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MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 17045 -- Social Services Amendments of 1974

This memorandum provides an overview of H.R. 17045. It includes the major advantages and problems contained in the bill; the views of the major affected agencies; and my recommendation. Attachment A is a more detailed enrolled bill memorandum, including the formal views letters of major agency heads.

Part A of the bill would enact as Title XX of the Social Security Act a reformed and consolidated program for Federal financial assistance to State agencies which provide services to welfare recipients and low-income persons. This part of the enrolled bill is very similar to the legislation developed by HEW in close consultation with the Governors Conference, the Association of Public Welfare Administrators, and congressional leadership.

Part B of the enrolled bill would require the Secretary of Health, Education, and Welfare and the Secretary of the Treasury to take a central, leadership role in enforcing the alimony and child support obligations of absent parents.

As a member of Congress, you have proposed, and this year the Administration submitted, draft legislation for improving child support collection activities on behalf of children who are receiving payments under the program of Assistance for Families with Dependent Children (AFDC).

Part B of the enrolled bill incorporates many of the features contained in the Administration proposal, but contains a number of provisions opposed by HEW and Treasury during the brief consideration by the Congress in the closing days of the 93rd Congress.
The major problems in Part B of the bill are as follows:

-- HEW would be required to establish a 300-400 man staff, including a "Parent Locator Service" (PLS), required to search for and furnish information on the whereabouts of absent parents in the files of any Federal, State, or local government agency except where the information would contravene census confidentiality or national security interests.

-- Federal, State, and local government officials would have to cooperate with the PLS regardless of whether any Federal or state law now prohibits such cooperation.

-- The Internal Revenue Service would be responsible for collecting alimony and child support obligations referred to it by the Secretary of HEW. Treasury strongly objects to the use of the IRS to assess and collect delinquent support obligations on the grounds that it will require more manpower or reduce the manpower for tax collections, and because it would establish a precedent for using the tax collection procedure in other ordinary creditor-debtor disputes such as collecting student loans, etc.

-- The confidentiality requirements of the Social Security Act would be drastically weakened.

-- Any money payments such as wages, Social Security benefits, and other annuities made by the United States to any individual, including members of the armed services, would be subject to garnishment by legal process in order to secure child support or alimony.

-- AFDC recipients would be required to cooperate with State agencies in establishing the paternity of a child born out of wedlock and in providing information on an absent parent as a condition for the receipt of their AFDC payments.

-- The use of Federal courts by HEW would be authorized for the enforcement of child support obligations, which could not be released by a discharge in bankruptcy under the Bankruptcy Act.

Agency Views

The Domestic Council Committee on Privacy believes that Part B of the enrolled bill "... contains ill conceived and potentially injurious collection and disclosure requirements that are grossly inconsistent with the Administration's commitment to protecting personal privacy." The Committee recommends veto.
Defense, CSC, and Justice are all concerned about the garnishment provision as a precedent for garnishing Federal pay and benefits to satisfy other types of legal obligations. Justice also notes that the prohibition of judicial review of the assessment and collection procedures of the IRS may have constitutional limitations. (Defense defers to OMB, Justice has no objection to approval, and CSC recommends approval.)

Treasury states that it would unqualifiedly urge a veto if the bill contained only the provisions which would involve the IRS. However, Treasury defers to HEW on the bill as a whole.

HEW strongly recommends that you approve H.R. 17045. The Department's view is that the social services program reforms contained in Part A far outweigh the objectionable child support provisions which the Department believes can be modified in the next Congress.

OMB. Part A is the result of cooperative efforts between the Administration and major interest groups and represents a desirable attempt to solve many of the problems of the social services program.

On the other hand, Part B goes far beyond the Administration's proposals and has various objectionable features as described above. These provisions were tacked on to the enrolled bill by the Senate as an amendment to the House-passed version of the bill in the closing days of the 93rd Congress. While the Administration could, as suggested by HEW, propose modifications to the next Congress, it is unlikely that the Congress would be willing to entertain amendments.

If Part A does not become law, the moratorium on HEW social services regulations will end on January 1, 1975. However, this need not drive a decision on H.R. 17045, since there is no requirement that new regulations be issued at any particular time. Another factor to be considered is your recent budget decision to propose a lower Federal matching share in the social services program, which could argue for disapproving the enrolled bill and submitting a new social services proposal next year with the lower match.

I recommend disapproval.

[Signature]

Director

Attachments
MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 17045 - Social Services Amendments of 1974
Sponsor - Rep. Mills (D) Arkansas and 2 others

Last Day for Action
January 4, 1975 - Saturday

Purpose
Rewrites the statutory authorities governing the program of Federal financial assistance to the States for social services in order to clarify the program's purposes, operation, structure, and accountability; provides various new mechanisms, including a far more active role by the Federal Government, to strengthen State efforts in establishing paternity, locating absent parents, and obtaining child support.

Agency Recommendations
Office of Management and Budget Disapproval (Memorandum of Disapproval attached)
Department of Health, Education, and Welfare Approval (Signing statement attached)
Domestic Council Committee on the Right of Privacy Disapproval (Veto message attached)
Department of the Treasury Disapproval (IRS provisions)
Civil Service Commission Approval
Department of Justice No objection to approval
Department of Defense Defers to OMB (Has reservations about garnishment provision)
Department of Labor Defers to HEW
Advisory Commission on Intergovernmental Relations No comments
Discussion

H.R. 17045 contains two parts:

Part A of the bill would establish as Title XX of the Social Security Act a new consolidated program for Federal financial participation in provision by the States of social services to welfare recipients and low-income persons.

Part B of the bill is directed at strengthening State efforts to collect child support from absent parents, particularly in the case of children who are receiving payments under the program of Assistance for Families with Dependent Children (AFDC).

Part A of the enrolled bill is very similar to legislation developed by HEW in close consultation with the National Governors Conference, the Association of Public Welfare Administrators, and Members of Congress. Its chief differences from the HEW proposal are described below.

Part B was added to the bill by the Senate Finance Committee and is an outgrowth of deliberations in the fall of 1973 on another bill, H.R. 3153, which became deadlocked in conference. The Administration this year submitted draft legislation to the Congress for improving AFDC child support collection activities as part of your 1975 outlay restraint package. As explained below, Part B of the enrolled bill incorporates principles contained in the Administration proposal, but contains a number of provisions opposed by HEW and Treasury during the brief consideration by the Senate Committee and then by the House-Senate conferees in the closing days of the 93rd Congress.

Part A: Social Services Amendments

Legislation in effect since 1962 has permitted States to provide social services to persons receiving welfare and to former and potential recipients. This legislation was enacted with the basic aim of promoting economic independence of individuals who were, or would otherwise become, welfare recipients.

Prior to fiscal year 1973, Federal matching for State social service expenditures was mandatory and had no dollar limit. Every dollar a State spent for social services was matched by three Federal dollars. In fiscal years 1971 and 1972, States
increased greatly their use of this wide-open legislative authority. The result was that Federal matching outlays rose from $750 million in fiscal year 1971 to $1.7 billion in 1972, and were projected to reach $4.7 billion in fiscal year 1973.

Faced with this prospect of runaway expenditures, an annual limit of $2.5 billion was enacted for this program as part of the general revenue sharing bill in 1972.

On May 1, 1973, HEW issued major revisions in the Federal regulations under which social services are operated by State welfare agencies to tighten up eligibility and services provided under the program. These new regulations, which were to have taken effect on July 1, 1973, aroused widespread opposition, and the Congress by law provided that no new regulations could take effect before November 1, 1973.

On September 10, 1973, HEW published revisions of its earlier proposed regulations, and a final set of new social service regulations went into effect on November 1, 1973. The Congress then again, in December of 1973, enacted legislation invalidating the new HEW regulations and prohibiting any new regulations from taking effect before January 1, 1975.

Part A of H.R. 17045 is designed to end this impasse by clarifying various aspects of the social services program and strengthening its accountability. It would become effective on October 1, 1975, and no new regulations could be issued by HEW to take effect before that time.

The key objectives of the new legislation are to

--- give the States greater flexibility and discretion in designing and operating their social services programs.

--- provide for greater public knowledge and increased accountability with respect to the use of Federal and State funds for social services by requiring a State planning, reporting, and evaluation process.

--- tighten up on eligibility of persons to receive services under the program by tying eligibility to actual welfare status or income levels, with fees authorized to be charged for services.
-- direct the program to community- and home-based care
and services, and prohibit Federal payments for construction
and for certain services that fall under other Federal programs.

The following is a summary of the principal provisions of
Part A of H.R. 17045 compared with present law and HEW's
proposal.

Authorization.--The enrolled bill would retain the $2.5 billion
annual ceiling on expenditures, with available funds to be
allotted to the States on the basis of population. As in
the present law, general reallocation of unused funds would
not be authorized, but if there were unused funds, up to
$15 million would be made available to Puerto Rico and up
to $500,000, each, would be available for Guam and the
Virgin Islands in Federal matching payments.

The HEW proposal did not provide for reallocation to these
three areas, and the Department states that this provision
would cause an increase of $16 million in the cost of the
social services program.

States would be required to spend each year out of State
and local appropriated funds at least as much as was spent
from these funds during fiscal year 1973 or 1974, whichever
was less. HEW had proposed a similar "maintenance-of-effort"
provision.

The present separate authorizations for services under AFDC
and the Supplemental Security Income (SSI) program would be
eliminated.

Federal matching.--H.R. 17045 would, as in HEW's proposal,
continue the present Federal matching rate of 75 percent
for all social services except family planning, for which
a 90-percent matching rate would continue.

Based on your recent decision, the 1976 Budget will propose
a reduction in the Federal matching rate for this program from
75 percent to 65 percent in fiscal year 1976, with a further
reduction to 50 percent in 1977.

The present law requires that 90 percent of Federal matching
funds must be used for services to welfare recipients,
excluding six "high priority" services, e.g., family planning,
child care, and services for drug addicts and alcoholics.
As HEW proposed, H.R. 17045 would eliminate this requirement and provide that 50 percent of Federal funds used by the State must be for services to persons receiving or eligible to receive AFDC, SSI, or Medicaid benefits.

Eligibility and fees for services.--Under present law, welfare recipients and former and potential recipients are eligible for federally-matched social services.

The enrolled bill would provide Federal matching only for services to AFDC, SSI, and Medicaid recipients and to those non-AFDC and SSI recipients whose family income is not more than 115 percent of the median income of a family of four in the State.

Present law contains no provision for fees for services generally, although States are required to provide for child care service payments by families able to pay part of all of the cost of care.

Under the enrolled bill, States would have to charge fees for services to all non-AFDC and SSI recipients and to persons in families with income above 80 percent of the State median income (or 100 percent of the national median income, whichever is lower). In the case of AFDC and SSI recipients and persons in non-welfare families with income below that level, States could charge fees if they so desired, pursuant to HEW regulations.

The HEW proposal would have prohibited fees for services to AFDC and SSI recipients and would have left to States the option of charging fees for persons in non-welfare families below the lower of the national median income or 80 percent of the State median.

Kinds of services.--Present law prescribes certain mandatory services, such as family planning services for AFDC families, but generally contains broad language which could cover a very wide range of possible services.

H.R. 17045 specifies five goals of social services--e.g., economic self-support, self-sufficiency, remedying neglect and abuse--and would require the States to provide services directed toward at least one of the goals in each of the 5 categories of goals and to include at least three types of services for SSI recipients. The enrolled bill would also continue the requirement for family planning services for AFDC recipients. HEW's proposal did not mandate any services, but the Department believes the mandates in H.R. 17045 are of little practical consequence.
HEW proposed, and the enrolled bill would provide for, an evaluation by the Secretary of these requirements, to be submitted to the Congress by July 1, 1977, with any recommendations he may have for modifications. Such modifications could be effected by regulation after 90 days.

Program planning and administration.—Present law requires the submission of State services plans for approval by HEW. Certain elements which must be included in these plans are specified in the law. Once approved, the plans remain in force permanently unless changed by the State with HEW's approval.

In line with HEW's proposal, H.R. 17045 would institute a new annual services program planning process designed to increase public knowledge of and participation in program decisions at the State level. The States would have to publish a proposed plan each year detailing the services to be provided, the population to be served, geographic allocations of resources, and other aspects of the program. Public comment on the plan would be accepted for at least 45 days before the plan was approved and published by the Governor as a final plan. HEW would not have to approve these State plans.

States would be required to report on their use of Federal social services funds subject to HEW regulations; HEW's proposal had included an independent State audit and public reporting at the end of each program year. The Department believes the enrolled bill does not preclude adequate accounting for the expenditure of funds, although it is less explicit and complete than desired.

In connection with the administration of the program, States would be required to submit to HEW for prior approval plans providing for such factors as fair hearings for persons denied services, protection of confidentiality of information, designation of a single State agency to supervise program administration, a merit personnel system, Statewide applicability, and assurance that no citizenship or durational residency requirements will be imposed.

The Secretary of HEW could withhold or reduce Federal funds for failure to comply with (1) provisions of HEW-approved plans described in the preceding paragraph, (2) the reporting requirement, and (3) the maintenance of effort provision.
PART B: Child Support

Present law requires State welfare agencies to make every effort to locate absent parents, establish paternity, and obtain and enforce court orders for support. They are required to make cooperative arrangements with the courts, law enforcement agencies, and other States in these efforts.

The State agencies, in possession of a court order, may request address information on absent parents from the Secretary of HEW, who may search social security records or request similar information from IRS.

These efforts have not been effective, by and large, and to strengthen State efforts both the Administration and H.R. 17045 proposed several major innovations.

Administration Proposal

The Administration, in its November budget cutback proposals, requested the following provisions to secure child support under the AFDC program:

-- State agencies could request address information, including IRS data, without a court order so long as the information would be sought pursuant to an AFDC child support case. The Secretary could, however, deny such information in order to protect rights of privacy.

-- Arrangements to recover child support obligations could be made only if enforceable by law.

-- As an inducement to the States, 20 percent of the Federal share of recoveries for child support would go to the States, to be divided equitably between the State and its subdivisions.

-- AFDC applicants, as a condition of eligibility, would have to furnish their social security numbers and cooperate with State agencies in establishing paternity out of wedlock and in securing support payments. Failure to do so would deprive the uncooperative person (but not any children) of his or her welfare benefits.

-- States could require that AFDC recipients assign to the State their rights of support from any other person.
Enrolled Bill Provisions

H.R. 17045 generally incorporates and goes far beyond the provisions of the Administration's proposal. The enrolled bill's provisions, including divergences from the Administration's proposal, are as follows:

-- A new separate organizational unit would have to be established in HEW whose head would report directly to the Secretary. This organization would set standards for State programs, establish minimum organization and staffing requirements for State units, review and approve State plans, evaluate State plan implementation, and audit State programs to locate absent parents, establish paternity, and secure child support.

-- A "Parent Locator Service" would be established in the new HEW unit to maintain files of the most recent address and place of employment of absent parents. The Secretary of HEW would be required to provide such information, on request, from HEW files or from the files of any Federal or State agency or instrumentality, except if the information would contravene national security or policy interests or census confidentiality. Any authorized person or agency seeking child support could use this service, although in non-AFDC related cases a fee would be charged.

-- States could apply to HEW to use Federal courts to enforce court orders in child support cases, on a finding that another State had not taken action on the court order in a reasonable time and that use of the Federal courts was the only reasonable alternative.

-- The Department of Treasury (IRS), upon the request of a State and certification by the Secretary of HEW, would be required to assess and collect amounts for child support and alimony. No U.S. court would be able to enjoin such actions. A 60-day notice to the liable individual, after assessment is made, would be required before the initiation of collection efforts. A trust fund would be established in Treasury to reimburse States from the amounts collected, less Federal share and collection costs.

-- Each State participating in the AFDC program would be required to have a statewide plan in effect for child support which, among other things, would require the establishment of a single, separate agency to establish paternity and secure child support. The State agency would have to utilize all
sources of information, including HEW's Parent Locator Service. HEW would pay 75 percent of the costs of these agencies. HEW would be required to conduct a complete and annual audit to determine the effectiveness of the State program to secure child support. If the program were determined to be ineffective, the Secretary of HEW would be authorized to withhold 5 percent of the State's allotment of social services funds.

-- U.S. district courts would have jurisdiction in child support cases certified by the Secretary.

-- The provisions for obtaining support would override any opposing provision of State law.

-- Payments due under assigned rights for child support would be a debt owed the State and would not be released by a discharge in bankruptcy under the Bankruptcy Act.

-- Effective January 1, 1975, money payments, such as wages, social security benefits, and certain other annuities, which are made by the United States to any individual, including a member of the armed services, would be subject to garnishment by legal process in order to secure child support or alimony.

-- In general, proceeds from collections would be distributed as follows: (a) States would receive an amount up to the level of their support payments; (b) the amount in excess of (a), up to the level of a court order, would go to the recipient family; and (c) amounts in excess of (b) would be retained by the States as reimbursement for assistance in prior periods, if any; otherwise, these amounts would go to the family.

During the first fifteen months of this program (from July 1, 1975, through September 30, 1976), the above distribution formula would be applied only after paying to the recipient 40 percent of the first $50 collected each month. This special payment would not reduce the size of the recipient's grant.

In each case, aside from amounts paid to families, the Federal Government would be reimbursed its proportionate share of the amounts collected, with the exception of the incentive payments paid to States and localities out of the Federal share.
As an incentive, if a local government collects support payments for its State, or a State collects such payments for another State, it would receive 25 percent of the Federal share of the welfare payment that would otherwise be payable during the first 12 months of collection, and 10 percent thereafter.

Most of the agencies whose views were requested on the enrolled bill express concerns about various provisions of Part B.

Treasury notes that the Internal Revenue Service (IRS) will probably be the general source of information for HEW's Parent Locator Service, and indicates that there are a number of sizeable technical problems, including processing time and difficulty of determining latest place of employment if more than one W-2 form exists. The requirement for disclosure of confidential tax return information implicitly overrides a section of the Internal Revenue Code, and Treasury believes an appropriate amendment to the Code should be sought.

Treasury strongly objects to the provision of H.R. 17045 authorizing the IRS to assess and collect delinquent support obligations. The Department believes that "Forcing the IRS to intervene in such disputes will not only create more controversy, but also will reduce the manpower for tax collection, at a time when IRS is experiencing mounting tax collection delinquencies. Furthermore, we are concerned that this bill will establish a precedent for using tax collection procedures for other ordinary creditor-debtor disputes such as collecting student loans, alimony, etc."

The Domestic Council Committee on Privacy believes Part B of H.R. 17045 "contains ill-conceived and potentially injurious collection and disclosure requirements that are grossly inconsistent with the Administration's commitment to protecting personal privacy."

Defense, Civil Service Commission, and Justice all are concerned about the garnishment provision in Part B because of the administrative burden involved, and because it could serve as a precedent for garnishing Federal pay to satisfy other types of legal obligations.

Justice also notes that the bill's provision prohibiting judicial review of the assessment and collection procedures of the Treasury "may have constitutional limitations."
HEW states that the audit requirement to assure that each State has an effective child support program "would require an inordinate and excessive Federal involvement" in these programs. It defers to the Departments principally concerned with respect to the problems created by use of the Federal courts and the IRS collection processes or the garnishment of Federal wages.

Budget impact of enrolled bill

While it is impossible to assess precisely the impact of H.R. 17045 on the budget, the bill would require adding 300-400 employees and other direct operating costs in HEW, and would also undoubtedly require added personnel in IRS and Justice. In addition, HEW's outlays for social services would rise due to the requirement to match the States' expenses for their programs of securing child support at a 75 percent rate, as well as the reallocation requirement for Guam, Puerto Rico, and the Virgin Islands.

Recommendations

HEW strongly recommends that you approve H.R. 17045. The Department's view is that the objectionable provisions of Part B of H.R. 17045 do not justify rejection of the bill in light of its strong support for enactment of Part A and "the consistency of most of Part B with proposals of the Administration." The Department believes many of the undesirable features of Part B can be modified in the next Congress, and has attached to its letter a proposed signing statement indicating the Administration's objections to Part B.

Treasury states that it would unqualifiedly urge veto of the bill if it contained only the provisions which would involve the IRS in the parent locator service and in the collection of delinquent child support. However, Treasury recognizes that the bill relates primarily to HEW and indicates that if the bill is approved, HEW should exercise discretion to hold IRS' problems to a minimum.

The Domestic Council Committee on Privacy believes that the provisions of Part B of the enrolled bill are "ill-conceived and potentially abusive" and that their excesses "are so egregious as to warrant not only a veto but also an admonishing veto statement." The Committee feels if you sign the bill, there is a grave risk that the 94th Congress will not accept HEW's modifying amendments. The Committee's letter concludes:
"The credibility of the Administration's commitment to safeguard personal privacy is at stake in this measure. At some point we are going to have to stop settling for ill-conceived legislative measures that meet our management objectives but trample on the rights of our citizens and H.R. 17045 strikes us as an excellent place to start."

* * * * * * * *

We believe the basic issue with respect to your action on H.R. 17045 turns on whether the advantages of the social services provisions of Part A of the bill outweigh the problems inherent in the child support provisions of Part B.

Part A is the result of extensive cooperative efforts between the Administration and major interest groups and represents a desirable attempt to solve many of the problems of the social services program.

On the other hand, Part B goes far beyond the Administration's proposals and has numerous objectionable features as described above. While the Administration could, as suggested by HEW, propose modifications to the next Congress, it is unlikely that the Congress would be willing to entertain such amendments.

Failure to approve Part A at this time would not be seriously detrimental to the administration of the social services program. If Part A does not become law, the moratorium on HEW social services regulations will end on January 1, 1975. However, this need not impel a decision on H.R. 17045, since there is no requirement that new regulations be issued at any particular time.

Another factor to be considered is your recent budget decision to propose a lower Federal matching share in the social services program, which would argue for disapproving the enrolled bill and submitting a new social services proposal next year with the lower match.
On balance, we believe the arguments for disapproval outweigh the advantages of enactment of the provisions of Part A. We have attached a draft of a memorandum of disapproval, representing a slightly edited version of the Domestic Council Committee's draft.

Enclosures
MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 17045, the Social Services Amendments of 1974.

I do so with regret, because Part A of the bill represents a significant step forward in defining Federal and State roles in the provisions of social services. This Part is the result of many months of hard work by the Executive Branch and the Congress performed in an atmosphere of cooperation, conciliation, and compromise, which I applaud.

At the last moment, however, the Congress appended to this otherwise desirable legislation, a package of amendments which, if enacted, would make the Federal Government a major enforcer of child support and alimony obligations. It is that portion of the bill, Part B, to which I strongly object.

I understand the objectives of the Senate amendments. No one who values a good family life as much as I would look kindly on fathers and mothers who refuse to assume their parental responsibilities or who abandon their dependent children to the welfare rolls. However, I do not think that the solution to this serious problem is to create a vast national tracking system which draws no clear distinction between the guilty and the accused, which recognizes no jurisdictional boundaries, and which, by virtue of its information collection and disclosure requirements, threatens the personal privacy of millions of Americans.
I am confident that if the next Congress wishes to strengthen the child support provisions in the Social Security Act, it will do so after careful consideration, including full and open debate. Had that been done in the present instance, I doubt that I would have before me legislation which

-- requires the Secretary of Health, Education, and Welfare to establish a "Parent Locator Service" authorized to search for information concerning the whereabouts of absent parents in the files of practically every Federal, State, and local government agency in the country, notwithstanding Federal and State confidentiality statutes which expressly forbid such searches

-- significantly weakens the confidentiality protections of the Social Security Act

-- makes the Treasury Department responsible for collecting alimony and child support obligations referred to it by the Secretary of HEW

-- requires mothers, as a condition of eligibility for their portion of public assistance payments, to "cooperate" with State agencies in establishing the paternity of their children and in obtaining support payments

-- requires the States to cooperate with one another in tracking down absent parents in contravention, in some cases, of their own laws on alimony and child support

-- provides no protection whatsoever for the personal privacy rights of the parents and children involved.

These provisions seem to me to be grossly in excess of what is needed and wholly inconsistent with the principles that guided the 93rd Congress in enacting the new privacy legislation on Federal agency records.
Accordingly, I cannot approve H.R. 17045 in its present form.

I intend to propose early in the next Congress legislation which would improve our social services program consistent with the objectives of Part A of this bill.
MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 17045, the Social Services Amendments of 1974.

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Accordingly, I cannot approve H.R. 17045 in its present form.

I intend to propose early in the next Congress legislation which would improve our social services program consistent with the objectives of Part A of this bill.
Dear Sir:

This is in response to your request for the Treasury Department's views and recommendation on the enrolled bill H. R. 17045, the "Social Services Amendments of 1974." The enrolled bill amends the Social Security Act to establish a consolidated program of federal financial assistance to encourage the provision of certain services by the individual States. The Department of Health, Education and Welfare (HEW), will be the agency principally responsible for administering the provisions under the enrolled bill and therefore, we defer to HEW on the basic provisions of the enrolled bill.

The Internal Revenue Service (IRS), however, will have responsibilities under the enrolled bill. The duties of the IRS are designed to assist states in collecting support payments from absent parents, by expanding its role in providing locator information (last address and place of employment) and by making available tax collection procedures.

Section 101(a) of the bill would establish in HEW a parent locator service which would be used to furnish to any authorized person information as to the whereabouts of an absent parent. When an authorized requester transmits a parent's name to HEW, then HEW will provide the requested information from its files or from the files and records maintained by any department of the United States. It is anticipated that the IRS will be the general source of such information.

There are a number of sizeable, technical problems with the parent locator service. In order to retrieve the information required and insure its accuracy the IRS should be furnished with the individual's name and social security number. Although the enrolled bill does not require HEW to give the social security number, Treasury anticipates that an accommodation in this regard will be worked out between the agencies. Moreover, the enrolled bill provides that the IRS will promptly search for the requested information. It is anticipated that such requests could not be processed more frequently than monthly without resulting in delays in tax return processing and issuance of tax refunds. It is anticipated that the timing of such requests will also be worked out between the agencies. Included in the information that the IRS will be required to give is the most recent place of employment of an absent parent. To provide this
information will require substantial amounts of time because employment information cannot be retrieved directly from the master files maintained by the IRS but only from the actual tax return. This means the IRS will have to establish a manual operation to locate the return, record data from the Form W-2 and furnish a reply to the requester. Furthermore, if more than one Form W-2 is attached there is no means for determining which represents the latest place of employment. Finally, the requirements of the locator provision involve the disclosure of tax return information which, except in limited cases, has been kept confidential. The locator provision impliedly overrides section 6103 of the Internal Revenue Code which prohibits the disclosure of tax return information except as specifically provided therein. However, the bill does not amend section 6103 to specify an exception for the general authority to seek such information. At some later time, consistent with the Treasury Department's recommendation for changes in the disclosure of tax information, section 6103 of the Internal Revenue Code should be amended to permit the disclosure of such information.

Section 101(b)(1) of the bill adds a new section to the Internal Revenue Code which authorizes and requires the IRS to assess and collect certain delinquent support obligations as if such amounts were an employment tax. The bill permits the collection only if there is a court order for support and the state seeking such collection has made reasonable efforts to make such collection. Furthermore, HEW must certify these amounts to the IRS for collection.

The Treasury Department strongly objects to this provision of the bill. The tax collection procedure prescribed in the bill is a summary procedure which does not afford the individual assessed with the safeguards generally provided in other tax collection procedures, such as the 90 day statutory notice and Tax Court review. The bill was amended in Conference to provide certain safeguards for the protection of individuals' rights, such as requiring a court order for support and the stay of collection for 60 days after a claim is first assessed. These summary powers which Congress provided the IRS in order that taxes could be collected in a certain, prompt and efficient manner, should be limited if they are to be introduced into such creditor-debtor disputes. Forcing the IRS to intervene in such disputes will not only create more controversy, but also will reduce the manpower for tax collection, at a time when the IRS is experiencing mounting tax collection delinquencies. Furthermore, we are
concerned that this bill will establish a precedent for using
tax collection procedures for other ordinary creditor-debtor
disputes such as collecting student loans, alimony, etc.

In summary, the Treasury Department strongly objects
to the provisions of the bill which would involve the IRS in the
parent locator service and in the collection of delinquent child
support. If the bill contained only these provisions, the Treasury
Department would unqualifiedly urge its veto. However, we
recognize that the bill relates primarily to the jurisdiction of
HEW and contains other measures that agency considers
desirable. Therefore, while the Treasury Department recom-
mends a veto of the bill because of the tax provisions referred to
above, we understand that HEW would prefer its approval. If the
bill is approved, HEW should exercise the discretion provided it
by the bill to hold to an absolute minimum the problems which
the IRS will have thereunder.

There is no revenue gain or loss associated with the en-
rolled bill since the IRS will be reimbursed for its expenses
from the states which request information or collection.

Sincerely yours,

Frederic W. Hickman
Assistant Secretary

Director, Office of Management and Budget
Attention: Assistant Director for
Legislative Reference, Legislative
Reference Division
Washington, D.C. 20503
December 27, 1974

Honorable Roy L. Ash
Director
Office of Management and Budget

Attention: Assistant Director for
Legislative Reference

Dear Mr. Ash:

This is in reply to your request for the views of the Civil Service Commission on enrolled bill H.R. 17045, "To amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States."

The bill makes a number of amendments to the Social Security Act relating to grants to States for services and child support programs. The only provision of direct concern to the responsibilities of the Civil Service Commission is the proposed section 459 of title IV, reading as follows:

"Consent By the United States To Garnishment And Similar Proceedings For Enforcement of Child Support and Alimony Obligations."

"Sec. 459. Notwithstanding any other provision of law effective January 1, 1975, moneys (the entitlement to which is based upon remuneration for employment) due from, or payable by, the United States (including any agency or instrumentality thereof, and any wholly owned Federal corporation) to any individual, including members of the armed services, shall be subject, in like manner and to the same extent as if the United States were a private person, to legal process brought for the enforcement, against such individual of his legal obligations to provide child support or make alimony payments."

The Commission believes that this provision for garnishment against the United States to provide child support or make alimony payments is an undesirable precedent for other garnishment authorizations against the United States. The Commission has consistently opposed garnishment
primarily on the grounds of the substantial administrative burdens it would impose on Federal agencies, to the detriment of their carrying out their services to the public. However, in view of the limited nature of this garnishment provision and the beneficial nature of the major provisions of the bill, the Commission will not recommend a veto, but at the same time will strongly oppose any attempt to extend garnishment to other areas. Accordingly, the Commission recommends that the President sign this enrolled bill.

By direction of the Commission:

Sincerely yours,

[Signature]

Acting Chairman
Honorable Roy L. Ash  
Director, Office of Management and Budget  
Washington, D.C. 20503

Dear Mr. Ash:

In compliance with your request, I have examined a facsimile of enrolled bill H.R. 17045, the proposed Social Services Amendments of 1974.

Part A of the bill would add a new title XX to the Social Security Act which would authorize the making of grants to the states for the provision of certain social services.

Of much greater interest to this Department is Part B which, through amendments to the Social Security Act and the Internal Revenue Code, would establish a procedure whereby certain state court child support orders could be enforced in federal courts or through the federal tax collection process.

A new paragraph (26) to section 402(a) of the Social Security Act would require that state plans for aid to families with children condition eligibility for such aid upon the applicant assigning to the state his right to support from another person. A new paragraph (27) would require the state plans to provide that the state operate a child support program in conformity with a plan approved under Part D of the Act. Part D, which would be enacted by this bill, would require by proposed section 452(a)(8) to the Act that the designee of the Secretary of Health, Education and Welfare approve state applications for permission to utilize federal courts to enforce support orders upon a finding that (A) another state has not undertaken to enforce the court order against the absent parent within a reasonable time, and (B) the utilization of the federal courts is the only reasonable method of enforcing the order. A new section 460 would provide the district courts of the United States with jurisdiction to hear and determine civil actions so approved by the Secretary.
New section 459 would provide that wages paid by the United States would be subject to legal process brought for the enforcement of child support or alimony obligations. The Department of Justice has always opposed as administratively burdensome the opening up of Government agencies to garnishment suits in domestic relations cases.

New section 452(b) would require the Secretary of Health, Education and Welfare upon the request of a qualified state, to certify the amount of any child support obligation assigned to the state to the Secretary of the Treasury for collection under section 6305 of the Internal Revenue Code. Section 6305(a) would require the Secretary of the Treasury to assess and collect the amount certified by HEW, in the same manner, with the same powers, and subject to the same limitations as if such amount were a so-called employment tax imposed by the Code, the collection of which would be jeopardized by delay. Subsection (b) would provide that "No court of the United States, whether established under article I or article III of the Constitution, shall have jurisdiction of any action, whether legal or equitable, brought to restrain or review the assessment and collection of amounts by the Secretary or his delegate under subsection (a), nor shall any such assessment and collection be subject to review by the Secretary or his delegate in any proceeding."

This provision, if read literally, would greatly limit the impact of this bill upon the Department of Justice and its role of representing the Secretary of the Treasury in the federal courts. Although we have not had the time necessary for a complete examination of the question, it would appear, however, that such a broad prohibition upon judicial review of the assessment and collection procedures of the Secretary of the Treasury may have constitutional limitations. Accordingly, it is impossible at this time to accurately predict the effect of the enrolled bill upon the workload of the Department of Justice.

In spite of our objection to the garnishment of federal salaries provision and our uncertainty about the bill's effect upon the Department's workload, we have
no objection to its Executive approval. Part A of the bill and the Congressional intent in part B to deal with the problem of multi-state enforcement of child support orders are clearly meritorious, and, in our opinion, overcome what problems approval of the bill may present.

Sincerely,

W. Vincent Rakestraw
Assistant Attorney General
December 28, 1974

Honorable Roy L. Ash  
Director  
Office of Management and Budget  
Washington, D. C.  20503

Dear Mr. Ash:

This is in response to your request for the views of the Department of Defense on the enrolled enactment of H. R. 17045, 93rd Congress, an Act "To amend the Social Security Act to establish a consolidated program of Federal financial assistance to encourage provision of services by the States."

The Department of Defense defers to other proponent Government agencies with regard to the merits of Part A of the bill.

This Department has no overriding objection to Part B of the bill, but does have reservations with respect to Section 459 which provides for garnishment of pay of Federal employees and members of the armed services for court ordered child support and alimony payments.

The Military Departments and the Department of Defense are not unsympathetic to the plight of a family in which the person primarily responsible for supporting dependent children refuses to carry out his or her legal and moral obligation to provide that support. Accordingly, every effort is made to assure that military members meet that obligation. This is done without subjecting the Federal Government to the dictates of State courts.

Approval of this Act could serve as a precedent for subsequent legislation to permit attachment of federal pay to satisfy other types of legal obligations. Further, the attachment of wages of Federal employees and military personnel would result in a significant increase in the work load of administrative offices throughout the Federal Government. The administrative burden of establishing court ordered deductions would be appreciably increased if legal
determinations are required, including, perhaps, an assessment of the validity of court orders and their compatibility with due process. This problem could become even more acute if different State courts, operating under different laws, render conflicting decisions.

Lastly, approval of the bill could place military personnel in danger of suffering an attachment of their pay without legal representation during relevant court proceedings. For example, a court in the United States might attempt to attach the pay of a member of the armed forces stationed overseas. Not only would such court action produce such hazards, but would create a demand for legal resources which are neither readily available nor readily attainable.

For reasons cited herein, the Department of Defense defers to your office the evaluation as to whether the reservations enumerated above are more than offset by the overall merits of the bill.

Sincerely,

[Signature]

Martin R. Hoffman
This is in response to your request for our views on the enrolled enactment of H.R. 17045, the "Social Services Amendments of 1973."

H.R. 17045 is apparently intended to give States greater flexibility in the use of Federal funds made available by the Department of Health, Education, and Welfare to provide social services for welfare recipients and potential welfare recipients.

Since HEW would have primary responsibility for the administration of H.R. 17045, we defer to HEW's views on this measure.

Sincerely,

[Signature]

Secretary of Labor
Mr. W. H. Rommel
Assistant Director for Legislative Reference
Office of Management and Budget
New Executive Office Building
Washington, D.C. 20575

Dear Mr. Rommel:

We have reviewed the enrolled bill, the "Social Service Amendment of 1974," and have no substantive comments from the standpoint of its effect on intergovernmental relations.

Please note two technical errors:

(1) Section 2001 of Title XX, first line, omission of the word "as" following the word "for;"

(2) Section 2003 (e) (1), the reference to subsection (g) probably should be to subsection (d).

Thank you for the opportunity to review and comment on this legislation.

Sincerely,

David B. Walker
Assistant Director
Date: January 2, 1975

FOR ACTION: Jim Cavanaugh
Max Friedersdorf
Phil Areeda
Geoff Shepard
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 2

SUBJECT:

Enrolled Bill H.R. 17045 - Social Services
Amendments of 1974

ACTION REQUESTED:

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

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

K. R. COLE, JR.
For the President
Honorable Roy L. Ash  
Director, Office of Management  
and Budget  
Washington, D.C. 20503  
Attention: Assistant Director for  
Legislative Reference

Dear Mr. Ash:

This is in response to your request for views and recommendations on the enrolled bill H.R. 17045, "Social Services Amendments of 1974." Part A of the bill would establish a consolidated program of Federal financial assistance to State social service agencies; Part B would require the Secretary of Health, Education, and Welfare and the Secretary of the Treasury to take a central, leadership role in enforcing the alimony and child support obligations of absent parents. Whatever the merit of Part A, this office recommends that the President veto H.R. 17045 on the grounds that Part B contains ill-conceived and potentially injurious information collection and disclosure requirements that are grossly inconsistent with the Administration's commitment to protecting personal privacy.

Specifically, the bill, if enacted, would:

- Require the Secretary of Health, Education, and Welfare to establish a "Parent Locator Service" authorized to search for information concerning the whereabouts of absent parents in the files of any Federal, State, or local government agency or instrumentality (save the Census Bureau and agencies maintaining such information which if disclosed would "contravene the national policy or security interests of the United States").

- Require Federal, State, and local government officials to cooperate with the Parent Locator Service, regardless of whether any existing Federal or State statute now forbids them to do so.
Explicitly and drastically weaken the confidentiality requirements (Sec. 1106) of the Social Security Act -- a step that Secretary Weinberger agreed to oppose in a letter to me of November 22, 1974.

Make the Treasury Department responsible for collecting alimony and child support obligations referred to it by the Secretary of HEW.

Make the Bankruptcy Law of the United States inapplicable in some alimony and child support cases.

Provide for the garnishment of wages and salaries of Federal employees.

Require mothers, as a condition of eligibility for AFDC payments, to "cooperate with State agencies (i) in establishing the paternity of a child born out of wedlock with respect to whom aid is claimed, and (ii) in obtaining support payments."

Require the collection and use of Social Security numbers as a condition of eligibility for AFDC support at a time when the Administration and the Department of Health, Education, and Welfare are reviewing Social Security number policy, and when the Congress, in S. 3418, "the Privacy Act of 1974," has indicated its desire to impose a moratorium on additional mandatory uses of the number.

Require States to cooperate with one another in tracking down absent parents in contravention, in some cases, of their own laws on alimony and child support.

Provide for HEW enforcement of child support obligations in Federal courts.

Provide no protection whatsoever for the personal privacy interests of any of the individuals involved, which means, in theory at least, every divorced, separated, or otherwise estranged parent in the United States and the children of such unions.

These ill-conceived and potentially abusive provisions would supplant existing provisions of the Social Security Act (specifically Sections 402(a), (17), (18), (21), and (22), and Section 410) which are designed to achieve the same enforcement objectives in a much more fine-tuned, judicious, and humane manner. They were tacked on to H.R. 17045 by the Senate as
an amendment to the House-passed version of the bill in the closing days of the 93rd Congress. They were not debated on the Senate floor and there was no debate of any substance when they appeared in the conference report, which the Senate approved by voice vote several hours before final adjournment. In the House, the Senate-approved conference report was also adopted by voice vote at the last minute, but there members objected bitterly to being asked to vote on provisions they had never seen and knew nothing about.

We understand that the Department of Health, Education, and Welfare favors signature now and modifying amendments later. However, it is our view that the excesses of Part B are so egregious as to warrant not only a veto but also an admonishing veto statement.

If the President signs H.R. 17045, there is a grave risk that the 94th Congress will not accept HEW's suggested modifying amendments. The Department was not able to persuade the 93rd Congress to repeal related and equally objectionable provisions in the 1972 Amendments to the Social Security Act, adopted under similar circumstances, and its protests to the conferees on Part B of H.R. 17045 were almost totally ignored. Hence, it is our considered view that the best way to parry excesses of this sort is with a firm, clearly explained veto.

The credibility of the Administration's commitment to safeguarding personal privacy is at stake in this measure. At some point we are going to have to stop settling for ill-conceived legislative measures that meet our management objectives but trample on the rights of our citizens and H.R. 17045 strikes us as an excellent place to start.

Sincerely yours,

Douglas W. Metz
Acting Executive Director
THE WHITE HOUSE
STATEMENT BY THE PRESIDENT

I am returning herewith without my approval H.R. 17045, a bill to establish
a consolidated program of Federal financial assistance to State social service
agencies. I do so with regret, because the bill represents a significant step
forward in defining Federal and State roles in the provision of social services.
It also is the result of many months of hard work performed in an atmosphere
of cooperation, conciliation, and compromise, which I applaud.

At the last moment, however, the Congress appended to this otherwise de­sirable legislation, a package of amendments which, if enacted, would make
the Federal government a major enforcer of alimony and child support obliga­tions. It is that portion of the bill, Part B, to which I strongly object.

I understand the objectives of the Senate amendments. No one who values a good
family life as much as I would look kindly on fathers and mothers who refuse
to assume their parental responsibilities or who abandon their dependent
children to the welfare rolls. My own attitude on this subject is well documented
by my record in Congress where I regularly introduced legislation known as my
"runaway pappy bill" which would have made it unlawful for a father to flee a
State to avoid child support payments. However, I do not think that the solution
to this serious social problem is to create a vast national tracking system
which draws no clear distinction between the guilty and the innocent, which recognizes no jurisdictional boundaries, and which, by virtue of its information collection and disclosure requirements, threatens the personal privacy of millions of Americans.

This Administration will welcome well-conceived proposals to improve public assistance and social service programs but not by bartering away any individual's right to personal privacy and due process.

I am confident that if the next Congress wishes to strengthen the child support provisions in the Social Security Act, it will do so after careful consideration, including full and open debate, of the proposals put before it. Had that been done in the present instance, I doubt that I would have before me legislation which (1) requires the Secretary of Health, Education, and Welfare to establish a "Parent Locator Service" authorized to search for information concerning the whereabouts of absent parents in the files of practically every Federal, State, and local government agency in the country, notwithstanding Federal and State confidentiality statutes which expressly forbid such searches; (2) significantly weakens the confidentiality protections of the Social Security Act, to which the bill is an amendment; (3) makes the Treasury Department responsible for collecting alimony and child support obligations referred to it by the Secretary of HEW; (4) requires mothers, as a condition of eligibility for public assistance, to "cooperate" with State agencies in establishing the paternity of their children and in obtaining support payments; (5) requires the States to cooperate with one another in tracking down absent parents in contravention, in some cases,
of their own laws on alimony and child support; and (6) provides no protection whatsoever for the personal privacy rights of the parents and children involved.

This seems to me grossly in excess of what is needed and wholly inconsistent with the principles that guided the 93rd Congress in enacting the new privacy legislation on Federal agency records. Hence, regrettably, but advisedly, I am returning H.R. 17045 without my approval.
Date: January 2, 1975

FOR ACTION: Jim Cavanaugh
Max Friedersdorf
Phil Areeda
Geoff Shepard
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 2

SUBJECT:

Enrolled Bill H.R. 17045 - Social Services
Amendments of 1974

ACTION REQUESTED:

For Necessary Action
Prepare Agenda and Brief
For Your Comments

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

1) I mildly favor veto because the Federal Gov't should not be
involved in enforcing parental support obligations, and especially
not by the large apparatus the bill would create. But if the
President thinks otherwise, he should sign the bill notwithstanding
the Privacy Committee's objections, which are greatly overstated.

2) If vetoed, the privacy objections in the omnibus draft message should
be thinned down. The objections are stated better in the How draft
statement (Jt. p. 2).

P. Areeda

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Warren K. Hendriks
for the President
THE WHITE HOUSE
WASHINGTON

January 2, 1975

MEMORANDUM FOR: WARREN HENDRIKS
FROM: MAX L. FRIEDERSDORF
SUBJECT: Action Memorandum - Log No. 950
Enrolled Bill H.R. 17045 - Social Services
Amendments of 1974

The Office of Legislative Affairs concurs with the Agencies that the enrolled bill should be VETOED.

Attachments
DRAFT SIGNING STATEMENT

(Although)

I have signed today H.R. 17045 with gratification and pleasure about most of its provisions, though serious concerns about some of them.

The provisions of the bill concerning the Federal-State partnership program for social services brings to successfully conclusion many long months of negotiations among the Congress; the Department of Health, Education, and Welfare; governors; State administrators; and spokesmen for providers and consumers. Ending a long impasse, the efforts of all exemplify my call for cooperation, communication, conciliation and compromise when I assumed the office of President.
The second element of this bill involves the collection of child support payments from absent parents. I strongly agree with the objectives of this legislation. Absent parents should not be allowed to escape their financial responsibilities to the detriment of their children and thereby add their children to the welfare roles. Some of the provisions of this legislation appropriately strengthen the requirements on and incentives for States to aggressively enforce child support obligations.

In pursuit of this worthy objective, however, certain provisions of this legislation go too far by inserting the Federal Government into the domestic relations. Specifically, provisions for use of the Federal courts, the tax collection procedures of the Internal Revenue Service and excessive audit requirements are an undesirable and unnecessary intrusion of the Federal Government and are clearly an undesirable addition to the workload of the Federal courts, the IRS and the Department of Health, Education, and Welfare Audit Agency. Further, the establishment of a parent locator service in the Department of Health, Education, and Welfare with access to all Federal records raises serious privacy and administrative issues. I believe that these defects should be corrected in the next Congress and I will propose legislation to do so.
I am particularly pleased that this landmark legislation will improve follows a desirable trend in Federal-State relations, and establishes the means for improving the results of programs previously observed by unrealistic assumptions of Federal review and control as a categorical grant program. Those decisions which should be made in terms of local conditions and needs are to be made at the State level, while those responsibilities which should be Federal are clearly delineated. Indeed, the interests of not only the Federal and State governments, but also providers and consumers are recognized and protected. I also believe that this new legislation significantly improves program accountability and the focusing of funds on those most in need of services.

In summary, I regard the social services provisions as a major piece of domestic legislation and a significant step forward in Federal-State relations.
MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 17045, the Social Services Amendments of 1974.

I do so with regret, because much of the bill represents a significant step forward in defining Federal and State roles in the provisions of social services. This part is the result of many months of hard work by the Executive Branch and the Congress performed in an atmosphere of cooperation, conciliation, and compromise, which I applaud.

At the last moment, however, the Congress added to this otherwise desirable legislation a package of amendments which would make the Federal Government a major enforcer of child support and alimony obligations. I strongly object to that part of the bill.

Specifically, provisions for use of the Federal courts, the tax collection procedures of the Internal Revenue Service and excessive audit requirements are an undesirable and unnecessary intrusion of the Federal Government into domestic relations. They are also an undesirable addition to the workload of the Federal courts, the IRS and the Department of Health, Education, and Welfare Audit Agency. Further, the establishment of a parent locator service in the Department of Health, Education, and Welfare with access to all Federal records raises serious privacy and administrative issues.

Accordingly, I cannot approve H.R. 17045 in its present form.

I intend to propose early in the next Congress legislation which would improve our social services program consistent with most objectives of this bill.

THE WHITE HOUSE,
MEMORANDUM OF DISAPPROVAL

I have withheld my approval from H.R. 17045, the Social Services Amendments of 1974.

I do so with regret, because much of the bill represents a significant step forward in defining Federal and State roles in the provisions of social services. This part is the result of many months of hard work by the Executive Branch and the Congress performed in an atmosphere of cooperation, conciliation, and compromise, which I applaud.

At the last moment, however, the Congress appended to this otherwise desirable legislation a package of amendments which would make the Federal Government a major enforcer of child support and alimony obligations. I strongly object to that portion of the bill to which I strongly object.

I understand the objectives of the Senate amendments. No one who values a good family life as much as I would look kindly on fathers and mothers who refuse to assume their parental responsibilities or who abandon their dependent children to the welfare rolls. However, I do not think that the solution to this serious problem is to create a vast national tracking system which draws no clear distinction between the guilty and the accused, which recognizes no jurisdictional boundaries, and which, by virtue of its information collection and disclosure requirements, threatens the personal privacy of millions of Americans.
The second element of this bill involves the collection of child support payments from absent parents. I strongly agree with the objectives of this legislation. Absent parents should not be allowed to escape their financial responsibilities to the detriment of their children and thereby add their children to the welfare roles. Some of the provisions of this legislation appropriately strengthen the requirements on and incentives for States to aggressively enforce child support obligations.

In particular, however, certain provisions of this legislation go too far by inserting the Federal Government into domestic relations. Specifically, the provisions for use of the Federal courts, the tax collection procedures of the Internal Revenue Service and excessive audit requirements are an undesirable and unnecessary intrusion of the Federal Government and are clearly an undesirable addition to the workload of the Federal courts, the IRS and the Department of Health, Education, and Welfare Audit Agency. Further, the establishment of a parent locator service in the Department of Health, Education, and Welfare with access to all Federal records raises serious privacy and administrative issues. I believe that these defects should be corrected in the next Congress and I will propose legislation to do so.
Accordingly, I cannot approve H.R. 17045 in its present form.

I intend to propose early in the next Congress legislation which would improve our social services program consistent with the objectives of Part A of this bill.
Date: January 2, 1975

FOR ACTION: Jim Cavanaugh
Max Friedersdorf
Phil Areeda
Geoff Shepard
Paul Theis

cc (for information): Warren Hendriks
Jerry Jones
Jack Marsh

FROM THE STAFF SECRETARY

DUE: Date: Thursday, January 2

SUBJECT:

Enrolled Bill H.R. 17045 - Social Services
Amendments of 1974

ACTION REQUESTED:

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

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

Warren K. Hendriks
for the President
MEMORANDUM OF DISAPPROVAL

I have withholding my approval from H.R. 17045, the Social Services Amendments of 1974.

I do so with regret, because a significant step forward in defining Federal and State roles in the provisions of social services. This part is the result of many months of hard work by the Executive Branch and the Congress performed in an atmosphere of cooperation, conciliation, and compromise, which I applaud.

At the last moment, however, the Congress added to this otherwise desirable legislation, a package of amendments which would make the Federal Government a major enforcer of child support and alimony obligations. I strongly object to that section of the bill, as I strongly object.

I understand the objectives of the Senate amendments. No one who values a good family life as much as I would look kindly on fathers and mothers who refuse to assume their parental responsibilities or who abandon their dependent children to the welfare rolls. However, I do not think that the solution to this serious problem is to create a vast national tracking system which draws no clear distinction between the guilty and the accused, which recognizes no jurisdictional boundaries, and which, by virtue of its information collection and disclosure requirements, threatens the personal privacy of millions of Americans.
The second element of this bill involves the collection of child support payments from absent parents. I strongly agree with the objectives of this legislation. Absent parents should not be allowed to escape their financial responsibilities to the detriment of their children and thereby add their children to the welfare roles. Some of the provisions of this legislation appropriately strengthen the requirements on and incentives for states to aggressively enforce child support obligations.

In general, certain provisions of this legislation go too far by involving the Federal Government in private relations. Specifically, the provisions for use of the Federal courts, the tax collection procedures of the Internal Revenue Service and excessive audit requirements are an undesirable and unnecessary intrusion of the Federal Government. They are also an undesirable addition to the workload of the Federal courts, the IRS and the Department of Health, Education, and Welfare Audit Agency. Further, the establishment of a parent locator service in the Department of Health, Education, and Welfare with access to all Federal records raises serious privacy and administrative issues. I believe that these defects should be corrected in the next Congress and I will propose legislation to do so.
Accordingly, I cannot approve H.R. 17045 in its present form.

I intend to propose early in the next Congress legislation which would improve our social services program consistent with the objectives of the bill.