers necessary, provide for the transfer of records, property, personnel, unexpended balances of appropriations, and other funds that are affected by a Modification.

Effective Date and Publication of Modifications

Section 4 of the Act provides that any Modification prepared pursuant to the authority under the Act must be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. It is intended that during this period there would be consultations with appropriate congressional committees and with officials of State and local governments on the changes being proposed.

After the close of the comment period, the Modification would be transmitted to the Congress by the President, while both Houses are in session, with appropriate changes based on the comments received. The Modification would have to be accompanied by a declaration that each change included in the Modification has been found by the President to be necessary to achieve a policy set forth in the Act.

A Modification prepared under the Act would become effective at the end of the first period of 60 calendar days of continuous session of the Congress after the date on which the Modification is transmitted to it, unless legislation to the contrary were enacted into law.

Effect on Other Laws and Pending Legal Proceedings

Section 5 provides that:

-- affected statutes and regulations will continue in effect except to the extent changed by a Modification.

-- any provision of a Modification which becomes effective will supersede any inconsistent provision of law, and any regulation or other action affected by a Modification will be deemed to be modified to eliminate any inconsistency.

-- no pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.

Termination of Authority

Section 6 provides that the President may transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.

A BILL

To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
That this Act may be cited as the "Income Assistance Simplification Act".

PURPOSE

SEC. 2. (a) The Congress declares that it is the policy of the United States with respect to income assistance programs of the Federal Government --

(1) to ensure that the operation of those programs is effective and equitable,

(2) to make the relationships among those programs rational and equitable,

(3) to eliminate inconsistencies in those programs so that individuals and families in like circumstances may be treated similarly and equitably,

(4) to focus resources available for those programs on those persons who are most in need,

(5) to assure that those programs do not deter individuals who are able to work from obtaining appropriate skills and engaging in productive employment,

(6) to reduce the complexity of those programs so that they will be readily understandable to beneficiaries and the public, and

(7) to improve the administration of those programs and the organization of agencies responsible for their implementation so that they are carried out efficiently and effectively.

(b) It is the purpose of this Act to provide for the carrying out of the policies set forth in subsection (a), consistent with the fundamental purposes of the income assistance programs of the Federal Government. The Congress declares that this purpose can be achieved effectively by proceeding under this Act.

INCOME ASSISTANCE SIMPLIFICATION

SEC. 3 (a) The President shall from time to time examine the operation of, the provisions of law governing, and the organization of the agencies responsible for administering --

(1) the program of aid to families with dependent children authorized by Title IV-A of the Social Security Act,

(2) the work incentive program authorized by Title IV-C of the Social Security Act,

(3) the program of supplemental security income for the aged, blind, and disabled authorized by Title XVI of the Social Security Act,

(4) the food stamp program authorized by the Food Stamp Act of 1964,

(5) the housing programs authorized by the United States Housing Act of 1937,

(6) the program of rental and cooperative housing for lower income families authorized by section 236 of the National Housing Act,

(7) the program of financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing, authorized by section 101 of the Housing and Urban Development Act of 1965, and

(8) the program of rural rental assistance authorized by section 521(a)(2) of the Housing Act of 1949,

and shall determine what changes are necessary in the operation of such programs, the provisions of law governing such programs, or the organization of the agencies responsible for administering such programs, to carry out any of the policies set forth in section 2(a).

(b) Whenever the President, after examination, finds that such changes are necessary to carry out any of the policies set forth in section 2(a), he shall prepare an Income Assistance Program Modification specifying

the changes he finds are necessary. Except as provided in subsection (c), a Modification may --

(1) modify the eligibility requirements for a program enumerated in subsection (a),

(2) modify the benefits provided under a program enumerated in subsection (a), including the level of benefits or the determination of benefit amounts,

(3) modify the administration of a program enumerated in subsection (a), including the terms and conditions of participation by States and localities in that program, or

(4) modify the organization of agencies administering the programs enumerated in subsection (a), including transfer and consolidation of organizations and functions within and between such existing agencies.

(c) Notwithstanding the provisions of subsection (b), no Modification may --

(1) terminate a program enumerated in subsection (a) before the date it would have terminated if the Modification had not been made, or

(2) extend a program enumerated in subsection (a) beyond the date it would have terminated if the Modification had not been made.

(b) A Modification prepared by the President may, as he considers necessary --

(1) provide for the transfer or other disposition of records, property, and personnel affected by such Modification, and

(2) provide for the transfer of such unexpended balances of appropriations and of other funds available for use in connection with a program, organization, or function affected by such Modification.

EFFECTIVE DATE AND PUBLICATION
OF MODIFICATIONS

SEC. 4. (a) Any Modification prepared pursuant to section 3 shall be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. After the close of the comment period, the President shall transmit the Modification, with such changes as he determines appropriate on the basis of the comments received, to both Houses of Congress on the same day and to each House while it is in session. The Modification shall be accompanied by a declaration that, with respect to each change included in the Modification, he has found that the change is necessary to achieve a policy set forth in section 2(a).

(b) Except as provided in subsection (c), a Modification shall be effective at the end of the first period of 60 calendar days of continuous session of Congress

after the date on which the Modification is transmitted to it. For purposes of this subsection --

(1) continuity of session is broken only by an adjournment of Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60 day period.

(c) A provision of a Modification may, under provisions contained in the Modification, be effective at a time later than the date on which the Modification otherwise is effective.

(d) A Modification which is effective shall be printed in (1) the Statutes at Large in the same volume as the public laws, and (2) the Federal Register.

EFFECT ON OTHER LAWS AND PENDING LEGAL PROCEEDINGS

SEC. 5. (a) A statute enacted, a regulation issued, or other official action taken in respect to an agency or function affected by a Modification under this Act before the effective date of the Modification has, except to the extent rescinded or modified by the Modification, the same effect as if the Modification had not been made.

(b) If any provision of a Modification which becomes effective under this Act is inconsistent with any provision of any statute enacted prior to the effective

date of the Modification, the provision of the Modification shall control to the extent that such Modification specifies the provision of the statute to be superseded.

(c) Any regulation issued or other action taken with respect to any matter affected by a Modification which becomes effective under this Act shall be deemed to be modified to the extent of any inconsistency thereof with the Modification but shall otherwise continue in effect.

(d) No legal proceeding involving any officer in his official capacity as an officer of any agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. Legal proceedings may be asserted by or against the United States or such official of the agency as may be appropriate and, in any litigation pending when this Act takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(e) If, before the date on which this Act takes effect, any agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such agency or officer is transferred to any other agency or official, then such suit shall be continued, with the successor agency or official, as

the case may be, substituted as if this Act had not been enacted.

TERMINATION OF AUTHORITY

SEC. 6. A Modification may take effect only if the Modification is transmitted to the Congress, pursuant to section 4, prior to October 1, 1981.



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

Honorable Nelson A. Rockefeller
President of the Senate
Washington, D. C. 20510

Dear Mr. President:

Enclosed for the consideration of the Congress is a draft bill "To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs." This bill--the Income Assistance Simplification Act--would enable the President to make improvements in these programs as explained in his message to the Congress of this date.

The basic objective of the enclosed bill is to provide a mechanism for simplifying, rationalizing, and making more understandable our major income assistance programs (for example, aid to families with dependent children, the work incentive program, supplemental security income, the food stamp program, and various housing programs). Accordingly, the bill sets forth a means by which modifications could be developed from a single, broad perspective that would accommodate the objectives and requirements of individual programs while improving the relationship of each program to the income assistance system as a whole. The proposal is intended to permit management and structural reform; the authority in the bill is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor to serve as a means of bringing about Federal assumption of total responsibility for the welfare system.

The Federal Government currently operates or supports various programs intended to provide the necessities of life to individuals and families unable to provide for themselves. These programs, however, are difficult to coordinate for various reasons, including diverse statutory requirements, fragmented congressional committee jurisdictions, and multiple administering agencies, as well as the variety of ends they are supposed to serve.

The individual Federal income assistance programs were enacted and amended at different times over the course of the years to meet specific concerns and needs, often without sufficient regard to other programs with the same or similar general objectives. As a result, requirements

and benefits of individual programs are often unrelated, or only superficially related, to those of the others. This has given rise to inequities in the treatment of people in similar circumstances, inconsistencies in eligibility requirements, and operating complexities. Moreover, Federal income assistance programs serve an overlapping population, often provide duplicative benefits, and sometimes have the effect of actually deterring people who are willing to work from seeking work.

Under the proposed legislation, the President would examine specified national means-tested income assistance programs and could make modifications in their operation, in their statutory provisions, and in the organization of the agencies administering those programs, to promote the following fundamental objectives:

- Achievement of more equal treatment of recipients with identical needs.
- Focusing of resources on those most in need.
- Assurance that the programs do not deter those able to work from engaging in productive employment.
- Simplification of administration and organization, and reduction in excessive reporting and procedural requirements, thereby reducing administrative costs.
- Achievement of a system that is understandable to the public.

Any modification to be made by the President would first be published in the Federal Register, and interested parties would be given 30 days to submit comments. The modification would then be transmitted by the President to the Congress, and would take effect 60 days after transmittal, unless legislation to the contrary were enacted into law.

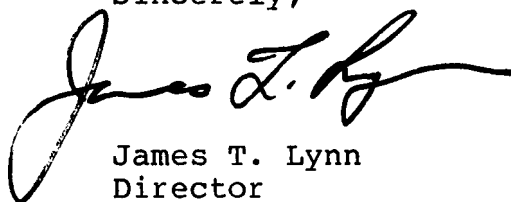
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Each modification presented by the President would be considered within the context of overall income assistance policy and yet analyzed and dealt with on its individual

merits. The result will be a sounder, more rational and effective structure of income assistance for needy Americans.

The draft bill is described in greater detail in the enclosed summary. We urge its prompt and favorable consideration by the Congress.

Sincerely,

A handwritten signature in black ink, appearing to read "James T. Lynn", with a long, sweeping horizontal stroke extending to the right.

James T. Lynn
Director

SUMMARY OF THE INCOME ASSISTANCE SIMPLIFICATION ACT

The Act would authorize the President to modify statutory provisions, revise program operations, and adjust agencies' organizational arrangements in order to provide greater efficiency and equity in major Federal income assistance programs. The authority proposed in the Act is intended to permit management and structural reform; it is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor of bringing about Federal assumption of total responsibility for the welfare system.

Programs covered by the Act

The programs covered under the Act are those major national means-tested income assistance programs of broad application:

- the program of Aid to Families with Dependent Children (AFDC),
- the Work Incentive Program (WIN),
- the Supplemental Security Income Program (SSI),
- the food stamp program, and
- public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the Act.

Purpose

Section 2 of the Act sets forth the policies to be carried out with respect to Federal income assistance programs, including ensuring that the operation of those programs is effective and equitable, that the relationships among those programs are rational and equitable, that resources are focused on the most needy, that those programs do not deter individuals who are able to work from engaging in productive employment, and that those programs are readily understandable and are administered and organized efficiently and effectively.

The section states that it is the purpose of the Act to provide for carrying out these policies consistent with the fundamental purposes of the affected income assistance programs, and declares that this purpose can be achieved effectively by proceeding under the Act.

It is not intended to use the authority under the Act to transform the essential character of any of the programs covered under the Act; that is, the resources of the AFDC program would continue to provide cash assistance only to low-income needy families with dependent children; the WIN program would continue to finance programs to help AFDC applicants and recipients obtain employment; the SSI program would provide cash assistance only to low-income needy elderly, disabled, or blind persons; the food stamp program would provide assistance to enable low-income needy individuals and families to have an opportunity to purchase nutritionally adequate food; and the specified housing programs would provide assistance to low-income needy individuals and families only to obtain adequate housing.

Income Assistance Program Modifications

Section 3(a) requires the President, from time to time, to examine the operations and statutory provisions for the programs covered under the Act, as well as the organizations of the agencies responsible for administering them, and to determine what changes in such operations, statutory provisions, and agency organizations are necessary to carry out any of the policies set forth in the Act.

Under section 3(b), whenever the President finds that changes are needed to carry out any of the policies of the Act, he would prepare an Income Assistance Program Modification which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

The Modification could be designed to correct such problems as: the use of inconsistent asset tests in determining eligibility of individuals and families for SSI, food stamps, and public housing; complexities in the treatment of resources of persons in a household who are not all eligible for benefits; a lessening of work incentives for a recipient of aid under two or more programs by an excessive reduction of benefits because of additional earned income; and differences among programs in definitions of "aged" and "households".

Section 3(c) provides that a Modification could not terminate any of the specified programs before their statutory termination dates, or extend such programs beyond their termination dates.

Section 3(d) provides that a Modification may, as the President considers necessary, provide for the transfer of records, property, personnel, unexpended balances of appropriations, and other funds that are affected by a Modification.

Effective Date and Publication of Modifications

Section 4 of the Act provides that any Modification prepared pursuant to the authority under the Act must be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. It is intended that during this period there would be consultations with appropriate congressional committees and with officials of State and local governments on the changes being proposed.

After the close of the comment period, the Modification would be transmitted to the Congress by the President, while both Houses are in session, with appropriate changes based on the comments received. The Modification would have to be accompanied by a declaration that each change included in the Modification has been found by the President to be necessary to achieve a policy set forth in the Act.

A Modification prepared under the Act would become effective at the end of the first period of 60 calendar days of continuous session of the Congress after the date on which the Modification is transmitted to it, unless legislation to the contrary were enacted into law.

Effect on Other Laws and Pending Legal Proceedings

Section 5 provides that:

-- affected statutes and regulations will continue in effect except to the extent changed by a Modification.

-- any provision of a Modification which becomes effective will supersede any inconsistent provision of law, and any regulation or other action affected by a Modification will be deemed to be modified to eliminate any inconsistency.

-- no pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.

Termination of Authority

Section 6 provides that the President may transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.

MESSAGE ON INCOME ASSISTANCE

I am today submitting to the Congress my proposed Income Assistance Simplification Act.

The purpose of this Act is to improve the effectiveness of our major income assistance programs. I would authorize Presidential action to modify these diverse programs so that they can be shaped into a more coherent effort by the Federal Government to assist persons in need. The Act addresses problems of overlapping responsibility, inconsistent objectives, and inefficient administration which plague these programs as they operate today.

It should be understood that I do not view this proposal as the complete answer to the many failings of our welfare "system," but I believe it is an important and necessary interim step toward correcting some of those defects.

The current array of welfare programs is the product of a long and proud tradition of helping the least fortunate among us. It is a tradition encompassing many sources of aid -- that from family, friends, churches, voluntary organizations, and increasingly from Federal, State and local governments. It includes assistance in many forms -- cash, food stamps, health care, day care for young children, hot meals for the elderly, and special equipment for the disabled.

As our nation's wealth has increased, the Federal Government has taken an ever increasing role in extending aid to

the needy. During the 1960's, a virtual flood of social legislation created new programs to provide assistance to the poor. Many of these programs were directed at solving a specific problem for a designated group of needy individuals. Unfortunately, as new programs came into being, very little consideration was given to how any one program blended with other programs already in operation.

Not surprisingly, the welfare "system" which resulted is a complex, disjointed mix of Federal, State and local programs and responsibilities.

These programs currently receive more than \$26 billion annually in Federal funds. They are inefficient and costly to administer. They collectively confuse the recipient, the caseworker, the program administrator, and the taxpayer. Worse yet, the inequities and inconsistencies sometimes have the undesirable effects of discouraging work and promoting a breakdown of the family unit.

The nature and extent of the problems with the welfare "system" are fairly well understood. The real difficulty lies in developing workable and acceptable solutions.

The entire welfare system has come increasingly under suspicion and attack by many Americans, particularly those who have worked so hard on their own to attain a degree of economic security. They may not begrudge the use of their tax dollars to help the truly unfortunate, but they have come

to view most recipients suspiciously, as likely chiselers or abusers of the system. This trend is very disturbing. But, in plain fact, the programs are failing to achieve their purposes, they do not focus on those with greatest need, and they tend to encourage abuse. Worst of all, the accumulated shortcomings constitute an inadvertent assault on our traditional values of family, work, and individual responsibility.

In some situations welfare families can receive benefits from a combination of programs which total more than \$10,000, while persons elsewhere with identical needs receive far less. In other situations, persons receiving welfare are discouraged from seeking work because they would lose in benefits nearly as much as they would take home in their paycheck. The fact that the system sometimes encourages families to separate, divorce, or dishonestly say that they have done so both demeans the individuals and works against the best long-range interests of us all.

It is no wonder that the welfare system is under attack. But our response must not be to punish the great majority of persons on welfare who are truly needy, who cannot work, or who are unable to earn enough to meet minimum needs. What we must do is to change the system. The question is how.

Some would argue that comprehensive and fundamental reform is the answer. Others view legislative changes to

existing programs as a more viable route. I see problems with both of these alternatives.

Several major welfare reform initiatives have been introduced without success in recent years by persons of varying political persuasions. Most proposed changes are attacked by one group arguing that benefits would be reduced or denied to current recipients, while simultaneously others argue that the change would provide excessive benefits, or that its net cost is too high.

Another obstacle to programmatic reform is that no single committee in either House of Congress has legislative jurisdiction broad enough to cover all the current income assistance programs.

Because of the shortcomings of both the comprehensive reform approach and the legislative amendment approach to improving the welfare system, I am proposing the Income Assistance Simplification Act. As I stated earlier, I do not view this proposal as the final word on welfare reform, but only as a beginning.

This Act would authorize the President to modify our major income assistance programs:

- o The program of Aid to Families with Dependent Children (AFDC)
- o The Work Incentive Program (WIN)
- o The Supplemental Security Income Program (SSI)

- o The Food Stamp Program
- o The public housing, Section 8 rental assistance, and urban and rural rent supplement programs

The following objectives would be pursued under the Act:

- o To focus resources on those with greatest need;
- o To treat in an equitable fashion those individuals and families in similar circumstances;
- o To assure that individuals able to work are not deterred from obtaining appropriate skills and engaging in productive employment;
- o To make the programs less complex and more understandable to beneficiaries and to the public; and
- o To improve efficiency and effectiveness by simplifying the operation and administration of the programs.

Under the proposed Act, the President would examine the operations, statutory provisions, and organizational structures of the programs involved. Modifications consistent with the stated purposes could be made by the President in eligibility requirements, benefits, program administration, and the organization of administering agencies.

A proposed Modification would be published in the Federal Register for at least thirty days of public review and comment. Subsequently, appropriate changes based on comments

received would be made and the Modification transmitted to the Congress. The Modification would become effective after sixty days unless legislation to the contrary were enacted into law.

It should be made clear that the authority in the proposed legislation could not be used to change the basic purposes of any of the covered programs. Nor is it the intent of this legislation either to provide a vehicle for cutting back the budget for income assistance or to "Federalize" ~~the~~ ^{bring about Federal} ~~assumption of total responsibility for the~~ welfare system. Instead, as I have already stated, the fundamental purpose is to improve the equity, the effectiveness, and the results of an overly complex and too often ineffective system.

As we continue to seek the best means for improving the welfare system over the long term, I urge the Congress to give prompt, careful, and favorable consideration to the Income Assistance Simplification Act.

6/14/76

April 5, 1976

FACT SHEET

INCOME ASSISTANCE SIMPLIFICATION ACT

The President is today proposing the Income Assistance Simplification Act which will provide a mechanism for simplifying, rationalizing, and making more understandable the major income assistance programs of the Federal Government.

BACKGROUND

The Federal Government currently operates or supports various programs intended to provide the necessities of life to individuals and families unable to provide for themselves. These programs, however, are difficult to coordinate for various reasons, including diverse statutory requirements, fragmented congressional committee jurisdictions, and multiple administering agencies, as well as the variety of ends they are supposed to serve.

The individual Federal income assistance programs were enacted and amended at different times over the course of the years to meet specific concerns and needs, often without sufficient regard to other programs with the same or similar general objectives. As a result, requirements and benefits of individual programs are often unrelated, or only superficially related, to those of the others. This has given rise to inequities in the treatment of people in similar circumstances, inconsistencies in eligibility requirements, and operating complexities. Moreover, Federal income assistance programs serve an overlapping population, often provide duplicative benefits, and sometimes have the effect of actually deterring people who are willing to work from seeking work.

DESCRIPTION OF PROPOSAL

This legislation sets forth a means by which modifications in Federal income assistance programs could be developed from a single, broad perspective that would accommodate



the objectives and requirements of individual programs while improving the relationship of each program to the income assistance system as a whole. The proposal is intended to permit management and structural reform; the authority in the bill is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor to serve as a means of achieving Federal assumption of total responsibility for the welfare system.

bringing about

I. OBJECTIVES OF THE ACT

Under the proposed legislation, the President would examine specified national means-tested income assistance programs and could make modifications in their operation, in their statutory provisions, and in the organization of the agencies administering those programs, to promote the following fundamental objectives:

- Achievement of more equal treatment of recipients with identical needs.
- Focusing of resources on those in need.
- Assurance that the programs do not deter those able to work from engaging in productive employment.
- Simplification of administration and organization, and reduction in excessive reporting and procedural requirements, thereby reducing administrative costs.
- Achievement of a system that is understandable to the public.

II. PROGRAMS COVERED

The programs covered under the act are those major national means-tested income assistance programs of broad application:

- the program of Aid to Families with Dependent Children (AFDC),
- the Work Incentive Program (WIN),
- the Supplemental Security Income Program (SSI),



- the food stamp program, and
- public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the act.

III. EXAMPLES OF SHORTCOMINGS IN THE PRESENT INCOME ASSISTANCE PROGRAMS

- Less needy families on AFDC may receive greater total income than families of the working poor not on AFDC, since some of the AFDC recipients' earned income may be disregarded in determining eligibility because of child care and work-related expenses.
- One poor working family may be eligible for AFDC-Unemployed Fathers benefits while another may not, even though both have the same earned income, because of the requirement that an AFDC-UF father may not work more than 100 hours a month.
- The definition of "aged" varies from 65 in SSI to 62 in public housing programs to 60 in the food stamp program.
- The way SSI benefits are calculated varies depending on whether the SSI beneficiaries live alone, live with AFDC beneficiaries, live with persons of independent support, or with persons who are partially dependent for support.
- Individuals receiving benefits from several income assistance programs may be deterred from earning extra income because nearly all their earnings might be offset by reductions in their benefits.

IV. PROGRAM MODIFICATION AUTHORITY

Whenever the President finds that changes are needed to carry out any of the policies of the act, he would prepare an Income Assistance Program Modification



which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

Any modification to be made by the President would first be published in the Federal Register, and interested parties would be given thirty days to submit comments. The Modification would then be transmitted by the President to the Congress, and would take effect sixty days after transmittal, unless legislation to the contrary were enacted into law.

V. EFFECT ON OTHER LAWS AND PENDING LEGAL PROCEEDINGS

Affected statutes and regulations would continue in effect except to the extent changed by a Modification. Any provision of a Modification which becomes effective would supersede any inconsistent provision of law, and any regulation or other action affected by a Modification would be deemed to be modified to eliminate any inconsistency. No pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.

VI. TERMINATION OF AUTHORITY

The President could transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.



A BILL

To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,
That this Act may be cited as the "Income Assistance Simplification Act".

PURPOSE

SEC. 2. (a) The Congress declares that it is the policy of the United States with respect to income assistance programs of the Federal Government --

(1) to ensure that the operation of those programs is effective and equitable,

(2) to make the relationships among those programs rational and equitable,

(3) to eliminate inconsistencies in those programs so that individuals and families in like circumstances may be treated similarly and equitably,

(4) to focus resources available for those programs on those persons who are most in need,

(5) to assure that those programs do not deter individuals who are able to work from obtaining appropriate skills and engaging in productive employment,

(6) to reduce the complexity of those programs so that they will be readily understandable to beneficiaries and the public, and

(7) to improve the administration of those programs and the organization of agencies responsible for their implementation so that they are carried out efficiently and effectively.

(b) It is the purpose of this Act to provide for the carrying out of the policies set forth in subsection (a), consistent with the fundamental purposes of the income assistance programs of the Federal Government. The Congress declares that this purpose can be achieved effectively by proceeding under this Act.

INCOME ASSISTANCE SIMPLIFICATION

SEC. 3 (a) The President shall from time to time examine the operation of, the provisions of law governing, and the organization of the agencies responsible for administering --

(1) the program of aid to families with dependent children authorized by Title IV-A of the Social Security Act,

(2) the work incentive program authorized by Title IV-C of the Social Security Act,

(3) the program of supplemental security income for the aged, blind, and disabled authorized by Title XVI of the Social Security Act,

(4) the food stamp program authorized by the Food Stamp Act of 1964,

(5) the housing programs authorized by the United States Housing Act of 1937,

(6) the program of rental and cooperative housing for lower income families authorized by section 236 of the National Housing Act,

(7) the program of financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing, authorized by section 101 of the Housing and Urban Development Act of 1965, and

(8) the program of rural rental assistance authorized by section 521(a)(2) of the Housing Act of 1949,

and shall determine what changes are necessary in the operation of such programs, the provisions of law governing such programs, or the organization of the agencies responsible for administering such programs, to carry out any of the policies set forth in section 2(a).

(b) Whenever the President, after examination, finds that such changes are necessary to carry out any of the policies set forth in section 2(a), he shall prepare an Income Assistance Program Modification specifying

the changes he finds are necessary. Except as provided in subsection (c), a Modification may --

(1) modify the eligibility requirements for a program enumerated in subsection (a),

(2) modify the benefits provided under a program enumerated in subsection (a), including the level of benefits or the determination of benefit amounts,

(3) modify the administration of a program enumerated in subsection (a), including the terms and conditions of participation by States and localities in that program, or

(4) modify the organization of agencies administering the programs enumerated in subsection (a), including transfer and consolidation of organizations and functions within and between such existing agencies.

(c) Notwithstanding the provisions of subsection (b), no Modification may --

(1) terminate a program enumerated in subsection (a) before the date it would have terminated if the Modification had not been made, or

(2) extend a program enumerated in subsection (a) beyond the date it would have terminated if the Modification had not been made.

(b) A Modification prepared by the President may, as he considers necessary --

(1) provide for the transfer or other disposition of records, property, and personnel affected by such Modification, and

(2) provide for the transfer of such unexpended balances of appropriations and of other funds available for use in connection with a program, organization, or function affected by such Modification.

EFFECTIVE DATE AND PUBLICATION OF MODIFICATIONS

SEC. 4. (a) Any Modification prepared pursuant to section 3 shall be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. After the close of the comment period, the President shall transmit the Modification, with such changes as he determines appropriate on the basis of the comments received, to both Houses of Congress on the same day and to each House while it is in session. The Modification shall be accompanied by a declaration that, with respect to each change included in the Modification, he has found that the change is necessary to achieve a policy set forth in section 2(a).

(b) Except as provided in subsection (c), a Modification shall be effective at the end of the first period of 60 calendar days of continuous session of Congress

after the date on which the Modification is transmitted to it. For purposes of this subsection --

(1) continuity of session is broken only by an adjournment of Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60 day period.

(c) A provision of a Modification may, under provisions contained in the Modification, be effective at a time later than the date on which the Modification otherwise is effective.

(d) A Modification which is effective shall be printed in (1) the Statutes at Large in the same volume as the public laws, and (2) the Federal Register.

EFFECT ON OTHER LAWS AND PENDING LEGAL PROCEEDINGS

SEC. 5. (a) A statute enacted, a regulation issued, or other official action taken in respect to an agency or function affected by a Modification under this Act before the effective date of the Modification has, except to the extent rescinded or modified by the Modification, the same effect as if the Modification had not been made.

(b) If any provision of a Modification which becomes effective under this Act is inconsistent with any provision of any statute enacted prior to the effective

date of the Modification, the provision of the Modification shall control to the extent that such Modification specifies the provision of the statute to be superseded.

(c) Any regulation issued or other action taken with respect to any matter affected by a Modification which becomes effective under this Act shall be deemed to be modified to the extent of any inconsistency thereof with the Modification but shall otherwise continue in effect.

(d) No legal proceeding involving any officer in his official capacity as an officer of any agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. Legal proceedings may be asserted by or against the United States or such official of the agency as may be appropriate and, in any litigation pending when this Act takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(e) If, before the date on which this Act takes effect, any agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such agency or officer is transferred to any other agency or official, then such suit shall be continued, with the successor agency or official, as

the case may be, substituted as if this Act had not been enacted.

TERMINATION OF AUTHORITY

SEC. 6. A Modification may take effect only if the Modification is transmitted to the Congress, pursuant to section 4, prior to October 1, 1981.

A BILL

To provide greater efficiency and equity in the operation and administration of Federal and federally aided income assistance programs.

Be it enacted by the Senate and House of Representatives
of the United States of America in Congress assembled,
That this Act may be cited as the "Income Assistance
Simplification Act".

PURPOSE

SEC. 2. (a) The Congress declares that it is the policy of the United States with respect to income assistance programs of the Federal Government --

(1) to ensure that the operation of those programs is effective and equitable,

(2) to make the relationships among those programs rational and equitable,

(3) to eliminate inconsistencies in those programs so that individuals and families in like circumstances may be treated similarly and equitably,

(4) to focus resources available for those programs on those persons who are most in need,

(5) to assure that those programs do not deter individuals who are able to work from obtaining appropriate skills and engaging in productive employment,

(6) to reduce the complexity of those programs so that they will be readily understandable to beneficiaries and the public, and



(7) to improve the administration of those programs and the organization of agencies responsible for their implementation so that they are carried out efficiently and effectively.

(b) It is the purpose of this Act to provide for the carrying out of the policies set forth in subsection (a), consistent with the fundamental purposes of the income assistance programs of the Federal Government. The Congress declares that this purpose can be achieved effectively by proceeding under this Act.

INCOME ASSISTANCE SIMPLIFICATION

SEC. 3 (a) The President shall from time to time examine the operation of, the provisions of law governing, and the organization of the agencies responsible for administering --

(1) the program of aid to families with dependent children authorized by Title IV-A of the Social Security Act,

(2) the work incentive program authorized by Title IV-C of the Social Security Act,

(3) the program of supplemental security income for the aged, blind, and disabled authorized by Title XVI of the Social Security Act,

(4) the food stamp program authorized by the Food Stamp Act of 1964,



(5) the housing programs authorized by the United States Housing Act of 1937,

(6) the program of rental and cooperative housing for lower income families authorized by section 236 of the National Housing Act,

(7) the program of financial assistance to enable certain private housing to be available for lower income families who are elderly, handicapped, displaced, victims of a natural disaster, or occupants of substandard housing, authorized by section 101 of the Housing and Urban Development Act of 1965, and

(8) the program of rural rental assistance authorized by section 521(a)(2) of the Housing Act of 1949,

and shall determine what changes are necessary in the operation of such programs, the provisions of law governing such programs, or the organization of the agencies responsible for administering such programs, to carry out any of the policies set forth in section 2(a).

(b) Whenever the President, after examination, finds that such changes are necessary to carry out any of the policies set forth in section 2(a), he shall prepare an Income Assistance Program Modification specifying



the changes he finds are necessary. Except as provided in subsection (c), a Modification may --

(1) modify the eligibility requirements for a program enumerated in subsection (a),

(2) modify the benefits provided under a program enumerated in subsection (a), including the level of benefits or the determination of benefit amounts,

(3) modify the administration of a program enumerated in subsection (a), including the terms and conditions of participation by States and localities in that program, or

(4) modify the organization of agencies administering the programs enumerated in subsection (a), including transfer and consolidation of organizations and functions within and between such existing agencies.

(c) Notwithstanding the provisions of subsection (b), no Modification may --

(1) terminate a program enumerated in subsection (a) before the date it would have terminated if the Modification had not been made, or

(2) extend a program enumerated in subsection (a) beyond the date it would have terminated if the Modification had not been made.

(b) A Modification prepared by the President may, as he considers necessary --



(1) provide for the transfer or other disposition of records, property, and personnel affected by such Modification, and

(2) provide for the transfer of such unexpended balances of appropriations and of other funds available for use in connection with a program, organization, or function affected by such Modification.

EFFECTIVE DATE AND PUBLICATION OF MODIFICATIONS

SEC. 4. (a) Any Modification prepared pursuant to section 3 shall be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. After the close of the comment period, the President shall transmit the Modification, with such changes as he determines appropriate on the basis of the comments received, to both Houses of Congress on the same day and to each House while it is in session. The Modification shall be accompanied by a declaration that, with respect to each change included in the Modification, he has found that the change is necessary to achieve a policy set forth in section 2(a).

(b) Except as provided in subsection (c), a Modification shall be effective at the end of the first period of 60 calendar days of continuous session of Congress



after the date on which the Modification is transmitted to it. For purposes of this subsection --

(1) continuity of session is broken only by an adjournment of Congress sine die, and

(2) the days on which either House is not in session because of an adjournment of more than 3 days to a day certain are excluded in the computation of the 60 day period.

(c) A provision of a Modification may, under provisions contained in the Modification, be effective at a time later than the date on which the Modification otherwise is effective.

(d) A Modification which is effective shall be printed in (1) the Statutes at Large in the same volume as the public laws, and (2) the Federal Register.

EFFECT ON OTHER LAWS AND
PENDING LEGAL PROCEEDINGS

SEC. 5. (a) A statute enacted, a regulation issued, or other official action taken in respect to an agency or function affected by a Modification under this Act before the effective date of the Modification has, except to the extent rescinded or modified by the Modification, the same effect as if the Modification had not been made.

(b) If any provision of a Modification which becomes effective under this Act is inconsistent with any provision of any statute enacted prior to the effective



date of the Modification, the provision of the Modification shall control to the extent that such Modification specifies the provision of the statute to be superseded.

(c) Any regulation issued or other action taken with respect to any matter affected by a Modification which becomes effective under this Act shall be deemed to be modified to the extent of any inconsistency thereof with the Modification but shall otherwise continue in effect.

(d) No legal proceeding involving any officer in his official capacity as an officer of any agency, functions of which are transferred by this Act, shall abate by reason of the enactment of this Act. Legal proceedings may be asserted by or against the United States or such official of the agency as may be appropriate and, in any litigation pending when this Act takes effect, the court may at any time, on its own motion or that of any party, enter any order which will give effect to the provisions of this section.

(e) If, before the date on which this Act takes effect, any agency, or officer thereof in his official capacity, is a party to a suit, and under this Act any function of such agency or officer is transferred to any other agency or official, then such suit shall be continued, with the successor agency or official, as



the case may be, substituted as if this Act had not been enacted.

TERMINATION OF AUTHORITY

SEC. 6. A Modification may take effect only if the Modification is transmitted to the Congress, pursuant to section 4, prior to October 1, 1981.



SUMMARY OF THE
INCOME ASSISTANCE SIMPLIFICATION ACT

The Act would authorize the President to modify statutory provisions, revise program operations, and adjust agencies' organizational arrangements in order to provide greater efficiency and equity in major Federal income assistance programs. The authority proposed in the Act is intended to permit management and structural reform; it is not intended to be used as a means of reducing budget outlays for income assistance benefits, nor of achieving Federal assumption of total responsibility for the welfare system.

Programs covered by the Act

The programs covered under the Act are those major national means-tested income assistance programs of broad application:

- the program of Aid to Families with Dependent Children (AFDC),
- the Work Incentive Program (WIN),
- the Supplemental Security Income Program (SSI),
- the food stamp program, and
- public housing, section 8 rental assistance, section 236 housing assistance, and the urban and rural rent supplement programs.

Programs such as social security, unemployment insurance, and other benefits earned by the recipient and not subject to means tests would not be covered by the Act.

Purpose

Section 2 of the Act sets forth the policies to be carried out with respect to Federal income assistance programs, including ensuring that the operation of those programs is effective and equitable, that the relationships among those programs are rational and equitable, that resources are focused on the most needy, that those programs do not deter individuals who are able to work from engaging in productive employment, and that those programs are readily understandable and are administered and organized efficiently and effectively.



The section states that it is the purpose of the Act to provide for carrying out these policies consistent with the fundamental purposes of the affected income assistance programs, and declares that this purpose can be achieved effectively by proceeding under the Act.

It is not intended to use the authority under the Act to transform the essential character of any of the programs covered under the Act; that is, the resources of the AFDC program would continue to provide cash assistance only to low-income needy families with dependent children; the WIN program would continue to finance programs to help AFDC applicants and recipients obtain employment; the SSI program would provide cash assistance only to low-income needy elderly, disabled, or blind persons; the food stamp program would provide assistance to enable low-income needy individuals and families to have an opportunity to purchase nutritionally adequate food; and the specified housing programs would provide assistance to low-income needy individuals and families only to obtain adequate housing.

Income Assistance Program Modifications

Section 3(a) requires the President, from time to time, to examine the operations and statutory provisions for the programs covered under the Act, as well as the organizations of the agencies responsible for administering them, and to determine what changes in such operations, statutory provisions, and agency organizations are necessary to carry out any of the policies set forth in the Act.

Under section 3(b), whenever the President finds that changes are needed to carry out any of the policies of the Act, he would prepare an Income Assistance Program Modification which could make changes in the eligibility requirements and benefits under any of the enumerated programs, in the administration of those programs, and in the organization of agencies operating those programs. Only existing agencies would be affected; no new agency could be created pursuant to a Modification.

The Modification could be designed to correct such problems as: the use of inconsistent asset tests in determining eligibility of individuals and families for SSI, food stamps, and public housing; complexities in the treatment of resources of persons in a household who are not all eligible for benefits; a lessening of work incentives for a recipient of aid under two or more programs by an excessive reduction of benefits because of additional earned income; and differences among programs in definitions of "aged" and "households".



Section 3(c) provides that a Modification could not terminate any of the specified programs before their statutory termination dates, or extend such programs beyond their termination dates.

Section 3(d) provides that a Modification may, as the President considers necessary, provide for the transfer of records, property, personnel, unexpended balances of appropriations, and other funds that are affected by a Modification.

Effective Date and Publication of Modifications

Section 4 of the Act provides that any Modification prepared pursuant to the authority under the Act must be published in the Federal Register and public comment on it accepted for a period of at least 30 days after publication. It is intended that during this period there would be consultations with appropriate congressional committees and with officials of State and local governments on the changes being proposed.

After the close of the comment period, the Modification would be transmitted to the Congress by the President, while both Houses are in session, with appropriate changes based on the comments received. The Modification would have to be accompanied by a declaration that each change included in the Modification has been found by the President to be necessary to achieve a policy set forth in the Act.

A Modification prepared under the Act would become effective at the end of the first period of 60 calendar days of continuous session of the Congress after the date on which the Modification is transmitted to it, unless legislation to the contrary were enacted into law.

Effect on Other Laws and Pending Legal Proceedings

Section 5 provides that:

-- affected statutes and regulations will continue in effect except to the extent changed by a Modification.

-- any provision of a Modification which becomes effective will supersede any inconsistent provision of law, and any regulation or other action affected by a Modification will be deemed to be modified to eliminate any inconsistency.

-- no pending legal proceeding would abate by reason of a transfer of functions from one agency to another pursuant to a Modification.



Termination of Authority

Section 6 provides that the President may transmit Modifications to the Congress prior to October 1, 1981. It is intended that during this period, the authority provided would be carefully assessed and possible changes in it studied.

