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Calendar No. 1281

93d Congress, 2d Session - - - - - - - - Senate Report No. 93-1356

SOCIAL SERVICES AMENDMENTS OF 1974

REPORT

OF THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

TO ACCOMPANY

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

(TOGETHER WITH SEPARATE VIEWS)

COMMITTEE ON FINANCE
UNITED STATES SENATE
RUSSELL B. LONG, *Chairman*

DECEMBER 14, 1974.—Ordered to be printed

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93D CONGRESS
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SENATE

REPORT
No. 93-1356

SOCIAL SERVICES AMENDMENTS OF 1974

DECEMBER 14, 1974.—Ordered to be printed

Mr. LONG, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 17045]

The Committee on Finance, to which was referred the 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, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

I. SUMMARY OF THE BILL

The bill, as passed by the House, would repeal existing provisions of the Social Security Act relative to social services and would add to the Act a new separate title (title XX) for social services. The Committee amendment substitutes for the House bill the social services amendments approved by the Senate in November of 1973 in the bill H.R. 3153. The Committee amendment also incorporates two other provisions adopted by the Senate on H.R. 3153: the tax credit for low-income families (work bonus), and the child support program.

SOCIAL SERVICES

On May 1, 1973, the Department of HEW issued sweeping revisions in Federal regulations realting to social services under the Social Security Act. These regulations were to have become effective on July 1. However, the Congress delayed the effective date of the new regulations until November 1 in order to allow time for more thorough legislative consideration of the issues involved. When agreement was not reached on the Senate passed provisions of H.R. 3153 dealing with social services at the end of 1973, a further postponement of the regulation until January 1, 1975 was enacted. The Committee bill incorporates a provision in effect converting the present law as it

affects social services to a $2.5 billion social services revenue sharing program. The bill includes a requirement that any increase in Federal social services funding in a State be used for an actual increase in services provided rather than to simply replace State funds now being spent on services. Also included is an illustrative list of the types of social services which may be funded. The States would, however, be free to provide other services not specifically included in this listing.

Tax Credit for Low-Income Workers With Families

Under another provision of the Committee amendment low-income workers who have families would be eligible for a tax credit equal to a percentage of the social security taxes payable on account of their employment during the tax year (equivalent to 10 percent of their wages taxed under the social security program). The maximum tax credit would apply for families where the total income of the husband and wife is $4,000 or less. For families where the husband's and wife's total income exceeds $4,000, the credit would be equal to $400 minus one-quarter of the amount by which their total income exceeds $4,000; thus, the taxpayer would become ineligible for the credit once total income reaches $5,600 ($5,600 exceeds $4,000 by $1,600; one-quarter of $1,600 is $400, which subtracted from $400 equals zero).

Child Support

Present law requires that the State welfare agency establish a single, identified unit whose purpose is to secure support for children who have been deserted or abandoned by their parents, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. If it is necessary to establish paternity to find an obligation to support, this unit is supposed to carry out this activity. The State welfare agency is further required to enter into cooperative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting parents. The administration of the provisions of present law has varied widely among the States.

The Committee bill includes a number of features designed to assure an effective program of child support. The Committee bill leaves basic responsibility for child support and establishment of paternity to the State but it envisions a far more active role on the part of the Federal Government in monitoring and evaluating State programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them.

States would be required to have effective programs for the collection of support and the establishment of paternity; Federal matching for these efforts would be increased from the present 50 percent to 75 percent but States not complying with the requirements would face a penalty in the form of reduced Federal matching funds for Aid to Families with Dependent Children.

Access to support collection services would be available to families not on welfare as well as to those on welfare.

II. Social Services

(Secs.. 2–12 of the bill)

LEGISLATION IN 1972

Rapid rise in Federal funds for social services.—Like Federal matching for welfare payments, Federal matching for social services prior to fiscal year 1973 was mandatory and open-ended. Every dollar a State spent for social services was matched by three Federal dollars. In 1971 and 1972 particularly, States made use of the Social Security Act's open-ended 75 percent matching to increase at a rapid rate the amount of Federal money going into social services programs.

The Federal share of social services was about three-quarters of a billion dollars in fiscal year 1971, about $1.7 billion in 1972, and was projected to reach an estimated $4.7 billion for fiscal year 1973. Faced with this projection, the Congress enacted a limitation on Federal funding as a provision of the State and Local Fiscal Assistance Act of 1972.

Federal funds for social services limited in 1972.—Under the provision in the 1972 legislation, Federal matching for social services to the aged, blind and disabled, and for services provided under Aid to Families with Dependent Children was subjected to a State-by-State dollar limitation, effective beginning fiscal year 1973. Each State is limited to its share of $2,500,000,000 based on its proportion of population in the United States. Child care services, family planning services, services provided to a mentally retarded individual, services related to the treatment of drug addicts and alcoholics, services provided a child in foster care, and (under a provision adopted last year as part of Public Law 93–66) any services to the aged, blind, or disabled can be provided to persons formerly on welfare or likely to become dependent on welfare as well as to present recipients of welfare. At least 90 percent of expenditures for all other social services, however, have to be provided to individuals receiving Aid to Families with Dependent Children. Until a State reaches the limitation on Federal matching, 75 percent Federal matching continues to be applicable for social services as under prior law. Family planning services provided under the medicaid program are not subject to the Federal matching limitation.

Services necessary to enable AFDC recipients to participate in the Work Incentive Program are not subject to the limitation described above; they continue as under prior law, with 90 percent Federal matching and with funding of these services limited to the amounts appropriated. Federal matching for emergency aid (including social services) is at a 50 percent rate.

REGULATORY CHANGES BY THE DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

On May 1, 1973, the Department of Health, Education, and Welfare issued sweeping revisions in the Federal regulations under which social services programs are operated by State welfare agencies. These regulations, which were to have become effective on July 1, were strongly

opposed by many groups and individuals who felt that they were in many respects contrary to the purposes which social services programs were intended by Congress to serve.

Eligibility for services.—Under the May 1 regulations, social services could have continued to be provided to cash assistance recipients and to former and potential recipients; however, the definition of former and potential recipients was considerably narrower than under the prior regulations. Services provided to former recipients would have had to have been provided within three months after assistance was terminated (compared with two years under the former regulations). Persons could have qualified for services as potential recipients only if they were likely to become recipients within six months and only if they had incomes no larger than 150 percent of the State's cash assistance payment standard. In the case of child care services, potential recipients with incomes above that limit but not more than 233⅓ percent of the cash assistance payment standard could have qualified for partially subsidized child care. Under the former regulations services could be made available to individuals likely to become recipients within five years and without any specific income tests. The former regulations also permitted eligibility to be established for some services on a group basis (for example, services could be provided to all residents of a low-income neighborhood). The new regulations would have not permitted group eligibility but would have required the welfare agency to make an individualized eligibility determination for each recipient of services.

Scope of services.—The May regulations would have limited the type of services which may be provided to 18 specifically defined services and would have limited to just a few services those which the States are required to provide. By contrast, the former regulations had a fairly extensive list of mandatory services, specifically mentioned a number of optional services, and allowed States to receive Federal matching for other types of services not spelled out in the regulations.

Procedural provisions.—The May 1 regulations would have changed a number of the administrative requirements imposed upon the States in connection with services; for example, the requirement of an AFDC advisory committee would have been dropped and the requirement of recipient participation in the advisory committee on day care services would have been eliminated. Similarly, a fair hearing procedure (as applicable to services) would no longer have been mandated. The regulations would have required more frequent review (every 6 months rather than each year) of the effectiveness of services being provided and would have required that agreements for purchase of services from sources other than the welfare agency be reduced to writing and be subject to HEW approval.

Refinancing of services.—The May 1 regulations would have denied Federal matching for services purchased from a public agency other than the welfare agency under an agreement entered into after February 15, 1973 to the extent that the services in question were being provided without Federal matching as of fiscal year 1972. This limitation on refinancing of previously non-Federal services programs would have been relaxed under the new regulations over a period of time and would have ceased to apply starting July 1, 1976.

CONGRESSIONAL ACTION TO POSTPONE NEW REGULATIONS

Because of the extensive nature of the changes which would have been made by the new regulations and the issues raised by those changes, the Congress did not have sufficient time to develop a legislative resolution of the policy issues before the new regulations were to go into effect on July 1, 1973. Instead, the Congress simply provided that no new social services regulations (other than those needed for technical compliance with the law) could become effective prior to November 1, 1973. This legislation did allow the possibility of implementing new social services regulations prior to the November 1, 1973 date, if the Administration obtained approval for any such regulations from the Senate Committee on Finance and the House Committee on Ways and Means. Though revisions in the regulations were proposed in the Federal Register in September, no attempt was made to obtain approval of new regulations from the two committees.

REVISED REGULATIONS

On September 10, 1973, the Department of Health, Education, and Welfare published in the Federal Register a number of revisions in its earlier proposed regulations. Additional changes were made on October 31, 1973, when the Department published in the Federal Register the final set of regulations, which went into effect on November 1, 1973. These changes did, to a certain extent, attempt to meet several of the specific statutory conflicts which were pointed out in connection with the earlier regulations. In particular, those related to legal services, family planning services, services for the mentally retarded, and treatment of alcoholics and drug addicts were brought more in line with statutory provisions. However, the more basic questions raised by the new regulations remained unresolved under the November 1 regulations.

H.R. 3153 AND FURTHER POSTPONEMENT OF REGULATIONS

H.R. 3153.—In the fall of 1973, the Committee on Finance agreed to an amendment to the House-passed bill H.R. 3153 which was designed to resolve the issues raised by the HEW social services regulations. In general, the social services provisions added to H.R. 3153 by the Committee would have retained the provisions of present law requiring States to provide welfare recipients certain types of services (for example family planning services), but would otherwise have given the States wide discretion in the use of available social services funds. The Committee recommendations were approved by the Senate in passing H.R. 3153, on November 30, 1973. The House conferees, however, were not willing to give immediate consideration to the Senate amendments to H.R. 3153. Legislation was agreed to at the end of 1973 invalidating the HEW regulations which had gone into effect on November 1 and prohibiting those or any other new social services regulations from becoming effective prior to January 1, 1975. Since that time the House conferees have not agreed to resume the conference on H.R. 3153.

H.R. 17045.—On December 9, 1974, the House of Representatives passed a new social services bill, H.R. 17045, which would amend the

Social Security Act by adding a new title XX, dealing with social services. The Committee amendment substitutes for the text of the House bill the social services provisions which were passed by the Senate in 1973.

COMMITTEE PROVISION

Freedom from regulatory control.—The lengthy history of legislative and regulatory action in the social service area has made it clear to the committee that the Department of Health, Education, and Welfare can neither mandate meaningful programs nor impose effective controls upon the States. The Committee believes that the States should have the ultimate decision-making authority in fashioning their own social services programs within the limits of funding established by the Congress. Thus the Committee bill provides that the States would have maximum freedom to determine what services they will make available, the persons eligible for such services, the manner in which such services are provided, and any limitations or conditions on the receipt of such services.

States would not, however, be permitted to use Federal social services funds in such a way as to simply replace State money with Federal money. The bill requires that any increase in Federal funding used by a State to purchase social services must result in an increase in the level of services and not simply represent the purchase of the same services previously purchased with State funds.

The Committee bill provides that States may furnish services which they find to be appropriate for meeting any of these four goals: (1) self-support (to achieve and maintain the maximum feasible level of employment and economic self-sufficiency); (2) family care or self-care (to strengthen family life and to achieve and maintain maximum personal independence, self-determination, and security in the home, including, for children, the achievement of maximum potential for eventual independent living and to prevent or remedy neglect, abuse, or exploitation of children); (3) community-based care (to secure and maintain community-based care which approximates a home environment when living at home is not feasible and institutional care is inappropriate); and (4) institutional care (to secure appropriate institutional care when other forms of care are not feasible).

To illustrate the variety of services which States may provide with the available social services funds, the Committee bill includes a list of services which could be furnished. This list is not intended to limit the freedom of the States to provide other types of services.

The services listed are:

(1) day care services for children,
(2) day care services for children with special needs,
(3) services for children in foster care,
(4) protective services for children,
(5) family planning services,
(6) protective services for adults,
(7) services for adults in foster care,
(8) homemaker services,
(9) chore services,
(10) home delivered or congregate meals,

(11) day care services for adults,
(12) health-related services,
(13) home management and other functional educational services,
(14) housing improvement services,
(15) a full-range of legal services,
(16) transportation services,
(17) educational and training services,
(18) employment services,
(19) information, referral and follow-up services,
(20) special services for the mentally retarded,
(21) special services for the blind,
(22) services for alcoholism and drug addiction,
(23) special services for the emotionally disturbed,
(24) special services for the physically handicapped.

Any other types of services not fitting into any of these 24 categories could also be provided by the States in order to meet the goals of self support, family care or self care, community-based care, or institutional care. Through this mechanism the States will be able to construct programs to meet their particular needs within a predetermined amount of Federal funding without regulatory impediments which often have made planning and program development an impossibility. It is the Committee's belief that the mutual objective of the States and the Federal Government of reducing dependency upon welfare will be met most effectively by this approach.

While the Committee bill is designed to give the States maximum flexibility in designing and operating their social services program, the Committee feels that there should be a public record of the use which the States make of Federal social services funds. Accordingly, the Committee bill would require the States to submit an annual report on their use of funds for social services. The Committee expects that this report will show how much each State expended for each type of services. The report should also provide information on the extent to which social services funds were used for services to persons not actually on welfare and the extent to which such funds were used for the purchase of services from organizations outside the welfare agency. The Committee emphasizes that under this reporting requirement, the Department of Health, Education, and Welfare would have the duty of requesting appropriate information from the States and of transmitting that information to the Congress in the form of an annual report. The Department's responsibility for providing this annual report is not, however, to be interpreted as authorizing the Department to impose upon the States complex and burdensome reporting procedures. Nor is the reporting requirement to be interpreted as placing upon the Department the burden of conducting audits to provide detailed verification of these reports.

The Committee bill includes a repeal of the provisions enacted in P.L. 92–512 under which the proportion of the Federal social services funds which each State could use for non-welfare recipients was limited to 10 percent (except in the case of specified high priority services). The $2.5 billion annual limit on Federal funding for services is retained. The Committee bill also includes a provision making ex-

plicit in the statute that donated private funds, including in-kind contributions, will be considered State funds in claiming Federal reimbursement for social services where such funds are transferred to the State or local agency, are under its administrative control, and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable).

The Committee bill would require the States to provide at least three types of services for recipients of supplemental security income. In addtion, the States would be required to compile and make public, at least 45 days before the beginning of a fiscal year, a list of the social services to be provided during the fiscal year, indicating the types of service, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type of service. The State may subsequently revise its plan.

The bill would also require that child care provided under the Social Security Act meet the following standards: (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations; and (2) out-of-home day care facilities shall meet State licensing requirements and (with modifications) the provisions of the Federal Interagency Day Care Requirements of 1968. Specifically, the bill sets a limit of not more than 5 children age 3 to 4 per adult; not more than 7 children age 4 to 6 per adult; not more than 15 children age 6 to 9 per adult; and not more than 20 children age 10 to 14 per adult. Other requirements involve staff qualifications, health services and social services, and parent involvement. Present law authorizes 75 percent Federal matching under the Social Security Act for "the training of personnel employed or preparing for employment by the State or local welfare agency." Under this provision, States have made grants to educational institutions and have given financial assistance to students. The bill explicitly authorizes them to do so in the statute.

With respect to the program of services for the aged, blind, and disabled, the bill requires the States to provide an opportunity for a fair hearing to individuals denied services or otherwise aggrieved. The Committee bill provides that if in any year after fiscal year 1974 States do not use the full $2 5 billion authorized for social services under the Social Security Act, that unused funds may be reallotted, on the basis of population, among the States which can use additional funds.

The new social services provisions of the Committee amendment would be effective January 1, 1975.

Some of the major differences between present law, the House bill, and the committee amendment are described below.

Persons eligible for services.—Under present law, States must provide services to recipients of aid to families with dependent children (AFDC) and, if they have a services program under Title VI, must provide services to aged, blind, and disabled persons who get Supplemental Security Income (SSI) benefits. These requirements would be unchanged by the committee amendment. The House bill would permit States, if they cose, to provide no services at all. However, if a State

did elect to have a services program under the bill, the State would have to meet a requirement that its total expenditures for services to welfare recipients and eligibles be equal to at least 50 percent of the amount of Federal social services funds used by the State. However, a State could, at least in theory, provide services to one category of welfare recipients but not to others (for example, to AFDC families but not to the aged, blind, or disabled persons, or *vice versa*).

Present law gives the States considerable latitude in providing services to nonwelfare recipients on the grounds that they are "former or potential" recipients. No income limits are specified in law or regulations and individuals can be considered potential recipients if the State finds them likely to be on welfare within the next five years. In addition, States can blanket groups of individuals into eligibility without individualized eligibility determinations (for example, all residents of low-income neighborhood).

The Committee amendment would give the States complete discretion in providing eligibility for services to nonwelfare recipients.

The House bill would permit States to make eligible for services nonwelfare recipients only up to an income limit which would vary from State to State (in the case of a family of 4, the limit would range from about $12,500 to $18,500 per year). In addition, nonwelfare recipients with incomes above certain limits (for a family of four, from about $9,000 to $13,000, depending upon the State) would have to be charged fees related to their income.

Funding of program and allocation of funds.—Under present law, Federal funding for social services is limited to $2.5 billion annually. The limit in each State is based upon the State's relative share of the national population and funds not used by a State are not re-allocated to other States. In the case of services for the aged, blind, and disabled and services related to child care, family planning, drug addiction and alcoholism, mental retardation and foster care, States may use all or any part of their allocated Federal funds for either recipients or nonrecipients of welfare. Any funds used for other types of services, however, must be allocated in such a way that 90 percent of the funds are used for services to welfare recipients.

The Committee amendment retains the $2.5 billion annual national limit on social services but permits re-allocation of funds unused by any State. The requirement that 90 percent of funds for services (other than the six specified high-priority services) be devoted to welfare recipients would be repealed.

The House bill retains the $2.5 billion limit and would not permit reallocation of unused amounts. It would require that States expend for services to welfare recipients and eligibles an amount equal to at least 50 percent of the Federal funds received by the State. (For services matched at the 75 percent rate this would amount to a requirement that 37.5 percent of total matchable expenditures be used for welfare recipients and eligibles.) No specific services would be exempt from this requirement.

Types of services permitted.—Under present law, broad language in both the statute and regulations (for example "services to strengthen family life") has been interpreted to cover a very wide range of pos-

sible services. The exact limits of this language are hard to pin down and apparently have varied from time to time depending upon *ad hoc* determinations of HEW officials.

The Committee amendment contains a lengthy list of services specifically permitted and specifies that States have complete discretion to provide any other services they consider appropriate.

The House bill similarly contains an illustrative list of permitted services and allows States to provide any other service not on the list. However, the bill also includes a list of certain specified types of expenditures for which Federal matching cannot be provided; for example, certain medical, educational, and institutional services could not be covered.

Mandatory services.—Under present law, certain services are specifically required in the statute and the Secretary of Health, Education, and Welfare is authorized to mandate other services meeting certain broadly stated statutory objectives. For example, the statute requires the family planning services be made available to AFDC families and includes specific penalties to be imposed upon States which do not meet this requirement. In regulations, the Department of Health, Education, and Welfare has listed a large number of other specific services in the mandatory category. It is questionable, however, whether any attempt is made to assure that these services are in fact made available by the States.

The Committee amendment would not change the mandatory service requirements of present law insofar as the AFDC program is concerned. In the case of the aged, blind, and disabled, it would require at least three types of services (not specified) for the aged, blind, and disabled in place of the present requirement for protective, health, homemaker, self-support and other services enumerated in regulations.

The House bill lists five goals towards which services must be directed and requires that States provide at least one service directed at each of these five goals. However, the bill permits each State to determine whether or not a given service is directed at any particular goal. The goals are:

(1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,

(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

(3) preventing or remedying neglect, abuse, or exploitation of children and adults, unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, and

(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

Child care standards.—There is no specific provision relating to child care standards in the AFDC statute. However, the Economic Opportunity Act makes the Federal Interagency Day Care Require-

ments of 1968 applicable to all HEW programs, presumably including child care funded under aid to families with dependent children. It is generally recognized, however, that compliance with these standards has not been monitored.

The Committee amendment would require that in-home care meet State standards which are in accord with the recommendations of national organizations concerned with child care. Out-of-home care would have to meet the 1968 Interagency Requirements modified to make less stringent the staffing requirements and to make the educational content of child care programs recommended rather than mandatory. This requirement would apply to all child care under the Social Security Act including child care in connection with the Work Incentive (WIN) program.

The House bill would require that child care funded under the Social Security Act meet the 1968 Federal Interagency standards. In addition, for care of children under three years old outside the child's own home, the bill would require at least one caretaker for every two children, and that caretaker could attend no older children. Also, States would be required to establish standards for child care which are in accord with the recommendations of national organizations concerned with child care. These requirements would be applicable to child care both under Title XX and under the Work Incentive (WIN) program.

Program administration.—Traditionally social services have been a part of the public assistance programs. Originally, in fact, services costs were considered to be a part of the State's administrative costs in connection with administering their assistance programs. In the case of AFDC, social services are administered by the agency administering the AFDC program, and the services plan is a part of the State plan for aid to families with dependent children. For the aged, blind, and disabled, basic income maintenance is now provided through the Federal SSI program. Services, however, are provided through a State plan framework (similar to that applicable to AFDC) under Title VI of the Social Security Act.

The committee amendment would retain the services program in the framework of the State plans under Titles IV A and VI, but the HEW role with respect to services would essentially be limited to assuring that States provide the required services to welfare recipients. To the extent States exceeded these minimum requirements, they would have almost full discretion as to the administration of their services programs.

The House bill creates a new title XX of the Social Security Act which establishes a new administrative framework for social services involving the development of annual State plans for services which must meet a number of requirements. HEW would monitor the compliance of these plans with the requirements of law and the compliance of the services program with the provisions incorporated by the States in their annual plans.

COMPARISON OF SOCIAL SERVICES PROVISIONS: PRESENT LAW, COMMITTEE AMENDMENT, HOUSE BILL

Present law	Committee amendment	House bill
1. Authorization		
Provides for Federal matching for State expenditures for social services up to an annual ceiling of $2,500,000,000.	Same as present law.	Same as present law.
Services for families are authorized as a part of the public assistance AFDC program under title IV–A of the Social Security Act; services for aged, blind, and disabled are authorized under title VI.	.....do.....	Eliminates services authorization in titles IV–A and VI and substitutes an authorization under new title XX.
2. Allotment to States		
Provides for allocation of funds (within $2,500,000,000 ceiling) among the States on the basis of State population.	Same as present law, except also provides for *reallocation* of unused funds among States which can use them.	Same as present law.

3. Federal Matching

Matching formula. Provides for 75 percent Federal matching for social services (including the costs of personnel engaged in the delivery of social services); provides 90 percent Federal matching for family planning services and supplies. (Federal matching is subject to above described overall $2,500,000,000 limit.)

Matching limitation. Provides that 90 percent of Federal matching funds must be used for services to recipients and applicants of cash assistance. Services for: aged, blind, disabled; child care; family planning; mentally retarded; addicts and alcoholics; children in foster care are excluded from this limitation.

Matching formula. Same as present law.

Matching limitation. Eliminates 90 percent requirement in present law; provides for State determination as to distribution of funds (although States must still meet plan requirements with regard to AFDC recipients and must provide at least 3 types of services to recipients of SSI).

Matching formula. Same as present law.

Matching limitation. Provides that an amount equal to 50 percent of Federal funds (i.e. 37.5 percent of total matchable funds at a 75 percent matching rate) used by State must be used for services to persons receiving or eligible to receive AFDC, SSI (including State supplementary payments), or Medicaid.

Present law	Committee amendment	House bill
4. Eligibility for Services		
Provides for eligibility for services for individuals and families who are *recipients of and applicants for cash assistance*, and for *former and potential* recipients. *Current HEW regulations* specify that States may provide services to *former recipients* if they have received aid within the last 2 years; counseling and casework services may be provided to former recipients without regard to the time since they last received aid. States may consider individuals and families eligible for services as *potential recipients*, under current regulations, if they are likely to become recipients of cash assistance, i.e., those who (1) are eligible for medical assistance, (2) would be eligible for cash assistance if the earnings exemption applied to them, (3) are likely within 5 years to become recipients of cash assistance, (4) are at or near dependency level where	Provides for State determination of who is eligible for services, although certain services must be provided to AFDC recipients and 3 types of services must be provided to SSI recipients.	No specific requirement of providing services to AFDC or SSI recipients, but specified percentage (see number 3 above) of services funding must go to welfare recipients. Non-recipients may be provided services at State option if their income does not exceed 115 percent of the State median income for family of 4, adjusted for family size.

services are provided on a group basis, (5) and all families and children in the above groups, or a selected reasonable classification of families and children with common problems or common service needs.		
5. Fees for Services		
Contains *no provision* for fees for services generally, although provides that States are to provide for payment for child care services in cases where families are able to pay part or all of the cost of care. This provision is not monitored by HEW, although sketchy information indicates some State activity in this area.	Same as present law.....	*Prohibits* fees for services to families or individuals who are recipients of or eligible for cash assistance or medical assistance; *requires* fees for services which are provided to individuals or families with incomes which are between *80 percent* of the median income of a family of 4 in the State (or if lower, the median income of a family of 4 in the 50 States) adjusted to take into account the size of the family, and *115 percent* of the median income of a family of 4 in the State, adjusted to take into account the size of the family. *Leaves to State option* whether to charge fees for services to families and individuals with incomes below 80 percent of median who are not eligible for or recipients of cash assistance.

Present law	Committee amendment	House bill

6. Kinds of Services

State plans *must provide* for the development and application of a program for *family services* and *child welfare services* for each child and relative who receives AFDC as may be necessary in the light of the particular home conditions and other needs of the child or relative in order to assist them to attain or retain capability for self-support and care and in order to strengthen family life and foster child development. State plans must also provide for the development of a program for each appropriate relative and dependent child receiving AFDC for *preventing or reducing* the incidence of *births out of wedlock* and otherwise strengthening family life and by assuring that in all appropriate cases *family planning services* are offered to them and are provided promptly to all individuals voluntarily requesting such services.

Maintains the *requirement* in present law that State plans must provide for specified services for each child and relative who receives AFDC.

Adds a provision requiring that States provide services necessary to aid the prevention, identification, and treatment of *child abuse* and neglect and, wherever feasible, to make it possible for the child to remain in the home.

Adds a provision *requiring* States to provide at least 3 types of *services* for recipients of *supplemental security income.*

Provides otherwise that States may provide such social services as each State determines to be appropriate for meeting any of the *following goals:* (1) self-support goal, (2) family-care or self-care goal, (3) community-based care goal, and (4) institutional care goal. Services

Deletes the *requirement* in present law that State plans must provide for specified services for each child and relative who receives AFDC.

Provides for services directed at the goal of (1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency, (2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency, (3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families, (4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or (5) securing referral or admission for institutional care when other forms of care are not appropriate, or pro-

Family services are defined as services for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence.

Child welfare services are defined as services which supplement or substitute for parental care and supervision for the purpose of preventing, remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children; protecting and caring for homeless, dependent, or neglected children; protecting and promoting the welfare of children of working mothers; and otherwise protecting and promoting the welfare of children, including the strengthening of their own homes or, where needed, the provision of adequate care of children away from their homes in foster family homes or day care or other child care facilities.

State plans *may provide* for any of the above services to individuals include day care services for children, child care services for children with special needs, services for children in foster care, protective services for children, family planning services, protective services for adults, services for adults in foster care, homemaker services, chore services, home delivery or congregate meals, day care services for adults, health related services, home management and other functional educational services, housing improvement services, a full range of legal services, transportation services, educational and training services for adult family members and services to assist children to obtain education and training to their fullest capacities, employment services or training leading to employment, information and referral services, special services for the mentally retarded, special services for the blind, services for alcoholism and drug addiction, special services for the emotionally disturbed, special services for the physically handicapped, *and any* viding services to individuals in institutions.

Services may *include* but *are not limited to* child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, training and related services, employment services, information, referral and counseling services, the preparation and delivery of meals, health support services, appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts.

Restricts the Secretary from denying payment with respect to any expenditure on the ground that it is not an expenditure for the provision of a social service or is not an expenditure for the provision of a service directed at one of the specified goals.

Present law	Committee amendment	House bill
6. Kinds of Services—Continued		
and families who are former or potential recipients of AFDC. State plans *must provide* for the availability to applicants and recipients of supplemental security income benefits of at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary. (Under current regulations these include protective services, services to enable persons to remain in or return to their homes or communities, services to meet health needs, self-support services for the handicapped, homemaker services, and special services for the blind.) The State *may provide* other services specified by the Secretary as likely to prevent or reduce dependency. (Current regulations define these as services to improve living arrangements and enhance activities of daily living, services to in-	*other services* which the State finds appropriate to meeting the 4 listed goals, Provides that except for the mandated services for recipients of cash assistance, *States are not to be restricted* in determining what services they will make available, and in determining what constitutes a social service.	State plans must provide for *at least 1 service* directed at *at least 1 of the goals* in each of the 5 categories of goals.

dividuals and groups to improve opportunities for social and community participation, and services to individuals to meet special needs—such as legal services, services for alcoholics, drug addicts, and mentally retarded, and special services for the blind, deaf and otherwise disabled.)

7. Prohibited Expenditures

Present law does not specify in the statute types of expenditures which may not be used to claim Federal matching under the services provision (except for a provision requiring that vocational rehabilitation services, to be matched, must be provided through arrangements with the State vocational rehabilitation agency). However, certain restrictions are spelled out in the regulations. Expenditures specifically listed as ineligible for matching by regulation include: medical and subsistence costs (with a number of specified exceptions); vendor pay-

Leaves the States complete discretion to determine which types of expenditures constituted services eligible for matching.

Lists a number of specific types of expenditures for which matching will not be available. Apart from these prohibited items, States would be free to determine that any expenditure constitutes a service eligible for matching.

Medical care other than family planning, room and board costs; educational costs, and costs of services to persons in institutions and foster homes generally are not eligible for Federal matching, although they can be matched under certain specified circumstances.

Present law	Committee amendment	House bill

7. Prohibited Expenditures—Continued

ments for foster care; costs of construction and major renovation; raw food costs in connection with the provision of home-delivered meals.

In addition, the statute provides for regulations to specify the conditions under which services purchased by welfare agencies from other agencies or organizations may be matchable. Regulations with respect to such purchased services require among other things that the rates of payment for the services do not exceed what is reasonable and necessary.

Beyond the specific restrictions, however, the Department of Health, Education, and Welfare has been able to disallow expenditures on the basis that they do not come under any of the specifically allowable categories which are included in the existing law or regulations. Because of the rather general language used to describe some categories of services, interpretations may vary con-

The bill also prohibits, under all circumstances, matching for costs of purchasing, construction, or making major modifications in land, buildings, or equipment, and for the cost of providing cash payments.

siderably as to what types of expenditures would or would not be allowable under this criterion.

8. Use of Donated Funds for Matching Purposes

Includes no provision referring to use by the States of donated funds to meet the matching requirements for Federal participation. Current *regulations,* however, provide that use of private donated funds as the State's share of the matching requirements is *permitted only where* the funds are placed under the control of the welfare agency on an unrestricted basis, except that the donor can specify that the funds are to be used for a particular type of service in a particular community (provided that the donor is not the sponsor or operator of the activity being funded). Donated funds *may not be considered* to meet the State matching requirements *if they revert to the donor's facility* or use, or if they are earmarked for a particular individual or for members of a particular organization. There is *no regulation providing for in-kind* contributions. However, the practice of HEW has been to deny matching for in-kind contributions.

Provides that donated private funds *may be considered* as State funds in claiming Federal reimbursement where such funds are transferred to the State or local agency and under its administrative control and are donated on an unrestricted basis (except that funds donated to support a particular kind of activity in a named community shall be acceptable.) Donated funds which are *in-kind may also be considered* as State funds if they meet the definition in OMB Circular A–102, as in effect on Oct. 1, 1973.

Provides that donated private funds *may be used* to meet Federal matching requirements if they are transferred to the State and under its control without restrictions as to use, other than restrictions as to the type of services to be provided (imposed by a donor who is not a sponsor or operator of a program providing such services) or as to the geographic area in which the services are to be provided. Funds *may revert* to the donor's facility if the donor is a non-profit organization. *In-kind* contributions of non-public entities are not eligible for matching under any circumstances.

Present law	Committee amendment	House bill

9. Provisions Relating to Child Care

Requires each State to have a program of family and child welfare services (which include child care services) for each child and relative receiving AFDC as may be appropriate in view of the particular home conditions and other needs. The AFDC statute does not specify child care standards but the standards applicable to the Child Welfare Services program (part B of title IV) are made applicable to all of title IV including AFDC, and the Economic Opportunity Act requires all HEW child care programs to follow the Federal Interagency Day Care Requirements of 1968.

The child welfare services legislation requires: cooperative arrangements with State health and educational agencies, day care advisory committees, safeguards to assure the provision of day care only where it is in the best interest of mother and child, provisions for the pay-

Maintains provisions of present law but *adds* requirement specifically applicable to child care under the Social Security Act that (1) in-home care shall meet standards established by the State, reasonably in accord with recommended standards of national standards-setting organizations and (2) out-of-home child care shall meet State licensing requirements and the 1968 Federal Interagency Day Care Requirements with modifications which ease somewhat the staffing ratios prescribed by those requirements and which provide that the educational content of day care programs is to be recommended rather than mandatory.

Eliminates provision in present law with regard to State *plans* for services for children who receive *AFDC.* Provides that *child care may be offered* as part of the State social service plan and must meet specific *standards:* in the case of care *in the child's home*, standards established by the State which are reasonably in accord with recommended standards of national standard-setting organizations concerned with the home care of children; or in the case of *care provided outside the home* the care meets the 1968 *Federal Interagency Day Care Requirements*, and in the case of care provided to a *child under three*, there must be at least one caregiver for every two children.

The Secretary is required to submit to the Senate and the House, during the 1st 6 months of 1977, an *evaluation* of the appropriateness of the above requirements with *recom-*

ment of reasonable fees, priority for members of low-income and other groups having the greatest need for day care, assurances that day care will be provided only in licensed facilities, and provisions for the involvement of parents.

The Federal interagency requirements set limitations on the numbers and ages of children who may be cared for in different types of day care facilities, set minimum staffing ratios (1 adult for 5 children aged 3 or 4 in day care centers, 1 adult for 10 children aged 6 to 14 in centers, etc.). These standards also specify general requirements with respect to location and type of facilities which must be made available and require educational, social, health, and nutritional services of various types to be included in all day care programs. Requirements are also provided for parent involvement and other administrative matters.

Note: It is generally recognized that there is little or no monitoring by HEW of compliance with these child care standards.

mendations for modification. After 90 days he may make such modifications as he determines appropriate.

If a State program for services includes child day care services the State plan must provide for the establishment or *designation* of a *State authority* which shall be responsible for establishing and maintaining standards for such services which are reasonably in accord with recommended standards of national organizations concerned with standards for such services, including standards related to admission policies, safety, sanitation and protection of civil rights.

Present law	Committee amendment	House bill
10. Family Planning Provisions		
Provides that State plans must provide for the development of a program for each appropriate relative and dependent child receiving AFDC for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life and by assuring that *in all appropriate cases family planning services are offered* to them *and are provided* promptly to all individuals voluntarily requesting such services. Provides for 90 percent Federal matching for family planning services. Provides for reduction in Federal matching under part A of title IV if States fail to provide required family planning services. States may receive matching for services to former and potential recipients of cash assistance.	*Maintains provision in present law,* but provides also that States may not be restricted in determining who is eligible for services, including family planning services.	*Deletes provision in present law.* Provides that States *may offer* family planning services as part of social services program and may receive 90 percent Federal matching for such services.

11. Social Services Plans

Federal matching is available under titles VI and IV A for services provided according to the State plan under these titles. The law specifies certain elements which must be included in these plans, which must be approved by the Secretary of Health, Education, and Welfare. Plans, once approved, remain in force permanently but may be revised by the State with the approval of the Department.

Same as under existing law, but adds a requirement that States compile and make public, at least 45 days before the start of a fiscal year, a list of the social services to be provided during that year. The notice must indicate the types of services, anticipated expenditures for each type of service, and the criteria for determining eligibility for each type. The report may be modified at any time.

Requires the governor of each State (or other official if provided by State law) to publish and make generally available a proposed comprehensive annual services program plan at least 90 days before the beginning of the State's "services program year" (i.e. either the State or Federal fiscal year). Public comment must be accepted for 45 days. Thereafter and before the start of the services year, the Governor must publish a final annual services plan with an explanation of how and why it differs from the proposed plan.

The annual plan must state objectives; services to be provided; a description of planning, evaluating, and reporting activities; source of funding; administrative structure; estimated expenditures by type of service, category of recipient, and geographic area.

Any amendment to a final comprehensive services program plan must be published with at least 30 days allowed for public comment.

Present law	Committee amendment	House bill
11. Social Services Plans—Continued		
		Proposed and final plans and amendments must be approved by the Governor or other official specified in State law. Federal matching is to be denied for services not provided in accordance with approved plans.
12. Requirements Relating to State Administration		
For services to families and children. A State plan for services must provide that it shall be in effect in all political subdivisions of the State; for the establishment or designation of a single State agency to administer the plan or to supervise the administration of the plan; for the establishment and maintenance of personnel standards on a merit basis; for the training and use of	Generally maintains the administrative requirements and penalties described under present law.	Provides that the State plan must provide for an opportunity for a fair hearing to any individual whose claim for a service is denied or not acted on with reasonable promptness; the designation of an appropriate agency to administer or supervise the administration of the State's program; the establishment and maintenance of personnel standards on a merit basis; the

paid subprofessional staff and the use of volunteers.

If in the administration of the plan a State fails to comply with required provisions the Secretary is to withhold payments (or payments may be limited to parts of the plan not affected by the failure) until he is satisfied that there is no longer failure to comply.

For services to the aged, blind and disabled—provides for basically the same plan requirements as required for services to families and children, but also provides that if on Oct, 1, 1972, the State agency which administered the program for the blind was different from the agency administering the other programs, that agency may be designated as the administering agency for the program for the blind.

Note: 3 States—Massachusetts, North Carolina, and Virginia have separate agencies to administer services for the blind.

State's program to be in effect in all political subdivisions of the State.

If in the administration of the plan there is substantial failure to comply the Secretary may withhold payments until he is satisfied that there will no longer be such failure to comply; or, if he determines appropriate, he may instead reduce the amount otherwise payable by 3 percent for parts of the plan with respect to which there is a finding of noncompliance.

Services for families and for aged, blind, and disabled would be provided under a single title. There is no specific provision for a separate agency to administer services for the blind.

Present law	Committee amendment	House bill
13. State Requirements for Program Reporting, Evaluation, and Audit		
Generally requires the States to make such reports, in such form and containing such information, as the Secretary may from time to time require.	Provides that the Secretary shall require the States to make reports concerning the use of social services funds, which shall be the basis of the Secretary's annual reports to the Congress.	Requires that each State that has a social services program must provide within 90 days of the end of the year (or such longer period as the Secretary may provide) for the publication of a social services report which describes the extent to which the program was carried out during the year, and the extent to which the goals and objectives of the plan were achieved. Requires each State to have a program for evaluation of the State's program. Requires each State to submit to the Secretary, and make available to the public, information concerning the services it provides, the categories of individuals to whom services are provided, and other information as the Secretary may provide. In establishing requirements for reporting the Secretary is directed to take into account other

reporting requirements imposed under the Social Security Act.

Requires States to make available to the public, within 180 days after the end of the services program year, the report of an audit of the expenditures for the provision of social services which sets forth the extent to which those expenditures were in accordance with the State's final comprehensive annual services program plan and the extent to which the State is entitled to payment for such expenditures.

If the Secretary, after opportunity for a hearing to the State, finds that there is substantial failure to comply with any of the requirements for reporting, evaluation and audit, or to meet the maintenance of effort requirement, he shall terminate payment to the State until he is satisfied that there will no longer be any failure to comply. As an alternative, the Secretary may instead impose a reduction of 3 percent in payments for each area of activity in which there is substantial non-compliance.

Present law	Committee amendment	House bill
	14. Maintenance of Effort	
No provision.	Requires that any increase in Federal funding used by a State to purchase social services must result in an increase in the level of services and not represent the purchase of the same services previously purchased with State funds.	Requires that a State may not spend less for social services than it spent for services in fiscal year 1973 or fiscal year 1974 whichever is less. No State, however, would be required to spend more than is needed to entitle it to its full allotment of Federal social services funds under the $2,500,000,000 annual national limit.
	15. Work Incentive Program Services	
Separate provisions are made for services supporting the participation of individuals in the Work Incentive (WIN) program. These Services are funded under closed-end appropriations outside of the $2,500,000,000 limitation applicable to social services generally.	Does not modify WIN services provisions. (However, the new child care standards requirements would be applicable to child care under WIN.)	Does not modify WIN services provisions. (However, the new child care standards requirements would be applicable to child care under WIN.)

TABLE 1.—FEDERAL SOCIAL SERVICES FUNDING

State	Full allocation under $2,500,000,000 limit	Amount of allocations used by State in fiscal year		
		1973 (actual)	1974 (estimated)	1975 (estimated)
Total	$2,500,000,000	$1,604,996,707	$1,577,984,679	$1,803,499,758
Alabama	42,140,000	16,278,683	20,237,852	24,599,000
Alaska	3,901,750	6,414,618	3,043,020	3,900,000
Arizona	23,351,250	3,182,326	3,018,546	3,412,000
Arkansas	23,747,250	6,276,582	5,988,020	6,396,063
California	245,733,250	211,583,774	245,733,250	245,733,250
Colorado	28,297,500	21,879,564	24,697,070	28,297,500
Connecticut	37,001,750	21,067,497	37,001,750	37,000,000
Delaware	6,783,250	7,839,897	5,300,853	5,434,913
District of Columbia	8,980,250	8,320,353	8,980,250	8,980,250
Florida	87,149,500	42,024,891	19,834,264	40,000,000
Georgia	56,667,000	48,488,595	38,921,188	40,124,985
Hawaii	9,712,500	2,321,023	6,103,394	9,143,471
Idaho	9,076,250	4,708,367	7,184,647	8,889,969
Illinois	135,076,500	139,454,609	113,469,003	126,355,000
Indiana	63,522,250	7,230,470	7,178,536	6,374,656

New Jersey	88,446,250	39,416,723	45,105,335	51,177,000
New Mexico	12,786,000	6,718,164	8,385,104	12,784,000
New York	220,497,250	220,497,250	220,497,250	220,497,250
North Carolina	62,597,750	22,582,777	21,551,479	26,666,782
North Dakota	7,587,500	3,962,570	3,725,135	3,448,756
Ohio	129,457,750	41,607,656	46,753,164	50,000,000
Oklahoma	31,623,000	24,805,756	16,889,381	18,331,562
Oregon	26,196,500	26,822,190	26,196,500	26,196,500
Pennsylvania	143,180,250	87,930,760	102,123,027	118,077,000
Rhode Island	11,621,500	9,417,509	11,022,726	11,437,000
South Carolina	31,995,250	21,325,273	10,996,990	18,414,000
South Dakota	8,152,000	2,469,433	1,817,946	1,818,000
Tennessee	48,395,000	24,955,917	15,576,979	16,624,000
Texas	139,854,750	99,087,150	93,803,790	117,505,000
Utah	13,518,500	5,479,162	5,712,463	5,139,216
Vermont	5,546,750	3,171,845	3,030,343	3,615,408
Virginia	57,195,250	20,211,917	23,773,657	27,614,212
Washington	41,335,750	76,865,796	41,335,750	41,335,750
West Virginia	21,382,250	8,170,853	11,102,627	11,367,624
Wisconsin	54,265,750	58,540,192	34,815,275	54,265,750
Wyoming	4,142,000	714,331	1,034,981	1,827,614

Source: Department of Health, Education, and Welfare.

TABLE 2.—LIMITS ON ELIGIBILITY FOR SOCIAL SERVICES UNDER HOUSE BILL FOR NONRECIPIENTS OF WELFARE AND AFDC PAYMENT STANDARDS

[For Four-Person Families]

State	Social Services May Be Provided to Families With Incomes up to: [1]		Families Eligible for AFDC if Income Is Below: [3]
	Without fee [2]	If fee is charged	
Alabama	$9,530	$13,699	$1,488
Alaska	12,908	18,555	4,800
Arizona	10,904	15,675	3,384
Arkansas	8,830	12,694	3,300
California	12,004	17,256	4,164
Colorado	10,959	15,754	3,144
Connecticut	12,604	18,118	3,984
Delaware	11,402	16,391	3,444
District of Columbia	10,711	15,397	3,348
Florida	10,462	15,039	2,676
Georgia	10,190	14,648	2,724
Hawaii	12,398	17,823	4,788
Idaho	9,928	14,272	3,576
Illinois	11,999	17,249	3,456
Indiana	11,222	16,132	4,356
Iowa	10,608	15,249	4,512
Kansas	10,422	14,982	3,984
Kentucky	9,439	13,569	2,808
Louisiana	9,569	13,755	1,464
Maine	9,641	13,859	4,188
Maryland	12,060	17,336	2,712
Massachusetts	11,816	16,986	3,648
Michigan	12,034	17,298	4,560
Minnesota	11,293	16,233	4,440
Mississippi	8,730	12,549	3,324
Missouri	10,691	15,369	4,044
Montana	9,939	14,288	3,288
Nebraska	10,190	14,649	3,684
Nevada	11,722	16,850	2,412
New Hampshire	10,987	15,794	4,152
New Jersey	12,434	17,874	4,272
New Mexico	9,616	13,824	2,868
New York	11,792	16,952	4,704
North Carolina	9,752	14,019	2,208
North Dakota	9,458	13,596	3,780

See footnotes at end of table

TABLE 2.—LIMITS ON ELIGIBILITY FOR SOCIAL SERVICES UNDER HOUSE BILL FOR NONRECIPIENTS OF WELFARE AND AFDC PAYMENT STANDARDS—Continued

[For Four-Person Families]

State	Social Services May Be Provided to Families With Incomes up to: [1]		Families Eligible for AFDC if Income Is Below: [3]
	Without fee [2]	If fee is charged	
Ohio	$11,417	$16,412	$2,412
Oklahoma	9,844	14,151	2,832
Oregon	10,980	15,783	3,936
Pennsylvania	11,429	16,430	4,188
Rhode Island	11,046	15,879	3,732
South Carolina	9,620	13,829	2,604
South Dakota	9,335	13,419	3,936
Tennessee	9,494	13,646	2,604
Texas	10,468	15,047	1,680
Utah	10,397	14,946	3,288
Vermont	10,266	14,757	4,320
Virginia	10,674	15,344	3,732
Washington	11,583	16,650	4,032
West Virginia	9,280	13,341	2,604
Wisconsin	11,289	16,228	4,836
Wyoming	10,442	15,010	3,120

[1] Source: House Report on H.R. 17045. According to the House Report: "This is illustrative only, as there are a number of statistical mechanisms which should be explored." The limits specified in the bill (80 percent and 115 percent of State median income) are not available on a year-by-year basis. Accordingly, the amounts would have to be projected from 1970 census data. The bill does not specify the method of projection or the year to which they are to be projected. The figures in this table were developed by the Department of Health, Education, and Welfare by adding to the 1970 census data for each State the dollar amount of the increase in national median income between 1969 and 1973. Another illustrative table issued by the Department uses the procedure of increasing 1970 census data by the percentage increase in national median income between 1970 and 1973.

[2] Limited to 100 percent of national median income, which for 1973 was $13,710.

[3] Data as of July 1974. Source: Department of Health, Education, and Welfare.

TABLE 3.—ESTIMATED DISTRIBUTION OF FEDERAL SOCIAL SERVICES FUNDS UNDER CURRENT LAW

Type of service	Federal funding (millions of dollars)				Number of Persons Served [1] (in thousands)	
	Fiscal 1974		Fiscal 1975			
	Amount	Percent	Amount	Percent	Fiscal 1974	Fiscal 1975
All Services	$1,588.0	100	$1,700.0	100	6,205	7,475
Services for families	1,189.0	74.9	1,225.0	72.1	4,470	5,147
Services for aged, blind, disabled	399.0	25.1	475.0	27.9	1,735	2,328
Specific services:						
Day care:						
Families	385.4	24.3	464.0	27.3	700	850
Aged, blind, disabled (ABD)	8.0	.5	18.0	1.0	16	36
Foster care:						
Families	261.6	16.5	267.0	15.7	816	800
ABD	7.5	.5	8.0	.5	17	18
Mentally retarded:						
Families	156.9	9.9	130.0	7.6	315	270
ABD	42.0	2.6	50.0	2.9	138	165
Protective:						
Families	102.3	6.4	100.0	5.9	490	476
ABD	73.0	4.6	85.0	5.0	342	400

Homemaker/chore:						
Families	46.4	2.9	45.0	2.6	118	110
ABD	68.0	4.3	75.0	4.4	161	180
Health related:						
Families	25.0	1.6	25.0	1.5	460	450
ABD	85.0	5.4	95.0	5.6	773	865
Drug abuse:						
Families	19.0	1.2	12.0	.7	24	16
ABD	51.0	3.2	62.0	3.6	212	250
Alcoholism:						
Families	11.8	.7	7.0	.4	30	18
ABD	27.0	1.7	30.0	1.8	105	115
Family planning:						
Families	54.7	3.4	60.6	3.6	2,700	3,350
ABD	3.3	.2	3.9	.2	175	215
Housing:						
Families	26.1	1.6	25.0	1.5	167	160
ABD	(2)		(2)		(2)	(2)
All other:						
Families	99.8	6.3	89.4	5.2	963	894
ABD	34.2	2.2	48.1	2.8	326	480

[1] Numbers are not additive to totals since the same individuals may receive more than one type of service.
[2] Included in "all other" category.

Source: Based on estimates developed by the Department of Health, Education, and Welfare subject to the following caution: "Insufficient program data is developed either by the States or by the Department of HEW to confirm these estimates as actuals. The estimates are developed by the Department by extrapolating State reports with survey data and trend indications."

Table 4.—Child Care Adult/Child Ratios Under Present Law, Committee Amendment, and House Bill

Family Day Care Home.—"Serves only as many children as it can integrate into its own physical setting."

1968 interagency requirements	Committee amendment	House bill
If any children under age 7 are cared for, this type of care is limited to 5 children including no more than 2 children under age 2. (The family day care mother's own children are counted.)	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements except that for children under age 3, 1 caretaker required for every 2 children. If the family day care mother is the only caretaker, this apparently means that she could care for only one such child in addition to her own and then only if she has only one child of her own.
If all children are over age 6, this type of care is limited to 6 children (including the family day care mother's own children).	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.

Group Day Care Home.—"The group day care home offers family-like care, usually to school-age children, in an extended or modified family residence. It utilizes one or several employees and provides care for up to 12 children."

1968 interagency requirements	Committee amendment	House bill
This type of care not permitted for children under age three.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
If children under age 6 are included in this type of care, one adult is required for every 5 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
If all children in this type of care are over age 5, one adult is required for every 6 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.

Day Care Centers.—"The day care center serves groups of 12 or more children. . . . Day care centers should not accept children under 3 years of age unless the care available approximates the mothering in a family home."

1968 interagency requirements	Committee amendment	House bill
Children under 3: Staff ratio to be set by State standards.	Same as 1968 Interagency Requirements.	For every 2 children, there is required one adult who is responsible solely for the care of those 2 children.
Children age 3 to 4: 1 adult to 5 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
Children age 4 to 6: 1 adult to 7 children.	Same as 1968 Interagency Requirements.	Same as 1968 Interagency Requirements.
Children age 6 to 9: 1 adult to 10 children.	1 adult to 15 children.	Same as 1968 Interagency Requirements.
Children age 10 to 14: 1 adult to 10 children.	1 adult to 20 children.	Same as 1968 Interagency Requirements.

III. Tax Credit for Low-Income Workers With Families

(Sec. 101 of the bill)

Presently, no Federal income tax is generally paid by those with incomes at or below the poverty level. However, almost all employed persons pay social security taxes, regardless of how little income they may earn. The Committee bill includes a new tax credit provision which has the effect of refunding to low-income workers with children a large portion of the social security taxes they pay.[1]

The provision is identical to a provision passed by the Senate last year—and similar to a provision passed two years ago—as part of the Social Security Amendments of 1973 (H. R. 3153). This bill went to conference with the House but the Conference recessed without taking action on this provision.

The Committee bill adds a new provision to the tax laws which provides that a low-income worker who maintains his household in the United States which includes one or more of his dependent children is to receive a credit equal to a specified percentage of the combined employer-employee social security taxes generated by his employment if his wages do not exceed $4,000. (This percentage of social security taxes is the equivalent of 10 percent of wages.) In the case of married taxpayers, the tax credit would be computed on the basis of the combined earnings of both the husband and wife.

If the total annual income of the taxpayer (and his spouse if he is married) exceeds $4,000, the tax credit is reduced by one quarter of the excess above $4,000. With this phaseout, the tax credit is eliminated once the total income reaches $5,600 ($5,600 exceeds $4,000 by $1,600; one-quarter of $1,600 is $400, which subtracted from the maximum credit of $400 is zero).

In determining when an individual's "income" exceeds $4,000 for purposes of this tax credit, "income" is defined as including all his adjusted gross income, including certain income which is specifically excluded from the income tax base (for purposes of subtitle A of the Internal Revenue Code) and including certain transefer payments and payments for the general support of the taxpayer (such as social security, welfare, and veterans payments, and food stamps, but not transfer payments for medicare, medicaid, and the furnishing of prosthetic devices).

The size of the tax credit is shown on the table below for selected income levels:

Annual income of husband and wife (assuming it is all taxed under social security):	*Tax credit*
$2,000	$200
3,000	300
4,000	400
5,000	150
5,600	0

Individuals who are eligible to receive the tax credit may apply for advance refund payments of these amounts on a quarterly basis. Under

[1] Self-employed persons are not eligible for the credit for the social security taxes they pay on self-employment income. Low-income workers who pay railroad retirement taxes are treated as if they pay social security taxes for purposes of determining the credit.

this procedure, at any time after completion of the first calendar quarter, and before the expiration of the second quarter, an individual may apply for one-quarter of the tax credit he shall be entitled to receive based on his earnings in the first quarter, taking into account the earnings he expects to receive in subsequent quarters. After completion of the second quarter, application may be made for an additional payment (or for an initial payment if no advance refund payment had been made for the first quarter), up to an amount equal to one-half of the credit he may be entitled to receive for the year. A similar procedure may be followed after completion of the third quarter, but for the fourth quarter the tax credit is to be applied for in connection with the filing of the return (referred to below), after the end of the year, or claimed as a credit in the same manner as an overpayment of income tax. Applications for advance refund payments are to be filed with the Internal Revenue Service and are to be made in a manner prescribed by regulations. The Internal Revenue Service is expected to make these payments as promptly as possible after the application (but not less frequently than once every three months). These payments are not to be included in the income of the taxpayer for income tax purposes, and are to be made regardless of any tax liability, or lack of it, on the part of the taxpayer.

No advance refund payment is to be made for any quarter to an individual who, on the basis of the income he (and his spouse if he is married) expects to receive during the entire year, is not eligible for a tax credit for the year. In addition, to eliminate *de minimis* claims, no quarterly advance refund payment of less than $30 is to be made.

At the end of the year, the individual who has received advance refund payments is required to file a return with the Internal Revenue Service setting forth the amount of income which he (and his spouse) had received during the year and the amount which he (and his spouse) had received as advance refund payments, together with such other information as may be required by regulations. (In addition, all agencies and departments of the United States Government are authorized and directed to cooperate with the Treasury Department in supplying information necessary to implement this provision.) It is expected that these applications and returns with receive as expeditions treatment as is reasonably possible by the Internal Revenue Service. These documents should be designed as simply as possible, taking into consideration the intent of this provision.

If the Internal Revenue Service determines that an individual has received advance refund payments in excess of the tax credit to which he was entitled for a year, it is to notify the individual of the amount due and collect the amount due. The excess payments may be collected by withholding from future tax credit advance refund payments the individual otherwise is entitled to receive, by treating the excess payments as a deficiency under the tax laws (such as by using the offset authority provided in Sec. 6402(a) of the Code), or by entering into an agreement with the individual providing for repayment.

Each document and application to be filed in connection with the tax credits is to contain a warning that statements made in such document or application are made under penalty of law. The provisions of the present tax law relating to crimes, other offenses, and forfeitures

(chap. 75) and the general Federal criminal provisions relating to false or fraudulent statements (18 U.S.C. Sec. 1001) are to apply to all of these documents.

This provision is to become applicable to taxable years beginning after December 31, 1974; however, the first advance refund is not to be made before July 1975.

Revenue effect.—It is estimated that the tax credit provision would total roughly $700 million during the calendar year 1975. However, this cost will be partly offset by significant savings in the Federal cost of Aid to Families with Dependent Children.

IV. Child Support

(Sec. 151 of the bill)

The problem of welfare in the United States is, to a considerable extent, a problem of the non-support of children by their absent parents. Of the 11 million recipients who are now receiving Aid to Families With Dependent Children (AFDC), 4 out of every 5 are on the rolls because they have been deprived of the support of a parent who has absented himself from the home.

The Committee believes that all children have the right to receive support from their fathers. The Committee bill, like the identical provision passed by the Senate (H.R. 3153) last year, is designed to help children attain this right, including the right to have their fathers identified so that support can be obtained. The immediate result will be a lower welfare cost to the taxpayer but, more importantly, as an effective support collection system is established fathers will be deterred from deserting their families to welfare and children will be spared the effects of family breakup.

Aid to Families with Dependent Children (AFDC) offers welfare payments to families in which the father is dead, absent, disabled or, at the State's option, unemployed. When the AFDC program was first enacted in the 1930's, death of the father was the major basis for eligibility. With the subsequent enactment of survivor benefits under the social security program, however, the portion of the caseload eligible because of the father's death has grown proportionately smaller, from 42 percent in 1940 to 7.7 percent in 1961 and 4 percent in 1973. The percentage of AFDC families in which the father is disabled has diminished from 18.1 percent in 1961 to 10.2 percent in 1973.

Absent fathers.—It is in those families in which the father is "absent from the home" that the most substantial growth has occurred. As a percentage of the total caseload, AFDC families in which the father was absent from the home increased from 66.7 percent in 1961 to 74.2 percent in 1967, 75.4 percent in 1969, 76.2 percent in 1971, and 80.2 percent in 1973.

In terms of numbers of recipients rather than percentages, 2.4 million persons were receiving AFDC in 1961 because the father was absent from the home. By 1967, that figure had grown to 3.9 million and by 1969 to 5.5 million. By the beginning of 1971, 7.5 million persons were receiving AFDC because of the father's absence from the home, and by the end of June 1974 that figure had grown to almost 8.7 million. Thus, in the past 6½ years, families with absent fathers

have contributed about 4.8 million additional recipients to the AFDC rolls.

What kinds of families are th[illegible]hich the father is absent from the home? Basically, they repr[illegible]uations in which the marriage has broken up or in which the i[illegible] never married the mother in the first place. In 46.5 percent of the AFDC families on the rolls in the beginning of 1973, the father was either divorced or legally separated from the mother or separated without court decree. And in an additional 33.7 percent of the families receiving AFDC in 1973, the mother was not married to the father of the child. Applying that percentage to the June 1974 caseload, 3.7 million AFDC recipients today are found in families where the father is not married to the mother. It is disturbing to note that from 1971 to 1973, there has been a 21.7 percent increase in the number of AFDC families receiving AFDC in which the father was not married to the mother.

Failure To Enforce Child Support

The enforcement of child support obligations is not an area of jurisprudence about which this country can be proud. Researchers for the Rand Corporation (Winston and Forsher, "Nonsupport of Legitimate Children by Affluent Fathers as a Cause of Poverty and Welfare Dependence", December 1971) cite studies that show "a large discrepancy exists between the normative law as expressed in the statutes and the law in action." Thousands of unserved child support warrants pile up in many jurisdictions and often traffic cases have a higher priority. The blame for this situation is shared by judges, prosecutors and welfare officials alike, and is reinforced by certain myths which have grown up about deserting fathers. The Rand researchers state:

> Many lawyers and officials find child support cases boring, and are actually hostile to the concept of fathers' responsibility for children. A report to the Governor (of California) expresses concern at the "Cavalier attitudes on the subject of child support expressed by some individuals whose work responsibilities put them in daily contact with persons affected by the problem." It continues, "Some of these individuals believe that child support is punitive and that public assistance programs are designed as a more acceptable alternative to the enforcement of parental responsibility." The same phenomenon appears in our interview material.

The researchers dispute the myths about absent fathers that inhibit enforcement of support obligations:

> [The fathers] have not disappeared. Usually they were living in the same county as their children. They were not supporting many other children. Ninety-two percent of the nonsupporting fathers had a total of three or fewer children.
>
> Only 13 percent were married to other women, with another 1 percent each divorced or separated from another or of unknown marital status. The nonwelfare fathers were more likely to have remarried; the welfare fathers were more likely to be still married to the "complaining witness."

> The amount of child support awarded was not unreasonably large. For those nonsupporting fathers who were already under court order to contribute to their children's support, the typical payment ordered was $50 a month. In 33 percent of the nonwelfare cases, the order called for $50 or less.

The Rand Corporation researchers emphasize the number of well-off physicians and attorneys whose families ultimately are forced onto welfare because of insufficient mechanisms for enforcement of obligations to support. This situation, they point out, is confirmed by investigators, who point to the difficulty of proving the income of the self-employed, the ease with which unwilling fathers can conceal their assets, the statutory barrier to collecting from military personnel and Federal employees, and the low priority given child support investigations by the understaffed district attorney's offices.

The Rand researchers further point out that although there is a lack of definitive statistics on the number of affluent fathers whose families are on welfare, census figures on poverty and AFDC caseloads are consistent with the hypothesis that much middle-class poverty is caused by fathers' nonsupport:

> From 1959 to 1968, while the proportion of all families in poverty declined from 20 to 10 percent, and the rate for male-headed families went down to 7 percent, poverty among female-headed families increased to 32 percent. In 1970 it reached 36 percent, and 18 percent of college-educated female heads of families were poor—the corresponding figure for males is 3 percent.
>
> During the years 1961 to 1968, middle-class women appeared on the AFDC rolls in large enough numbers to raise the average educational and occupational level of recipients. They become eligible for aid when prevented from working by serious problems—and they somehow managed, while still eligible, to go off the rolls at twice their proportion in the active caseload. How many went on welfare to obtain enforcement of child support orders?

Present Law

The Committee has long been aware of the impact of deserting fathers on the rapid and uncontrolled growth of families on AFDC. As early as 1950, the Congress provided for the prompt notice to law enforcement officials of the furnishing of AFDC with respect to a child that had been deserted or abandoned. In 1967, the Committee instituted what it believed would be an effective program of enforcement of child support and determination of paternity. The 1967 Social Security Amendments require that the State welfare agency establish a single, identified unit whose purpose is to undertake to establish the paternity of each child receiving welfare who was born out of wedlock and to secure support for him; if the child has been deserted or abandoned by his parent, the welfare agency is required to secure support for the child from the deserting parent, utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support. The State welfare agency is further required to

enter into cooperative arrangements with the courts and with law enforcement officials to carry out this program. Access is authorized to both Social Security and (if there is a court order) to Internal Revenue Service records in locating deserting parents. The effectiveness of the provisions of present law has varied widely among the States.

In its March 13, 1972, study of current child support programs in four States, the General Accounting Office noted that the Department of Health, Education, and Welfare:

> Has not monitored the States' child support enforcement activities and had not required the States to report on the status or progress of the activities. Consequently, HEW regional offices did not have information on the number of absent parents or amount of child support collections involved or the progress and problems being experienced by the States in collecting child support. Also, HEW regional officials have not emphasized child support collection activities within the total welfare program. . . . According to regional officials HEW has not emphasized the collection of child support payments because of a shortage of regional staff and because this activity represents a small segment of the total effort needed to administer the AFDC program. Regional officials informed us that they did not, at the time of our fieldwork, have any plans to evaluate the support enforcement programs or impose reporting requirements on the States.

On September 25, 1973, the Committee conducted a public hearing on child support. In response to a number of questions submitted at that hearing, the Department of Health, Education, and Welfare indicated that, although 18 months had passed since the critical GAO report, the Department still has no information with respect to such matters as: the extent to which the paternity of illegitimate AFDC children has been established, the extent to which court orders for the support of AFDC children have been obtained, the amount of support collections for AFDC children, or the amount of Federal matching funds devoted to the States' administrative expenses in connection with child support. In response to a question as to which States have an effective program, the Department stated that all States have submitted State plans which say they have a child support program but that:

> HEW has not conducted a State by State study to determine how well States are meeting each of the requirements in Federal regulations.
>
> Some Regional Administrative reviews have been conducted and you are no doubt familiar with the recent GAO report. We know that a number of States are doing a creditable job, including California, West Virgina, and Washington."

A Committee staff survey of about 20 States elicited the information shown in the following table. Those States which did assess administrative costs in terms of support collected indicated that in general about twenty cents in collection costs resulted in a dollar return of support payments.

TABLE 5.—*Child support collections, on behalf of AFDC recipients, fiscal year 1973*

(In thousands)

	Amount Collected		Amount Collected
California	$53,000	Ohio	[1] $8,503
Florida	5,000	Pennsylvania	15,000
Georgia	8,000	Texas	3,908
Illinois	12,651	Vermont	407
Louisiana	5,471	Washington	7,706
Maryland	3,000	West Virginia	179
Massachusetts	17,016	Wisconsin	[1] 5,625
Michigan	28,100		
Nevada	219		
New York	11,978	Total	185,763

[1] Fiscal year 1972 collections:

Source: State estimates.

Of the group surveyed, the States of Washington, Massachusetts, Michigan, Wisconsin, and California would appear to have the best collection programs.

COMMITTEE BILL

In view of the fact that most States have not implemented in a meaningful way the provisions of present law relating to the enforcement of child support and establishment of paternity, the Committee believes that new and stronger legislative action is required in this area which will create a mechanism to require compliance with the law. The major elements of this proposal have been adapted from those States which have been the most successful in establishing effective programs of child support and establishment of paternity.

The Committee bill builds upon the provisions of existing law which are basically sound. It mandates more aggressive administration at both the Federal and local levels with various incentives for compliance and with penalties for noncompliance.

FEDERAL DUTIES AND RESPONSIBILITIES

While the Committee bill leaves basic responsibility for child support and establishment of paternity to the States, it also envisions a far more active role on the part of the Federal government in monitoring and evaluating State programs, in providing technical assistance, and, in certain instances, in undertaking to give direct assistance to the States in locating absent parents and obtaining support payments from them.

To assist and oversee the operations of State child support programs the Department of Health, Education, and Welfare would be required to set up a separate organizational unit under the direct control of an Assistant Secretary for child support who would report directly to the Secretary. This agency would review and approve State child support plans, evaluate and conduct annual and special audits of the implementation of the child support program in each State and provide technical assistance to the States to help them to establish effective systems for determining paternity and collecting support.

This assistance could, for example, stimulate innovative developments in this area by providing for the training of hearing examiners who would conduct pretrial hearings in cases of disputed paternity. Such examiners would have an expertise in evaluating the scientific evidence of paternity (e.g., the blood typing provided for elsewhere under the bill) which would not be true of judges generally. The findings of such examiners would have such weight that most persons found to be the father in a pretrial hearing would not find it profitable to continue to deny paternity, and thus, a formal trial would usually not be necessary.

HEW would be specifically required to prescribe the organizational structures, minimum staffing levels (and types of staffing, e.g., attorneys, collection agents, locator personnel), and other program requirements which States must have in order to be found in conformity with the law. The Department would also be required to maintain adequate records of and publish periodic reports on the operations of the program in the various States and nationally.

HEW duties would also include approving applications from a State for permission to sue in Federal court in a situation where a prosecuting attorney or court in another State does not undertake to enforce the court order against a deserting father within a reasonable time. The originating State, under these circumstances, would be authorized to enforce the order against the deserting father in the Federal courts.

Penalty for State Non-compliance.—Up to now, the extent of HEW supervision of the child support program in most States has consisted of a perfunctory review of the State plan material submitted by the State to see that it contains the statement that there will be a child support program which complies with the law. Under the Committee bill, this paper compliance would no longer suffice.

HEW would have the duty of performing an annual audit in each State and of making a specific finding each year as to whether or not the child support program as actually operated in that State conforms to the requirements of law and the minimum standards for an effective support program which the bill requires the Department of Health, Education, and Welfare to establish. These audits are to be conducted by the new child support agency which the bill creates within the Department.

A State will not be found to have an acceptable program unless it adequately cooperates in obtaining child support payments from the absent parent of an AFDC child who resides in another State. In evaluating the adequacy of a State's cooperation with other States, the Secretary should give consideration to the effective implementation of the Uniform Reciprocal Enforcement of Support Act. States which are experiencing lack of cooperation with other jurisditions in enforcing the provisions of this uniform act should promptly report this information to the Federal child support agency. If States must request access to Federal courts because of the failure of a particular State to enforce actions originating out of the State, this should also lead the Secretary to question the effectiveness of that State's child support program. In evaluating State child support programs, the Secretary should take into account the Uniform Parentage Act re-

cently approved by The National Conference of Commissioners on Uniform State Laws.

Attention is also called to the Uniform Act on Blood Tests to Determine Paternity which was adopted by the Commissioners in 1952 and has been enacted in various forms in 8 States. Although this Act should be updated to reflect the legislation proposed by the reported bill, this uniform law generally fits into the statutory scheme envisioned by the Committee.

The Committee expects the Secretary of Health, Education, and Welfare to study the support programs in the various States, consult with State and local enforcement officials and knowledgeable private experts in the field, and to derive and apply an objective set of criteria to evaluate the effectiveness of State programs of child support and determination of paternity.

If as a result of an annual or special audit of a State's child support program, the Department finds that the program is not being operated in accordance with its approved plan or otherwise does not meet the minimum standards imposed by Federal law and regulation, the Department would be required to impose a penalty upon the State. The penalty would equal 5 percent of the Federal funds to which the State was otherwise entitled as matching for AFDC payments made by the State in the year with respect to which the audit was conducted. To give the States reasonable leadtime to develop effective programs, no penalties would be imposed with respect to years prior to January 1, 1977. However, the Committee expects the Department of Health, Education, and Welfare and the States to move as expeditiously as possible to establish improved child support programs.

Locating a Deserting Parent; Access to Information

An essential prerequisite to the establishment of paternity and/or the collection of child support is the matter of finding out where the absent parent is. Evidence seems to indicate that most absent parents continue to live in the locality or State in which their deserted families reside. States would be expected to first make use of local and State mechanisms for tracing absent parents. The bill would assist States in these efforts and also make it possible to find parents wherever they are living through the establishment of a parent locator service within the Department of HEW's separate child support unit. This unit upon request of (1) a local or State official with support collection responsibility under this program, (2) a court with support order authority, or (3) the agent of a deserted child not on welfare will make available the most recent address and place of employment which it can obtain from HEW files or the files of any other Federal agency, or of any State. Information of a national security nature or information in such highly confidential files as those of the Bureau of the Census would not be divulged.

As a further aid in location efforts, welfare information now withheld from public officials under regulations concerning confidentiality would be made available by the Committee bill; this information would also be available for other official purposes. The current regulations are based on a provision in the Social Security Act which since 1939 has

required State programs of Aid to Families with Dependent Children to "provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of Aid to Famlies with Dependent Children." This provision was designed to prevent harassment of welfare recipients. The Committee bill would make it clear that this requirement may not be used to prevent a court, prosecuting attorney, tax authority, law enforcement officer, legislative body or other public official from obtaining information required in connection with his official duties such as obtaining support payments or prosecuting fraud or other criminal or civil violations.

As an additional tool in pursuing missing parents and to simplify the administration of the AFDC and Child Support Programs, the Committee bill would require applicants for AFDC to furnish their social security numbers to State welfare agencies. These agencies in turn would be required by the bill to use recipients' social security numbers in the administration of the AFDC program.

Collection of Support Payments by State and Local Agencies

The Committee believes that the most effective and systematic method for an AFDC family to obtain child support from a deserting parent is the assignment of the family support rights to the State government for collection. The Committee bill would require that a mother, as a condition of eligibilty for welfare, assign her right to support payments to the State and cooperate in identifying and locating the father, in securing support payments, and in obtaining any money or property due the family. (The ineligibility of a non-cooperating mother would apply only to her and not to her children. Assistance payments would be made to the children under a protective payment provision which would assure that the children get the benefit of such payments.)

The assignment of support rights will continue as long as the family continues to receive assistance. When the family goes off the welfare rolls, the deserting parent may be required, if the State wishes, to continue for a period not to exceed three months to make payments to the government collection agency (which will pay the money over to the family at no cost to them). This period will allow the collection agency time to notify the father that he will be making support payments in the future directly to the family, and to take any other necessary administrative actions.

The support obligation would become a debt owed by the absent father to the State. The amount of this debt would be determined by a court order if one were in existence. In the absence of a court order the amount of the obligation would be an amount determined by the State in accordance with a formula approved by the Secretary of HEW. Also, a provision has been included to assure that the rights of the wife and child are not discharged in bankruptcy merely because the support obligation is a debt to the State.

Federal matching of the State administrative costs will be increased from 50 percent to 75 percent under the Committee bill. Such matching will apply to expenditures under the State or local support pro-

grams which will be composed of the following elements of existing law (with certain modifications) plus such other elements as the Secretary of HEW finds necessary for efficient and effective administration: (a) determination of paternity and securing support through a separate organizational unit; (b) cooperative arrangements with appropriate courts and law enforcement officials; (c) location of deserting parents including use of records of Federal agencies; (d) the location and enforcement of support orders from other States against the deserting parent.

It should be noted that the provision in the Committee bill would provide only that a separate organizational unit be established for enforcement of support obligations; the bill does not stipulate, as does existing law, that the organizational unit be in the welfare agency. Under the Committee bill, the States would be free to establish such a unit within or outside their welfare agencies (for example, it could be established in the State Attorney General's office). Under existing law, the States in administering their support collection and establishment of paternity programs are required to enter financial arrangements with courts and law enforcement officials in order "to assure optimum results". These financial arrangements for costs of law enforcement officials and courts directly related to the child support program will be subject to 75 percent Federal matching, but the Committee expects the States to continue to devote to this purpose at least as much non-Federal funding as they currently provide.

The Committee bill would allow the States to use the Federal income tax collection mechanism for collecting support payments. This mechanism would be available only in cases in which the State can establish to the satisfaction of HEW that it has made diligent efforts to collect the payments through other processes but without success.

Since the support obligations are not a tax and will change periodically in amount, the statutes of limitations on the collections of taxes assessed would be tolled by recertifications of the amount of the support obligation owed. For administrative reasons, the amount owed by a specific individual could not be certified more often than quarterly. A preexisting court garnishment order for support of another child against the absent father's wages would take precedence over this procedure.

Incentives for Localities To Collect Support Payments

Under present law, when a State or locality collects support payments owed by a father, the Federal Government is reimbursed for its share of the cost of welfare payments to the family of the father; the Federal share currently ranges between 50 percent and 83 percent, depending on State per capita income. In a State with 50 percent Federal matching, for example, the Federal Government is reimbursed $50 for each $100 collected, while in a State with 75 percent Federal matching, the Federal Government is reimbursed $75 for each $100 collected.

In most States, however, local units of government, which would often be in the best position to enforce child support obligations, do not make any contribution to the cost of AFDC payments and conse-

quently do not have any share in the savings in welfare costs which occur when child support collections are made. Since such a fiscal sharing in the results of support collections could be a strong incentive for encouraging the local units of government to improve their support enforcement activities, the bill would provide that if the actual collection and determination of paternity is carried out by local authority, the local authority would receive a special bonus based on the amount of any child support payments collected with result in a recapture of amounts paid to the family as AFDC. The bonus based on collections of the parent's support obligation would be 25 percent for the first 12 months of support obligations owed; subsequent collections recovered would result in a bonus of 10 percent. This bonus would come out of the Federal share of the amounts recovered.

Similarly, in the situation where the location of runaway parents and the enforcement of support orders is carried out by a State other than that in which the deserted family resides, the State or local authority which actually carries out the location and enforcement functions will be paid the bonus.

The Committee bill would provide that the Federal Government would have to be reimbursed for any Federal costs (other than for blood typing tests) incurred to aid the States and localities in their support collection and determination of paternity efforts. These costs for welfare recipients would, however, be subject to 75 percent Federal matching.

Establishing Paternity

The Committee is concerned at the extent to which the dependency on AFDC is a result of the increasing number of children on the rolls who were born out of wedlock and for whom parental support is not being provided because the identity of the father has not been determined. The Committee believes that an AFDC child has a right to have its paternity ascertained in a fair and efficient manner unless identification of the father is clearly against the best interests of the child. Although this may in some cases conflict with what a social worker considers the mothers' short-term interests, the Committee feels that the child's right to support, inheritance, and to know who his father is deserves the higher social priority. In 1967, Congress enacted legislation requiring the States to establish programs to determine the paternity of AFDC children born out of wedlock so that support could be sought. The effectiveness of this provision was greatly curtailed both by the failure of the Department of Health, Education, and Welfare to exercise any leadership role and also by early court interpretations of Federal law which prevented State welfare agencies from requiring that a mother cooperate in identifying the father of a child born out of wedlock. Later court decisions, however, have made it clear that such aid could be denied to a non-cooperative mother.

Current status of children born out of wedlock.—Children whose parents have never married present a serious problem of support and care. At common law such a child was a "son of nobody" and neither parent could be held responsible for it. The original laws imposing

support of the child on a parent were enacted solely to prevent the community from having the child as a public charge. In many States, it is possible for the State's attorney, or the public welfare authorities, to bring an action against the man who is alleged to be the father of the child.

In taking the position that a child born out of wedlock has a right to have its paternity ascertained in a fair and efficient manner, the committee acknowledges that legislation must recognize the interest primarily at stake in the paternity action to be that of the child. Since the child cannot act on his own behalf in the short time after his birth when there is hope of finding its father, the Committee feels a mechanism should be provided to ascertain the child's paternity whenever it seems that this would both be possible and in the child's best interest.

Cooperation of mother.—The Committee bill would make cooperation in identifying the absent parent a condition for AFDC eligibility. However, the Committee feels it may be desirable to offer the mother a financial incentive to cooperate. To demonstrate the possible effectiveness of such an incentive, the Committee bill for the first year of the program provides that 40 percent of the first $50 a month in support collections for a family would be disregarded for purposes of determining the amount of welfare payments to the family. Thus, during this period, the family would always be better off if support payments are made by the absent parent.

Blood grouping laboratories.—The Committee is convinced that despite widely held beliefs to the contrary, paternity can be ascertained with reasonable assurance, particularly through the use of scientifically conducted blood typing. It is impressed by evidence that blood typing techniques have developed to such an extent that they may be used to establish evidence of paternity at a level of probability wholly acceptable for legal determinations.

In a book entitled *Illegitimacy: Law and Social Policy*, Harry D. Krause, Professor of Law at the University of Illinois, deals at great length with the value of blood typing in establishing paternity; he reports that the bilogical reliability of expertly performed blood tests has been estimated to be extremely high. An individual may be excluded from possibility as a father on the basis of blood tests; in addition, the probability of his being the father can also be computed quite precisely on the basis of blood typing. Professor Krause writes:

> We may conclude that even if blood typing cannot establish paternity positively in *medical terms*, the positive proof of paternity may reach a level of probability which is entirely acceptable in *legal* terms. In other words, blood typing results should be admissible as evidence even if an exclusion is not established. They should be entitled to whatever weight the fact that an exclusion was not established in a particular case should have—and that weight should be computed by an expert in terms of statistical probabilities. To put it very simply, if the blood constellation of father, mother and child is such that only a small percentage of a random sample of men would not be excluded as possible fathers, then it is of considerable significance that this particular man (if he has been linked with this mother by other evidence) is not excluded.

> That "significance," of course, falls short of the absolute certainty involved in an exclusion but, in a given case, may equal that of other types of circumstantial evidence.

Blood grouping tests must be conducted expertly in order to avoid error; but the possibility of error can be all but eliminated if appropriate and well-known medical procedures are followed by experts. Three laboratories under U.S. Army control now do blood testing for use in paternity matters. However, sufficient facilities to perform expert blood typing are not currently available to the courts. Therefore, the Committee bill would provide that the Department of Health, Education, and Welfare be authorized and directed to establish or arrange for regional laboratories that can perform the highly sophisticated blood typing work necessary for purposes of establishing paternity for State agencies and the courts. Thus, such tests will be readily available by having specialized blood typing laboratories meeting the highest professional standards within a few hours of air mail shipment from any part of the country.

The Committee bill would provide that the Department of Health, Education, and Welfare be authorized and directed to establish or arrange for regional laboratories (including the refurbishing of existing facilities) that can do blood typing for purposes of establishing paternity, so that the State agencies and the courts would have this expert evidence available to them in paternity suits. The services of the laboratories would be available with respect to any paternity proceeding, not just a proceeding brought by, or for, a welfare recipient.

The Committee also wishes that the Department of Health, Education, and Welfare give support to research now being conducted under the auspices of a joint AMA–ABA study group which would develop standards for establishing the probative value of expertly conducted blood tests in the determination of paternity.

Attachment of Federal Wages

State officials have recommended that legislation be enacted permitting garnishment and attachment of Federal wages and other obligations (such as income tax refunds) where a support order or judgment exists. At the present time, the pay of Federal employees, including military personnel, is not subject to attachment for purposes of enforcing court orders, including orders for child support or alimony. The basis for this exemption is apparently a finding by the courts that the attachment procedure involves the immunity of the United States from suits to which it has not consented.

In a 1941 case (*Applegate* v. *Applegate*), the Federal District Court for the District of Columbia explained this position in this way:

> While the Congress has seen fit to waive the immunity of the United States from suit in the case of certain money claims against it and also in case of many of the corporations created by it, it has so far never waived that immunity and permitted attachment or garnishee proceedings against the United States Treasury or its Disbursing Officers. This can-

> not be done either directly, or indirectly through the appointment of a sequestrator or receiver or by contempt order against the debtor defendant. *McGrew* vs. *McGrew*, 59, App. D.C. 230, 38 F.2d 541.
>
> This is not a question of any right of personal exemption on the part of the defendant Applegate but of the sovereign immunity of the United States from suits to which it has not consented.

In 1969 the tax law was amended to reflect the importance the Congress attributes to support payments by giving them a higher priority than tax liens in the collection of funds.

In 1971, the Administration, commenting on a proposal to permit the attachment of retirement pay of military personnel in connection with court orders for child support or alimony, opposed the proposal as extraneous to the bill being considered but noted:

> If there is sufficient reason to attach retired pay, the same reason undoubtedly exists for an attachment provision applicable to other Federal pays and annuities. Accordingly, the broader subject of attachment of all Federal pays and annuities for support of dependents may well deserve congressional attention as a matter in its own right. (House Report 92–481, p. 24.)

The Committee bill would specifically provide that the wages of Federal employees, including military personnel, would be subject to garnishment in support and alimony cases. In addition, annuities and other payments under Federal programs in which entitlement is based on employment would also be subject to attachment for support and alimony payments. This provision would be applicable whether or not the family upon whose behalf the proceeding is brought is on the welfare rolls. It would also override provisions in various social insurance or retirement statutes which prohibit attachment or garnishment.

Distribution of Proceeds

Under the Committee bill, the amount collected would be retained by the Government to partly offset the current welfare payment (except that for the first year of the program 40 percent of the first $50 collected will go to the family to increase income). If the collection is more than what is needed to fully offset the current month's AFDC payment, the additional amount up to the family's support rights as specified in a court order goes to the family. If there is still an excess above this, it is retained by the Government to offset past welfare payments. In any case in which a large collection is made which more than repays all past welfare payments, any such excess would go to the family. The amounts retained by the Government are distributed as between Federal and State Governments according to the proportional matching shares which each has under the AFDC formula.

States would be required to make the AFDC payment without a reduction for child support collections until the proceeds exceed the assistance payment. All collections of child support would be made

by the separate organizational unit and no such payments would be made by the parent directly to the family until such time as the family is no longer eligible for assistance. In any month in which the amount of support collected is sufficient to completely repay the amount of the assistance payment for that month, the family would not be considered to be eligible for AFDC for that month.

Support Collection for Non-Welfare Families

The Committee bill is designed primarily to improve State programs for establishing paternity and collecting support for children getting AFDC payments. The Committee recognizes, however, that the problem of nonsupport is broader than the AFDC rolls and that many families might be able to avoid the necessity of applying for welfare in the first place if they had adequate assistance in obtaining the support due from absent parents. Accordingly, the Committee bill would require that the procedures adopted for locating absent parents, establishing paternity, and collecting child support be made available to families even if they are not on the welfare rolls.

The expert blood typing services provided for in the bill would be available through a court in non-welfare cases without cost. In the case of parent location services, a fee would be charged in non-welfare cases. For other support collection services, States could charge an application fee which would have to be approved as reasonable by the Department of Health, Education, and Welfare, and States could deduct the remaining costs of collection from any amounts actually collected.

The collection activities for non-welfare families are thus envisioned as being self-financing, unless a State decides that it does not want to charge for the costs of the service. However, in the first year, financial support will be needed to put this part of the program in operation. Accordingly, the 75 percent federal matching for State costs would be provided for this part of the program for the first year of operation.

Effective Date

The garnishment of Federal wages would be effective January 1, 1975; the authorization of appropriations for the Department of HEW and the provision for the appointment of the Assistant Secretary for Child Support would be effective upon enactment; the penalty provision for ineffective State programs would not be imposed before January 1, 1977; and the other child support provisions of the Committee bill would be effective July 1, 1975.

V. Costs of Carrying Out the Bill and Effect on the Revenues of the Bill

In compliance with section 252 (a) of the Legislative Reorganization Act of 1970, the following statement is made relative to the costs to be incurred in carrying out the bill and the effect on the revenues of the bill.

The first full year costs and savings associated with the Committee bill as provided to the Committee at the time it was considering H.R. 3153 follow:

	Million
Tax credit for low-income workers with families ($700 million in credits minus $100 million savings in public assistance)	$600
Child support (in subsequent years, there will be a net savings)	40

No cost has been attributed to the social services provision since the Committee bill would not increase the present $2.5 billion limit on Federal funds for social services.

VI. Vote of the Committee in Reporting the Bill

In compliance with section 133 of the Legislative Reorganization Act, the bill was reported by voice vote.

VII. Changes in Existing Law

In the opinion of the committee, it is necessary, in order to expedite the business of the Senate, to dispense with the requirements of subsection 4 of rule XXXIX of the Standing Rules of the Senate (relating to the showing of changes, in existing law made by the bill, as reported).

VIII. Separate Views of Senators Mondale, Bentsen & Ribicoff

We would like to comment briefly on the social services action by the committee today.

For some months, we have been working with the representatives of the National Governors Conference, the American Public Welfare Association, the AFL-CIO and UAW, representatives of the Administration and the Secretary of HEW, and many other groups interested in the administration of the program known as the Social Services Program.

The result of our joint efforts was a consensus measure which we introduced in the Senate as S.4082, the Social Services Amendments of 1974 and a companion measure introduced in the House and adopted by the House (H. R. 17045) which we believe to be a very strong and well-advised resolution of the many disputes and differences bearing on that program.

We would hope that in conference we might strengthen the Senate-passed version, to reflect the consensus reflected in S. 4082. We would hope this would include:

(1) Adding limits on eligibility so that States may offer free services to persons making up to 80% of State median income (or the national median, if lower), and may offer subsidized services to persons making up to 115 percent of State median income.

(2) Strengthening the process of State planning, with open hearings, which was first proposed by Sen. Dole in a floor amendment, and providing for pre-approval of key elements of the plan by HEW (so states are not denied reimbursement for expenditures they've already made).

(3) Repealing the 90–10 requirement (requiring 90% of funds to be spent on current recipients except for exempt services: child care, child protective services, family planning, aid to the retarded, alcohol and drug rehabilitation, and child foster care), and replacing it with the requirement that 50% of funds go to persons currently eligible for SSI, AFDC, or their immediate families.

(4) Adding provision for prohibited activities which would prevent the worst forms of abuse found in the past, and standards for child day care including the Federal Interagency Day Care Requirements of 1968.

We are mindful of the fact that we have only a few days remaining in this session of this Congress and that unless we act expeditiously there is a chance that the social services regulations now in effect will expire and that it could be several months into the next session before Congress could act.

In light of that reality and the limitation of time, we cannot further oppose the Committee's decision that it makes sense to readopt the measure which the Senate had earlier adopted and then take that matter to conference with the House for resolution.

The Committee's action in asking simply for the readoption of a measure the Senate has already adopted this Congress, dramatically, if not entirely, eliminates objections on the Senate floor, prompts its adoption, and hopefully will permit the invocation of cloture.

We would hope the Senate can move expeditiously to the adoption of the Senate Finance Committee recommended measure and go to conference for a resolution, which we would hope will be along the lines we have mentioned.

WALTER F. MONDALE.
LLOYD BENTSEN.
ABRAHAM RIBICOFF.

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93D CONGRESS } HOUSE OF REPRESENTATIVES { REPORT
2d Session } { No. 93-1490

SOCIAL SERVICES AMENDMENTS OF 1974

NOVEMBER 22, 1974.—Ordered to be printed

Mr. MILLS, from the Committee on Ways and Means, submitted the following

REPORT

[To accompany H.R. 17045]

The Committee on Ways and Means to whom was referred the 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, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. PRINCIPAL PURPOSES AND SCOPE OF THE BILL

Your committee's bill, H.R. 17045, is intended to define more clearly the State and Federal responsibilities with respect to social services. It does not change the amount of money which is provided for allotment to States under Public Law 92-512 nor does it change the allocation to individual States on the basis of population.

BACKGROUND OF THE BILL

Expenditures for social services increased at an extremely rapid rate during the fiscal years 1971 and 1972. Moreover, estimates of expenditures totalled $4.7 billion for fiscal year 1973, more than double the amount which had been expended for this purpose in 1972.

Congress, in October 1972, as a part of the 1972 general revenue sharing legislation, enacted an amendment to the Social Security Act limiting the total Federal expenditures for social services to $2.5 billion. Under this limitation, funds are allocated to States on the basis of the relationship of their total population to the total population of the United States. In February 1973, the Department of Health, Education, and Welfare issued proposed regulations greatly restricting eligibility for social services. These evoked more than 200,000 adverse comments to the Department. Despite some relaxation before they were published, the Department's final regulations were not acceptable to the Congress. In Public Law 93-66, enacted in July 1973,

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the Congress deferred the issuance of any new social service regulations (except those specifically required by law) and in December 1973 (Public Law 93-233) further deferred the effective date of any changes in these regulations. The present statutory provisions restricting authority of the Department of Health, Education, and Welfare to issue regulations expires on December 31, 1974. Accordingly, some action is necessary.

During 1974 the Department of Health, Education, and Welfare, the National Governor's Conference and many public and private organizations—a total of about 40—worked continuously to develop legislation which would protect the Federal interest and at the same time give the States wide latitude in determining the services they would provide and to whom they could be furnished. H.R. 17045 is the result of those deliberations. While there is probably no agency that would not like to see some changes in the bill, there seems to be a widespread consensus that it represents a good compromise of widely conflicting viewpoints.

II. Summary of the Principal Provisions of the Bill

H.R. 17045 provides that the goals of social services shall be: self-support; self-sufficiency; protective services and services to preserve or reunite families; preventing or reducing inappropriate institutional care by providing community-based and home-based care and securing referral or admission to institutional care where appropriate in providing services to such individuals.

PRIORITY FOR WELFARE RECIPIENTS

Legislation in effect since 1962 permitted States to provide social services to persons receiving welfare and to former and potential recipients. A great deal of the growth in social services expenditures comes from the inclusion of large numbers of potential recipients. H.R. 17045 would require that 50 percent of the expenditures in each State be made for persons receiving or eligible to receive Aid to Families With Dependent Children, Supplemental Security Income or Medicaid.

ELIGIBILITY FOR SOCIAL SERVICES

Your committee's bill would establish upper limits of family or individual income beyond which persons would not be eligible for social services. States are free to adopt lower figures. Federal matching would not be available for services provided without cost to a family of four having income exceeding the lower of 80 percent of the median income for a family of such size in the States or in the Nation. Where a fee schedule is used, the upper limit would be 115 percent of the median income for a family in the State. The Secretary of Health, Education, and Welfare would promulgate adjustments in these income levels for families of other sizes.

DEFINING SOCIAL SERVICES

Social services would be defined by the States and would be required to be directed at the social services goal with limits for such

definitions established by such provisions in the bill as standards of quality for day care and limits on the duration of institutional care. The bill includes examples of services but specifically provides that services are not limited to these examples. The examples in the bill are child care services, protective services for children and adults, services for children and adults in foster care, services relating to the management and maintenance of the home, day care services for adults, transportation services, training and related services, information, referral, and counseling services, preparation and delivery of meals, health support services and appropriate combinations of services designed to meet special needs of children, the aged, mentally retarded, the blind, the emotionally disturbed, the physically handicapped and alcoholics and drug addicts.

PLANNING REPORTING EVALUATIONS AND AUDITING

H.R. 17045 emphasizes State program planning. Each State would develop an annual comprehensive services plan which would not require prior approval by Health, Education, and Welfare. Political subdivisions in the States which participate in the plan would be expected to play an early and active role in the planning process. Instead HEW would approve the program planning process. The responsible officials in the States would be required to conduct evaluations and provide reports to HEW and the public. Ninety days after the end of a service program year, an annual program report would be issued describing the services provided during the past year. The States would be required to make provisions for audits.

STATE PLANS APPROVED BY HEALTH, EDUCATION, AND WELFARE

The plans which the States would submit to the Department of HEW would deal only with State assurances regarding fair hearing, confidentiality of information, designation of the agency to administer the social services program in the absence of durational residence or citizenship requirements and the designation of a State authority for establishing and maintaining standards for institutions and facilities.

MAINTENANCE OF EFFORT

The Committee bill would require that the non-Federal share of expenditures in a State be at least equal to those during the fiscal year 1973 or 1974 (whichever is lower) with respect to which payment was made under the Social Security Act.

MATCHING PROVISIONS

The Federal matching share is the same as in existing law, i.e., 75 percent for all services except family planning services. For family planning services the Federal share is 90 percent.

The State share may be in cash or in kind by political subdivisions. Private funds donated to States are allowed to be utilized for the non-Federal share with certain restrictions.

EFFECTIVE DATE

The new provisions will become effective July 1, 1975. The existing moratorium on the issuance of regulations by the Department of Health, Education, and Welfare would continue until that time.

III. General Discussion

The bill maintains the level of Federal funding available for social services at $2.5 billion per year, the allocation of funds among states on the basis of population, and the Federal matching ratios of 75 percent for services expenditures, (family planning services are at 90 percent), and 75 percent for the cost of administration. Expenditures for training and retaining of personnel directly related to provision of services, continues to be matched at 75 percent under another appropriation outside the $2.5 billion ceiling.

While maintaining the same fiscal boundaries, the bill is designed to provide a basis for clearer program accountability than exists under present law and regulations. Explicit in provisions of the bill are the Federal goals of the social services program, eligibility criteria for services based on income, specific prohibitions against using the funds for purposes other than such services, and a number of procedural requirements on both the State and Federal governments. These provisions should make it possible for the first time to make it clear to the Congress and to the public precisely how social services funds are spent: on which services, where, for whom, and to what effect.

GOALS OF THE SOCIAL SERVICES PROGRAM

The bill requires that services shall be directed toward the goals of:

A. Achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency.

B. Achieving or maintaining self-sufficiency, including reduction or prevention of dependency.

C. Preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating or reuniting families.

D. Preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care.

E. Securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions.

ELIGIBILITY AND REQUIRED PRIORITY FOR FEDERALLY REIMBURSABLE SOCIAL SERVICES

Federal financial participation is available to states for services to persons whose income meets the following criteria (States are free to set lower levels):

1. If a fee reasonably related to income is charged the individual for services, the family's gross income may not exceed 115 percent of the median income of a family of four in the State, adjusted in accordance

with regulations prescribed by the Secretary to take into account size of the family; or

2. Where no fee is charged, the family's gross income is the *lower* of (a) 80 percent of the median income of a family of four in the State; or of (b) the median income of a family of four in the 50 states and the District of Columbia. Both of these incomes would be adjusted, in accordance with regulations prescribed by the Secretary to take into account size of the family.

Prior to September 1 of the preceding fiscal year, the Secretary shall promulgate the median income of a family of four in each State and the 50 States and the District of Columbia for the upcoming fiscal year; thus an automatic cost of living escalator is built into the eligibility criteria for services.

The general thrust of this provision is to remove the requirement of welfare-related eligibility as the basic criterion for participating in the social services program. Thus, the concepts of former and potential recipients are eliminated, and the program will be available for the first time in many States to intact families and the working poor. However, the States are required to spend a significant portion of the Federally reimbursed services funds on those poor who qualify for assistance programs and their families. Specifically, of the aggregate expenditures in a State in a fiscal year for which there is Federal financial participation, a State must expend an amount equal to at least 50 percent of the Federal payment made in that fiscal year, for providing services to the following:

1. Recipients of financial assistance under Title IV–A (AFDC) or who are eligible to receive such aid; or

2. Individuals whose needs are taken into account in determining the needs of recipients of aid under Title IV–A, or who are eligible to have their needs so considered for someone receiving or eligible to receive AFDC; or

3. Recipients of supplemental security income (SSI) or State supplementary payments, or individuals who are eligible to have such payment made to them; or

4. Individuals whose income and resources are taken into account in determining the amount of SSI or State supplementary payment made to another individual, or those whose income or benefits would be taken into such account; or

5. Individuals who are eligible for medical assistance under Title XIX.

Your Comittee believes that this concentration of Federal funds on the neediest will assure that the special services requirements of those persons, including aged, blind, and disabled individuals eligible under the SSI program, will be adequately met by the State services programs.

In order to avoid an undue burden on those whose special needs make this eligible for the income or medical assistance programs, the bill provides that there will be no Federal financial participation if a State charges a fee for a service to cash assistance recipients or to those whose needs are taken into account in determining the needs of those recipients. However, these individuals may make a voluntary contribution for a service without the State losing its Federal financial participa-

tion. This provision parallels that of Title VII of the Older Americans Act, and should facilitate the coordination of the two programs.

Information or referral services or protective services for adults and children may be provided to anyone needing such services without regard to any eligibility criteria whatsoever except need for the service.

The Secretary should develop a formula to adjust each State's income standards on an annual basis. This is to be used on such data as the Census Bureau's estimates of the yearly national median income for a family of four or other governmental data allowing for estimates of State median incomes.

The table presents State-by-State estimates of 80% and 115% of median family-of-four income, adjusted from 1970 to 1973 by adding the dollar increase in the national median to the 1970 to 1973 by adding the dollar increase in the national median to the 1970 figure for each state. This is illustrative only, as there are a number of statistical mechanisms for making this adjustment which should be explored.

1970 CENSUS DATA ADJUSTED BY NATIONAL TREND TO 1973, FAMILY OF 4

State	80 percent of adjusted median income	115 percent of adjusted median income	State	80 percent of adjusted median income	115 percent of adjusted median income
Alabama	$9,530	$13,699	Montana	9,939	14,288
Alaska	12,908	18,555	Nebraska	10,190	14,649
Arizona	10,904	15,675	Nevada	11,722	16,850
Arkansas	8,830	12,694	New Hampshire	10,987	15,794
California	12,004	17,256	New Jersey	12,434	17,874
Colorado	10,959	15,754	New Mexico	9,616	13,824
Connecticut	12,604	18,118	New York	11,792	16,952
Delaware	11,402	16,391	North Carolina	9,752	14,019
District of Columbia	10,711	15,397	North Dakota	9,458	13,596
Florida	10,462	15,039	Ohio	11,417	16,412
Georgia	10,190	14,648	Oklahoma	9,844	14,151
Hawaii	12,398	17,823	Oregon	10,980	15,783
Idaho	9,928	14,272	Pennsylvania	11,429	16,430
Illinois	11,999	17,249	Rhode Island	11,046	15,879
Indiana	11,222	16,132	South Carolina	9,620	13,829
Iowa	10,608	15,249	South Dakota	9,335	13,419
Kansas	10,422	14,982	Tennessee	9,494	13,646
Kentucky	9,439	13,569	Texas	10,468	15,047
Louisiana	9,569	13,755	Utah	10,397	14,946
Maine	9,641	13,859	Vermont	10,266	14,757
Maryland	12,060	17,336	Virginia	10,674	15,344
Massachusetts	11,816	16,986	Washington	11,583	16,650
Michigan	12,034	17,298	West Virginia	9,280	13,341
Minnesota	11,293	16,233	Wisconsin	11,289	16,228
Mississippi	8,730	12,549	Wyoming	10,442	15,010
Missouri	10,691	15,369			

DEFINING SOCIAL SERVICES

Your Committee understands that the debate between specific States anud the Department of HEW over allowing or disallowing a particular service as reimbursable under the Title IVA and VI services programs has been a major cause of fiscal and programmatic uncertainty. The bill addresses the uncertainty in several ways:

1. A requirement that a State define annually in its program plan which services it shall provide directed to each of the goals of the bill, and to which categories of eligible individuals;

2. An illustrative list of services to guide States in planning, but which is not exhaustive and which states are not bound by;

3. A provision that the Secretary may not deny payment to a State for an expenditure on the basis that it is not for the provision of a service, or that the service is not directed at one of the five goals.

Illustrative services listed in the bill are child care services, protective services for children and adults, foster care services for children and adults, home management and maintenance services, adult day care services, transportation services, training and related services, employment services, information, referral, counseling services, preparation and delivery of meals, health support services, and appropriate combinations of services to meet the special needs of children, the aged, the mentally retarded, the blind; the emotionally disturbed, the physically handicapped, alcoholics and drug addicts.

The bill represents a change from current law in that it does not require States to provide any specific individual service under the social services program. (Family planning is no longer mandated here, but does continue to be required for the same population under Title XIX of the Social Security Act.) The list in the bill is illustrative only; it does contain, however, many of the activities which have been agreed upon by experts in the services field to be appropriate components of a social services program.

In order to establish boundaries within which States shall develop social services program planning, a list of prohibited activities is contained in the statute. While many of these activities are laudable enterprises, the use of social services funds to support them cannot be justified. These prohibitions include:

1. Funding of an educational service if a State makes that service generally available to its residents without regard to income is not allowed. This provision is designed to preclude States from refinancing the costs of public education, or using Federal services monies to pay the cost of low income students in newly developed universal kindergarten or preschool programs.

2. Funding medical services, with the exception of family planning and of integral but subordinate medical aspects of a service directed at one of the five goals is prohibited. The bill specifically prohibits social services funds to be used for medical services for which the individual has Medicare coverage, or which are available under the State Medicaid plan. This provision is intended to avoid the dispension of funds destined for social services to other service programs for which other sources of funding are more appropriate. Specifically, it precludes States from claiming reimbursement under social services, which has a 75 percent Federal match, for services more appropriately covered unde Title XIX, where for many States the matching ratio is less favorable.

At the same time, your Committee recognizes that there are occasions in service programs when a minor medical procedure or service is necessary for success of an otherwise nonmedical program, and have made povision for that in the bill. For example, in order for a social service agency to effectively assess an individual's potential for training or employment, a medical examination may be required. The cost of such an examination, if not covered by Medicaid, is an integral but subordinate part of the employment service. Therefore, it would be reimbursable under the social services program of this bill.

Similarly, drug abuse programs include medical components such as urinalysis and methadone treatment. If such treatments are a minor but essential complement to a comprehensive drug abuse program where the primary focus is on counseling, job placement, and other social services, and are not covered elsewhere, they would be considered an integral but subordinate cost.

3. Funding of cash payments as a social service is prohibited.

4. Reimbursement for expenditures on social services for individuals living in various settings is allowed under carefully controlled circumstances. This explicit treatment of the question of services to persons living in various residential arrangement is new with this bill, and was developed to respond to several important issues:

A. Recent Federal emphasis on reducing unnecessary institutionalization has frequently resulted in the discharge of residents into communities without adequate arrangements for the range of community-based services and facilities they need. This bill would allow Federal reimbursement for social services provided in community-based residential facilities whose program is primarily one of social service. In addition, room and board, integral but subordinate to the social program, could be payable for up to six months for eligible individuals whose costs are not covered. This provision is intended to preclude financing of room and board on a general basis.

B. The rapid increase from 1967 until 1972 in social services claims by States appeared in part to be because they had discovered means to refinance existing State programs with 75 percent Federal funds. These changes increased Federal expenditures without any concommitant increase in the volume of services provided. The prohibition in the bill against funding for services provided by hospitals, skilled nursing facilities, intermediate care facilities, and prisons, is designed to avoid refinancing programs in such institutions. Again, however, the issue is complex: in order to improve the lives of institutional residents, and particularly to prepare them to leave the institution, in-reach services by outside organizations appear warranted, and are provided for in the bill. A continued concern for refinancing, however, requires that States only fund in-reach services which are analogous to services provided outside institutions to other eligible individuals.

C. Continuing concern to keep individuals at the least intensive possible level of care and supervision requires attention to the role of foster family and foster group homes in providing care and supervision for individuals with special needs. Handicapped, retarded, or emotionally disturbed individuals in foster care may require special services which foster parents could be trained to provide more efficiently than an outsider; therefore, the bill requires the Secretary to promulgate regulations defining the conditions under which such services may be reimbursed.

Your Committee realizes the difficulty involved in developing adequate accounting procedures in small, often informal community-based facilities. However, the Committee believes that it is essential for program accountability that a uniform accounting system which includes discrete categories for various component costs be developed in these facilities as well as for other components of the social services program.

5. Reimbursement for child day care is allowed under the bill only if that day care meets the standards of the 1968 Federal Interagency Day Care Requirements, except that care of children under three outside their own homes must provide one adult for every two children.

Your Committee recognizes that there has been a great deal of debate over the adequacy, enforceability, and cost implications of the Federal Interagency Day Care Requirements. The bill requires the Secretary of HEW to undertake a comprehensive examination of those requirements and to report to Congress on the findings of the study and any recommendations for change. The importance of various staff-child ratios should be a major topic of that study, in large part because staff salaries are the overwhelming cost item in the budget of day care centers. The 1 to 2 ratio required for infants in the bill would make the institutional care of infants more expensive, and therefore less likely to be used. Research evidence on the advisability of institutional day care for infants has generally pointed against it except under unusual circumstances. Thus, the Committee believes that limiting center care for infants for the interim period until the Secretary's assessment of the requirements has been completed may be wise. It would not greatly affect the current day care population; of 750,000 total in care outside their own homes, only 25,200 are aged two or younger and in center care.

The Committee firmly believes that some means must be discovered to provide day care adequate to children's needs at a reasonable cost, and the Secretary should give this subject careful attention in his study. The provisions of the bill which require States to array publicly in their annual program plan what portion of the limited funds available will be spent on which service are designed to focus the attention of the public and State officials on the trade-off between unit cost of services and volume of services provided. This requirement will provide increased impetus to the search for less costly day care as well as greater efficiency throughout the services program.

6. Prohibition against use of services funds for capital improvements or fixed equipment, and limitations on the use of funds from private donors, and prohibition of double payment under this and other titles of the Social Security Act are also included in the list.

States are expected to develop, on the basis of an open planning system detailed in Section 2004 of the bill, a program of services within the boundaries set by the prohibitions and directed toward the goals of the bill. The provision which forbids the Secretary to withhold payment on the basis of the definition of a service is designed to provide sufficient certainty to States to enable them to experiment in new service packages. This does not preclude the Department from withholding payment because States fail to comply with any of the requirements of the bill.

SERVICES PROGRAM PLANNING

A major new feature of the bill is the requirement that States develop annual program plans which describe in detail how social services funds will be allocated among eligible groups, types of services, and geographic areas, and defines the administrative structure through which the program shall operate. In the development of this

plan, the State must make generally available to the public a draft plan for comment at least 90 days prior to the beginning of the program year, and allow a 45 day period for comment. The final plan must describe the changes made on the basis of those comments. Any proposed amendments to the plan must also follow the same procedure. Program reports and audits required in the bill shall be against the program outlined in the plan, and are required to be made public, so that citizens of the State can measure performance against program goals. These requirements are designed to assure public participation in the development of each State's social services program. The bill also requires a description of what needs assessment has been performed, or the ongoing methods of needs assessment, to assure that all citizens' requirements are taken into account. Your Committee believes that, to fulfill these provisions, States will elicit early and full participation in plan development from local and regional governmental and planning units in the State. This will be especially important in those States which operate the services program traditionally through county or city governments.

Through this process, the Committee expects a high degree of State and local government cooperation in using the services provided under this authority to complement the manpower programs authorized by the Comprehensive Employment and Training Act. The flexibility provided by the two broad authorities—manpower and social services—should facilitate improved programs to reduce dependency

The plan must also contain a description of how the social services program shall be coordinated with other titles of the Social Security Act and other human services programs. Although the bill clearly implies the need to coordinate with all programs—Federal and State—which are directed toward human service goals, the Committee believes that it is especially important that States document the coordination of this program with programs under Titles III and VII of the Older Americans Act and Developmental Disabilities Vocational Rehabilitation, and the Comprehensive Employment and Training Act. The development of coherent statewide plans for the provision of services to the overlapping populations eligible for these various programs will be a significant step toward efficient management of human service activities.

Your Committee recognizes that the public planning requirements in the bill place a new demand on State governments. Some States have already implemented human services planning systems which will need only minor modification to meet the requirements of the bill; other States will need to develop such systems from the ground up. Responsibility for serious and active program asistance to States is explicitly assigned to the Secretary of HEW, and your Committee expects that increased investment in such activities, by the Department of HEW, will be necessary to bring the planning system of some States into compliance with these and other provisions of the bill. The Department must maintain a leadership role in the field of social services, and support States in the effective planning and administration of a program which is responsive to local needs; in the development of information systems responsive to local, state, and national evaluation and planning needs; and in adequate and accurate fiscal accounting. The Department of HEW must continue an active com-

mitment in this area, and also pursue the coordination of various of its internal agencies which have an impact on social services for the purpose of establishing a unified Department-wide policy on social services. Your Committee believes that the combined efforts of State, local, and Federal government, with active participation by all interested citizens, will create more effective and efficient programs for social services to those who need them.

Your Committee has given States virtually complete latitude in determining which service needs are greatest in what population group. It believes that States will take into consideration the total social services needs of families, the aged, the blind, the disabled, and the medically indigent and make an equitable distribution of services among them. States are required to provide at least one social service to further each of the five goals set forth in the bill. Since these goals tend to parallel the needs of the various population groups, it is believed that a reasonable balance will be achieved.

ASSURING PROPER PROGRAM ADMINISTRATION

In addition to specific prohibitions against Federal financial participation in certain kinds of State expenditures, the bill imposes a number of general requirements that must be met by the States. Your Committee believes that the requirements are necessary to assure that Federal funds are used for their intended purpose and that State services programs are administered fairly and efficiently.

In order to assure that residents of each State are aware of the nature of the State's services program, the chief executive officer of the State or such other official as the laws of the State provide is required to publish at the end of each services program year a report on the services program for that year prepared by the agency responsible for administering or supervising the State's services program and, unless the laws of the State provide otherwise, approved by the chief executive officer.

Each State is also required to make available to the public, at the end of each services program year, an audit of the expenditures under the services program during that year. The audit must set forth the extent to which the expenditures were in accordance with the State's services program plan and the extent to which the State is entitled to Federal payment with respect to those expenditures. To assist the Secretary in carrying out his responsibilities, those portions of the audit which relate to the State's entitlement to Federal matching payments must also be submitted to the Secretary.

Each State is required to provide for the evaluation of its services program in accordance with the description of evaluation activities to be carried out by the State contained in the current services program plan.

In order to provide more information about the services programs of the States, each State is required to submit to the Secretary and make available to the public, information specified by the Secretary concerning its services program.

To preclude any possibility of a sharp reduction in the services programs of the State in connection with the implementation of the program established by the bill, the non-Federal share of the expenditures

of each State during each services program year with respect to which Federal payment is made must be at least as great as the non-Federal share of the aggregate expenditures for the provision of those services with respect to which Federal payment was made under title I, VI, X, XIV, or XVI, or part A of title IV of the Social Security Act during fiscal year 1973 or 1974, whichever is less.

Each State is also required to have a plan approved by the Secretary which provides for compliance with a number of additional requirements. A fair hearing must be granted to any individual whose claim for services is denied or not acted upon promptly. The use and disclosure of information obtained in connection with administration of the State's services program must be restricted to purposes connected with assistance programs. An appropriate agency must be designated to administer or supervise administration of the State's services program. Your committee does not intend that this requirement preclude continuation of existing arrangements in some States under which a separate agency administers programs for the blind. Personnel standards must be established and maintained on a merit basis. No durational residency or citizenship requirement may be imposed as a condition to receiving services. If the State's services program includes services for individuals in institutions or foster homes, standards for such institutions or homes must be established and maintained; if it includes child care services, standards for such care must be established and maintained. Finally, the State's services program must be in effect in all political subdivisions of the State and there must be financial participation by the State.

IV. Costs of Carrying Out the Bill and Vote of the Committee in Reporting the Bill

The limit on Federal funds to each State is not increased and the percentage of Federal participation remains the same. Accordingly, there is no increase in Federal liability under H.R. 17045.

The Committee on Ways and Means by a voice vote unanimously ordered the bill favorably reported.

V. Section-by-Section Analysis of the Bill

The first section contains the short title of the bill—the "Social Services Amendments of 1974".

SECTION 2

Section 2 of the bill amends the Social Security Act by adding at the end a new title XX establishing a Federal program of grants to the States for services.

TITLE XX—GRANTS TO STATES FOR SERVICES

SECTION 2001. APPROPRIATION AUTHORIZED

Section 2001 authorizes the appropriation of such sums as may be necessary to carry out the new program of grants to the States for services programs.

SECTION 2002. PAYMENTS TO STATES

Section 2002(a)(1) directs the Secretary of Health, Education, and Welfare to pay to each State, in accordance with the provisions of this section and section 2003, 90 percent of its total expenditures for the provision of family planning services and 75 percent of its total expenditures for the provision of other services directed at the goals of (A) achieving and maintaining economic self-support to prevent, reduce, and eliminate dependency, (B) achieving and maintaining self-sufficiency, including reduction and prevention of dependency, (C) preventing and remedying neglect, abuse, and exploitation of children and adults unable to protect their own interests and preserving, rehabilitating and reuniting families, (D) preventing and reducing inappropriate institutional care by providing for coummunity-based care, home-based care, and other forms of less intensive care, and (E) securing referral and admission for institutional care when other forms of care are not appropriate and providing services to individuals in institutions.

Section 2002(a)(2) limits to total Federal payment to any State for any fiscal year with respect to expenditures, other than expenditures for personnel training or retraining directly related to the provision of services, to an amount which bears the same ratio to $2,500,000,000 as the population of the State bears to the population of the fifty States and the District of Columbia.

Section 2002(a)(3) forbids Federal payment with respect to a State expenditure for the provision of a service unless the State's services program planning meets the requirements of section 2004, and the final comprehensive annual services plan in effect when the service is provided includes the provision of that service to the individual to whom it is provided. It also forbids the Secretary to deny Federal payment for any expenditure on the ground that it is not an expenditure for a service or that it is not an expenditure for a service described in section 2002(a)(1).

Section 2002(a)(4) requires that so much of the aggregate expenditures with respect to which Federal payment is made for any fiscal year as equals 50 percent of the Federal payment for that year must be expended for the provision of services to individuals (A) who are receiving or are eligible to receive AFDC, (B) whose needs are taken into account in determining the needs of an individual who is receiving or is eligible to receive AFDC, (C) with respect to whom supplemental security income benefits or State supplementary payments are being paid or who are eligible to have such benefits or payments paid with respect to them, (D) whose income and resources are or would be taken into account in determining the amount of such benefits or payments, or (E) who are eligible for Medicaid.

Section 2002(a)(5) forbids Federal payment with respect to a State expenditure for the provision of a service to an individual who is receiving or whose needs are taken into account in determing the needs of an individual who is receiving AFDC, or with respect to whom supplemental security income benefits or State supplementary payments are being paid, if a fee or other charge, other than a voluntary contribution, is imposed for the service.

Section 2002(a)(6) forbids Federal payment with respect to a State expenditure for the provision of a service, other than an information or referral service or a service directed at the goal of preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, to an individual who is not described in section 2002(a)(5) if the income of the family to which the individual belongs exceeds certain limits. If a fee or other charge reasonably related to income is imposed for the service, the limit is 115 percent of the median income of a family of four in the State, adjusted to take into account the size of the family. In any other case, the limit is the lower of (A) 80 percent of the median income of a family of four in the State or (B) the median income of a family of four in the fifty States and the District of Columbia, adjusted to take into account the size of the family.

Section 2002(a)(7) forbids Federal payment with respect to a State expenditure—

(A) for the provision of medical or other remedial care, other than family planning services, unless it is an integral but subordinate part of another service and Federal financial participation with respect to the expenditure is not available under the State's Medicaid plan,

(B) for the purchase, construction, or major modification of any land, building or other facility, or fixed equipment,

(C) which is goods or services provided in kind by a private entity,

(D) which is made from donated private funds, unless the funds (i) are transferred to the State and under its control, (ii) are donated to the State without restrictions as to use, other than restrictions as to the service to be provided with the funds imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services are to be provided, and (iii) do not revert to the donors' use if the donor is other than a nonprofit organization, or

(E) for the provision of room and board (except as provided in section 2002(a)(11)(C)) other than room and board provided for not more than six consecutive months as an integral but subordinate part of another service.

Section 2002(a)(8) forbids Federal payment with respect to a State expenditure if Federal payment with respect to that expenditure is made under the AFDC or Child-Welfare Services program.

Section 2002(a)(9)(A) forbids Federal payment with respect to a State expenditure for child care services unless, in the case of care provided in the child's home, the care meets standards established by the State which are reasonably in accord with the recommended standards of national standard-setting organizations, and, in the case of care provided outside the child's home, the care meets the Federal interagency day care requirements approved on September 23, 1968 and there is at least one caregiver for every two children under the age of three.

Section 2002(a)(9)(B) directs the Secretary to submit to the Congress, between January 1 and June 30, 1977, an evaluation of the appropriateness of the requirements imposed by section 2002(a)(9)(A). It authorizes the Secretary to modify those requirements by regulation ninety days after the submission of the report.

Section 2002(a)(9)(C) provides that the requirements imposed by section 2002(a)(9) shall be in lieu of any requirements otherwise applicable under section 522(d) of the Economic Opportunity Act of 1964.

Section 2002(a)(10) forbids Federal payment with respect to any State expenditure for the provision of an educational service which the State makes generally available to its residents without cost and without regard to income.

Section 2002(a)(11) forbids Federal payment with respect to any State expenditure for the provision of services to individuals living in hospitals, skilled nursing facilities, intermediate care facilities, prisons, and foster family homes, except (A) expenditures for services which are provided by other than the institution in which the individual is living and which are provided, under the State's services program, to individuals who are not living in such institutions, (B) expenditures for the cost, in addition to the cost of basic foster care, of the provision by foster family homes of services that meet special needs of individuals living in such homes, and (C) expenditures for the provision of thirty days of shelter to a child as a protective service.

Section 2002(a)(12) forbids Federal payment with respect to any State expenditure for the provision of cash payments as a service.

Section 2002(a)(13) forbids Federal payment with respect to any State expenditure for services to the extent that payment for the services is available under the Medicare program.

Section 2002(b) directs the Secretary to estimate the amount that each State will be entitled to receive under section 2002 for each quarter on the basis of a report filed by the State, and then pay the State the estimated amount, in such installments as he may determine, with such adjustments as may be necessary because of overpayments or underpayments for prior quarters. It also provides that upon the making of any estimate by the Secretary, any appropriations available for the making of payments under section 2002 shall be deemed obligated.

SECTION 2003. PROGRAM REPORTING, EVALUATION, AND ADMINISTRATION REQUIREMENTS

Section 2003(a) requires each State to provide for the publication by the chief executive officer of the State or such other official as the laws of the State provide, within ninety days, or such longer period as the Secretary authorizes, after the end of each services program year of the State, of a service program report prepared by the agency responsible for administration or supervision of the State's services program and, unless the laws of the State provide otherwise, approved by the chief executive officer. The report must describe the extent to which the services program of the State was carried out during that year in accordance with the annual services program plan for that year.

Section 2003(b) requires each State to have a program for evaluation of the State's services program which conforms to the description of the evaluation activities to be carried out by the State contained in the State's current services program plan.

Section 2003(c) requires each State to submit to the Secretary, and make available to the public, information concerning its services pro-

gram, at such time and in such form as the Secretary may by regulation provide.

Section 2003(d) requires each State to make available to the public, within one hundred and eighty days, or such longer period as the Secretary authorizes, after the end of each services program year of the State, the report of an audit of the expenditures for the provision of services during that year which sets forth the extent to which the expenditures were in accordance with the State's services program plan and the extent to which the State is entitled to Federal payment with respect to those expenditures. So much of the report as relates to the extent to which the State is entitled to Federal payment with respect to those expenditures must be submitted to the Secretary. The audit must be performed by a private certified public accountant or auditing firm utilizing certified public accountants, a publicly elected auditor utilizing certified public accountants, or an office representing the legislature of the State utilizing certified public accountants.

Section 2003(e) requires that the non-Federal share of the expenditures by a State during each services program year with respect to which Federal payment is made be not less than the non-Federal share of the aggregate expenditures for the provision of those services during fiscal year 1973 or fiscal year 1974 with respect to which Federal payment was made under title I, VI, X, XIV, or XVI, or part A of title IV of the Social Security Act, whichever is less. However, this requirement does not apply to a State for any services program year if the State receives its full allotment under section 2002(a)(2) for each fiscal any part of which is in that services program year.

Section 2003(f) provides that if the Secretary determines, after reasonable notice and an opportunity for a hearing, that there is a substantial failure on the part of a State to comply with any of the requirements of subsections (a) through (e) of section 2003, he shall terminate payments to the State until he is satisfied there will no longer be any such failure to comply. It also authorizes the Secretary to suspend any such termination for so long as he considers appropriate and instead reduce the amount otherwise payable to the State by three percent for each subsection with respect to which there is a finding of substantial noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

Section 2003(g) requires each State to have a plan applicable to its services program which—

(A) provides that an opportunity for a fair hearing will be granted to any individual whose claim for a service is denied or not acted upon promptly;

(B) provides that the use and disclosure of information obtained in connection with administration of the State's services program will be restricted to purposes directly connected with administration of the State's services program, its AFDC program, its Child-Welfare Services program, its Medicaid program, and the supplemental security income program;

(C) provides for the designation, by the chief executive officer of the State or as otherwise provided by the laws of the State, of an appropriate agency to administer or supervise administration of the State's services program;

(D) provides that the State will, in the administration of its services program, utilize methods related to establishment

and maintenance of personnel standards on a merit basis which the Secretary finds necessary for proper and efficient administration of the program;

(E) provides that no durational residency or citizenship requirement will be imposed under the State's services program;

(F) provides, if the State's services program includes services for individuals in institutions or foster homes, for the establishment or designation of authorities to establish and maintain standards for such institutions and homes which are reasonably in accord with recommended standards of national organizations concerned with such institutions and homes;

(G) provides, if the State's services program includes child day care services, for the establishment or designation of authorities to establish and maintain standards for such services which are reasonably in accord with recommended standards of organizations concerned with such services;

(H) provides that the State's program will be in effect in all of its political subdivisions; and

(I) provides for financial participation by the State.

The Secretary is directed to approve any plan which meets these requirements.

Section 2003(h) forbids Federal payments to any State which does not have a plan approved under section 2003(g). It further provides that if the Secretary determines, after reasonable notice and an opportunity for a hearing, that a State plan no longer complies with the requirements of section 2003(g) or that there is, in the administration of the plan, a substantial failure to comply with those requirements, he shall terminate Federal payments to the State until he is satisfied there will no longer be any failure to comply. It also authorizes the Secretary to suspend the implementation of a termination for such period as he determines is appropriate and instead reduce the amount otherwise payable to the State by three percent for each requirement with respect to which there is a finding of noncompliance and with respect to which he is not yet satisfied there will no longer be any failure to comply.

SECTION 2004. SERVICES PROGRAM PLANNING

Section 2004 establishes the requirements for a State's services program planning. The beginning of the fiscal year of either the Federal government or the State government must be established as the beginning of the State's services program year. At least ninety days prior to the beginning of the services program year, the chief executive officer of the State, or such other official as the laws of the State provide, must publish and make generally available to the public a proposed comprehensive annual services program plan prepared by the agency responsible for administration or supervision of the State's services program and, unless the laws of the State provide otherwise, approved by the chief executive officer. The plan must set forth the State's program for the provision of services during the year, including—

(A) the objectives to be achieved;

(B) the services to be provided, including at least one service in each of the five categories of goals set forth in section 2002(a)(1) (as determined by the State);

(C) the categories of individuals to whom the services are to be provided;

(D) the nature and amount of services to be provided in the geographic areas of the State;

(E) a description of the planning, evaluation, and reporting activities to be carried out;

(F) the source of the resources to be used;

(G) a description of the organizational structure through which the program will be administered;

(H) a description of how the services program will be coordinated with the AFDC, Child-Welfare Services, Supplemental Security Income, and Medicaid programs, and other programs for the provision of human services;

(I) estimated expenditures under the program, and a comparison with expenditures for the preceding year; and

(J) a description of the steps taken to assure that the needs of all residents and geographic areas were taken into account in the development of the plan.

Public comment on the proposed plan must be accepted for at least forty-five days, and prior to the beginning of the program year the chief executive officer or such other official as the laws of the State provide must publish a final comprehensive annual services program plan prepared by the agency responsible for administration or supervision of the State's services program and, unless the laws of the State provide otherwise, approved by the chief executive officer. The final plan must include an explanation of the differences between the proposed and final plan and the reasons therefor. Any amendments to a final plan must be developed in the same manner as the original plan, except that the period for public comment must be at least thirty days.

SECTION 2005. EFFECTIVE DATE OF REGULATIONS PUBLISHED BY THE SECRETARY

Section 2005 provides that no final regulation of the Secretary shall be effective with respect to Federal payments to a State for any quarter commencing before the beginning of the first services program year of the State which begins at least sixty days after publication of the final regulation.

SECTION 2006. EVALUATION; PROGRAM ASSISTANCE

Section 2006(a) requires the Secretary to provide for the continuing evaluation of State services programs.

Section 2006(b) requires the Secretary to provide assistance to the States in carrying out their services programs.

Section 2006(c) requires the Secretary to submit to the Congress, within six months after the close of each fiscal year, a report on the operation of the program of grants to the States for services.

SECTION 2007. DEFINITIONS

Section 2007 contains definitions. The term "State supplementary payment" is defined as any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income

benefits or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits. The term "State" is defined to mean the fifty States and the District of Columbia.

SECTION 3. TECHNICAL AND CONFORMING AMENDMENTS

Section 3 of the bill contains technical and conforming amendments.

Section 3(a)(1) amends section 402(a)(5) of the Social Security Act to eliminate the requirement that State plans under part A of title IV provide for the use of paid subprofessionals as community services aides.

Section 3(a)(2) amends section 402(a) of the Act by deleting those clauses which require State plans under part A of title IV to include the provision of child welfare services and services for strengthening family life, including family planning services.

Section 3(a)(3) amends section 403(a)(3) of the Act to eliminate federal matching under part A of title IV for expenditures for the provision of services other than services required to be included in the State's WIN program and services provided as emergency assistance to needy families.

Section 3(a)(4) amends section 403 of the Act by deleting subsections (e) and (f). Subsection (e) provides for 90 percent matching for family planning services and subsection (f) imposes a penalty for failure of a State to provide certain services as part of its plan under part A of title IV.

Section 3(a)(5) amends section 406 of the Act by deleting subsection (d), which defines "family services".

Section 3(a)(6) amends section 422(a)(1)(A)(i) of the Act to require that a State's child-welfare services program under part B of title IV be administered or supervised by the individual or agency responsible for administering or supervising the State's services program under the new title XX.

Section 3(a)(7) amends section 422(a)(1)(A)(ii) to require that any child-welfare services provided by the staff of the State or local agency administering the State's plan under part B of title IV be provided by a single organizational unit in the State or local agency.

Section 3(b) repeals title VI of the Social Security Act—Grants to States for Services to the Aged, Blind, or Disabled.

Section 3(c) amends section 1115 of the Act to authorize demonstration projects under the new title XX.

Section 3(d) amends section 1116 of the Act to provide for administrative and judicial review of decisions of the Secretary under the new title XX to the same extent that it is now authorized with respect to Secretarial decisions under titles VI and XIX, and part A of title IV.

Section 3(e) repeals section 1130 of the Act which imposes a limitation on the federal funds available for payment with respect to State expenditures for certain social services.

Section 3(f) extends to child day care services provided under any State plan approved under part A, or developed under part B, of title IV of the Social Security Act the same requirements that the bill would impose with respect to child day care services provided under the new title XX.

Section 3(g) amends section 12 of Public Law 93–233 to extend for six months, until July 1, 1975, the delay imposed by that section on the implementation of new regulations affecting social services programs funded under the Social Security Act. However, regulations necessary to implement the provisions of the bill are authorized.

SECTION 4. REPORT BY THE SECRETARY

Section 4 of the bill requires the Secretary to submit to the Congress, prior to July 1, 1977, a report on the effectiveness of the program of grants to the States for services during calendar years 1975 and 1976, together with recommendations, if any, for improvements in the program.

SECTION 5. DEFINITION OF SECRETARY

Section 5 of the bill provides that the term "Secretary" as used in the bill and the amendments made by the bill, means the Secretary of Health, Education, and Welfare, unless the context otherwise requires.

SECTION 6. EFFECTIVE DATES

Section 6(a)(1) of the bill provides that the amendments made by section 2 of the bill shall be effective with respect to quarters beginning after June 30, 1975.

Section 6(a)(2) provides that notwithstanding the provisions of section 2004 of the Social Security Act, as amended by the bill, the first services program year of each State shall begin on July 1, 1975, and end with the close of, at the option of the State—

(A) the day in the twelve-month period beginning July 1, 1975, or

(B) the day in the twelve-month period beginning July 1, 1976,

which is the last day of the period established by the State as its services program year. It further provides that notwithstanding the provisions of section 2003(h) of the Social Security Act, as amended by the bill, the required aggregate non-Federal expenditures for the first services program year of each State shall be the amount which bears the same ratio to the amount that would otherwise be required by section 2003(h) as the number of months in the State's first services program year bears to twelve.

Section 6(b) provides that the amendments made by section 3 of the bill shall be effective with respect to quarters commencing after June 30, 1975, except that the amendments made by section 3(a) shall not be effective with respect to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

VI. Chages in Existing Law Made by the Bill, as Reported

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

SOCIAL SECURITY ACT

* * * * * * *

TITLE IV—GRANTS TO STATES FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN AND FOR CHILD-WELFARE SERVICES

* * * * * * *

PART A—AID TO FAMILIES WITH DEPENDENT CHILDREN

* * * * * * *

STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

SECTION 402. (a) A State plan for aid and services to needy families with children must—

(1) provide that it shall be in effect in all political subdivisions of the State, and, if administered by them, be mandatory upon them;

(2) provide for financial participation by the State;

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

(4) provide for granting an opportunity for a fair hearing before the State agency to any individual whose claim for aid to families with dependent children is denied or is not acted upon with reasonable promptness:

(5) provide [(A)] such methods of administration (including after January 1, 1940, methods relating to the establishment and maintenance of personel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, and compensation of any individual employed in accordance with such methods) as are found by the Secretary to be necessary for the proper and efficient operation of the plan [, and (B) for the training and effective use of paid subprofessional staff, with particular emphasis on the full-time or part-time employment of recipients and other persons of low income, as community services aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in a social service volunteer program in providing services to applicants and recipients and in assisting any advisory committees established by the State agency]; and

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

(7) except as may be otherwise provided in clause (8), provide that the State agency shall, in determining need, take into consideration any other income and resources of any child or relative claiming aid to famliies with dependent children, or of any other individual

(living in the same home as such child and relative) whose needs the State determines should be considered in determining the need of the child or relative claiming such aid, as well as any expenses reasonably attributable to the earning of any such income;

(8) provide that, in making the determination under clause (7), the State agency—

(A) shall with respect to any month disregard—

(i) all of the earned income of each dependent child receiving aid to families with dependent children who is (as determined by the State in accordance with standards prescribed by the Secretary) a full-time student or part-time student who is not a full-time employee attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment, and

(ii) in the case of earned income of a dependent child not included under clause (i), a relative receiving such aid, and any other individual (living in the same home as such relative and child) whose needs are taken into account in making such determination, the first $30 of the total of such earned income for such month plus one-third of the remainder of such income for such month (except that the provisions of this clause (ii) shall not apply to earned income derived from participation on a project maintained under the programs established by section 432(b) (2) and (3); and

(B) (i) may, subject to the limitations prescribed by the Secretary, permit all or any portion of the earned or other income to be set aside for future identifiable needs of a dependent child, and (ii) may, before disregarding the amounts referred to in subparagraph (A) and clause (i) of this subparagraph, disregard not more than $5 per month of any income; except that, with respect to any month, the State agency shall not disregard any earned income (other than income referred to in subparagraph (B)) of—

(C) any one of the persons specified in clause (ii) of subparagraph (A) if such person—

(i) terminated his employment or reduced his earned income without good cause within such period (of not less than 30 days) preceding such month as may be prescribed by the Secretary; or

(ii) refused without good cause, within such period preceding such month as may be prescribed by the Secretary, to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined by the State or local agency administering the State plan, after notification by him, to be a bona fide offer of employment; or

(D) any of such persons specified in clause (ii) of subparagraph (A) if with respect to such month the income of the persons so specified (within the meaning of clause (7)) was in excess of their need as determined by the State agency pursuant to clause (7) (without regard to clause (8)), unless, for any one of

the four months preceding such month, the needs of such person were met by the furnishing of aid under the plan;

(9) provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of aid to families with dependent children;

(10) provide, effective July 1, 1951, that all individuals wishing to make application for aid to families with dependent children shall have apportunity to do so, and that aid to families with dependent children shall be furnished with reasonable promptness to all eligible individuals;

(11) effective July 1, 1952, provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to families with dependent children in respect of a child who has been deserted or abandoned by a parent;

(12) provide, effective October 1, 1950, that no aid will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2 of this Act:

[(13) provide a description of the services which the State agency makes available to maintain and strengthen family life for children, including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

[(14) provide for the development and application of a program for such family services as defined in section 406(d) and child welfare services, as defined in section 425, for each child and relative who receives aid to families with dependent children and each appropriate individual (living in the same home as a relative and child receiving such aid whose needs are taken into account in making the determination under clause (7), as may be necessary in the light of the particular home conditions and other needs of such child, relative, and individuals, in order to assist such child, relative, and individuals to attain or retain capability of self-support and care and in order to maintain and strengthen family life and to foster child development;

[(15) provide (A) for the development of a program, for each appropriate relative and dependent child receiving aid under the plan and for each appropriate individual (living in the same home as a relative and child receiving such aid) whose needs are taken into account in making the determination under clause (7), for preventing or reducing the incidence of births out of wedlock and otherwise strengthening family life, and for implementing such program by assuring that in all appropriate cases (including minors who can be considered to be sexually active), family planning services are offered to them and are provided promptly (directly or under arrangements with others) to all individuals voluntarily requesting such services, but acceptance of family planning service provided under the plan shall be voluntary on the part of such members and individuals and shall not be prerequisite to eligibility for or the receipt of any other service under the plan; and (B) to the extent that services provided under this clause or clause (14) are furnished by the staff of the State agency or the local agency administering the State plan in each of the political subdivisions of the State, for the establishment of a single

organizational unit in such State or local agency, as the case may be, responsible for the furnishing of such services;]

(16) provide that where the State agency has reason to believe that the home in which a relative and child receiving aid reside is unsuitable for the child because of the neglect, abuse, or exploitation of such child it shall bring such condition to the attention of the appropriate court or law enforcement agencies in the State, providing such data with respect to the situation it may have;

(17) provide—

(A) for the development and implementation of a program under which the State agency will undertake—

(i) in the case of a child born out of wedlock who is receiving aid to families with dependent children to establish the paternity of such child and secure support for him, and

(ii) in the cast of any child receiving such aid who has been deserted or abandoned by his parent, to secure support for such child from such parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

(B) for the establishment of a single organizingal unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);

(18) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the State agency in administering the program referred to in clause (17)(A), including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the State plan;

(19) provide—

(A) that every individual, as a condition of eligibility for and under this part, shall register for manpower services, training, and employment as provided by regulations of the Secretary of Labor, unless such individual is—

(i) a child who is under age 16 or attending school full time;

(ii) a person who is ill, incapacitated, or of advanced age;

(iii) a person so remote from a work incentive project that his effective participation is precluded;

(iv) a person whose presence in the home is required because of illness or incapacity of another member of the household;

(v) a mother or other relative of a child under the age of six who is caring for the child; or

(vi) the mother or other female caretaker of a child, if the father or another adult male relative is in the home and not excluded by clause (i), (ii), (iii), or (iv) of this subparagraph (unless he has failed to register as required by this subparagraph, or has been found by the Secretary of Labor under section 433(g) to have refused without good cause to

participate under a work incentive program or accept employment as described in subparagraph (F) of this paragraph);

and that any individual referred to in clause (v) shall be advised of her option to register, if she so desires, pursuant to this paragroup, and shall be informed of the child care services (if any) which will be available to her in the event she would decide so to register;

(B) that aid under the plan will not be denied by reason of such registration or the individual's certification to the Secretary of Labor under subparagraph (G) of this paragraph, or by reason of an individual's participation on a project under the program established by section 432(b) (2) or (3);

(C) for arrangements to assure that there will be made a non-Federal contribution to the work incentive programs established by part C by appropriate agencies of the State or private organizations of 10 per centum of the cost of such programs, as specified in section 435(b);

(D) that (i) training incentives authorized under section 434, and income derived from a special work project under the program established by section 432(b)(3) shall be disregarded in determining the needs of an individual under section 402(a)(7), and (ii) in determining such individual's need the additional expenses attributable to his participation in a program established by section 432(b) (2) or (3) shall be taken into account:

(E) [Repealed].

(F) that if and for so long as any child, relative, or individual (certified to the Secretary of Labor pursuant to subparagraph (G)) has been found by the Secretary of Labor under section 433(g) to have refused without good cause to participate under a work incentive program established by part C with respect to which the Secretary of Labor has determined his participation is consistent with the purposes of such part C, or to have refused without good cause to accept employment in which he is able to engage which is offered through the public employment offices of the State, or is otherwise offered by an employer if the offer of such employer is determined, after notification by him, to be a bona fide offer of employment—

(i) if the relative makes such refusal, such relative's needs shall not be taken into account in making the determination under clause (7), and aid for any dependent child in the family in the form of payments of the type described in section 406(b)(2) (which in such a case shall be without regard to clauses (A) through (E) thereof) or section 408 will be made;

(ii) aid with respect to a dependent child will be denied if a child who is the only child receiving aid in the family makes such refusal;

(iii) if there is more than one child receiving aid in the family, aid for any such child will be denied (and his needs will not be taken into account in making the deter-

mination under clause (7)) if that child makes such refusal; and

(iv) if such individual makes such refusal, such individual's needs shall not be taken into account in making the determination under clause (7);

except that the State agency shall for a period of sixty days, make payments of the type described in section 406 (b) (2) (without regard to clauses (A) through (E) thereof) on behalf of the relative specified in clause (i), or continue aid in the case of a child specified in clause (ii) or (iii), or take the individual's needs into account in the case of an individual specified n clause (iv), but only if during such period such child, relative, or individual accepts counseling or other services (which the State agency shall make available to such child, relative, or individual) aimed at persuading such relative, child, or individual, as the case may be, to participate in such program in accordance with the determination of the Secretary of Labor; and

(G) that the State agency will havein effect a special program which (i) will be administered by a separate administrative unit and the employees of which will, to the maximum extent feasible, perform services only in connection with the administration of such program, (ii) will provide (through arrangements with others or otherwise) for individual who have been registered pursuant to subparagraph (A), in accordance with the order of priority listed in section 433(a), such health, vocational rehabilitation, counseling, child care, and other social and supportive services as are necessary to enable such individuals to accept employment or receive manpower training provided under part C, and will, when arrangements have been made to provide necessary supportive services, including child care, certify to the Secretary of Labor those individuals who are ready for employment or training under part C, (iii) will participate in the development of operational and employability plans under section 433 (b); and (iv) provides for purposes of clause (ii), that, when more than one kind of child care is available, the mother may choose the type, but she may not refuse to accept child care services if they are available;

(20) effective July 1, 1969, provide for aid to families with dependent children in the form of foster care in accordance with section 408;

(21) provide that the State agency will report to the Secretary, at such times (not less often than once each calendar quarter) and in such manner as the Secretary may prescribe—

(A) The name, and social security account number, if known, of each parent of a dependent child or children with respect to whom aid is being provided under the State plan—

(i) against whom an order for the support and maintenance of such child or children has been issued by a court of competent jurisdiction but who is not making payments in compliance or partial compliance with such order, or against whom a petition for such an order has been filed in a court having jurisdiction to receive such petition, and

(ii) whom it has been unable to locate after requesting and utilizing information included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205,

(B) the last known address of such parent and any information it has with respect to the date on which such parent could last be located at such address, and

(C) such other information as the Secretary may specify to assist in carrying out the provisions of section 410;

(22) provide that the State agency will, in accordance with standards prescribed by the Secretary, cooperate with the State agency administering or supervising the administration of the plan of another State under this part—

(A) in locating a parent residing in such State (whether or not permanently) against whom a petition has been filed in a court of competent jurisdiction of such other State for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and in securing compliance or good faith partial compliance by a parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State; and

(23) provide that by July 1, 1969, the amounts used by the State to determine the needs of individuals will have been adjusted to reflect fully changes in living costs since such amounts were established, and any maximums that the State imposes on the amount of aid paid to families will have been proportionately adjusted; and

(24) if an individual is receiving benefits under title XVI, then, for the period for which such benefits are received, such individual shall not be regarded as a member of a family for purposes of determining the amount of the benefits of the family under this title and his income and resources shall not be counted as income and resources of a family under this title.

PAYMENT TO STATES

SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall (subject to section 1130) pay to each State which has an approved plan for aid and services to needy families with children, for each quarter, beginning with the quarter commencing October 1, 1958—

(1) in the case of any State other than Puerto Rico, the Virgin Islands, and Guam, an amount equal to the sum of the following proportions of the total amount expended during such quarter as aid to families with dependent children under the State plan (including expenditures for premiums under part B of title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof)—

(A) five-sixths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $18 multiplied by the total number of recip-

ients of aid to families with dependent children for such month (which total number, for purposes of this subsection, means (i) the number of individuals with respect to whom such aid in the form of money payments is paid for such month, plus (ii) the number of other individuals with respect to whom expenditures were made in such month as aid to families with dependent children in the form of medical or any other type of remedial care, plus (iii) the number of individuals, not counted under clause (i) or (ii), with respect to whom payments described in section 406(b)(2) are made in such month and included as expenditures for purposes of this paragraph or paragraph (2)); plus

(B) the Federal percentage of the amount by which such expenditures exceed the maximum which may be counted under clause (A), not counting so much of any expenditure with respect to any month as exceeds (i) the product of $32 multipled by the total number of recipients of aid to families with dependent children (other than such aid in the form of foster care) for such month, plus (ii) the product of $100 multiplied by the total number of recipients of aid to families with dependent children in the form of foster care for such month; and

(2) in the case of Puerto Rico, the Virgin Islands, and Guam, an amount equal to one-half of the total of the sums expended during such quarter as aid to families with dependent children under the State plan (including expenditures for premiums under part B of Title XVIII for individuals who are recipients of money payments under such plan and other insurance premiums for medical or any other type of remedial care or the cost thereof) not counting so much of any expenditure with respect to any months as exceeds $18 multiplied by the total number of recipients of such aid for such month; and

(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

[(A) 75 per centum of so much of such expenditures as are for—

[(i) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is receiving aid under the plan, or to any other individual (living in the same home as such relative and child) whose needs are taken into account in making the determination under clause (7) of such section,

[(ii) any of the services described in clauses (14) and (15) of section 402(a) which are provided to any child or relative who is applying for aid to families with dependent children or who, within such period or periods as the Secretary may prescribe, has been or is likely to become an applicant for or recipient of such aid,

[(iii) the training of personnel employed or preparing for employment by the State agency or by the local

agency administering the plan in the political subdivision.

[(B) one-half of the remainder of such expenditures.

[The services referred to in subparagraph (A) shall include only—

[(C) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: *Provided*, That no funds authorized under this part shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreements under subparagraph (D), if provided by such staff, and

[(D) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies);

except that services described in clause (ii) of subparagraph (C) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved; and except that, to the extent specified by the Secretary, child-welfare services, family planning services, and family services may be provided from sources other than those referred to in subparagraphs (C) and (D). The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraph (B) applies shall be determined in accordance with such methods and procedures as may be permitted by the Secretary.]

(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

(B) one-half of the remainder of such expenditures,

except that no payment shall be made with respect to amounts expended in connection with the provision of any service described in section 2002(a)(1) of this Act other than services the provision of which is required by section 402(a)(19) to be included in the plan of the State; and

(4) [Repealed]

(5) in the case of any State, an amount equal to 50 per centum of the total amount expended under the State plan during such quarter as emergency assistance to needy families with children.

The number of individuals with respect to whom payments described in section 406(b)(2) are made for any month, who may be included as recipients of aid to families with dependent children for purposes of paragraph (1) or (2), may not exceed 10 per centum of the number of other recipients of aid to families with dependent children for such month. In computing such 10 percent, there shall not be taken into account individuals with respect to whom such payments are made for any month in accordance with section 402(a)(19)(F).

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

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

(2) The Secretary of Health, Education, and Welfare shall then certify to the Secretary of the Treasury the amount so estimated by the Secretary of Health, Education, and Welfare, (A) reduced or increased, as the case may be, by any sum by which the Secretary of Health, Education, and Welfare finds that his estimate for any prior quarter was greater or less than the amount which should have been paid to the State for such quarter, and (B) reduced by a sum equivalent to the pro rata share to which the United States is equitably entitled, as determined by the Secretary of Health, Education, and Welfare, of the net amount recovered during any prior quarter by the State or any political subdivision thereof with respect to aid to families with dependent children furnished under the State plan; except that such increases or reductions shall not be made to the extent that such sums have been applied to make the amount certified for any prior quarter greater or less than the amount estimated by the Secretary of Health, Education, and Welfare for such prior quarter.

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

(c) Notwithstanding any other provision of this Act, the Federal share of assistance payments under this part shall be reduced with respect to any State for any fiscal year after June 30, 1973, by one percentage point for each percentage point by which the number of individuals certified, under the program of such State established pursuant to section 402(a)(19)(G), to the local employment office of the State as being ready for employment or training under part C, is less than 15 per centum of the average number of individuals in such State who, during such year, are required to be registered pursuant to section 402(a)(19)(A).

(d)(1) Notwithstanding subparagraph (A) of subsection (a)(3) the rate specified in such subparagraph shall be 90 per centum (rather than 75 per centum) with respect to social and supportive services provided pursuant to section 402(a)(19)(G).

(2) Of the sums authorized by section 401 to be appropriated for the fiscal year ending June 30, 1973, not more than $750,000,000 shall be appropriated to the Secretary for payments with respect to services to which paragraph (1) applies.

[(e) Notwithstanding any other provision of subsection (a), with respect to expenditures during any calendar quarter beginning after December 31, 1972 (as found necessary by the Secretary for the proper and efficient administration of the plan) which are attributable to the offering, arranging, and furnishing, directly or on a contract basis, of family planning services and supplies, the amount payable to any State under this part shall be 90 per centum of such expenditures.

[(f) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1973, be reduced by 1 per centum (calculated without regard to any reduction under section 403(g)) of such amount if such State—

[(1) in the immediately preceding fiscal year failed to carry out the provisions of section 402(a)(15)(B) as pertain to requiring the offering and arrangement for provision of family planning services; or

[(2) in the immediately preceding fiscal year (but, in the case of the fiscal year beginning July 1, 1972, only considering the third and fourth quarters thereof), failed to carry out the provisions of section 402(a)(15)(B) of the Social Security Act with respect to any individual who, within such period or periods as the Secretary may prescribe, has been an applicant for or recipient of aid to families with dependent children under the plan of the State approved under this part.]

(g) Notwithstanding any other provision of this section, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters in fiscal years beginning after June 30, 1974, be reduced by 1 per centum (calculated without regard to any reduction under section 403(f)) of such State fails to—

(1) inform all families in the State receiving aid to families with dependent children under the plan of the State approved under this part of the availability of child health screening services under the plan of such State approved under title XIX,

(2) provide or arrange for the provision of such screening services in all cases where they are requested, or

(3) arrange for (directly or through referral to appropriate agencies, organizations, or individuals) corrective treatment the need for which is disclosed by such child health screening services.

* * * * * * *

DEFINITIONS

SEC. 406. When used in this part—

(a) The term "dependent child" means a needy child (1) who has been deprived of parental support or care by reason of the death, continued absence from the home, or physical or mental incapacity of a parent, and who is living with his father, mother, grandfather, grandmother, brother, sister, stepfather, stepmother, stepbrother, stepsister, uncle, aunt, first cousin, nephew, or niece in a place of residence maintained by one or more of such relatives as his or their own home, and (2) who is (A) under the age of eighteen, or (B) under the age of twenty-one and (as determined by the State in accordance with standards prescribed by the Secretary) a student regularly attending a school, college, or university, or regularly attending a course of vocational or technical training designed to fit him for gainful employment;

(b) The term "aid to families with dependent children" means money payments with respect to, or (if provided in or after the third month before the month in which the recipient makes application for aid) medical care in behalf of or any type of remedial care recognized under State law in behalf of, a dependent child or dependent children, and includes (1) money payments or medical care or any type of remedial care recognized under State law to meet the needs of the relative with whom any dependent child is living (and the spouse of such relative if living with him and if such relative is the child's parent and the child is a dependent child by reason of the physical or mental incapacity of a parent or is a dependent child under section 407), and (2) payments with respect to any dependent child (including payments to meet the needs of the relative, and the relative's spouse, with whom such child is living, and the needs of any other individual living in the same home if such needs are taken into account in making the determination under section 402(a)(7) which do not meet the preceding requirements of this subsection but which would meet such requirements except that such payments are made to another individual who (as determined in accordance with standards prescribed by the Secretary) is interested in or concerned with the welfare of such child or relative, or are made on behalf of such child or relative directly to a person furnishing food, living accommodations, or other goods, services, or items to or for such child, relative or other individual, but only with respect to a State whose State plan approval under section 402 includes provision for—

(A) determination by the State agency that the relative of the child with respect to whom such payments are made has much inability to manage funds that making payments to him would be contrary to the welfare of the child and, therefore, it is necessary to provide such aid with respect to such child and relative through payments described in this clause (2);

(B) undertaking and continuing special efforts to develop greater ability on the part of the relative to manage funds in such manner as to protect the welfare of the family;

(C) periodic review by such State agency of the determination under clause (A) to ascertain whether conditions justifying such determination still exist, with provision for termination of such payments if they do not and for seeking judicial appointment of a guardian or other legal representative, as described in section 1111, if and when it appears that the need for such payments is continuing, or is likely to continue, beyond a period specified by the Secretary;

(D) aid in the form of foster home care in behalf of children described in section 408(a); and

(E) opportunity for a fair hearing before the State agency on the determination referred to in clause (A) for any individual with respect to whom it is made;

(c) The term "relative with whom any dependent child is living" means the individual who is one of the relatives specified in subsection (a) and with whom such child is living (within the meaning of such subsection) in a place of residence maintained by such individual (himself or together with any one or more of the other relatives so specified) as his (or their) own home.

[(d) The term "family services" means services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence.]

(e)(1) The term "emergency assistance to needy families with children" means any of the following, furnished for a period not in excess of 30 days in any 12-month period, in the case of a needy child under the age 21 who is (or, within such period as may be specified by the Secretary, has been) living with any of the relatives specified in subsection (a)(1) in a place of residence maintained by one or more of such relatives as his or their own home, but only where such child is without available resources, the payments, care, or services involved are necessary to avoid destitution of such child or to provide living arrangements in a home for such child, and such destitution or need for living arrangements did not arise because such child or relative refused without good cause to accept employment or training for employment—

(A) money payments, payments in kind, or such other payments as the State agency may specify with respect to, or medical care or any other type of remedial care recognized under State law on behalf of, such child or any other member of the household in which he is living, and

(B) such services as may be specified by the Secretary;

but only with respect to a State whose State plan approved under section 402 includes provision for such assistance.

(2) Emergency assistance as authorized under paragraph (1) may be provided under the conditions specified in such paragraph to migrant workers with families in the State or in such part or parts thereof as the State shall designate.

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PAYMENT TO STATES

SEC. 422. (a) From the sums appropriated therefor and the allotment available under this part, the Secretary shall from time to time pay to each State—

(1) that has a plan for child-welfare services which has been developed as provided in this part and which—

(A) provides that (i) the [State agency designated pursuant to section 402(a)(3) to administer or supervise the administration of the plan of the State approved under part A of this title] *individual or agency designated pursuant to section 2003(g)(1)(C) to supervise and coordinate the administration of the State's services program*, will administer or supervise the administration of such plan for child-welfare services and (ii) to the extent that child-welfare services are furnished by the staff of the State agency or local agency administering such plan for child-welfare services, [the organizational unit in such State or local agency established pursuant to section 402(a)(15)] *a single organizational unit in such State or local agency, as the case may be*, will be responsible for furnishing such child-welfare services,

(B) provides for coordination between the services provided under such plan and the services provided for dependent children under the State plan approved under part A of this title, with a view to provision of welfare and related services which will best promote the welfare of such children and their families, and

(C) provides, with respect to day care services (including the provision of such care) provided under this title—

(i) for cooperative arrangements with the State health authority and the State agency primarily responsible for State supervision of public schools to assure maximum utilization of such agencies in the provision of necessary health services and education for children receiving day care,

(ii) for an advisory committee, to advise the State public welfare agency on the general policy involved in the provision of day care services under the plan, which shall include among its members representatives of other State agencies concerned with day care or services related thereto and persons representative of professional or civic or other public or nonprofit private agencies, organizations, or groups concerned with the provision of day care,

(iii) for such safeguards as may be necessary to assure provision of day care under the plan only in cases in which it is in the best interest of the child and the mother and only in cases in which it is determined, under criteria established by the State, that a need for such care exists; and, in cases in which the family is able to pay part or all of the costs of such care, for payment of such fees as may be reasonable in the light of such ability,

(iv) for giving priority, in determining the existence of need for such day care, to members of low-income or

other groups in the population, and to geographical areas, which have the greatest relative need for extension of such day care, and

(v) that day care provided under the plan will be provided only in facilities (including private homes) which are licensed by the State, or approved (as meeting the standards established for such licensing) by the State agency responsible for licensing facilities of this type, and

(vi) for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of the health and development of the child, and

(2) that makes a satisfactory showing that the State is extending the provision of child-welfare services in the State, with priority being given to communities with the greatest need for such services after giving consideration to their relative financial need, and with a view to making available by July 1, 1975, in all political subdivisions of the State, for all children in need thereof, child-welfare services provided by the staff (which shall to the extent feasible be composed of trained child-welfare personnel) of the State public welfare agency or of the local agency participating in the administration of the plan in the political subdivision.

except that (effective July 1, 1969, or, if earlier, on the date as of which the modification of the State plan to comply with this requirement with respect to subprofessional staff is approved) such plan shall provide for the training and effective use of paid subprofessional staff with particular emphasis on the full-time or part-time employment of persons of low income, as community service aides, in the administration of the plan and for the use of nonpaid or partially paid volunteers in providing services and in assisting any advisory committees established by the State agency, an amount equal to the Federal share (as determined under section 423) of the total sum expended under such plan (including the cost of administration of the plan) in meeting the costs of State, district, county, or other local child-welfare services, in developing State services for the encouragement and assistance of adequate methods of community child-welfare organization, in paying the costs of returning any runaway child who has not attained the age of eighteen to his own community in another State, and of maintaining such child until such return (for a period not exceeding fifteen days), in cases in which such costs cannot be met by the parents of such child or by any person, agency, or institution legally responsible for the support of such child. In developing such services for children, the facilities and experience of voluntary agencies shall be utilized in accordance with child-care programs and arrangements in the State and local communities as may be authorized by the State.

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

(1) The Secretary shall, prior to the beginning of each period for which a payment is to be made, estimate the amount to be paid to the State for such period under the provisions of subsection (a).

(2) From the allotment available therefor, the Secretary shall pay the amount so estimated, reduced or increased, as the case may be, by any sum (not previously adjusted under this section) by which he finds that his estimate of the amount to be paid the State for any prior period under this section was greater or less than the amount which should have been paid to the State for such prior period under this section.

* * * * * * *

[TITLE VI—GRANTS TO STATES FOR SERVICES TO THE AGED, BLIND, OR DISABLED

APPROPRIATION

[SEC. 601. For the purpose of encouraging each State, as far as practicable under the conditions in such State, to furnish rehabilitation and other services to help needy individuals who are 65 years of age or over, are blind, or are disabled to attain or retain capability for self-support or self-care, there is hereby authorized to be appropriated for each fiscal year, subject to section 1130, a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States which have submitted, and had approved by the Secretary of Health, Education, and Welfare, State plans for services to the aged, blind, or disabled.

STATE PLANS FOR SERVICES TO THE AGED, BLIND, OR DISABLED

[SEC. 602. (a) A State plan for services to the aged, blind, or disabled, must—

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

[(2) provide for financial participation by the State;

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

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

services under the plan and in assisting any advisory committees established by the State agency;

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

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

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

[(8) provide a description of the services which the State agency makes available under the plan including a description of the steps taken to assure, in the provision of such services, maximum utilization of other agencies providing similar or related services;

[(9) provide that, in determining whether an individual is blind, there shall be an examination by a physician skilled in the diseases of the eye or by an optometrist, whichever the individual may select;

[(10) include reasonable standards, consistent with the objectives of this title, for determinnig eligibility for and the extent of services under the plan;

[(11) if the State plan includes services to individuals 65 years of age or older who are patients in institutions for mental disease—

[(A) provide for having in effect such agreements or other arrangements with State authorities concerned with mental diseases, and where appropriate, with such institutions, as may be necessary for carrying out the State plan, including arrangements for joint planning and for development of alternate methods of care, arrangements providing assurance of immediate readmittance to institutions where needed for individuals under alternate plans of care, and arrangements providing for access to patients and facilities, for furnishing information, and for making reports;

[(B) provide for an individual plan for each such patient to assure that the institutional care provided to him is in his best interests, including, to that end, assurances that there will be initial and periodic review of his medical and other needs, that he will be given appropriate medical treatment within the institution, and that there will be a periodic determination of his need for continued treatment in the institution; and

[(C) provide for the development of alternate plans of care, making maximum utilization of available resources, for persons receiving services under the State plan who are 65 years of age or older and who would otherwise need care

in such institutions; for services referred to in section 603(a)(1)(A) (i) and (ii) which are appropriate for such persons receiving services and for such patients; and for methods of administration necessary to assure that the responsibilities of the State agency under the State plan with respect to such persons receiving services and such patients will be effectively carried out;

[(12) if the State plan includes services to individuals 65 years of age or older who are patients in public institutions for mental diseases, show that the State is making satisfactory progress toward developing and implementing a comprehensive mental health program, including provision for utilization of community mental health centers, nursing homes and other alternatives to care in public institutions for mental diseases.

Notwithstanding paragraph (3), if on October 1, 1972, the State agency which administered or supervised the administration of the plan of such State approved under title X (or so much of the plan of such State approved under title XVI as applies to the blind (was different from the State agency which administered or supervised the administration of the plan of such State approved under title I and the State agency which administered or supervised the administration of the plan of such State approved under title XIV (or so much of the plan of such State approved under title XVI as applies to the aged and disabled), the State agency which administered or supervised the administration of such plan approved under title X (or so much of the plan of such State approved under title XVI as applied to the blind) may be designated to administer or supervise the administration of the portion of the State plan for services to the aged, blind, or disabled which relates to blind individuals and a separate State agency may be established or designated to administer or supervise the administration of the rest of such plan; and in such case the part of the plan which each such agency administers, or the administration of which each such agency supervises, shall be regarded as a separate plan for purposes of this title.

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

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

[(2) any residence requirement which excludes any individual who resides in the State; or

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

[PAYMENTS TO STATES

[SEC. 603. (a) From the sums appropriated therefor, the Secretary shall, subject to section 1130, pay to each tSate which has a plan approved under this title, for each quarter—

[(1) in the case of any State whose State plan approved under section 602 meets the requirements of subsection (c)(1), an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

[(A) 75 per centum of so much of such expenditures as are for—

[(i) services which are prescribed pursuant to subsection (c)(1) and are provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI to help them attain or retain capability of self-support or self-care, or

[(ii) other services, specified by the Secretary as likely to prevent or reduce dependency, so provided to such applicants or recipients, or

[(iii) any of the services prescribed pursuant to subsection (c)(1), and of the services specified as provided in clause (ii), which the Secretary may specify as appropriate for individuals who, within such period or periods as the Secretary may prescribe, have been or are likely to become applicants for or recipients of supplementary security income benefits under title XVI, if such services are requested by such individuals and are provided to such individuals in accordance with the next sentence, or

(iv) the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision; plus

[(B) one-half of so much of such expenditures (not included under subparagraph (A)) as are for services provided (in accordance with the next sentence) to applicants for or recipients of supplementary security income benefits under title XVI, and to individuals requesting such services who (within such period or periods as the Secretary may prescribe) have been or are likely to become applicants for or recipients of such benefits; plus

[(C) one-half of the remainder of such expenditures.

The services referred to in subparagraphs (A) and (B) shall, except to the extent specified by the Secretary, include only—

[(D) services provided by the staff of the State agency, or of the local agency administering the State plan in the political subdivision: *Provided*, That no funds authorized under this title shall be available for services defined as vocational rehabilitation services under the Vocational Rehabilitation Act (i) which are available to individuals in need of them under programs for their rehabilitation carried on under a State plan approved under such Act, or (ii) which the State agency or agencies administering or supervising the administration of the State plan approved under such Act are able and willing to provide if reimbursed for the cost thereof pursuant to agreement under subparagraph (E), if provided by such staff, and

[(E) under conditions which shall be prescribed by the Secretary, services which in the judgment of the State agency cannot be as economically or as effectively provided by the staff of such State or local agency and are not otherwise

reasonably available to individuals in need of them, and which are provided, pursuant to agreement with the State agency, by the State health authority or the State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services approved under the Vocational Rehabilitation Act or by any other State agency which the Secretary may determine to be appropriate (whether provided by its staff or by contract with public (local) or nonprofit private agencies):

except that services described in clause (ii) of subparagraph (D) hereof may be provided only pursuant to agreement with such State agency or agencies administering or supervising the administration of the State plan for vocational rehabilitation services so approved. The portion of the amount expended for administration of the State plan to which subparagraph (A) applies and the portion thereof to which subparagraphs (B) and (C) apply shall be determined in accordance with such methods and procedures as may be permitted by the Secretary; and

(2) in the case of any State whose State plan approved under section 602 does not meet the requirements of subsection (c)(1), an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan, including services referred to in paragraph (1) and provided in accordance with the provisions of such paragraph.

[(b)(1) Prior to the beginning of each quarter, the Secretary shall estimate the amount to which a State will be entitled under subsection (a) for such quarter, such estimates to be based on (A) a report filed by the State containing its estimate of the total sum to be expended in such quarter in accordance with the provisions of such subsection, and stating the amount appropriated or made available by the State and its political subdivisions for such expenditures in such quarter, and if such amount is less than the State's proportionate share of the total sum of such estimated expenditures, the source or sources from which the difference is expected to be derived, and (B) such other investigation as the Secretary may find necessary.

[(2) The Secretary shall then pay, in such installments as he may determine, to the State the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to such State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

[(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

[(c)(1) In order for a State to qualify for payments under paragraph (1) of subsection (a), its State plan approved under section 602 must provide that the State agency shall make available to applicants for and recipients of supplementary security income benefits under title XVI at least those services to help them attain or retain capability for self-support or self-care which are prescribed by the Secretary.

[(2) In the case of any State whose State plan included a provision meeting the requirements of paragraph (1), but with respect to which

the Secretary finds, after reasonable notice and opportunity for hearing to the State agency, administering or supervising the administration of such plan, that—

[(A) the provision has been so changed that it no longer complies with the requirements of paragraph (1), or

[(B) in the administration of the plan there is a failure to comply substantially with such provision

the Secretary shall notify such State agency that further payments will not be made to the State under paragraph (1) of subsection (a) until he is satisfied that there will no longer be any such failure to comply. Until the Secretary is so satisfied further payments with respect to the administration of such State plan shall not be made under paragraph (1) of subsection (a) but shall instead be made, subject to the other provisions of this title, under paragraph (2) of such subsection.

[(d) Notwithstanding the preceding provisions of this section, the amount determined under such provisions for any State for any quarter which is attributable to expenditures with respect to individuals 65 years of age or older who are patients in institutions for mental diseases shall be paid only to the extent that the State makes a showing satisfactory to the Secretary that total expenditures in the State from Federal, State, and local sources for mental health services (including payments to or in behalf of individuals with mental health problems) under State and local public health and public welfare programs for such quarter exceed the average of the total expenditures in the State from such sources for such services under such programs for each quarter of the fiscal year ending June 30, 1965. For purposes of this subsection, expenditures for such services for each quarter in the fiscal year ending June 30, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the first determination by him under this subsection for such State; and expenditures for such services for any quarter beginning after December 31, 1965, in the case of any State shall be determined on the basis of the latest data, satisfactory to the Secretary, available to him at the time of the determination under this subsection for such State for such quarter; and determinations so made shall be conclusive for purposes of this subsection.

[OPERATION OF STATE PLANS

[SEC. 604. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of the State plan approved under this title, finds—

[(1) that the plan no longer complies with the provisions of section 602; or

[(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

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

[DEFINITION

[SEC. 605. For purposes of this title, the term "services to the aged blind, or disabled" means services (including but not limited to the services referred to in section 603(a)(1) (A) and (B)) provided for or on behalf of needy individuals who are 65 years of age or older or are blind, or are disabled.]

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TITLE XI—GENERAL PROVISIONS AND PROFESSIONAL STANDARDS REVIEW

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PART A—GENERAL PROVISIONS

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DEMONSTRATION PROJECTS

SEC. 1115. In the case of any experimental, pilot, or demonstration project which, in the judgment of the Secretary, is likely to assist in promoting the objectives of title I, VI, X, XIV, XVI, [or XIX] *XIX or XX*, or part A of title IV, in a State or States—

(a) the Secretary may waive compliance with any of the requirements of section 2, 402, 602, 1002, 1402, 1602, [or 1902] *1902, 2002, 2003, or 2004*, as the case may be, to the extent and for the period he finds necessary to enable such State or States to carry out such project, and

(b) costs of such project which would not otherwise be included as expenditures under section 3, 403, 603, 1003, 1403, 1603, [or 1903] *1903, or 2002*, as the case may be, and which are not included as part of the costs of projects under section 1110, shall, to the extent and for the period prescribed by the Secretary, be regarded as expenditures under the State plan or plans approved under such title, or for administration of such State plan or plans, *or expenditures with respect to which payment shall be made under section 2002*, as may be appropriate.

In addition, not to exceed $4,000,000 of the aggregate amount appropriated for payments to States under such titles for any fiscal year beginning after June 30, 1967, shall be available, under such terms and conditions as the Secretary may establish, for payments to States to cover so much of the cost of such project as is not covered by payments under such titles and is not included as part of the cost of projects for purposes of section 1110.

ADMINISTRATIVE AND JUDICIAL REVIEW OF CERTAIN ADMINISTRATIVE DETERMINATIONS

SEC. 1116. (a)(1) Whenever a State plan is submitted to the Secretary by a State for approval under title I, VI, X, XIV, XVI, [or XIX] *XIX or XX*, or part A of title IV, he shall not later than 90 days after the date the plan is submitted to him, make a determination as to whether it conforms to the requirements for approval under such

title. The 90-day period provided herein may be extended by written agreement of the Secretary and the affected State.

(2) Any State dissatisfied with a determination of the Secretary under paragraph (1) with respect to any plan may, within 60 days after it has been notified of such determination, file a petition with the Secretary for reconsideration of the issue of whether such plan conforms to the requirements for approval under such title. Within 30 days after receipt of such a petition, the Secretary shall notify the State of the time and place at which a hearing will be held for the purpose of reconsidering such issue. Such hearing shall be held not less than 20 days nor more than 60 days after the date notice of such hearing is furnished to such State, unless the Secretary and such State agree in writing to holding the hearing at another time. The Secretary shall affirm, modify, or reverse his original determination within 60 days of the conclusion of the hearing.

(3) Any State which is dissatisfied with a final determination made by the Secretary on such a reconsideration or a final determination of the Secretary under section 4, 404, 604, 1004, 1404, 1604, [or 1904] *1904 or 2003* may, within 60 days after it has been notified of such determination, file with the United States court of appeals for the circuit in which such State is located a petition for review of such determination. A copy of the petition shall be forthwith transmitted by the clerk of the court to the Secretary. The Secretary thereupon shall file in the court the record of the proceedings on which he based his determination as provided in section 2112 of title 28, United States Code.

(4) The findings of fact by the Secretary, if supported by substantial evidence, shall be conclusive: but the court, for good causes shown, may remand the case to the Secretary to take further evidence, and the Secretary may thereupon make new or modified findings of fact and may modify his previous action, and shall certify to the court the transcript and record of the further proceedings. Such new or modified findings of fact shall likewise be conclusive if supported by substantial evidence.

(5) The court shall have jurisdiction to affirm the action of the Secretary or to set it aside, in whole or in part. The judgment of the court shall be subject to review by the Supreme Court of the United States upon certiorari or certification as provided in section 1254 of title 28, United States Code.

(b) For the purposes of subsection (a), any amendment of a State plan approved under title I, VI, X, XIV, XVI, [or XIX] *XIX or XX*, or part A of title IV, may, at the option of the State, be treated as the submission of a new State plan.

(c) Action pursuant to an initial determination of the Secretary described in subsection (a) shall not be stayed pending reconsideration, but in the event that the Secretary subsequently determines that his initial determination was incorrect he shall certify restitution forthwith in a lump sum of any funds incorrectly withheld or otherwise denied.

(d) Whenever the Secretary determines that any item or class of items on account of which Federal financial participation is claimed under title I, VI, X, XIV, XVI, XIX, *XX*, or part A of title IV, shall be disallowed for such participation, the State shall be entitled to and upon request shall receive a reconsideration of the disallowance.

[LIMITATION ON FUNDS FOR CERTAIN SOCIAL SERVICES

[SEC. 1130. (a) Notwithstanding the provisions of section 3(a) (4) and (5), 403(a)(3), 603(a)(1), 1003(a) (3) and (4), 1403(a) (3) and (4), or 1603(a) (4) and (5), amounts payable for any fiscal year (commencing with the fiscal year beginning July 1, 1972) under such section (as determined without regard to this section) to any State with respect to expenditures made after June 30, 1972, for services referred to in such section (other than the services provided pursuant to section 402(a)(19)(G)), shall be reduced by such amounts as may be necessary to assure that—

[(1) the total amount paid to such State (under all of such sections) for such fiscal year for such services does not exceed the allotment of such State (as determined under subsection (b)); and

[(2) of the amounts paid under such section 403(a)(3) to such State for such fiscal year with respect to such expenditures, other than expenditures for—

[(A) services provided to meet the needs of a child for personal care, protection, and supervision, btu only in the case of a child where the provision of such services is needed (i) in order to enable a member of such child's family to accept or continue in employment or to participate in training to prepare such member for employment, or (ii) because of the death, continued absence from the home, or incapacity of the child's mother and the inability of any member of such child's family to provide adequate care and supervision for such child;

[(B) family planning services;

[(C) services provided to a mentally retarded individual (whether a child or an adult), but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such individual by reason of his condition of being mentally retarded;

[(D) services provided to an individual who is a drug addict or an alcoholic, but only if such services are needed (as determined in accordance with the criteria prescribed by the Secretary) by such individual as part of a program of active treatment of his condition as a drug addict or an alcoholic; and

[(E) services provided to a child who is under foster care in a foster family home (as defined in section 408) or in a child-care institution (as defined in such section), or while awaiting placement in such a home or institution, but only if such services are needed (as determined in accordance with criteria prescribed by the Secretary) by such child because he is under foster care,

not more than 10 per centum thereof are paid with respect to expenditures incurred in providing services to individuals who are not recipients of aid or assistance (under the State plan approved under part A of title IV), or applicants (as defined under regulations of the Secretary) for such aid or assistance.

[(b)(1) For each fiscal year (commencing with the fiscal year beginning July 1, 1972) the Secretary shall allot to each State an

amount which bears the same ratio to $2,500,000,000 as the population of such State bears to the population of all the States.

[(2) The allotment for each State shall be promulgated for each fiscal year by the Secretary between July 1 and August 31 of the calendar year immediately preceding such fiscal year on the basis of the population of each State and of all of the States as determined from the most recent satisfactory data available from the Department of Commerce at such time; except that the allotment for each State for the fiscal year beginning July 1, 1972, and the following fiscal year shall be promulgated at the earliest practicable date after the enactment of this section but not later than January 1, 1973.

[(c) For purposes of this section, the term "State" means any one of the fifty States or the District of Columbia.]

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TITLE XX—GRANTS TO STATES FOR SERVICES

APPROPRIATION AUTHORIZED

SEC. 2001. For the purpose of encouraging each State, as far as practicable under the conditions in that State, to furnish services directed at the goal of—

(1) achieving or maintaining economic self-support to prevent, reduce, or, eliminate dependency,

(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

there is authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States under section 2002.

PAYMENTS TO STATES

SEC. 2002. (a)(1) From the sums appropriated therefor, the Secretary shall, subject to the provisions of this section and section 2003, pay to each State, for each quarter, an amount equal to 90 per centum of the total expenditures during that quarter for the provision of family planning that quarter for the provision of other services directed at the goal of—

(A) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,

(B) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

(C) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

(D) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

(E) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

including expenditures for administration (including planning and evaluation) and personnel training and retraining directly related to the provision of those services. Services that are directed at these goals include, but are not limited to, child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, training and related services, employment services, information, referral, and counseling services, the preparation and delivery of meals, health support services, appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts.

(2) No payment with respect to any expenditures other than expenditures for personnel training or retraining directly related to the provision of services may be made under this section to any State for any fiscal year in excess of an amount which bears the same ratio to $2,500,000,000 as the population of the State bears to the population of the fifty States and the District of Columbia. The Secretary shall promulgate the limitation applicable to each State for each fiscal year under this paragraph prior to September 1 of the preceding fiscal year, as determined on the basis of the most recent satisfactory data available from the Department of Commerce.

(3) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual unless—

(A) the State's services program planning meets the requirements of section 2004, and

(B) the final comprehensive annual services plan in effect when the service is provided to the individual includes the provision of that service to a category of individuals which includes that individual in the descriptions required by section 2004(2) (B) and (C) of the services to be provided under the plan and the categories of individuals to whom the services are to be provided.

The Secretary may not deny payment under this section to any State with respect to any expenditure on the ground that it is not an expenditure for the provision of a service or is not an expenditure for the provision of a service directed at a goal described in paragraph (1) of this subsection.

(4) So much of the aggregate expenditures with respect to which payment is made under this section to any State for any fiscal year as equals 50 per centum of the payment made under this section to the State for that fiscal year must be expended for the provision of services to individuals—

(A) who are receiving aid under the plan of the State approved under part A of title IV or who are eligible to receive such aid, or

(B) whose needs are taken into account in determining the needs of an individual who is receiving aid under the plan of the State approved under part A of title IV, or who are eligible to have their needs taken into account in determining the needs of an individual who is receiving or is eligible to receive such aid, or

(C) with respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section 2007(1), are being paid, or who are eligible to have such benefits or payments paid with respect to them, or

(D) whose income and resources are taken into account in determining the amount of supplemental security income benefits or State supplementary payments, as defined in section 2007(1), being paid with respect to an individual, or whose income and resources would be taken into account in determining the amount of such benefits or payments to be paid with respect to an individual who is eligible to have such benefits or payments paid with respect to him, or

(E) are eligible for medical assistance under the plan of the State approved under title XIX.

(5) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual who is receiving, or whose needs are taken into account in determining the needs of an individual who is receiving, aid under the plan of the State approved under part A of title IV, or which respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section 2007(1), are being paid, if any fee or other charge (other than a voluntary contribution) is imposed on the individual for the provision of that service.

(6) No payment may be made under this section to any State with respect to any expenditure for the provision of any service, other than an information or referral service or a service directed at the goal of preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, to any individual who is not an individual described in paragraph (5), and who is a member of a family the monthly gross income of which exceeds—

(A) if a fee or other charge reasonably related to income is imposed on the individual for the provision of the service, 115 per centum of the median income of a family of four in the State, adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family, or

(B) in any other case, the lower of—

(i) 80 per centum of the median income of a family of four in the State, or

(ii) the median income of a family of four in the fifty States and the District of Columbia,

adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family.

The Secretary shall promulgate the median income of a family of four in each State and the fifty States and the District of Columbia applicable to payments with respect to expenditures in each fiscal year prior to September 1 of the preceding fiscal year.

(7) No payment may be made under this section to any State with respect to any expenditure—

(A) for the provision of medical or any other remedial care, other than family planning services, unless it is an integral but subordinate part of a service described in paragraph (1) of this subsection and Federal financial participation with respect to the expenditure is not available under the plan of the State approved under title XIX; or

(B) for the purchase, construction, or major modification of any land, building or other facility, or fixed equipment; or

(C) which is in the form of goods or services provided in kind by a private entity; or

(D) which is made from donated private funds, unless such funds—

(i) are transferred to the State and are under its administrative control, and

(ii) are donated to the State without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services with respect to which the contribution is used are to be provided, and

(iii) do not revert to the donor's facility or use if the donor is other than a nonprofit organization; or

(E) for the provision of room or board (except as provided by paragraph (11)(B)) other than room or board provided for a period of not more than six consecutive months as an integral but subordinate part of a service described in paragraph (1) of this subsection.

(8) No payment may be made under this section with respect to any expenditure if payment is made with respect to that expenditure under section 403 or 422 of this Act.

(9)(A) No payment may be made under this section with respect to any expenditure in connection with the provision of any child day care service, unless—

(i) in the case of care provided in the child's home, the care meets standards established by the State which are reasonably in accord with recommended standards of national standard-setting organizations concerned with the home care of children, or

(ii) in the case of care provided outside the child's home, the care meets the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare and the Office of Economic Opportunity on September 23, 1968, and in the case of care provided to a child under the age of three, there is at least one caregiver for every two children under the age of three who is responsible for the care of only those children, except as provided in subparagraph (B).

(B) The Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives, after December 31, 1976, and prior to July 1, 1977, an evaluation of the appropriateness of the requirements imposed by subparagraph (A), together with any recommendations he may have for modification of those requirements. No earlier than ninety days after the submission of that report, the Secretary may, by regulation, make such modifications in the requirements imposed by subparagraph (A) as he determines are appropriate.

(C) The requirements imposed by this paragraph are in lieu of any requirements that would otherwise be applicable under section 522(d) of the Economic Opportunity Act of 1964 to child day care services with respect to which payment is made under this section.

(10) No payment may be made under this section with respect to any expenditure for the provision of any educational service which the State makes generally available to its residents without cost and without regard to their income.

(11) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual living in any hospital, skilled nursing facility, or intermediate care facility (including any such hospital or facility for mental dieases or for the mentally retarded), any prison, or any foster family home except—

(A) any expenditure for the provision of a service that (i) is provided by other than the hospital, facility, prison, or foster family home in which the individual is living, and (ii) is provided, under the State's program for the provision of the services described in paragraph (1), to individuals who are not living in a hospital, skilled nursing facility, intermediate care facility, prison, or foster family home,

(B) any expenditure which is for the cost, in addition to the cost of basic foster care, of the provision, by a foster family home, to an individual living in that home, of a service which meets a special need of that individual, as determined under regulations prescribed by the Secretary, and

(C) any expenditure for the provision of emergency shelter provided to a child, for not in excess of thirty days, as a protective service.

(12) No payment may be made under this section with respect to any expenditure for the provision of cash payments as a service.

(13) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual to the extent that the provider of the service or the individual receiving the service is eligible to receive payment under title XVIII with respect to the provision of the service.

(b)(1) Prior to the beginning of each quarter the Secretary shall estimate the amount to which a State will be entitled under this section for that quarter on the basis of a report filed by the State containing its estimate of the amount to be expended during that quarter with respect to which payment must be made under this section, together with an explanation of the bases for that estimate.

(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced, or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to the State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

PROGRAM REPORTING, EVALUATION, AND ADMINISTRATION REQUIREMENTS

SEC. 2003. (a) Each State which participates in the program established by this title shall provide for the publication by the chief executive officer of the State or such other official as the laws of the State provide, within ninety days, or such longer period as the Secretary may authorize, after the end of each services program year (as established under the requirements of section 2002(a)(3)), of a services program report prepared by the individual or agency designated pursuant to the requirements of section 2003(g)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer which describes the extent to which the services program of the State was carried out during that year in accordance with the annual services program plan for that year and the extent to which the goals and objectives of the plan were achieved.

(b) Each State which participates in the program established by this title shall have a program for evaluation of the State's program for the provision of the services described in section 2002(a)(1) which conforms to the description of the evaluation activities to be carried out by the State contained in its current final comprehensive annual services program plan.

(c) Each State which participates in the program established by this title shall submit to the Secretary, and make available to the public, information concerning the services described in section 2002(a)(1) provided in the State, the categories of individuals to whom those services are provided, and such other related information as the Secretary may by regulation provide, at such times and in such form as he may by regulation provide. In establishing requirements under this subsection, the Secretary shall take into account other reporting requirements imposed under this title and other titles of this Act.

(d) Each State which participates in the program established by this title shall make available to the public, within one hundred and eighty days, or such longer period as the Secretary may authorize, after the end of each services program year (as established under the requirements of section 2002(a)(3)), the report of an audit performed by—

(1) a private certified public accountant or auditing firm utilizing certified public accountants, the services of which have been secured in accordance with procurement standards prescribed by the Secretary,

(2) a publicly elected auditor utilizing certified public accountants, or

(3) an office representing the legislature of the State utilizing certified public accountants,

of the expenditures for the provision of the services described in section 2002(a)(1) during that year which sets forth the extent to which those expenditures were in accordance with the State's final comprehensive annual services program plan (as developed under the requirements of section 2002(a)(3)), including any amendments thereto; and the extent to which the State is entitled to payment with respect to those expenditures under section 2002. So much of the report as relates to the extent to which the State is entitled to payment with respect to those expenditures under section 2002 shall be submitted to the Secretary.

(e) Each State which participates in the program established by this title shall assure that the non-Federal share of the aggregate expenditures for the provision of services during each services program year (as established under the requirements of section 2002(a)(3)) with respect to which payment is made under section 2002 is not less than the non-Federal share of the aggregate expenditures for the provision of those services during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, with respect to which payment was made under the plan of the State approved under title I, VI, X, XIV, or XVI, or part A of title IV, whichever is less, except that the requirements of this subsection shall not apply to any State for any services program year if the payment to the State under section 2002, for each fiscal year any part of which is included in that services program year, with respect to expenditures other than expenditures for personnel training or retraining directly related to the provision of services, equals the allotment of the State for that fiscal year under section 2002(a)(2).

(f)(1) If the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds that there is a substantial failure to comply with any of the requirements imposed by subsections (a) through (e) of this section, he shall, except as provided in paragraph (2), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

(2) The Secretary may suspend implementation of any termination of payments under paragraph (1) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 per centum for each of subsections (a) through (e) of this section with respect to which there was a finding of substantial noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

(g)(1) Each State which participates in the program established by this title shall have a plan applicable to its program for the provision of the services described in section 2002(a)(1) which—

(A) provides that an opportunity for a fair hearing before the appropriate State agency will be granted to any individual whose claim for any service described in section 2002(a)(1) is denied or is not acted upon with reasonable promptness;

(B) provides that the use or disclosure of information obtained in connection with administration of the State's program for the provision of the services described in section 2002(a)(1) concerning applicants for and recipients of those services will be restricted to purposes directly connected with the administration of that program, the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, or the plan of the State approved under title XIX;

(C) provides for the designation, by the chief executive officer of the State or as otherwise provided by the laws of the State, of an appropriate agency which will administer or supervise the administration of the State's program for the provision of the serv-

ices described in section 2002(a)(1), including planning and evaluation;

(D) provides that the State will, in the administration of its program for the provision of the services described in section 2002(a)(1), use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the program, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

(B) that in the administration of the plan there is a substantial quirement will be imposed as a condition to participation in the program of the State for the provision of the services described in section 2002(a)(1);

(F) provides, if the State program for the provision of the services described in section 2002(a)(1) includes services to individuals living in institutions or foster homes, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such institutions or homes which are reasonably in accord with recommended standards of national organizations concerned with standards for such institutions or homes, including standards related to admissions policies, safety, sanitation, and protection of civil rights;

(G) provides, if the State program for the provision of the services described in section 2002(a)(1) includes child day care services, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such services which are reasonably in accord with recommended standards of national organizations concerned with standards for such services, including standards related to admission policies for facilities providing such services, safety, sanitation, and protection of civil rights;

(H) provides that the State's program for the provision of the services described in section 2002(a)(1) will be in effect in all political subdivisions of the State;

(I) provides for financial participation by the State in the provision of the services described in section 2002(a)(1).

(2) The Secretary shall approve any plan which complies with the provisions of paragraph (1).

(h)(1) No payment may be under section 2002 to any State which does not have a plan approved under subsection (q).

(2) In the case of any State plan which has been approved by the Secretary under subsection (q), if the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds—

(A) that the plan no longer complies with the provisions of subsection (q)(1), or

(B) that in the administration of the plan there is a substanial failure to comply with any such provision,

the Secretary shall, except as provided in paragraph (3), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

(3) The Secretary may suspend implementation of any termination of payments under paragraph (2) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 percent for each clause of subsection (g)(1) with respect to which there is a finding of noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

SERVICES PROGRAM PLANNING

SEC. 2004. A State's services program planning meets the requirements of this section if, for the purpose of assuring public participation in the development of the program for the provision of the services described in section 2200 (a) (1) within the State—

(1) the beginning of the fiscal year of either the Federal Government or the State government is established as the beginning of the State's services program year; and

(2) at least ninety days prior to the beginning of the State's services program year, the chief executive officer of the State, or such other official as the laws of the State provide, publishes and makes generally available (as defined in regulations prescribed by the Secretary after consideration of State laws governing notice of actions by public officials) to the public a proposed comprehensive annual services program plan prepared by the individual or agency designated pursuant to the requirements of section 2003(g)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the State's plan for the provision of the services described in section 2002(a)(1) during that year, including—

(A) the objectives to be achieved under the program,

(B) the services to be provided under the program, including at least one service directed at at least one of the goals in each of the five categories of goals set forth in section 2002 (a)(1) (as determined by the State), together with a definition of those services and description of their relationship to the objectives to be achieved under the program and goals described in section 2002(a)(1),

(C) the categories of individuals to whom those services are to be provided, including any categories based on the income of individuals or their families,

(D) the geographic areas in which those services are to be provided, and the nature and amount of the services to be provided in each area,

(E) a description of the planning, evaluation, and reporting activities to be carried out under the program,

(F) the sources of the resources to be used to carry out the program,

(G) a description of the organizational structure through which the program will be administered, including the extent to which public and private agencies and volunteers will be utilized in the provision of services,

(H) a description of how the provision of services under the program will be coordinated with the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, the plan of the State approved under title XIX, and other programs for the provision of related human services within the State, including the steps taken to assure maximum feasible utilization of services under these programs to meet the needs of the low income population,

(I) the estimated expenditures under the program, including estimated expenditures with respect to each of the services to be provided, each of the categories of individuals to whom those services are to be provided, and each of the geographic areas in which those services are to be provided, and a comparison between estimated non-Federal expenditures under the program and non-Federal expenditures for the provision of the services described in section 2002(a)(1) in the State during the preceding services program year, and

(J) a description of the steps taken, or to be taken, to assure that the needs of all residents of, and all geographic areas in, the State were taken into account in the development of the plan; and

(3) public comment on the proposed plan is accepted for a period of at least forty-five days; and

(4) at least forty-five days after publication of the proposed plan and prior to the beginning of the State's services program year, the chief executive officer of the State, or such other official as the laws of the State provide, publishes a final comprehensive annual services program plan prepared by the individual or agency designed pursuant to the requirements of section 2003(g)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the same information required to be included in the proposed plan, together with an explanation of the differences between the proposed and final plan and the reasons therefor; and

(5) any amendment to a final comprehensive services program plan is prepared by the individual or agency designated pursuant to section 2003(g)(1)(C), approved by the chief executive officer of the State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such otherwise, and published by the chief executive officer of posed amendment on which public comment is accepted for a period of at least thirty days, and then prepared by the individual or agency designated pursuant to section 2003(g)(1)(C), approved by the chief executive officer of the State unless the laws of the State pro-

vide otherwise, and published by the chief executive officer of the State, or such other official as the laws of the State provide, as a final amendment, together with an explanation of the differences between the proposed and final amendment and the reasons therefor.

EFFECTIVE DATE OF REGULATIONS PUBLISHED BY THE SECRETARY

SEC. 2005. No final regulation published by the Secretary under this title shall be effective with respect to payments under section 2002 for expenditures during any quarter commencing before the beginning of the first services program year established by the State under the requirements of section 2002(a)(3) which begins at least sixty days after the publication of the final regulation.

EVALUATION; PROGRAM ASSISTANCE

SEC. 2006. (a) The Secretary shall provide for the continuing evaluation of State programs for the provision of the services described in section 2002(a)(1).

(b) The Secretary shall make available to the States assistance with respect to the content of their services program, and their services program planning, reporting, administration, and evaluation.

(c) Within six months after the close of each fiscal year, the Secretary shall submit to the Congress a report on the operation of the program established by this title during that year, including—

(1) the evaluations carried out under subsection (a) and the results obtained therefrom, and

(2) the assistance provided under subsection (b), during that year.

DEFINITIONS

SEC. 2007. For purposes of this title—

(1) the term "State supplementary payment" means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits, as determined by the Secretary, and

(2) the term "State" means the fifty States and the District of Columbia.

SECTION 12 OF PUBLIC LAW 93–233

SOCIAL SERVICES REGULATIONS POSTPONED

SEC. 12. (a) Subject to subsection (b), no regulation and no modification of any regulation, promulgated by the Secretary of Health, Education, and Welfare (hereinafter referred to as the "Secretary") after January 1, 1973, shall be effective for any period which begins prior to [January] *July* 1, 1975, if (and insofar as) such regulation or modification of a regulation pertains (directly or indirectly) to the provisions of law contained in sections 3(a)(4)(A), 402(a)(19)(G),

403(a)(3)(A), 603(a)(1)(A), 1003(a)(3)(A), 1403(a)(3)(A), or 1603(a)(4)(A), of the Social Security Act.

(b)(1) The provisions of subsection (a) shall not be applicable to any regulation relating to "scope of programs", if such regulation is identical (except as provided in the succeeding sentence) to the provisions of section 221.0 of the regulations (relating to social services) proposed by the Secretary and published in the Federal Register on May 1, 1973. There shall be deleted from the first sentence of subsection (b) of such section 221.0 the phrase "meets all the applicable requirements of this part and".

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CONFERENCE REPORT NO. 93-1643

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and the Senate at the conference on the disagreeing votes of the two Houses on the amendment of the Senate to the 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, submit the following joint statement to the House and the Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

The Senate amendment struck out all of the House bill after the enacting clause and inserted a substitute text.

The House recedes from its disagreement to the amendment of the Senate with an amendment which is a substitute for the House bill and the Senate amendment. The differences between the House bill, the Senate amendment, and the substitute agreed to in conference are noted below, except for clerical corrections, conforming changes made necessary by agreements reached by the conferees, and minor drafting and clarifying changes.

The social services provisions generally follow the House bill, which provides the conditions for State entitlement to social services funds under a new title XX of the Social Security Act with the following exceptions:

The Senate provisions requiring that three types of services be available to recipients of supplemental security income and that family planning services be offered to each appropriate person receiving aid to families with dependent children were accepted.

The House provision for fees for services for families and individuals with incomes between 80 and 115 percent of the State's median family income was retained with a provision that the Secretary of Health, Education, and Welfare is to issue regulations relating to fees for those with incomes below this level and for welfare recipients.

The conferees agreed to the Senate provisions regarding standards for child care with respect to the ratio of adults to children of various ages and making the educational component of child care recommended rather than mandatory. In the case of children under three, the ratio is left to regulations of the Secretary of Health, Education, and Welfare.

The Senate bill included provision for Puerto Rico, the Virgin Islands, and Guam to share in the $2.5 billion ceiling for Federal expenditures for social services on the basis of their populations in relation to that of the States. Money would be available for them only if it remained unused in the amount available for allotment to the States. There was no comparable provision in the House bill. The conference agreement provides that Puerto Rico may receive up to $15 million for social services (if it is available after the States have received their allotments) and Guam and the Virgin Islands may each receive up to $500,000 under the same circumstances.

The conferees agreed to that part of the Senate amendment which would retain provisions of existing law with respect to separate agen-

cies which have been authorized to administer services to the blind and child welfare services. The House bill contained no explicit provision on this subject.

The conference agreement eliminates many of the requirements in the House bill regarding program reporting, evaluation and audit, permitting the Secretary to require reports concerning the uses of service funds which shall be the basis of his annual report to the Congress. The House provision for a hearing to the State on the issue of failure to comply under the requirements is retained, and the Secretary is given the alternative of terminating payments to the State or imposing a reduction of three percent for each area of activity in which there is substantial noncompliance.

The provisions of the House bill regarding maintenance of effort were retained but clarified so that they applied only to appropriated funds and not to donated funds.

The effective date was advanced from July 1, 1975, to October 1, 1975, with the existing moratorium on regulations remaining in effect until that time.

A Senate provision regarding the funding of social work training made existing law explicit by specifying that States might make such grants to persons in educational institutions and to the institutions.

The Senate amendment providing a tax credit for low-income workers and families was dropped by the conferees.

The conference agreement generally accepts the Senate provisions on child support with the following modifications. It does not require appointment of an Assistant Secretary for child support but does require the Secretary of Health, Education, and Welfare to designate a person in charge of an organizational unit responsible for child support activities. It provides that the Internal Revenue Service shall be used for collection of child support obligations only based on noncompliance with a court order and only after a one-time 60-day notice to a parent of the intent to enforce payments under this procedure. The procedures for child support apply equally to absent fathers and absent mothers. A provision in the Senate amendment for the establishment of regional laboratories to perform the blood-typing work necessary for the purposes of establishing paternity was deleted.

AL ULLMAN,
JAMES A. BURKE,
MARTHA GRIFFITHS,
DAN ROSTENKOWSKI,
H. T. SCHNEEBELI,
BARBER B. CONABLE,
JERRY L. PETTIS,
Managers on the Part of the House.

RUSSELL B. LONG,
VANCE HARTKE,
ABE RIBICOFF,
W. F. MONDALE,
PAUL FANNIN,
CLIFFORD P. HANSEN,
ROBERT DOLE,
Managers on the Part of the Senate.

H. R. 17045

Ninety-third Congress of the United States of America

AT THE SECOND SESSION

Begun and held at the City of Washington on Monday, the twenty-first day of January, one thousand nine hundred and seventy-four

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.

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 "Social Services Amendments of 1974".

PART A—SOCIAL SERVICES AMENDMENTS

SEC. 2. The Social Security Act is amended by inserting at the end thereof the following new title:

"TITLE XX—GRANTS TO STATES FOR SERVICES

"APPROPRIATION AUTHORIZED

"SEC. 2001. For the purpose of encouraging each State, as far practicable under the conditions in that State, to furnish services directed at the goal of—

"(1) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,

"(2) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

"(3) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

"(4) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

"(5) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

there is authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this title. The sums made available under this section shall be used for making payments to States under section 2002.

"PAYMENTS TO STATES

"SEC. 2002. (a)(1) From the sums appropriated therefor, the Secretary shall, subject to the provisions of this section and section 2003, pay to each State, for each quarter, an amount equal to 90 per centum of the total expenditures during that quarter for the provision of family planning services and 75 per centum of the total expenditures during that quarter for the provision of other services directed at the goal of—

"(A) achieving or maintaining economic self-support to prevent, reduce, or eliminate dependency,

"(B) achieving or maintaining self-sufficiency, including reduction or prevention of dependency,

"(C) preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, or preserving, rehabilitating, or reuniting families,

"(D) preventing or reducing inappropriate institutional care by providing for community-based care, home-based care, or other forms of less intensive care, or

"(E) securing referral or admission for institutional care when other forms of care are not appropriate, or providing services to individuals in institutions,

including expenditures for administration (including planning and evaluation) and personnel training and retraining directly related to the provision of those services (including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions). Services that are directed at these goals include, but are not limited to, child care services, protective services for children and adults, services for children and adults in foster care, services related to the management and maintenance of the home, day care services for adults, transportation services, training and related services, employment services, information, referral, and counseling services, the preparation and delivery of meals, health support services and appropriate combinations of services designed to meet the special needs of children, the aged, the mentally retarded, the blind, the emotionally disturbed, the physically handicapped, and alcoholics and drug addicts.

"(2) (A) No payment with respect to any expenditures other than expenditures for personnel training or retraining directly related to the provision of services may be made under this section to any State for any fiscal year in excess of an amount which bears the same ratio to $2,500,000,000 as the population of that State bears to the population of the fifty States and the District of Columbia. The Secretary shall promulgate the limitation applicable to each State for each fiscal year under this paragraph prior to the first day of the third month of the preceding fiscal year, as determined on the basis of the most recent satisfactory data available from the Department of Commerce.

"(B) Each State with respect to which a limitation is promulgated under subparagraph (A) for any fiscal year shall, at the earliest practicable date after the commencement of such fiscal year (and in accordance with regulations prescribed by the Secretary), certify to the Secretary whether the amount of its limitation is greater or less than the amount needed by the State, for uses to which the limitation applies, for such fiscal year and, if so, the amount by which the amount of such limitation is greater or less than such need.

"(C) If any State certifies, in accordance with subparagraph (B), that the amount of its limitation for any fiscal year is greater than its need for such year, then the amount of the limitation of such State for such year shall be reduced by the excess of its limitation amount over its need, and the amount of such reduction shall be available for allotment as provided in subparagraph (D).

"(D) Of the amounts made available, pursuant to subparagraph (C), for allotment for any fiscal year, the Secretary (i) shall allot to the jurisdiction of Puerto Rico $15,000,000, to the jurisdiction of Guam $500,000, and to the jurisdiction of the Virgin Islands $500,000, which shall be available to each such jurisdiction in addition to amounts available under section 1108 for purposes of matching the expenditures of such jurisdictions for services pursuant to sections 3(a)(4) and (5), 403(a)(3), 1003(a)(3) and (4), 1403(a)(3) and (4), and 1603(a)(4) and (5): *Provided*, That if the amounts made available, pursuant to subparagraph (C), are insufficient to meet the requirements of this clause, then such amounts as are available shall be allotted to each of the three jurisdictions in proportion to their respective populations.

"(3) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual unless—

"(A) the State's services program planning meets the requirements of section 2004, and

"(B) the final comprehensive annual services plan in effect when the service is provided to the individual includes the provision of that service to a category of individuals which includes that individual in the descriptions required by section 2004(2)(B) and (C) of the services to be provided under the plan and the categories of individuals to whom the services are to be provided.

The Secretary may not deny payment under this section to any State with respect to any expenditure on the ground that it is not an expenditure for the provision of a service or is not an expenditure for the provision of a service directed at a goal described in paragraph (1) of this subsection.

"(4) So much of the aggregate expenditures with respect to which payment is made under this section to any State for any fiscal year as equals 50 per centum of the payment made under this section to the State for that fiscal year must be expended for the provision of services to individuals—

"(A) who are receiving aid under the plan of the State approved under part A of title IV or who are eligible to receive such aid, or

"(B) whose needs are taken into account in determining the needs of an individual who is receiving aid under the plan of the State approved under part A of title IV, or who are eligible to have their needs taken into account in determining the needs of an individual who is receiving or is eligible to receive such aid, or

"(C) with respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section 2007(1), are being paid, or who are eligible to have such benefits or payments paid with respect to them, or

"(D) whose income and resources are taken into account in determining the amount of supplemental security income benefits or State supplementary payments, as defined in section 2007(1), being paid with respect to an individual, or whose income and resources would be taken into account in determining the amount of such benefits or payments to be paid with respect to an individual who is eligible to have such benefits or payments paid with respect to him, or

"(E) who are eligible for medical assistance under the plan of the State approved under title XIX.

"(5) No payment may be made under this section to any State with respect to any expenditure for the provision of any service to any individual—

"(A) who is receiving, or whose needs are taken into account in determining the needs of an individual who is receiving, aid under the plan of the State approved under part A of title IV, or with respect to whom supplemental security income benefits under title XVI or State supplementary payments, as defined in section 2007(1), are being paid, or

"(B) who is a member of a family the monthly gross income of which is less than the lower of—

"(i) 80 per centum of the median income of a family of four in the State, or

"(ii) the median income of a family of four in the fifty States and the District of Columbia,

adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family,

if any fee or other charge (other than a voluntary contribution) imposed on the individual for the provision of that service is not consistent with such requirements (including requirements prohibiting the imposition of any such fee or charge) as the Secretary shall prescribe.

"(6) No payment may be made under this section to any State with respect to any expenditure for the provision of any service, other than an information or referral service or a service directed at the goal of preventing or remedying neglect, abuse, or exploitation of children and adults unable to protect their own interests, to any individual who is not an individual described in paragraph (5), and—

"(A) who is a member of a family the monthly gross income of which exceeds 115 per centum of the median income of a family of four in the State, adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family, or

"(B) who is a member of a family the monthly gross income of which—

"(i) exceeds the lower of—

"(I) 80 per centum of the median income of a family of four in the State, or

"(II) the median income of a family of four in the fifty States and the District of Columbia,

adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family, and

"(ii) does not exceed 115 per centum of the median income of a family of four in the State, adjusted, in accordance with regulations prescribed by the Secretary, to take into account the size of the family,

unless a fee or other charge reasonably related to income is imposed on the individual for the provision of the service.

The Secretary shall promulgate the median income of a family of four in each State and the fifty States and the District of Columbia applicable to payments with respect to expenditures in each fiscal year prior to the first day of the third month of the preceding fiscal year.

"(7) No payment may be made under this section to any State with respect to any expenditure—

"(A) for the provision of medical or any other remedial care, other than family planning services, unless it is an integral but subordinate part of a service described in paragraph (1) of this subsection and Federal financial participation with respect to the expenditure is not available under the plan of the State approved under title XIX; or

"(B) for the purchase, construction, or major modification of any land, building or other facility, or fixed equipment; or

"(C) which is in the form of goods or services provided in kind by a private entity; or

"(D) which is made from donated private funds, unless such funds—

"(i) are transferred to the State and are under its administrative control, and

"(ii) are donated to the State without restrictions as to use, other than restrictions as to the services with respect to which the funds are to be used imposed by a donor who is not a sponsor or operator of a program to provide those services, or the geographic area in which the services with respect to which the contribution is used are to be provided, and

"(iii) do not revert to the donor's facility or use if the donor is other than a nonprofit organization; or

"(E) for the provision of room or board (except as provided by paragraph (11)(C)) other than room or board provided for a period of not more than six consecutive months as an integral but subordinate part of a service described in paragraph (1) of this subsection.

"(8) No payment may be made under this section with respect to any expenditure if payment is made with respect to that expenditure under section 403 or 422 of this Act.

"(9)(A) No payment may be made under this section with respect to any expenditure in connection with the provision of any child day care service, unless—

"(i) in the case of care provided in the child's home, the care meets standards established by the State which are reasonably in accord with recommended standards of national standard-setting organizations concerned with the home care of children, or

"(ii) in the case of care provided outside the child's home, the care meets the Federal interagency day care requirements as approved by the Department of Health, Education, and Welfare and the Office of Economic Opportunity on September 23, 1968; except that (I) subdivision III of such requirements with respect to educational services shall be recommended to the States and not required, and staffing standards for school-age children in day care centers may be revised by the Secretary, (II) the staffing standards imposed with respect to such care in the case of children under age 3 shall conform to regulations prescribed by the Secretary, and (III) the staffing standards imposed with respect to such care in the case of children aged 10 to 14 shall require at least one adult for each 20 children, and in the case of school-aged children under age 10 shall require at least one adult for each 15 children,

except as provided in subparagraph (B).

"(B) The Secretary shall submit to the President of the Senate and the Speaker of the House of Representatives, after December 31, 1976, and prior to July 1, 1977, an evaluation of the appropriateness of the requirements imposed by subparagraph (A), together with any recommendations he may have for modification of those requirements. No earlier than ninety days after the submission of that report, the Secretary may, by regulation, make such modifications in the requirements imposed by subparagraph (A) as he determines are appropriate.

"(C) The requirements imposed by this paragraph are in lieu of any requirements that would otherwise be applicable under section 522(d) of the Economic Opportunity Act of 1964 to child day care services with respect to which payment is made under this section.

"(10) No payment may be made under this section with respect to any expenditure for the provision of any educational service which the State makes generally available to its residents without cost and without regard to their income.

"(11) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual living in any hospital, skilled nursing facility, or intermediate care facility (including any such hospital or facility for mental diseases or for the mentally retarded), any prison, or any foster family home except—

"(A) any expenditure for the provision of a service that (i) is provided by other than the hospital, facility, prison, or foster family home in which the individual is living, and (ii) is provided, under the State's program for the provision of the services described in paragraph (1), to individuals who are not living in a hospital, skilled nursing facility, intermediate care facility, prison, or foster family home,

"(B) any expenditure which is for the cost, in addition to the cost of basic foster care, of the provision, by a foster family home, to an individual living in that home, of a service which meets a special need of that individual, as determined under regulations prescribed by the Secretary, and

"(C) any expenditure for the provision of emergency shelter provided to a child, for not in excess of thirty days, as a protective service.

"(12) No payment may be made under this section with respect to any expenditure for the provision of cash payments as a service.

"(13) No payment may be made under this section with respect to any expenditure for the provision of any service to any individual to the extent that the provider of the service or the individual receiving the service is eligible to receive payment under title XVIII with respect to the provision of the service.

"(b)(1) Prior to the beginning of each quarter the Secretary shall estimate the amount to which a State will be entitled under this section for that quarter on the basis of a report filed by the State containing its estimate of the amount to be expended during that quarter with respect to which payment must be made under this section, together with an explanation of the bases for that estimate.

"(2) The Secretary shall then pay to the State, in such installments as he may determine, the amount so estimated, reduced or increased to the extent of any overpayment or underpayment which the Secretary determines was made under this section to the State for any prior quarter and with respect to which adjustment has not already been made under this subsection.

"(3) Upon the making of any estimate by the Secretary under this subsection, any appropriations available for payments under this section shall be deemed obligated.

"PROGRAM REPORTING

"SEC. 2003. (a) Each State which participates in the program established by this title shall make such reports concerning its use of Federal social services funds as the Secretary may by regulation provide."

"(b) Each State which participates in the program established by this title shall assure that the aggregate expenditures from appropriated funds from the State and political subdivisions thereof for the provision of services during each services program year (as established under the requirements of section 2002(a)(3)) with respect to which payment is made under section 2002 is not less than the aggregate expenditures from such appropriated funds for the provision of those services during the fiscal year ending June 30, 1973, or the fiscal year ending June 30, 1974, with respect to which payment was made under the plan of the State approved under title I, VI, X, XIV, or XVI, or part A of title IV, whichever is less, except that the requirements of this subsection shall not apply to any State for any services program year if the payment to the State under section 2002, for each fiscal year any part of which is included in that services program year, with

respect to expenditures other than expenditures for personnel training or retraining directly related to the provision of services, equals the allotment of the State for that fiscal year under section 2002(a)(2).

"(c)(1) If the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds that there is a substantial failure to comply with any of the requirements imposed by subsections (a) and (b) of this section, he shall, except as provided in paragraph (2), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

"(2) The Secretary may suspend implementation of any termination of payments under paragraph (1) for such period as he determines appropriate and instead reduce the amount otherwise payable to the State under section 2002 for expenditures during that period by 3 per centum for each of subsections (a) and (b) of this section with respect to which there was a finding of substantial noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

"(d)(1) Each State which participates in the program established by this title shall have a plan applicable to its program for the provision of the services described in section 2002(a)(1) which—

"(A) provides that an opportunity for a fair hearing before the appropriate State agency will be granted to any individual whose claim for any service described in section 2002(a)(1) is denied or is not acted upon with reasonable promptness;

"(B) provides that the use or disclosure of information obtained in connection with administration of the State's program for the provision of the services described in section 2002(a)(1) concerning applicants for and recipients of those services will be restricted to purposes directly connected with the administration of that program, the plan of the State approved under part A of title IV, the plan of the State developed under ~~part B of that title,~~ the supplemental security income program established by title XVI, or the plan of the State approved under title XIX;

"(C) provides for the designation, by the chief executive officer of the State or as otherwise provided by the laws of the State, of an appropriate agency which will administer or supervise the administration of the State's program for the provision of the services described in section 2002(a)(1);

"(D) provides that the State will, in the administration of its program for the provision of the services described in section 2002(a)(1), use such methods relating to the establishment and maintenance of personnel standards on a merit basis as are found by the Secretary to be necessary for the proper and efficient operation of the program, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

"(E) provides that no durational residency or citizenship requirement will be imposed as a condition to participation in the program of the State for the provision of the services described in section 2002(a)(1);

"(F) provides, if the State program for the provision of the services described in section 2002(a)(1) includes services to individuals living in institutions or foster homes, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such

institutions or homes which are reasonably in accord with recommended standards of national organizations concerned with standards for such institutions or homes, including standards related to admissions policies, safety, sanitation, and protection of civil rights;

"(G) provides, if the State program for the provision of the services described in section 2002(a)(1) includes child day care services, for the establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for such services which are reasonably in accord with recommended standards of national organizations concerned with standards for such services, including standards related to admission policies for facilities providing such services, safety, sanitation, and protection of civil rights;

"(H) provides that the State's program for the provision of the services described in section 2002(a)(1) will be in effect in all political subdivisions of the State; and

"(I) provides for financial participation by the State in the provision of the services described in section 2002(a)(1).

Notwithstanding clause (C), if on December 1, 1974, the State agency which administered or supervised the administration of the portion of the plan of the State for services to the aged, blind, or disabled approved under title VI of this Act which related to blind individuals was different from the agency which administered or supervised the administration of the rest of that plan, the State agency which administered or supervised the administration of the portion of the plan of the State for services to the aged, blind, or disabled related to blind individuals may be designated to administer or supervise the administration of the portion of the State's program for the provision of the services described in section 2002(a)(1) related to blind individuals and a separate State agency may be designated to administer or supervise the administration of the rest of the program; and in such case the part of the program which each agency administers, or the administration of which each agency supervises, shall be regarded as a separate program for the provision of the services described in section 2002(a)(1) for purposes of this title. The date selected by the State pursuant to section 2004(1) as the beginning of the services program year for each of the separate programs shall be the same.

"(2) The Secretary shall approve any plan which complies with the provisions of paragraph (1).

"(e)(1) No payment may be made under section 2002 to any State which does not have a plan approved under subsection (g).

"(2) In the case of any State plan which has been approved by the Secretary under subsection (d), if the Secretary, after reasonable notice and an opportunity for a hearing to the State, finds—

"(A) that the plan no longer complies with the provisions of subsection (d)(1), or

"(B) that in the administration of the plan there is a substantial failure to comply with any such provision,

the Secretary shall, except as provided in paragraph (3), notify the State that further payments will not be made to the State under section 2002 until he is satisfied that there will no longer be any such failure to comply, and until he is so satisfied he shall make no further payments to the State.

"(3) The Secretary may suspend implementation of any termination of payments under paragraph (2) for such period as he determines appropriate and instead reduce the amount otherwise payable to the

State under section 2002 for expenditures during that period by 3 percent for each clause of subsection (d)(1) with respect to which there is a finding of noncompliance and with respect to which he is not yet satisfied that there will no longer be any such failure to comply.

"SERVICES PROGRAM PLANNING

"SEC. 2004. A State's services program planning meets the requirements of this section if, for the purpose of assuring public participation in the development of the program for the provision of the services described in section 2002(a)(1) within the State—

"(1) the beginning of the fiscal year of either the Federal Government or the State government is established as the beginning of the State's services program year; and

"(2) at least ninety days prior to the beginning of the State's services program year, the chief executive officer of the State, or such other official as the laws of the State provide, publishes and makes generally available (as defined in regulations prescribed by the Secretary after consideration of State laws governing notice of actions by public officials) to the public a proposed comprehensive annual services program plan prepared by the agency designated pursuant to the requirements of section 2003(d)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the State's plan for the provision of the services described in section 2002(a)(1) during that year, including—

"(A) the objectives to be achieved under the program,

"(B) the services to be provided under the program, including at least one service directed at at least one of the goals in each of the five categories of goals set forth in section 2002(a)(1) (as determined by the State) and including at least three types of services (selected by the State) for individuals who are recipients of supplemental security income benefits under title XVI and who are in need of such services, together with a definition of those services and a description of their relationship to the objectives to be achieved under the program and the goals described in section 2002(a)(1),

"(C) the categories of individuals to whom those services are to be provided, including any categories based on the income of individuals or their families,

"(D) the geographic areas in which those services are to be provided, and the nature and amount of the services to be provided in each area,

"(E) a description of the planning, evaluation, and reporting activities to be carried out under the program,

"(F) the sources of the resources to be used to carry out the program,

"(G) a description of the organizational structure through which the program will be administered, including the extent to which public and private agencies and volunteers will be utilized in the provision of services,

"(H) a description of how the provision of services under the program will be coordinated with the plan of the State approved under part A of title IV, the plan of the State developed under part B of that title, the supplemental security income program established by title XVI, the plan of the State approved under title XIX, and other programs for the provision of related human services within the State, includ-

ing the steps taken to assure maximum feasible utilization of services under these programs to meet the needs of the low income population,

"(I) the estimated expenditures under the program, including estimated expenditures with respect to each of the services to be provided, each of the categories of individuals to whom those services are to be provided, and each of the geographic areas in which those services are to be provided, and a comparison between estimated non-Federal expenditures under the program and non-Federal expenditures for the provision of the services described in section 2002(a)(1) in the State during the preceding services program year, and

"(J) a description of the steps taken, or to be taken, to assure that the needs of all residents of, and all geographic areas in, the State were taken into account in the development of the plan; and

"(3) public comment on the proposed plan is accepted for a period of at least forty-five days; and

"(4) at least forty-five days after publication of the proposed plan and prior to the beginning of the State's services program year, the chief executive officer of the State, or such other official as the laws of the State provide, publishes a final comprehensive annual services program plan prepared by the agency designed pursuant to the requirements of section 2003(d)(1)(C) and, unless the laws of the State provide otherwise, approved by the chief executive officer, which sets forth the same information required to be included in the proposed plan, together with an explanation of the differences between the proposed and final plan and the reasons therefor; and

"(5) any amendment to a final comprehensive services program plan is prepared by the agency designated pursuant to section 2003(d)(1)(C), approved by the chief executive officer of the State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such other official as the laws of the State provide, as a proposed amendment on which public comment is accepted for a period of at least thirty days, and then prepared by the agency designated pursuant to section 2003(d)(1)(C), approved by the chief executive officer of the State unless the laws of the State provide otherwise, and published by the chief executive officer of the State, or such other official as the laws of the State provide, as a final amendment, together with an explanation of the differences between the proposed and final amendment and the reasons therefor.

"EFFECTIVE DATE OF REGULATIONS PUBLISHED BY THE SECRETARY

"SEC. 2005. No final regulation published by the Secretary under this title shall be effective with respect to payments under section 2002 for expenditures during any quarter commencing before the beginning of the first services program year established by the State under the requirements of section 2002(a)(3) which begins at least sixty days after the publication of the final regulation.

"EVALUATION; PROGRAM ASSISTANCE

"SEC. 2006. (a) The Secretary shall provide for the continuing evaluation of State programs for the provision of the services described in section 2002(a)(1).

"(b) The Secretary shall make available to the States assistance with respect to the content of their services program, and their services program planning, reporting, administration, and evaluation.

"(c) Within six months after the close of each fiscal year, the Secretary shall submit to the Congress a report on the operation of the program established by this title during that year, including—

"(1) the evaluations carried out under subsection (a) and the results obtained therefrom, and

"(2) the assistance provided under subsection (b) during that year.

"DEFINITIONS

"SEC. 2007. For purposes of this title—

"(1) the term 'State supplementary payment' means any cash payment made by a State on a regular basis to an individual who is receiving supplemental security income benefits under title XVI or who would but for his income be eligible to receive such benefits, as assistance based on need in supplementation of such benefits, as determined by the Secretary, and

"(2) the term 'State' means the fifty States and the District of Columbia.".

TECHNICAL AND CONFORMING AMENDMENTS

SEC. 3. (a)(1) Section 402(a)(5) of the Social Security Act is amended by striking out "(A)" and striking out everything after "proper and efficient operation of the plan" and inserting "; and" in lieu thereof.

(2) Section 402(a) of that Act is further amended by striking out paragraphs (13) and (14).

(3) Section 403(a)(3) of that Act is amended to read as follows:

"(3) in the case of any State, an amount equal to the sum of the following proportions of the total amounts expended during such quarter as found necessary by the Secretary of Health, Education, and Welfare for the proper and efficient administration of the State plan—

"(A) 75 per centum of so much of such expenditures as are for the training of personnel employed or preparing for employment by the State agency or by the local agency administering the plan in the political subdivision, and

"(B) one-half of the remainder of such expenditures, except that no payment shall be made with respect to amounts expended in connection with the provision of any service described in section 2002(a)(1) of this Act other than services the provision of which is required by section 402(a)(19) to be included in the plan of the State; and"

(4) Section 403 of that Act is further amended by striking out subsection (e).

(5) Section 406 of that Act is amended by striking out subsection (d).

(6) Section 422(a)(1)(A)(i) of that Act is amended by striking out "the State agency designated pursuant to section 402(a)(3) to administer or supervise the administration of the plan of the State approved under part A of this title" and inserting "the individual or agency designated pursuant to section 2003(d)(1)(C) to administer or supervise the administration of the State's services program" in lieu thereof.

(7) Section 422(a)(1)(A)(ii) of that Act is amended by striking out "the organizational unit in such State or local agency established pursuant to section 402(a)(15)" and inserting "a single organiza-

tional unit in such State or local agency, as the case may be," in lieu thereof.

(8) Section 402(a)(15) of that Act is amended by inserting "as part of the program of the State for the provision of services under title XX" immediately after "provide".

(b) Title VI of the Social Security Act is repealed.

(c) Section 1115 of the Social Security Act is amended by—

(1) striking out "or XIX" and inserting "XIX, or XX" in lieu thereof,

(2) striking out "or 1902" in clause (a) and inserting "1902, 2002, 2003, or 2004" in lieu thereof,

(3) striking out "or 1903" in clause (b) and inserting "1903, or 2002" in lieu thereof, and

(4) inserting "or expenditures with respect to which payment shall be made under section 2002," immediately after "administration of such State plan or plans," in clause (b).

(d) Section 1116 of the Social Security Act is amended by—

(1) striking out "or XIX" in subsections (a)(1) and (b) and inserting "XIX or XX" in lieu thereof,

(2) striking out "or 1904" and inserting "1904, or 2003" in lieu thereof in subsection (a)(3), and

(3) inserting "XX," immediately after "XIX," in subsection (d).

(e)(1) Section 1130 of the Social Security Act is repealed.

(2) Sections 3(a), 403(a), 1003(a), 1403(a), and 1603(a) of that Act (relating to payments to States with approved State plans) are each amended by striking out "(subject to section 1130)".

(f) Any child day care service provided under any plan of a State approved under part A, or developed under part B, of title IV of the Social Security Act must meet the requirements applicable, under subsection (a)(9) of section 2002 of the Social Security Act, as amended by this Act, to child day care services with respect to which payment is made under that section. The requirements imposed by this subsection are in lieu of any requirements that would otherwise be applicable under section 522(d) of the Economic Opportunity Act of 1964 to child day care services provided under any plan of a State approved under part A, or developed under part B, of title IV of the Social Security Act.

(g) Section 12(a) of Public Law 93–233 is amended by striking out "January 1, 1975" and inserting "October 1, 1975" in lieu thereof. Notwithstanding the provisions of section 12(a) of Public Law 93–233, the Secretary may make any modification in any regulation described in that section if the modification is necessary to implement the provisions of this part.

(h) Section 422 of the Social Security Act is amended by inserting at the end thereof the following new subsection:

"(c) If on December 1, 1974, the agency of a State administering its plan under this part was not the agency designated pursuant to section 402(a)(3), subsection (a)(1)(A) of this section shall not apply with respect to such agency but only so long as such agency is not the agency designated under section 2003(d)(1)(C), and if on December 1, 1974, the local agency administering the plan of a State under this part in a subdivision of the State is not the local agency in such subdivision administering the plan of such State under part A of this title, subsection (a)(1)(A) of this section shall not apply with respect to such local agency but only so long as such local agency is not the local agency administering the program of the State for the provision of services under title XX."

(i) Section 1108(a) of the Social Security Act is amended by striking out "The total amount" and inserting in lieu thereof "Except as provided in 2002(a)(2)(D), the total amount".

(j) Notwithstanding the provisions of paragraph (2) of section 2002(a) of the Social Security Act, as amended by this Act, the limitation imposed by such paragraph (2) for the fiscal year beginning July 1, 1975, with respect to any State shall be the allotment of the State for that fiscal year as determined under section 1130 of the Social Security Act. In determining, for the purposes of that limitation, the total amount of the payments made to any State with respect to expenditures during the fiscal year beginning July 1, 1975, there shall be included the amount of any payments made to the State that are chargeable against the allotment of the State for the fiscal year beginning July 1, 1975, under such section 1130.

REPORT BY THE SECRETARY

SEC. 4. Prior to July 1, 1977, the Secretary shall submit to the Congress a report on the effectiveness of the program established by title XX of the Social Security Act, as amended by this Act, during calendar years 1975 and 1976, together with recommendations, if any, for improvements in that program.

PAYMENTS TO STATES FOR EDUCATIONAL PURPOSES

SEC. 5. (a) Section 3(a)(4)(A)(iv) of the Social Security Act (as applicable to Puerto Rico, the Virgin Islands, and Guam) is amended by inserting "(incuding both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(b) Section 403(a)(3)(A)(iii) of the Social Security Act is amended by inserting "(incuding both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(c) Section 1003(a)(3)(A)(iv) of the Social Security Act (as applicable to Puerto Rico, the Virgin Islands, and Guam) is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(d) Section 1403(a)(3)(A)(iv) of the Social Security Act (as applicable to Puerto Rico, the Virgin Islands, and Guam) is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled in such institutions)" following "training".

(e) Section 1603(a)(4)(A)(iv) of the Social Security Act (as applicable to Puerto Rico, the Virgin Islands, and Guam) is amended by inserting "(including both short- and long-term training at educational institutions through grants to such institutions or by direct financial assistance to students enrolled at such institutions)" following "training".

DEFINITION OF SECRETARY

SEC. 6. As used in this part and the amendments made by this part, the term "Secretary" means, unless the context otherwise requires, the Secretary of Health, Education, and Welfare.

EFFECTIVE DATES

SEC. 7. (a)(1) The amendments made by sections 2 and 5 of this Act shall be effective with respect to payments for quarters commencing after September 30, 1975.

(2) Notwithstanding the provisions of section 2004 of the Social Security Act, as amended by this Act, the first services program year of each State shall begin on October 1, 1975, and end with the close of, at the option of the State—

(A) the day in the twelve-month period beginning October 1, 1975, or

(B) the day in the twelve-month period beginning October 1, 1976,

which is the last day of the twelve-month period established by the State as its services program year under that section. Notwithstanding the provisions of subsection (b) of section 2003 of the Social Security Act, as amended by this Act, the aggregate expenditures required by that subsection with respect to the first services program year of each State shall be the amount which bears the same ratio to the amount that would otherwise be required under that subsection as the number of months in the State's first services program year bears to twelve.

(b) The amendments made by section 3 of this Act shall be effective with respect to payments under sections 403 and 603 of the Social Security Act for quarters commencing after September 30, 1975, except that the amendments made by section 3(a) shall not be effective with respect to the Commonwealth of Puerto Rico, the Virgin Islands, or Guam.

PART B—CHILD SUPPORT PROGRAMS

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

In General

SEC. 101. (a) Title IV of the Social Security Act is amended by adding after part C the following new part:

"PART D—CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

"APPROPRIATION

"SEC. 451. For the purpose of enforcing the support obligations owed by absent parents to their children, locating absent parents, establishing paternity, and obtaining child support, there is hereby authorized to be appropriated for each fiscal year a sum sufficient to carry out the purposes of this part.

"DUTIES OF THE SECRETARY

"SEC. 452. (a) The Secretary shall establish, within the Department of Health, Education, and Welfare a separate organizational unit, under the direction of a designee of the Secretary, who shall report directly to the Secretary and who shall—

"(1) establish such standards for State programs for locating absent parents, establishing paternity, and obtaining child support as he determines to be necessary to assure that such programs will be effective;

"(2) establish minimum organizational and staffing requirements for State units engaged in carrying out such programs under plans approved under this part;

"(3) review and approve State plans for such programs;

"(4) evaluate the implementation of State programs established pursuant to such plan, conduct such audits of State programs established under the plan approved under this part as may be necessary to assure their conformity with the requirements of this part, and, not less often than annually, conduct a complete audit of the programs established under such plan in each State and determine for the purposes of the penalty provision of section 403(h) whether the actual operation of such programs in each State conforms to the requirements of this part;

"(5) assist States in establishing adequate reporting procedures and maintain records of the operations of programs established pursuant to this part in each State;

"(6) maintain records of all amounts collected and disbursed under programs established pursuant to the provisions of this part and of the costs incurred in collecting such amounts;

"(7) provide technical assistance to the States to help them establish effective systems for collecting child support and establishing paternity;

"(8) receive applications from States for permission to utilize the courts of the United States to enforce court orders for support against absent parents and, upon a finding that (A) another State has not undertaken to enforce the court order of the originating State against the absent parent within a reasonable time, and (B) that utilization of the Federal courts is the only reasonable method of enforcing such order, approve such applications;

"(9) operate the Parent Locator Service established by section 453; and

"(10) not later than June 30 of each year beginning after December 31, 1975, submit to the Congress a report on all activities undertaken pursuant to the provisions of this part.

"(b) The Secretary shall, upon the request of any State having in effect a State plan approved under this part, certify the amount of any child support obligation assigned to such State to the Secretary of the Treasury for collection pursuant to the provisions of section 6305 of the Internal Revenue Code of 1954. No amount may be certified for collection under this subsection except the amount of the delinquency under a court order for support and upon a showing by the State that such State has made diligent and reasonable efforts to collect such amounts utilizing its own collection mechanisms, and upon an agreement that the State will reimburse the United States for any costs involved in making the collection. The Secretary after consultation with the Secretary of the Treasury may, by regulation, establish criteria for accepting amounts for collection and for making certification under this subsection including imposing such limitations on the frequency of making such certifications under this subsection.

"(c)(1) There is hereby established in the Treasury a revolving fund which shall be available to the Secretary without fiscal year limitation, to enable him to pay to the States for distribution in accordance with the provisions of section 457 such amounts as may be collected and paid (subject to paragraph (2)) into such fund under section 6305 of the Internal Revenue Code of 1954.

"(2) There is hereby appropriated to the fund, out of any moneys in the Treasury not otherwise appropriated, amounts equal to the amounts collected under section 6305 of the Internal Revenue Code of 1954, reduced by the amounts credited or refunded as overpayments of the amounts so collected. The amounts appropriated by the preceding section shall be transferred at least quarterly from the general fund of the Treasury to the fund on the basis of estimates made by

the Secretary of the Treasury. Proper adjustments shall be made in the amounts subsequently transferred to the extent prior estimates were in excess of or less than the amounts required to be transferred.

"PARENT LOCATOR SERVICE

"SEC. 453. (a) The Secretary shall establish and conduct a Parent Locator Service, under the direction of the designee of the Secretary referred to in section 452(a), which shall be used to obtain and transmit to any authorized person (as defined in subsection (c)) information as to the whereabouts of any absent parent when such information is to be used to locate such parent for the purpose of enforcing support obligations against such parent.

"(b) Upon request, filed in accordance with subsection (d) of any authorized person (as defined in subsection (c)) for the most recent address and place of employment of any absent parent, the Secretary shall, notwithstanding any other provision of law, provide through the Parent Locator Service such information to such person, if such information—

"(1) is contained in any files or records maintained by the Secretary or by the Department of Health, Education, and Welfare; or

"(2) is not contained in such files or records, but can be obtained by the Secretary, under the authority conferred by subsection (e), from any other department, agency, or instrumentality, or the United States or of any State.

No information shall be disclosed to any person if the disclosure of such information would contravene the national policy or security interests of the United States or the confidentiality of census data. The Secretary shall give priority to requests made by any authorized person described in subsection (c)(1).

"(c) As used in subsection (a), the term 'authorized person' means—

"(1) any agent or attorney of any State having in effect a plan approved under this part, who has the duty or authority under such plans to seek to recover any amounts owed as child support (including, when authorized under the State plan, any official of a political subdivision);

"(2) the court which has authority to issue an order against an absent parent for the support and maintenance of a child, or any agent of such court; and

"(3) the resident parent, legal guardian, attorney, or agent of a child (other than a child receiving aid under part A of this title) (as determined by regulations prescribed by the Secretary) without regard to the existence of a court order against an absent parent who has a duty to support and maintain any such child.

"(d) A request for information under this section shall be filed in such manner and form as the Secretary shall by regulation prescribe and shall be accompanied or supported by such documents as the Secretary may determine to be necessary.

"(e)(1) Whenever the Secretary receives a request submitted under subsection (b) which he is reasonably satisfied meets the criteria established by subsections (a), (b), and (c), he shall promptly undertake to provide the information requested from the files and records maintained by any of the departments, agencies, or instrumentalities of the United States or of any State.

"(2) Notwithstanding any other provision of law, whenever the individual who is the head of any department, agency, or instrumentality of the United States receives a request from the Secretary for information authorized to be provided by the Secretary under

this section, such individual shall promptly cause a search to be made of the files and records maintained by such department, agency, or instrumentality with a view to determining whether the information requested is contained in any such files or records. If such search discloses the information requested, such individual shall immediately transmit such information to the Secretary, except that if any information is obtained the disclosure of which would contravene national policy or security interests of the United States or the confidentiality of census data, such information shall not be transmitted and such individual shall immediately notify the Secretary. If such search fails to disclose the information requested, such individual shall immediately so notify the Secretary. The costs incurred by any such department, agency, or instrumentality of the United States or of any State in providing such information to the Secretary shall be reimbursed by him. Whenever such services are furnished to an individual specified in subsection (c)(3), a fee shall be charged such individual. The fee so charged shall be used to reimburse the Secretary or his delegate for the expense of providing such services.

"(f) The Secretary, in carrying out his duties and functions under this section, shall enter into arrangements with State agencies administering State plans approved under this part for such State agencies to accept from resident parents, legal guardians, or agents of a child described in subsection (c)(3) and, after determining that the absent parent cannot be located through the procedures under the control of such State agencies, to transmit to the Secretary requests for information with regard to the whereabouts of absent parents and otherwise to cooperate with the Secretary in carrying out the purposes of this section.

"STATE PLAN FOR CHILD SUPPORT

"SEC. 454. A State plan for child support must—

"(1) provide that it shall be in effect in all political subdivisions of the State;

"(2) provide for financial participation by the State;

"(3) provide for the establishment or designation of a single and separate organizational unit, which meets such staffing and organizational requirements as the Secretary may by regulation prescribe, within the State to administer the plan;

"(4) provide that such State will undertake—

"(A) in the case of a child born out of wedlock with respect to whom an assignment under section 402(a)(26) of this title is effective, to establish the paternity of such child, and

"(B) in the case of any child with respect to whom such assignment is effective, to secure support for such child from his parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States, except that when such arrangements and other means have proven ineffective, the State may utilize the Federal courts to obtain or enforce court orders for support;

"(5) provide that, in any case in which child support payments are collected for a child with respect to whom an assignment under section 402(a)(26) is effective, such payments shall be made to the State for distribution pursuant to section 457 and shall not be paid directly to the family except that this paragraph shall not apply to such payments (except as provided in section 457(c)) for any month in which the amount collected is sufficient to make such family ineligible for assistance under the State plan approved under part A;

"(6) provide that (A) the child support collection or paternity determination services established under the plan shall be made available to any individual not otherwise eligible for such services upon application filed by such individual with the State, (B) an application fee for furnishing such services may be imposed, except that the amount of any such application fee shall be reasonable, as determined under regulations of the Secretary, and (C) any costs in excess of the fee so imposed may be collected from such individual by deducting such costs from the amount of any recovery made;

"(7) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials (A) to assist the agency administering the plan, including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and (B) with respect to any other matters of common concern to such courts or officials and the agency administering the plan;

"(8) provide that the agency administering the plan will establish a service to locate absent parents utilizing—

"(A) all sources of information and available records, and

"(B) the Parent Locator Service in the Department of Health, Education, and Welfare;

"(9) provide that the State will, in accordance with standards prescribed by the Secretary, cooperate with any other State—

"(A) in establishing paternity, if necessary,

"(B) in locating an absent parent residing in the State (whether or not permanently) against whom any action is being taken under a program established under a plan approved under this part in another State,

"(C) in securing compliance by an absent parent residing in such State (whether or not permanently) with an order issued by a court of competent jurisdiction against such parent for the support and maintenance of a child or children of such parent with respect to whom aid is being provided under the plan of such other State, and

"(D) in carrying out other functions required under a plan approved under this part;

"(10) provide that the State will maintain a full record of collections and disbursements made under the plan and have an adequate reporting system;

"(11) provide that amounts collected as child support shall be distributed as provided in section 457;

"(12) provide that any payment required to be made under section 456 or 457 to a family shall be made to the resident parent, legal guardian, or caretaker relative having custody of or responsibility for the child or children; and

"(13) provide that the State will comply with such other requirements and standards as the Secretary determines to be necessary to the establishment of an effective program for locating absent parents, establishing paternity, obtaining support orders, and collecting support payments.

"PAYMENTS TO STATES

"SEC. 455. From the sums appropriated therefor, the Secretary shall pay to each State for each quarter, beginning with the quarter commencing July 1, 1975, an amount equal to 75 percent of the total amounts expended by such State during such quarter for the operation of the plan approved under section 454 except that no amount shall be

paid to any State on account of furnishing collection services (other than parent locator services) to individuals under section 454(6) during any period beginning after June 30, 1976.

"SUPPORT OBLIGATIONS

"SEC. 456. (a) The support rights assigned to the State under section 402(a)(26) shall constitute an obligation owed to such State by the individual responsible for providing such support. Such obligation shall be deemed for collection purposes to be collectible under all applicable State and local processes.

"(1) The amount of such obligation shall be—

"(A) the amount specified in a court order which covers the assigned support rights, or

"(B) if there is no court order, an amount determined by the State in accordance with a formula approved by the Secretary, and

"(2) Any amounts collected from an absent parent under the plan shall reduce, dollar for dollar, the amount of his obligation under paragraphs (1) (A) and (B).

"(b) A debt which is a child support obligation assigned to a State under section 402(a)(26) is not released by a discharge in bankruptcy under the Bankruptcy Act.

"DISTRIBUTION OF PROCEEDS

"SEC. 457. (a) The amounts collected as child support by a State pursuant to a plan approved under this part during the 15 months beginning July 1, 1975, shall be distributed as follows:

"(1) 40 per centum of the first $50 of such amounts as are collected periodically which represent monthly support payments shall be paid to the family without any decrease in the amount paid as assistance to such family during such month;

"(2) such amounts as are collected periodically which are in excess of any amount paid to the family under paragraph (1) which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(3) such amounts as are in excess of amounts retained by the State under paragraph (2) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(4) such amounts as are in excess of amounts required to be distributed under paragraphs (1), (2), and (3) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(b) The amounts collected as child support by a State pursuant to a plan approved under this part during any fiscal year beginning after September 30, 1976, shall be distributed as follows:

"(1) such amounts as are collected periodically which represent monthly support payments shall be retained by the State to reimburse it for assistance payments to the family during such period

(with appropriate reimbursement of the Federal Government to the extent of its participation in the financing);

"(2) such amounts as are in excess of amounts retained by the State under paragraph (1) and are not in excess of the amount required to be paid during such period to the family by a court order shall be paid to the family; and

"(3) such amounts as are in excess of amounts required to be distributed under paragraphs (1) and (2) shall be (A) retained by the State (with appropriate reimbursement of the Federal Government to the extent of its participation in the financing) as reimbursement for any past assistance payments made to the family for which the State has not been reimbursed or (B) if no assistance payments have been made by the State which have not been repaid, such amounts shall be paid to the family.

"(c) Whenever a family for whom child support payments have been collected and distributed under the plan ceases to receive assistance under part A of this title, the State may—

"(1) continue to collect such support payments from the absent parent for a period of not to exceed three months from the month following the month in which such family ceased to receive assistance under part A of this title, and pay all amounts so collected to the family; and

"(2) at the end of such three-month period, if the State is authorized to do so by the individual on whose behalf the collection will be made, continue to collect such support payments from the absent parent and pay the net amount of any amount so collected to the family after deducting any costs incurred in making the collection from the amount of any recovery made.

"INCENTIVE PAYMENT TO LOCALITIES

"SEC. 458. (a) When a political subdivision of a State makes, for the State of which it is a political subdivision, or one State makes, for another State, the enforcement and collection of the support rights assigned under section 402(a)(26) (either within or outside of such State), there shall be paid to such political subdivision or such other State from amounts which would otherwise represent the Federal share of assistance to the family of the absent parent—

"(1) an amount equal to 25 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for 12 months; and

"(2) an amount equal to 10 per centum of any amount collected (and required to be distributed as provided in section 457 to reduce or repay assistance payments) which is attributable to the support obligation owed for any month after the first twelve months for which such collections are made.

"(b) Where more than one jurisdiction is involved in such enforcement or collection, the amount of the incentive payment determined under paragraphs (1) and (2) of subsection (a) shall be allocated among the jurisdictions in a manner to be prescribed by the Secretary.

"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.

"CIVIL ACTIONS TO ENFORCE CHILD SUPPORT OBLIGATIONS

"SEC. 460. The district courts of the United States shall have jurisdiction, without regard to any amount in controversy, to hear and determine any civil action certified by the Secretary of Health, Education, and Welfare under section 452(a)(8) of this Act. A civil action under this section may be brought in any judicial district in which the claim arose, the plaintiff resides, or the defendant resides."

Collection of Child Support Obligations

(b)(1) Subchapter A of chapter 64 of the Internal Revenue Code of 1954 (relating to collection of taxes) is amended by adding at the end thereof the following new section:

"SEC. 6305. COLLECTION OF CERTAIN LIABILITY.

"(a) IN GENERAL.—Upon receiving a certification from the Secretary of Health, Education, and Welfare, under section 452(b) of the Social Security Act with respect to any individual, the Secretary or his delegate shall assess and collect the amount certified by the Secretary of Health, Education, and Welfare, in the same manner, with the same powers, and (except as provided in this section) subject to the same limitations as if such amount were a tax imposed by subtitle C the collection of which would be jeopardized by delay, except that—

"(1) no interest or penalties shall be assessed or collected,

"(2) for such purposes, paragraphs (4), (6), and (8) of section 6334(a) (relating to property exempt from levy) shall not apply,

"(3) there shall be exempt from levy so much of the salary, wages, or other income of an individual as is being withheld therefrom in garnishment pursuant to a judgment entered by a court of competent jurisdiction for the support of his minor children, and

"(4) in the case of the first assessment against an individual for delinquency under a court order against such individual for a particular person or persons, the collection shall be stayed for a period of 60 days immediately following notice and demand as described in section 6303.

"(b) REVIEW OF ASSESSMENTS AND COLLECTIONS.—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 subsection does not preclude any legal, equitable, or administrative action against the State by an individual in any State court or before any State agency to determine his liability for any amount assessed against him and collected, or to recover any such amount collected from him, under this section.".

(2) The table of sections for such subchapter is amended by adding at the end thereof the following new item:

"Sec. 6305. Collection of certain liability.".

Amendments to Part A of Title IV

(c)(1) Notwithstanding the provisions of section 402(a) of the Social Security Act, in addition to the amounts required to be disregarded under clause (8)(A) of such section, there is imposed the requirement (and the State plan shall be deemed to include the requirement) that for the 15 months beginning July 1, 1975, in making the determination under clause (7), the State agency shall with respect to any month in such year and in addition to the amounts required to be disregarded under clause (8)(A), disregard amounts payable under section 457(a)(1).

(2) Section 402(a)(9) is amended to read as follows:

"(9) provide safeguards which permit the use or disclosure of information concerning applicants or recipients only to (A) public officials who require such information in connection with their official duties, or (B) other persons for purposes directly connected with the administration of aid to families with dependent children;".

(3) Section 402(a)(10) is amended by inserting immediately before "be furnished" the following: ", subject to paragraphs (25) and (26),".

(4) Section 402(a)(11) is amended to read as follows:

"(11) provide for prompt notice (including the transmittal of all relevant information) to the State child support collection agency (established pursuant to part D of this title) of the furnishing of aid to families with dependent children with respect to a child who has been deserted or abandoned by a parent (including a child born out of wedlock without regard to whether the paternity of such child has been established);".

(5) Section 402(a) is further amended—

(A) by striking out "and" at the end of paragraph (23);

(B) by inserting immediately before the first word in paragraph ~~(24)~~ the following: "provide that"; and

(C) by striking out the period at the end of paragraph (24) and inserting in lieu thereof a semicolon and the following:

"(25) provide (A) that, as a condition of eligibility under the plan, each applicant for or recipient of aid shall furnish to the State agency his social security account number (or numbers, if he has more than one such number), and (B) that such State agency shall utilize such account numbers, in addition to any other means of identification it may determine to employ in the administration of such plan;

"(26) provide that, as a condition of eligibility for aid, each applicant or recipient will be required—

"(A) to assign the State any rights to support from any other person such applicant may have (i) in his own behalf or in behalf of any other family member for whom the applicant is applying for or receiving aid, and (ii) which have accrued at the time such assignment is executed,

"(B) to cooperate with the State (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 for such applicant and for a child with respect to whom such aid is claimed, or in obtaining any other payments or property due such applicant or such child and that, if the relative with whom a child is living is found to be ineligible because of failure to comply with the requirements of subparagraphs (A) and (B) of this paragraph, any aid for which such child

is eligible will be provided in the form of protective payments as described in section 406(b)(2) (without regard to subparagraphs (A) through (E) of such section); and

"(27) provide, that the States have in effect a plan approved under part D and operate a child support program in conformity with such plan.".

(6)(A) Section 403 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(h) Notwithstanding any other provision of this Act, the amount payable to any State under this part for quarters in a fiscal year shall with respect to quarters beginning after December 31, 1976, be reduced by 5 per centum of such amount if such State is found by the Secretary as the result of the annual audit to have failed to have an effective program meeting the requirements of section 402(a)(27) in any fiscal year beginning after September 30, 1976 (but, in the case of the fiscal year beginning October 1, 1976, only considering the second, third, and fourth quarters thereof).".

(B) Section 404 of such Act is amended by adding at the end thereof the following new subsections:

"(c) No State shall be found, prior to January 1, 1977, to have failed substantially to comply with the requirements of section 402(a)(27) if, in the judgment of the Secretary, such State is making a good faith effort to implement the program required by such section.

"(d) After December 31, 1976, in the case of any State which is found to have failed substantially to comply with the requirements of section 402(a)(27), the reduction in any amount payable to such State required to be imposed under section 403(h) shall be imposed in lieu of any reduction, with respect to such failure, which would otherwise be required to be imposed under this section."

(7) Section 406 of the Social Security Act is amended by adding at the end thereof the following new subsection:

"(f) Notwithstanding the provisions of subsection (b), the term 'aid to families with dependent children' does not mean payments with respect to a parent (or other individual whose needs such State determines should be considered in determining the need of the child or relative claiming aid under the plan of such State approved under this part) of a child who fails to cooperate with any agency or official of the State in obtaining such support payments for such child. Nothing in this subsection shall be construed to make an otherwise eligible child ineligible for protective payments because of the failure of such parent (or such other individual) to so cooperate.".

(8) Section 402(a), (17), (18), (21), and (22), and section 410 of such Act are repealed.

Conforming Amendments to Title XI

(d) Section 1106 of such Act is amended—

(1) by striking out the period at the end of the first sentence of subsection (a) and inserting in lieu thereof the following: "and except as provided in part D of title IV of this Act.";

(2) by adding at the end of subsection (b) the following new sentence: "Notwithstanding the preceding provisions of this subsection, requests for information made pursuant to the provisions of part D of title IV of this Act for the purpose of using Federal records for locating parents shall be complied with and the cost incurred in providing such information shall be paid for as provided in such part D of title IV."; and

(3) by striking out subsection (c).

Authorization of Appropriations

(e) There are authorized to be appropriated to the Secretary of Health, Education, and Welfare such sums as may be necessary to plan and prepare for the implementation of the program established by this section.

Effective Date

(f) The amendments made by this section shall become effective on July 1, 1975, except that section 459 of the Social Security Act, as added by subsection (a) of this section shall become effective on January 1, 1975, and subsection (e) of this section shall become effective upon the date of enactment of this Act.

Speaker of the House of Representatives.

Vice President of the United States and
President of the Senate.

FOR IMMEDIATE RELEASE JANUARY 4, 1975

Office of the White House Press Secretary

THE WHITE HOUSE

STATEMENT BY THE PRESIDENT

Although I have signed H.R. 17045, I am pleased with most of its provisions, but concerned about others.

The provisions concerning the Federal-State partnership program for social services successfully concludes many long months of negotiations among the Congress; the Department of Health, Education, and Welfare; governors; State administrators; and spokesmen for producers and consumers. Ending a long impasse, the efforts of all exemplify my call for communication, cooperation, 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.

In pursuit of this objective, however, certain provisions of this legislation go too far by injecting the Federal Government into 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 an 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. 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 legislation follows a desirable trend in Federal-State relations. It will improve the results of programs previously hampered by unrealistic assumptions of Federal review and control. Those decisions related to local conditions and needs will be made at the State level, while Federal responsibilities are clearly delineated. Indeed, the interests of not only the Federal and State governments, but also producers and consumers are recognized and protected. I also believe that this new legislation significantly improves program accountability and focuses 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.

# # #

December 24, 1974

Dear Mr. Director:

The following bills were received at the White House on December 24th:

S.J. Res. 40
S.J. Res. 133
S.J. Res. 262
S. 251
S. 356
S. 521
S. 544
S. 663
S. 754
S. 1017
S. 1083
S. 1296
S. 1418
S. 2149
S. 2446
S. 2807
S. 2854
S. 2888
S. 2994
S. 3022
S. 3289
S. 3358
S. 3359
S. 3394
S. 3433
S. 3481
S. 3548
S. 3934
S. 3943
S. 3976
S. 4073
S. 4206
H.J. Res. 1178
H.J. Res. 1180
H.R. 421
H.R. 1715
H.R. 1820
H.R. 2208
H.R. 2933
H.R. 3203
H.R. 3339
H.R. 5264
H.R. 5463
H.R. 5773
H.R. 7599
H.R. 7684
H.R. 7767
H.R. 8214
H.R. 8322
H.R. 8591
H.R. 8958
H.R. 8981
H.R. 9182
H.R. 9199
H.R. 9588
H.R. 9654
H.R. 10212
H.R. 10701
H.R. 10710
H.R. 10827
H.R. 11144
H.R. 11273
H.R. 11796
H.R. 11802
H.R. 11847
H.R. 11897
H.R. 12044
H.R. 12113
H.R. 12427
H.R. 12884
H.R. 13022
H.R. 13296
H.R. 13869
H.R. 14449
H.R. 14461
H.R. 14600
H.R. 14689
H.R. 14718
H.R. 15173
H.R. 15223
H.R. 15229
H.R. 15322
H.R. 15977
H.R. 16045
H.R. 16215
H.R. 16596
H.R. 16925
H.R. 17010
H.R. 17045
H.R. 17085
H.R. 17468
H.R. 17558
H.R. 17597
H.R. 17628
H.R. 17655

Please let the President have reports and recommendations as to the approval of these bills as soon as possible.

Sincerely,

Robert D. Linder
Chief Executive Clerk

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