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Answer attached

THE WHITE HOUSE
WASHINGTON

Correspondence handled

Dick Cheney

We should get names & addresses of all who write us on this legislation + have someone, not us, write these folks + point out the Senators position.

I doubt if PFC should do it.

AUG 1 1976

RBG HAS SEEN

HR 12455

Fth XX

Child Day Care Social
Services Bill

THE WHITE HOUSE
WASHINGTON

July 26, 1976

*Dick - [7/26/76]
you requested
it Saturday.
KB*

MEMORANDUM FOR: JIM CONNOR

FROM: BOBBIE GREENE KILBERG *Bobbie*

SUBJECT: H. R. 9803, Child Day Care Services Act, and S. 626, Child and Family Services Act

H. R. 9803, the Child Day Care Services Act, was vetoed by President Ford on April 6, 1976 and was essentially similar to the Senate-passed version which had been introduced by Senators Mondale and Long. H. R. 9803 dealt with child day care services under Title XX of the Social Security Act. Under the present provisions of Title XX, states receive social service grants on a formula basis which allows the states to select the services they will fund to meet their own priority needs.

H. R. 9803 contained the following major provisions:

(1) Postponed until July 1, 1976, enforcement of child day care staffing standards for children aged 6 weeks to 6 years contained in the Title XX social services program. Under Title XX, no Federal matching payments could be made after September 30, 1975 unless day care outside the home met a modified version of the Federal Inter-Agency Day Care Requirements (FIDCR) standards which were approved by HEW and OEO in 1968. FIDCR established rigorous staffing ratios for day care, e. g., a ratio of not more than 5 children to 1 adult for children 3-4 years of age.

(2) Increased the \$2.5 billion annual ceiling on Title XX outlays by \$125 million through September 30, 1976 for child day care services and raised the Federal matching rate for these services from 75 to 80 percent. The funding provision

would probably be extended at an annual rate of about \$250 million per year above the \$2.5 billion ceiling.

(3) Provided an incentive for employment of welfare recipients by child day care providers, including extension of present tax credit provisions.

The President vetoed H. R. 9803 for the following reasons:

(1) The bill only postponed the enforcement of Title XX FIDCR staffing requirements while the Administration supported repeal of the standards (though we evidently indicated we could live with postponement at least until October 1, 1976). The President's proposed Federal Assistance for Community Services Act, submitted to Congress on February 23, 1976, provides for a Title XX social services block grant proposal which also would eliminate the FIDCR standards from Title XX requirements and would require instead that each state set its own appropriate mandatory standards, including requirements relating to safety, sanitation and protection of civil rights.

(2) The earmarking of specific Title XX funds for child day care, a narrow, categorical purpose, is contrary to the basic principle that guided the development of the Title XX program: namely, that states should have the greatest flexibility in selecting the services they will fund in meeting their own priority needs.

(3) The bill would have increased the budget for 1976 and the transition quarter by \$125 million, as well as costing an undeterminable amount in tax credits to day care institutions that hire welfare recipients.

(4) The bill would introduce two additional Federal matching rates for some day care costs that are higher than the rates for other Title XX supported services, thereby further complicating the states' administration of social services programs. The President's legislation, on the other hand, would eliminate State matching requirements all together.

(5) There is considerable doubt that the bill's provision would result in any appreciable number of welfare recipients being hired in child day care centers, and it is questionable whether the staffing of centers largely with welfare recipients would be beneficial to the children served. (Not in President's veto message but in OMB report.)

(6) The authority provided in the bill for a State to waive FIDCR staffing standards for facilities with fewer than 20 percent of the children charged to Title XX could result in serious disparities in the conditions which prevail in such facilities compared with facilities with greater proportions of Title XX-funded children.

In an attempt at compromise, House-Senate conferees have reported a bill, H. R. 12455, that would earmark \$240 million for child day care services over the next 15 months, in addition to the present Title XX \$2.5 billion ceiling for social services, but would defer implementation of the FIDCR standards until October 1977. H. R. 12455 was originally an Administration-sponsored bill on means testing and group eligibility for social services funds which had passed the House on March 16, 1975. The House approved the conference report on July 1, 1976, and it is my understanding that the Senate is expected to do so very shortly.

S. 626, the Child and Family Services Act, was introduced on February 7, 1975 by Senator Mondale. Although joint hearings were held before the Subcommittee on Children and Youth of the Senate Committee on Labor and Public Welfare and the Subcommittee on Select Education of the House Committee on Education and Labor, the bill remains in committee and there is no expectation that it will be passed this session. Secretary Weinberger opposed enactment of this bill in testimony before these Subcommittees on July 15, 1975.

S. 626 would provide for \$1.85 billion over three years to plan for, initiate, and operate a new program providing a wide variety of services to children and their families. The activities would include health services, pre-natal services for mothers,

in-home and center-based day care, and health and nutrition programs. The bill would authorize new spending programs, would be duplicative of existing ones, and would perpetuate the concept of categorical grants.

In addition, the legislation would put the Federal government in the position of dealing directly with thousands of prime sponsor grantees, i. e., local governments and voluntary service organizations. The Secretary of HEW would have the responsibility of determining who should be a prime sponsor of a service program and would also determine when and to what extent a state should serve as prime sponsor in an area where local governments or voluntary agencies do not take it upon themselves to operate child and family service programs. This procedure would overturn the traditional Federal-State relationship embodied in the "single State agency" concept.

And finally, Weinberger stated in his testimony that the Administration was "strongly opposed to the idea, inherent in this proposal, that the Federal government should provide mass developmental day care for pre-school children all over the nation."

cc: Phil Buchen

547 N. E. 24th Street
Ft. Lauderdale, Fla, 33305
July 16, 1976

The President
Washington, D.C.

Dear Mr. President,

I'm writing concerning the fact that the Democratic Vice Presidential nominee was co-author of the "Child and Family Service Act" that so many wrote to you concerning its implications.

Therefore, I'm suggesting reference should be made to this situation when campaigning.

Many religious people spoke out against this act, yet seem to so easily forget they may be backing the man, Senator Mondale, who co-authored the bill. They were so staunch against this "Child and Family Service Act." How could they vote for a team whose half holds such contrary views!

Sincerely,

Mrs. Helen J. Schenck
A Republican Voter